



Exploring the Business Model and Organizational Innovation of Vocational Schools: A Case Study of Development Units

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Abstract

Since 2015, the Skills for Jobs (S4J) project, funded by the Swiss Development Cooperation (SDC) and implemented by Swisscontact, has actively promoted private sector engagement in skills development. The project's primary objective is to facilitate ten public Vocational Education and Training (VET) providers in innovating their offerings, delivery methods, and organisational practices through close collaboration with the private sector. Under the leadership of national actors, these VET providers would become national-level transfer agents of innovations introduced to enhance employability. Development Units (DUs) were established at the VET provider level to facilitate this innovation and to lead technically various functions, including labour market intelligence, curricula development, business relations, continuous professional development, marketing, and career development. Their purpose is to ensure that the newly introduced functions align with the strategic objectives of the VET providers, provide technical support to staff members involved, and coordinate and steer the implementation activities. This research employs a comparative case study approach to illuminate DUs' preconditions and multilevel effects as organisational innovation and draws upon theoretical frameworks such as business models, organisational design, innovation, VET governance, and private sector engagement. It reveals that DU as an organisational innovation led to VET providers' shift of the business model towards novelties in the value proposition, creation and capturing and higher performance. As a result of DUs, VET providers become more powerful actors in the VET system governance in general and centres of the ecosystem at the regional level. The research revealed key organisational capabilities that should be enhanced to allow for effective DUs and high performing innovative VET providers.

Keywords: organisational innovation, vocational education, business model, VET governance, private sector engagement

1. Introduction

The world of work is rapidly evolving, necessitating a corresponding transformation in the business models of Vocational Education and Training (VET) schools. Business literature and conceptualisations are helpful in better understanding the transformation and potential of innovation. A business model outlines how an organisation generates, delivers, and captures value (Teece, 2010). According to Zott et al. (2011), the business model is a distinctive unit of analysis, explaining value creation and capture. This innovative construct provides a fresh avenue for collaboration and cooperation, complementing traditional subjects of innovation like processes, products, and organisational structures, and can be very instrumental in analysing the VET innovation process.

Innovation and business model evolution are intricately linked, with innovation driving the adaptation and transformation of business models to create and capture value in dynamic markets (Zott et al., 2011). Damanpour (2017) categorises innovation types into pairs: product-process, technical-managerial, radical-incremental, and organic-open innovations. This classification provides a comprehensive framework for examining the myriad innovations organisations foster and adopt.

While technical innovations directly impact an organisation's primary operations, managerial innovations influence its management systems (Damanpour & Evan, 1984). Management innovations—alterations to management principles, processes, and practices—introduce novel approaches to organisational strategy, structure, and systems (Birkinshaw et al., 2008). Despite managerial innovations' economic and social significance, research in this domain lags behind technological innovation, which influences performance but is considered less predictable (Damanpour, 2017).

Development Units (DUs) emerge as transformative entities within Albanian VET schools. Introduced to address systemic limitations (low enrolment, inadequate private sector collaboration, quality concerns, and graduates' employability), DUs were piloted under the Skills for Jobs (S4J) project and are now being scaled to the national level. These organisational units compress seven functions improved or newly introduced to the school like business relations (BR), continuous professional development (CPD), curricula development (CD), institutional marketing (IM), tracer, career orientation (CO), and project development (PD), implemented by assigned and capacitated school staff with reduced workload.

In education research, the connection between innovation and business model evolution remains underexplored, particularly in the non-profit sector and educational institutions, highlighting the need to examine how innovative practices can reshape educational business models to address better-evolving demands and challenges (Damanpour, 2017; Zott et al., 2011). The research goal of this study is to comprehensively analyse the impact of DUs and their success prerequisites using lenses of organisational development and business models guided by established theoretical frameworks.

The paper begins with a literature review, framing research questions through conceptual and empirical literature synthesis. The methodology section outlines the data sources, both primary and secondary, employed for this study. The following sections present research findings, analysis, discussions, and conclusions, collectively shedding light on the transformative potential of DUs and their role in shaping the VET landscape.

