

CEDEFOP Document

**The role of the social partners
in vocational training and
further training
in the
Federal Republic of Germany**

European Centre for the Development of Vocational Training



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and further training in the Federal Republic of Germany

**Wolfgang Streeck, Josef Hilbert, Karl-Heinz van Kevelaer,
Frederike Maier, Hajo Weber**

First edition, Berlin 1987

Published by:

CEDEFOP — European Centre for the Development of
Vocational Training
Bundesallee 22, **D-1000 Berlin 15**
Tel. (030) 88 41 20, Telex 184 163 eucen d, Telefax (030) 88 41 22 22

The Centre was established by Regulation (EEC) No 337/75
of the Council of the European Communities

This publication is also available in the following language:

DE ISBN 92-825-7696-5

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 1987

ISBN 92-825-7697-3

Catalogue number: HX-49-87-834-EN-C

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Printed in Belgium

Preface

The present report is the German contribution to a series of parallel studies in the countries of the European Community. It was commissioned by the European Centre for the Promotion of Vocational Training (CEDEFOP). Work for the study was directed by Wolfgang Streeck, Wissenschaftszentrum Berlin für Sozialforschung, and Josef Hilbert, Universität Bielefeld. Other contributors were Friederike Maier (Chapter 4 and Appendix C), Karl-Heinz von Kevelaer (Chapter 7) and Hajo Weber (Chapters 6 and 7). Chapters 3 and 4 and 6 to 9 were translated from German to English by Andreas Pickel. The authors would like to express their gratitude to the numerous representatives of government agencies, employers' associations and trade unions who agreed to be interviewed. Responsibility for all conclusions and evaluations contained in this report, including of course all misrepresentations and factual errors, lies solely with the authors.

Berlin and Bielefeld

March 1987

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Foreword

This study is one of a series of 12 monographs on the situation in the EC Member States. Through an analysis of existing and historical structures governing cooperation and coordination between the social partners and the public bodies responsible for vocational education and training (excluding general secondary education and university education), it was intended:

- a) to carry out an in-depth investigation of the situation commencing with the central regulatory instruments and decision-making levels. These investigations were to examine the situation at regional, local and enterprise levels as well as in industrial sectors in EC Member States, and
- b) to develop proposals for the contents and objectives of an improved social dialogue at the various levels.

The reports comprise two sections: a general analysis and a sectoral analysis.

Although the general analysis was, as far as possible, to be reinforced by the sectoral analysis, the two were to be complementary, whereas the conclusions were to be directed more towards objective (b).

The general analysis of the historical development, institutional involvement and problem areas was also to include a

description of the current situation with regard to the links between the world of work (employees, employers, industrial sectors and enterprises) and the world of vocational training (in-company, inter company/group training, school-based training - both initial and continuing - private, public and independent vocational training sponsors).

Furthermore, attention was to focus on the degree and nature of the involvement of the social partners in the development, implementation, administration and control of training policy programmes, including the extent and nature of state intervention within the framework of this involvement. The following aspects were to be included:

- analysis of legal regulations and collective framework agreements (education, labour market and social legislation, nature and extent of the autonomous powers of the social partners in the field of vocational training as specified in general collective agreements, sectoral agreements and typical enterprise-related agreements), and
- + investigation of the problems relating to existing cooperative approaches to vocational training, particularly with a view to the equal distribution of training provision amongst various target groups (women, young people, adults, early school leavers, foreigners, etc.) and amongst the various regions and sectors, and finally

- description of the different methods of state intervention aimed at promoting the social dialogue on the basis of selected situations and regions or sectors.

In order to illustrate and give a realistic description of the existing situation, the nature and extent of cooperation amongst the social partners and government bodies were to be analysed in three sectors:

- in a sector dominated by small and medium enterprises or craft industries, e.g. the construction sector;
- in a sector characterized by modern industrial technology, e.g. the metal or electronics industries, and
- in a sector in which services and the employment of female labour are predominant, e.g. banks and insurance companies.

In these sectors the intention was to analyse and compare work-place, employment and occupational structures (hierarchy) in specific areas in which appropriate data were available. The aim was to identify any differences in the social relationships between employees and employers, and to evaluate the involvement and participation of employees and their organizations in initial and continuing vocational training activities, including any eventual implications for career advancement.

The sectoral analysis was intended to illustrate the more general analyses and assessments, and to substantiate and supplement the findings with concrete descriptions. In this connection, the intention was not to carry out case studies but rather to evaluate existing studies and collective agreements between the social partners in respect of initial and continuing vocational training.

The research work was usually accompanied at national level by individual ad hoc meetings between the institute(s) under contract and the three Management Board members from the respective country, and at EC level by regular discussions organized by CEDEFOP and the contractual partners from other Member States.

The investigation covered a period of seven months. In the second half of 1986, the studies were carried out in Belgium, Denmark, the Federal Republic of Germany, France, Italy, the Netherlands, and the United Kingdom and they were concluded in early 1987. The studies in the other Member States were conducted in the course of 1987. A synthesis report to be prepared on the basis of the twelve country reports, will attempt to collate systematically the most important conclusions, common trends and results in order to promote the dialogue between those concerned both in the Member States and at EC level.

The individuals, independent scientists and scientific institutes under contract were, of course, free to adapt the set outline for all twelve investigations to the prevailing

conditions and existing institutional framework in their respective countries.

On behalf of the authors, too, I should like to extend my sincere thanks to the members of the CEDEFOP Management Board from the respective Member States and to the numerous experts and individuals from the enterprises, training and other bodies, and to employers' and trade union organizations for their support in this work. We hope that this investigation will help to promote better and constructive understanding, despite the existence of very different interests, and thus lead to satisfactory solutions to the prevailing problems facing the development of initial and continuing vocational training. Thanks are also extended to the team of authors for the fruitful and successful cooperation on what was certainly not an easy subject for investigation.

B. Sellin
Project Coordinator

1. Introduction: Industrial Training at the Intersection of Public Policy and Industrial Relations. Problems and Method of Investigation

For firms competing in a free labour market, an adequate supply of skilled labor is a "collective good": each firm benefits from it regardless of whether or not it has contributed to its production. As a result, to the extent that firms behave as rational actors maximizing their individual utility, they are tempted to behave as "free riders" and take advantage of the training efforts of their competitors. Rather than providing training themselves, rationally acting firms tend to prefer attracting skilled labour trained by other firms through higher wage offers. However, it is evident that whereas individually it may be rational not to contribute to the provision of a needed collective good, from a collective perspective the same behaviour is irrational. Because if no one contributes, each of the individual utility maximizers will suffer in the end since the collective good will not materialize. Cases like this are instances of "market failure", and areas in which markets are likely to fail – such as training – tend to become subjects of public concern and public intervention.

In addition to public policy, training is also closely connected to, and in fact deeply entangled with, the relationship between the "two sides of industry" – i.e., industrial relations (Sorge and Streeck, forthcoming). It is one of the most glaring deficits of traditional industrial relations research and theory that the direction and character of this relationship is still largely unexplored. One point which is known is that industrial relations may affect the amount of training that firms are willing to provide. For example, if trade unions, like the West German ones, are prepared to accept apprentices being paid significantly lower wages than skilled workers, the number of apprentices is likely to be higher than where the wage differential is only small. The form of trade union organization has also been found to be of importance, with craft unions in some countries typically trying to bring the content and amount of training under their control, as a way of limiting the potential supply of skilled labour. Less is known, however, about the inverse effect of training on industrial relations. Here, it has for example been suggested that narrow skills and rigid boundaries between occupational careers stand in the way of industrial unionism and promote sectionalism and fragmentation both of trade unions and collective bargaining (Streeck et al. 1981).

The relationship between training and industrial relations has recently attracted attention not just from social scientists but also from practitioners. In all industrialized countries, the new technologies have given rise to extensive needs for skilling and reskilling. Indications are that such needs are easier to fill where trade unions do not object to intensified training but rather support it. To the extent that trade union support can indeed increase the likelihood of training efforts being successful, union attitudes towards training may be a key

factor in industrial restructuring and an important source of competitive advantage and disadvantage among industrialized countries (Streeck 1986). It is for this reason that policy makers in a number of countries are today thinking about ways of winning trade union support for training by coopting unions into the management of the training system.

This study is on the role of the organized "social partners" in the governance of the West German industrial training system. That trade unions and employers' associations do have such a role in West Germany, and quite a strong one in fact, does not imply that the state has none, or that industrial training is not considered a public responsibility. States may discharge their responsibilities for the production of collective goods in a variety of ways of which direct provision or unilateral regulation is just one. Another is the devolution of public responsibilities to other agents, such as organized interest groups, in the course of which these are drawn into the public sphere and into a close cooperative relationship with the state. This mode of dealing with the endemic problems of governability that beset modern democratic societies has attracted increasing attention in the 1970s when it was studied by political scientists under the concept of "neo-corporatism" (Lehmbruch and Schmitter 1982; Schmitter and Lehmbruch 1979).

In the scientific literature, the concept of neo-corporatism has been used in two different ways – which has contributed to creating a degree of confusion. On the one hand, as we have pointed out, neo-corporatism denotes a style of policymaking that is characterized by delegation of public regulatory authority to "quasi-public" private agencies, in particular interest associations. In part, this is the subject of the British literature on "quasi-non-governmental agencies", or quangoes, while in the United States the same phenomenon is often treated under the label of "private government". Secondly, in the area of industrial relations, neo-corporatism has come to be identified with tripartite management of national economic policy by strong, monopolistic, centralized organizations of capital and labour "concerted" by, preferably, indirect and "facilitating" state intervention. In the case of the West German industrial training system, both variants of the concept apply equally well in that the system combines involvement of the social partners with extensive recourse by the state to devolution of authoritative decision-making. This reflects the strategic position of training at the intersection of industrial relations and public policy that has been commented upon above.

The West German state has by now a reasonably well-established tradition of "consensus politics" based, among other things, on centrist coalition governments, a strong role of the Länder at the Federal level, and an elaborate body of constitutional law enforced by a powerful judiciary on the executive and the legislature. While in part the often-observed West German preference for unanimous decision-making and cooptation of "all relevant social groups" reflects the experience of the divisive conflicts that destroyed the Weimar Republic, its roots go much further back in history. This holds in particular for the prac-

tice of integrating special interests by giving them an institutionalized role in policy-making and thereby putting them to public use. An important concept in this respect is that of "soziale Autonomie" (social autonomy) which implies an obligation for the state to let social groups manage their own affairs ("Selbstverwaltung" – self-government) as long as they refrain from acting against vital general interests. This tradition is particularly strong in the field of industrial training where it coincides with a phenomenon which is remarkable from a comparative perspective but often taken for granted within the German context: namely, that trade unions use their power and influence not to restrict training in order to keep up the price of skilled labour – but rather to press for continuous quantitative and qualitative expansion of the training system. The fact that West German trade unions have an institutionalized role in the management of industrial training is certainly not the only cause, and may as well be a consequence, of their positive attitude towards training. Nevertheless, status and attitude do interact, and by clarifying the role of trade unions in the German industrial training system this study may point out some of the mechanisms of consensus building that seem to have such beneficial effects on the skill level of the country's labour force.

It has often been observed that the West German industrial training system represents an attempt to combine private initiative ("market") and public provision ("state"). The result is the so-called "dual system" of training in vocational schools on the one hand and at the workplace on the other. (A brief description of the "dual system" is given in the Appendix, below.) While on the whole the system is widely accepted in West German society, there are nevertheless pressures for change, and actually the dual system has for decades been undergoing a continuous process of gradual adjustment to new conditions and requirements. It has also at times been politically controversial, the main point of contention being precisely the proper place and function of private initiative. While the proponents of the system argue that the market remains the most efficient mechanism of allocation – both of young people to occupational careers, and of resources to training activities – its critics, among them many trade unionists, point to examples of over- or under-training for specific occupations. Moreover, while the advocates of the dual system maintain that training requires the experience of "real-life" pressures at the workplace, and that skills properly defined include "extra-functional" qualifications like discipline and diligence that cannot be learned outside the work process itself, their opponents emphasize the danger of apprentices being used by firms as cheap labour rather than being trained. They also point to a presumably growing need, due to technical change and the resulting pressures for increased flexibility of human resources, for more general training and the provision of more basic theoretical knowledge. This, it is maintained, can best be offered by schools in the public sector.

Conflict and consensus are not necessarily contradictions. In fact, a particularly confusing aspect of German political culture to many outside observers is the typical coincidence of

heavy conflictual rhetoric on the one hand and pragmatic mutual accommodation and cooperation on the other. Such coincidence certainly exists in industrial training, and looking at the ideological principles and programmatic perspectives expressed by each side, it is hard to believe that at the same time, most participants are willing to play their assigned role inside the existing institutions in reasonably good faith. In the training area, for example, trade unions and employers are far apart when it comes to the question of how training should be financed and to what extent individual employers providing training should be subject to external supervision. This disagreement clearly reflects on the two sides' assessment of the performance of the dual system, with trade unions expressing much more criticism than employers. But the public debate hides the fact that neither side doubts the principle that each school leaver should have access to high quality vocational training, and that training profiles should be continually modernized and upgraded. While both sides find the existing system wanting in important respects, neither finds it wanting enough to be willing to let it fall in disuse or decay.

It is not the objective of our study to go into the details of the dual system. The subject of our research is not the dual system as such but its structure and process of governance. This distinction is important. Whereas both the provision of training and its management as a public responsibility take place in "mixed" systems, the dual system of provision needs to be kept apart from the institutions by which it is governed. In fact, these institutions form not a "dual" but essentially a tripartite system involving the state, the employers and their associations, and the trade unions – with schools as well as firms being regulated by decisions made by or negotiated between state agencies and the social partners. It is this mechanism of external governance of industrial training activities by the state and the social partners, and the way in which the latter work together, that will be at the center of our study.

This study will cover both of the two principal areas of industrial training, primary ("vocational") and further training. Whereas the former refers to the initial training of school leavers, the latter denotes any form of additional ("adult") training building on or modifying an already existing stock of occupational skills and experience. The term, "vocational training", comes closer than any other to the German concept of "Berufsausbildung" and will therefore be used throughout for the primary training of school leavers in Germany.

To inventorize the role of employers' associations and trade unions in the governance of the West German industrial training system, the study will distinguish four functions, or functional areas, of governance that will be dealt with separately in turn:

- regulation: the determination of the objectives, subjects and standards of training;
- financing: the mobilization of the financial resources for training;
- implementation and administration;

-
- supervision and control: the assessment whether objectives are achieved and standards adhered to; the application of sanctions where they are not; and the adjustment of objectives, subjects and standards to changing needs.

Furthermore, a distinction will be made between four system levels at which the four governance functions can be performed:

- the national (or "intersectoral") level, with decisions extending to the entire national economy;
- the sectoral level, with decisions relating exclusively to specific economic sectors;
- the regional level, with decisions affecting all firms in a given subnational territory;
- the enterprise (plant, workplace, shop floor) level, with decisions pertaining exclusively to individual economic or production units.

Crossing the two dimensions yields a "grid" of 16 cells which will be applied separately to vocational training and further training. For each cell, the role of trade unions and employers' associations will be briefly described in an attempt to present a close and comparable account of the structure of system governance. Following this, institutional structures will be shown "in action" in three case studies on sectoral training problems and decisions involving the social partners.

The empirical data on which this report is based were collected primarily from published and unpublished Government, trade union and employers' association documents. In addition, a series of interviews was conducted with representatives of a number of organizations involved in the governance of the training system, essentially to help researchers put the written information into perspective. Moreover, the existing literature on the West German training system was utilized as much as possible in the short time available.

2. The Organization and Representation of the Social Partners in West German Industrial Relations and Public Policy: An Overview

West German industrial relations are comparatively centralized and well-institutionalized in law and practice. Under the constitution, collective bargaining is conceived as an area of "social autonomy", with a legal right for the social partners to self-regulation without direct state interference. Collective agreements are negotiated at the level of industrial sectors between strong industrial unions and employers' associations on a wide range of subjects, at either the regional or the national level. Inter-sectoral coordination takes place inside the two predominant peak associations of labour and business, the Deutscher Gewerkschaftsbund (DGB, German Trade Union Federation) and the Bundesvereinigung Deutscher Arbeitgeberverbände (BDA, Federal Association of German Employers Associations). The organizational stability and the bargaining power of trade unions and employers associations are backed by an elaborate system of labour law and legally-based co-determination at the workplace (Mitbestimmung). Co-determination also provides for workplace institutions of joint regulation which may both supplement and preempt industrial-level bargaining. The organized social partners are involved in a variety of public policy areas one of which is vocational training.

In 1984, 8.95 million West German workers, or 40 per cent of the national workforce, were members of trade unions (Streeck 1985). About 86 per cent of these were represented by the 17 industrial unions that are affiliated to the DGB. These unions organize all workers in their respective industries, regardless of occupational status and political or religious affiliation. The remaining 14 per cent of union members are organized in two other, competing union centres, the Deutsche Angestellten-Gewerkschaft (DAG, German Staff Union) and the Deutscher Beamtenbund (DBB, German Association of Civil Servants). While the former organizes white collar employees from all industrial sectors including the civil service, the latter represents only tenured civil servants (Beamte). In each of these two categories the DGB-affiliated unions represent more members than the competing trade union centre. Union membership and organizational density have markedly increased since the mid-1970s while the relative numerical strength of the three centres has remained unchanged.

On the trade union side, collective bargaining in West Germany is dominated, if not monopolized, by the industrial unions of the DGB, and in fact by only a few of them. Since tenured civil servants do not have the right to bargain collectively, it is only the affiliates of the DGB and the DAG that can negotiate formal industrial agreements. (By custom and practice, pay and conditions of Beamte follow the lead of the master agreement for the civil service which is negotiated essentially by the respective DGB union, the ÖTV.) The DAG, however, is so marginal that its bargaining activities reduce for all

practical purposes to signing the agreements negotiated by the DGB industrial unions. The latter bargain either centrally or, where an industry is as large as metalworking, at the regional level. Decentralized negotiations, whether by regions or for separate industrial branches, are closely coordinated and controlled by the national union executives. Industrial agreements in West Germany tend to be detailed and specific, covering a large number of subjects — such as working time, payment systems, employment protection, and the rights of workplace trade unions — apart from and in addition to wages.

Although the level of trade union membership in West Germany is not high by international standards, industrial agreements effectively regulate wages and working conditions for most or all workers in the industries to which they apply. In part, this is because they may be declared generally binding by the Ministry of Labour upon joint application of the respective trade unions and employers' associations. Moreover, employers' associations generally have a much higher density of membership than trade unions, reaching 70 and more per cent in most industries. Employers associations are somewhat more organizationally fragmented than trade unions, with the BDA affiliating 47 sectoral peak associations of employers (Bunn 1984). Frequently, however, several employers' associations join together to negotiate a common agreement with one trade union. Moreover, the more important employers' associations are strong enough to make their members comply with industry-wide lockouts in response to selective strikes. This, too, contributes to keeping sectoral bargaining units together and to safeguarding the role and viability of sectorwide bargaining.

While there is no formal collective bargaining at the intersectoral level in West Germany, some degree of intersectoral coordination is achieved by a variety of means. Although the DGB has no formal authority over the collective bargaining activities of its affiliates, informal mechanisms of wage leadership, in particular by the metalworkers union (IGM), ensure that industrial agreements do not become too disparate. In any case, it is only eight or nine of the seventeen DGB unions that actually negotiate industrial agreements; the others are essentially "agreement takers". In the BDA, an elaborate system of strike support funds makes it possible for the peak association to prevent individual sectors breaking away from intersectoral policy, as laid down in the so-called "catalogue of taboos" (Tabukatalog) established by the BDA. The control exercised by the national peak associations over their sectoral affiliates is an important element of the West German industrial relations system in that it prevents competitive bargaining between sectors. At the same time, central control, since it is not based on formal organizational authority, is in principle fragile and difficult to maintain, and its extent seems to vary with political and economic conjunctures.

Another critical point in the system, in particular on the trade union side, is the connection between the industrial and the workplace level of bargaining. Workplace industrial relations

in West Germany are conducted in the legal framework of co-determination (Streeck 1984b). Workers are represented by elected works councils with legal rights to be consulted and, on a specified range of subjects, to participate in managerial decisions. Although works councils are formally independent of trade unions, more than eighty per cent of elected works councillors are members of DGB-affiliated unions. This, and the legal rights of works councils to access and resources, has in a variety of ways contributed to strengthening the position of trade unions at the workplace, especially in the crisis periods after 1973. Nevertheless, the relationship between works councils and trade unions, and between workplace co-determination and sectoral collective bargaining, is and always was precarious. Under the law, works councils are barred from negotiating on subjects that are already covered by industrial agreements. While this is intended to protect the primacy of sectoral collective bargaining, the law is not always enforceable, especially where the interests represented by works councils differ from those represented by the industrial union. On the other hand, the institutionalization of a workplace tier of joint regulation has injected an element of flexibility in an otherwise highly centralized bargaining system which has permitted for a considerable degree of adjustment of general rules to the specific conditions of individual branches, firms and establishments. In effect, co-determination has created a workplace system of industrial relations – consisting of what amounts to a post-entry closed shop with unitary representation by the works council as a monopolistic bargaining agent subject to binding arbitration and a ban on strikes – which partly supplements the sectoral system and partly competes with it. Again, the relationship between the two levels of joint regulation seems to change with external political and economic conditions as well as with firm size, industrial structure, and the issues at hand.

Outside industrial relations proper, both trade unions and employers' associations have a recognized right, sometimes formally established and sometimes not, to be heard on a wide range of public policy problems and to participate in political decisions. This extends, for example, to the public broadcasting system whose various governing boards normally include an employers and a trade union representative. Certainly more important is the presence of trade unions and employers' associations on the governing boards of the social security system, the health insurance funds, and the Federal Labour Administration (*Bundesanstalt für Arbeit*). While the "Konzertierte Aktion" of the 1960s and 1970s has fallen by the wayside, tripartite consultation and policy making has remained a well-established practice in West Germany.

A characteristic difference between capital and labour as participants in public policy is that whereas labour is always represented by the trade unions, capital acts through a variety of more specialized organizations which are formally separate. On matters that are not subject to collective bargaining and are not regarded as "social policy", business is represented by trade associations which, just as the employers' associations, are normally organized on a sectoral basis. Although some sectoral associations act as trade and employers' associations

at the same time, the system of trade associations as a whole is more fragmented than that of employers' associations, and it is less comprehensively organized at the level of national peak associations. The Bundesverband der Deutschen Industrie (BDI, Federal Association of German Industry) with 38 affiliates speaks for manufacturing industry only. The artisanal sector, which comprises most of West Germany's many small and medium-sized firms, has its own trade association, the Zentralverband des Deutschen Handwerks (ZDH, Central Association of German Artisans) – whereas the peak employers' association of the artisanal industries, the Bundesvereinigung der Fachverbände des Handwerks (BFH, Federal Association of Artisanal Associations) is affiliated, with a somewhat special status, to the BDA. Moreover, the banking, insurance, retail, wholesale and other industries – which as employers are represented by the BDA – have their own national peak associations, and so has the agricultural sector. All of the 13 national peak associations that function as trade associations form the Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft which is, however, a weak body of little consequence.

The third column of the organization of business interests in West Germany are the Chambers (Groser et al. 1986), in particular those of Commerce and Industry (IHK) and of Artisans (HWK). There are 69 of the former and 42 of the latter. Chambers have compulsory membership, and each firm has by law to belong either to an IHK or an HWK – or, in exceptional cases, to both. Chambers are territorially-based organizations that organize all firms in their region regardless of industrial sector. They are important bodies of both local interest representation and parastate administration and have extensive legal rights and obligations, for example with respect to local zoning decisions and a number of licensing procedures. Some of their most significant tasks relate to training, and it is above all in this area that they are legally obliged to permit trade unions and elected workers representatives to participate in their internal decision-making. Both Chamber systems have formed their own national peak association, the Deutscher Industrie- und Handelstag (DIHT, German Diet of Industry and Commerce) and the Deutscher Handwerkskammertag (DHKT, German Diet of Chambers of Artisans). The latter is closely integrated organizationally and politically with both the ZDH and the BFH whereas the former is careful to keep its distance especially to the BDI.

Among the policy areas outside industrial relations proper in which trade unions and the various associations of business play a part, industrial training is arguably one of the most important. Since the labour side is represented in vocational training by the same organizations that represent it in industrial relations, it is faced with the same problems of intersectoral coordination and of sectoral control over the workplace that have been described with respect to collective bargaining. On the business side, there appears to be in addition a strong need for effective coordination between the three columns of organization and their different peak associations (Hilbert et al. 1986). This has led to the creation in the early 1970s of a special body, the Kuratorium der deutschen Wirtschaft für Berufsbildung

(KWB, Joint Committee of German Business for Vocational Training), which is formed by the BDA, the BDI, the DIHT, the DHKT and the three peak employers' associations of agriculture, the retail sector, and the free professions. The Kuratorium maintains a permanent office in Bonn and coordinates the interests of business on training policy. Its existence is an indication of the high importance that is attached to training by German employers and their associations.

Trade unions and employers' associations have by and large resisted the temptation to confound industrial relations and vocational training issues and to try to exchange concessions in one area for concessions in the other. Just as the political controversy between employers and trade unions in the 1970s on the future structure of the training system does not seem to have had repercussions on collective bargaining, conflicts over wages and conditions have had no discernable impact on the interaction between the social partners in the governance of the vocational training system. An important example is the fact that the metalworkers union (IG Metall) and the employers' association for the metalworking industry (Gesamtmittel) were able to reach agreement on a fundamental reform of the industry's training scheme shortly before the strike of 1984 for the 35 hours week — which was arguably the most crippling and bitter labour conflict since the war. Negotiations on a new training scheme had been under way for more than a decade, and although industrial relations became increasingly strained during this period — at least by German standards — the two sides skillfully protected the training reform project from any negative side-effects. The main reason, we believe, why trade unions as well as employers took such great care to keep the two policy areas separate is that both realise the importance of training as a precondition of competitive economic performance for a high wage economy exposed to the world market. As training creates a vital infrastructure for successful production, it appears in the best interest of both capital and labour to insulate its joint regulation against the repercussions of conflicts over distribution. It seems that comprehensively organized, politically centralized and institutionally well-established trade unions and employers' associations are well capable of pursuing and safeguarding this interest.

Industrial training in West Germany, like all major policy areas in modern societies, is organized into and governed by an exceedingly complex institutional system, with a myriad of different actors and subsystems. Just to give a descriptive account of this system and its ramifications would require a voluminous book (Münch 1982). Moreover, as political scientists and policy analysts know only too well, the problems posed for descriptive analysis by excessive institutional complexity are unlikely to be resolved by concentrating on selected subsystems. Like a drop of water under the microscope, each subsystem of a complex institutional setting is likely to reveal as much complexity as the macro system of which it is a part. In fact, the longer one studies even the smallest and most inconspicuous institutional structure or process in a modern society, the more mysteries and complexities one discovers and the "larger", as a consequence, one's object seems to become.

One explanation for the phenomenon of excessive complexity is undoubtedly that political–institutional arrangements, such as a national training system, have grown incrementally and have so often been modified that their initial, simpler structure has become hidden. But this is not the main cause, and in fact one could argue that, for many reasons, the impact of incremental change explains less in West Germany than in other countries such as the United Kingdom. More important is the fact that institutional complexity reflects the need for public policy in modern societies to respond more closely to increasingly diversified demands, interests and problems while, simultaneously, taking into account a rising number of sideeffects and externalities. The growing sophistication and specialization of needs and demands, and the accompanying disappearance of standard problems that could be handled with standard solutions, generates an increasing specialization and division of labour inside political–institutional systems and gives rise to the growth of more and more separate bodies of specialized "scientific" knowledge required to respond to diversified problems and external pressures. As a result, even insiders find it ever more difficult to gain a comprehensive picture of any important policy system.

Looking at a political–institutional system as a whole, as we do in this study, requires inevitably a degree of simplification. We know that this will lay us open to the criticism especially by participants in the system itself – that important distinctions, exceptions and new developments have gone unmentioned. Fortunately, our task is not to describe the West German industrial training system as a whole – which may already have become impossible to do in good conscience – but only one aspect of it: the role of the social partners in its governance. To do this, we will operate on the assumption that the main features of the system are familiar to the reader. We are well aware that, and we have tried to explain why, this is a problematic assumption; nevertheless, as we have also argued, there is no other choice.

3. The Role of the Social Partners in Vocational Training

The vocational training system in the Federal Republic has a long tradition which is reflected, among other things, in the high degree of continuity and complexity of the institutions by which it is governed. Unlike other countries, vocational training is treated in Germany primarily as an educational activity, with the boundaries between the training and the employment system being more sharply drawn than between the training and the school system. As a consequence, vocational training in the Federal Republic is comparatively unaffected by the ups and downs of political or business cycles, and its encompassing and safely established organizational structure is in strong contrast to countries whose vocational training system consists primarily of a set of individual programmes specializing on the specific, imminent problem of particular sectors or regions.

