



**SWP 19/89 MAKING MIDDLE MANAGERS? ASPECTS OF
THE GERMAN CHAMBERS OF INDUSTRY
AND COMMERCE**

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MAKING MIDDLE MANAGERS?

ASPECTS OF THE WORK OF THE GERMAN CHAMBERS OF INDUSTRY AND COMMERCE

INTRODUCTION

The formidable contribution of the West German Chambers of Industry and Commerce (*Industrie- und Handelskammern*) to the vocational training of some 1.8 million apprentices per annum has already been examined in major reports [Further Education Staff College, 1983¹; NEDC, MSC, 1984²]. Similarly, the West German Chambers' provision of management development courses, especially for senior managers and entrepreneurs, has also been investigated [NEDC, MSC, BIM, 1987³; Handy et al, 1988⁴]. What has not been highlighted in the literature available in English is the clearly-signposted route for non-graduates which can lead into lower, and even middle, management via these same Chambers.

The trend towards the 'academization' of all levels of management in West Germany is unmistakable [Handy et al, 1988⁵], and with approximately 23 per cent of relevant age group currently attending either a university or a polytechnic (*Fachhochschule*) this trend will continue unabated. Nevertheless, the German penchant for the *Praktiker*, the person possessing a wealth of practical skills underpinned by the necessary theoretical knowledge, still expresses itself in the presence of large numbers of non-graduates in the lower and middle ranks of management. These are the managers holding the qualifications of *Industriemeister*; *Fachwirt* (for males) or *Fachwirtin* (for females); *Fachkaufmann* or *Fachkauffrau*. The part-time courses leading to the award of these higher vocational qualifications, which were formerly classified as 'upgrading' (*Fortbildung*) but are now referred to as 'professional development' (*berufliche Weiterbildung*) or even 'promotional development' (*Aufstiegsbildung*), are provided by the Chambers of Industry and Commerce in West Germany.

APPRENTICES

The route into management for non-graduates begins with the apprenticeship. In 1987, approximately 650,000 young people between the ages of 15 and 20 started on

courses [Fisher, 1988⁶], which last mostly three years. These apprenticeship courses combine practical in-company training with general and theoretical education for the chosen trade, on a day-release basis, in a vocational school (*Berufsschule*). In this Dual System, the employers in the 500,000 Chamber-approved training firms furnish the on-the-job training, and the governments of the individual federal states provide the day-release schooling. The training content of each of the 439 recognised training occupations is implemented by the Chambers of Industry and Commerce or by the Craft (*Handwerk*) Chambers through their vocational training committees. Apprentices are registered, supervised and examined by the Chambers.

At the end of the courses, in which 90 per cent of candidates pass the final examination at the first attempt and the drop-out rate over the average three-year course is less than five per cent, the erstwhile apprentices become qualified skilled workers (*Facharbeiter* or *Sachbearbeiter*). Now they have gained social status and possess a qualification which they can show to their present, or any future, employer. Qualified skilled workers also earn more than the unskilled, even when working in trades or crafts other than their own. But most important of all, the possession of this qualification gives access to a range of higher vocational qualifications and with them opportunities for career progression into supervisory and management positions.

HIGHER VOCATIONAL QUALIFICATIONS

In theory, any qualified skilled worker with two years' trade experience as such could go on to take one of the higher vocational qualifications; in practice, the average age for those taking the *Industriemeister*, *Fachwirte* or *Fachkaufleute* examinations is approximately 30 years. In 1987, 8,162 qualified skilled workers sat the *Industriemeister* examinations, and 7,231 were successful; 7,388 took the *Fachwirte* examinations, and 5,642 passed; 6,106 the *Fachkaufleute* examinations, with 4,144 gaining the award [DIHT, 1988⁷].

Part-time preparatory courses for these higher vocational qualifications are held at almost all of the 69 Chambers of Industry and Commerce in West Germany. Full-time courses are also available at locations throughout the country but 75 per cent of all candidates for the awards prefer the part-time alternative provided by the Chambers. Although it is by no means obligatory to take a preparatory course, the chances of success would be minimal without attendance at such. Instruction for the part-time courses takes place at the Chambers on one or two evenings per week and on Saturday mornings. Some 600 to 900 hours of instruction are needed to complete the courses, which last about two and a half years. The cost of the longest courses is

approximately DM 5,000 (1987), half of which is refundable by the German Federal Labour Office (*Bundesanstalt für Arbeit*).

INDUSTRIEMEISTER

Those who gained their original vocational qualifications as a skilled worker in one of the so-called 'technical' trades can proceed to the *Industriemeister* course. This is one of the longest courses and is available in some 50 different versions. Taking just one example, the syllabus for the *Industriemeister* in the metal-working industries covers three major areas: a special part; a work pedagogy part; and a multi-subject part. The special subject part provides instruction in fields such as technical drawing, technical mathematics, strength of materials, manufacturing technology, machine elements and design, electrical and control engineering, together with practical training. The vocational and work pedagogy part furnishes the preparation required for teaching subordinates on the shop-floor. The multi-subject part takes in the basic principles of cost considerations in business dealings, legal considerations, and basic principles of co-determination on the shop-floor [DIHT, 1986⁸].