2. Literature Review

A business model is a blueprint that portrays the rationale through which a business generates and delivers value to its customers. This construct also encompasses the underlying framework of pricing, revenue generation, and cost allocation, aligning to enable the enterprise to achieve profitability (Teece, 2010). Within business models and their innovation, the "organisational dimension" accentuates that these models serve as the "architecture" linking customer value to business profitability. An effective business model relies on smart business logic, reflecting a profound comprehension of customer needs and willingness to pay, combined with an organisational structure that translates into creating, delivering, and capturing value (Leich et al., 2015).

As Hart (1995) explained, organisational design involves firm boundaries—essentially, the extent to which a firm possesses ownership and control over productive assets. In line with Williamson's (1996) conceptual framework, pivotal design elements include determining which activities are to be managed internally versus those accessed and managed via contractual governance structures. These arrangements substantially influence the delivery of value and its equitable distribution between the firm and its diverse stakeholders (Leich et al., 2015).

According to Damanpour (2017), organisations generate and embrace various types of innovations aimed at fulfilling both short-term and long-term goals, enhancing operational efficiency, and affecting overall effectiveness. The scope of organisational innovation research encompasses the mechanisms and activities that foster the creation and application of novel technological and non-technological concepts and practices across the value chain. This incorporates business and public organisations, involving the study of external and internal conditions conducive to innovation, the management of innovation processes, and how innovation activates shifts in organisational behaviours and outcomes.

Research on educational institutes has confirmed organisational innovation's influence on their business models. Educational institutes respond to the evolving demands of learners, labour market dynamics, technological advancements, and shifting pedagogical paradigms by integrating innovative changes into their business models. This is particularly pertinent in the context of vocational education, where organisational innovation involves the implementation of novel teaching approaches, curriculum development, and industry collaborations (Christensen et al., 2011). This transformative shift in the vocational education landscape is expected to bring corresponding changes in providers business models, aligning them more effectively with students' employability and industry requirements (Mulder et al., 2007). Drawing on the conceptual framework proposed by Richardson (2008) for business models, it is anticipated that the introduction of organisational innovation—such as the DUs—will impact the value proposition, value creation, and value capture components of the business model.

Considering these premises, the first research question emerges:

RQ1: How does the introduction of DUs impact the evolution of the VET school's business model?

Chou et al. (2010) have presented empirical evidence indicating that innovative management does not directly influence vocational schools' performance. Rather, it strongly affects the innovative internal climate, fostering positive effects on innovative performance. Business research sheds light on intermediating factors between organisational innovation, its efficient or innovative business model (Zott & Amit, 2006), and organisational performance. In a business environment, organisational innovation, particularly in capital ventures, is significant in achieving this multifaceted objective. As elucidated by Block and MacMillan (1993), a

capital venture refers to a distinct entity under the firm's control responsible for investing in and developing novel business prospects. Such ventures have frequently been a focal point of empirical exploration within organisational and business model research. These ventures exhibit ambidexterity by fostering a supportive relational context—relationships with key internal and external resource holders—facilitating resource flows. This, in turn, enables capital ventures to concurrently cultivate new capabilities while harnessing the parent firm's existing ones, ultimately steering their journey towards innovation and efficiency (Hill & Birkenshaw, 2012, p. 1901). In our research context, the role of capital venturing units role is played by DUs in schools since these units support the institution in its efforts to innovate, expand the offer, increase enrolment, and have a better positioning in the labour market and the VET ecosystem.

A more nuanced examination of capital venture units reveals their embodiment of explorative and exploitative modes of operation (Hill & Birkinshaw, 2008). The former encompasses capability development, while the latter leverages pre-existing firm competencies (Danneels, 2002; Katila & Ahuja, 2002). This combination empowers them to focus on new business development while ensuring seamless integration with the broader firm's endeavours (Lawrence & Lorsch, 1967). To facilitate this symbiosis, a supportive relational context must be deeply established within the capital venture unit (Hill & Birkenshaw, 2012). Hill and Birkinshaw (2012) propose three principal categories of resource holders that shape the relational context of a capital venture unit—senior managers within the parent firm, managers in other business units of the parent firm, and members of the community.

