

The psychological contract in apprenticeships and traineeships: Differing perceptions

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Abstract

As with any contract of employment, the mutual expectations of the employer and the apprentice/trainee are very important. Apprenticeships and traineeships have greater expectations than other employment contracts of employment because of the training component of the contract. This paper reports on some of the findings of a major NCVER-funded national project examining mutual expectations in apprenticeships and traineeships through the concept of the psychological contract. The paper focuses on the differences between employers and apprentices/trainees, in the expectations each party has of the other and in the extent to which the expectations are perceived to have been met.

Introduction

This project reports on an aspect of a national project about how the psychological contract operates in the employment relationship between apprentices/trainees and their employers. The project was funded by the National Centre for Vocational Education Research, and fieldwork took place during 2009 and 2010.

Attrition has been identified as a major concern in apprenticeships. Studies in Australia by Cully & Curtain (2001) and Callan (2000) have found that apprentices leave their contracts of training more often for job-related than training-related reasons. A study by Misko, Nguyen & Saunders (2007) found that over 23% of apprentices identified the need for improved job conditions or treatment of apprentices by employers. Smith (2001) showed that it is not uncommon for apprentices to be employed with organisations that have poorly developed training systems and training understandings. In relation to traineeships, Smith, Comyn, Brennan, Kemmis & Smith (2009) identified a number of factors that could help to reduce attrition and improve retention in traineeships, both during the traineeship and at the end of it.

Symons & Simons (2000), Smith (2004) in Australia, and Sadler-Smith & Smith (2004) in the UK suggest that clearer expectations – on both sides - of what is expected in an apprenticeship would help to increase satisfaction and reduce attrition. (Expectations in traineeships, as opposed to apprenticeships, have not yet been researched in a scholarly manner at all.) Accordingly, the issue of expectations, realisation of those expectations, and what happens if they are not met, is a vital one, but previously this issue has not been examined within a theoretical framework.

In this project, the issue was examined through the concept of the psychological contract. This concept is based on social exchange theory. The psychological contract

consists of the perceived mutual obligations between employees and employers, viewed from the employee's perspective (Rousseau, 1990). Employees form expectations about the employment relationship that lead them to believe that certain actions will be reciprocated. However, while many social exchanges involve expectations about behaviours or actions being reciprocated, not all expectations as such are contractual. It is only when employee expectations are based on perceived implicit or explicit promises made by the organisation, that a psychological contract is formed. When an employee perceives a discrepancy between what they believe they were promised by the organisation and what they have in fact received, the employee views this as the organisation's failure to meet the terms of the psychological contract and a contract 'breach' occurs (Robinson & Morrison, 2000). The existence of a breach loosens the employee's ties to the organisation and can lead to attrition or, in lesser cases, to withdrawal of goodwill.

The notion of the psychological contract helps us to understand the nature of employment relationships, particularly in a volatile labour market where it is important for organisations to be able to motivate and retain workers. In Australia's tight labour market, it is important for employers to be able to retain good staff, and skill shortages still exist in many industries that employ apprentices and trainees. However, the psychological contract, while not surprisingly receiving a great deal of attention in human resource management and organisational psychology literature more generally, has not been utilised in any major research with apprentices and trainees, although the concept was briefly examined in a small-scale project (Smith, 2000). Hence the use of the concept of the psychological contract is a new method in the Vocational Education and Training (VET) field of addressing a long-standing issue. This paper discusses the differences between employers and employees (apprentices/trainees) in their perceptions of the promises made in the psychological contract and the extent to which they are met.

Research method

The project had a complex mixed method (Cameron, 2009) with several phases. It began with national expert interviews with relevant stakeholders. An adaptation of a standardised psychological contract questionnaire (Hutton & Cummins, 1997) was used to collect quantitative data from apprentices and trainees in two States (Queensland and Victoria) and from employers of apprentices and trainees in the same States. The State Training Authorities organised random respondents from their respective databases for this purpose. We also undertook nine detailed case studies of apprentices and trainees working with different employers in different sets of contexts (large/small companies, different trades/occupations, etc), of which two were in Group Training Organisations (GTOs). GTOs are unusual players in the area of the psychological contract. They employ apprentices and trainees and 'lease' them to enterprises. Their role extends beyond that normally held by labour hire companies because of their pastoral care involvement (Bush & Smith, 2007). The case studies included interviews with senior managers, workplace supervisors and RTO staff as well as apprentices and trainees. With the GTOs, two host employers were also interviewed in each case study. In addition to these phases, we also carried out surveys specifically targeted at GTOs and GTO-employed apprentices/trainees, but these are not discussed in this paper.

There were some limitations of the method. Our response rate was not as good as hoped for and we needed to undertake second waves for two of the surveys. Our eventual response rate was 6.35% (n=219 including 141 apprentices and 78 trainees) for the apprentice/trainee survey and 10.43% (n=262) for the employer survey. Responses from the building and construction industry were disproportionately high for both the employer and the apprentice/trainee survey; this reflects, presumably, the industry's long-standing and deep commitment to apprenticeships, but has the disadvantage of leading to a lack of representativeness across industry areas.

