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Social Inclusion in the Knowledge Economy

Unions' Strategies and Institutional Change in the Austrian and German Training Systems

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Social Inclusion in the Knowledge Economy

Unions' Strategies and Institutional Change in the Austrian and German Training Systems

Abstract

As skill formation systems are increasingly under pressure from de-industrialization and the rise of knowledge economies, their ability to include the low-skilled has been strained. But what determines how skill formation systems adjust to this challenge? By explaining the divergence of two most-similar systems, those of Austria and Germany, the article highlights the key role of trade unions and of the institutional resources and legacies available to them. Where institutional resources are high and legacies positive, as in Austria, unions were crucial in setting an inclusive pathway of reform of the training system. Where, on the contrary, institutional resources are low and legacies negative, as in Germany, unions' strategies for inclusion failed, paving the way to a dualizing outcome. The article therefore provides a novel analysis of institutional change in skill formation systems, while also offering broader insights on the relationship between coordinated and egalitarian capitalism in post-industrial knowledge-based economies.

Keywords:

Institutional change; skills; varieties of capitalism; training; education; knowledge based economy

JEL classification: I24 Education and Inequality, J24 Human Capital; Skills; Occupational Choice; Labor Productivity, J51 Trade Unions: Objectives, Structure, and Effects

1. Introduction

Collective skill formation systems have been at the center of significant analysis in comparative political economy (CPE) over the last three decades (Busemeyer, 2009; Busemeyer & Trampusch, 2012; Culpepper, 2001; Dobbins & Busemeyer, 2014; Hall & Soskice, 2001; Martin, 2012; Martin & Knudsen, 2010; Thelen, 2004). One of the central features that caught scholars' interest was the ability of these systems – in conjunction with industrial relations and labor market institutions – to combine economic efficiency, by providing firms with a broad base of specifically skilled workers, and social inclusion, by integrating academic low-achievers rather smoothly into the training system and subsequently the labor market (Iversen, 2005; Soskice, 1994). Yet, since the mid-1990s, coordinated market economies (CMEs) have become familiar with the concept of 'crisis of the

apprenticeship market', i.e. the inability for all qualified applicants to secure a training place (Busemeyer, 2012). Post-industrialization contributed to this phenomenon as the shrinking supply of apprenticeship places is tightly linked with the decline of industrial sectors. This process is further exacerbated by increasingly demanding qualifications for ever more complex training profiles that are associated with the rise of knowledge-based economies (Jacob & Solga, 2015). For the low skilled tend to be those most hit by these two trends, the relatively smooth integration of low-achieving youth in the labor market has been strained (Kupfer, 2010; Thelen, 2014).

Solving the crisis of the apprenticeship market and reconciling the economic efficiency and social inclusion functions of vocational training systems has therefore become a key political problem for governments and social partners in CMEs since the late 1990s. Against this background, the divergent trajectories that we observe in the most-similar cases of Austria and Germany throw up the empirical puzzle that we seek to tackle. In particular, we ask why Austria established a publicly-financed alternative to firm-based training, which provides unsuccessful apprenticeship seekers with the same certification as their peers in the dual system, while their German counterparts by and large end up in the transition system, which prolongs their school-to-work transition and does not lead to recognized certifications valued by the labor market. This difference is not trivial as distinct institutional logics underpin the two systems. In the Austrian case, access to high quality training is guaranteed to all young people by the state. In Germany, employers remain the gatekeepers to the apprenticeship system as they control the supply of training slots. The distributional implications are significant. When German employers decrease the number of training slots on offer (e.g. because of an economic downturn), unsuccessful apprenticeship seekers receive lower quality training with uncertain labor market returns; in the same situation, Austrian young people are guaranteed a training offer that leads them to the full vocational qualification recognized and esteemed in the labor market.

Contrary to dominant explanations of institutional change in skill formation systems based primarily on employers' preferences or cross-class coalitions, we contend that differences in unions' strategies explain the divergent outcome between the two countries. Employers' preferences in both countries were perfectly overlapping: they opposed the introduction of non-firm-based training leading to equal certification as the dual system, as they feared that the introduction of such forms of training would undermine the dual system. Governments' preferences were by and large the same too. In both countries, governments led by the center-left were in office when the crisis of the apprenticeship market unfolded. The Austrian SPÖ and the German SPD manifested a keen concern towards the increasing number of young people that could not land an apprenticeship place as this would exacerbate social exclusion and youth unemployment. Both center-left parties openly expressed their willingness to upgrade non-firm based training and make its qualifications equivalent

to the dual system as a way to bridge the lack of apprenticeship place and still provide unsuccessful apprenticeship seekers with equal educational certifications.

Unions in both countries also shared their first order preferences as they both campaigned for the right of *all* young people to high quality training. Furthermore, they also expressed a strong preference for maintaining their institutional involvement in training policy. However, we argue that the availability of different *institutional resources* and *institutional legacies* determined that the *same* first-order preference was translated into very *different* strategies – which were met by opposite political outcomes. In our analysis, therefore, we identify policy preferences along class cleavages in line with a power resources approach. However, departing from a pure power resources model, we argue that the key factor explaining the divergent outcome is not difference in sheer power between capital and labor in the two countries, but rather the institutional context allowing actors to pursue different strategic choices. Hence, we point to the key role of *institutional* resources and legacies – rather than *power* resources.

The argument is not only of relevance to the politics of institutional change in vocational training systems. Given that skill formation has been traditionally one of the central institutional spheres allowing coordinated models of capitalism to deliver socially inclusive outcomes, the article provides also insights to disentangle a broader phenomenon that the literature has only recently started to tackle systematically, namely the relationship between coordinated and egalitarian capitalism in post-industrial advanced capitalist countries (cf. Ibsen & Thelen, 2017; Iversen & Soskice, 2015; Thelen, 2014; Vlandas, 2018).