Drawing an analogy between capital venture units and DUs in VET institutions would require identifying key internal stakeholders or resource holders concerning the DU. These stakeholders are anticipated to impact the ambidexterity of the school business model and, consequently, its performance. Considering this rationale, the second research question emerges:

RC2: How does the interaction between principal resource holders impact the VET school business model and performance?

Changes occurring within an organisation can resonate throughout its governance structures, influencing the distribution of power and authority in resource allocation (Gereffi & Korzeniewicz, 1994). Organisational innovation is supposed to impact internal governance and the dynamics among various actors engaged in inter-organizational relationships. These relationships encompass transactions involving specific assets contingent on interest and trust (Ring & Van de Ven, 1992). A culture of openness can be nurtured through organisational innovation, paving the way for participatory and inclusive governance enriched by diverse stakeholders contributing to decision-making processes. This orientation fosters a continuous culture of improvement, encourages risk-taking and experimentation in management, and augments the entrepreneurial character of educational institutions, particularly when complemented by judicious human resource engagement, development initiatives, the cultivation of an internal improvement ethos, and a focused regional approach (Guerrero & Urbano, 2012). The efficacy of this relationship pivots on the objectives of the VET system, be it enhancing employability, facilitating social integration, or nurturing democratic citizenship (Powell et al., 2012).

In the context of vocational education institutes, organisational innovation is anticipated to influence the relationship between VET system actors and the governance mechanisms within the system. To enhance VET institutions' relevance and offerings, there is a pressing need to institute processes and structures that facilitate robust collaboration between vocational education providers, industries, policymakers, and regulatory bodies. This collaboration is

poised to foster co-creation and increased participation in steering, coordination, monitoring, and accountability processes within policy formulation. This participatory generates a well-rounded and balanced governance framework for the VET system, encompassing regulatory, institutional, and financial dimensions (Swiss Agency for Development and Cooperation (SDC), 2022). Furthermore, the actors' endorsement of an augmented governance structure is likely to arise from its efficacy in minimising transaction costs (Williamson, 1975) while hinging on the foundation of trust, reputation, and power within actors involved in relationships (Uzzi, 1997).

Thus, the third research question endeavours to illuminate the implications of DU as organisational innovation on VET system governance:

RQ3: How does DU influence the governance of the VET system?

In contemporary discourse, a growing consensus underscores the pivotal role of business model innovation in explaining firm performance (Zott et al., 2011). However, the realisation of this innovation, particularly within the sphere of organisational innovation, necessitates the fulfilment of prerequisites, notably the cultivation of dynamic organisational capabilities that evolve over time (Teece, 2018). These dynamic capabilities encompass the critical facets of sensing, seizing, and transforming, which are crucial for the formulation and execution of innovative business models. They empower enterprises to elevate their conventional competencies, steering both their capabilities and those of collaborative partners towards endeavours with substantial returns. This dynamic orchestration relies on an organisation's ability to adapt its resources in response to changes in the market and the wider business environment (Teece, 2018). The strength of a company's ability to adapt quickly and thoroughly align its resources, including its business models, with changing customer preferences affects how fast and well it can meet customer needs and desires. This imperative calls for the continuous ability to perceive and capitalise on opportunities while periodically effecting organisational and cultural transformations, enabling proactive recalibration to address emergent challenges and prospects (Teece, 2018).

In the realm of organisational innovation antecedents, Damanpour (2017) underscores three important dimensions: environmental factors encompassing external and contextual elements, organisational aspects comprising structural and cultural components, and managerial facets including leadership and human capital. A clear interaction often exists between the components of organisational design that fortify dynamic capabilities and the contours of a specific business model, resulting in complementarity (Teece, 2018). At an advanced level, dynamic capabilities help a company organise its resources to meet current and future customer demands, adapt to technology changes, and handle competition effectively (Leich et al., 2015).

