

The changing training practices in large Australian firms

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Abstract

This paper reports on a study by Susan Dawe from the National Centre for Vocational Education Research Ltd. (NCVER) on 'Determinants of successful training practices in large Australian firms'. It investigates the operation of major drivers of workplace training and compares current and past training practices in large Australian firms. It also identifies a set of training practices which lead to successful business outcomes.

Australian studies of enterprise training during the mid-1990s found that while training practices varied considerably between industry sectors and individual firms, formalised training and learning strategies were more likely to be found in larger organisations. These studies also found that the major drivers of training in organisations were workplace change and innovation, and the need to implement quality assurance processes and adapt to new technology. More recent studies of training practices in Australian organisations have confirmed the importance of these factors.

The research points to a number of trends resulting from organisational changes and recent developments affecting the workforce. These trends include an increased emphasis on generic skills training (such as communication, negotiation and problem solving) and devolving of responsibility for training to line managers. Large firms are increasingly providing training which leads to externally recognised qualifications. Individuals are tending to take responsibility for their own training, career planning and lifelong learning. Successful training practices in large firms also involve the evaluation of training.

Three elements found to be fundamental for best practice in training and learning practices in large Australian firms include having in place:

- ◆ an organisational culture that supports learning
- ◆ mechanisms to link training to the business strategy
- ◆ mechanisms to link training to workplace change

Introduction

This paper reports on a recent study by Susan Dawe from the National Centre for Vocational Education Research Ltd. (NCVER) titled 'Determinants of successful training practices in large Australian firms'. It compares current and past training practices in large Australian firms. Previous Australian research has shown that while training practices vary considerably between industry sectors and individual firms, more formalised training and learning practices are likely to be found in larger organisations.

The study investigated the major drivers of workplace training over the last decade. Its primary focus was the integration of teaching and learning within firms and factors that influenced firms to establish in-house programs for skill development. The use of

accredited training and training packages, the development of career structures within firms, and the impact of globalisation on training and learning practices were also considered.

Success in any activity can be thought of in terms of the extent to which an activity achieves its desired objectives. In this respect successful training practices are defined as strategies which provide benefits to firms over a period of time. These benefits may include increases in skills and knowledge, productivity or competitiveness, all of which are relatively easy to measure. In addition, improved worker health and safety, waste reduction, and more sustainable production are measurable benefits. Other benefits which are more difficult to measure may include increased employee morale or more effective employee-manager relations.

Research Methodology

This study was conducted in three phases. Phase 1 of the study comprised a review of existing literature focussing on factors which influence enterprise training, the development of a training or learning culture, training and learning in the workplace, and how the success of training can be measured.

Phase 2 comprised a meta-analysis of case studies of training practices in large firms (that is, those employing 100 employees or more) that had already been conducted during the last decade.

Phase 3 comprised of an update of these findings through case studies of current practice in four large firms: two wine companies, a family-owned manufacturing company and a new tourism operator. One large government organisation was also included for comparison purposes.

Findings from the literature review

Phase 1 of the study comprised a review of research on training and learning in the workplace.

Factors which influence enterprise training

In the early 1990s requirements for quality assurance and the introduction of new technology were very important reasons for enterprises engaging in workplace training. From their study of forty-two firms, Smith et al. (1995) also found that the major drivers of training were workplace change and innovation. More recent studies of training practices conducted by Johnston and Hawke (2002), Figgis et al (2001) and Dawe (2002) confirm the importance of change and innovation as major drivers of training in organisations.

A survey of Australian Industry Group members found that the three most important reasons for enterprise training were to multi-skill employees, promote quality and improve competitiveness (Allen Consulting Group 1999). More than two thirds of responding employers believed that enterprise training was required to ensure workplace health and safety, implement workplace change (including new technology) and build organisational commitment.

Smith et al. (2000) undertook a study of enterprise training that was provided to employees to deal with five separate forms of organisational change. In comparing the implementation of these changes (including team-working, total quality management, lean production, learning organisation and business process re-engineering), the study revealed that the form of change to be adopted can have a significant impact on the type of training that is provided and who participates in the training.