Our empirical investigation is based on case studies of the main reforms of the 'periphery' of the Austrian and German training systems, i.e. of those segments that absorb school-leavers who are unable to land a place in the 'core' apprenticeship system. Selecting Austria and Germany as case studies allows us to resort to a most-similar research design, in which the cases are most similar across 'background conditions' but they differ in the outcome that we seek to explain (Seawright & Gerring, 2008, p. 304). In particular, the two countries are commonly categorized as CMEs for their production regime (Hall & Soskice, 2001); as Christian-democratic for their welfare states (Ferragina & Seeleib-Kaiser, 2011); and as collective skill formation systems as far as their training regimes are concerned (Busemeyer & Trampusch, 2012). Methodologically, we follow Peter Hall's notion of systematic process analysis (Hall, 2003). We lay out a set of alternative theories paying particular attention to both outcomes and underlying processes that we expect to observe according to each theoretical proposition. We then cast a wide net and collect empirical evidence that we weight against the predicted outcomes and processes associated with each theory. Empirical observations are drawn from a variety of data sources, covering policy documents, press releases, secondary literature and semi-structured interviews[i] with representatives of the three crucial actors that populate the policy

field of interest, namely: governments, employers and trade unions. We set out, therefore, the ground for a three-cornered comparison between empirical observations and rival theories allowing us to make a judgment on the explanatory power of each theoretical proposition. The article proceeds as follows: we first outline existing theories of institutional change in skill formation systems and we advance an alternative argument centered on trade unions' preferences and the institutional context within which they operate (section 2); we then move on to the country case studies (sections 3 and 4); finally, section 5 provides a discussion of the findings and broader implications for the CPE literature.

2. Between economic efficiency and social inclusion: theoretical pathways of change in vocational training systems

Collective skill formation systems, most notably the dual apprenticeship system of German-speaking countries, have been central to a 'coordinated' model of capitalism able to reconcile economic efficiency with relatively egalitarian outcomes (Estevez-Abe, Iversen, & Soskice, 2001; Finegold & Soskice, 1988; Hall & Soskice, 2001; Soskice, 1994). It should be noted, however, that the analysis provided in the CPE literature refers for the most part to skill formation within manufacturing-dominated political economies. This structural feature is crucial to understand why skill formation systems could simultaneously perform an 'economic efficiency' and a 'social inclusion' role. At times of industrial expansion, companies in the industrial sector were in the position to absorb a large number of school-leavers into their apprenticeship systems and pave the way to a smooth school-to-work transition. In this context, variation in the academic abilities of school leavers was not a major issue, given that industrial production was not necessarily thriving on high social and cognitive skills, helping the integration of academically weak candidates into mid-skilled jobs.

Yet, de-industrialization and the expansion of knowledge-based employment posed a threat to the simultaneous achievement of economic efficiency and social inclusion. From the late 1990s in particular, the problem of integrating unsuccessful apprenticeship seekers into the training market became pressing. To put some numbers on these developments in Germany, the annual number of new apprenticeships stayed around 600,000 in the 1990s but has decreased continuously since 2005 to reach 480,674 in 2015; at the same time, the number of entrants into the transition system increased from about 280,000 in the 1990s to about 420,000 in 2005 (cf. Busemeyer, 2012). Even today, at times of economic expansion, around one third of secondary-school leavers is unable to directly land an apprenticeship place and enter instead the transition system (Destatis, 2015). The crucial point to note here is the following: the progressive shrinking of core industrial sectors, and the general upgrading of jobs (Oesch & Rodríguez Menés, 2010), contributed to a *decoupling* of the economic efficiency and social inclusion aims of skill formation. Indeed, historical analyses of participation in

the German training system found low-achieving youth to have 'decreasing chances of entering and completing fully qualifying VET programs' over time (Jacob & Solga, 2015) pointing to the integration of low-achieving youth in the training system as a structural problem. Thelen (2014, pp. 92-97) points out in this respect that the German skill formation system offers apprenticeships of ever- higher quality to meet the requirements of jobs in high-tech sectors. Yet, as apprenticeship programs become more demanding to meet the requirements of the emergent knowledge economy, the likelihood of low-achieving pupils to land an apprenticeship has been decreasing. Thus, while the economic role of the vocational training system was successfully preserved, its social inclusion function was significantly weakened (Kupfer, 2010; Thelen, 2014). In this respect scholars noted a paradox by which high-quality coordinated training systems might in fact be more exclusionary than low-quality market-based systems in post-industrial knowledge-based societies (Martin & Knudsen, 2010). Our cases, however, offer a more nuanced view on the paradox. While recent developments in the German system certainly suggest an exclusionary trajectory, we do not observe a similar exclusionary path in the equally coordinated and high-quality Austrian skill formation system. What explains such variation between most-similar countries?

The role of employers, and of cleavages among them, has emerged as a particularly promising avenue to theorize institutional change in skill formation systems (cf. Culpepper, 2007; Martin, 1999; Thelen & Busemeyer, 2012; Trampusch, 2010). The main thrust of this stream of literature is that large and small employers make a different 'use' of vocational training and they, therefore, have different preferences vocational training policy. Large employers, less cost sensitive, are expected to push for more flexible training, to seek skill formation at higher levels and to demand more skill specificity at the firm-level. Small employers, conversely, are more sensitive to cost concerns and are expected to support a standardized training system, providing chiefly industry-specific skills, hence creating a broad pool of workers to draw from. Employer-centered explanations have been mostly used to theorize patterns of change in terms of the 'economic function' of training systems (e.g. focusing on duration of training, its modularization or level of skills). Yet, we might derive theoretical predictions regarding the 'social inclusion' component of training systems. In particular, the Austrian inclusionary path was built on the back of significant state intervention and it is plausible to expect Austrian employers, dominated by small and medium enterprises, to support state intervention as a way to shore up some of the financial burden of training, while allowing them to achieve the critical objective of resorting to a broad pool of skilled workers with certified qualifications (Culpepper, 2007; Trampusch, 2010). On the other hand, it would be equally plausible to expect German employers, dominated by large firms, to oppose state intervention (Thelen & Busemeyer, 2012; Trampusch, 2010). This scenario is both theoretically plausible and consistent with the outcome that we observe in the two countries. However, as the case studies will illustrate in detail, this set of

hypothesized employer preferences is not corroborated by the data. Indeed, if an employer-centered explanation were true, we would observe *different* employer preferences driving the observed difference in outcome. Yet, Austrian and German employers displayed a strikingly similar set of preferences, namely they strongly opposed any deviation from the dual apprenticeship system in favor of policy options with greater state involvement. Thus, a purely employer-centered explanation, while theoretically plausible, does not hold empirically.

