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# Market Conditions of International VET Providers: German Providers in Comparison to Market Leaders

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### Abstract

Vocational education and training (VET) is a highly complex phenomenon world-wide, being multidimensional and having diverse structures. Additionally, very different actors define the functions of a national (or even regional) VET system. The paper contributes to a better understanding of approaches and strategies of one selected actor: VET providers on international markets. We wonder which conditions and characteristics can be determined regarding the markets of VET-related services, with a special regard to Anglo-Saxon countries in comparison to Germany. A qualitative approach is useful here as there seem to be structural causes but only little research in this field exists. We interviewed nine VET providers and analysed literature about VET systems of the countries of interest. In Anglo-Saxon countries, more and more full-fee-paying learners and organisations are available and the VET providers' self-perception regarding their businesses can be de-scribed as trade and commerce. This goes along with the observation that the education system does not play a role – as long as you think in terms of skills. This is the case in liberal market-driven VET approaches, but in Germany, it is not. Here, rather, a holistic and integrated development of knowledge and transferable skills for work and life make up vocational education. Offering niche products, in the sense of the product focus rather than differentiation, seems to be a working strategy. Furthermore, we state that markets for VET-related services are successfully developing where state provision is rather weak, e.g., when the state provides a rather limited supply (the privatisation of the education system), or when the VET-related service is not covered by public educational offers (e.g. in highly specialised IT). English, as the native language of the USA, the UK and Australia, is a decisive competitive advantage.

### Keywords

vocational education and training, VET service providers, market conditions, comparison

## 1 Problem Definition and Research Question

In Germany, vocational education is popular and enjoys a good reputation. German vocational training, especially dual vocational training, is considered an "export hit" and a guarantee of high quality and reliability. The reasons for this are its effective influence on economic and social development, not least on youth unemployment (Bohlinger & Wolf, 2016). The dual approach has also been attracting a great deal of attention from international and supranational

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organisations for several years (ILO 2021; OECD 2011). Furthermore, a demand from abroad for vocational training “Made in Germany” can be observed (iMove 2017; Kühn 2020).

Still, there are only few German education providers that offer vocational education and training (VET) on international markets – although the conclusion stands to reason, that Germany is in charge of knowledge and competences in VET. One successful international provider is Festo Didactic[1], one of the world’s leading service provider in the field of technical education. Hence, Festo sells technical infrastructure for VET and VET-training and therefore, the business model serves a very specific segment and not the broad spectrum of vocational education. Another example is Udacity[2], but here, vocational education is rather a by-product, as Udacity offers no original VET but online programs with industry partners instead.

We wonder why the profit potential of German providers – with their expertise – is not being exploited and what we find about German VET providers and their strategies compared to Anglo-Saxon international providers and their equivalent strategies. Our assumption is that the conditions create or support market-based opportunities for the provision of commercial vocational training services. Our research questions are: *Which conditions and characteristics can be deter-mined regarding the markets of VET-related services, with a special regard to Anglo-Saxon countries – which are global market leaders – in comparison to Germany? What can German providers learn?*

## 2 Theoretical framework

The following discrepancy made us start the analysis at the micro level in the first step: There are not only respective national definitions of VET, but also numerous subsystems. In addition, components of original vocational training are often shifted to the area of continuing education: “Given the number of VET programmes which do not even have ‘vocational’ in their title (as with much of further education in England) it often happens in such narratives that the term ‘vocational’ is not used at all“ (CEDEFOP, 2017, p. 8). Pilz’ (2016) typology in comparative vocational education provides a theoretical basis in comparative VET research for the analysis of micro-level products. Vocational pedagogical and teaching-learning theoretical analyses were thus incorporated into the research approach in the first step. Therefore, for the deductive analysis, Pilz’ (2016) typology was used and, more precisely, the categories of curricula, learning location, content (e.g., the preparation of teaching content; complex situation learning), and learning process (e.g., media and self-directed learning; interaction between teachers and learners). To put it differently, Pilz’ typology was the basis for the analysis of very differentiated and customised VET products at the micro level. It can be seen as the lowest common denominator in VET, which is a highly complex, multidimensional worldwide phenomenon with diverse structures (Pilz & Li, 2020).

The aforementioned categories were used in a first round of coding of all the transcribed interviews. Afterwards, we coded all the material again inductively, led by the research questions.

A qualitative approach is useful here as there seem to be structural causes but only little research in this field exists (see Hilbig, 2019). So, in order to analyse the characteristics of the different markets focusing, we collected empirical data from selected companies.

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[1] https://www.festo-didactic.com/int-en/
[2] https://www.udacity.com

## 3 Methodology

A qualitative approach was applied by contacting a first expert to conduct expert interviews (Bogner et al., 2009). With the aim of data saturation, data were then collected repeatedly. In the respective interviews, new experts were suggested or introduced. Therefore, the experts contacted were defined by the other experts in the field themselves, until theoretical saturation was reached. The categories for content analysis have been expanded: We started with four categories, starting from Pilz' (2016) typology in comparative vocational education (curricula, learning location, content and learning process) and added categories until saturation (Kuckartz, 2014).