Five other important developments were also found to have an impact on workplace training in Australian enterprises. These comprised the increasing numbers of casual workers, incidences of outsourcing, competition especially in the global market, and adoption of formal business or strategic plans. In addition, a decreasing number of young workers in the population highlighted the need to re-train the existing workforce to overcome skill shortages (Smith & Hayton 1999).

Smith et al. (2002) found that the development of a business strategy was the most important factor in boosting the incidence of training in firms. Collaborating evidence was also found in studies of the relevance of a training culture to small business (Gibb 1998) and of factors that influence the implementation of training and learning in the workplace (Ridoutt et al. 2002).

Development of a training or learning culture

Reviewing the literature on developing an enterprise training or learning culture raised the following questions:

- ◆ What is training?
- ◆ How does training differ from learning?

According to Burns (1995), training refers to situations where the learning environment was predetermined by an instructor and directed at particular outcomes for the learner, whereas learning refers to an observable change in the learner/s actions or attitudes and emotions. According to the Macquarie dictionary, learning is the process which enables individuals 'to acquire knowledge of, or skill in, by study, instruction or experience'. Thus, learning may occur through formal and informal training or learning activities and broad experience from life and work.

The traditional 'training culture' was focussed predominantly on providing accredited and structured training for qualifications. On-the-job training or instruction was generally considered less formal and so less important by professional educators. However, Smith and Smith (1998) argued that training is the 'conscious activity on the part of the organisation' to ensure the right type of learning occurs for the right individuals at the right time. They noted that enterprise training seeks to ensure that learning is goal-directed and structured to support the business strategy of the enterprise.

Figgis et al. (2001) in their study of what convinces enterprises to value training and learning noted that informal learning amplifies the value of training. They found that an enterprise culture which supports learning is a major requirement for innovation and for development of skills and knowledge.

Johnston and Hawke (2002) defined a 'learning culture' as 'the existence of a set of attitudes, values and practices within an organisation which support and encourage a

continuing process of learning for the organisation and/or its members'. These researchers found that organisations adopted a variety of ways for building and maintaining a learning culture to best meet their needs. They concluded that enterprises should:

- ◆ promote more communicative, collaborative work environments
- ◆ increase learning opportunities through new systems, structures and processes
- ◆ increase opportunities for employees to contribute to decision-making
- ◆ develop systems and structures that support learning
- ◆ establish partnerships and associations with a range of external stakeholders to introduce new ideas and increase learning opportunities

Gibb (1998) noted that in small businesses informal learning methods are used to develop required skills and knowledge. Working in other job areas, contributing to project work, participating in staff meetings and post-project meetings, engaging in informal one-to-one coaching or mentoring, and networking with other organisations were all examples of the way individuals in small business developed knowledge and skill.

Training and learning in the workplace

Billet (2001) emphasised two broad strategies for effective workplace learning, that is, removing barriers to learning and implementing strategies to facilitate learning. According to Billet (2001) strategies which remove barriers are those which overcome limitations to learning in the workplace including 'demarcation, distrust, isolation, absence of experts' and unintended learning such as 'short-cuts, dangerous work practices [and] inappropriate behaviour' (p.98). In contrast, strategies which facilitate learning provide workers with access to pathways of learning activities supported by interpersonal guidance and collaboration to achieve learning goals. Vaughan (2000) also pointed out that the workplace culture either enhanced or inhibited non-formal learning.

Although working in teams has grown in importance in large firms over the last decade, there is a scarcity of research on adult learning in teams. Phair (2000) noted that learning in teams occurred at two levels: firstly at the level of the individual and secondly, at the level of the work team. She noted that the individual learner must have positive feelings of self and develop a sense of ownership and self-control over their learning activities and outcomes. In addition, the team learning process involved individuals working together with mutual respect and support, sharing information, knowledge and ideas, listening to others' points of view, and ensuring that the learning process was inclusive. Negotiating and achieving consensus on work team issues were essential to effective teamwork and required dialogue, discussion and reflection. Learning in work teams can also involve informal and formal processes.

Measuring the success of training practices

Few enterprises were found to formally evaluate the success of their training and the process was acknowledged to be complicated because training is usually accompanied by other organisational changes. However, many firms tended to evaluate training in terms of increased competitiveness and increased market share, or company survival against increased competition in their industry.