Findings

This discussion focuses on differences between the two major parties (employer and employee). The role of other organisations such as GTOs or Australian Apprenticeship Centres cannot be discussed in this paper for reasons of space.

Findings from the stakeholder interviews

To provide the perspective of those who deal with traineeships and apprenticeships at a national and/or policy and practice level, 12 individuals from eight key organisations such as national employer and employee peak bodies, and one public Registered Training Organisation (RTO) and one private RTO, were interviewed at an early stage of the project. The interviewees revealed a deep knowledge of both the traineeship and apprenticeship systems, and the expectations and 'promises' that are made by the various parties involved. All of those interviewed worked in organisations that were intimately involved with the apprenticeship/traineeship system either at a national level or locally. Some had also been directly involved in teaching apprentices/trainees and others had once been apprentices themselves. Several respondents indicated that 'expectations' and 'promises' were extremely important in the retention of trainees and apprentices but often there was a lack of clarity about these. In particular the age of the apprentice/trainee had an important influence on their level of understanding about the nature and the demands of the work, unless they had previous experience in the industry or had completed a pre apprenticeship. Induction was thought to be extremely important in clarifying these expectations, but this was often provided 'too late' in the employment cycle.

The respondents thought that both parties to the psychological contract expected the same applied to any employment relationship. On the worker side they expected to be treated fairly, to be managed effectively, to be paid on time and to receive feedback on their performance. On the employer side the expectations included punctuality, commitment, courteousness and honesty. Both parties also expected that learning would take place, and that this was to be achieved through a process of 'application of learning' in the workplace. They said that employers expected to explicitly 'teach' their apprentices and to 'impart skills'. In some cases employers took on a 'paternal role' and expected that the apprentice in particular would be less autonomous and independent than other workers and would therefore need more support.

Participants discussed a range of 'discrepant' understandings of the promises and expectations implicit in the psychological contract. Employers might expect too much of a young apprentice or trainee. They might be 'over critical' and frustrated with the performance of the employee. They might be focussed on a narrow band of skills

relevant to the business to the exclusion of the broader range of skills expected by the apprentice/trainee and the RTO. Trainees and apprentices might expect higher and deeper levels of training and they might have unrealistic expectations about the nature of the industry that they were entering. They might also expect higher pay rates.

Participants offered a range of views to explain these discrepancies. Some employers lacked experience in dealing with apprentices and trainees, which meant that expectations could easily be ill matched. This was compounded by the complexities of the regulatory arrangements; some employers and apprentices/trainees found these both overwhelming and confusing. Conversely, the training plan for the apprentice/trainee might have had 'insufficient input from the RTO or employer' and this might lead to confusion about the types of learning experiences that needed to be created.

There was a suggestion that in some companies, the supervisors within the businesses may not have good mentoring or coaching skills and this produced disaffection with the fulfilment of the psychological contract. Induction processes were seen to be critical in providing the apprentices and trainees with both a holistic and particular understanding of their role in the company. A lack of time and effort invested in screening and recruitment processes could mean that expectations did not align. Sound performance management practices could ensure that expectations and promises were reinforced and made practical for the employees and the employers.

Some participants commented on the characteristics of 'Generation Y' and used these to explain the discrepancies in expectations and promises. They felt that differences in communication styles, cultural background and expectations and possibly low levels of literacy and numeracy were inbuilt discrepancies that could lead to employer dissatisfaction with the apprentice/trainee. One commented that increasingly young people may have had previous work experience and this led to greater expectations. Some respondents felt that apprentices changed a great deal over the period of their apprenticeship and the ability of the employer to cope and adjust to these changes was sometimes questionable. It was felt that this was not so palpable a problem in traineeships as the time period involved was shorter.

Findings from the surveys

Respondents were provided with a list of obligations which firstly employers (12 obligations) might be perceived to have towards apprentices/trainees (Table 1); and then which apprentices/trainees (16 obligations) might have towards their employers (Table 2). They were asked to rank how important they perceived these to be, on a scale of 0 to 10. Then in separate questions they were asked how far they felt the obligations had been fulfilled, by their employer (in the case of apprentices/trainees), and by their apprentices/trainees (in the case of employers). The items are shown below. In this case the questions are taken from the apprentice/trainee questionnaire, but the items were identical in the employer questionnaire. In addition a separate instrument developed by the researchers was used to measure training obligations, but for reasons of space details of this question cannot be provided.

Table 1: The obligations and commitments of your employer (i.e. the company that you work for) to you: How important are they?