A second line of argument looks at employer cleavages between economic sectors, rather than firm size, and brings trade unions into the picture as part of cross-class coalitions with employers in core manufacturing sectors. This line of argument has been mainly developed empirically with reference to the reforms that took place in 2004 and 2005 in Germany (cf. Busemeyer, 2012; Thelen, 2014; Thelen & Busemeyer, 2012). By and large, the pattern of institutional change has been one of dualization through drift (Thelen, 2014, pp. 90-97), denoting the inability of the German political economy to reform its apprenticeship system in a way that maintains its social inclusion function. More specifically, recent accounts show that the lack of apprenticeship places has contributed to the expansion of the transition system, which accommodated the bulk of unsuccessful apprenticeship seekers. This development has been ascribed to a cross-class coalition between employers and insider-focused labor unions (Busemeyer, 2012; Thelen, 2014). In particular, the relative stability of a high-quality 'core' training system in manufacturing has been retained at the expense of a growing periphery characterized by lower quality and uncertain labor market value and particularly affecting the service sector. Neither employers nor trade unions had been willing to compromise on alternative paths towards full vocational qualifications for unsuccessful apprenticeship seekers and, as a consequence, a 'dualized' training system became institutionalized (Busemeyer, 2012, 2015; Thelen, 2014; Thelen & Busemeyer, 2012). While the Austrian and German economies differ with respect to the distribution of firms by size (as noted earlier in this section), the aggregate sectoral composition of employment is essentially the same across the two countries,[ii] hence it might be hypothesized that the logic observed in Germany could equally play out in Austria. Yet, the association between a strong core system underpinned by a cross-class alliance in the manufacturing sector and an unregulated periphery of service sector is consistent with the German case, but it does not square well with the Austrian case. Here, as the case study will illustrate more extensively, the core was retained but, next to it, a high-quality inclusive system was established in 1998 and expanded in 2008 catering for those young people that do not land an apprenticeship place. The Austrian case therefore suggests that there is not a deterministic association between a strong core underpinned by a cross-class coalition and an unregulated periphery.

A third potential explanation shifts the focus from employers onto unions and points to the crucial role of union centralization as a pre-condition for the development of inclusive policy

preferences across the labor movement (see for example Benassi & Vlandas, 2015; Durazzi, 2017; Durazzi, Fleckenstein, & Lee, 2018; Gordon, 2014; Oliver, 2010; Thelen, 2014, pp. 204-205). This approach mirrors to an extent the cross-class coalition argument summarized in the previous paragraph: in the presence of a fragmented union movement, for instance along industry lines, it might be conceivable that parts of the union movement prefer to enter into coalition with employers, rather than with the rest of the labor movement, if this is expected to bring gains for their core constituencies. On the contrary, if the labor movement is characterized by encompassing and centralized organizations, it might be expected that more inclusive policies are developed because in a centralized preference formation process, the weaker parts of the labor movement are more likely to be empowered (Gordon, 2014, p. 14). Differences between Austria and Germany in the centralization of the labor movement are stark: the Austrian trade union movement is the most centralized in the world with a score between 0.80-0.92 on a 0-1 summary index for centralization between 1998 and 2008. The German union movement on the contrary is fragmented along industry lines and accordingly it scored between 0.47-0.50 over the same period (Visser, 2015). In this respect, we should expect Austrian unions to take a more inclusive position than their German counterparts when it comes to vocational training policy. While the outcome that we observe is therefore consistent with the hypothesized set of preferences of the two union movements, empirical scrutiny of actors' preferences only lends partial support to this hypothesis. As the case studies will discuss in further detail, the high degree of centralization in Austria helped the unions to achieve a common and inclusive position, consistently with the theoretical expectation. However, we find that the reverse does not hold true in the case of Germany. In other words, despite German unions being significantly fragmented along industry lines, *all* the major sectoral unions were against the establishment of any alternative paths towards full vocational qualifications for unsuccessful apprenticeship seekers.[iii]

If it is not unions' organizational structure determining the outcome of interest, a final alternative explanation might lie in unions' power resources (cf. Esping-Andersen, 1985; Korpi, 1983). As in the case of unions' centralization, headline data makes this explanation attractive at the outset. Taking the coverage of collective bargaining as proxy for unions' strength, we observe two starkly different pictures in Austria and Germany over the period of interest. In the former, coverage of collective bargaining over the last two decades has been constantly at very high levels, nearing 100%. In the latter, it has been traditionally lower – and decreasing in the last decade from 67% to 56% (Visser, 2015). Thus, it would be conceivable to hypothesize that strong Austrian unions imposed their first order preferences on employers, while relatively weaker German unions failed to do so. Yet, this proposition is consistent with the outcome, but less so with the underlying process. If unions' sheer power vis-à-vis employers were to drive the outcome, we would observe different strategies, namely: Austrian unions would have been more likely than their German counterparts to

engage in a conflict against employers trying to force a training levy upon them, while German unions – aware of their relative weakness – would be expected to circumvent employers' opposition. Yet, we observe the two union movements pursuing the exact opposite strategies, suggesting that a pure power resources explanation is not fully convincing.

What, then, can explain the divergent trajectories of inclusion of the low skilled in the training systems? Simply put, we contend that unions are key to explain divergence between the most-similar systems of Austria and Germany but, differently from the union centralization and the pure power resources hypotheses, we argue that the institutional context within which unions operate is crucial in shaping their preferences (cf. Clegg & Van Wijnbergen, 2011). More specifically, we suggest that the literature has often overlooked the 'size of the dual system' as an important source of conflict between capital and labor in the politics of training. While we share the view widely held in the literature that employers and unions have often jointly defended the primacy of the dual system over other forms of training (Busemeyer, 2012; Thelen, 2014), preferences might diverge when it comes to its size. We expect that employers are chiefly concerned with avoiding skill shortages. Hence, they will be reluctant to offer apprenticeships that are not considered to be necessary for them and they will be therefore reluctant to give up control over how many training slots in the dual system should be offered. On the other hand, it is conceivable that unions, differently from employers, are more likely to push for the expansion of the dual system: they are aware that certified skills in the dual vocational training system are the most secure route to stable employment (Thelen, 2014, p. 96) and that workers with stable and standardized employment contracts are easier to mobilize than insecure workers in a stratified labor market (Esping-Andersen, 1990, p. 16). Hence shifting young people from lower quality forms of training to the dual system is expected to make unions gain power resources, through higher mobilization capacity, while enhancing the social inclusion function of the system by opening it up to young people that would not receive certified and / or high quality training otherwise.