On the other hand at the same time, vocational training in the Federal Republic is, in spite of its institutionalization as a branch of the educational system, densely intertwined with industrial practice. This contributes to both the closeness of training curricula to practical needs, as well as the employment prospects of apprentices, whose transition from the training into the employment system is facilitated. The connection of vocational training to industrial practice has become, under the concept of the "dual system", the trade mark of the German vocational training system.¹ Organizing this connection across the boundary between the economic and the educational system, while at the same time preserving the relative autonomy of training vis-a-vis short-term economic needs and interests, requires stable and highly differentiated institutions of regulation, resource mobilization, implementation and control. Both state agencies and, as representatives of the practical interests related to training, the social partners share in these institutions – which extend across several levels from the individual firm providing training, to the region and the industrial sector, up to the level of the country as a whole. In the following we will describe in detail the role of the social partners in the various areas and levels of governance of the "dual system".

3.1. Regulation: The Determination of Objectives, Subjects and Standards of Training

3.1.1. At National Level

The national level in the German system of vocational training is primarily responsible for the regulation of vocational training at the workplace. In addition, it deals with standardizing the public school components of vocational training among the eleven Länder, and with

1) On the structure of the "dual system", see below, Appendix A.

the coordination of vocational school and workplace training. Formally, the Bundesminister für Bildung und Wissenschaft (BMBW, Federal Minister of Education and Science) is responsible for these activities. In practice, they are carried out by the Bundesinstitut für Berufsbildung (BIBB, Federal Institute for Vocational Training) which, as a federal institution under public law, is under the authority of the BMBW. The BIBB employs researchers whose task is to produce scientific knowledge relevant to vocational training for the political decision-making process. It also involves the organized social partners in a variety of ways within a framework of established participation procedures.

The Federal Government makes the overwhelming majority of decisions on vocational training only after union and employers' representatives in the committees of the BIBB have given their consent. Moreover, it requires that there be no objections on the part of the Länder. The participation of the social partners at the federal level is based on the consensus principle. This shapes the activities of the Federal Institute to such an extent that the role of the state is frequently reduced to a notary function.

The work in the BIBB is done by a large full-time staff², as well as a large number of representatives from the different groups involved in vocational training. The central control organ of the Federal Institute is the Hauptausschuß (Central Board). It gives equal representation to the four main parties involved, i.e. eleven representatives each for the trade unions, the employers, and the Länder as well as five federal representatives (with eleven votes).³

The representatives appointed to the Central Board are nominated for the employers by the Kuratorium der Deutschen Wirtschaft für Berufsbildung (KWB, Joint Committee of German Business for Vocational Training) and for employees by the Deutsche Gewerkschaftsbund (DGB, German Trade Union Federation). In the area of vocational training policy the DGB assumes nomination and coordination functions also on behalf of the independent Deutsche Angestellten-Gewerkschaft (DAG, German Staff Union), even though their relations in other areas are occasionally strained.

Three types of decisions at the national level on objectives, subjects and standards of training can be distinguished: fundamental issues of vocational training policy (e.g. funding); standardization of training among different occupations; and preparation of official training regulations and curricula. Differences exist in respect to the inclusion of unions and employers' associations in these three decision-making areas.

2) The BIBB has a total of 380 employees, 160 of which are academically trained. This makes the BIBB the largest research institute for vocational training policy in the Federal Republic.

3) In addition, the meetings of the Central Board are attended by representatives of the Federal Labor Office and the municipal peak associations as well as liaison officers of the unions and the employers.

Fundamental issues and the standardization of training among different occupations are taken up by the Central Board of the Federal Institute. Unanimous decisions on fundamental issues are rare since the qualitative and quantitative training results produced by the dual system in its present state are subject to diverging evaluations. These come to the fore in the regular statements on the Federal Government's annual Vocational Training Report required from the Central Board. In recent years there have been repeatedly majority votes carried by representatives of the Christian-Liberal government, the CDU/FDP governed Länder, and the employers. Unions and SPD governed Länder, on the other hand, issued minority votes.

The decisions of the BIBB Central Board on standardization among different occupations are more relevant for the determination of objectives, subjects and standards of training. Among others, the Central Board passed a recommendation on subjects and duration of vocational training; a recommendation on the suitability of training sites; principles regarding methods and instruments of training supervision and control; and a recommendation on the conduct of oral examinations (DGB 1983). In these areas the Central Board has a consistent record of success in achieving a consensus among all participants. In the absence of unanimous consent, there would be a greater danger that in the process of implementation, training regulations would be misinterpreted or even disregarded.

The largest federal task in the determination of objectives, subjects and standards of vocational training is the decreeing of training regulations. Responsible in each case is the Minister in charge of the respective economic sector which provides the training for the occupation in question. However, he must also establish a mutual understanding with the Federal Minister of Education and Science. Training regulations set minimum standards for vocational training at the workplace. For this purpose they determine, for example, skills and knowledge to be acquired, set guidelines for structuring subjects and duration, and sketch examination standards. In the Federal Republic there are a total of 420 different vocational training regulations.

The decreeing of training regulations by the Federal Government is preceded by a complicated and lengthy process of consultation among the representatives of employers' associations, unions and the Länder. The BIBB presides over this process and – if necessary and possible – provides support in the form of scientific expertise. The consultation process involving the organized social partners in the drafting of training regulations is significantly different from the work of the BIBB Central Board.⁴

4) A detailed description of the procedures for drafting training regulations and their coordination with the curricula of public vocational schools can be found in Appendix B.

The first point of difference consists in the way employers' associations and trade unions participate in the process. In the Central Board unions and employers' associations are primarily represented by their respective peak organizations. Through the Central Board these have an opportunity at various points in the process to inspect the development of new training regulations. The actual work, however, is done by experts from the employers' organizations and trade unions of the sector in question. Formally, DGB and KWB have the right to nominate the experts. In practice, however, they follow the recommendations of the sectoral organizations. This insures the mobilization of practical expertise. Moreover, it allows sectoral interests a greater degree of expression than in other areas where the social partners participate in vocational training. This becomes particularly relevant whenever special sectoral interests are opposed to the policies of the peak associations.

The second point of difference arises because the Federal Government will decree new training regulations only if all participants — i.e. the peak organizations and the concerned sectoral organizations of employers and employees as well as the Länder — reach an agreement (consensus principle). In other areas of vocational training policy such a pronounced need for unanimous consent among the social partners does not exist.

In sum, the participation of the organized social partners in determining objectives, subjects and standards of training is based on the fact that the Federal Government proceeds according to the consensus principle. It may not be applied with the same consistency in all contexts of vocational training policy. But whenever general rules or specific regulations for individual vocations and for concrete training activities have to be established within the existing framework of the dual system, the consensus principle is used as a mechanism of forcing all sides to reach agreement.

3.1.2. At Sectoral Level

Sectoral employers' associations and trade unions play an important role in determining the objectives, subjects and standards of training. This is primarily a result of their participation in the drafting of training regulations at the national level (cf. 3.1.1.). Due to their strong position, there is a danger that individual sectors may become too independent. So far, however, there have generally not been any disparate developments among sectors.

Training regulations in most cases have been developed without the incidence of major conflicts between the participating representatives of the sectoral employers' associations and trade unions. Usually, the process is initiated through close contacts between representatives of the BIBB, vocational training experts from the respective trade unions and employers' associations as well as experts from firms. They subsequently form the group of experts that carry the process of training reform.

The experts delegated by the organized social partners to the BIBB committees frequently work as training supervisors in firms. They focus on problems arising in the training practice of firms rather than on the maximum political demands from the delegating organizations. This contributes indirectly to a less ideological approach to the mediation of interests. Frequently, as representatives of the BIBB have reported, it is difficult to determine on the basis of substantive contributions exactly who was arguing for the employers or for the unions. In the processes we have described, which to our knowledge are typical, the dominance of the sector tends to reduce conflicts significantly. However, the professional orientation of the experts also results in the raising of standards which may make their subsequent implementation at workplace level more difficult. These dangers are further increased by the fact that the experts come from firms with a strong commitment to vocational training. Especially the employers' associations try to avoid the setting of excessively high standards by maintaining close contacts with a large number of firms. Moreover, the BIBB and the employers' associations encourage the participation of experts from less ambitious firms in the process of developing training regulations.

The process becomes difficult, lengthy, and conflictual whenever the new regulations will have effects on wage groups and rates. In such cases, negotiations between employers' associations and trade unions will not only revolve around minimum training standards at the workplace but also include wage and collective bargaining interests. One example in this context is the vocational reform in the metalworking industry (see below, chapter 6). Complications arose because it had to be decided whether an integrated training scheme was to introduce into the same occupation different qualification standards and consequently different wage levels.⁵

In addition to experts from employers' associations and unions, the research staff of the BIBB participate in the development of training regulations. The original aim had been to use scientific expertise for projecting future qualification requirements. However, hopes of gaining such knowledge scientifically were never fully realized. Moreover, scientific proposals frequently enlarged the agenda for negotiation to such an extent that the ability of employers' associations and trade unions to reach a consensus suffered. Ultimately, the BIBB's manpower resources are too limited to adequately analyze future qualification requirements for all occupations subject to reform. As a result, agreements between sectoral employers' associations and unions have played a greater role in drafting training regulations than the scientific expertise of the BIBB.

5) Similar problems in the reform process sometimes arise when common training regulations are to be established for related occupations in industry and in the artisanal sector. The latter has a strong interest in maintaining a separate identity which traditionally has been expressed in independent occupational profiles. The artisanal sector for this reason is skeptical about common training regulations. Further coordination problems may arise if such common training regulations affect other closely related artisanal occupations.

3.1.3. At Regional Level

At the regional level, the organized social partners can influence the determination of objectives, subjects and standards of training by participating in the Land committees for vocational training as well as in the vocational training committees of the Chambers. However, the regional level in this respect is less important than the national or sectoral level. A Land committee primarily must try to influence the policy of the respective Minister of Education, while a Chamber directs its influence at the policy of its peak association through the participation procedures provided at the national level.

Under the Vocational Training Act all eleven federal Länder have established committees for vocational training with equal representation from three social parties (employees, employers, and instructors). They act as advisors to the Land government. They are among other things concerned with the implementation of vocational school curricula developed by the Conference of Ministers of Education and their coordination with training regulations for the workplace. In addition, the organized social partners can use the Land committees as a vehicle of interest representation with the aid of the respective Minister of Education in the development of vocational school curricula at the national level. However, this only occurs in exceptional cases. The reason why employers' associations and trade unions do not take advantage of this channel may be that at this stage of the process they can also intervene via the national and sectoral levels. As both employers' associations and unions have stated, the Land committees for their own purposes play a minor role.

Chambers are regional business associations with compulsory membership for all firms of a region.⁶ The responsibilities and powers of Chambers in the area of vocational training have changed significantly during the past 20 years. Before the Vocational Training Act was passed in 1969, the Chambers alone were responsible for training regulations. At present, on the other hand, they can only influence training regulations through their peak associations at the national level in the KWB. Their responsibilities now lie particularly in the areas of administration and control (cf. 3.3.3. and 3.4.3.). However, since training

6) In the Federal Republic there are a total of eight different Chamber systems: Chambers of Commerce and Industry, Chambers of Artisans, Chambers of Agriculture, Chambers of Lawyers, Chambers of Consultants and Accountants, Chambers of Physicians, Chambers of Dentists, and Chambers of Pharmacists. Occupations not organized in Chambers are represented by state agencies in the area of vocational training. The most important Chamber systems are those of Industry and Trade and of Artisans (cf. Chapter 2). The following remarks, as far as formal rules are concerned, apply only to Chambers of Commerce and Industry. But they also tend to apply to Chambers of Artisans. However, the employees representatives of the Chambers of Artisans occupy one-third of the seats in the plenary assemblies, whereas in the Chambers of Commerce and Industry they do not have their own representatives in that body. In addition, the decision-making powers and procedures are slightly different in the vocational training committees of the artisanal sector.

regulations as well as other guidelines leave some discretionary power, the Chambers in this way can exert an indirect influence on objectives and subjects. They have another limited way of affecting the determination of training standards through their authority in the area of examinations. On the basis of recommendations of the BIBB Central Board, the Chambers issue examination regulations. Moreover, the general character of examination requirements set down in the training regulations, insures that, in the formulation of examination questions the specific training situation in the region can be taken into account. In a few cases efforts have been made at the regional and local levels to coordinate training priorities of firms and vocational schools with the aid of the Chambers.

In their own view, Chambers fulfil the functions of interest representation as well as self-government for their member firms. In addition, the state has transferred a range of public responsibilities to the Chambers. For this reason the German Trade Union Federation has been calling for union participation in the decision-making bodies of the Chambers for a long time. The only area where this demand has been partially realized is vocational training. Under the Vocational Training Act, all Chambers have established vocational training committees made up of six representatives from each social party (employees, employers, and instructors of vocational schools – the latter only with an advisory function). Vocational training committees are to be kept informed and consulted on all matters pertaining to vocational training. They also have to pass all the regulations for the implementation of vocational training to be issued by a Chamber (e.g. regulations for final examinations). The employees' representatives appointed to the vocational training committees are nominated by the DGB union local at the seat of the Chamber while the employers' representatives are nominated by the Chamber, and the vocational school instructors, by the responsible state agency. The chair of the committees alternates annually between an employers' and an employees' representative.

Although trade unions severely criticize the inadequacies of existing arrangements, they consider their participation rights at the Chamber level to be very important (John 1986). However, it is often regretted that the existing discretionary power is insufficiently exercised. This is explained with reference to the honorary nature of the work of employees' representatives and their often inadequate preparation for the task. The Federal Ministry of Education and Science had for several years financed a project of the DGB federal executive designed to alleviate these problems, entitled "Preparation and Further Training of Employees Representatives in Vocational Training Committees and Examination Committees" of the Chambers.

3.1.4. At Workplace Level

The participation of works councils in the area of vocational training is based on the Works Constitution Act (Betriebsverfassungsgesetz) as well as on farther reaching statutes of the Co-determination Act (Mitbestimmungsgesetz) of 1976. Works councils in large

firms take their rights relating to vocational training seriously. They reinforce at the workplace level the commitment of trade unions at other levels.

At the workplace level it is decided how to fill the discretionary space left by federal training regulations. In large firms room for innovation is extensively used, creating training standards that often exceed minimum requirements. The initiative is frequently taken by works councils. In many small and medium-size firms, in contrast, interest representation of employees in the area of vocational training leaves much to be desired.

Under the Works Constitution Act works councils can be set up in any firm with more than five employees. About half of all firms with more than 20 employees, however, have no workplace interest representation. In the on average even smaller artisanal firms, works councils rarely exist. Thus more than one-third of all employees remain without interest representation at the workplace (Müller-Jentsch 1986, 220). In this group of firms, the organized social partners have no influence at workplace level, a fact that underscores demands for more participation rights for employees representatives in Chambers.

According to the Works Constitution Act works councils can co-determine the implementation of vocational training at the workplace. They do not possess any formal right to co-determine the construction and equipment of workplace facilities for vocational training. De facto, however, they can make these questions subject to negotiation. Chances for successfully implementing high training standards are greatest for works councils in about 500 firms with mandatory co-determination. This covers all joint stock companies with more than 2,000 workers and employees. They employ a total of 4.5 million people or one-fifth of the workforce.

Not all works councils offensively pursue high training standards. However, it is generally true that especially in large firms existing opportunities are used. Three considerations seem to be of particular importance here:

- High training standards improve the performance and flexibility of the workforce and thus make the firm more adaptable. This in turn provides job security and creates more bargaining power vis-a-vis management.
- Well-trained and flexible employees reduce the necessity of having to recruit personnel from the external labor market in response to changing market conditions. It is a precondition for the works councils' ability to use co-determination in personnel planning exclusively in the interest of their workforce. In this way they can largely avoid the loyalty problems that arise when they have to agree to laying off insufficiently qualified employees and at the same time to hiring new qualified personnel.

- Many large firms prefer to hire children of their employees as apprentices (Hohn 1983). If under these circumstances the works council pursues high training standards, it will represent at the same time the interests of their workforce in high-quality training for their children.

3.2. Financing: The Mobilization of Financial Resources for Training

In the dual system of the Federal Republic, the costs of vocational school training are covered by the state, while firms carry the costs of training at the workplace. The explicit goal of all state agencies responsible for vocational training, as well as, of employers' associations and trade unions, is to provide for all interested young people training opportunities in the dual system leading to an occupational qualification. Since firms are not legally required to provide training, this goal can only be realized if employers offer and finance a sufficient number of training sites.

In the past 10 to 15 years, financing of workplace training has been at the center of many controversies. The major point of contention has been the so-called "apprenticeship gap". According to the Vocational Training Report presented by the Federal Minister of Education and Science (BMBW 1986, 25), in 1985 there were roughly 756,000 young people seeking an apprenticeship as opposed to about 720,000 available training sites, supply matching about 95 percent of demand.⁷ Shortfalls in the provision of training sites first occurred in the mid-seventies. Since 1982 vocational training policy has been regularly confronted with this problem.

There are various reasons for the "apprenticeship gap". The first is related to demographic factors. Since 1980 graduates have entered the training market in large numbers every year. In addition, interest in training in the dual system has significantly risen. Thus, many more Gymnasium (high school) graduates than in the past are today applying for apprenticeships. Other factors held responsible particularly for the decreasing willingness of firms to provide training in the 1970s include greater work intensity and growing specialization of production, greater training costs as a result of higher standards as well as growing competitive pressures felt in many sectors of the German economy.

The second motive for the debate on financing was the desire to raise the quality of vocational training. Especially the trade unions argued that this could only be achieved if

7) Methods used for determining the demand for apprenticeships are controversial. Trade unions put greater emphasis than the Vocational Training Report on applicants that in previous years have not found any, or not a suitable, apprenticeship and continue to search. The DGB Vocational Training Evaluation for 1985 shows 325,700 young people without apprenticeships (DGB 1986, 65ff).

all firms were required by law to contribute to financing. Different forms of a levy system were at the center of discussions. By the end of the 1970s, however, all such plans had failed. Under present political conditions it is unlikely that new efforts in this direction would be successful.

Regardless of fundamental disagreements on the question of financing, employers' associations, unions, and state agencies have made considerable efforts to mobilize additional resources within the existing system. As a result, training opportunities could be significantly expanded. In both 1983 and 1984, record numbers of new training—employment contracts were signed. However, this was not enough to satisfy demand: the number of unsuccessful applicants also reached record levels (see below, Appendix E).

3.2.1. At National Level

The peak organizations of employers and unions are not directly involved in mobilizing resources for vocational training at the national level. Funds for creating and subsidizing training sites do not exist. There are also no negotiations or decisions that would be binding on firms to provide training. Nevertheless, the peak organizations of the social partners do have influence on the mobilization of resources. The intensified conflict between employers' associations and trade unions in the wake of shortages on the training market has so far unfolded mainly at the national level. It has contributed to the launching of state programs for the funding of additional training sites. At the same time, the willingness on the part of firms to provide training has increased.

In 1985 about 900 million DM in federal funds were provided for vocational training. The Federal Labor Administration spent some 4 billion DM on vocational training and further training. A large part of these funds were used in the form of incentives or financial compensation for the training commitments of firms. It was allocated, for instance, in the form of subsidies to firms offering training sites for people with learning disabilities, the disadvantaged and the handicapped. As well as financial incentives for the creation of training sites in structurally underdeveloped regions, and funding of external training centers (BMBW 1986, 112ff.). One reason for the launching of such programs has been the need for the federal government of the time, to justify their reservations and opposition to financial reform of vocational training. State subsidies relieve the financial burden of firms and in this way increase their willingness to provide training. The commitment of state agencies at the national level is therefore related to the political controversy between employers' associations and unions over the financing of vocational training.

As long as an adequate supply of training sites is not insured, the pressure of public criticism may eventually compel legislators to undertake financial reform. It was also with

this prospect in mind that employers' associations at the national level launched a campaign for creating additional training sites, which in fact was followed by significant increases (see below, Appendix E).

Employers' associations, trade associations and Chambers approached their members in a variety of ways in order to enlist their cooperation in creating more training sites. Their efforts included public appeals, letters to the membership, and the cooperation with trade unions and the Federal Labor Office at apprenticeship conferences. They also directly approached firms that had not offered training in the past. These activities occurred primarily at the regional level and, in part, at the sectoral level. The associations especially appealed to the employers to conceive of "training as investment in the future". By the early 1990s, it was argued, a shortage of apprentices was anticipated and there was a threat of intense competition for skilled labor. Providing training today was a protection against a shortage of skilled labor tomorrow. Moreover, it was urged to demonstrate "solidarity with youth". The "apprenticeship gap" was portrayed as a "crucial test" for the dual system. The federal government had abandoned financial reform plans in favor of entrusting the firms with the challenge to create more training sites; it was said to be imperative now not to disappoint these expectations.

The contribution of business associations relative to other factors in increasing the supply of training sites cannot be accurately determined. However, no one in the Federal Republic – including the unions – would deny that employers' associations have played a significant role and continue to do so.

3.2.2. At Sectoral Level

Employers' associations and trade unions in individual sectors also participate in the efforts to create additional training sites described in the previous chapter (3.2.1.). Moreover, they contribute to the mobilization of resources through collective bargaining agreements, which exist in some sectors, imposing levies on firms that do not provide training. Employers' associations and trade unions at the sectoral level also negotiate annually training allowance rates for apprentices.

In the construction, landscaping, stone mason, stone sculptor, and roofing trades, collective agreements exist for the financing of vocational training provided outside the individual enterprise. By paying a levy all firms in these sectors share training costs. In 1985, a total of about 80,000 apprenticeships in just under 28,000 firms were funded with more than 570 million DM. The construction industry with funds of 550 million DM is the largest and most important sector with a levy system (for further details, see Chapter 5).

Apprentices have significantly lower incomes than skilled workers in the same vocation. On average, an 18-year-old apprentice receives about 33 percent of the wage of a skilled worker. As Casey (1986) has shown in his study of Germany, France, and Great Britain which compared wage levels of trainees with those of young skilled workers, incomes of German apprentices are, even by international standards, very low.⁸

Wages of Young Workers (in Germany: Apprentices) in Relation to Adult Skilled Wages*

	16 Years Old	18 Years Old
West Germany	20	33
France	80	100
United Kingdom	50–60	80–100

* Federal Republic: training allowance in per cent of skilled Wage; France: legal minimum wage; United Kingdom: own calculations on the basis of a sample of industrial agreements

Casey (1986, 66; Table 4); according to Maier (1986, 21).

Allowance rates for apprentices are negotiated annually between employers' associations and trade unions in collective bargaining. The comparatively low income of apprentices is not a result of a superior bargaining position on the part of employers' associations. Rather, trade unions as well consider it in principle justified. It expresses a view of vocational training as an investment to which apprentices are expected to make a contribution.

In the debate over shortages on the training market, employers' associations frequently argued that a lowering of training allowances would increase the willingness of firms to provide training. Although this suggestion met with fundamental resistance from trade unions, in recent years, increases in training allowances have become smaller. This may be interpreted as a contribution of apprentices in favor of those young people who have not yet been able to find a training site. However, this contribution was not a decision made by apprentices themselves but rather by the organized social partners during collective bargaining at the sectoral level.

8) Data on wages of apprentices in selected occupations in comparison to collective wage rates may be found below, Appendix E.

3.2.3. At Regional Level

The actors playing a role in the mobilization of resources at the regional level are Land governments, cities, municipalities, regional chapters of employers' associations and trade unions as well as Chambers. These organizations in all regions of the Federal Republic support campaigns for additional training sites. Moreover, at the regional level, it has been possible to tap new financial sources. On top of their expenditures for vocational training schools (about 7.5 billion DM), the eleven Land governments spent an extra 730 million DM on vocational training in 1985. The bulk of these funds flows to firms in the form of subsidies in order to increase their willingness to provide training.⁹

The organized social partners are not directly involved in the development and implementation of regional funding programs, but indirectly they play an important role. For example, in 1983/84 a number of district organizations of the DGB decided to lobby their respective Land governments to pass financial legislation (Landesfinanzierungsgesetze). To make up for non-existent legislation at the federal level, firms in a Land were to contribute through a levy to the financing of vocational training. Proponents of this plan hoped at least that Social Democratic Land governments would get such legislation underway. Ultimately, however, these initiatives failed in the face of various legal and political difficulties. Even within the DGB, individual unions withdrew their support, fearing that separate legislation at the Land level would undermine the unity of vocational training policy. They argued that it was in the employees' interests to have homogeneous and comparable occupational qualifications. Moreover, regulations that differed from Land to Land would tend to reduce the influence of trade unions on vocational training.

At both federal and Land level, new legislation establishing levy systems is at present not to be expected. However, in the Chamber districts levies are common. They are used particularly for funding external training centers. More than 600 such centers are now in existence, most of them in the artisanal sector. If employees have parity co-determination in the organization and management of external training centers, they are eligible for federal and Land grants towards start-up and operating costs. The rest is covered either by Chamber budgets, fees, or a levy imposed by the Chamber on all firms in its district, or by a combination of all three. Since Chamber budgets essentially consist of dues from compulsory members, they are very similar to levies in that both funding methods insure that firms not providing training share the costs of vocational training.

9) Cities and municipalities as well, often provide financial and organizational support for training projects and private training firms. No reliable data or estimates on the size of municipal subsidies are available. Brunn (1986) provides a preliminary survey of common training initiatives by municipal agencies, labor administrations, employers' associations and trade unions.

Whereas at the regional level levy systems can be utilized, at the Land, federal, and sectoral levels (with the exception of the construction industry) such schemes are not feasible at present. There are a variety of reasons for this. Chambers as organizations with compulsory membership can better afford to demand financial contributions even from members not providing training than voluntary associations. In addition, there are the incentives in the form of state grants available for external training centers. It is much less problematic for Chambers to accept employee co-determination in organization and management, than for associations. Chambers in any case are subject to regulations requiring co-determination in the area of vocational training (cf. 3.1.3.).

Training cooperatives (Ausbildungsverbände) and training initiatives represent new avenues for the mobilization of resources at the regional level. In training cooperative (BMBW 1982a, Braun-Schindel et al. 1985, BIBB 1982), a number of firms cooperate in workplace training, i.e. an apprentice passes through different firms during different phases of his training. The aim of such a cooperative venture is to activate unused training resources in firms that, for example, as a result specialization, are unable to offer comprehensive training. In addition, training cooperatives are eligible for state grants.

Local job initiatives (Petzold et al. 1985, Maier and Wollmann, eds., 1986) respond to regional or local economic needs not served by private and public enterprises (e.g. in environmental protection). They are usually initiated by municipal governments, churches, or trade union agencies. Financial support is provided both by the state and by the EC. In the context of such job initiatives, workplace training is also offered in most cases. Training may even be their main purpose (Maier, F. 1983, 30ff.).

3.2.4. At Workplace Level

An analysis of decisions at workplace level to invest in vocational training can be based first of all on a firm's cost-benefit calculus. In small, medium-size, and artisanal firms chances of recovering workplace training costs in the course of an apprenticeship are relatively good. In large firms, apprentices in most cases stay with the firm for a long time after completing their training, a fact which allows firms to base their training decisions on long term cost-benefit considerations.¹⁰

10) Important studies on the cost-benefit calculus at firm level are SKFF 1974, Noll et al. 1983; on career patterns after completion of workplace training, see Hofbauer 1983, Stegmann and Kraft 1983. Summaries of these discussions can be found in Maier, H.E. 1986 and Casey 1986.

In the past ten years, the organized social partners have influenced the cost–benefit calculus of firms with the result that more training sites were provided than had been originally anticipated. Their constructive intervention has taken two forms. First, Chambers seem to have exercised their advisory and control functions more flexibly so that especially small and medium–size firms were able to (partly) recover training costs during the course of an apprenticeship. Second, works councils and trade unions in large industrial enterprises helped to increase the number of training sites made available by these firms.

In terms of the ratio of training contracts to the total number of employees, large industrial enterprises provide very little vocational training. It should be noted, however, that industrial firms with 1,000 and more employees in the early 1980s achieved greater increases in the number of new training contracts than the traditionally training–intensive artisanal sector¹¹. Streeck (1986, 22f.) explains this with reference to the automobile industry in terms of efforts by works councils, convincing employers to provide training in excess of their present needs. As an instrument of persuasion they could use their legal rights for co–determination (cf. 3.1.4.). Moreover, works councils wield informal influence in their role as mediators between management and employees which they can exercise in favor of greater training efforts.

3.3. Implementation and Administration

3.3.1. At National Level

At the national level the organized social partners participate only to a very limited degree in the implementation of vocational training. An exception exists in the area of examinations. Examinations are held by regional Chambers which for this purpose set up examination committees for each vocation with equal representation of employers, employees, and instructors. In procedural matters they are normally expected to follow the recommendations of the BIBB Central Board which equally apply to all occupations. Examination subjects are specified for each occupation in the respective training regulations. Within this framework, examination committees have some latitude in the concrete determination of examination subjects since they formulate the examination questions.

11) From 1981 to 1983, the above–mentioned large industrial firms increased the number of new training contracts by 15 percent, whereas the growth rate in the artisanal sector was only 12 percent (calculated with data from Maier, H.E. 1986, 14, Table 5). However, the artisanal sector had already reached a relatively high training rate. In artisanal firms with less than 20 employees slightly over 8 apprentices per 100 employees are trained, in industrial firms with 1,000 and more employees only 1.23 (cf. Maier, H.E. 1986, 15, Table 6).