This multi-subject part of the *Industriemeister* training is of special relevance for subsequent activities in lower or middle management. First, the participants are acquainted with a basic knowledge of economics so that they can recognise and assess organisational problems on the shop-floor, and in particular their relevance as cost factors. In addition, they are required to study management problems such as work planning, labour deployment and labour control. Second, the participants are taught the basic tenets of the law with special reference to legislation on employment contracts; legislation for the protection of labour at the work-station; regulations on the protection of the environment; works council legislation and co-determination rights; wage agreement and social insurance legislation. Third, all future *Industriemeister* are required to study basic sociology so that they can recognise and assess sociological influences on the shop-floor. Areas covered here include the development process of the individual, and group behaviour; organisation of work and social measures; leadership techniques and leadership behaviour.

FACHWIRTE AND FACHKAUFLEUTE

Those qualified skilled workers who completed a so-called 'commercial' apprenticeship can opt for the higher vocational qualifications of *Fachwirte* or *Fachkaufleute*. The difference between the two awards is that the *Fachwirte* are

related to a particular branch of services or industry, eg: *Bankfachwirt* or *Leasingfachwirtin*; *Fachkaufleute* are associated with a functional area of business, eg: *Fachkaufmann für Marketing* or *Personalfachkauffrau*.

Whereas the *Industriemeister* awards at certain Chambers date back over 40 years, with the first Nuremberg Chamber qualification being launched in 1942, the *Fachwirte* and *Fachkaufleute* awards are of relatively recent origin. Prior to 1971, there had been no higher vocational qualifications for ex-commercial apprentices to aim for. Consequently, promotion of experienced, commercially-qualified skilled workers into supervisory or management ranks without a paper qualification was fraught with difficulty in a society which sets such store by titles and awards. Moreover, the initiative for these higher vocational qualifications on the commercial side of business came *inter alia* from the employers in small and medium-sized companies. They feared that, on account of the explosive growth of university and polytechnic attendance in West Germany in the late 'sixties and early 'seventies, the lower and middle ranks of management in their companies might quickly become filled with graduate theorists. They suspected that these graduates would lack the relevant experience and insights of those who had been with the company since leaving school and had taken the commercial apprenticeship under the combined aegis of company, vocational school and Chambers.

The part-time preparatory courses for the *Fachwirte* and *Fachkaufleute* qualifications run by the Chambers are of shorter duration and consequently less expensive than those for the *Industriemeister*, but the same funding arrangements apply via the German Federal Labour Office. Moreover, these higher vocational commercial awards are deemed to be the full equivalent of the *Industriemeister* award and to possess similar implications for promotion and remuneration.

Again taking just one example, that of the *Touristikfachwirt/Touristikfachwirtin*, three major areas are covered in the preparatory courses. These are a multi-subject part comprising economics and law; a special subject part devoted to travel, hotels, resorts, spas, etc; and a large management part which is deserving of closer scrutiny in the light of the following discussion as to whether these higher vocational qualifications equip the holders to supervise or to manage.

The first area to be studied is that of human resources. Personnel planning, recruitment, staff induction, man management, staff assessment and remuneration policy all figure in the syllabus. Second, the participants must acquaint themselves with theories and structures of organisations, systems planning, implementation and

control. Third, they must acquire a sound basic knowledge of accountancy, finance and taxation. Fourth, the basics of statistics and personal computing must be learned. Finally, a large section of the syllabus is devoted to marketing, including market research, the marketing mix, marketing communications, and marketing logistics [DIHT, 1987⁹].

The part-time preparatory courses for the *Fachkaufleute* qualifications are of similar duration to those for the *Fachwirte*. The economics and law parts of the syllabus are identical; the special subject part is equally demanding; but there is more depth and less breadth in the management part since it concentrates on one functional area management only - as befits the nature of this function-related award.

STATISTICS

Before proceeding to the issue of whether the holders of these higher vocational awards supervise or manage, and at what level, it is essential to establish their numbers and in what sizes of companies they are employed. Since the *Industriemeister* is the best established of the three qualifications, the data relating to it is the most comprehensive.

Up to 1984, the Chambers had carried out approximately 160,000 *Industriemeister* examinations [DIHT, 1986¹⁰]. 80 per cent of the successful candidates had been promoted within their companies to the position of *Industriemeister* or higher, and in 1984 the unemployment rate among them was 1.4 per cent - cf 5 per cent for graduates.

Approximately 60 per cent of *Industriemeister* work in large firms employing 500 people or more; 26 per cent in medium-sized firms with between 50 and 500 on payroll; the remaining 14 per cent in small business with total staffing up to 50 persons.