But how can unions' preferences towards an expansion of highly skilled (future) workers be achieved? To answer this question, we introduce the role of the institutional context (namely: institutional resources and legacies) as crucial factor to understand the array of strategic choices that unions have at their disposal to countervail employers' opposition to an expansion of the system. The key issue here is whether the institutional context allows for the formation of high quality, *equally* certified skills *outside* of the dual system. In particular, we identify two critical conditions that might turn unions in favor of pursuing skill formation outside of the dual system: firstly, unions must have a degree of control of training outside of the dual system comparable to the control they enjoy on the dual system (i.e. high institutional resources); and secondly, unions must have confidence that training outside the dual system delivers high quality skills (e.g. through positive institutional

legacies). Moreover, it should be noted that quality of training is in itself positively influenced by a high degree of unions' control over training in line with the well-known argument of 'beneficial constraints' (Streeck, 1993, 1997). If these conditions hold, unions can side step employers' opposition (e.g. by creating a system of parallel training outlets leading to the same certified skills). If this is not the case, unions can only enter into a confrontation with employers and (try to) force upon them an expansion of the system (e.g. through a training levy) – a strategy that might run counter employers' threat to disinvest in training (cf. Busemeyer, 2012). This line of argument is developed empirically in the two case studies that follow.

3. Austria's wide road: trade unions between high institutional resources and positive legacies

In response to an acute crisis of the apprenticeship market in 1998 that was expected to aggravate with the end of the school year, the social democratic-led grand coalition asked the social partners to elaborate a joint proposal by March 1998 (Gächter, 1998a, 1998b). The social partners entered the negotiations with widely opposing views on the integration of unsuccessful apprenticeship seekers into the training system. The unions, represented by the Chambers of Labor (AK) and Federal Trade Union Association (ÖGB), argued that *all* young people were to be provided with the opportunity to achieve a full training certification (AK, 1997). To this end, the unions proposed the establishment of non-firm-based training to reduce pressure on the apprenticeship market and to provide unsuccessful apprenticeship seekers with a viable training opportunity. Specifically, they proposed the creation of 4,000 training positions financed by the state for which curricula and certifications would be the same as in regular apprenticeships but the practical components would be delivered in training workshops or vocational schools instead of in firms (Gächter, 1998b).

The employers, represented by the Chambers of Commerce (WKÖ), strongly opposed the proposal. They argued that the proposal would undermine the dual system and that de-coupling training from direct labor market needs would have made the country more vulnerable to high rates of youth unemployment. Moreover, they questioned increased state involvement in training policy on the grounds that it would decrease over time the practical relevance of training (WKÖ, 1997, 1998a; 1998b, interview 9). The employers' diagnosis was rather that some young people simply did not possess the necessary skills to successfully complete a regular apprenticeship (Gächter, 1998b; WKÖ, 1997). Therefore, the employers argued for the introduction of 'part-apprenticeships' for the low-skilled – a reduced form of regular apprenticeships in which more demanding elements of the curricula are left out (Gächter, 1998b; WKÖ, 1997). In addition, employers argued that the financial and regulatory burdens on businesses should be reduced to allow firms to hire more apprentices (Gächter, 1998b; WKÖ, 1998a). The final agreement, with respect to the issue of the low-skilled, followed very much the inclusionary position of the unions by creating a training 'safety net' which

was subsequently implemented by the government (BMAGS, BMWA, & BMUK, 1998). Crucial for the unions in achieving the establishment of the safety net was the idea that the measure would be limited in size and time: 4,000 publicly financed training positions were to be offered to the 1998 cohort of secondary school leavers and training would take place in workshops under the management of the PES. Critically, to ensure that participants in the safety net would not be at disadvantage compared to participants in the training system, the unions insisted that the safety net would lead to the *same* certifications within the *same* timeframe as regular apprenticeships – i.e. that it provided *equal* qualifications (interview 7).

In 1999, the social democrats lost the federal elections and between 2000 and 2007, two conservative governments took office. During this period, the unions successfully pursued the extension of the safety net with ad-hoc measures (Gächter, 1999) as it became clear that the crisis of the apprenticeship market was more structural than initially thought. Thus, in a total of six reforms the measure was repeatedly extended far beyond the initial 4,000 places.[iv] However, while temporarily extending the measures, the government argued that a more structural response to the crisis of the dual system had to be based on market incentives. To this end, a set of fiscal incentives were made available to those firms that hired apprenticeships (Hoeckel & Schwartz, 2010). Yet, in 2004 and 2005 youth unemployment reached a new peak in recent Austrian history of around 12%. Unions and SPÖ argued forcefully that the government was not doing enough and that the only effective and structural solution was to institutionalize a training guarantee (AK, 2006; SPÖ, 2006). This in practice would have meant turning the safety net into a structural policy measure, without limitations of time and size. The government rejected the proposal and continued to privilege the 'voluntarist approach' based on tax incentives. But a new change in government in 2007 provided the political conditions for a training guarantee to be back on the agenda. In January 2007 the SPÖ took office again and, as in 1998, asked the social partners to submit a plan to tackle youth unemployment. The plan was submitted in October 2007 and proposed to turn the safety net into a permanent training guarantee through a system of supra-company state-financed training (ÜBA). The government took on board the social partners views and in 2008 presented the transformation of the temporary safety net into a permanent training guarantee as an '*equally important and regular component* of the dual system of vocational training' (BAK, 2008, p. 34 emphasis added).

The latest available data shows that non-firm based training has indeed become an important and regular element of the Austrian training regime: it has become, in other words, institutionalized. Data for the period 2010-2018[v] shows that the share of new apprentices entering non-firm based training has ranged from 10% to 13% of the total number of new apprentices (WKÖ, 2018). Furthermore, an evaluation of the ÜBA shows that students do equally well in their final exams – if not better – than regular apprentices (L&R Sozialforschung, 2015 , interview 7). The high quality of

ÜBA graduates is also corroborated by an employer survey which concludes that a majority of businesses does not see any difference from dual system graduates or even considers ÜBA graduates as more skilled (51% and 11% respectively), whilst only a minority of employers regards ÜBA graduates as less skilled than their peers from the dual system (38%) (L&R Sozialforschung, 2015). Most importantly, this system acts as a safety valve to guarantee access to equally certified training when companies do not offer enough apprenticeship positions. Precisely because of this feature, the ÜBA has been brought up in recent policy analyses as good practice compared to the German transition system that bridges the under-supply of apprenticeships with lower-quality training putting their participants at a significant labor market disadvantage (Lassnigg, 2017).