One indicator of successful training practices is the return enterprises receive from their investment in their training where training costs represent an investment by the firm in their employees. There has been little evidence from Australian firms about their returns from investment in training since 'many firms do not carry out systematic evaluations of their training and even fewer attempt to calculate the returns to their investments' (NCVER 2001). However, various researchers (Moy & McDonald 2000; Misko 1996; Dawe 2002) have already identified factors which enhance returns on investment in enterprise training. These factors include senior management commitment to, and supervisor involvement in, training and learning, training focussed on a business problem and low employee turnover.

Findings from the case studies

During the 1990s, there were major changes in the employment practices of large Australian firms such as award restructuring, enterprise bargaining, increased casualisation of the workforce and outsourcing of functions and tasks. For the workforce this generally meant increased responsibility for a variety of tasks, working in teams and more flexible working hours.

This research points to eight major trends which have resulted from these recent developments. They relate to the customisation of training to meet the needs of firms, workplaces and individual workers.

Increasing the diversity of training and learning approaches

This study found an enormous diversity of training and learning approaches being used in large firms. Training arrangements included external and internal training programs, on-the-job and off-the-job training and technical and generic skills training. In addition to formal training, informal learning strategies were also identified.

The findings also confirmed those of earlier researchers that found that successful business outcomes resulted from training focussed on a business problem, linked to immediate change (as required by new technology or legislation) or linked to a corporate strategy.

Decentralising the training

In the early 1990s large firms tended to have in place centralised training departments with specialist trainers delivering formal training. Today, the responsibility for adequately training employees has been devolved to line managers. This development reflected other changes in work practices such as increased use of self-managing work teams or the establishment of business units within large firms.

This study found that with decentralised training, a 'training coordinator' at senior management level acted as a training broker and identified the most appropriate training provider to suit the workplace and employees. Training coordinators were often also responsible for the corporate training plan which needed to be aligned with the business strategy. In addition, training was provided by supervisors or team coordinators who were often also qualified as workplace trainers.

Developing generic skills

In the mid-1990s the focus of training was primarily on improving and maintaining the quality of products and services, and on implementing workplace change including the use of new technology and new ways of working. Today, enterprise training is still driven by change but the focus for the enterprise is to maintain its competitive advantage. This includes developing innovative products and services to find new domestic and international markets and identifying more efficient or sustainable ways of working.

This study found an increasing emphasis on the development of generic skills, such as communication, team-building, negotiation and problem-solving. For market-driven firms, employees were required to have higher level communication and problem-solving skills in order to meet customers needs and expectations. Employees were also required to learn new skills and knowledge and cope with change.

In addition, sharing of information and expertise between teams and within teams was required for learning. This required trust and cooperation between management and employees to enable the development of innovative solutions and risk-taking.

Sourcing formal training from within the organisation itself

This study found that large firms today, were tending to source formal training from within the organisation rather than from external providers. Initially, they may use training providers or consultants to assist their own staff to identify training content and develop enterprise-specific training programs and learning materials. They may also use external providers to train appropriate staff within the organisation as workplace trainers and assessors.

In-house training delivery was found to provide flexibility which is particularly valued by large firms. For example, it can allow firms to provide easy access to training during down-time or at appropriate times for workers in manufacturing production or in around-the-clock provision of services. Large firms also tended to provide training facilities in each department or work-site. External training providers may also use these facilities to deliver training on-site or assist workers using self-paced learning materials.

Using their own staff to deliver formal training also helped organisations to develop the potential skills and knowledge of their own employees. This process has been aided by the opening-up of the national training market which has enabled enterprises to become registered training organisations able to deliver training which leads to nationally recognised qualifications.

Adopting accredited training

Today, many large firms have found that opportunities for accredited training can be offered as a recruitment incentive in a competitive market. This was especially the case for not-for-profit organisations which were not be able to use higher wages as an incentive for recruitment. In addition, assisting staff to gain externally recognised qualifications was found to help firms retain staff, particularly in the retail, hospitality and wine industries.