For many occupations, examination questions are set by a central agency of the Chambers and subsequently administered by individual Chambers. Centralization simplifies administrative work and promotes the standardization of vocational training. Trade unions have criticized that the inter-regional setting of examination questions violates employees participation rights in the parity committees and restricts the scope of regional examination committees provided for by law.

This conflict can only be understood against the background of the unions' general criticism of their limited participation rights in Chambers. Trade unions can co-determine all important decisions on vocational training policy. However, when the implementation of a decision affects a Chamber's finances beyond the legally prescribed limit, they become dependent on the vote of the Chamber's plenary assembly and thus on an organ of the employers. While Chamber executives try to cut costs by taking advantage of inter-regional committees for setting examination questions, trade unions insist on decentralized committees in order to strengthen their claim for co-determination in Chambers in all areas of vocational training.

3.3.2. At Sectoral Level

At the sectoral level the organized social partners mainly participate in the implementation of vocational training in the area of establishing and administering external training centers. In recent years external training centers have been increasingly utilized as a complement to workplace training. These centers exist primarily in the artisanal sector and in some cases in the industrial sector. In the artisanal sector responsibility for external training centers lies either with the Chambers of Artisans (as regional intersectoral employers' organizations) or with guilds (as regional sectoral employers' organizations). In the non-artisanal sector external training centers have been established mainly in the construction industry (see below, Chapter 5). Trade union representatives also participate in the administration of these centers.

Curricula for external training centers are in part contained in the training regulations of the respective vocations. Particularly in the artisanal sector, however, they are supplemented by the respective guild associations at the national level. The automobile trades in addition cooperate closely with German car manufacturers (Meyer 1985).

A further area where sectoral organizations of the social partners play a role, is in the training of instructors. While formally this is a responsibility of the Chambers, the expertise of the respective guilds and sectoral associations is indispensable. Instructors acquire vocational and teaching skills in different ways in the artisanal sector and in commerce and industry. In the latter, instructors have to take examinations at the Chambers of Commerce

and Industry. Prospective instructors take preparation courses offered mainly by Chambers of Commerce and Industry as well as by employers' and sectoral associations, vocational training institutes, and others. These courses focus on teaching skills, though vocational issues are also covered. Cooperation with the respective sectoral associations in this context is essential. In the artisanal sector instructors must be certified master artisans (see below, Chapter 4).

3.3.3. At Regional Level

It has become evident that Chambers of Artisans and Chambers of Commerce and Industry are particularly involved in the implementation of vocational training. In cooperation with the respective sectoral and employers' associations examinations are held, instructors are trained, and external training sites are operated. Chambers have autonomy in a number of further responsibilities. A particularly important one is the decision on the suitability of firms to provide training. Further, they maintain files on all training contracts and authorize extensions or cuts in training time. They also arbitrate conflicts between apprentices and firms.

In the implementation of vocational training, Chambers are bound by legal guidelines as well as by decisions of the Central Board of the BIBB. Questions of interpretation can be decided by the vocational training committees. Through these committees trade unions attempt to influence the Chambers' implementation of vocational training. As mentioned before (3.3.1.), unions criticize the practice of Chambers to use examination questions set at an inter-regional level. Many unions also consider supervision and control of workplace training inadequate (3.4.3.).

A further responsibility of the regional level in the area of implementation and administration is the coordination of vocational training between school and workplace. In general terms, the Conference of Ministers of Education when decreeing curricula, makes reference to regulations governing workplace training (see below, Appendix B), but their application requires further specification at the Land level. Many practitioners criticize that the Ministers of Education of the Länder do not adequately deal with this problem and point out that the Land committees are not in a position to solve it on their own. Even in the construction industry (see below, Chapter 5) each Land has different regulations. Obviously even the participation of the organized social partners cannot entirely eliminate the problems resulting from the federal structure of the German educational system.

3.3.4. At Workplace Level

In the implementation of vocational training at workplace level, works councils possess legal co-determination rights. Training regulations require firms only to fulfil certain

minimum standards. An individual firm may of course exceed these requirements and provide higher-quality training. Works councils in large firms frequently use their legal co-determination rights to create high training standards (3.1.4.). Works councils in many small and medium-size firms, on the other hand, have neither the time nor the expertise to achieve comparable standards.

3.4. Supervision and Control

3.4.1. At National Level

Performance and flexibility of the vocational training system are evaluated at the national level in the Federal Government's annual Vocational Training Reports. The Report is produced by the Federal Ministry for Education and Science (BMBW) with the support of the Federal Institute for Vocational Training (BIBB), partly in cooperation with the Institute of Labor Market and Occupational Research of the Federal Labor Office. It contains data on all relevant quantitative and qualitative aspects of vocational training policy (e.g. national and regional trends on the training market, subjects and structures of vocational training, situation of foreign youth in vocational training).

The Report serves as an evaluation of experiences with recent programs and as a basis for future decisions.

A statement by the Central Board of the BIBB is appended to the Vocational Training Report. The issuing of this statement is preceded by an intensive discussion of the Report where the parties represented on the Board (trade unions, employers, federal government and Länder) debate their different interpretations of the data. In recent years union representatives and the Länder with Social-Democratic governments have been unable to arrive at a common interpretation of data on the shortage of training sites. In these cases both the majority and the minority view were appended to the Vocational Training Report.

The organized social partners do not fully depend on the services of the BIBB for their evaluations of vocational training policies. Employers' associations and trade unions run their own research institutes that can supply additional or alternative information. Especially the unions, moreover, receive support from scientists in universities and independent research institutes. These research capacities on vocational training policy that are independent of the state force the Federal Government and the BIBB to refrain from self-applause as well as to address problematic issues in the Report.

The Vocational Training Report gives the organized social partners an opportunity to draw attention to strengths and weaknesses of vocational training, not only in the context of a general public debate. More importantly, it even forces them to take a position and defend

it in discussions with other parties with an interest in vocational training. It is, in effect, a firmly institutionalized process at the national level involving the organized social partners in the evaluation of vocational training policy. Moreover, in the Federal Republic, vocational training policy plays a large role in party politics. This is a result of the fact that vocations and vocational training are generally highly regarded, and it is one reason why successes and failures in vocational training receive considerable public attention.

3.4.2. At Sectoral Level

The evaluation of vocational training policy belongs to the routine activities of the organized social partners in the individual sectors. The sectoral level is mainly responsible for implementing training regulations and for deciding whether revisions may be necessary as a response to changing conditions. Sectoral employers' associations and unions maintain close contacts with firms and are usually informed about implementation problems and necessary changes. As past experience shows, it may nevertheless take a long time until agreement can be reached on how to solve such problems. Moreover, it should be noted that in sectors with a low degree of unionization the unions' ability to draw attention to problems is also low (see below, Chapters 5–7).

The interest of sectoral employers' associations and trade unions in the actual practice of vocational training in their territory has a number of reasons. Sectoral organizations play a key role in the regulation and implementation of vocational training and have to send delegates to a large number of advisory, planning, and decision-making bodies. Trade unions can provide qualified interest representation only if they are well-informed on the situation in the workplace and if they can persuade specialists in firms to assume mandates on their behalf. In addition, vocational training plays a particularly important role for employers' associations as a means of proving to the membership their value as an organization. By supplying qualified information on legal aspects of vocational training and the practice of other firms, employers' associations demonstrate the benefits of membership in their organization. In this way they hope to increase the association's organizational strength. It should also be noted that all industrial unions in the Federal Republic emphasize that high-quality vocational training is a necessary precondition for the future competitiveness of their sector. Finally, the importance assigned to consistently monitoring vocational training at the sectoral level is underscored by the fact that both employers' associations and trade unions have special departments for vocational training.

3.4.3. At Regional Level

At the regional level the organized social partners participate in supervision through their co-determination rights in Chambers.

Under the Vocational Training Act, Chambers have control and advisory responsibilities for workplace training. For this purpose, they employ full-time specialists, so-called training counsellors (Ausbildungsberater). The number of training counsellors varies from Chamber to Chamber. It depends on the policy of the social partners in the vocational training committee as well as on the financial situation of the individual Chamber (and thus on decisions of the Chamber's plenary assembly whose members are all, or in their majority, employers' representatives).

The supervisory activity of training counsellors consists in insuring that vocational training is provided in accordance with training regulations. Specifically, this may entail examining whether firms follow training schemes or live up to their obligation to provide free training material. If training counsellors become aware of problems, their first step is to inform firms of their rights and obligations. If the problems are not resolved, the Chamber in an extreme case may nullify an existing training contract and refuse the firm permission to enter into new training contracts. Usually training counsellors act only on concrete indications that individual firms do not fulfil requirements. Such indications are, for example, complaints by apprentices, repeated cases of weak performance in examinations by apprentices from a specific firm, or comments by union representatives in the Chamber's vocational training committee.

Trade unions have frequently criticized supervision and control as too informal and unsystematic. If control activity remained confined to cases where concrete problems had become known, there would be a danger – especially in times where training sites are in short supply – that apprentices did not make problems known out of fear of losing their apprenticeship. A further problem of supervision and control in the view of the trade unions is that training counsellors report to the Chamber executive and are thus subordinate to an organ representing employers' interests. As a result, according to the unions, they are often confronted with a conflict of interest. They have to insure that workplace training is conducted according to regulations while at the same time having to take into account employers' interests which, especially in many small and medium-size firms, means investing only the bare minimum in workplace training.

However, the present form of supervision and control of workplace training by the Chambers may also have certain advantages. Particularly in times when apprenticeships are in short supply, it may be prudent in some firms not to enforce training regulations to the letter. If individual cases are treated with lenience, while at the same time, firms are advised on how to improve their training performance in the future, the great number of obligations and requirements a firm has to fulfil will appear less threatening. The cooperative approach of training counsellors toward firms being controlled has also proved beneficial in the effort to mobilize additional training sites. According to many practitioners in the Chambers, the fact that training counsellors directly approached individual firms decisively contributed to the success of the campaign against the "apprenticeship gap" (3.2.).

3.4.4. At Workplace Level

The Chambers' supervision and control of workplace training can only succeed if information flows from problem firms to training counsellors or to vocational training committees. In this context, the cooperation of trade union representatives in the vocational training committees with works councils and union stewards plays a crucial role. However, especially in many small and medium-size firms, which are most likely not to fulfil training requirements fully, there is no workplace interest representation. This reduces the effectiveness of the Chambers' control and counselling activities and supports the trade unions' demand for closer supervision.

In firms where they exist, works councils can also demand that management fulfil legal requirements for vocational training.

They can exert influence through their co-determination rights in the implementation of vocational training. Whether works councils do in fact become active in this respect will depend on how well they are informed about laws, regulations, guidelines, etc. In small and medium-size firms, trade unions through their information campaigns and workshops continuously have to make works councils aware of how they can get involved. Although unions believe that in recent years they have made progress in this respect, they nevertheless assume that serious problems continue to exist and that many works councils are incapable of supervising and controlling workplace training.

4. The Role of the Social Partners in Further Training

In contrast to initial vocational training, for which the state and the social partners consensually regulate training curricula, examinations and certificates, further training appears in a great diversity of forms. In general, further training is defined as an organized learning process that is continued or resumed after completing an initial training phase and as a rule after starting a working career, and which serves to maintain or upgrade occupational knowledge and skills.

This definition encompasses learning processes at the workplace, participation in workshops, seminars or courses inside or outside the firm, further training workshops during working time or spare time, courses during periods of unemployment as well as work leaves for full-time study periods. Further training is offered by a variety of institutions, among others by firms, but also by external agencies such as trade unions, employers associations, churches, community colleges, as well as private (commercial) training institutions and (especially in the introduction of new technologies) by the producers of machines and equipment. Most of these opportunities for further training are not formalized, i.e. training goals, methods, programs and formats are only in very few instances subject to federal, regional, or sectoral regulation. Entry barriers to the further training market are low, which is why a great variety of competing and complementary products can be offered. The buyers are firms and individual employees who have to decide which of the very different programs may be most useful to them.

Until the late 1960s, further training as an integral component of vocational development had been regulated only in the artisanal sector. (In the artisanal trades further training is of such great importance because it awards the certificate of artisanal Meister (master artisan), a legal title prerequisite for operating an artisanal firm and for training apprentices).

With the Vocational Training Act (BBiG, Berufsbildungsgesetz and the Employment Promotion Act (AFG, Arbeitsförderungsgesetz) of 1968/69, a foundation was laid for regulating and structuring further training at the federal level. This legislation determined individual subjects and classified further training according to their purposes. The following are currently distinguished:

- continuing vocational training
- retraining
- on-the-job training.

Continuing vocational training refers to courses that promote occupational advancement (continuing career training) and are aimed at preparing participants for a final examination. Passing such an examination as a rule means receiving a certificate. Continuing career training usually requires previous vocational training and several years of work experience.

In most cases it extends over a longer period of time (on the average 2 years). In contrast to continuing career training, refresher courses do not result in any new occupational qualification but rather supplements or expands existing knowledge and skills in order to keep up with changing occupational requirements. Most courses are of short duration (on the average 3–4 months) and do not result in any recognized further training certificates.

Retraining refers to programs aimed at making the transition into a new occupation possible. Retraining can mean either the learning of specific skills (but, in contrast to continuing training, for a new occupation) or a 2–3 year training period resulting in a certificate recognized in the dual system. Only in the latter case does retraining lead to a generally recognized certificate.

A third type of further training recognized by the Labour Authorities is *on-the-job training*. This is training for a specific workplace and activity of employees that have just been hired or relocated and receive more than only one briefing.

With the BBiG and the AFG the definition of further training for the first time was extended beyond the training of artisanal Meister. There were two areas that were seen to be in need of regulation. First, types of further training were to be defined for which individual employees would be eligible to receive public grants under the Employment Promotion Act. Second, by covering further training under the Vocational Training Act, opportunities were to be created for greater formalization of the rather non-transparent further training market. The goal of formalization was to achieve greater compatibility and openness, particularly between firms and regions, as well as the general recognition of certificates. The regulation process was from the start accompanied by political controversy. Trade unions advocated standardization in this area, arguing that only generally recognized training certificates would insure the independence and mobility of employees and create opportunities for acquiring broad qualifications. Employers' representatives, on the other hand, pointed out that the traditional structure permitted a high degree of flexibility as well as freedom for individuals and firms that would be lost as a result of regulating and standardizing subjects and qualifications.

The participation of the social partners in the area of further training is distinguished by the fact that they act not only as agencies of general interest representation. Rather, they are themselves in the business of selling further training courses. Employers' associations, Chambers, and firms offer a considerable number of workshops and seminars. The trade unions as well operate vocational training institutes that usually offer further training for a wide range of occupations. This makes further training significantly different from the system of initial vocational training and affects the commitment of the social partners in so far as all initiatives in the area of further training also relate to defending or increasing market shares.

4.1. Regulation: The Determination of Objectives, Subjects and Standards of Training

4.1.1. At National Level

The most essential regulations for vocational training outside of public schools are contained in the Berufsbildungsgesetz (BBiG, Vocational Training Act) and in the Handwerksordnung (HWO, Statute of Artisans). They determine that further training regulations can be decreed by individual Chambers for their respective territories as well as by the Federal Minister of Education and Science for the Federal Republic as a whole. The same levels of regulation also apply to retraining outside of recognized vocational training occupations. The "Register of Recognized Occupations" lists further training examinations at Chamber level regulated under the BBiG as well as federally regulated further training courses.

Most types of further training are not regulated under the BBiG. An exception exists in the area of artisanal Meister, where under the Statute of Artisans federal regulations are in force for virtually all occupations. In addition to specific occupational skills, they require economic and legal knowledge as well as vocational teaching skills. A new further training occupation is that of Certified Foreman (Industriemeister). The need in the non-artisanal sector to create a career occupation as in the artisanal sector, which initially was confined to individual sectors or regions, since 1977 has resulted in the decreeing of the first federally standardized regulations. Whereas at Chamber level most non-artisanal sectors of industry by now have instituted examinations for Certified Foreman, federal regulations have been decreed for only 17 occupations. Further training programs providing recognized further training certificates other than that of Certified Foreman are federally regulated for only 12 occupations.

The participation of the social partners in drafting federally standardized further training examinations runs along similar lines as in the area of initial vocational training. If a further training program is to be regulated federally, any party involved in vocational training may submit to the Federal Ministry of Education and Science an application for the decreeing of a further training regulation. It will be decreed if a hearing of concerned associations and organizations of business and trade unions indicates a corresponding need and if the peak organizations of the social partners jointly request regulation. Federally standardized further training regulations are likely to be decreed if a sufficient number of Chambers have been holding examinations for the program in question and if these examinations still differ considerably from each other.

The "Coordinating Group on Further Training" established in 1983 by the peak organizations of the social partners (KWB, DGB, DAG) has set itself the task of jointly submitting applications for federal further training regulations. Federal regulations are prepared by determining the need for regulation and by developing subjects and examina-

tion rules. The Coordinating Group can also advise on Chamber regulations and present joint recommendations to the Chambers.

Once an application has been submitted to the Ministry, the peak organizations and sectoral associations are heard. If a federal regulation is controversial, experts of the BBiB are consulted. They contribute to the clarification of issues and promote agreement by presenting relevant research results and by mediating between the various interests. If a federal regulation is rejected, a regionally limited Chamber regulation may be proposed.

4.1.2. At Sectoral Level

In contrast to the area of initial vocational training, employers and trade unions do not play a prominent role in further training at the sectoral level. For a variety of reasons it is difficult to establish a sectoral consensus on federally standardized further training regulations. The peak employers' organizations do not respond favorably to applications for federal regulation since they have an explicit interest in as little regulation as possible. Though trade unions in principle profess an interest in the establishment of federal regulations, they are confronted with the problem that this entails further differentiation in the occupational status of employees and may make unified interest representation more difficult. The ambivalent position of trade unions is part of the reason why non-union occupational associations ultimately remain as the only party interested in developing further training regulations. For them, a further training regulation may be a step towards securing "title protection" and thus towards "professionalization". Many applications by occupational associations are motivated by the fact that in their occupational field, no established initial vocational training exists. A further training regulation is to give these occupations an officially recognized status. Occupational associations, however, need the support of one of the formally responsible peak organizations for their application. As in the case of "Certified Security Guards" (geprüfte Werkschutzfachkraft), coalitions may be formed with the large trade unions. In some cases, as in the construction industry, the establishment of further training occupations may be promoted by the social partners at the sectoral level (see below Chapter 5).

The establishment of a further training regulation usually affects collective bargaining relations in the concerned sector. At the same time, as in the case of the Certified Foreman, independent associations are established that attempt to organize new occupational interests outside of trade unions and employers' associations. Below the federal level of regulation, a number of sectoral, workplace, or occupational further training programs exist for which subjects are coordinated only at the sectoral or regional level. Regulation of further training subjects as part of collective bargaining agreements exists only in very few sectors as, for example, in the construction industry (see below Chapter 5).

In the context of collective agreements on educational leave, it is in some cases determined what form of further training may generally qualify in this category; in others, specific training subjects and institutions have been agreed upon (e.g. time – and – methods seminars at the RKW or Meister courses at the HWK). However, the quantitative significance of these agreements cannot be established. These agreements are a result of efforts to specify what programs are eligible and how training costs are to be defrayed. In agreements on protection against rationalization, on the other hand, subjects or personal criteria have not been determined, except that an obligation for the employer to provide further training exists only if rationalization measures do not leave room for alternative forms of employment protection.

4.1.3. At Regional Level

In contrast to the system of initial vocational training, for further training the regional level is of great importance. At this level there are individual Chamber regulations permitted under the Vocational Training Act as well as further training regulations of individual Länder for public training schools.

In the area of further training outside of schools, Chambers can issue regulations on further training examinations. In July of 1985, 189 further training examinations were regulated by legal directions of the Chambers. In the extreme cases, an examination may be taken either anywhere in the Federal Republic or only at one Chamber. For almost all industrial sectors there is a further training examination for the Certified Foreman; in most cases these examinations are offered in only one Chamber district for all candidates in the Federal Republic.

The Chamber's vocational training committee deliberates on the establishment of Chamber examinations. Under the BBiG, trade unions are also represented on this committee (3.1.3.). Further training regulations are essentially developed by entrepreneurs from the region in a respective occupation, supported by vocational training experts and personnel managers of regional firms. Peak organizations such as the DIHT and the DHKT, through their departments of vocational training, coordinate these decentralized further training regulations and mediate between individual Chambers in respect to updating and further development. Applications for the establishment of a further training examination at the regional level are also submitted by occupational associations. The strong position of the regional level explains the broad dispersal and the regionally unequal distribution for individual occupations. Some occupational associations conclude agreements with individual Chambers on making examinations available to candidates from outside the region.

If an association does not succeed at the Chamber level, it can attempt to get further training established through the Land governments in the public school sector. The Länder are active in the determination of subjects, e.g. by establishing occupational schools that award certificates such as "Certified Management Assistant" or the "Certified Foreign Language Secretary". So-called assistant occupations in the application of new technologies are also increasingly offered by individual Länder in occupational academies. The DIHT has criticized the growing activity of individual Länder since it removes further training from the influence of Chambers and exerts strong competitive pressures on non-governmental institutions.

4.1.4. At Workplace Level

Works councils under the Works Constitution Act have advisory and co-determination rights in establishing and structuring training facilities at the workplace, the introduction of workplace training programs, participation in external training, and selection of participants. Since a large part of further training occurs at the workplace, and is not subject to legal regulations, this creates opportunities for workplace interest representations to become active (Maase et al. 1978). However, with few exceptions in large firms, the influence of works councils on further training is very minor. This can be explained by the fact that works councils merely have advisory and information rights in respect to decisions on personnel planning, choice of technologies and work organization, all of which are closely related to further training. Moreover, only a small number of firms have any systematic planning on further training at all. A few large firms are known to place a strategic value on planning and developing further training. Given this unsystematic approach to further training, it is difficult for works councils to force firms to set up further training plans. In co-determining the choice of participants, works councils are frequently confronted with the problem that further training is used as an instrument of selection in order to achieve occupational differentiation and to secure the loyalty of employees. Moreover, workplace training programs so far have been largely aimed at employees not represented by works councils (management personnel) or those they have been less committed to (technical specialists). Further training policy at the workplace so far has not been directed at the great mass of employees.

The increasing commitment of firms to further training has confronted a growing number of works councils with the problem of how to secure influence on the subjects of further training. Training policy is increasingly incorporated into the debate on work-time reduction, work organization, and the issue of socially responsible technology. Works councils, moreover, increasingly address unequal occupational opportunities fostered by selective further training policies. Agreements have been made in some cases to provide special further training programs for workers, semi-skilled employees, and women. The rise of

new forms of further training relating to work organization and qualification, such as quality circles and "learning centers", on the one hand, and the large portion of strictly workplace-specific instruction by producers of new equipment on the other, have stimulated a growing activity on the part of works councils in the area of further training during recent years.

4.2. Financing: The Mobilization of Financial Resources for Training

In the area of further training, costs are borne primarily by employees themselves, by firms, the state, and the Federal Labor Administration through contributions (from employers and employees) to the unemployment insurance fund.

4.2.1. At National Level

The mobilization of resources for participants in further training was the main motivation behind the 1969 revision of the AFG. Both social partners at that time were in favor of using unemployment insurance contributions for financially supporting participants in further training. In the AFG an individual right to funding of further training was established.

Rather generous individual funding provisions made it possible for potential participants to take part in workplace internal or external training without requiring any significant financial contribution of their own. Continuing career training at that time was funded to a large extent by the Federal Labor Administration. The traditionally held view that the state was to play a subsidiary role not only in regulation but also in financing of further training, i.e. that the state should become active only where the private initiative and strength of social groups was inadequate, was abandoned. In addition to the AFG, the Bundesausbildungsförderungsgesetz (BAföG, Federal Training Assistance Act) included provisions for the financial support of participants in further training in schools. Both employers and employees representatives at that time advocated adequate public funding for participants in further training. In contrast to the area of initial vocational training, the financing of further training was not controversial. Since the further training market is largely outside the purview of the state and funding arrangements under the AFG initially were not used to influence further training programs, financing and regulation existed as two basically separate areas. The individual participant, equipped with a funding coupon, could select a further training program that seemed to make sense for his own occupational development. Further, the AFG made provisions for the Federal Labor Administration to fund the establishment of further training institutions outside the area of schools, on the condition that these institutions would offer further training not exclusively to one firm or association.

As a result of high and continuous unemployment and its high fiscal costs, the financial commitments of the Federal Labor Office in the area of further training already in 1975 were considerably reduced. Criteria for individual eligibility were tightened and the group of participants able to receive wage compensation during full-time training was very narrowly defined. Thus less and less participants are able to receive any living allowances and the once important area of continuing career training is no longer eligible for any funding except for refundable loans (see Table 1).

The social partners expressed different views on these financial cuts. Some trade union representatives held that a concentration of funds on the unemployed made sense and was the essential task of unemployment insurance. Among employers, on the other hand, the abandoning of individual funding in favor of predefined groups met with reservations since this made it impossible to finance further training at the workplace through AFG funds. The training institutions of employers' associations and trade unions also responded in different ways. Union-operated institutions soon offered training programs for groups still eligible for funding and secured special projects to make up for the losses resulting from the end of non-refundable support for continuing career training. The training institutions operated by employers' associations and Chambers, on the other hand, did not adapt their programs so that either participants themselves or firms interested in further training had to pay course fees.

4.2.2. At Sectoral Level

The most important instruments for mobilizing financial resources at the sectoral level are the collective agreements on educational leave and on protection against rationalization. They determine how and for how long a paid or unpaid leave of absence may be taken for further training. Additional collective agreements on financial arrangements exist only in the scaffolding industry where all employers transfer 1 percent of their total wage sum into a parity controlled social fund which defrays course fees and wage-reimbursements for participants.

4.2.3. At Regional Level

The actors playing a role in the mobilization of resources at the regional level, as in the case of initial training, are Land governments, municipalities, regional chapters of employers associations, Chambers, and the Labor Administration. The federal Länder, in addition to their financial commitment to establishing further training institutions (schools, academies, etc.), in recent years have increasingly launched funding programs of their own for further training, providing opportunities for participants not eligible under the AFG

(Lower Saxony) or subsidizing further training at the workplace (Berlin). Municipal governments financially support community colleges, one of the most important institutions in the area of general and vocational further training. The organized social partners, however, have no part in the development and implementation of these regional funding programs.

At Chamber level, workshops in continuing career training as well as workshops that do not provide recognized certificates are primarily financed through course fees. Moreover, the training institutions of Chambers have access to funds collected through a levy from member firms that allows them to offer courses below cost. The training institutions of Industry and Commerce have always had further training programs. In the artisanal sector, external training centers are increasingly used for further training below the level of Meister examinations since with declining numbers of apprentices these institutions are expected to be operating below capacity and since technical and structural change have made an expansion of further training essential.

4.2.4. At Workplace Level

According to their own estimates, in 1985 firms spent some 10 billion DM on further training, both for their own programs and for those offered to their employees in cooperation with external institutions. It is difficult to determine accurately what portion of these expenses were direct costs of further training (e.g. costs of instructors and material) and to what extent indirect costs were included (e.g. wages for participants in further training, material expenses for participants, deductions). The majority of firms does not record further training costs at all since a cost analysis for this purpose does not exist.

Recent studies for the commercial sector have reported the following results: In 1982/83 about 18 percent of all employees took part in firm-initiated further training; specifically, participation rates were 2.6 percent for unskilled and semi-skilled workers, 8 percent for skilled workers, 40.2 percent for technical staff, 32.1 percent for sales staff, and 65.2 percent for management personnel. The investments of firms in their human capital are thus not only extremely selective, but compared to public funding rates also relatively small (v. Bardeleben et al. 1986). Further training usually consists in short-term on-the-job training or courses, while for management personnel as well as sales and technical staff opportunities are also provided for external further training.