The history of non-firm-based training, from temporary safety net to permanent training guarantee, clearly shows the crucial role of the unions. While the introduction of the training guarantee in 2008 shows that the ideological orientation of the governing party certainly mattered, in both 1998 and 2008 the unions were protagonists in developing the reform plans (interview 7), not least because the government openly delegated this task to the social partners (Bundesregierung Österreich, 1998, interview 10) and accepted their proposal without any significant revision (interview 10). Moreover – as the German case will make even clearer – considering the dominant role of social partners in dual training systems (see, e.g., Trampusch, 2010), it seems highly unlikely that any government could have introduced a non-firm based system *against* the joint opposition of unions and employers. As far as employers are concerned, even though the WKÖ has softened its tone towards the training guarantee in recent years (Sozialpartner, 2014), it should be remembered that employers openly opposed non-firm based training in both the 1998 and the 2008 reform and they would have not proposed a similar policy themselves (interview 9). Active support of the labor organizations for non-firm based training as a high-quality alternative for unsuccessful apprenticeship seekers was a necessary condition for the introduction of such a system in Austria.

But why did the unions propose a safety net in the first place? When confronted with the apprenticeship crisis, the unions had a clear first-order preference: all young people who wanted to do an apprenticeship had to receive high-quality certified training in a way which would not prolong their transition from school to employment beyond the duration of a regular apprenticeship (interview 7). This goal could be pursued through two policy routes. First, they could try to push through a training levy. Under a training levy, firms that do not hire apprentices are taxed, while firms that provide training receive financial assistance through the levy. Hence, more firms would be incentivized to train, which would increase the overall supply of firm-based apprenticeships. Second, they could try to establish an alternative system catering for those not landing an apprenticeship place. As discussed in the case study, the latter was pursued. The idea of a training levy was initially suggested by the ÖGB (Gächter, 1998a) but it was quickly dropped because it was regarded as

politically unfeasible (interview 7). The safety net therefore became the preferred policy option and the common goal that the unions worked towards.

Two key factors shaped the unions' preference formation process. Firstly, the unions did not have to develop the safety net 'from scratch' but they could build on positive legacies. The Austrian law on vocational training contains a long-standing stipulation, dating back to the 1980s, for the establishment of 'special independent training institutions' (that is, the provision of apprenticeships outside of firms) and the availability of a sound pre-existing legal basis was important in bringing the unions to formulate this policy proposal (interview 7). In addition, such provisions already played a significant part in a national plan to tackle youth unemployment in the 1980s, when circa 20% of participants in anti-youth unemployment measures had been allocated to state-financed apprenticeships taking place in training institutions instead of in firms (Lassnigg, 1999, p. 10). Moreover, the unions, through their own training provider (the *Berufsförderungsinstitut*) and in cooperation with the PES, had experimented with training programs that closely resembled the safety net before advocating for it. Already in 1997, the unions launched two small-scale training initiatives[vi] that led unsuccessful apprenticeship seekers to a full vocational qualification through 'high quality training' carried out outside of firms (BFI, 1997). The unions held up these initiatives as evidence of their own commitment to helping young people accessing 'fully-fledged apprenticeships' and to put pressure on employers and policy-makers to follow suit (AK, 1997). Thus, in addition to the historical legacies from the 1980s, unions also resorted to more recent experiences, that provided them with in-depth knowledge into the workings of non-firm based training and confidence that such experiments could be scaled up as high quality training programs across the country.

Secondly, through their co-ownership of the PES as well as through youth boards within the training workshops, the unions exercise strong influence over the training conditions in the ÜBA (interviews 6, 7). The Austrian PES is a tripartite organization in which the social partners are involved in the implementation and control of labor market policies on the federal, state and regional levels. Indeed, the governance structure of the Austrian PES has been described as 'social partnership "all the way down"' (Weishaupt, 2011, p. 4). The PES delegates the execution of the ÜBA to independent service providers and the administrative board of the PES decides on guidelines and quality standards for the same. In addition, service providers are expected to ensure that trainees elect representatives who work in close contact with the youth secretaries of the unions (interview 6). This provides the unions with a high degree of insight into training in the ÜBA and with strong influence over the conditions on the shop floor (interview 6) to the point that union representatives stated that their influence over the training conditions within the ÜBA was equal, if not higher, to that in firm-based training (interviews 6, 7): 'with [training] providers, I can simply tell them what to do. Of course, I can do the same thing with a firm which is training, there are laws too, but firms are much

more difficult to sanction' (interview 7). In other words, shifting training from the apprenticeship system to the safety net does not result in a loss of control over training for the unions.

A further supportive factor for the positioning of the Austrian labor organizations lies in their high degree of centralization. The umbrella organization ÖGB and its sister organization AK have strong pre-eminence over the sectoral unions and it has been noted in section 2 how the Austrian trade union movement is the most centralized in the world according to Visser's comparative dataset (Visser, 2015). Even though some union members initially met the idea of a non-firm-based alternative to the dual system with skepticism, high centralization helped the unions to internalize conflict about the safety net and take a common position. Indeed, there was a concern in parts of the unions that non-firm-based training would never fully emulate the reality of a workplace (interview 7). In addition, there was some opposition to relieving firms of the financial obligation for training (interview 7). However, those disagreements were debated internally until a common position was found (interviews 6, 7) because, as one interviewee put it, 'in Austria, we have the benefit of having a strong roof' in the form of the umbrella union ÖGB (interview 6). Thus, despite some initial controversy, the Austrian unions managed to formulate a common and inclusive position thanks to their strong degree of centralization (interview 7). In sum, when the Austrian unions were faced with the crisis of the apprenticeship market, their institutional legacies and resources offered them a 'wide road' to social inclusion. Namely, they were in the position to consider two options, a training levy and a safety net / training guarantee, which were both viable in terms of delivering extra and high-quality apprenticeship places without compromising on the unions' control over the training system. The unions chose the most politically feasible option, which was adding a layer onto to the existing system through the safety net / training guarantee rather than trying to push through a training levy.

Crucially, the introduction of the safety net as a separate layer attached to the existing training system and its subsequent institutionalization through the training guarantee is not only an instance of policy change, but it also triggered a more profound process of institutional change within the training system. Indeed, the training guarantee responds to a radically different institutional logic compared to the traditional apprenticeship system, namely a solidaristic logic enshrined in the right – underwritten by the state – to a training place for all. This stands in stark contrast with the logic governing access to the apprenticeship system, which responds essentially to market principles in which firms act as gatekeepers. Thus, through the institutionalization of the training guarantee, the Austrian skill formation system underwent a solidaristic transformation and avoided the exclusionary trajectory that coordinated skill formation systems are potentially faced with in the transition to a post-industrial knowledge-based society (cf. Martin & Knudsen, 2010).