The influential role of innovative management surfaces prominently in education research (Chou et al., 2010). Their research shows that strong and innovative management leads to a stronger sense of belonging to an innovative work environment. Characteristics like performance, professional, and innovation orientation within school innovative management are needed for a pronounced inclination toward fostering innovation. This, in turn, amplifies teachers' perceptions of an innovative climate, consequently fostering a positive correlation with work autonomy and group cohesion, both envisaged to have a productive impact on school performance.

It is expected that different S4J partner education institutes have developed various organisational capabilities that allow for successful DU operation; thus the fourth research question is drawn:

RC 4: What are key organisational capabilities for functional DUs in VET?

3. Methodology

This chapter outlines the research design, setting, sources of evidence, and data processing and analysis methods employed in this study to comprehensively investigate the intricate dynamics between business models, organisational innovation, and vocational education performance.

3.1 Research Design

The research design adopted for this study follows an *explorative qualitative approach with comparative elements*. This approach offers a holistic perspective by identifying, investigating, and comprehending the processes interlinked with individuals, teams, and organisations (Eisenhardt & Graebner, 2007; Bluhm et al., 2011). This methodology proves advantageous, particularly when delving into aspects that may have been previously explored, as it enables a deeper exploration and understanding of nuanced dimensions (Graebner et al., 2012). Moreover, this approach inherently incorporates the contextual nuances of the object of analysis, enhancing the authenticity and depth of the investigation (Yin, 2009; Welch et al., 2011).

3.2 Research Setting

An inductive multiple-case study approach is deemed most appropriate to explore the complex relationship between business models, organisational innovation, and vocational education performance (Eisenhardt, 1989). This approach facilitates an in-depth examination of multiple cases, each representing a unique instance of the phenomenon under investigation. This method can enable a comprehensive understanding of the contextual factors, mechanisms, and variations that contribute to the observed outcomes.

3.3 Sources of Evidence

The study leverages a multi-pronged approach to gather evidence from various sources to ensure a comprehensive and reliable exploration of the research questions. The sources of evidence encompass:

- i) *Revisit Periodic Assessment Reports (2017-2022)*: Examining assessment reports provided by students, teachers, directors, and DU members spanning the specified years. These reports were introduced by S4J project as tools for adaptive management and were gradually absorbed by the schools as mechanisms for quality management. These periodic assessments offer the needed information to support a longitudinal perspective on the evolution of the business model and its impact on vocational education performance.
- ii) *Focus Groups with Experienced DU Staff*: Conducting focus group discussions with seasoned DU staff members provides qualitative insights into their perspectives, experiences, and observations regarding the changes and innovations introduced, as well as their effects on the vocational education landscape.

Triangulation is employed to enhance the validity and reliability of the findings (Yin, 2009). The utilisation of data from diverse sources and respondents helps mitigate potential biases and ensures a well-rounded understanding of the research phenomenon.

3.4 Data Processing and Analysis

Data processing and analysis constitute a pivotal aspect of this study. A *confirmatory and exploratory coding approach* is adopted, aligning concept-driven and data-driven strategies

(Abdelkafi, 2018). This method involves iteratively coding and categorising data to unveil patterns, relationships, and emergent themes. The confirmatory aspect ensures that pre-existing concepts and frameworks are integrated into the analysis, while the exploratory element allows for discovering novel insights that may not have been anticipated initially.

4. Research Findings and Discussions

The research findings of this article are organised as per research questions, starting with the changes observed in the VET school's business models after the introduction of DUs, further analysed in view of the interaction between principal resource holders. The two last research questions will analyse the DU impact on VET system governance and the organisational capabilities and preconditions for this innovation to happen.

RQ1: How does the introduction of DUs impact the evolution of the VET school's business model?

To analyse the business model change, Richardson (2008) conceptualisation is used regarding value proposition, creation and capturing. Results are summarised in the Table 1.