In 1978 about 14 percent of all employees covered by compulsory social insurance schemes were eligible for educational leave under collective agreements or Land legislation. However, only few employees actually took advantage of their right (Vocational Training Report 1980). This may be due to the fact that paid leave for external further training has

TABLE 1

OVERVIEW OF REGULATIONS GOVERNING FURTHER TRAINING IN THE EMPLOYMENT PROMOTION ACT

Further Education and Retraining				On-the-Job-Adaptation	
Legal Basis in Force Since	Persons Entitled to Support (§ 42)	Prerequisites for Maintenance Allowance (§ 44, § 46)	Amount of Maintenance Allowance (§ 44)	Duration of Wage Subsidy	Amount of Wage Subsidy
Employment Promotion Act of 1969	All persons who have had or who desire employment subject to social security tax	Maintenance allowance for full-time and part-time measures (if 1/3 of the work hours are affected), Personal criteria for eligibility: All persons who qualify for support	Approx. 95 % of net wages	1 year (recommended) Condition: Permanent Job	Max. 60 % of net wages
Budgetary Act of 1976	<ul style="list-style-type: none"> - Employee with completed vocational training if subsequently employed at least 3 years - Employees with incomplete vocational training if employed at least 6 years Activity as housewife counted as employment	Maintenance allowance only for full-time measures, subdivided into <ul style="list-style-type: none"> a) necessary measures if participant unemployed, about to lose his job, or with incomplete vocational training b) suitable measures (all other participants) Personal criteria for eligibility: Employed at least 2 of last 3 years at a job subject to social security tax or obligation to work for 3 years after completion of measure if participant must work for personal reasons and if measure is "necessary"	<ul style="list-style-type: none"> a) 80 % of net wages b) 58 % of net wages 	Max. 1 year Condition: Employee must have already worked 1 year; on-the-job training must last longer than 4 weeks (activity as housewife counts as employment)	Max. 60 % of wages
4th Amendment of Employment Promotion Act, 1978	Recognized as occupations: <ul style="list-style-type: none"> - Housewife activity - Periods of incomplete vocational training - Participation in vocational preparation Unemployed with complete vocational training can also be supported if the person has worked less than 3 years. Unemployed with incomplete vocational training must have worked 3 years			Condition: Employee must have worked 6 months (incomplete vocational training and participation in vocational preparation count as occupational activity).	
5th Amendment of Employment Promotion Act, 1979	Occupational activity no longer necessary if <ul style="list-style-type: none"> - unemployed person is to be reintegrated into his field; - person about to lose his job can be employed; - applicant with incomplete vocational training can acquire professional qualification 	Maintenance allowance increased for training for "high-demand" occupations. Personal criteria for eligibility: 3-year qualifying period extended for time spent <ul style="list-style-type: none"> - caring for children (max. 3 years per child) - employment abroad (max. 2 years) 	High-demand occupations: 80 % net of wages	Max. 1 year	Max. 80 % of wages

TABLE 1 (continued)

Further Education and Retraining				On-the-Job-Adaptation	
Legal Basis in Force Since	Persons Entitled to Support (§ 42)	Prerequisites for Maintenance Allowance (§ 44, § 46)	Amount of Maintenance Allowance (§ 44)	Duration of Wage Subsidy	Amount of Wage Subsidy
Employment Promotion Consolidation Act of 1982		Reduction of maintenance allowance for: a) necessary measures b) suitable measures funded only as a loan c) maintenance allowance for unemployed persons with complete vocational training is based on 75 % of earnable income Personal criteria for eligibility: - Period for child care extended to 4 years - Persons paying no contribution no longer receive maintenance allowance, only reimbursement of tuition fees	a) - 75 % for participants with child - 68 % for participants without child b) 58 % as loan	Condition: Person must be unemployed or about to lose job	
Supplementary Budget Act, 1984		Reduction of maintenance allowance for: a) necessary measures b) loans for "suitable" measures become "nonobligatory payments" (no longer any legal claim) c) Maintenance allowance after vocational training based only on 50 % of earnable income	a) - 70 % for participants with child - 63 % for participants without child	Max. 1 year; no support if on-the-job training conducted with same employer	Max. 70 % of wages
7th Amendment of Employment Promotion Act, 1986		Increase in maintenance allowance for: a) necessary measures b) participant again eligible for loans for suitable c) maintenance allowance after vocational training based on 75 % of earnable income Maintenance allowance paid through 31 December 1989 for part-time measures as well if applicant - is under 25 years old and if measure is necessary (part-time employment must be between 12 and 25 hours) - resumes gainful employment but cannot handle full-time measure. Applicants who do not fulfill qualifying period but who are eligible for unemployment aid now receive maintenance allowance matching their unemployment aid.	a) - 73 % - 65 %	Through 31 December 1989 Subsidy for on-the-job training also when temporary contract expires	

remained a controversial issue among the collective bargaining partners. At the same time, in a general situation of lower job security and greater work pressures, many employees fear the loss of their job or are discouraged by the intransparency of the courses offered (BMBW 1984).

If an employee takes part in external further training on his own initiative, he can usually not count on funding or a leave of absence. Frequently employers do not even know about such self-initiated further training (Berger 1985,40). While in the early 1970s it was possible to receive financial support under the AFG for further training even when employed, this opportunity no longer exists. Individual expenses for further training are probably very high, but more detailed data is not available.

The financing of further training at the workplace is only to a limited extent controlled by trade unions and works councils through collective or workplace agreements. The selectivity of further training policy at the workplace is reflected in the area of financing. This is one reason why the creation of a right to further training for all employees, in connection with comprehensive funding even for external programs, is an integral part of union demands in the area of further training. Employers' associations are opposed to these demands and point out that even without such legal provisions, their expenditures on further training in recent years have quadrupled (see below, Appendix E).

4.3. Implementation and Administration

4.3.1. At National Level

At the national level, the social partners do not participate in the implementation of further training. The degree of centralization of examination questions in the area of further training is not as high as in initial training. However, efforts in this direction are being made. The DIHT has set itself the task of bringing up to date and standardizing further training examinations.

4.3.2. At Sectoral Level

At the sectoral level the implementation of further training is primarily in the hands of guilds and occupational associations. Trade unions can take part in the administration of external training centers if they offer further training. Their cooperation with training institutions allows the continual adaptation of further training programs to new demands and changing occupational profiles. Innovations in further training are pursued particularly

by sectoral associations while large transsectoral training institutions take up these ideas and design corresponding programs.

4.3.3. At Regional Level

In the area of public further training, which is regulated by the Länder and offered by public schools, academies, and colleges, the Ministers of Education of the Länder are responsible for implementation and administration. In so far as the Länder have provided funds for further training to institutions other than schools, these public agencies usually are under the supervision of the Ministry of Labor and Social Affairs. The organized social partners in some cases have parity representation and certain participation rights in these public institutions.

For public projects funded by the Labor Administration, program implementation is in the hands of the authorized training institution. However, the Labor Administration is in charge of selecting the participants, financial management and supervision of the project. Labor Administration and training institutions have to coordinate projects with the Chambers if they are aimed at providing certificates under the BBiG or retraining in a recognized vocational training occupation, since Chambers set examination schedules. Chambers on account of their examination rights thus have considerable influence on public training projects. If, for example, a training institution wants for a certain group of participants a longer training period and more intensive supervision, the Chamber's permission is required. In the area of further training regulated under the BBiG, Chambers also play an essential role in implementation. Since they have the right to set up Chamber-specific further training examinations or, if further training is regulated federally, to hold examinations, they play the most important role at the regional level. All other training institutions are forced to comply with the examination schedules decreed by the Chambers.

Trade unions at the regional level participate in the parity vocational training committees, which under the BBiG in addition to initial training, also make decisions on further training. As in the case of initial training, however, the participation of trade union representatives is quite limited (3.3.3.).

4.3.4. At Workplace Level

At the workplace level, works councils can co-determine the implementation of further training programs. In the area of further training, hardly any formalized training programs exist, and further training is often workplace-specific or on-the-job. Here it is therefore even more difficult for works councils to initiate intensive and high-quality programs than in the area of initial training. Only in a few large firms do effective participation

rights exist for the implementation of further training programs, e.g. in the form of institutionalized parity training committees.

4.4. Supervision and Control

As has become evident, the area of further training is distinguished from initial vocational training particularly on account of the fact that training programs are hardly formalized and training standards are neither uniformly determined nor supervised. Except in the areas of further training regulated under the BBiG and training projects of the Labor Administration, there is no supervision and control. The quality of further training is decided by the market, i.e. by potential participants themselves as well as by firms as buyers of labor. The quality of further training programs usually is known neither to individual participants nor to firms at the time of selection – though some standards have emerged according to which graduates of certain training institutions will have more or less promising career opportunities. The reputation of a training institution particularly at the regional level is more important for its success than its organizational affiliation. However, firms in their implementation of external further training usually give preference to the business-oriented institutions of Chambers, guilds, and occupational associations or to those institutions that work closely with them.

4.4.1. At National Level

The annual Vocational Training Report in its description of vocational training policy includes sections on further training (cf. 3.4.1.). Usually, it presents the state of regulation under the BBiG as well as suggestions on future directions for further training policy. The recommendations of the social partners remain at a very general level. Compared to the intensive debate on initial training, the area of further training in the past has played a minor role. However, the Coordinating Group of the peak organizations is determined to scrutinize and develop individual further training programs. This should create new opportunities for participation.

4.4.2. At Sectoral Level

There is little participation by the social partners in supervision and control at the sectoral level. Particularly the occupational associations have assumed the task of developing control mechanisms. Except for the construction industry, there seems to be no cooperation among the social partners in the evaluation of further training programs.

4.4.3. At Regional Level

The social partners are involved in the supervision and control of further training programs by virtue of their participation rights in Chambers and in the Labor Administration. Chambers control further training under the BBiG and have influence on public projects under the AFG.

The social partners are represented in the self-governing committees of the Labor Administration and thus have in principle an opportunity to supervise further training and retraining policies of the Labor Administration. However, they have rarely taken advantage of their participation right. Employers have shown little interest in these projects since funding has been redirected to the unemployed. Trade unions generally are in agreement with Labor Administration projects and only occasionally raise specific problems (e.g. if training institutions that have a record of offering unsuitable subjects and inadequate teaching are to receive new project funds). In general, it seems that members in the Labor Administration committees find further training policy by and large acceptable. In 1985/86 trade unions injected their own proposals into an intensified debate on the subjects of public training projects (Lotze and Otte 1986, 241). Upon recommendation of the Executive and the Council of the Federal Labor Administration, local Labor Administrations have established self-governing further training committees. The creation of these committees was initiated primarily by the trade unions. Employers representatives, however, are also interested, hoping that firms and training institutions of employers' associations and Chambers will be incorporated to a greater extent into public funding. The responsibilities of the further training committees are to include: discussion of proposals, setting of quality standards, supervision of implementation, and evaluation and analysis. In the past, these responsibilities were the exclusive domain of Labor Administrations.

4.4.4. At Workplace Level

At the workplace level, the implementation of further training is primarily the domain of management, in large firms of personnel or training departments. Participants in AFG-funded external further training are also represented by the works council, i.e. the co-determination right in the implementation of workplace further training programs applies to external programs as well. Otherwise, the works council can supervise the implementation of further training at the workplace, and, if a formalized further training plan exists, insure that it is being followed. However, the planning of further training programs is not itself subject to co-determination. The co-determination right is in effect limited to a kind of "implementation control". The same applies to the works council's right to co-determine the selection of participants. If at the workplace level, parity training commissions exist (or, as in the construction industry, are part of collective agreements), then they can supervise program implementation.

5. The Role of the Social Partners in Vocational Training and Further Training in the Construction Industry¹

In the late 1960s the political parties and the relevant interest groups agreed that the German system of vocational training was in a state of "crisis" and in need of "reform". Three internally connected reform goals were debated. First, the traditional boundaries separating different vocations were to become less rigid. Related trades were to have a common initial training period, with specialization being introduced gradually at later points. The idea was to equip apprentices with greater flexibility to cope with changing tasks and technical requirements. Second, the portion of vocational training provided outside the firm was to be increased. It was assumed that the average firm – whether because of small size or increasing specialization – was no longer in a position to provide the kind of general training that was envisaged particularly for the initial training period. Third, the financing of vocational training – to the extent that it was not directly controlled by the state – was to be restructured in order to compensate firms for the (rising) costs of apprenticeship programs. Particularly important in this respect was the proposal of a committee of experts reporting to the Federal Government, suggesting to levy a general training fee from all firms which would then be used to reimburse firms with apprentices. This was conceived as a means of increasing the number of apprenticeships as well as the quality of training.

While the Social–Democratic Party and the trade unions pressed vigorously for broader basic training and more integrated training curricula, an enlarged role for external training centers and some form of training levy, the employers had strong objections especially against the training levy. But even on this subject a measure of disunity remained among employers' associations. Within the Federation of German Employers' Associations (BDA), the two affiliates that were most inclined to find positive elements in the Government's reform plans were the employers' associations of the construction industry. In part, this was due to certain peculiarities of technology and industrial structure which spoke strongly in favor not only of more integrated and externalized training but also of new forms of funding.

1. Apart from the requirements created by increasingly rapid technological change, the narrow specialization of traditional construction industry occupations had always been in conflict with the need for different trades to cooperate closely on the building site. Moreover, productivity increases if workers skilled in one building trade can be used temporarily to perform tasks of other trades – or at least to prepare the ground for

1) A detailed case analysis of the reform of vocational training in the West German construction industry during the 1970s is presented in Streeck (1983).

the other category of workers to do their job. Joint basic training of workers can thus facilitate the management of building sites and improve the organization of work.

2. Construction firms at any given time are usually engaged in only a small number of large-scale and lengthy projects. As a result, it is possible that apprentices are never exposed to certain jobs during their entire apprenticeship. External training institutions are therefore a useful device to insure that all apprentices do in fact pass through a common basic curriculum. Further points in favor of a large training portion outside the firm are the great dependence of construction work on weather conditions; the increasing use of piece rates for construction teams, which leaves little time for instructing apprentices; and the constant pressure of deadlines on construction sites which may negatively affect the quality of training (Kath 1981, 326).
3. Compared to other industries, construction firms are usually small. (The average firm size in construction in 1979 was 21 employees.) Training costs therefore may become a heavy burden, particularly if more stringent regulations impose higher training standards. Moreover, the fluctuation of skilled workers between construction firms traditionally has been high, which makes the amortization of training costs for individual firms even less probable than in other industries. Both factors speak for a financial scheme above the firm level which distributes the costs of training more equally.

Another reason why the construction industry was more receptive than other industries to the reform proposals of the early 1970s was its deteriorating position in the market for skilled labor. The number of apprentices in the construction industry had declined almost continuously in the period from 1950 to 1972. While in 1950 there had been 93,000 apprentices, only a decade later this figure had been nearly cut in half (1960: 52,000). By 1972 the lowest point was reached with 26,100 apprentices. Although other sectors in manufacturing also suffered from a decline due to demographic changes as well as the expansion of secondary education, the construction industry was hit much more seriously. According to its associations, in order to provide for a constant stock of skilled workers, a ratio of 9 apprentices per 100 skilled workers has to be maintained. Around the year 1970, however, there were only 3 apprentices to every 100 skilled workers.

Thus, when in the late 1960s the modernization of vocational training moved onto the political agenda, this was immediately perceived by the industry as an opportunity to improve the attractiveness of the skilled construction trades. But while the employers were quite willing to pursue the reform ideas that were being floated at the time, they were clearly not prepared to accept greater influence on vocational training by the state. In part, this was because direct state regulation would inevitably have meant a general transsectoral solution, particularly with respect to financing. Only a sector-specific approach, however, could give the construction industry a competitive advantage over other sectors in the market for apprentices. This view was shared by the trade union which was no less concerned about the declining numbers of apprentices and skilled workers than the employers.

Interest Organization in the German Construction Industry

Firms in the construction industry are organized by two employers' associations, both of which at the same time function as trade associations. Artisanal firms are represented at the federal level by the Zentralverband des Deutschen Baugewerbes (ZDB, Central Association of the German Building Industry).² Non-artisanal firms are represented by the Hauptverband der Deutschen Bauindustrie (HDB, Association of the German Construction Industry). Both associations negotiate jointly with the industrial union for the construction industry, IG Bau-Steine-Erden (IG BSE, Industrial Union of Construction Workers). These three organizations played the decisive role in the reform of vocational training in the construction industry.

There were about 50,000 artisanal construction firms in West Germany in the early 1980s. About 90 per cent of these were organized in 686 local guilds that were affiliated to 29 regional guild associations. These, in turn, were joined at the national level in the Zentralverband (ZDB Diagram I). Together with other artisanal trade and employers' associations, the ZDB forms the Federation of Artisanal Associations (Bundesvereinigung der Fachverbände des Handwerks, BFH) and, ultimately, the Central Association of German Artisans (Zentralverband des Deutschen Handwerks, ZDH).

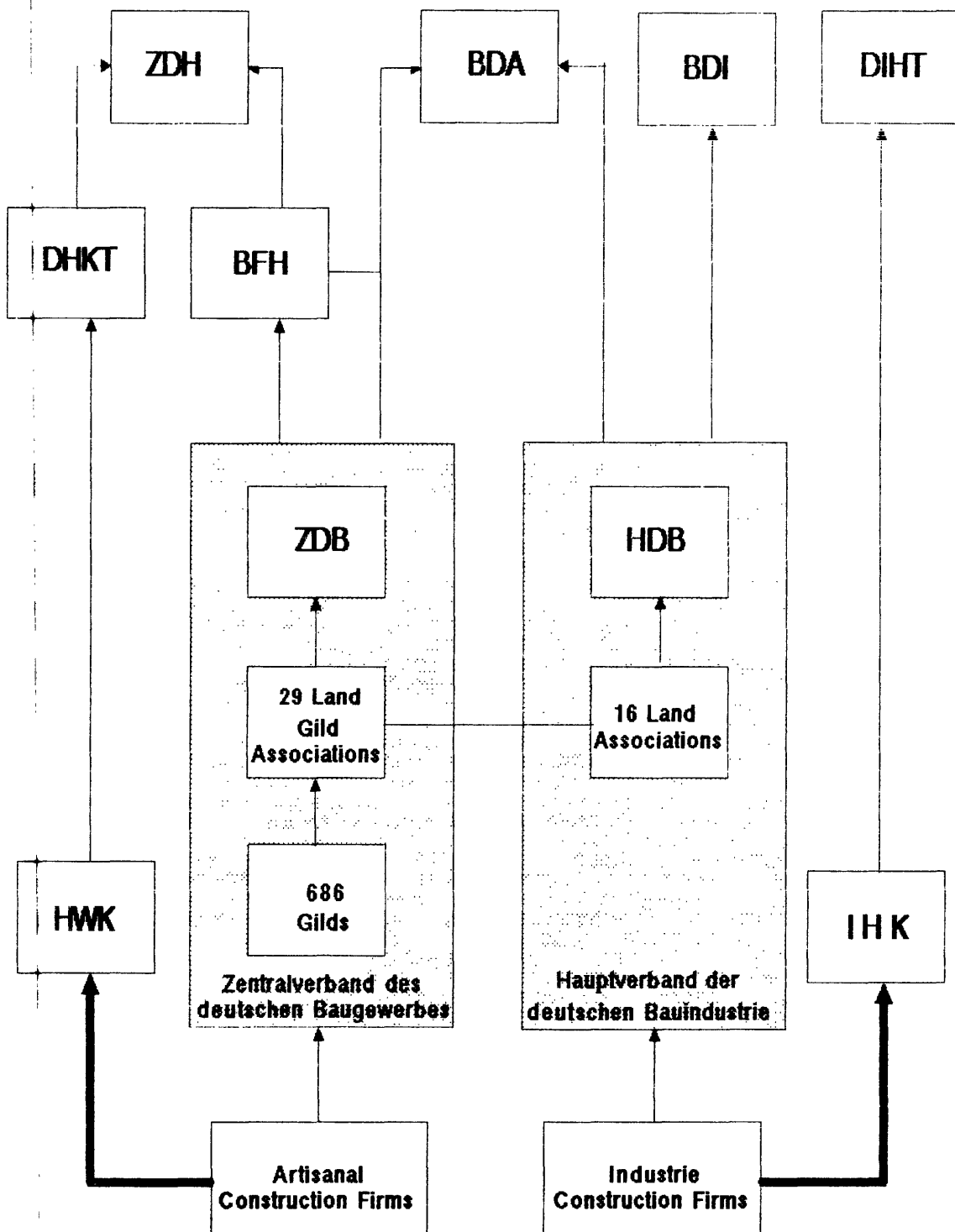
Of the 10,000 non-artisanal construction firms in 1980, about one-third – almost exclusively the larger ones which specialize in civil engineering – were organized in the 16 regional associations of the Hauptverband (HDB). Four of these organize also artisanal firms and are therefore at the same time affiliated to the Zentralverband (ZDB). The Hauptverband, just like the Zentralverband, is a member of the BDA. It is also affiliated to the Federation of German Industry (BDI) which is the non-artisanal counterpart of the ZDH.

The differences between the domains of the two main employers' associations explain their different interests in, and contributions to, vocational training. Although in 1970 nonartisanal firms employed about 33 per cent of all workers in the industry, they accounted for only 13 per cent of the apprentices. Artisanal firms, by contrast, with 67 per cent of the workforce, were training 87 per cent of the industry's apprentices. This unequal distribution was due to a variety of factors. Training in the artisanal sector typically takes place in firms with close paternalistic ties between employer and employee. Since these firms are mostly located in rural or small town labour markets of limited size, the internal amortization of training costs is comparatively more likely. Moreover, the legally protected privi-

2) On the distinction between artisanal and non-artisanal firms in Germany, see Doran (1984), Streeck (forthcoming).

Diagram 1

Employers' and Trade Associations Involved in the Reform of Vocational Training in the West German Construction Industry



BDA: Bundesvereinigung der deutschen Arbeitgeberverbände
 BDI: Bundesverband der deutschen Industrie
 BFH: Bundesvereinigung der Fachverbände des Handwerks
 DHKT: Deutscher Handwerkskammertag
 DIHT: Deutscher Industrie- und Handelstag
 HDB: Hauptverband der deutschen Bauindustrie
 HWK: Handwerkskammer (42)

IHK: Industrie- und Handelskammer (69)
 ZDB: Zentralverband des deutschen Baugewerbes
 ZDH: Zentralverband des deutschen Handwerks

For English translations see text

→ Compulsory Membership

leges and the continuity of artisanal firms are conditional on their owners or leading staff passing a series of formal examinations to certify their command of a prescribed set of practical skills and theoretical knowledge. Vocational training, for this reason, is a central concern of artisanal firms and their associations (Streeck, forthcoming).

The condition is different in non-artisanal firms which for a long time did not even have a formal system of training. Originally they either provided informal, on-the-job training or relied on the training efforts of the artisanal sector whose skilled workers they absorbed in large numbers. This became less than satisfactory with technical change (e.g. the introduction of armoured concrete) and growing mechanization. More and more, large firms began to look for a type of skilled worker who was more flexible and able to cope with a variety of tasks, who had comprehensive qualifications, and in particular was capable of acquiring additional skills. The kind of training required for this was both costly and difficult to provide on the construction site. When in addition the number of apprentices in the artisanal sector began to decline dramatically in the 1960s, the HDB as the representative of the large firms realized that a comprehensive reform of vocational training in the construction industry, artisanal as well as non-artisanal, was inevitable.

The reform of vocational training in construction in the 1970s was promoted jointly by the two large employers' associations. Given the different problems and interests of the two associations and their members with regard to training, this common effort appears quite extraordinary. There were of course structural factors favouring a joint approach, such as the fact that many of the firms represented by the HDB and ZDB operate in the same local labor markets. But at least as important was the existence of a single trade union for the entire industry which strongly supported the introduction of an integrated, unified training scheme. This union, the IGBSE, is one of 17 industrial unions belonging to the DGB. In addition to construction it covers the building materials industries. In 1970 the IGBSE had a membership of 504,230, 18 percent more than in 1960 (Bayer *et al.* 1981).

Trade union and employers' associations in the German construction industry have a long history of cooperation (Streeck 1981). In the 1960s in particular, the industry's growing recruitment problems gave rise to an elaborate sectoral social policy based on collective agreements which as a rule were declared binding on all workers and employers in the industry by the Government. Out of these common efforts grew the "Social Funds of the Construction Industry" which are jointly controlled by the union and the two employers associations (Sperner *et al.* 1976). In 1980, the funds collected what in effect amounted to a legally enforceable payroll tax of 20.0 per cent of total wages from each employer in the industry. The money is paid to construction workers under a number of social policy programs aimed at compensating the various disadvantages construction workers suffer in comparison to workers in other industries as a result of casual employment. Apart from their main functions, the funds provide an institutional opportunity for informal meetings

and cooperation between employers and trade union. From the perspective of the latter, they also offer a form of parity co-determination adapted to the specific conditions of the construction industry.

The vocational training reform in the 1970s was a remarkable event for a number of reasons. Not only was it one of the first such projects to be started after the passage of the Vocational Training Act of 1969. In addition, it was one of the most comprehensive and innovative, and it was pursued with unusual speed and strategic determination. For the most part, this was due to the close cooperation of the social partners at the sectoral level which between them developed the project and defended it against resistance among both their own rank and file and powerful employers' associations outside the industry. Moreover, the two sides successfully worked together to ensure that the reformed training system, and the considerable resources that came to be invested in it, remained under their joint control rather than that of the state. By demonstrating to the various other interests involved in the governance of the training system the enormous potential power of employers and trade unions at sectoral level acting in unison, they also inadvertently gave rise to efforts to safeguard the unity of the training system at large and prevent its sectoral fragmentation as a result of training becoming *de facto* another subject of sectoral collective bargaining ("Vertariflichung der beruflichen Bildung").

The Vocational Training Reform of 1974

The reform project that was negotiated in the early 1970s between the three associations had three main elements: (1) the introduction of a new, integrated training curriculum; (2) the creation of a levy system to finance training activities; and (3) the establishment of a network of training centers to provide training outside individual firms.

1. The Integrated Training Scheme

The strategy of the three associations was to produce complete and mutually agreed draft regulations that without modification would then have to be accepted by the Government (see below, Appendix B). The objective was to exclude as far as possible outside interference. This was directed as much against the state as against the BDA and ZDH which were hostile to significant elements of the reform project.

Concerning the substance of the new training scheme, there was agreement among union and employers that in order to increase the attractiveness of the industry for young people, the duration of apprenticeships had to be reduced, a large portion of the training had to be shifted from the construction site to training centers outside the firm, and standards had to

be raised. The latter was to be achieved by reorganizing the training curriculum on the model of what is called in German "Stufenausbildung" – a training concept that was new and considered rather avantgardistic at the time. It involved essentially two things:

1. a curriculum starting with broad basic training in the first year and leading gradually and stepwise, with an intermediate level of specialization in the second year, towards specific occupational qualifications. An examination was to be taken and passed not only at the end of the apprenticeship but also after the second year;
2. the integration of as many construction industry occupations as possible in the same training scheme, with common basic training in the first year and only limited differentiation between occupations in the second. This implied integration also of artisanal (e.g., tilers) and non-artisanal (e.g., concrete workers) construction occupations, as well as identical curricula for identical occupations regardless of whether training was provided in artisanal or non-artisanal firms – something that was almost revolutionary especially for the artisanal sector.

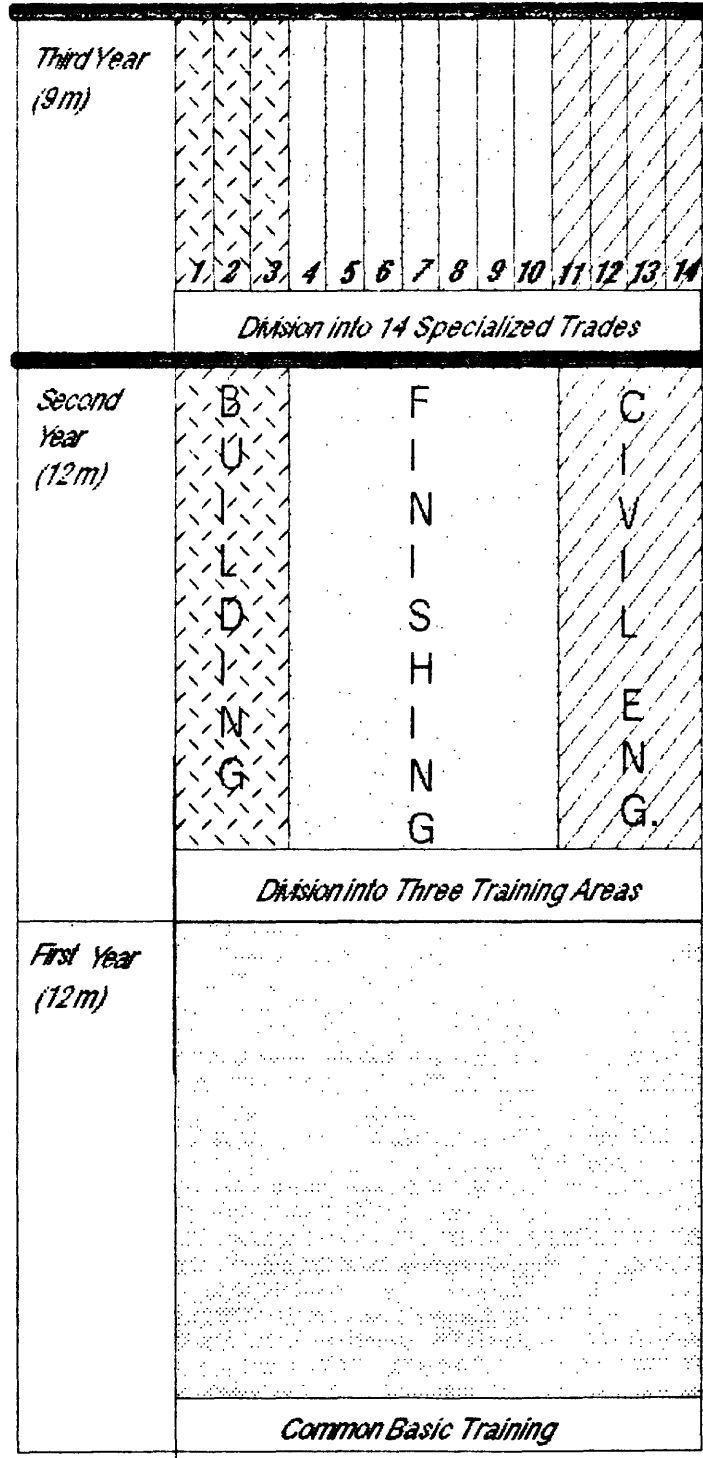
Working closely together, trade union and employers' associations produced a first draft of a new training regulation, complete for the Minister to decree. Several other such drafts had to follow, however, in successive attempts to accommodate as many as possible of the objections that were raised by other interested parties. For example, enormous technical and political complications arose from the need to coordinate the new construction curriculum with the public school system and the – different – educational policies of the Länder. Another cause of delay was opposition of employers' associations of other sectors and of the national peak associations such as the BDA and the ZDH which had to formally heard by the Minister.