An intensive desktop research and evaluation of literature lead us to the countries of interest (Australia, United Kingdom and United States). A sample of 9 providers was willing to share their knowledge with us. Before the conduction of the interviews, we elaborated the basics of the VET systems and the export potentials through an extensive literature research. From May 2020 to September 2020, we conducted guideline-based telephone and Zoom interviews with the enterprises.

## 4 Findings

Regarding our research questions, which conditions and characteristics can be determined regarding the markets of VET related services and which success factors can be assumed, we can say that Anglo-Saxon markets do have their features which foster the provision of VET related services. Also, the access to markets as well as changing markets determine the provision of these services. This impression from literature has been proven by the practical insights in our interviews: "*German providers come from the German perspective on education*", meaning that in Germany, we see "*education as an integral good with Humboldt's freedom of teaching*" (I2). We do see changes also in Germany regarding learning processes, it may bed describe as a "*technological pull effect*" (I4). But: These developments are regarded to be slow, even cumbersome in Germany. "*Particularly in the case of institutional education in Germany, decisions are often very lengthy processes, which is why we have more customers abroad than in Germany*" (I3). This does not create an environment for private VET providers, so the key message of several interview partners.

Also, we found out that the curriculum is playing less and less a role from the perspective of VET providers. The reason is that the products "*depend very much on what the customers wants. So, the market – and with the market we earn our money – does not ask for a curriculum at all*" (I1). Here, the interviewees observe a difference between Germany and the rest of the world: "*Learning goals in Germany are very much set in stone and are still very much based on a curriculum; elsewhere, this is not [the case]*" (I7). Instead, *skills* were identified as being important by all the providers. An increased interest in the teaching of skills has been noted by most interviewees. Therefore, for example, modularised learning is in demand, and, "*the system – whether Anglo-Saxon or European or American – plays less and less of a role when we think in terms of skills. And the demand for this is increasing*" (I2). Despite all the cultural differences and their consequences, in terms of skills, VET-related services seem to be converging, regardless of the market.

Language seems to be a disadvantage from the German perspective: English as the native language of the USA, Great Britain and Australia is a decisive competitive advantage. Also, regarding the products, modular learning opportunities, which are more common in the selected countries than in Germany, also represent a competitive advantage. Additionally, global market leaders operate in market units and therefore, adapt their products to the target markets.

This leads us to a further question: What can be derived from this information regarding German TVET providers on international markets? Offering niche products, in the sense of a product focus instead of differentiation, seems to be a working strategy. Furthermore, we state that markets for VET-related services are successfully developing where state provision is rather weak, e.g. when the state provides rather little supply (privatization of the education system) or when the VET related service is not covered by public educational offers (e.g. in highly specialized IT). In Anglo-Saxon countries, more and more full-fee-paying learners and organisations are available and the VET providers' self-perception regarding their businesses can be described as trade and commerce (Pasura, 2017).

## 5 Discussion and conclusion

Returning to the research questions and which conditions and characteristics can be determined regarding the markets of VET-related services, as well as which success factors can be assumed, we can say that Anglo-Saxon markets do have their own features that foster the provision of VET related-services. Also, the access to markets and changing markets determine the provision of these services.

In the respective countries, we find very different prerequisites of TVET systems: A focus on outcomes (Australia), a fragmented market with the presence of many training providers (the USA), a market-oriented approach to VET (the UK) and a generally open attitude towards commercial education (Australia, the USA, the UK) seem to be in contrast to the German co-operative approach in relation to the education system and the labor market and the clear distinction between initial VET and further education. In Germany, this leads to a different providers' self-perceptions and to internationalisation not being triggered.

What does this mean for providers of TVET products? They need to keep in mind the changing form of enterprises. In former times, we have had service companies, on the one hand, and classical production companies, on the other hand. However, nowadays, production-related services (e.g. software production) are increasingly provided, and companies offer cross-sectoral (goods and related services) products at the same time. From our perspective, we also see this development in VET-related services. It is not clear whether providers offer initial VET or further VET – because in the market, it does not matter: "*If a customer chucks money at us, then I don't ask whether I have to do VET or further education*" (I1). Although no final assessment can be made on the basis of the small number of cases, it can nevertheless be stated that the German spectacle of VET therefore does not make sense in market success issues. In terms of education ideals, we do not support this market-driven approach, in our view, the state should ensure the provision of initial training as a meritorious, public good. In liberal VET markets, providers should adopt more dynamic, innovative approaches and integrate the expressed needs of individuals with the local socio-economic development agenda (Ramasamy & Pilz, 2020).

Regarding limitations of the study, seeing the small sample of course we cannot generate generally valid results. Besides, researchers as well as interviewees always start out from their own context what can skew the results. A large-scale quantitative survey would be a desideratum to validate the results of our qualitative study.

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