Table 1: Change of schools' business model components after the introduction of DUs

Main categories	Elements	Before inducing DU	After introducing DU
Value proposition	Type of training Teaching methods Additional services	-Fixed training offer based on traditional trades	-Diversified offer based on market needs -Blended learning & work-based learning -Career guidance; talent management;
Value creation	Key partners Key resources Key processes	-Focus on internal actors -Outdated infrastructure; knowledge gap -Top-down approach; inputs & outputs rather than outcomes-based performance; lack of coherence	-Multifaceted participation of the <i>private sector</i> ; Coordinate actors for <i>regional</i> skills development; approach <i>national</i> system actors -Modern IT infrastructure; technology at work; initial & continuous training for higher expertise -Targeted marketing; Evidence based decision making; aim employability; decentralization & democratization; knowledge management
Value capturing	Revenues Costs	-Public funds only -Costs based on historic and steady expenditure, covering salaries and operations	-Diversified funds through collaborative projects -Higher efficiency in using assets for blended and practical learning -Changed <i>cost structure</i> supporting innovations

Source: author results

Analysis of the *value proposition* comprising elements of the type of training, teaching methods and additional services the school can offer shows achievements in all dimensions. While before the introduction of DUs, the offer was limited to traditional trades, after the DU, the type and number of courses/programs were enriched as a result of the new processes introduced by the CD coordinator, such as regional platforms for skills development where the need for skills is discussed in specific sectors in regional level and is followed up schools articulated request to develop or activate new programs. Another novelty was the new teaching methods with the assistance of technology and in cooperation with the private sector. CPD and CD coordinators in DU were in leadership positions, supporting the school staff in redesigning the lesson plans in view of blended learning combining classroom and technology-based, with practical training in school labs and at local partner companies. In this process, teachers were supported through peer learning and mentoring for new inclusive methods, ensuring effectivity

of this pedagogy. On the other side, the BR coordinator was instrumental in supporting the identification of local partner businesses and school instructors were supported in performing their new role in quality assurance of work-based learning. In view of the value proposition, the schools started to offer new services such as career orientation and guidance to the students (during enrolment and before graduation, respectively). Furthermore, to the main stakeholder, the private sector, schools were transformed into sources of talent and human resources, which influenced these partner's stronger bonds.

Regarding *value creation*, DUs contributed to enlarging the network of partners and, as a result, the access to resources. Most importantly, the new processes and instruments introduced created the preconditions for a more innovative business model and a more inductive working environment. In concrete terms, *partnership* with the private sector was multifaceted and based on collaboratively developed modalities, from the skills needs assessment to business inclusion in outreach and career development and access to knowledge and technology in work-based learning and certification. At the regional level, VET providers become more visible and facilitators of effective collaboration platforms. For the national system actors at the policy-making level, VET providers became sources of information for new reforms, labs for innovations and informed actors for important reforms, impacting public VET system decentralisation in general.

In creating this value, VET providers activated new and additional *resources* for internal clients (students and staff), such as advanced technologies (online-based to support blended learning and new tools and systems in work-based learning) and human resources (being continuously trained and capacitated). This is enabled because of the BR, CPD and project development projects in two main areas: i) infrastructure projects financed by the KfW Development Bank regional challenge fund that created access to more and updated resources, and ii) human resource development through exchange projects, mainly in European Union (EU) countries.

Important *processes* were reconceptualised because of upgraded or new functions such as IM, which generally influenced higher enrolment, particularly of targeted categories such as girls, using online and direct marketing campaigns. Innovations are mostly based on evidence, and this turned into a normal working modality of all coordinators making use of surveys, focus groups, social media metrics, tracer studies and annual assessments to analyse the situation, results achieved and set new targets per each function, aligned with institution-based objectives aiming for impact and outcomes (e.g., employability) rather than short term outputs (e.g., students grades). All coordinators prepare annual plans in a participatory way, including the school staff with whom they cooperate in implementation. In general, the introduction of DU influenced a more decentralised and democratic working environment where the power has shifted from leadership managerial positions to the DU coordinators with knowledge and network power who are more involved in decision-making and became the go-to persons for several tasks and services.