The final version of the Integrated Training Scheme for Construction Industry Occupations (Stufenausbildung für Bauberufe) which was turned into a governmental decree in May 1974 provided for one year of common basic training for no less than 14 construction trades, artisanal and non-artisanal (Diagram II).³ In the second year,

3) Detailed inspection of the list of occupations included, and not included, in the Integrated Training Scheme reveals its impact on the building industry (as distinguished from civil engineering) and on the small firms – which is what this project is particularly interested in. Most of the firms that engage in building are small; hardly any small construction firm does civil engineering work; and the vast majority of small construction firms have artisanal status. The law recognises 17 artisanal construction trades, or occupations. This includes chimney sweepers and painters but not plumbers or building electricians which in Germany are not classified among the construction industry. Five of the 17 trades, including the chimney sweepers and painters, are not represented by the ZDB but by separate artisanal associations, and significantly enough these were not covered by the reform and the integrated curriculum. Most conspicuously aloof have been the

Diagram II

Integrated Training Scheme For 14 Construction Trades



- 1 Bricklayer
- 2 Concrete and Armored Concrete Builder
- 3 Furnace and Chimney Builder
- 4 Carpenter
- 5 Concrete Stone and Terrazo Maker
- 5 Stucco Maker
- 7 Tiler
- 8 Floor Finisher
- 9 Insulation Builder
- 10 Dry Construction Assembler
- 11 Road Builder
- 12 Pipeline Builder
- 13 Canal Builder
- 14 Well Builder

apprentices were to be divided in three groups, building, finishing, and civil engineering. Having passed their first examination, they would then proceed to nine months of training in one of the 14 specialized occupations. The final examination was to certify their status as skilled workers in these occupations.

Another innovative aspect of the training scheme was the way in which it divided training time between the workplace, the (public) vocational school, and external training centers. The construction industry was the first to rely extensively on a "third training location" in addition to the workplace and the vocational school system. Since this seemed to undermine the dual system, it added to the controversy between the construction industry and the peak employers' associations. Construction industry apprentices in their first year today spend only six weeks at the workplace, and as much time in the training center as at school. While later this relationship changes, in the second year the training center still occupies more than one third of the time an apprentice spends outside the school.

2. The Levy System

A foremost concern of the authors of the Integrated Training Scheme were its effects on the firms' willingness to train. The larger training portion outside the firm both increased training costs and reduced the productive contribution of apprentices. Moreover, the intro-

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roofers which, being one of the major building trades in Germany, refused to join the ZDB after the war. In the 1970s they rejected all pleas to participate in the reform project – in part because they were concerned about their occupational and organizational independence.

All 12 construction trades organized by the ZDB but one were merged in the Integrated Training Scheme. The one exception was baking oven building which is a highly specialized, traditional occupation that is expected to wither away soon. Three of the eleven artisanal trades covered by the Scheme were finishing trades: the tilers, the concrete stone and terrazzo makers, and the floor finishers. Especially the first two were later to find the Scheme less than congenial and highly unsatisfactory, and in fact the concrete stone and terrazzo makers managed in 1984 to be given permission by all three parties to the 1974 decree to return to their traditional training system.

The eight main artisanal construction trades that were integrated in addition to the three finishing trades were the bricklayers, the concrete and armoured concrete builders, the furnace and chimney builders, the carpenters, the road builders, the insulation builders, the well builders, and the stucco makers. Before the reform, formal training in some of these occupations, especially concrete and road building, was also provided in the non-artisanal sector, albeit under different curricula. The reform eliminated these differences, and training in the respective occupations was standardized for artisanal and non-artisanal firms.

Finally, in addition to the 11 artisanal and "mixed" occupations, three more occupations were included in the Integrated Training Scheme that were, and continue to be, trained only in the non-artisanal sector. These were the pipeline builders, the canal builders and the dry construction assemblers (Trockenbaumonteur) – i.e. three typical civil engineering occupations. All non-artisanal manual construction occupations were thus included. Later in the 1970s, another non-artisanal building occupation – the track construction worker (Gleisbauer) – was created and also fitted into the Scheme.

duction of the scheme coincided with a deep recession in the construction industry. For these reasons, the inevitable next step had to be a reorganisation of the financing of vocational training with the aim of reducing the costs for firms that provided training.

In September 1975, the union and the employers' associations of the construction industry signed a "Collective Agreement on Vocational Training". It stipulated that each firm in the industry had to pay a levy of 0.5 percent of its payroll into a central fund out of which firms were to be compensated for part of their training expenses, especially for the costs of external training. Payments were to be collected by the Social Funds of the Construction Industry using the established procedure. The agreement was declared legally binding on all construction firms regardless of association membership, by Government decree. In successive years, the levy was raised to 1.5 percent in 1979 and 1.7 percent in 1986 due to the ensuing increase in training activities and a declining wage bill as a result of the recession.

Given the unequal distribution of training between artisanal and non-artisanal firms, any system that finances training by a payroll levy inevitably redistributes funds from HDB to ZDB firms. Since the share of non-artisanal firms in the industry's wage bill clearly exceeds their share in the number of apprentices, such firms under the Industrial Agreement in effect subsidize training in the artisanal sector. There are indications that this was seen by the artisanal firms and their association as a quid pro quo for their agreement to the integrated curriculum.

The introduction of the training levy in the construction industry coincided with plans of the Government to establish a comprehensive national training levy by legislation. For the associations of the construction industry, this coincidence was both an asset and a liability. Since the peak employers' associations were at the time fighting an intense political battle against the Government proposal, the emerging agreement in the construction industry was a dangerous precedent for them. As a consequence, ZDB and HDB came under heavy attack inside the BDA and the ZDH, even more so than over the integrated training curriculum. To defend themselves, they argued that separate funds for individual industries run by the "social partners" were more acceptable than one comprehensive fund controlled by a state bureaucracy. In this sense, they presented their solution as an alternative to the Government's plans. In any case, while the peak associations ultimately defeated the Government proposal, they were unable to make the construction industry associations withdraw from their collective agreement, or to prevent the agreement being declared generally binding by the Government.

3. The Establishment of Training Facilities Outside Firms

The next problem on the agenda after the introduction of the levy system was the provision of adequate facilities for training outside the firm. Since it had been one of the motives of the reform to prevent such training taking place in state institutions, these facilities had to

be created and operated by the industry itself through its employers' associations and Chambers. There was agreement that artisanal and non-artisanal firms had to provide for training facilities in proportion to their share in the number of apprentices. This was not difficult for the non-artisanal firms represented by the HDB which were responsible for only a minor fraction of the apprentices. The situation was different in the artisanal sector whose existing external training capacity was small in comparison to its number of apprentices and to the requirements of the Integrated Training Scheme. It was because of this problem that the decree of 1974 provided for a transition period of four years during which the Integrated Curriculum was obligatory only in regions with sufficient external training facilities.

For obvious reasons, the creation and management of the new external training centers had to be the responsibility of local and regional associations. The ZDB therefore had to wait for its affiliates, or the Chambers of Artisans, to take the initiative. This, however, was not forthcoming. In part, the reluctance of local associations reflected the high initial investment costs. Under the demanding Integrated Training Scheme, there needs to be one external training post for every four apprentices. Initial capital investment per external training post amounted to between 50,000 and 70,000DM (Kath 1981, 324). Although the Government was willing to contribute up to 90 percent of investment costs as a subsidy, external training capacity in the artisanal sector of the construction industry grew only slowly. Thus, the ZDB had to ask the Ministry three times for an extension of the transition period, and it was not until the middle of 1982 when, after eight years, the decree on the Integrated Training Scheme could finally take force in the entire country.

The main reason why even large Government subsidies failed to induce local artisanal associations to set up external training facilities was growing opposition on the part of artisanal firms against the Integrated Training Scheme. When the new scheme was gradually implemented, it turned out that many of the firms represented by the ZDB had not been quite aware of its implications when it was passed. The ZDB went through a critical period in the second half of the 1970s when its members were demanding in growing numbers that the new training system be revised or abandoned. But due to the "consensus principle", modification of what was by then already a ministerial decree was possible only with the agreement of both the union and the HDB, and this is an important reason why the system has remained essentially unchanged up to now.⁴

4) Since 1974, there have been a series of minor changes in the system all of which were negotiated between the three associations. Most important among these was the extension of the training period to full three years, upon pressures from the ZDB. Many other demands of the artisanal firms were rejected. At the time of writing, the HDB has served notice of its intention not to prolong the levy system, but it appears that this is only a tactical move.

The Consequences of the Reform: The Situation in the Early 1980s

During the time the new training regulations were gradually introduced, the number of apprentices in the construction industry increased strongly. According to both the union and the employers' associations, the quality of training also improved. The construction industry now has an extensive system of external training centers operated and financed by its associations. Although there continues to be a considerable degree of discontent among employers with the integrated training scheme, especially among small firms, there is not likely to be any significant "reform of the reform" in the near future.

Between 1974, the year when the integrated training scheme was introduced, and 1980 the number of apprentices in the construction industry increased by more than one half to 62,000. The percentage of apprentices in the construction industry workforce grew from 2.4 to 4.9 percent, and in 1980 there was one apprentice to every nine skilled workers which exactly represented the necessary reproduction ratio.

The increase in the number of apprentices in construction was significantly higher than the general increase in apprenticeships that occurred in the 1970s. Between 1974 and 1980, the number of apprentices in manufacturing grew by 32 percent to 979,400; the respective growth rate in the construction industry was 93 percent. As a consequence, the share of construction industry occupations in the total number of apprentices in the West German economy increased from 4.4 percent in 1974, to 6.4 percent in 1980. Since due to the introduction of the Vocational Basic Training Year (Berufsgrundbildungsjahr), in three Länder construction industry apprentices in their first year are counted as pupils of secondary schools, these figures still underestimate the dimension of the change (Glaser et al. 1981).

It is of course difficult to say whether the considerable gains of the construction industry in the inter-sectoral competition for apprentices were indeed caused by higher attractiveness of the new, integrated training scheme. Many other factors have undoubtedly played a role. According to the union and the employers' associations, the most important effect of the reform seems to have been that the levy system made firms more willing to take advantage of the higher demand, due to demographic factors, by young people for training opportunities. It needs to be emphasized that the disproportionate increase in the number of apprenticeships in construction took place in a period in which the industry underwent a more serious economic crisis than any other sector, and in which its total number of employees declined sharply.

The suggestion that the reform had greater effects on the behaviour of firms than on the preferences of young people looking for training opportunities, is borne out by subsequent developments. As the number of school leavers entering the dual system began to decline

for demographic reasons in the mid-1980s, the first industry that was affected was construction. Between 1984 and 1985, the number of new apprenticeship contracts in the construction industry decreased from 21,000 to 13,000 – which was registered with alarm by the unions as well as the employers' associations. For the future all sides expect the number of apprentices to fall far short of the 1984 peak of 72,100.

Outside the industry, the new training scheme had only limited repercussions. In part, this was because the peak employers' associations did their utmost to prevent a further "sectoralization" of training policy. Thus, the use of collective agreements to establish a levy finance system remained basically confined to the construction industry. Similar schemes are in force in only three small, construction-related trades (e.g. roofing or gardening and landscaping), and a fourth one will shortly be introduced in the concrete stone and terrazzo industry. Moreover, the proportion of vocational training time spent outside the firm is in all other economic sectors far lower than in construction. On the other hand, it is true that it has generally increased. Also, while no other industry has embraced the idea of integrated curricula and common basic training for a large number of occupations quite as enthusiastically as the construction industry, at least the division between basic and specialized training has today become generally accepted.

The Social Partners in Further Training

In line with their tradition of innovative joint initiatives to increase the governability of their unwieldy industry, the social partners in the construction sector have been engaged in various efforts to extend the scope and improve the quality of further training. Leaving aside the Meister training in the artisanal part of the industry (see above, Chapter 3), these initiatives were, just as the reform of initial vocational training, motivated by the need to alleviate the disadvantages of casual employment for both workers and employers. They were also a reaction to changing technical and economic requirements in an industry whose labor force had become comparatively unskilled during the period of expansion in the 1950s and 1960s, resulting in considerable skill deficits that were impossible to remedy just by expanding initial vocational training.

In particular, the main incentive for the employers to extend and upgrade further training was that this was expected to facilitate efficient utilization of ever more expensive machinery through reduction of downtime and swifter repairs. Moreover, further training was seen as a way of attracting and keeping a core labour force of German skilled workers at a time when heavy reliance on unskilled foreign labour was creating growing management problems on the building site. For the union, the primary objective was to increase employment stability by making employers invest in human capital; to enlarge the opportunities of workers in the external labour market through certification of acquired skills; and

to improve the social security status of redundant construction workers (unskilled workers are expected to accept any job offered to them by the labour administration whereas skilled workers have certain rights to reject employment outside their occupation without losing unemployment benefit).

In close parallel to their activities in other areas, trade union and employers' associations in the German construction industry have created, by industrial agreement, a separate, sector-specific system of further training and certification adding to and complementing the three transsectoral systems: the artisanal Meister training, the further training for other artisanal occupations under the supervision of the Chambers of Artisans, and the system of further training organized by the Chambers of Commerce and Industry. All three "general" systems are available to the construction sector as well; but there are also qualifications that are certified exclusively by special examination boards for the construction industry that are set up by the social partners. The respective certificates are valid only inside the industry; they do, however, carry an entitlement to be grouped in a particular wage category under the collective agreement.

The main areas of further training in the construction industry, again apart from the artisanal Meister training, are the following:

1. The Training of Machinists

The use of heavy machinery in construction has considerably increased since the second world war. In the 1970s, already about one third of the construction workforce were no longer working in traditional occupations such as bricklayers or carpenters but were drivers, mechanics or machine operators. Normally these workers were not formally skilled either in a traditional construction occupation or in their actual jobs. They also were paid less than the traditional skilled occupations. While this may initially have appeared attractive to many employers, the high costs of the new equipment and the increased capital intensity of construction work made wages less important. At the same time, they placed a premium on a workforce of drivers and machine operators who were capable of preventing breakdowns and reducing downtime, as well as maintaining a high level of safety. Professionalization of the new category of workers could thus be expected to pay for its costs through more efficient utilization of equipment and lower contributions to the accident insurance system.

In the early 1970s, the social partners of the construction industry took part in a number of projects to create new formal occupations for the industry's growing workforce of machine operators and drivers. In 1974, they agreed, together with other trade unions and employers' associations, on the introduction of the occupation of "certified driver" (Berufskraftfahrer), specializing at the skilled workers level in the operation and maintenance of motor

vehicles. Admission to the examination requires two years of training or four years of practical experience. Almost ten years later the occupation of "certified driver—foreman" (Geprüfter Kraftverkehrsmeister) was created at the Industriemeister level. Here, admission is limited to applicants with a skilled occupation, including that of "certified driver", and required standard training time is about 1,000 hours — i.e. one half year — of course work. A "certified driver—foreman" is to be able to manage the entire driving equipment and the respective workforce of a large construction firm. Examinations for both occupations are given by either the Chambers of Artisans or the Chambers of Industry.

A parallel initiative was taken with regard to machine operators. In 1978, the occupation of "certified construction machine operator" (Geprüfter Baumaschinenführer) was introduced in the skilled workers category. A few years later, the Meister qualification of "certified machine foreman" (Geprüfter Baumaschinenmeister) was added, designed to enable trainees to build up, maintain and operate the complete mechanical equipment needed for a large—scale building project. The curriculum provides for 800 hours of course work. Again, examinations are administered by the respective Chambers.

Two further occupations were created by collective agreement outside the jurisdiction of the Chambers and government agencies. Examinations for the occupations of "construction machinist" (Baumaschinist) and "construction machine foreman" (Baumaschinenfachmeister) are given by special examination boards composed of two representatives each of the union and the employers' associations. In 1978, these occupations were included in the industry's skeleton agreement and thereby guaranteed a skilled wage.

2. The Training of Foremen (Poliere)

One of the central figures in the organization of a German building site is the foreman (Polier), who is responsible for quality, safety and timely completion of the work and who wields considerable authority over the other members of the workforce. Foremen always come from the ranks of the traditional manual construction occupations although their tasks are effectively managerial. While in the past foremen were appointed by the employers at their discretion, the union has for long pressed for standardization and certification of their career trajectory. For this purpose, a Further Training Regulation was negotiated with the employers' associations which was accompanied by a jointly agreed training curriculum. After 620 hours of course work, applicants can take an examination with either of the two types of Chambers to become "certified construction foreman" (Geprüfter Polier). In addition, the traditional system of foreman training inside individual firms was preserved but became subject to joint regulation by collective agreement. The occupation of "works foreman" (Werkpolier) was listed in the skeleton agreement as the highest level of internal advancement for manual construction workers and was assigned to a separate category of pay and conditions.

3. The Further Training Scheme in the Scaffolding Industry

Scaffolding in Germany is by law a so-called "minor trade" (Nebenhandwerk) which is under the jurisdiction of the Chambers of Artisans but is not recognized as a qualified artisanal occupation. As a consequence, the industry cannot provide initial vocational training, and scaffolding firms typically employ an unskilled labour force with extremely high turnover. There is also a high rate of accidents. To increase the skill level and the professionalization of the workforce, the trade union and the employers' association in 1982 concluded an industrial agreement under which the Social Fund of the Scaffolding Industry (which is an equivalent to the Social Fund of the general construction industry) collects one per cent of the wage bill of all scaffolding employers. The agreement was declared binding by the Government on all firms in the industry regardless of association membership. The money is used to finance the participation of workers in training courses leading up to examinations as "Skilled Scaffolder" (Gerüstbau-Obermonteur) or "Certified Scaffolding Foreman" (Geprüfter Gerüstbau-Kolonnenführer). The fund pays the workers' wages during the training period and covers the course and examination fees and all related expenses. Examinations are given by the Chamber of Artisans.

4. The Further Training of Skilled Building Workers in Restauration Work

In recent years a growing share of the workload of the building industry was related to the restoration of historical buildings. As post-war needs for reconstruction and infrastructural investment have abated, a new concern has developed with the preservation of historical monuments. In the 1970s, local and regional governments have begun to extend protection not just to churches, castles and monasteries but also to a large number of more recent buildings. Today, it is estimated that about 1.5 million buildings are in some way or other protected, which amounts to about 15 per cent of all buildings in the country.

Restauration work has thus become a new growth area for an industry that is otherwise undergoing secular decline and contraction. However, restoration requires traditional skills and knowledge of traditional materials and techniques which have no longer been provided in the era of "modern", "industrialized" building work. One result was that many restoration projects in the 1970s had to be carried out by foreign specialists, in particular from Poland, in spite of high and rising unemployment among German building workers. In the early 1980s, the union and the employers' association of the artisanal building sector, the ZDB, recognized that in order to open up and serve this potentially sizeable market, they had first to invest in recreating the required skills. A number of Further Training Regulations were negotiated between the social partner in 1984 and 1985, creating various certified occupations in restoration that were based on the vocational education and experience of building occupations such as bricklayer, painter and carpenter.

Two main categories of Further Training Regulations for restoration work can be distinguished. The first regulates access to the occupation of "Restorator" and requires that participants have passed their Meister examination. In 1985, regulations of this kind existed for painters, stone masons, bricklayers, carpenters, and stucco workers. The approximate training time required to pass the examination is estimated at 900 hours of course work. The second category concerns the further education of journeymen and skilled workers who can be trained to become masons, stone masons, carpenters etc. "for restoration work". To be admitted, applicants have to have at least two years of practical experience in their occupations.

Further Training Regulations are negotiated between the union and the artisanal employers association of the sector where they apply. They are then finally approved by the respective national peak associations, the DGB and the ZDH. Under the Statute of Artisans (Handwerksordnung), they have to be formally adopted by each individual Chambers of Artisans which administers the respective examinations. IGBSE and ZDB have also developed nationally standardized curricula for the courses leading up to these examinations.

For many of the further training occupations in the construction industry, especially at the skilled workers level, training courses are offered not just by employers' associations or third parties but also by the union. Among other things, this serves to intensify the commitment of workers to the union. The IGBSE has also successfully insisted that at least for a transition period, practical experience on the building site is recognized as a substitute for participation in formal training with respect to admission to examinations. This applies in particular to those occupations that were introduced by the social partners through collective agreement, outside the control of state agencies or Chambers.

Apart from the industry's manpower needs, union and employers in construction have another, more frugal reason to be interested in intensified further training. As the demographic structure of the population changes, the external training centres created in the 1970s for the new vocational training scheme find it increasingly difficult to utilize their capacity. Extending their activities into further training would appear to be a logical way of avoiding rising deficits that would have to be covered by higher fees or out of the budgets of Chambers and employers' associations. However, because of the demanding curricula and since most training centres serve large geographical regions, attendance concurrent to work is often impossible. As a consequence, the industry's social partners have a vested interest in public support for workers attending further training courses, and they have in fact jointly objected to the respective cuts in the budget of the Federal Labour Office.

6. The Role of the Social Partners in Vocational Training and Further Training in the Metalworking Industry

The metalworking industry in the Federal Republic of Germany is one of the most important economic sectors. It includes 14 industrial branches, among them such important industries as the automobile industry, the electrical industry, the machine tools industry, and steel and light metal construction. With about 3.7 million employees (1984) and 54 percent of the total workforce in manufacturing, the metalworking industry is the largest industrial sector in the Federal Republic (Gesamtmetall 1985, 2). In addition, there is the non-industrial or artisanal sector in metalworking with about 500,000 employees.

National and international competition has accelerated technological development in the different sectors of the metalworking industry. Comprehensive, integrated automation, increased use of microelectronics, and new materials have resulted in rapid changes in products and production processes. This has been connected with changes in the organizational structure of firms and enterprises. In the automobile industry, for example, computerized information systems, automated manufacturing processes, and flexible production systems have largely superseded the once dominant assembly line. Changed market demands, increased product diversification, and high quality standards in connection with new technologies and principles of organization have modified production processes and work contents. Routine and monotonous assembly work is increasingly replaced by planning, supervising, and controlling activities (Schleef 1986). In areas where the workforce used to be trained on-the-job and be composed mainly of foreign workers, there is a growing need for new skills. Comprehensively trained skilled workers increasingly take over work in production. The systematic introduction of new technologies and organizational principles is a threat to unskilled and semi-skilled workers, who are likely to come out on the losing side of the rationalization.

These new technologies mark a turning point in the development of workplace structures. Not only do they make obsolete the traditional distinction between mass production and customized production, but in principle, they also provide opportunities for creating different workplace structures. On account of their flexibility, these technologies are compatible with almost any system of work organization. They permit a choice between hierarchical decision-making structures and split-up work processes on the one hand, and decentralized decision-making structures and increased introduction of team work on the other. In some areas both management and trade unions pursue integrated work processes and work organization in groups.

The systematic use of industrial robots and automated manufacturing systems, computer-aided control systems and fully automated warehouses implies that the skills of many employees are no longer adequate. In many areas, traditional qualifications threaten to

affect adversely the competitiveness of firms (Pitz 1986). This is due to both the qualification structure of semi-skilled workers and the fact that the occupational profiles in the metalworking industry were more than 40 years old. In the early 1970s, the discrepancies between practical requirements and old training regulations became so pronounced that it was necessary to throw out obsolete skills and replace them with new qualifications. This also provided an opportunity to examine whether, and to what extent, different occupations had similar skill structures and might therefore be merged, and also whether new occupations would have to be created. The aim of the actors taking part in these efforts was to modernize skill structures and to broaden the qualifications of individual occupations. Problems arose because of the heterogeneity of workplace conditions as well as the scope of the task. At the start of the reform in the early 1970s, the metalworking industry trained about 160,000 apprentices in 42 different occupations. This is equivalent to 60 percent of all apprentices in the German industry. In addition, there were another 200,000 apprentices in artisanal metalworking.

Interest Organizations in the German Metalworking Industry

The central actors in the regulation of initial vocational training and further training in the metalworking industry, in addition to state agencies and the Bundesinstitut für Berufsbildung (BIBB, Federal Institute for Vocational Training), are business and employers' associations, Chambers of Industry and Commerce, Chambers of Artisans, artisanal associations, and trade unions.

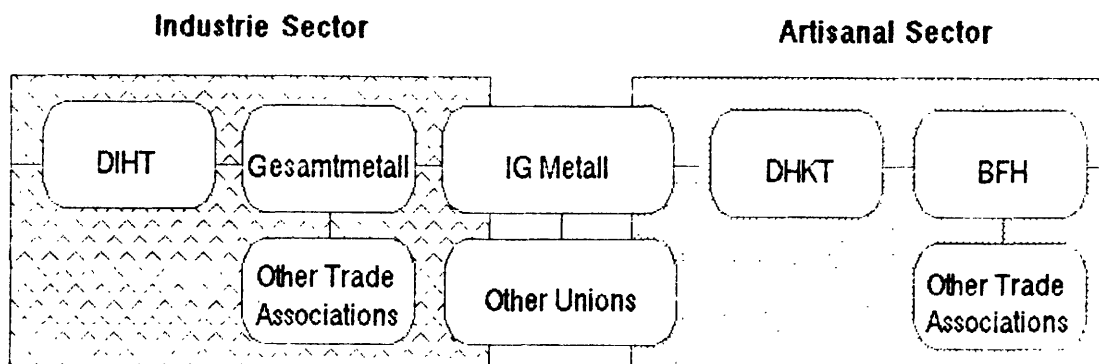
Employees interests are represented by the Industriegewerkschaft Metall (IG Metall, Metalworkers Union). The IGM is affiliated with the Deutsche Gewerkschaftsbund (DGB, German Trade Union Federation). Its organizational scope encompasses both non-artisanal and artisanal sectors of metalworking. Extensive financial resources, more than 1,000 full-time functionaries, and almost 3 million members make the IG Metall by far the most powerful industrial union in the Federal Republic.

The central actor for firms in the metalworking industry is the Gesamtverband metall-industrieller Arbeitgeberverbände (Gesamtmetall, Federation of Employers' Associations of the Metalworking Industry), the national peak employers' association. It is affiliated with the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA, Federal Association of German Employers' Associations). 12 independent regional employers' associations of the metalworking industry are affiliated with Gesamtmetall. The member firms of the associations of the metalworking industry employ more than half of the total workforce in German industry.

The bulk of collective negotiations between IG Metall and Gesamtmetall take place at the regional level (Weber 1987). In addition to Gesamtmetall, other business associations of the

metalworking industry took part in the reform of metalworking and electrical occupations. Moreover, Chambers of Industry and Commerce associated in the Deutscher Industrie- und Handelstag (DIHT, German Diet of Industry and Commerce) also participated in negotiations. Since vocational training for metalworking occupations is also provided by other sectors of the metal industry, other trade unions aside from the IG Metall were included as well.

The leading actors in the reform process were the Gesamtmetall and the IG Metall. It was their responsibility to unify the interests of different groups in their own camps. The IG Metall participated not only in the reform of non-artisanal occupations, but also in artisanal occupations. The central role in the artisanal sector was played by the Deutsche Handwerkskammertag (DHKT, German Diet of Chambers of Artisans), which was responsible for coordinating the participating Chambers of Artisans and sectoral artisanal associations. Sectoral associations are affiliated in the Bundesvereinigung der Fachverbände des deutschen Handwerks (BFH, Federation of German Sectoral Artisanal Associations). DHKT and BFH share office facilities with the Zentralverband des Deutschen Handwerks (ZDH, Central Association of German Artisans). The following diagram provides a survey of the associational system in the metalworking industry.



In the process of incorporating new requirements into the redefinition of occupational profiles, four different arenas for negotiations emerged in the metalworking industry, divided into artisanal and non-artisanal sectors as well as metalworking and electrical occupations.

	Industrie Sector	Artisanal Sector
Metal Occupations	Reform of Industrie Metal Occupations	Reform of Artisanal Metal Occupations
Electro – Technical Occupations	Reform of Industrie Electro – Technical Occupations	Reform of Artisanal Electro – Technical Occupations

The Reform of Vocational Training in the Metalworking Industry¹

Participants in the reform of non – artisanal metalworking occupations were Gesamtmetall, the DIHT, the IG Metall, training instruction experts, and representatives of the BIBB. In the early 1970s, because of the small number of occupations to be reformed, the actors initially turned to electrical occupations in the non – artisanal sector. In order to allow apprentices to postpone their final decision on occupational specialization as well as for reasons of training instruction, the reform followed the model of the Integrated Training Scheme. It is characterized by a common basic training period for several occupations and an examination after the second training year which has to be passed in order to qualify for continuation in the program (see above Chapter 5).