4. Germany's narrow road: trade unions between low institutional resources and negative legacies

In the early 2000s, Germany faced a crisis of the apprenticeship market similar to the one observed in Austria and, as in the previous case study, the lack of apprenticeships attracted increasing attention from policy-makers and social partners (Busemeyer, 2012). This development manifested itself in a decreasing supply of apprenticeship positions and a simultaneous increase in the size of the transition system (Ulrich & Eberhard, 2008). The latter refers to a patchwork of measures intended to prepare for an apprenticeship those young people who do not possess the necessary skills to start an apprenticeship upon completion of upper-secondary schooling. With declining regular apprenticeship positions, an increasing number of 'apprenticeship-ready' young people ended up in the transition system, which prolonged the length of their transition into employment without improving their skills (Beicht, 2009; Ulrich, 2008).

To decrease pressure on the apprenticeship market, the German government proposed to temporarily upgrade the system of school-based vocational training (Lehmpfuhl & Müller-Tamke, 2012, interview 5) which is generally regarded to be of lower quality than the dual system (Thelen, 2014, p. 96). This proposal by the government suggests that at the level of party politics, the German context closely matched that of Austria: the SPD – as the Austrian SPÖ – showed a clear concern for the crisis of the apprenticeship market and its distributional consequences and by proposing the upgrading of the school-system showed its willingness to embark upon significant reforms to address the lack of apprenticeship places. A first draft on the main elements of the law made reference to the transition system by stating that it was unacceptable that young people would be forced into 'waiting loops' by economic downturns and that if employers could not supply a sufficient number of apprenticeship positions, there would need to be a reliable alternative (BMBF, 2004). To this end, the reform proposal suggested that graduates from school-based training could be allowed under certain conditions to sit the same exams as apprentices in the dual system and to receive the same certifications. Further, the *Länder* – which are in charge of education policy, including school-based vocational training – were to be given the opportunity to design new school-based training courses explicitly geared towards sitting dual apprenticeship exams (BMBF, 2004).

These rules could have increased the number of training positions and potentially help low skilled youth (Busemeyer, 2012) but they would have also meant a leveling of school-based and firm-based training (Lehmpfuhl & Müller-Tamke, 2012, interview 5). The proposal was opposed by unions and employers alike with the unsurprising exception of the teachers union which favored an expansion of school-based training (Busemeyer, 2012; DGB, 2003). In a striking parallel with the Austrian case, the unions argued that all young people should receive high quality certified training. However, differently from their Austrian counterparts, German unions translated their first-order

preference into a single non-negotiable policy option: the right to training of all young people was to be *exclusively* realized through the provision of additional firm-based apprenticeships (DGB, 2003). The position of employers was also along the lines of their Austrian counterparts. They were concerned that school-based training would increase the role of the state in the training system and eventually undermine firms' control over the system (Busemeyer, 2012) and they demanded, as Austrian employers did, reforms to reduce regulatory burdens and lower the costs for employers in the training system (KWB, 2003a, 2003b). Despite unions' and employers' opposition, a temporarily upgrading of school-based system was formally enacted by law, but the decision on the specific school-based curricula that would permit students to sit the regular apprenticeship exams was left to tri-partite boards at state-level where the social partners had strong veto power (Busemeyer, 2012). As a consequence, school-based training under the newly created provision never took off substantially and even though the number of graduates from the school-based system taking exams in the dual system rose to 10,314 in 2009, this amounted to only 2% of all vocational training graduates (Lehmpfuhl & Müller-Tamke, 2012).

Instead of upgrading school-based training, the confederal union DGB and most sectoral unions, including IG Metall and Ver.di,[vii] demanded the introduction of a training levy (DGB, 2004a; IGM & Ver.di, 2004a). The unions supported the training levy for two main reasons: first, they argued that a levy would improve the chances of young people in the apprenticeship market; secondly, they voiced their concern that any non-compulsory agreement on vocational training would allow employers to side step their duty towards the provision of training (Funk, 2004a). Employers, and with them the main opposition parties, fiercely opposed this policy proposal. In their view, the levy was 'another bureaucratic hurdle in the path of firms and lead to further cost burdens on German companies' (Funk, 2004a). Concerns whether an effective levy was technically feasible existed even within the SPD (Funk, 2004a). Against these concerns and because the *Bundesrat* was then under control of the opposition, the chances of the levy ever entering into force were very slim (interview 5).[viii] In this context, a bill establishing a levy was passed by the Bundestag in June 2004 and forwarded to the *Bundesrat*. However, under strong pressure and with little chances of success in the *Bundesrat*, the government dropped the bill and instead entered into a voluntary pact[ix] with the employers (Busemeyer, 2012). Accordingly, employers promised to create 30,000 new apprenticeship positions in the following year. Yet, its nature was not binding, as made clear by the employers' representative shortly after the pact was signed: 'We cannot give any guarantees. The pact says that German business and employers will undertake every effort so that companies will create 30,000 new apprenticeships. […] On the other hand, because of economic difficulties, apprenticeships could be dropped' (Funk, 2004b).

Precisely because of the non-committal nature of the pact, the unions did not sign it (interviews 1, 4). Thus, the unions did not manage to introduce a training levy, while, at the same time, they played a crucial role – by siding with employers – in blocking an increased use of school-based training as an alternative to the dual system. Certainly, with the government supporting the upgrading of the school-based system, it would have been much more difficult for employers on their own to prevent such reform (as also suggested by the Austrian case). However, the unions decided to privilege the introduction of the training levy, a policy that was ultimately unsuccessful, and that was always considered as rather unlikely to succeed. While the voluntary pact may have helped ameliorating the situation, it did not manage to realign supply and demand in the apprenticeship market (Tageschau, 2006). As a consequence, significant shares of cohorts of school-leavers through the 2000s have been entering the transition system, which does not provide them with any certifications valued by the labor market and that often significantly extends the duration of their school-to-work transition (Beicht, 2009; Ulrich, 2008). Between 2005 and 2016, the share of young people entering the transition system fluctuated between 34% and 45% of the combined number of new entrants into the transition and dual systems (Destatis, 2017). In addition, about one fifth of youth in the transition system cannot find a regular apprenticeship even three years after having first entered the system (Beicht, 2009). Clearly, this scenario is not one that the unions ever wanted, given their demand for a right for quality vocational training for *all* young people (DGB, 2004b). Hence, why did the German unions oppose school-based training, which would at least have allowed youth to gain a professional qualification? And, given that the levy was highly unlikely to ever pass the Bundesrat, why did the unions pursue this policy as their chief strategy to counter the apprenticeship crisis?