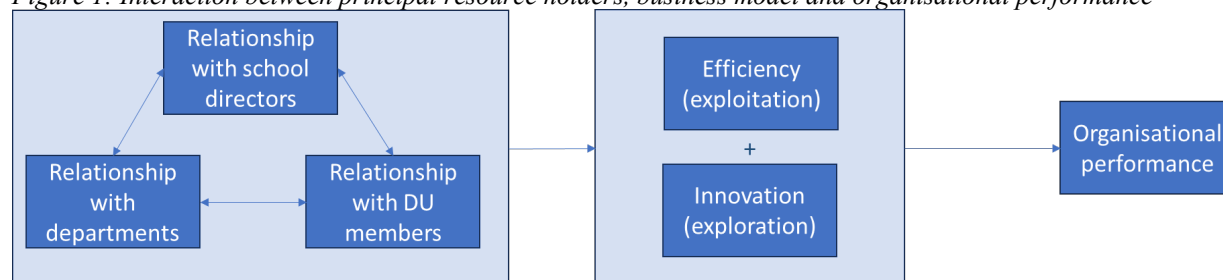
Value capturing has also changed because of DU operations. Development projects to which the schools are now applying create a substantial shift in the budget structure, which was only limited to public funds. The value captured is also enhanced because of higher efficiency in using resources. New ways of teaching and learning offered schools the potential for higher efficiency because of the shift of some teaching activities online or to companies. The transfer of practical learning at companies freed school resources and opened room for funds reallocations and the possibility of financing some costs linked to innovation, such as blended learning infrastructure, transportation costs for apprentices and communication for quality assurance.

As the analysis shows, DUs, as a comprehensive organisational innovation, are creating the necessary foundations for a changed business model. Whether these changes are supporting business models that are more efficient or innovative and how these changes impacted the VET provider's performance, could be explored by the second research question below.

RC2: How does the interaction between principal resource holders impact the VET school business model and performance?

To conceptualise the analysis of this research question, Hill & Birkinshaw's (2012) model of path analysis between relational context among principal resource holders, venturing ambidexterity (efficient vs. innovative business model) and results (performance) is used. In vocational education and DU research settings, *principal resource holders* are identified as the school directors, middle managers or chiefs of departments and DU members. The introduction of DUs impacted the school directors – DU members relationship, which was first newly created and then intensified through more frequent communication through planned activities mainly related to planning, task distribution and reporting. Furthermore, DU members were more intensively involved in decision-making. Regarding the relationship between departments and DU members, with the introduction of this unit, the responsibilities were redistributed, and a streamlining of actions was observed to achieve the objectives, e.g., in supporting staff for new teaching plans development, internal capacity development, quality assistance of work-based learning etc. Even if they existed before, relationships between school directors and departments intensified because of the new services and functions and the new processes requiring more regular planning, support, and coordination for implementation.

Figure 1: Interaction between principal resource holders, business model and organisational performance



Source: adapted from Hill & Birkinshaw (2012)

Analysis of *business models* confirms the ambidexterity of business models. The efficiency has increased because of higher staff and student retention, more streamlined processes, and new resource-sharing models with partners, especially in the private sector. At the same time, changes incentivised by this organisational innovation led to a more innovative business model, including new offers/programs and new ways of teaching in learning, combining IT, classroom, and work-based learning.

Annual assessment reveals that schools introducing a DU have a higher *performance*, which can be observed in increased enrolment (measured by the share of students choosing VET instead of general education), increased number of business partners, increased graduates' employability and incomes, and in general access to higher budgets and spending.

This qualitative analysis explains the relationship between DU, the business model and organisational performance, but it is not enough to prove whether the business model is mediating the relationship. For more accurate results, quantitative research is needed.

RQ3: How does DU influence the governance of the VET system?

The SDC (2022) VET system configuration is used as a general framework to answer this third research question. In this configuration, the role of governance is represented by a set of dimensions, all of them impacted by the DU, as indicated in the Table 2.

Table 2: Governance dimensions impacted by the DU

Governance dimensions	DUs impact
providers landscape	The diversity of providers has been increased due to the more enriched offer as well as the relationship between different providers because of higher interaction.
accountability	Using more evidence for decision-making and streamlining plans and reporting led to higher accountability of staff members and VET institutions toward partners.
institutional framework	The relationship between system actors in VET governance changed, and the main contributors were a stronger role for the private sector and VET schools becoming the centre for regional networks.
regulatory framework	VET providers became sources of information for national policies and guidelines. Innovations introduced served as pilots for system-wide regulations
funding	DU's work contributed substantially to the diversification of VET funding.