Due to negative experiences with this model, however, the Integrated Training Scheme was abandoned in the further reform of metalworking occupations. As a result of the required

1) For a detailed analysis, see Hilbert et al. (1986)

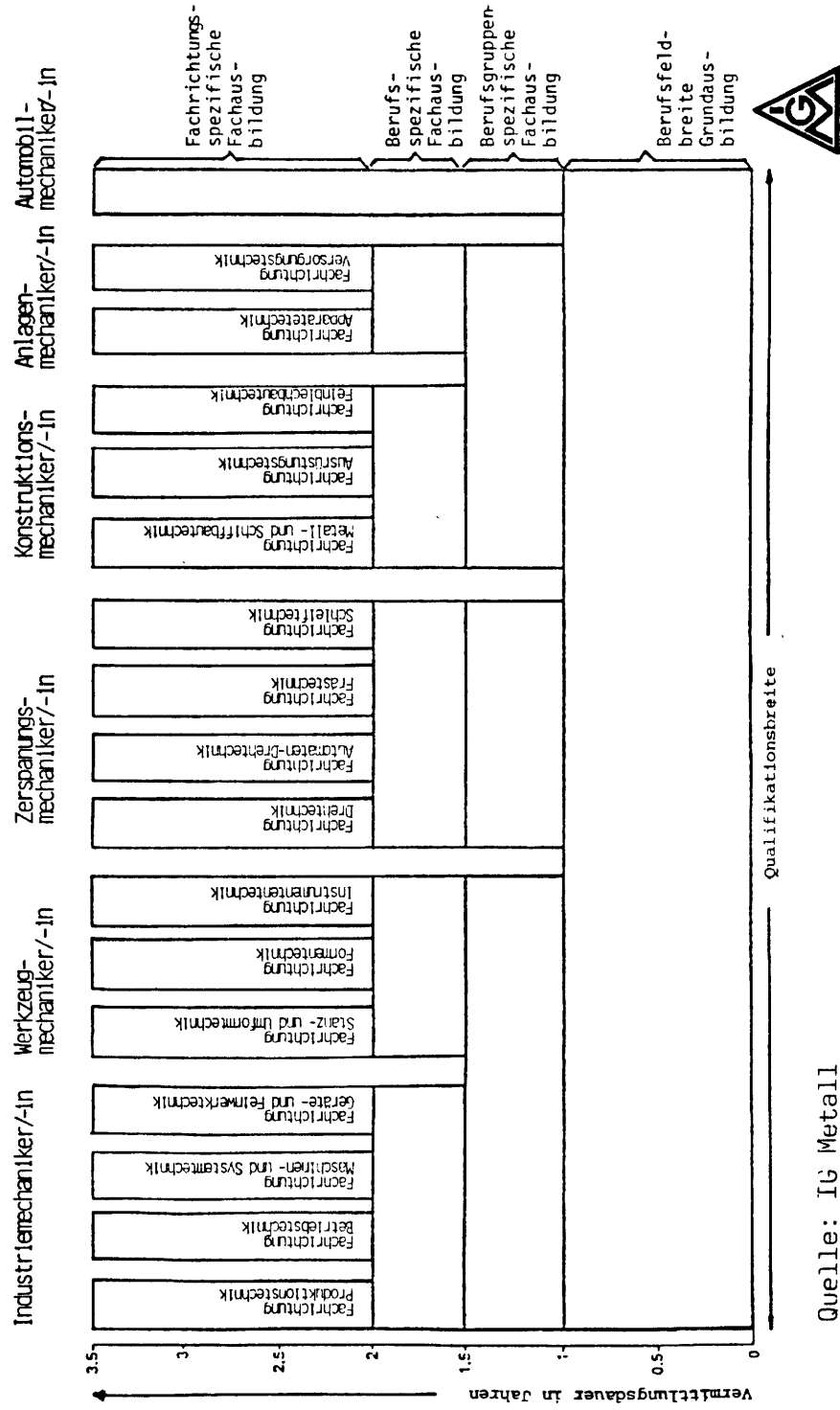
examinations after the first training phase, some apprentices were not admitted to the second phase. This led to conflicts between firms, works councils and youth representatives as well as within the trade union itself. When in the mid-1970s employers in the metalworking industry suggested that graduates of the two-year training phase receive a lower wage than those who had completed the three-year training period, the IG Metall decided to change course in order to avoid additional differentiation within the workforce. The reform of industrial metalworking occupations was not to be along the lines of the Integrated Training Scheme but instead was to establish a general three to three-and-a-half-year training period. In spite of the conflicts in firms, employers continued to maintain the Integrated Training Scheme, which led to vehement public confrontations (IG Metall 1979).

As a result, talks were boycotted until 1977 when the Ministry of Economics called on the parties to resume negotiations. The IG Metall drew up a position paper which was to serve as the basis for reform. After intensive discussions Gesamtmetall and IG Metall came to agree on a common catalogue of points to be taken into account ("Basic Standards for the Reform of Non-Artisanal Metalworking Occupations"). The agreement reached between Gesamtmetall and IG Metall brought about a restructuring of the negotiating system and a redistribution of competencies. In effect, the other parties to the reform process lost much of their influence.

As a first step, the trade union and the employers' association subsequently agreed to develop a procedure for examining the current training situation as well as for assessing future training requirements. For this purpose the BIBB conducted comprehensive surveys. On the basis of this data, individual qualification profiles for 42 occupations were drawn up and examined for existing overlaps. During a second phase the actors dealt with the current state of the occupational system and with expected future requirements. In 1984 a breakthrough was made: The IG Metall and Gesamtmetall agreed that in the future training was to be provided for only 6 occupations with 16 different specializations (see Diagram below).

The result achieved by the social partners during the reform process of metalworking occupations should be seen as a compromise between greater concentration of occupations as demanded by the union and greater differentiation as originally advocated by the employers. The system of 6 occupations with 16 specializations reflects these different expectations. Instead of an integrated training scheme, a model was developed that provides for a common phase of basic training during the first year, general technical training in the second, and finally specialized technical training in the third and fourth year (see Diagram).

Die neuen Ausbildungsberufe in der Metallindustrie



Quelle: IGF Metall

Representatives of Gesamtmetall were satisfied with the result of "skill-oriented training" combining high qualitative standards and a breadth of training with a large degree of flexibility for implementation at the workplace. The IG Metall representatives were equally satisfied since they were able to stop the examinations of the integrated model and avoid premature specialization. (For an analysis of the role of the associations in this process, see Weber 1986.)

The Reform of Vocational Training in the Artisanal Sector of Metalworking

As in the non-artisanal sector, the reform of the artisanal sector of metalworking became necessary due to technological change. New requirements could not be adequately met by skill structures established in the 1950s. In addition to new technologies, new workplace structures in artisanal firms as well as recruitment problems in individual sectors made revisions in career profiles imperative. The need for reform was given further impetus by the process of restructuring taking place at the same time in non-artisanal metalworking and electrical occupations.

The IG Metall tried to utilize models and procedures from the non-artisanal sector in the reform of the artisanal sector. The aim of the union was to keep differences between the two sectors at a minimum. The union was interested in transferring to the artisanal sector central elements of the non-artisanal model, such as common basic training and the concentration of a large number of different occupations. Initially, 22 career profiles in artisanal metalworking were under discussion. Subsequently, the actors concentrated on the 17 most important occupations.

In 1979 negotiations started between the DKHT and the concerned artisanal occupational associations on the one side, and the IG Metall and other DGB unions on the other. Initially, negotiations were difficult because a number of artisanal occupational associations refused to negotiate with the IG Metall. This may have been motivated by fears of the IG Metall's organizational power as well as by the high standards emerging in the industrial reform process. Moreover, rivalries existed among individual occupational associations that did not want to lose control over their own occupations. Artisanal occupations define themselves primarily in terms of skills and training subjects.

After a number of preliminary talks, in 1981 the IG Metall presented a position paper that became the subject of further discussions between the IG Metall, the DKHT and the occupational associations. After several talks that were often threatened by failure, in 1982 an agreement was finally concluded that fixed "positions" on the reform of artisanal occupations. Problems that subsequently remained to be solved resulted from the fragmentation of this negotiating arena. After a consensus was achieved in 1984, experts have been at work fleshing out the agreement on the basis of the common positions reached. Completion of the process is anticipated for 1987.

The vocational training reform in artisanal metalworking has had the following results: Training for all occupations takes at least three years. Basic training during the first year is by and large concentrated although there is some room for specialization in one of three occupational fields (automobile trades, building and fitting trades, precision engineering trades). New qualification profiles of individual occupations allow apprentices, as in the construction industry, to acquire knowledge and skills in a number of related occupations. External training is to be made available so that smaller artisanal firms will be in a position to fulfil these qualification requirements.

The reform in the artisanal sector required less time than in non-artisanal metalworking for several reasons. The number of occupations subject to reform was smaller. Moreover, subjects and procedures developed in the non-artisanal sector could be utilized. However, trade unions did not immediately realize that the commercial statutes of artisanal regulations are a significant variable in this negotiating system, and that in this respect training policy runs up against the general limits of artisanal policy. This also explains the lower degree of concentration of artisanal as compared to industrial occupations. The standards contained in the regulations for Meister artisans facilitated the determination of new skill structures.

The Implementation of the Reform in Industrial Metalworking Occupations at Workplace Level

Gesamtmetall and IG Metall have a common interest in avoiding conflicts in the process of establishing the new occupations at the workplace level. For this reason, both organizations jointly run information sessions in the firms for instructors, works councilors and youth representatives. The participation of employers' and union representatives in these information sessions facilitates a consensual implementation of the reform at the workplace level. Conflicts have been reduced since both parties are no longer following the extreme positions advocated in their respective camps. A successful coordination of interests was also achieved since workplace representatives of the trade union were able to contribute their expertise in the vocational training committee of the IG Metall.

The automobile industry on account of its large number of employees and apprentices is particularly affected by the reform. At Volkswagen, for example, 70 percent of the 4,000 apprentices are trained in reformed metalworking occupations. When the structure of the reformed occupations took shape in 1984, works councilors and youth representatives began to develop ideas on implementation with the IG Metall. At Volkswagen, management and works councils drew up position papers on the implementation of the reform. Subsequent negotiations resulted in agreements between works councils and management on transition periods, improvements in training organization, new teaching and learning methods, and improved qualifications of instructors. In other firms of the automobile

industry as well, agreements were made on the implementation of the reform and other related projects. The current efforts of employers' associations and trade unions to insure cooperation in the introduction of the new metalworking occupations is an indication that the social partners not only played the decisive role in setting the standards for the new occupations, but also have important functions in their introduction at workplace level.

Further Training in the Metalworking Industry

Since the new system of vocational training in the metalworking industry is largely in place and the reform in artisanal metalworking is scheduled to be completed in 1987, the social partners will next focus on structuring further training. The need for action in this area is also primarily the result of technological change. Moreover, at the workplace level there have been growing pressures for more comprehensive further training for the following reasons:

- + the skills of employees in many firms are not adequate to meet requirements of new production processes and high-quality products, thus reducing the firm's competitiveness;
- + employment opportunities for the semi-skilled labor force in production are decreasing due to new technologies and production methods. A significant increase of skilled workers in production indicates how great the risk is for unskilled and semi-skilled workers to end up as the "losers of rationalization". Traditional methods aimed at short-term adaption in the skills of these employees are usually insufficient;
- opportunities created by new technologies for the reorganization of the work process toward integrated, primarily team-based work forms can only be exploited if adequately qualified personnel is available;
- finally, occupational reform has produced a new type of skilled worker more comprehensively qualified than workers in older occupations. If the position of the latter is not to decline, they also have to acquire skills of the newer occupations.

The workplace system of continuing and further training has a structure fundamentally different from the "dual system" of vocational training. There is no systematic coordination of workplace and public training concepts. Aside from the Chambers of Industry and Commerce and the training programs of some employers' associations at the Land level, further training is primarily a matter of individual firms. In the automobile industry, for example, further training takes place almost exclusively in the firms' own further training facilities. In artisanal metalworking, on the other hand, the traditional institution of Meister

training as well as the relatively small size of firms explain why the Chambers of Artisans and occupational associations play a more significant role in further training.

While employers' associations also emphasize that greater efforts in the area of further training at the workplace are necessary and are aware of the difficult situation of semi-skilled workers, especially in assembly (Gesamtmittel 1986), the IG Metall considers the whole structure of continuing and further training in the metalworking industry in need of modernization and regulation (IG Metall 1986). Employers are much less convinced of the need for regulation since they see further training to be dependent on specific conditions in individual workplaces and firms. The current situation is characterized by the fact that the social partners have suggested some similar and some different models for further training. There are currently no negotiations between the social partners above firm level. At the workplace level, on the other hand, works councils try to adapt further training to new requirements by concluding agreements with management (e.g. in the automobile industry).

Although employers and trade unions share certain views, their positions differ on a number of points. Whereas the IG Metall demands further training for all employees, if possible to be regulated by collective agreement, Gesamtmittel maintains that participation in further training programs should primarily respond to the needs of firms. Different views exist also in respect to subjects of further training programs. The union considers further training as an element of a general training system. They would like to see opportunities created for acquiring formal training qualifications during working time and insure that qualifications are certified. Employers are critical about the "certification" of qualifications acquired through further training. The costs of institutionalizing potentially misdirected further training programs, it is argued, may outweigh their benefits. In the artisanal sector, on the other hand, artisanal associations are issuing further training certificates to acknowledge participation in workshops.

7. The Role of the Social Partners in Vocational Training and Further Training in the Banking Industry

Structures and Trends in the German Banking Industry

The Federal Republic of Germany has a dense network of banks with currently about 4,800 credit institutes and 45,000 branches. The present structure is the result of a strong decline in independent institutes and a simultaneous increase in the number of branch operations. This structure is characterized by three types of credit institutes dominating the banking business:

1. Private banks; in this group three large banks are particularly important for loans to industry.
2. Public banks in municipalities, cities, and the Länder (savings banks, state savings banks, and clearing houses).
3. Cooperative banks (Volksbanken, Raiffeisenbanken), a union of formerly separate commercial and agricultural credit cooperatives.

In addition to these three groups, there are a number of special banks such as real estate credit banks, mortgage savings banks, etc. Although both cooperative and public banks are legally autonomous institutes, competition in the banking sector — which for a long time was considered dispersed and dominated by a market leader — takes place mainly between the three groups.

Private banks, however, also compete with each other whereas within the other two groups regional market boundaries are respected and there is basically no competition within the group. This form of group competition is further strengthened by the 'principle of universal or general banks', a peculiarity of the German banking industry. In contrast to other countries, the majority of institutes offer the entire range of banking services, while specialized banks play a minor role.

The Interest Intermediation System in the Banking Industry

The structure of the German banking industry, which is characterized essentially by three groups, finds its corresponding expression in an associational structure based on three pillars. The economic interests of private banks are represented by the Bundesverband der Deutschen Banken (Federal Association of German Banks). Negotiations with trade unions and interest representation in the area of social policy are undertaken by the Employers'

Association of the Private Banking Industry (Arbeitgeberverband des privaten Bankgewerbes). It is affiliated to the Federal Association of German Employers Associations (BDA, Bundesvereinigung der Deutschen Arbeitgeberverbände). The German Association of Savings Banks and Clearing Houses (Deutscher Sparkassen – und Giroverband), organizing regional associations of savings banks and clearing houses, represents the economic interests of public banks. In collective bargaining with trade unions, they are represented by the Association of Municipal Employers' Associations (Verband kommunaler Arbeitgeberverbände), an organization also representing other municipal and state institutions. The economic interests of cooperative banks are represented by the Federal Association of German Cooperative Banks (BVR, Bundesverband der deutschen Volksbanken und Raiffeisenbanken). It is affiliated to the peak association of the German cooperatives, the German Association of Cooperatives (DGRV, Deutscher Genossenschafts – und Raiffeisenverband) which is the central organization of commercial and agricultural cooperative associations. Since 1979 negotiations with trade unions have been the responsibility of the Employers' Association of German Cooperative Banks (Arbeitgeberverband der deutschen Volksbanken und Raiffeisenbanken). The Employers' Association has close organizational connections with the BVR.

Employees interests are represented by German Staff Union (DAG, Deutsche Angestellten-gewerkschaft) and the Union of Commercial, Banking and Insurance Employees (HBV, Gewerkschaft Handel, Banken, Versicherungen), which is affiliated to the German Trade Union Federation (DGB, Deutscher Gewerkschaftsbund). Though the HBV is interested in organizing employees of public banks, the area of public institutions generally is also the domain of the Union of Public Service, Transportation and Communications Employees (ÖTV, Gewerkschaft Öffentliche Dienste, Transport und Verkehr). In 1975 DAG and ÖTV each had organized about 10 percent of employees (Bayer 1980); in recent years these numbers have probably increased. According to the ÖTV, DAG and ÖTV each have organized about 9 percent of savings bank employees. In collective bargaining in the private and cooperative sectors, employees are represented by the DAG and the HBV, while employers have formed a collective bargaining unit consisting of the employers' associations of the banking industry listed above.

Personnel and Qualifications

In spite of the concentration brought about by structural change, as well as new technologies and work organization (data processing, automated tellers, computerized data entry, etc.), between 1971 and 1981 the number of employees in the banking industry increased by 31 percent to a total of 570,000. This increase should be seen against the background of a high wage level in the industry and a 70 percent share of wage costs in total expenditures.

The quantitative and qualitative significance of personnel for the banking industry is related to the products supplied, the characteristics of their production, and the business policies of banks. Bank services are client-oriented, require explanation, are of a sensitive nature, and provide abstract and largely homogeneous goods. A differentiation of the production process into "manufacturing" and "sales" would seem to make little sense.

"The importance of product differentiation in the non-artisanal and artisanal manufacturing has its counterpart in the banking industry in the differentiation that banks can achieve in the expertise of their personnel. In order to succeed with their services in the market, banks will have to focus on the quality of the training and further training of their employees' (Süchting 1984, 318).

The quality of personnel gained in importance as a result of saturated markets (95 percent of the population have bank accounts), the dissolution of the traditionally limited range of services provided by the three groups of institutes and their transformation into general banks as well as the entry of other sectors (e.g. insurance) into the financial market. Market shares can only be gained at the expense of other competitors or by intensifying existing client relations. The result has been a new organizational philosophy according to which the previous product-oriented form of organization is replaced by a client-oriented approach. In the framework of this market-oriented approach, clients can get advice on the entire spectrum of their financial and investment needs, while specialization is based on client groups (mass market, wealthy private clients, firms). This marketing conception is aimed at increasing the client's acquisitive potential and at securing his loyalty (cf. Süchting 1984, 312).

This trend is supported by the rapid diffusion of new technologies in the banking industry. Labor saving effects and reductions in time-consuming routine activities in client services have freed capacities for more important transactions requiring extensive counselling, and thus for a general improvement in client services (Kulins 1984, 184). Labor savings are reinvested into client counselling.

Initial Training

As a result of efforts to improve the quality of personnel, the share of highschool graduates¹ increased from about 10 percent in the early 1970s to over 50 percent (in large banks 70 percent) in the 1980s. Intensive training efforts have reduced the share of

1) The German school system is three-tiered. Graduates from the highest level, the Gymnasium, have had a total of 13 years of schooling, graduates from the second level (Realschule) 10, and those completing the third level (Hauptschule) 9 years.

Highschool graduates here refers to graduates from the first or the second level.

unskilled employees (e.g. in savings banks to 10 percent). In addition, vocational training in the banking industry is very attractive since it offers high-quality training and good career prospects both inside and outside the industry. Aside from the positive image of the occupation, the fact that a large number of apprentices (about 85 percent) upon completion of their training receive permanent employment in their firm has also played an important role. Moreover, it should be noted that 50 percent of apprentices are women.

In 1985 the banking industry as a whole provided initial training for the occupation of Bankkaufmann (bank clerk) to some 56,000 people, or about 95 percent of all apprentices in the banking industry. On average 8.5 percent of the total workforce in the banking industry were apprentices. For savings banks this figure is at about 13 percent while in large banks it is still above 10 percent. In 1985, 22,500 new training contracts were signed (Arbeitgeberverband des privaten Bankgewerbes 1985, 12). Private and cooperative banks each have about 16,000 apprentices, savings banks about 24,000. A high rate of success in final examinations, a low quota of dropouts, and little fluctuation after completion are an indication of the high quality of training in the banking industry.

Occupational Profile of Bankkaufmann

The occupational profile of a bank clerk is up to date. Compared to other sectors – such as in the metalworking industry where they may be up to 40 years old – it is a relatively new occupational profile established in the early 1960s. The current occupational profile is a result of the reforms of 1973 and 1979.

The 1973 reform in the banking industry, in contrast to the rather drawn out processes in other sectors, was completed in a short time. Upon request of the Ministry of Economics, a concept was developed by the Employers' Association of the Private Banking Industry. Subsequently, it was coordinated with representatives of the German Association of Savings Banks and Clearing Houses, then with the DAG and finally with the HBV. The draft occupational profile then was legalized in the usual way by the Ministry of Economics. The 1973 reform was triggered by the 1969 Vocational Training Act and by the need for modernizing the occupational profile of bank clerk as a response to the introduction of new computer technologies.

The 1979 reform became necessary because public vocational schools as well as some banks encountered problems fulfilling standards in respect to data processing. The core of the reform was therefore to make these standards more flexible, restructure subjects relating to data processing, revise the timing of individual training phases, and reformulate the general knowledge and skills to be acquired. A fundamentally new aspect of the 1979 reform was that for the first time, training curricula were coordinated with the curricula of

the Länder. Regardless of this achievement, however, it is still necessary to coordinate at local level, individual vocational schools and training institutions. The training curricula only set minimum standards that are below the training standards actually attained by the majority of banks. The low level of regulation leaves room for firms to structure their training practice competitively.

The decentralized and regional structure in the public and cooperative banking sectors gives a prominent position to the regional associations of both groups in the implementation of vocational training. They are responsible for training subjects that individual banks may not be able to provide due to specialization or size. Thus they serve to maintain high standards of initial training in the banking industry and are the functional equivalent of the training opportunities large banks are able to provide within their own organization. Since supra-regional associations in the public and the cooperative sector have economic, organizational, and workplace control functions, they also control the area of initial training. Trade unions exercise certain rights of control by virtue of their organizational links with works councils.

Further Training in the Banking Industry — Function and Focus

The banking industry is an economic sector with extensive further training. This is due to the eminent importance of qualified personnel for a bank's success. Since the federally regulated vocational training program for bank clerks is in principle the same for all competitors, *further training is the mechanism for swaying preferences in the market* (Oberbeckmann 1985, 383).

The combination of new marketing concepts and new technologies results in a specific social selectivity of further training efforts. In the area of routine activities both jobs and qualifications are at risk. In the area of client services, on the other hand, more employment is being created. Under the market-oriented concept client counsellors are to receive further training to become sales-oriented general counsellors.

Specialized knowledge and sales training are at the center of further training, supplemented by leadership training for managers, since "the market success of a branch depends on the motivation and leadership qualities of a branch manager as well as on [the staff's] counselling skills" (Oberbeckmann 1981, 16).

This specific orientation of further training programs restricts participation opportunities for the "victims" of automation. "One should not forget, however, that not any employee has what it takes to achieve the necessary quality improvement" (Kulins 1984, 184). Though firms and associations in the banking industry emphasize the openness of their training system, they do acknowledge existing limitations. The number of semi-skilled employees

is on the decline, and excess labor is disposed of in the process of fluctuation or through early retirement schemes. This is facilitated by the fact that routine areas have a disproportionately high share of female employees.

In institutionalized further training programs provided by the three groups of banks (see below), women are clearly underrepresented at intermediate and higher levels of further training. While currently over 50 percent of apprentices are women, at intermediate management levels of savings banks and cooperative banks their share is, according to estimates of interview partners, as low as ten percent, and among top management positions it is below one percent. Similar trends can probably also be found in private banks. Our impression based on the interviews we conducted is that this is not necessarily in all cases to be blamed on a selective strategy on the part of the banks but may also result from "self-selection" on the part of women with additional family responsibilities.

Systems of Further Training

Since personnel quality is central to competitiveness, it is difficult for *private banks* to entrust external institutions such as their associations with further training. As a result, they cannot benefit from the specialization and economies of scale made possible by external further training. Large banks that can afford to establish a complete further training system *at firm level* provide their training internally. Even the Employers' Association of the Private Banking Industry are not informed about these economically sensitive activities. Small (regional, local, foreign) private banks that could not make the financial and organizational commitment necessary to establish an internal training system have formed the "Vereinigung für Berufsbildung" (Association for Further Training). The association offers further training programs to its clients "that do not affect their relative competitive positions", financed by membership dues and course fees. However, because of this neutral effect on competition it may be assumed that even medium-size firms have their own internal training programs designed to sway market preferences in their favor.²

In addition to this systematic, firm-initiated form of further training, regional associations of the private banking industry and a number of occupational associations operate a further training institution *above firm level*, open to all groups of institutes. This bank academy offers courses that bank employees take on their own initiative in their spare time, and at their own expense. Programs available in the "general" and "non-competitive" area

2) Reliable data on the extent of internal further training are not available (speculations are offered, e.g., by Liefelth (1983, 116). Liefelth considers this a potentially rewarding task for the Employers' Association of the Private Banking Industry.

complement and support internal further training. Attending the bank academy is promoted and honored by many banks since it is an indication of an employee's commitment (Liefieith 1983, 110).

While systematic further training in the area of private banks is largely provided internally, savings banks and cooperative banks through their associations operate an elaborate system of further training at the regional and federal levels, though internal further training is, at least for the larger banks, also essential (Jansen 1984, 232).

Savings banks as institutes under public law for a long time have had their own external further training system that prepares for a career examination. About 20 percent of employees at the regional schools of the savings banks (operated by the regional associations of savings banks and clearing houses) have completed a special course. This program of further training qualifying graduates as "savings bank consultants" (Sparkassenbetriebswirt) prepare them for effective client counselling and for intermediate management functions (e.g. branch manager) without however guaranteeing any such position. For the 7-month program employees get a paid leave from their institute, which also defrays the resulting costs of the regional savings bank schools. This financing mechanism serves as a control instrument for the selection of participants and programs.

The *central academy of savings banks* in Bonn forms the top level of the savings bank's own training system. Graduates – certified savings bank consultants (Dipl. – Sparkassenbetriebswirte) – are considered equal to university graduates and qualified for top management positions. In addition, the central academy increasingly trains specialists for personnel departments.

The training system of the *cooperative banks* with its three-tiered structure corresponds to that of the savings banks organization. However, intermediate and top-level further training programs are subdivided into a greater number of segments and are less time-consuming than in the savings banks sector. The regional "intermediate" program of further training consists of a number of courses for referees and future middle management personnel. Individual training programs can be set up that are task-oriented and tailored to the specific personnel needs of individual institutes. The central further training institution is the "Akademie der Deutschen Genossenschaften" (Academy of German Cooperatives) where future top managers are trained in 14-week courses after graduating from the regional further training program. The completion of this program is a legal precondition for managing any cooperative bank (Weiser 1983).

The Role of Trade Unions and of Workplace Interest Representation in Further Training

Trade union influence on the subjects of further training programs and on the selection of participants is small. Employers consider the area of training as their own territory and

"will not accept any interference" (Interview HBV). Unions have direct participation only in the committees of the least important further training institution, the bank academy, in the examination of bank consultants through the Chambers' vocational training committees as well as in similar committees of regional savings banks schools. In principle, trade unions advocate a mobility-enhancing and "egalitarian" standardization of internal and external further training programs, though concrete conceptions do not seem to exist.

Trade unions might affect the regulation of access to further training programs through works councils or staff councils which under co-determination legislation are entitled to take part in decisions on selection. A revision of a firm's further training strategies, e.g. in favor of underrepresented women, may be difficult to achieve since trade unions have only weak ties with workplace representatives (about 40 percent of works councilors do not belong to any union (Bayer 1980)). In practice, participants for further training programs frequently are selected without workplace interest representations being consulted, if such organs indeed exist at all.

During the introduction of new technologies, a protection agreement was concluded for the bank sector giving redundant employees a legal right to further training. However, it has not yet found application since layoffs so far have been avoided through fluctuation, relocation, and internal further training.

On the Role of the Social Partners in Initial Training and Further Training

The role and function of the associations of private banks are essentially determined by the strong market position of the large banks. In the cooperative and public banking sectors, the stronger role of regional associations may be explained by the fact that they fill an organizational gap that has resulted from the low degree of centralization and concentration in the individual groups.

In contrast to the construction and metalworking industries, trade unions in the banking industry did not play a significant role in the reform of occupational profiles. The peculiarities of the banking industry, the low proportion of workers, high wages and job security linked with career opportunities are not conducive to trade union activity. Low degrees of unionization, overlapping domains and the resulting competition as well as coordination problems make union interest representation difficult. The minimal commitment and influence of trade unions in the area of further training is due to the fact that employees usually are satisfied with the working of the further training system. The victims of rationalization are confined to specific labor market segments (women) or to individual cases.

On the other hand, however, there is also an absence of future-oriented concepts. This is not surprising since the competing employees organizations have few resources to commit to the issue of further training. The union position, moreover, is weak because the "elitist" (Interview HBV) mentality of bank employees and their individualistic career orientation imposes obvious limitations on trade union initiatives. Collective agreements in the training area would also place restrictions on wage setting.

Similar effects might result from interference in established qualification and career patterns.