While the joint opposition of unions and employers to the upgrading of the school-based system conforms to an explanation based on cross-class coalitions, such an approach falls short of understanding why the unions strongly advocated a training levy – a position that denotes class conflict, rather than cross-class coalition. Drawing on the comparison with Austria, we provide an alternative explanation based on unions' institutional resources and institutional legacies, which translated into expectations of low control over and low quality of training taking place *outside the dual system*. As discussed in the previous section, the Austrian labor unions exercise strong control over non-firm based training through their co-ownership of the PES. In Germany the situation was starkly different. The strong involvement of the social partners in the dual training system has long been acknowledged (see Streeck, Hilbert, van Kevelaer, Maier, & Weber, 1987 for an early account). Inside the dual system, the Federal Law on Vocational Training guarantees significant institutional involvement of the social partners and the *consensus principle* means that decisions concerning the content of training are hardly ever taken against the opposition of the unions[x] (Streeck et al., 1987,

pp. 15-17). In addition, unions are involved in the supervision of the dual system through union officials at the workplace as well as through their membership on the advisory boards of the chambers of commerce (Streeck et al., 1987, pp. 34-35). However, the proposed upgrading of school-based training would have shifted parts of vocational training into the realm of education policy, which is a constitutional prerogative of the *Länder* (Pahl, 2007, pp. 151-167). Curricula in this field are developed by the *Länder* and coordinated by the Conference of Education Ministers (KMK) (Fritsche & Quante-Brandt, 2012). Furthermore, the supervision of vocational schools is carried out by respective departments of the *Länder* governments (Pahl, 2007, p. 158). This is not to say that the unions are without voice. For example, tripartite committees on vocational training are supposed to counsel the *Länder* governments on issues including school-based VET.[xi] However, while the unions enjoy strong *de facto* power in the dual system, their role is merely consultative in education policy. Consequently, representatives of German unions described their control over school-based training as little to none and certainly much more limited than their influence on training content and conditions in the dual system (interviews 2, 4), which stands in strong contrast to the perceived levels of control described by the Austrian union representatives.

In addition, based on earlier experiences the German unions had low expectations about the quality of the measure and did not trust that it would provide young people with real opportunities. Union representatives mostly drew their opinion on the quality of school-based training from their experiences with the so-called 'assistant professions' (DGB, 2004b, interviews 1, 4). Training for assistant profession takes place entirely in vocational schools without any firm-based component. The unions were very critical of the assistant profession because, compared to regular apprentices, graduates from this type of training tend to be disadvantaged in the labor market (DGB, 2004b, interviews 1, 4). In their view, school-based training cannot stand up to the 'real experience' of work–place training (IGM & Ver.di, 2004a, interviews 4, 8) and it has often produced graduates in professions that were not demanded by the labor market. As one interviewee explained 'people were trained [in professions] for which teachers were available without there being a demand for the qualifications that were taught' (interview 8). Such perception of German unions that school-based training is essentially a source of skills mismatch is a striking example of the different institutional legacies that the unions in the two countries were dealing with. Therefore, representatives of all unions – with the exception of the teachers union – rejected the idea of compensating the lack of regular apprenticeship positions through an increase in size of the school-based system.

As anticipated in section 2, we do not find decentralization of decision-making within the union movement at sectoral level to have prevented the unions from formulating an alternative, more inclusive option. Indeed, teachers union aside, there was not any faction within the DGB supporting the government's proposal to upgrade the school-based system (interview 8). Critically, we do not

find support for an upgrading of school-based training even when zooming into the position of the service sector union Ver.di (Kreft, 2006, p. 259), arguably the union that would have benefitted the most from such option given the over-representation of low-skilled workers in the service sector and their lower power resources compared to unions in core sectors, such as the metal-working union IG Metall (IGM). In response to the government's proposed upgrading of school-based training, Ver.di published a joint position paper with IGM strongly criticizing the attempt to bridge the gap in apprenticeship places by increasing school-based training (IGM & Ver.di, 2004a, 2004b). In particular, Ver.di and IGM argued that the proposed reform was based upon two misguided goals. Firstly, they warned against the lower quality of training implied by the government proposal. If the goal of achieving 'apprenticeships for all' were to be achieved through equal certification between school-based training and apprenticeship training, this would mean that 'practical training' would not be a typical feature of German vocational training any longer and the labor market integration of school-based graduates unfamiliar with the realities of the workplace would become even more difficult (IGM & Ver.di, 2004b, p. 6). Secondly, they warned against the institutional implications of the reform, which was seen as leading to the 'streamlining or even abolition of co-decision structures for the alleged goal of increasing efficiency' (IGM & Ver.di, 2004b, p. 6).

With the training levy failed and the upgrading of school-based actively opposed, the inclusion of low-skilled young people became dependent on the power resources that specific unions could exert at the local and/or sectoral level. This process was arguably most successful in the metalworking industry. IGM's strength at the sectoral and firm levels allowed them to bargain for the expansion of apprenticeship places in many instances, including in Niedersachsen, Bremen and North-Rhine Westphalia as well as in their agreement with Volkswagen, for the years 2004, 2005 and 2006 (WSI Tarifarchiv, 2018). In 2008, IGM in North-Rhine Westphalia further negotiated a sectoral agreement to help prepare disadvantaged youth for apprenticeships, effectively creating an alternative to the transition system for the metalworking sector. Yet, while other unions, most notably the union of chemical workers IG BCE and in a few instances even the service sector union Ver.di, managed to negotiate similar agreements,[xii] this does not apply to large parts of the Germany political economy, where the transition system remained the only option for low-skilled youth who could not find regular apprenticeships. However, the fact that several unions, albeit with different degrees of success, pursued the inclusion of young people through agreements at the sectoral level provides further support to the argument that it was neither the lack of centralization nor the lack of concern for the low-skilled that made German unions oppose the extension of school-based training. Rather, German unions came to oppose it because of the perceived ineffectiveness of training outside of the dual system and, once a national-level solution through the training levy failed, they worked towards

achieving the same results through the only available resources left to them, namely: sectoral and work-place agreements.