Up to 1984, the Chambers examined 47,953 *Fachwirte*, and in the same year the unemployment rate among them was 2.2 per cent. The distribution of the *Fachwirte* among the various company sizes is a function of the structure of the individual branches of the economy. Overall, some 44 per cent of *Fachwirte* work in large firms as defined above; 33 per cent in medium-sized companies; and 23 per cent in small businesses. There are, however, large variations among the individual branches where the *Fachwirte* are employed. For example, in the wholesale and retail trade

38 per cent of *Fachwirte* work for small firms while in transport the figure is 27 per cent, and for insurance it is only 14 per cent [DIHT, 1985¹¹].

Up to 1984, 64,250 *Fachkaufleute* examinations were carried out by the Chambers, and the unemployment rate for the holders of this qualification was 2.0 per cent in 1984. The pattern for *Fachkaufleute*, who are functional specialists, is to find employment in medium-sized firms, although there are some exceptions. 33 per cent of all *Fachkaufleute* work in large companies; 38 per cent in medium-sized companies; 29 per cent in small companies. Yet 46 per cent of *Bilanzbuchhalter* holding the *Fachkaufleute* award are employed in small companies.

While the number of female *Industriemeister* is less than 0.5 per cent, 15 per cent of *Fachwirte* and 30 per cent of *Fachkaufleute* are women.

SUPERVISORS OR MANAGERS?

It is difficult to regard the *Industriemeister* employed in the largest German companies as belonging to anything other than the lowest of managerial ranks. Though they may each supervise 30 or even 50 employees, their scope for real decision-making is restricted by their superiors in the company hierarchy and by specialist departments alike. Ranked above the *Industriemeister* in a large company are their heads of departments, heads of divisions, works managers, directors, etc. But in addition, they have to come to terms with the training department, which has overall responsibility for staff development; with the personnel department, which hires and fires; with the planning department, which selects the machinery; and with the purchasing department, which procures the material.

However, in medium-sized companies with up to 500 employees the *Industriemeister* act as middle managers in the real sense of the term. Here the hierarchies are flatter, and specialist departments much fewer in numbers. In medium-sized companies, the *Industriemeister* are central to the decision-making process for most technical, and even some commercial considerations. If, for example, a new manufacturing centre is to be purchased, the *Industriemeister* will be involved in the task from the outset, gathering information, visiting trade fairs, etc. Moreover, they will have an important say in the final decision as to which machines will be acquired. Similarly, in matters of personnel planning, the *Industriemeister* will not only be involved in the decision but one of them will actually chair the proceedings when the time comes to take on new staff or to slim down the workforce [IHK, 1984¹²].

Evidence is beginning to accumulate which indicates that the *Fachwirte* and *Fachkaufleute* qualifications also represent vital aids to promotion into and within management ranks. By 1984, over 50 per cent of the persons with *Fachwirte* awards and just under 50 per cent of the persons with *Fachkaufleute* qualifications had been promoted since taking the examination. For example, the number of heads of departments holding the *Industriefachwirt* award had doubled by 1984. Similarly, two-thirds of the *Bilanzbuchhalter* with the *Fachkaufleute* qualification had been promoted since passing the examination, and 27 per cent of them were operating as heads of department.

The data relating to success in terms of promotion is not so impressive for *Fachwirte* and *Fachkaufleute* as for *Industriemeister*; nor are case histories so well documented. This is because the higher vocational qualification for ex-commercial apprentices were introduced much later. Moreover, the *Industriemeister* qualification has been able to feed off the *Meister* reputation in the craft trades as first established in the medieval guilds.

Nevertheless, the trend which is beginning to emerge for *Fachwirte* and *Fachkaufleute* is identical with that for the *Industriemeister*: the smaller the company, the greater the involvement of the holders of higher vocational qualifications in the decision-making processes, and the higher their standing in managerial ranks.

CONCLUSION

The management case should not be overstated for either former technical or commercial apprentices. While the possession of a higher vocational award is, without doubt, a necessary prerequisite for entry into management for non-graduates, it by no means represents a guarantee of success. So many other factors of a personal, organisational, or even fortuitous, nature come into play. Similarly, it is highly unlikely that any of the holders of these qualifications will enter the most senior of management positions without further training. To name just one area, strategy has not figured at all in any of their courses.

Nevertheless, in West Germany we do witness practice-oriented *Industriemeister*, *Fachwirte* and *Fachkaufleute* who have emerged from the apprenticeship system working alongside theory-oriented graduates from universities and polytechnics in lower and even middle management positions. Moreover, there is often healthy competition for vacant managerial posts between holders of higher vocational awards

and university or polytechnic diplomas when issues of promotion arise within a company.

Thanks to the efforts of her Chambers of Industry and Commerce on the one hand and the immense output of her universities and polytechnics on the other, West Germany possesses a healthy balance of managerial talent in that area of companies which is vital for success - lower and middle management.

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