8. Industrial Training as a Subject of State—Facilitated Societal Self—Governance: Problems, Challenges, and Trends

Industrial training in the Federal Republic of Germany is regarded as a subject of public interest and as a societal resource whose provision should not be left to the economic interests of individual firms. This is not to say that industrial training is seen as a responsibility of the state. Rather, it has emerged as a highly institutionalized and complex public policy system whose administration is shared between the government and the sellers and buyers of occupational qualifications as represented by their associations. Participation in public policy—making in the area of industrial training occurs in a great variety of ways which may be classified into four major categories:

1. *Participation of associations as lobbies and interest representatives according to the classic model of pluralist interest politics.* The associations of employers and employees participate in public debates on issues of industrial training, attempt to mobilize public opinion, and exert influence on legislative processes relevant to industrial training. Pluralist interest representation is particularly important in situations where governments or parties undertake to pass legislation on the basic structure of the industrial training system. Examples are the Vocational Training Act or the debate on the financial reform of vocational training in the early 1970s.

2. *Participation of associations as suppliers in the market for training services.* Trade unions and employers' associations in the Federal Republic operate as suppliers of training services on an impressive scale, in the area of both vocational training and further training. They thereby substitute for direct commitment of the state, for example, in the form of occupational schools. In many cases, the state provides them with funding and support. Their activity as suppliers of training services, with often large investments and high operating costs, implies for the associations of both sides that their interest in the expansion of industrial training and its subsidization by the state takes on an additional and indeed very concrete meaning. Moreover, their direct participation in the implementation of industrial training insures that practical experiences are incorporated into the associations' political decision—making process.

3. *Participation of associations in the formulation and aggregation of interests relevant to industrial training policy,* both within and between the respective associational systems. Since peak associations of employers and trade unions at the national level are consulted by the responsible state agencies on initiatives of individual economic sectors, they have an opportunity to urge their affiliated associations to coordinate the interests of different economic sectors and observe a certain degree of uniformity. This contributes to maintaining the "administrability" of and the chances for horizontal mobility in the industrial training system. Moreover, it frees the state from having to negotiate a compromise

between different proposals from the same camp or even to decide in favor of one side, both of which may be politically risky. The highest form of delegating political risks to the internal relations of large associations is attained in those cases where the state requires agreement between both sides before using its legislative or regulative authority to resolve industrial training problems. An example is the decreeing of training regulations according to the "consensus principle".

4. *Participation of associations in the exercise of public authority* by their incorporation into authoritative decision-making processes and the devolution of regulatory responsibilities. This category contains very diverse and, at the same time, characteristic forms of associational participation. First, it includes the legally based representation of trade unions and employers' associations in various state and para-state organizations, such as the Bundesinstitut für Berufsbildung (BIBB, Federal Institute for Vocational Training) and the Bundesanstalt für Arbeit (Federal Labor Office). Second, it includes the participation of trade unions in the vocational training committees of Chambers and guilds which are constituted as bodies under public law and which outside the area of vocational training are exclusively or largely interest organizations of firms. The incorporation of the social partners into such organs performs the important function for public policy to make it impossible for the social partners to avoid addressing problematic issues and declaring their position. (Note, for example, the requirement for trade unions and employers to comment on the Federal Government's annual Vocational Training Report, which is a result of their membership on the Central Board of the BIBB). Most importantly, associations at different levels and in various functional areas are charged with direct responsibility for the organization of industrial training. How complex the interconnections are between state and associations, or public and private organizations, becomes evident in an institution such as the BIBB. Depending on one's perspective, it may appear as a state administrative agency, an organ in the service of the social partners, an institutional locus of tripartite political bargaining and consensus creation, or a research institute for policy advice.

The incorporation of associations into public training policy and into the public responsibility of controlling the industrial training system fulfills a variety of functions both for the state and for the associations. In particular, those forms of participation that go beyond mere interest representation provide associations with considerable opportunities for securing, expanding, and developing their organizations. Generally, with a growing number of activities the ability of an organization to offer useful services to its members increases, losses in one area can be compensated by gains in others, and bargaining issues can be creatively and synergetically combined. Moreover, the immediately affected groups, by assuming public responsibilities through self-governance, have an opportunity to protect themselves from the typical negative side-effects of direct state regulation which result from the latter's inevitable lack of practical expertise and bureaucratic formalism. The interest in self-governance is more pronounced among employers' associations since trade

unions as the frequently weaker partners at least in principle view the state as a potential ally. Nevertheless, even trade unions — particularly at the sectoral level — often prefer negotiating industrial training policies bilaterally with employers' associations over having them dictated by the state.

The devolution of public regulatory authority to the interest organizations of directly involved parties also has benefits for the state. In particular, the state is relieved from the difficult tasks of assessing future needs, finding compromises, mobilizing consensus, and dealing with disappointed parties. Unloading the state through associations facilitates access to the crucial expertise of the affected parties and may improve the quality of authoritative decisions. Of course it must be insured that self-governing groups do not use their quasi-public powers to the detriment of other, not directly involved groups. This requires an adequate legal and institutional framework, the definition and maintenance of which becomes the main task for state intervention in self-governing public policy areas. In the case of industrial training, the state attempts to insure the compatibility of self-governance with the public good by setting up as "countervailing powers" two regulatory agents with partly opposing interests, namely trade unions and employers' associations, and compelling them to seek compromise and agreement. In these and other ways an attempt is made to institutionalize in the principle of "subsidiarity" at the group level, in the form of state-facilitated societal self-governance in accordance with the public good the organization of industrial training.

The social partners participate in industrial training not only in the framework of institutions that specialize in this subject. They make and influence political decisions on industrial training also as participants in other institutional systems, particularly in collective bargaining, in co-determination at workplace level and in the labor administration. Trade unions pursue their interests in the area of industrial training not only through their membership in the Federal Institute for Vocational Training or in the responsible Chamber committees, but also in their role as a party to collective bargaining, through their links to works councils and their presence in the bodies of the Federal Labor Office. Much the same applies to the employers. Industrial training policy, sectoral collective bargaining, manpower policy at the workplace and government labor market policy are highly interdependent given the density and specificity of regulation established in all these areas, with programs in one area usually presupposing, effecting, or creating the conditions for programs in others. The advantage of trade unions and employers' associations being simultaneously present in all four related systems consists in the fact that it enables them to recognize interdependencies at an early stage and to use them for strategic purposes. This makes it at least in principle possible to coordinate different areas of regulation within the associations of the social partners in an uncomplicated and informal fashion. For example, further training may be controlled through rationalization protection agreements or, conversely, rationalization may be made possible through further training regulations; collec-

tive agreements may be adapted to new occupational profiles; institutions offering further training programs may be informed of new workplace requirements and requests be submitted to the Federal Labor Office to arrange financing; an existing system of social funds may be used to institute a levy scheme for the funding of industrial training, etc.

Coordinating the different arenas and institutions where decisions on industrial training are made poses problems for the organizations of the social partners which are no less demanding than the substantive problems of industrial training policy. Especially trade unions, which more than employers are interested in standardized regulations and reduced local autonomy, are making efforts to increase their capacity for internal control in this area. The project for improving the training of union representatives in the Chambers' vocational training committees and other bodies that was funded by the Federal Government in the 1970s is to be seen in this context.

However, even if such efforts turn out to be more successful in the future, *conflicts over goals and inconsistencies between the different policy arenas affecting industrial training* cannot be entirely eliminated, and unanticipated external effects cannot always be avoided. This is not just because the numerous effects and side-effects of collective bargaining and labor market policy on industrial training cannot be anticipated, or because individual policy areas develop a dynamic of their own that is not easily subordinated to external purposes. Particularly in the area of industrial training in the narrow sense there is reason to speak of a "policy community" in the Federal Republic which includes training experts and instructors, specialists in the associations, the responsible bureaucrats in the ministries and others who have a strong interest in maintaining the integrity and consistency of their own prerogatives. In addition, industrial training policy like any other policy area is subject to effects of political decisions made outside its domain that it cannot influence: changing political majorities, problems in coordinating training policies of federal and Land levels as well as between the Länder; adaptation problems of the public training school system; autonomous decisions of firms; or changes in employees' attitudes and behavior in respect to industrial training.

Unforeseen interdependencies are an inevitable characteristic of a policy area with relative autonomy. Autonomy, however, is no less important for successful policies than the elimination of so-called "coordination deficits". Industrial training policy and collective bargaining have to be coordinated with each other, but at the same time the two areas must not be mixed up. The distribution-oriented conflicts of collective bargaining could easily undermine the production-oriented cooperation in the area of industrial training. A similar situation pertains in the relationship of industrial training to government labor market policies that may be instrumentalized for short-term political goals, or to workplace co-determination with its institutionalized primary interest in job security for a firm's current workforce. Dependence and independence, control and autonomy, coordina-

tion and pluralism thus have to coexist in the relations between different policy arenas. It seems that creating a (always precarious) network of different arenas linked by the activities of large democratic associations may be a suitable framework for this purpose.

The extent of the social partners' participation in industrial training in the Federal Republic puts great demands on their organizational resources. This high degree of involvement would no doubt be impossible in the absence of trade unions and employers' associations that are centralized, comprehensive, have a factual monopoly of representation and are financially strong. The resources that associations invest in industrial training range from the often elaborate industrial training departments of peak and industrial associations, to tens of thousands of voluntary representatives in the examination or vocational training committees of Chambers and guilds. The commitments of associations are to some extent supplemented by the state, such as through the expert staff of the BIBB, which in principle is at the disposal of the organizations of the social partners as an additional resource; by legislation making membership in Chambers compulsory which allows them to maintain a full-time staff for the implementation of industrial training; or by subsidies to associations for establishing external training centers. However, it is characteristic for the German system that at least the large associations on both sides have sufficient expertise and financial strength to come to mutual agreements if necessary without the support of the state. This organizational capacity is what creates and guarantees the autonomy of the social partners. It originates not in the area of industrial training but rather in the sphere of industrial relations which is organized on the principle of collective bargaining autonomy. The viability of this system, in turn, largely depends on legal provisions and state facilitation. The cooperation of the social partners in the provision of occupational qualifications raises and stabilizes the level of consensus also in the area of industrial relations and thus contributes to maintaining the institutional configuration and organizational infrastructure on which cooperation largely depends.

The concrete forms of participation by the social partners in industrial training differ considerably between vocational training and further training, between the various levels and functions of regulation, as well as between economic sectors. The resulting complex picture would require a more detailed analysis than can be provided here. The following points, however, may be emphasized:

1. Associations play a more minor role in further training than in initial vocational training, and this is criticized particularly by trade unions. The reason is the comparatively lower degree of formalization of the further training system which in turn can be explained by the state's greater reluctance in respect to its legal regulation. As a result, the importance of the market vis-a-vis the state, trade unions, and employers' associations is clearly greater in the area of further training. In their efforts to intervene in further training, the associations are thus highly dependent on working through the adjacent

systems of collective bargaining, labor market policy with the Federal Labor Office, as well as workplace co-determination. This affects particularly the trade unions which in the Chambers – the probably most important para-state regulatory agencies in the area of further training – are not represented equally but only, as it were, as junior partners.

As a result of its low formalization and regulation, further training in the Federal Republic as elsewhere, is much more embedded in the economic process at firm level than is initial training. There may be good reasons why further training as an independent institutional system is not even nearly as differentiated as initial training, even though the desirable extent of regulation and differentiation will always be controversial. Further training is least differentiated where internal labor markets play an important role, i.e. in the banking sector and increasingly in large-scale manufacturing (e.g. in the automobile industry). The trend towards increasing importance of internal labor markets in large industrial enterprises points to future growth in the proportion of further training activities carried out at the workplace level and in the context of new forms of work organization (quality circles, partly autonomous groups). These are likely to be regulated under collective or workplace agreements. (The new funding policy of the Federal Labor Administration in the context of the "qualification offensive" follows the same trend.) Where, as in the construction industry, no internal labor markets exist for structural reasons, a way has been found to organize at least some further training programs externally with the participation of the social partners.

2. The extent of associational participation in the regulation of industrial training also differs by levels of regulation. At the *national* level trade unions are relatively strong on account of their incorporation into the "consensus principle". Much the same applies to the *sectoral* level where their organizational focus lies and where the collective bargaining system provides them with additional instruments for shaping industrial training policy. A different situation obtains at the *regional* level which is dominated by the Chambers and where power relations between the social partners are asymmetrical, notwithstanding the unions' representation in specific areas. (This is why the unions demand parity co-determination in the Chambers.) At the *workplace* level employers' associations are not formally represented, though of course the firm as a social system is dominated by their members in their capacity as independent entrepreneurs. Trade unions can affect industrial training policy at the workplace only through the adjoining system of co-determination, which has a variety of further responsibilities and in many smaller firms does not even exist.

As in any multi-layered political system, problems arise in linking different levels with each other as well as in coordinating the actors of any one level. As far as the vertical information flow and the formation of political decisions on training are concerned, discussion and decision-making processes within the associational systems of both sides contri-

bute very significantly to the integration and "governability" of the industrial training system. Here the role played by the vocational training committees of trade unions and employers' associations no doubt is indispensable for public policy. Moreover, the coordination capacity of internal organizational processes on the part of the social partners is in many cases superior to that of the corresponding governmental system. The latter, on account of a dispersal of competencies, is at times incapable of agreeing on federally standardized training curricula for initial or further training occupations. This gap is frequently filled by the social partners. State school administrations in such cases adopt the curricula developed by the social partners, as, for example, in the case of the basic training year for construction occupations.

In respect to controlling and coordinating the lower levels of decision-making, the peak associations of the social partners play an essential role in containing the centrifugal tendencies of sectoral industrial training systems. The coordination of Chambers as the decisive *regional* agencies is largely in the hands of their national peak associations, DIHT and DHKT. In this area the trade unions, which are not at all represented in the Chambers' peak associations, can only try to coordinate the work of their delegates in the responsible committees of individual Chambers, a task that seems to go beyond what an organization with many other responsibilities is able to do. Since employers in any case are defending the autonomy of individual Chambers, particularly in the area of further training, trade unions here have very little influence. Regardless of how one may evaluate this situation, it is clear that it impedes the unions' efforts at centralization deriving from both labour market and general political consideration. Trade unions therefore have an interest to regulate as much as possible through training regulations established on the basis of the consensus principle and in this way bind the Chambers. For controlling the *work-place* level, trade unions depend on the Chambers' counselling service, which is not under their direct authority, as well as on the goodwill of — already overburdened — works councils where they exist.

3. *In the industrial training system of the Federal Republic, the social partners participate in all essential regulatory functions* — determination of training and examination regulations, mobilization of financial resources, implementation and administration as well as supervision and control. The scope of their participation and their relative influence, however, are not the same in all areas. Where both trade unions and employers' associations have sufficient resources at their disposal, *standardization* of training regulations, curricula, and examination rules is impossible if one of the two sides is opposed, except in closed and "union-free" internal labor markets. On the other hand, however, trade unions are not always able to achieve standardization; whether or not standards will be set depends very much on the employers, who particularly in the area of further training often consider less regulation and more freedom for firms expedient. In respect to the *financing* of industrial training the opposition of employers to giving a dominant role to

the state has been successful and thus prevented trade unions from increasing their influence. Except for sectoral financial schemes under collective agreements that are not necessarily supported by the employers' peak associations, the role of trade unions in this area remains confined to (not very promising) lobbying activities in relation to the legislature, as well as exercising their influence in the Federal Labor Administration or through co-determination. Employers' associations, on the other hand, in recent years have successfully used their opportunity for appealing to their membership to increase the number of training posts, which no doubt has boosted their political reputation.

In the *implementation* of industrial training, the social partners are involved as operators of external training centers and further training institutions, most of which, to be sure, are controlled by employers and Chambers. Where public funds went into their establishment, trade unions participate in their administration. The immediate administration of the industrial training system, in particular in the area of examinations, is in the hands of the Chambers, i.e. of associations of firms under public law. These are also mainly responsible for *supervising* and controlling industrial training in conjunction with the Federal Labor Administration — to the extent that it provides funds for further training and has the resources required for performance control — as well as the works councils. On the whole, it becomes clear that the industrial training system in the Federal Republic is to a large extent in the hands of quasi-public private interest associations. Even though generally this system allows trade unions a comparatively high degree of participation, it can be seen at the same time that in respect to specific functions, particularly in the areas of financing and implementation of industrial training, one can hardly speak of a symmetry of influence between the associations of the two sides.

4. *Finally, the participation of associations differs by economic sector*, where the power of the union organization is no doubt a significant factor. Thus in the *banking industry* where trade unions have been traditionally weak, there is not even nearly the same extent of inter-associational bargaining over training regulations as in the *metalworking industry* with its politically and financially strong union. The *construction workers union* may not be considered a very powerful organization either. But in the construction industry an established system of cooperation between employers and the union exists at the sectoral level aimed at creating a common order for a sector that for outsiders is difficult to understand and that is confronted with serious problems peculiar to the industry. Moreover, the sector has a tradition of unideological and pragmatic industrial relations that are relatively independent of the respective peak associations. In a large number of cases the social partners have used the law on collective bargaining in an innovative fashion in order to exploit opportunities for action at the sectoral level as fully as possible. This tradition has also affected industrial training policy, as a result of which a sector-specific ensemble of opportunities for initial and further training was created that in its comprehensiveness — as well as in the influence exercised in it by the social partners — is unique even in the German context.

An analysis of all three sectors, moreover, shows the large extent to which the modernization of training systems is triggered by competitive pressures. These may originate in the labor market, as in the construction industry; or in the (world) product market, as in the German metalworking industry; or, as in the banking industry, they may result from technological and social changes that made traditional divisions of the market obsolete. Reform of industrial training, whether initiated by both social partners or only by firms, in all three cases was considered an important instrument for adapting to new economic conditions. It is therefore not inconceivable that continuing structural change in the economy will further enhance the importance of associations, and particularly of trade unions, in industrial training if they anticipate and prepare for their potential new responsibilities.

The fundamental political question whether the social partners should participate in the organization and control of the industrial training system in the Federal Republic has definitely been decided in the affirmative. No one doubts that the system of industrial training in its historically evolved form would be unable to function without the fundamental and extensive incorporation of trade unions and employers' associations. For this reason the principle of associational participation and self-governance in the area of industrial training is as such not controversial. Moreover, projects for a fundamental reorganization of industrial training in the Federal Republic are currently not on the political agenda. There still are the union demands for financial reform and for greater, if possible legal, formalization of further training. However, under present political conditions they stand no chance of being put to the test. For the unions there is thus no need for a "realistic" moderation of these demands, taking into account current conditions and requirements as well as anticipated side-effects. Further, the existing system has become so highly complex as well as institutionally dense and "settled" that, as in the social security system, fundamental changes are probably precluded by the sheer inertia of the evolved structures — quite apart from the fact that most of those involved believe that the system works quite well so that the risks of radical reform would not seem to be justified.

The current state of cooperative participation by trade unions and employers' associations in the regulation of industrial training in the Federal Republic is not being challenged despite the fact that socio-political conditions have become more conflictual in this country. That industrial training has not been affected by the evident tendency towards polarization and partial fragmentation of industrial relations is due both to its strong legal institutionalization as an autonomous policy area and the restraint exhibited by the social partners, who value highly their cooperation and past achievements in this area. On the other hand, since government policy today is significantly less interested than in the past in tripartite regulation of labor markets and labor relations, an expansion of the institutionalized role of the social partners in the industrial training system is not expected in the near future. This affects in particular further training, an area that is growing in importance at

a time when government policy is committed to putting greater emphasis on the market mechanism. For the trade unions this no doubt poses a problem since the value of knowledge and skills acquired in vocational training is increasingly redefined in terms of its function as a basis for subsequent further training. The latter, however, usually tends to be firm-specific. While deregulation of industrial training at the expense of the role of the social partners is not to be expected, it is at the same time unlikely that in the near future there will be state intervention enlarging the regulatory power especially of the trade unions in the area of further training.

On the other hand, due to its very complexity and the variety of forms in which the interested parties can participate, the existing system creates opportunities for pursuing "grand" reform goals via gradual changes of individual regulations in specific areas or with the aid of "functional equivalents" in adjoining areas of regulation, such as the Federal Labor Administration. Moreover, in many cases one gets the impression that trade unions and employers' associations have not yet fully utilized the regulatory instruments at their disposal. The social partners in the construction industry, for example, have demonstrated that the instrument of a collective agreement offers extensive opportunities for autonomously regulating industrial training at the sectoral level – even for establishing an autonomous financial system. It is quite conceivable that such models may be adopted in other industries as well. The advantage of regulating industrial training issues by collective agreement lies not only in the opportunity for the social partners to become independent of the contingencies and changes of political climate and parliamentary majorities. Rather, collective agreements also permit regulation to be more responsive than general legislation to specific sectoral conditions. Also, as has been shown in the case of the construction industry, industrial training policy by collective agreement may serve to improve the position of a sector competing with other sectors for skilled labor by providing employees with greater career opportunities – a goal that in the future may become increasingly important particularly in respect to further training. Here, it cannot simply be assumed that in the long term only the trade unions will have an interest in standardizing the increasingly important further training certificates. The associations of employers, if not necessarily their individual members, are interested in a functioning external labor market. Serving as a control instrument vis-à-vis special individual interests on the part of their members, collective agreements have for a long time demonstrated their effectiveness not least as an organizational device for employers' associations.

The general stability of the status quo with respect to the participation of associations in the regulation of industrial training does not mean that in the Federal Republic there are no *fundamental political controversies* over the governance of industrial training. In one way or another they all revolve around the question of what role state and associations – i.e. the "neo-corporatist complex" as a whole – should leave or assign to the market. It is not questioned in principle that market elements will continue to have an essential function

– in the creation of training posts, in the occupational choice of young people, in decisions of employers and employees on further training, in the provision of further training programs, etc. At the same time it is generally recognized that market processes in an area as sensitive as industrial training are in need of public control and regulation. Similarly, there is no debate on whether, in addition to the state, associations should have regulatory authority – they have had it for a long time and no one would dispute their role. What is controversial is the extent to which intervention may be required, and the selection of instruments for fine-tuning controls that would produce as few unintended side-effects as possible. For this, e.g. for the problem of the "right" distribution of apprentices, male and female, to the "right" training occupation, there is no panacea. In many cases the major problem for the participants at the current level of regulation is no longer the functioning of the industrial training system itself but rather the control of interdependencies with other policy areas, such as the labor market, collective bargaining, technology, and regional policies. There are few indications that the solution of such difficult problems would be facilitated by altering the relative influence of the state, employers' associations and trade unions on the organization of industrial training. One may therefore expect that the current system of participation of the social partners in industrial training policy will remain, by and large, stable and that necessary modifications as in the 1970s and 1980s will be negotiated in specific areas, but will not affect the basic structure of the system as a whole.

9. Appendix

A. A Brief Outline of the "Dual System" of Vocational Training in the Federal Republic of Germany¹

The Basic Model

The term "vocational training system" in the Federal Republic of Germany refers to any public or private institutions or activities that directly or indirectly serve to provide occupational qualifications. School attendance is compulsory up to the age of 15 (or 16 in some Länder). After completing elementary school, students continue in any one of three types of highschool: Hauptschule, Realschule, or Gymnasium.² Graduates of the Hauptschule and Realschule proceed to vocational training whereas students of the Gymnasium have a choice between vocational training or three further years of general schooling. In the latter case, graduation (Abitur) qualifies students for admission to university.

While general education is provided by public schools, in vocational training the public and private sectors collaborate. Vocational training takes place primarily in the so-called "dual system". For one or two days a week apprentices attend a public vocational school where both general subjects and more theoretical occupational subjects are taught. The rest of their weekly working time apprentices spend at the workplace where practical skills are acquired in the ongoing work process.³

The term "dual system" denotes a combination of two different training locations within the same training program. Vocational training follows general schooling and precedes actual working life. As a rule, vocational training programs have a duration of three years. Workplace training is based on training regulations that under the federal Vocational Training Act are negotiated among the organized social partners, decreed by the Federal Government, and supervised by the Chambers. Vocational schools are institutions of the Länder. The standing Conference of the Länder Ministers of Education passes general curricula in an attempt to harmonize the school components of initial training and to coordinate them with the subjects of workplace training.

In other countries of the European Community, institutionalized efforts to provide occupational qualifications in a separate training phase after general schooling and prior to work-

1) Unless indicated otherwise, this chapter is based on Münch (1984) and Cedefop (1982).

2) All three school forms may also be integrated in one, the Gesamtschule. However, even in such integrated schools different diplomas are awarded corresponding to the three-tiered school system described above.

3) In some instances, instead of the described weekly attendance of public vocational schools, a "block system" may be in use. Here more extended vocational school "blocks" of often several weeks in duration alternate with workplace "blocks". Proponents believe that the block system has organizational advantages for instruction. The reasons for its introduction, however, were more pragmatic. In occupations where apprentices are dispersed over a large territory, vocational schooling is only feasible if they come together at one place for an extended period of time.

ing life are the exception rather than the rule. In the Federal Republic, training in the "dual system" — the so-called apprenticeship — is the classic way of entering the employment system. In total, there are about 420 officially recognized training programs. 60 percent of young people in an age cohort complete a training program in the dual system.

Occupations for which training is provided span the entire range of public and private sector activities. Recognized training occupations can be found in the artisanal and the non-artisanal sector, in banks and insurance companies, in agriculture, and in public service enterprises. Only in exceptional cases (e.g. in many health service occupations) are occupational qualifications exclusively acquired in schools.

Any young person who, after completing Hauptschule, Realschule or the tenth grade of Gymnasium, does not pursue his Abitur or any other highschool degree, and who is 18 years of age or younger, is by Länderlaw required to attend a vocational school. The workplace component of training in the "dual system", by contrast, is based on a training contract between an apprentice and a private or public employer. Whether the supply of training sites in the economy will match the demand for apprenticeships in the dual system thus depends on decisions of private and public employers. These decisions are influenced by a variety of factors, among the most important of which are: the requirements laid down in the respective training regulations and the control of implementation at workplace level; the extent to which apprentices contribute to productive activities; the likelihood of an apprentice staying in the firm providing the training after completion of the program; as well as political initiatives (e.g. incentives, support, and persuasion by the state, trade unions, and employer's associations) aimed at convincing firms to invest in occupational skills.

Vocational school training is funded by the state while the costs of workplace training are usually defrayed by the firms. However, at federal and Land levels funding programs for limited periods of time exist that financially support the hiring of additional apprentices. The employer is required to provide training materials at the workplace at his own expense. Apprentices, however, also bear part of the training costs themselves. They have to buy their own materials for vocational school and indirectly give up part of their wages since allowances for apprentices are significantly lower than wages for unskilled workers of the same age.

An apprenticeship ends with a final examination. Upon successful completion, the candidate receives a skilled worker's certificate or, in the artisanal sector, a journeyman's certificate. Employers hiring workers with such certified qualifications can be sure that they possess basic occupational knowledge and skills.

The successful completion of an apprenticeship opens up a variety of opportunities for further training and career advancement. In principle, there is even the option after some additional training to enroll at a university. In practice, however, only very few graduates of the "dual system" take this step if they have not been eligible for admission to university prior to starting their apprenticeship.

Supplementing and Improving the "Dual System"

During the past two decades the dual system has been confronted with two problems. The first has resulted from the fact that a decreasing number of firms is able to provide all the training components required in the more and more demanding training regulations. Technological development as well as specialization and automation of production frequently make it impossible to provide systematic and comprehensive training at regular workplaces.

The second problem has been quantitative imbalances on the training market. On account of changes in work organization, general economic factors, and particularly of demographic trends, from 1975 to 1978 and again since 1982, the demand for vocational training has outstripped the supply of training sites. Thus in 1985, for example, about 720,000 training sites were available for some 760,000 applicants, a ratio of supply to demand of 95.1 percent only (BMBW 1986, 25).

In response to these developments the dual system was reformed. Many observers now speak of a plurality of training locations. In the non-artisanal sector, particularly in large firms, regular workplace training is now supplemented in training workshops specially set up for this purpose. Moreover, some firms supplement school training in order to prepare apprentices for workplace requirements that go beyond the canons of knowledge and skills specified in general training regulations. In addition, particularly in the artisanal sector, numerous external training centers have been established. They are funded through fees, levies on firms, and public subsidies. External training centers have the task of strengthening and supplementing workplace training in those areas where firms have reached their limits. They offer courses of one to several weeks in duration. A further aim of external training is to relieve individual firms and thereby encourage them to provide vocational training.

In the early 1970s some Länder introduced a Berufsgrundbildungsjahr (one year of common basic training). It was designed to provide a first year of basic occupational training exclusively in schools, later to be credited towards the training period in the dual system. For this purpose the 420 occupations were organized into groups of occupations (e.g. metal engineering). Employers strongly criticized the Berufsgrundbildungsjahr and proposed as an alternative model the so-called kooperative Berufsgrundbildungsjahr (cooperative one-year common basic training) which contains workplace elements already in the common training phase.

In 1984 about 103,000 young persons completed a Berufsgrundbildungsjahr, about 17,000 in the cooperative form (BMBW 1986, 129). Both forms were government-funded. The Berufsgrundbildungsjahr, particularly in its school variant, frequently does not receive full credit in subsequent vocational training within the dual system.