Source: author results based on SDC (2022) dimensions

RC 4: What are key organisational capabilities for functional DUs in VET?

The table below provides an analysis of organisational capabilities identified as important for functional DUs. The literature supports the first four capabilities, while the rest (*) emerged from the explorative analysis. The level of each capability was rated based on existing assessments, and a compound variable of organisational performance based on earlier analysis was developed.

Table 3: Organisational capabilities DU

organisational capabilities	S1	S2	S3	S4	S5	S6	S7	S8	S9
Culture of Creativity and Experimentation	Medium	High	Low	Medium	Low	Medium	Medium	Medium	High
Collaboration and Knowledge Sharing	Medium	High	Low	Medium	Low	Medium	Medium	Medium	High
Access to resources	High	Medium	Medium	High	Medium	Medium	High	Medium	High
Leadership Commitment	High	High	Low	High	Low	Medium	Medium	High	High
Strategic partnership*	High	High	Medium	High	High	High	High	High	High
Adaptability and Agility*	Medium	High	Medium	Medium	Low	Low	Medium	Medium	Medium
Rules and guidelines for operational efficiency*	High	High	Medium	Medium	Medium	Medium	High	Medium	High
Coherence of objectives*	High	High	High	High	Medium	High	High	Medium	High
Organisational performance	High	High	Low	Medium	Low	Medium	Medium	Medium	High

Source: author's results based on analysis

This qualitative analysis shows that, in most of the cases, there is a correlation between organisational capabilities and performance. For example, schools 1, 2 and 9 have seven to nine capabilities at a high level and high performance, while schools 3 and 5 have lower capabilities; as a result, less performing DUs and lower organisational performance.

5. Conclusions

The evolving world of work is accompanying transformative changes, underlining the imperative for VET schools to reconfigure their business models—a necessity that not only responds to the evolving demands but also presents an opportunity for systemic changes. Within this context, the business model framework emerges as a pivotal tool to examine pilot initiatives and system-wide innovations within Albania's VET domain, enriching the literature and responding to the call for more research in this context (Damanpour, 2017). In this complex landscape, internal organisms such as DUs stand as exemplars of organisational innovation within VET providers, profoundly impacting business models across multiple dimensions—most notably in redefining value proposition, reshaping value creation dynamics, and influencing value-capturing mechanisms. VET schools' principal resource holders, directors, departments, and DU members are essential to this dynamic. Their interplay not only shapes the VET school's business model but also signifies a nuanced ambidexterity within the VET school model, thereby serving as an intermediary for improved performance outcomes, confirming Hill & Birkinshaw's (2012) conceptual model.

DUs extend their influence beyond innovation realms, catalysing shifts in VET providers' position within the broader governance landscape. By expanding the span of their influence, these units elevate the visibility of schools, augmenting their power through heightened capacities and increased involvement in innovation initiatives. This, in turn, is accompanied by a more profound understanding of the labour market landscape because of its proximity to the private sector enhanced acceptance within the national policy discourse. As DUs emerge as a central innovation promising heightened efficacy in VET (Powell et al., 2012), organisational development must develop towards nurturing dynamic capabilities (Teece, 2018). Besides confirmation of capabilities from previous research, such as cultivating a culture of creativity, fostering organisational learning, access to resources and leadership commitment (Chou et al., 2010), fostering strategic partnerships, agility, and embracing evidence-based decision-making, emerge as other critical factors increasing the VET providers capability for effective organisational innovation.

While these insights are illuminating, the need for empirical validation remains compelling. Quantitative research is necessary to empirically substantiate the complex linkages between variables and the antecedents of organisational innovation, business model dynamics, and the resulting organisational performance in VET. Such an endeavour stands to provide a rigorous foundation for enhancing the understanding of the complex interplay between these dimensions within the VET landscape.

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