Consistency and quality of training has been improved by the adoption of formal programs leading to nationally recognised qualifications. In this study this was important for large firms with work sites in several states and territories, such as Accor Hotel group or Australian Agriculture Company, enabling easier transfer of staff within the company.

The use of accredited training also encouraged mature-aged staff to engage in training and to have their experience count towards qualifications through recognition of current competency (RCC) assessments. Higher participation in training also provided a stronger focus on quality assurance processes.

Most large firms also have employee study incentive programs which help employees meet the cost of external formal courses where training cannot be provided in the workplace. This support is most often provided for management courses. Increasingly large firms have established a partnership with a higher education institution for this purpose. For example Coles Supermarkets has a partnership with Deakin University to deliver the Certificate and Diploma of Business Management to its section managers who have completed Certificate IV in Retail Management.

Responding to the needs of individuals

The findings also indicate that enterprises identified as 'high achievers' by their peers and others were dedicated to meeting or exceeding the expectations of their clients. They also valued and respected their employees as individuals and aimed to develop their full potential. Many of these firms had established learning cultures to enhance individual and corporate skills, knowledge and creativity.

In addition, these firms expected employees to take more responsibility for their own learning and career development. This meant increasing employee input into the decisions about the type of training and learning they undertake. Once qualified, these employees were also expected to assist with the training of their team members.

Individualised training plans and career pathways were also found to be features of performance management systems in these firms. This encouraged participation in training and career planning.

Increasing the use of informal training

This study found that large firms were adopting more of the informal approaches to training and learning previously seen in smaller firms. The use of self-managed work and project teams, mentoring, self-study, and strategic partnerships were all examples of learning strategies adopted by enterprises to improve skills and knowledge of their workers. In addition, large firms also used cross-functional team meetings, temporary placement in other roles and networking as a way to upskill employees.

Evaluating training

Although formal evaluation of enterprise training has mostly been neglected in the past, with growing diversity in arrangements there appears to be more interest in measuring the success of training and learning practices. The recent NCVET research on returns on investment addressed this issue (NCVER 2001). It highlighted different ways that have been used to measure the returns on investment in training. However, this 2002 study of enterprise training noted that the trend to more informal,

individualised training and the shift of responsibility for training to line managers, had made it even more difficult to identify the total cost of enterprise training. In addition, linking training costs to successful business outcomes was difficult because most financial reporting practices tended to include training in the production cost (not as a separate item).

This study indicated that large firms maintain detailed records of training history or skills matrices for all employees. They also informally evaluated training and learning practices. This usually entailed a staff performance appraisal system where performance was measured against pre-determined objectives and individual training needs were identified for the following period. Appraisals were generally conducted annually or more often if it was required for new employees or the implementation of new work practices. This means that training and learning practices tended to be evaluated by line managers, workplace trainers and training participants.

Where a training committee or joint consultative committee existed and had input from workplace trainers, line managers and workers, this feedback ensured that the different training and learning approaches were evaluated and training was continuously improved. In addition, many large firms conducted customer satisfaction surveys which fed information into training practices. For example, in one firm, the staff training or learning department was the first point of call for all customer complaints. Similarly, staff satisfaction surveys were conducted to feed information to senior management and thus into corporate or department training plans.

Determinants of successful training practices

The eight elements already discussed highlight the changing nature of training over the last decade. In addition, the analysis of the case studies identified three elements which were most important for ensuring the success of training and learning practices. These included having in place:

- ◆ an organisational culture that supports learning
- ◆ mechanisms to link training to the business strategy
- ◆ mechanisms to link training to workplace change

Conclusions

This research revealed eight major trends resulting from organisation changes and recent developments affecting the workforce. These trends related to the customisation of training to meet the needs of firms, workplaces and individual workers. They included:

- ◆ increasing diversity of training approaches
- ◆ decentralising training
- ◆ developing generic skills
- ◆ sourcing formal training from within the organisation itself
- ◆ adopting accredited training
- ◆ responding to the needs of individuals
- ◆ increasing the use of informal training
- ◆ evaluating training

Three elements were found to be fundamental for best practice in training and learning practices. These included having in place:

- ◆ an organisational culture that supports learning
- ◆ mechanisms to link training to the business strategy
- ◆ mechanisms to link training to workplace change

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