A further modification of the dual system is the Berufsvorbereitungsjahr (one-year pre-vocational training period). It was designed for schools to provide support for young persons with learning disabilities in order to improve their prospects for an apprenticeship in the dual system. In practice, however, the Berufsvorbereitungsjahr serves less to

promote persons with learning disabilities than as a residual pool for those who have been unable to find a training site after graduating from highschool. At the center of the Berufsvorbereitungsjahr is practical training in training workshops. 22 of 30 weekly hours of instruction are geared to specific occupational skills (von der Haar und von der Haar 1986, 243). In 1984 about 38,000 students passed through the Berufsvorbereitungsjahr (BMBW 1986, 129).

Finally, as a support of the dual system Berufsfachschulen (vocational colleges) have been strongly expanded in recent years. These are full-time schools conceived as an alternative to the dual system. They offer training programs for a recognized occupation that may later be credited in a recognized training program, or occupational certificates that are only available in these colleges. In fact, however, most colleges are of the second type. Since they focus on preparing students for the dual system, they are not really an alternative but only a supplement to an apprenticeship.

Many students in the Berufsgrundbildungsjahr, the Berufsvorbereitungsjahr and in vocational colleges believe that attending these schools will improve their chances of getting the apprenticeship they desire. For this reason, these training institutions are occasionally referred to as "waiting areas of the dual system" or as "switching yard" for the victims of imbalances on the training market (von der Haar und von der Haar 1986, 233ff.). This view is underscored by the fact that particularly students that have completed the Berufsgrundbildungsjahr will not receive any credits in the full-time vocational schools of the dual system.

B. The Procedure for the Development of Training Regulations in Vocational Training

The development of training regulations for workplace training and their coordination with the curricula for vocational schools is a complicated and lengthy process. This is a result of the complexity of the subject-matter itself as well as the need to establish a consensus among a large number of actors with often different interests.

Participants in this process are the Federal Government, the eleven Länder Governments,⁴ the peak organizations of employers and trade unions, as well as the employers' associations and unions from those sectors for which a training regulation is to be decreed. The

4) The Länder participate through two committees that are very similar in function and membership. The Länderausschuß (Länder Committee) functions as a standing subcommittee of the Central Board of the Bundesinstitut für Berufsbildung (BIBB, Federal Institute for Vocational Training). On this committee are 11 delegates from the Länder, as well as the Federal Government, employers, and employees with 3 representatives each. Its task is to prepare the coordination of subjects in curricula and training regulations. However, final decisions are made by the Koordinierungsausschuß (Coordinating Committee). It is composed of representatives of the Federal Government as well as of the Land Ministers of Education. The organized social partners are not represented on this committee. The result of this arrangement is that the work of the Länder Committee in the BIBB is confined to deliberating on proposals for training regulations. The actual coordination takes place between the Federal Government and the Länder in the Coordinating Committee.

Federal Government as a rule is represented by the Federal Ministry of Education and Science and the Ministry responsible for the sector in question (usually the Minister of Economics).

The establishment or reform of training regulations is initiated by employers' associations and trade unions at the sectoral level or by employees of the BIBB. In a research and conception phase prior to the actual procedure the necessity for reform is assessed. For this purpose the Kuratorium der deutschen Wirtschaft (Joint Committee of German Business for Vocational Training) and the Deutscher Gewerkschaftsbund (German Trade Union Federation) nominate experts from the associations and unions of the concerned sector. Only if BIBB, employers, and unions unanimously vote in favor of reform can the actual procedure be initiated. The process is divided in three phases: (a) preliminary procedure, (b) development and coordination procedure, and (c) decreeing procedure. The whole process should be completed in two years. In fact, however, it frequently takes four to five years.

a) Preliminary Procedure

The aim of the preliminary procedure is to draw up a project application which later serves as a basis for the detailed elaboration of training regulations and curricula. The preliminary procedure should be completed in 6 months and contains the following steps:

1. At the responsible Minister's office — usually the Federal Minister of Economics — preliminary talks are held with the participation of the social partners as well as representatives of the BIBB, the Federal Ministry of Education and Science, and the Kultusministerkonferenz (KMK, Standing Conference of the Ministers of Education). The social partners are represented by the Joint Committee of German Business for Vocational Training (KWB) and by the German Trade Union Federation (DGB), which consult with representatives of their concerned member organizations.
2. These talks should result in the determination of at least five basic standards:
 - occupational title
 - duration of training
 - job description
 - structure and set-up of training program
 - subsequent procedure (e.g. whether certain stages of the procedure can be dispensed with since participating groups have reached a consensus).

The social partners should, if possible, negotiate these basic standards amongst each other prior to the preliminary talks. The responsible Minister acts merely as a notary. The BIBB is to assist the social partners in their negotiations.

3. After successful preliminary talks the basic standards are issued as an order by the Minister to the BIBB to draw up a project application and project conception for the coordination between the Federal and Länder Governments (in the Coordinating

Committee), taking into account the views of the social partners. This includes information on the organizational structure and the duration of the training program as well as a catalogue of knowledge and skills to be acquired.

4. The draft is submitted to the Länder Committee and at the same time to the responsible Minister as well as the Federal Ministry of Education and Science. The Länder Committee votes on the draft.
5. The responsible Minister, in consultation with the Ministry of Education and Science, draws up a project application that is submitted to the Coordinating Committee. The vote of the Länder Committee is taken into account.
6. The Coordinating Committee decides on the project application.

b) Development and Coordination Procedure

When basic agreement has been reached with the Länder on the reform, the development and coordination procedure commences for which 16 months are scheduled. During this period the BIBB and the social partners on the one hand, and the Länder on the other, simultaneously work out drafts of the training regulation and the curriculum. The procedure is organized in the following steps:

7. The BIBB develops a draft training regulation in cooperation with experts from employers' associations and trade unions of the concerned sector.
8. At Länder level, i.e. by the Standing Conference of the Ministers of Education, a curriculum committee is established for developing a draft curriculum as well as for coordinating it with the training regulation.
9. The Secretary-General of the BIBB informs the peak organizations of employers and employees of the decision on the project by sending them both drafts. The peak associations pass these on to the sectoral associations, firms, and Chambers.
10. In joint meetings the experts of the Federal and Länder Governments coordinate first the general structure and subsequently the subjects and aims of the training regulation and the curriculum.
11. Prior to the last joint meeting the BIBB consults with the peak organizations of employees and employers on the result.
12. The Secretary-General delivers the draft training regulation to the Länder Committee which can comment on it and which then passes it on to the Central Board.
13. The Central Board examines the draft and issues a statement.

14. The Secretary – General delivers the draft with the statements made by employee and employer representatives on the Central Board to the competent Federal Ministers (the Minister responsible for the sector and the Minister of Education and Science).

c) Decreeing Procedure

The decreeing procedure takes 2 months and consists of the following steps:

15. The Federal Minister in charge examines the draft and the statements, and the Federal Minister of Education and Science passes it on to the Coordinating Committee.
16. If the Coordinating Committee considers substantive changes necessary, the peak organizations of employees and employers are heard again by the Federal Minister in charge.
17. The Coordinating Committee decides on the final result.
18. The Minister responsible for the sector commences the decreeing procedure. The Federal Minister of Education and Science will endorse the decree only after the concerned social partners have voted on it.
19. The Conference of the Ministers of Education decides on the curriculum which is decreed by each of the Länder Ministers of Education separately.
20. Training regulation and curriculum are published in the Bundesanzeiger (Federal Register).

C. The Development of Further Training in the Federal Republic of Germany

In contrast to other areas of the industrial training system, further training is basically not regulated by the state. This creates a large domain for the activities of interest groups and private organizations and institutions. The area of further training differs in its structure and degree of regulation from school and university training, which is organized in a framework of legal rules and institutions. It also differs from the dual system, where training subjects are controlled by the social partners and the state.

The traditional view according to which the state should become active in further training in a purely subsidiary role, i.e. only if private commitment and the strength of social groups proved inadequate, was challenged in the late 1960s. In 1970 the Educational Commission (Bildungskommission) of the German Educational Council (Bildungsrat) stated that: "It is necessary to establish institutionalized further training as a comprehensive system for supplementing school training. Further training as the continuation or resumption of earlier organized learning, forms an organic whole with pre-school and school

education" (Deutscher Bildungsrat 1970, 51). The goal was to expand the area of further training into a "fourth public training sector". The scope, quality and funding of further training opportunities should be designed to meet the challenges of a modern industrial society. The debate in the Federal Republic took place in the general context of the OECD model of "recurrent education". Rapid changes of workplaces and job profiles as well as new forms of work organization and skills called for an effective further training system in order to avoid unemployment as a result of inadequate qualifications, to solve adaptation problems, and to provide employees with opportunities for occupational development and reorientation. Supplementing initial training by further training for all age groups and occupational levels was considered imperative at that time.

During this debate in 1968 and 1969 the two most important pieces of legislation for the area of further training were passed at the national level: the Arbeitsförderungsgesetz (AFG, Employment Promotion Act) and the Berufsbildungsgesetz (BBiG, Vocational Training Act). The AFG, in addition to providing funding opportunities for employees, was to lay down a set of standards for determining what forms and subjects of further training were most useful in the context of labor market policy objectives. The BBiG created a legal framework for structuring and organizing the subjects of further training programs. At Land level legislation was passed on adult education and further training which, in addition to financial arrangements, was particularly geared towards expanding further training programs in schools.

The original goal to transform the area of further training into a full-fledged public training system has been increasingly toned down since the mid-1970s. The pressures of growing unemployment and the resulting financial stress on the unemployment insurance fund out of which further training under the AFG was financed, have strongly reduced the funding available for further training. By 1986 the criteria of eligibility were very narrowly defined (Maier, F. 1986). Organizing and structuring initiatives under the BBiG were limited to a few exceptional cases, mainly because of the resistance of Chambers and peak employers' organizations. A growing public debt prompted Federal and Land Governments to reduce their financial support for participants in further training programs. (In addition to the AFG, the Bundesausbildungsförderungsgesetz – BAFöG, Federal Training Assistance Act – played a role in this respect.) Moreover, the expansion of further training programs in schools was slowed down. Finally, as a result of the unfavorable economic situation, the municipalities also reduced further training programs offered in community colleges.

The realization of the goals set for the further training initiatives of the 1960s has largely remained in its beginning stages. The expansion of further training into a fourth public training sector has been achieved neither in financial nor in institutional respects. Nevertheless, the demand for further training has continually increased. According to representative surveys, in 1982 some 12 percent of the employed between the ages of 19 and 65 have participated in further training, a total of about 4 million people. In 1979, by comparison, 10 percent of the employed, or 3.2 million people, participated. Skilled and highly qualified groups are overrepresented compared to unskilled or semi-skilled employees, women, and foreign workers (Vocational Training Report 1984, 99; BMBW 1984). The

most recent surveys for 1985 conclude that participation in further training, compared to 1979 and 1982, saw a further polarization: "While participation of employees without completed occupational training fell by more than half between 1979 and 1985, that of employees with completed vocational training or vocational college degrees remained essentially unchanged. Among highly qualified employees, i.e. those with Meister certificates or university degrees, participation in further training in 1985 was significantly higher than in 1979" (Infratest Sozialforschung 1985).

The criteria in these studies of what is meant by further training are not identical with the standards of the AFG or BBiG. Rather, in addition to further training courses inside and outside of firms as well as in schools, the category includes on-the-job training and retraining at the workplace. It should be noted that the proportion of non-standardized on-the-job training and retraining activities (which in the discussions of the early 1970s were generally not defined as further training) has substantially increased. The numbers of participants in the legally regulated areas of further training for career advancement and retraining, on the other hand, while also on the increase, have risen at significantly lower rates. Since retraining and on-the-job training are not very time-consuming, it is not surprising that for almost half of all participants in 1982 further training took up less than one month.

The subjects of further training courses funded under the AFG changed as well. While in 1970 75 percent of AFG-funded participants in further training were enrolled in career advancement programs (that led to recognized certificates), in 1985 their share dropped to 26.3 percent. AFG-funded programs consisted predominantly of retraining courses which include motivation and counselling workshops for the unemployed as well as short-term training programs in firms or in training workshops.

The most important agencies of further training are firms. In 1982 some 47 percent of all participants took part in internal further training programs. Internal further training largely consists of retraining and on-the-job training. Further training for career advancement (as well as retraining for a new occupation) plays a very minor role in further training programs provided at the workplace (Infratest Sozialforschung 1980) unless it is a project of the Labor Administration offered through a firm to external participants.

In addition to firms, there is a whole range of agencies offering courses and workshops. The most important of these are: occupational and other associations (11 percent of all participants), vocational academies and scientific institutions (8 percent), private institutes and general or occupational schools (7 percent) as well as the Chambers. The remaining participants took courses at community colleges, churches, workers compensation boards, universities, or trade union institutes. As this list shows, employers' associations, occupational associations, Chambers, and trade unions act not merely as interest representatives in a formalized procedure as is the case in initial training. Rather, as suppliers of programs, they are also competitors on the further training market. Competition exists in a number of respects: for participants who, on their own or their employer's initiative, may want to enrol in further training programs; in the design of subjects and length of programs to the extent that these are not federally regulated under the BBiG; in terms of quality standards

and adaptation of subjects to the changing demands of potential participants and firms; and for further training projects funded by the Labor Administration (Sauter et al. 1984). In contrast to the late 1960s, the state is in favor of competition between various agencies pursuing very different and often even opposing goals in their further training programs. "Pluralism and diversity of programs" as a result of competition is seen to insure the flexibility of further training, and as an expression of the pluralistic structure of society (BMBW 1984).

The Views of the Social Partners on Further Training

Employers' associations and trade unions in a number of respects occupy opposing positions in the debate on further training. Employers' associations and the peak organizations of the Chambers basically favor further training that is closely related to the needs of firms and to the requirements of specific jobs. They wish to see regulatory intervention of the state limited to improving individual funding. Trade unions, on the other hand, advocate the institutionalization of further training, the regulation of subjects and certificates, greater openness and transparency as well as improved accessibility (Görs and Schlaffke 1982). Particularly controversial is the extent to which further training should provide qualifications that go beyond the needs of the individual firm, as well as the question of how the trade unions' demand for abandoning the separation between occupational, general, and political further training might be financed.

Since 1969 the peak associations, represented by the Joint Committee of German Business for Vocational Training (KWB) and by the DGB, together with representatives of the DIHT, the DHKT, sectoral associations, and the DAG, have been involved in the newly created institutions of the BIBB and at the Federal Ministry of Education and Science in the development of further training regulations according to the legally prescribed procedure. Since the mid-1970s a number of regulations for further training and retraining have been passed. However, the standardization of further training is still in a preliminary state, and the further training experts of the BIBB as well as the trade unions consider it inadequate. The "Coordinating Group for Further Training" established in 1983 and consisting of employers' organizations and trade unions, was formed in order to settle the subjects of regulations prior to the actual legal procedure. To what extent the work of this group will in fact lead to intensified regulatory activities remains to be seen.

In the area of further training policy, trade unions continue to press for employer-paid educational leave for all employees as well as for the corresponding legislation at federal and Land levels. Employers' associations, on the other hand, contend that private firms are not responsible for general and political education and should therefore not have to fund it. Controversies on corresponding collective agreements continued into the mid-1970s. The resulting agreements on educational leave differed strongly from sector to sector.

At the collective bargaining level, further training opportunities have been incorporated into rationalization protection agreements, which have gained in importance since the mid-1970s. An essential aim of the unions was to get some guarantees on job security for

employees affected by rationalization. Further training or retraining may be one way of achieving this. Most of the rationalization protection agreements concluded since 1975 contain a clause according to which employees are eligible for further training or retraining only after rationalization measures have been introduced. As a result, only a small group of employees are eligible for such programs and usually there are limitations on the duration of retraining. Moreover, the employer will fund such measures only if no other (public) financial assistance is available.

Over the years a division of labor has emerged between internal and government-funded external further training (under the AFG). Firms in their further training efforts concentrate primarily on highly qualified employees that have been on the staff for a long time, particularly management and technical personnel. Unskilled and semi-skilled employees rarely participate in internal further training programs. AFG-funded further training, on the other hand, has focused on reintegration of the unemployed and those threatened by unemployment, and since 1969 has largely lost its preventive character. Government-funded further training is mainly controlled by the Labor Administration. In 1985, its projects, administered by further training agencies, accounted for two-thirds of all participants (Maier, F. 1986).

In 1985 the Federal Labor Administration initiated a "qualification offensive" which entailed the relaxing of restrictive personal criteria of eligibility for AFG-funded further training in conjunction with appeals to firms to make themselves more available as agencies of government-funded further training. The reactions of employers' associations and trade unions to this initiative were rather interesting. In a joint statement by the Federal Association of Employers' Associations (BDA), the Federal Association of German Industry (BDA), the DIHT, and the Central Association of German Artisans (ZDH), firms as well as external training institutions were called upon to make use of additional funding for workplace-oriented further training and retraining. This appeal was addressed in particular to the firms. In order to recruit firms as agencies for qualification programs, which allow them to try out and train employees for workplace-specific tasks without having to enter into an employment contract, the BDA in two of its brochures pointed out that such programs would not create any costs for participating firms. "You will be better able to influence the subjects of training programs if your own firm takes part in their implementation... Of course there is no obligation to provide a contract of employment... Any necessary personnel and material expenses will be paid by the Labor Administration" (Esser 1986; BDA 1986).

With the BDA's appeal to firms, backed up by a corresponding circular sent out by the Federal Labor Administration, a new phase was launched in the use of public funds under the AFG. In the past, funds for internal further training and retraining in firms were not made available since qualifications that only serve the interest of individual firms were not considered to be in line with labor market policy. Now a redistribution of public funds in favor of workplace programs is sought by way of giving firms the status of training agencies. External training institutions cooperating closely with firms (Chambers, occupational associations, and some of the private further training institutes) are likely to profit from this reorientation to a greater extent than, for example, union-related agencies or

community colleges. The trade unions DGB and DAG, in a joint recommendation with the Federal Labor Administration, for this reason have emphasized the importance of external agencies and particularly of union-operated training institutes. "... They agree that the training institutions of the trade unions make a significant contribution to providing employees with qualifications" (Gemeinsame Empfehlung 1986).

The rekindled interest in a more intensive utilization of state funds can be understood against the background of the financial expenditures that are committed to further training. While German industry, according to their own figures, in 1985 spent about 10 billion DM on further training, under the AFG some 5 billion DM were provided. Of these, however, only 10 percent went towards subsidies for on-the-job training or towards defraying the costs of firms in their role as training agencies. The new policy seems to be aimed at compensating firms for their further training expenses out of Labor Administration funds.

Summing up the developments in the area of further training since its "institutionalization" in 1969, the following phases may be distinguished:

- During a first phase until 1975, the state rapidly expanded its legal, institutional, and financial commitment to further training. The rationale for further training was preventive. It was aimed at modernizing the economy and avoiding unemployment. The financing of further training was largely assured under the AFG with its liberal criteria of eligibility.
- The second phase was characterized by slower institutional growth and a concentration of financial resources on more "curative" further training programs. Reintegration of the unemployed was paramount. Internal further training by and large no longer received public funds. Instead, the area of further training institutions, where interest associations are also active, strongly expanded. Since firms were no longer able to externalize the costs of further training to the same extent as in the early 1970s, the interest of firms in government-funded further training declined considerably and shifted to promoting their own highly qualified employees.
- In the third phase, since about 1985/86, firms as well as the Labor Administration have shown a growing interest in linking government-funded further training once again to workplace training programs. Firms and their associations are motivated by general cost considerations as well as by a concern that in the future internal training facilities and external training centers may become underutilized as a result of declining numbers of apprentices. The further training market that has developed in response to exclusive funding of external further training is characterized by a lack of transparency and by substantial differences in the quality of programs. This is in part due to the fact that the area of further training is largely unregulated and controlled by an agency - namely, the Federal Labor Administration - that is not really equipped and competent for this task. To what extent there will actually be a reorientation in the public funding of further training is at the present time not clear.

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E. Tables: Statistics on Vocational Training and Further Training

Table I

**Total Number of Apprenticeships
(Training Contracts)
December 31, 1963 - 1984**

	Training Contracts		
	Total	Male	Female
		%	
1963	1,268,503	63.5	36.5
1965	1,331,948	63.6	36.4
1967	1,402,465	62.7	37.3
1969	1,281,762	63.4	36.6
1971	1,271,612	64.2	35.8
1973	1,331,239	64.7	35.3
1975	1,328,925	64.6	35.4
1977	1,397,354	63.5	36.5
1979	1,644,619	62.2	37.8
1981	1,676,877	61.4	38.6
1982	1,675,864	61.0	39.0
1983	1,722,416	60.7	39.3
1984	1,800,141	60.1	39.9

Source: BMBW, Berufsbildungsbericht 1986.

Table II

**Number of Training Contracts and
their Distribution by Economic Sectors,
December 31, 1972 - 1984**

	Training Contracts	Share of:		
		Industry and Commerce	Artisanal Trades	Others
	'000	%		
1972	1,301.4	55.5	33.3	11.2
1974	1,330.0	50.0	36.5	13.5
1976	1,317.1	46.5	38.8	14.7
1978	1,517.4	45.6	40.5	13.9
1980	1,715.5	45.9	40.9	13.1
1981	1,676.9	46.0	40.2	13.8
1982	1,675.9	45.6	39.7	14.7
1983	1,721.6	46.0	39.2	14.8
1984	1,800.1	46.7	38.5	14.8

Source: BMBW, Berufsbildungsbericht 1986; own calculations.

Table III

Supply of Young People with Training Posts, 1976 - 1985¹⁾

	New Training Contracts	Supply of Training Posts	Demand for Training Posts	Excess Supply in Per Cent ²⁾
	Number			
1976	495,800	513,900	523,500	-1.8
1977	558,400	583,900	585,400	-0.3
1978	601,700	624,000	625,500	-0.2
1979	640,300	677,200	660,000	+2.6
1980	650,000	694,600	667,300	+4.1
1981	605,636	642,984	627,776	+2.4
1982	631,366	651,361	665,546	-2.1
1983	676,734	696,375	724,142	-3.8
1984	705,652	726,786	764,072	-4.9
1985	697,089	719,110	755,994	-4.9

1) September 30

2) Supply minus demand, in per cent of supply.

Source: BMW, Berufsbildungsbericht 1986.

Table IV

**Training Contracts:
Structure of Supply and Training Ratio,
April 1985**

Economic Sector	Apprentices	
	Number	Per 100 Employees
<u>Industry</u>	371,800	5.4
Employees:		
20- 49	42,200	6.6
50-199	84,100	5.8
200-499	70,800	5.8
500-999	45,100	5.0
1000 and more	129,700	4.9
<u>Construction</u>	92,400	8.2
Employees:		
3- 49	52,600	9.0
50-199	27,300	7.9
200-499	8,200	6.6
500 and more	4,200	5.3
<u>Commerce</u>	340,006	9.7
Employees:		
3-5	63,900	8.8
6-19	101,700	13.2
20-49	64,300	15.3
50 and more	110,100	7.4
<u>Banking and Insurance</u>	65,500	8.5
<u>Artisanal Trades</u>	608,500	15.5
Employees:		
3-4	100,500	15.4
5-9	162,600	19.5
10-19	157,400	21.3
20 and more	188,000	11.1

Source: BMBW, Berufsbildungsbericht 1986.

Table V

Monthly Training Allowance for Selected Occupations,
in Comparison to the Respective Lowest Wage Grade,
December 1984

	First Year DM	Second Year DM	Third Year DM	Lowest Wage Grade DM
Car Repair Shops (Northrhine-Westfalia)	400	423	477	1,728
Construction (Federal Republic and Berlin)	640	996	1,257	2,207
Retail Trade (Northrhine-Westfalia)	562	627	744	1,527
Private Banking (Federal Republic and Berlin)	730	800	895	2,096
Private Insurance (Federal Republic and Berlin)	834	926	1,014	2,127

Source: H. Maier (1986)

Table VI

**Number of Apprentices Participating in Final Examinations
and Success Rates, by Economic Sectors
and Selected Occupations, 1985**

	Participants	Passed
	Number	%
Industry and Commerce	349,100	91.4
Artisanal Trades	221,800	84.7
Agriculture	23,300	93.1
Civil Service	23,000	95.0
Free Professions	53,900	90.2
Domestic Services	6,000	92.9
Merchant Marine	400	82.4
All	677,500	89.3
Banking Assistant	20,300	95.3
Mechanic	13,700	94.6
Car Mechanic	28,900	83.6

Source: BMBW, Berufsbildungsbericht 1986.

Table VII

**Employment Status of Apprentices Six Months
After End of Apprenticeship**

	Per Cent
Employment Contract in Same Occupation	54.0
- indefinite	50.0
- fixed-term	4.0
Employment Contract in Different Occupation	15.0
- indefinite	12.0
- fixed-term	3.0
Further Training	13.0
Military Service	9.0
Unemployed	9.0

Source: BMBW, Berufsbildungsbericht 1986.

Table VIII

Participants in Further Training under Work Promotion Act

	Participants N	of these:			On the Job Training N	Further Training and Retraining with Financial Support %	Unemployed in Per Cent of Participants	Without Vocational Training
		Further Training N	Advanced Further Training %	Retraining N				
1970	170,166	117,167	74.7	23,420	29,582	34,3	11.3	20.1
1974	232,597	185,873	54.7	36,560	10,164	55,8	16.2	17.8
1975	270,853	216,407	38.0	36,575	17,871	61,6	31.1	23.6
1976	151,527	117,351	40.7	19,061	15,115	68,1	32.9	25.3
1977	135,926	100,509	46.0	20,048	15,369	49,7	39.1	24.4
1980	246,975	176,467	42.3	37,927	32,581	41,5	43.3	31.2
1982	265,527	211,928	36.9	42,103	11,469	51,1	55.0	33.5
1983	306,201	243,752	31.7	42,322	20,127	47,7	64.3	28.0
1984	353,140	290,746	27.3	43,057	19,337	46,1	66.0	25.5
1985	409,324	336,520	26.3	45,111	27,693	43,1	65.7	28.8

Source: Bundesanstalt für Arbeit, Förderung der beruflichen Bildung; ANBA Jahreszahlen, consecutive editions.

Table IX

Further Training Examinations, 1981 - 1985

	1981	1982	1983	1984
<u>Industry and Commerce</u>	21,398	50,753	50,139	-
- Meister	7,217	8,360	8,117	7,761
- Fachkaufleute	5,736	5,904	5,647	5,495
- Fachwirte	5,063	5,068	5,298	5,512
- Fremdsprachl. Fachkräfte	3,119	4,683	5,227	5,984
- Fachkräfte Schreibtechnik		21,382	20,049	21,631
- Sekretär/in		2,193	2,161	2,271
<u>Artisanal Trades (Meister)</u>	37,372	39,434	38,857	38,773
- Construction	5,430	5,614	5,626	5,449
- Metal	21,890	23,075	22,328	21,430
- Wood	1,637	2,012	2,120	2,361
- Apparel and Textiles	859	863	990	974
- Food	2,814	2,955	2,883	3,452
<u>Agriculture</u>	3,704	4,180	4,241	4,540
- Meister	3,531	4,063	4,113	4,478
- Agrarfachwirte	173	117	128	62
<u>Civil Service</u>	-	1,529	2,593	1,901
<u>Free Professions</u>	160	229	268	421
<u>Domestic Services</u>	1,070	1,241	1,175	1,108
<u>Merchant Marine</u>	15	11	11	18

Source: BMBW, Grund- und Strukturdaten 1984/85.

Table X

Public Support of Vocational Training, 1985¹⁾

	Expenditures Million DM
<u>Federal Government</u>	909.3
Programs	720.5
Subsistence	150.0
Others	38.8
<u>Länder</u>	732.5
Programs	652.5
Subsistence	80.0
<u>Federal Employment Office</u> ²⁾	4,008.1
Vocational Training Assistance ³⁾	546.2
Subsistence	1,850.1
Further Training and Retraining	1,415.6
	30.7
On the Job Training Assistance	165.5

- 1) Excluding regulations under industrial agreements to re-distribute part of the costs of training. "Programs": expenditure on generation of apprenticeships. "Subsistence": payments to participants in training.
- 2) Excluding rehabilitation programs (1985: DM 1,898 million).
- 3) Including program expenditures.

Source: BMBW, Berufsbildungsbericht 1986.

Table XI

**Expenditure of the Federal Ministry for Education
and Science in Support of External Vocational
Training Centers, 1974 - 1985**

	Investment	Current Expenditure
	Million DM	
1974	10.8	-
1975	25.7	0.5
1976	74.9	1.8
1977	96.0	4.0
1978	155.3	2.9
1979	196.1	8.1
1980	247.0	6.9
1981	181.6	11.5
1982	208.1	9.5
1983	183.4	19.4
1984 ¹⁾	165.4	16.1
1985 ¹⁾	185.0	20.0
Total	1729.2	100.7

1) Budget estimate

Source: BMBW, Berufsbildungsbericht 1986.

+ + +

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Wolfgang Streeck, Josef Hilbert, Karl-Heinz van Kevelaer, Frederike Maier, Hajo Weber

CEDEFOP Document

Luxembourg: Office for Official Publications of the European Communities

1987 — 136 pp. — 21.0 × 29.7 cm

DE, EN

ISBN 92-825-7697-3

Catalogue number: HX-49-87-834-EN-C

Price (excluding VAT) in Luxembourg

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