In sum the institutional resources available to German unions were much narrower than those of their Austrian counterparts – and institutional legacies militated against any movement outside of the dual system. Because of the widely perceived inferiority of any option outside of the dual system and given the lack of control over training outside of the dual system, the unions' only route towards greater inclusion of the low-skilled in the training system was to try to force a training levy upon employers, which proved politically unfeasible. As such, the lack of a wide set of institutional resources pushed German unions onto a politically-constrained terrain, which ultimately meant that employers had the upper-hand on the reforms of the training system, and unions achieved greater inclusion of the low-skilled only in specific areas where they enjoy exceptional strength vis-à-vis employers.

5. Conclusion

Since the late 1990s, politicians and social partners were confronted with the political problem of how to include in the training system those young people, mostly low-skilled, that are not able to land an apprenticeship place in the dual system. Against this background, we aimed to explain the divergent trajectories of institutional change in the Austrian and German training systems. A careful mapping of actors' preferences showed that the position of governments and employers on how to tackle the crisis of the apprenticeship market matched closely across the two countries, while we found significant differences in unions' behavior, making them the pivotal actor behind the different trajectories of institutional change that we observed. In Austria, the unions did not have ex-ante opposition to non-firm based training. This was determined by two factors: first, because of their strong role in the PES, unions had the legitimate expectation that they would play a strong role in the non-firm based system, hence the establishment of a non-firm based training system would not have decreased their overall power in the training system (high institutional resources); secondly, the positive experience with non-firm-based training strengthened unions' confidence in the feasibility of delivering quality training in non-firm-based setting (positive institutional legacies). These two conditions, on the contrary, were largely missing in Germany where the unions had a clear non-negotiable preference against any form of training that was not firm-based. Firstly, they feared that any movement outside of the dual system would have lowered their control on the training system; secondly, previous experiences with training outside of the dual system were by and large unsatisfactory, firmly grounding unions' preferences *within* the dual system. In this respect, it is important to note the following point: unions' (first-order) preferences were by and large the same in Austria and Germany. In both countries unions stood firmly in favor of expanding opportunities to

high-quality and inclusive training systems, which could therefore keep the economic efficiency and social inclusion aims of vocational training together. Yet, the institutional resources at their disposal determined a different translation of these preferences into policy proposals, which were met by opposite political fortunes. The availability of a wide road to social inclusion allowed Austrian unions to pursue a strategy of 'layering', which was largely successful, while the training levy advocated by the German unions failed. Our research therefore adds to the debate on institutional change in advanced capitalist countries, suggesting that – in a context of *structural loss of power resources* of trade unions vis-à-vis employers – *institutional resources* are critical to understand when and why unions' preferences might still be on the 'winning side' of the policy process. Yet, with respect to existing contributions that highlight the importance of unions' institutional resources (Davidsson & Emmenegger, 2013; Emmenegger, 2014), our case studies suggest that there is neither an inherent conflict nor a pre-determined trade-off between logic of influence and logic of membership. Rather, our analysis suggests that the two might be mutually reinforcing: by retaining influence over training outside the dual system, Austrian unions were able to secure what they thought of as the best outcome for their (prospective) members; conversely, German unions feared precisely that if training moved outside the dual system, i.e. in an institutional arena where they have low institutional resources and little control over training, that would have also led to an undesirable outcome for their (prospective) members, in the form of low-quality training.

What are the broader lessons that can be learnt from our analysis? At times when governments across advanced capitalist countries seek policy solutions to simultaneously uphold economic competitiveness and social inclusion, our cases show that unions are important allies for the pursuit of these objectives. But we show that unions need to be empowered to have enough room for maneuver to provide an effective contribution towards these objectives. In particular, unions can pursue creative and politically feasible solutions when the institutional setting allows them to do so. If they are faced with significant trade-offs, they might be pushed onto a more defensive position, which might not be helpful in achieving those objectives. Governments – when promoting reforms – have the choice to empower or marginalize unions. Our cases show that empowering unions is desirable when pursuing socio-economic objectives that are broadly subsumed under the heading of 'social investment' (Hemerijck, 2017; Morel, Palier, & Palme, 2012).

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[i] Details of interviews are as follows: Interview 1 (DGB, 18.05.2016); Interview 2 (IGM, 11.05.2016); Interview 3 (DGB Jugend, 25.09.2016); Interview 4 (Ver.di, 30.05.2016); Interview 5 (SPD, 30.05.2016); Interview 6 (ÖGB, 18.05.2016); Interview 7(Arbeiterkammer, 27.05.2016); Interview 8 (DGB, 12.08.2016); Interview 9 (WKÖ, 26.01.2018); Interview 10 (SPÖ, 01.03.2018).

[ii] In 1998, when the Austrian safety net was introduced, the share of employment in services stood at 63,0% and employment in industry at 30.4%. When the school-based alternative in Germany was discussed in 2003/2004, the share of service sector employment was basically the same as in Austria (if anything, slightly *higher),* standing at 65.5% in 2003 and at 66.6% in 2004. Employment share in German industry was also roughly the same as in Austria, standing at 31.9% in 2003 and 31.0% in 2004 (OECD, 2005).

[iii] With the rather unsurprising exception of the teachers' union, which was expected to gain from an upgrading of school-based system as an alternative path to full vocational qualifications.

[iv] §8 of the Law establishing the safety net (*Jugendausbildungssicherungsgesetz*).

[v] A break in series in 2009 only allows us to resort to post-2010 data.

[vi] These training programmes were called Jobstarter and Triathon.

[vii] Notable exceptions were the more centrist union of chemical workers (IG BCE), which had negotiated a sectoral agreement instead, and the construction workers union (IG BAU), which already

had a sectoral levy in place and feared that a general levy would undermine their model (Busemeyer, 2012).

[viii] Indeed, the levy would have needed the approval of the second chamber, the Bundesrat, in which the government had lost its majority already in 1999.

[ix] Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland.

[x] The unilateral introduction of 2-year apprenticeships by the minister of economy Wolfgang Clement was an important break with the tradition.

[xi] § 82(1) Federal Law on Vocational Training.

[xii] IG BCE negotiated the earlier mentioned agreement "Zukunft durch Ausbildung" in 2003. Ver.di achieved agreements on keeping or increasing the number of apprenticeships offered in the banking and insurance industries as well as with the formerly public companies Telekom and Deutsche Post AG.