During my apprenticeship/traineeship I believe it is important for my employing company to:

<i>Please circle one number on the scale on each line</i>		Obligation is not at all important	←————→	Obligation is extremely important	is							
1	Talk with me about matters which affect me	0	1	2	3	4	5	6	7	8	9	10
2	Help me develop my career	0	1	2	3	4	5	6	7	8	9	10
3	Be particularly considerate of long-serving employees	0	1	2	3	4	5	6	7	8	9	10
4	Provide me with support regarding personal problems	0	1	2	3	4	5	6	7	8	9	10
5	Provide the resources required to do my work	0	1	2	3	4	5	6	7	8	9	10
6	Make sure I am given a job that I like	0	1	2	3	4	5	6	7	8	9	10
7	Make sure my performance appraisal is fair	0	1	2	3	4	5	6	7	8	9	10
8	Treat me the same as everyone with respect to rules and discipline	0	1	2	3	4	5	6	7	8	9	10
9	Help me gain promotion	0	1	2	3	4	5	6	7	8	9	10
10	Give me adequate training for the job	0	1	2	3	4	5	6	7	8	9	10
11	Allow me time off to meet personal or family needs	0	1	2	3	4	5	6	7	8	9	10
12	Act in a supportive way towards me	0	1	2	3	4	5	6	7	8	9	10

Table 2: Your obligations and commitments to your employer: How important are they? During my apprenticeship / traineeship, I believe it is important that I:

Please circle one number on the scale on each line		Obligation is not at all important ← → Obligation is extremely important										
		0	1	2	3	4	5	6	7	8	9	10
1	Stay with my present employer until the end of my apprenticeship/traineeship	0	1	2	3	4	5	6	7	8	9	10
2	Protect the reputation of my employing company	0	1	2	3	4	5	6	7	8	9	10
3	Put the interests of my employer first at work	0	1	2	3	4	5	6	7	8	9	10
4	Be open with my supervisor / employer about things affecting work	0	1	2	3	4	5	6	7	8	9	10
5	Always be loyal to my employing company	0	1	2	3	4	5	6	7	8	9	10
6	Do non-required tasks which make the place run more smoothly	0	1	2	3	4	5	6	7	8	9	10
7	Refuse to support my employers' competitors	0	1	2	3	4	5	6	7	8	9	10
8	Spend a minimum of two years with my present employer after completion of my apprenticeship/traineeship	0	1	2	3	4	5	6	7	8	9	10
9	Work more hours than I am contracted to work	0	1	2	3	4	5	6	7	8	9	10
10	Be willing to accept a transfer	0	1	2	3	4	5	6	7	8	9	10
11	Refuse to give outsiders any company information	0	1	2	3	4	5	6	7	8	9	10
12	Become more skilled at work	0	1	2	3	4	5	6	7	8	9	10
13	Work well with others	0	1	2	3	4	5	6	7	8	9	10
14	Put in a full day's work for a full day's pay	0	1	2	3	4	5	6	7	8	9	10
15	Attend work every day when scheduled	0	1	2	3	4	5	6	7	8	9	10
16	Always be punctual for work	0	1	2	3	4	5	6	7	8	9	10

For reasons of space, the extensive data can only be presented in summary form in this paper. Table 3 shows the summary of the averages of the means of all responses for each party (employee and employer) to each of the sets of obligations. Group differences were calculated using the independent samples t-test statistic, with an alpha level set at .05.

Table 3: Means and independent samples t-test statistics examining differences between employers and employees regarding mean importance and met ratings

Scale	Employers			Employees			t-test ¹	
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE		
Importance of Obligations								
1	Employer obligations	8.5	8.4	8.5	8.2	8.2	8.2	2.7*
2	Employee obligations	8.3	8.0	8.2	8.2	8.1	8.2	0.4
3	Training obligations	8.6	8.7	8.7	8.9	8.6	8.8	-1.4
Met Obligations								
1	Employer obligations	8.6	8.4	8.5	7.7	6.9	7.0	7.3*
2	Employee obligations	7.9	7.8	7.9	8.6	8.4	8.5	-4.4*
3	Training obligations	8.5	8.4	8.4	7.8	7.6	7.7	4.1*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; ¹ Group differences t-test comparing total employers with total employees; * significant at p < .05; Item response range: 0 (not at all met) to 10 (completely met).

In comparing the overall mean ratings of employers and employees, employers were found to rate employer obligations as being more important and as being met more often. In other words employers felt their obligations were greater than the apprentices/trainees did and they also perceived meeting these obligations to a greater extent than the apprentices/trainees did. The differences in ratings between the two

groups were also significant. Employees rated the importance of training obligations as slightly more important, compared with employers, but the difference in ratings was not significant. Also, employers rated the extent to which training obligations were met significantly higher than employees.

There was no difference in the mean ratings of importance of employee obligations between the two groups, however employees rated these obligations as being met more often, compared with employers and the difference in ratings between the two groups was also significant. Overall, both employers and employees perceived training obligations to be more important than employer or employee obligations. Employees also rated training obligations as being met to a greater extent than employer obligations. Despite the significant differences between employers and employees with regards to met obligations, the overall mean ratings in excess of 7.0 suggest that the psychological contract of both parties is being met relatively well.

In terms of differences between apprentices and trainees, the overall mean ratings of employers of apprentices versus trainees relating to the importance of the three types of obligations and the extent to which these obligations were met, were similar. This was also the case for apprentices and trainees, except for the extent to which employer (non-training) obligations were perceived to have been met. Trainees rated these obligations as being met to a lesser extent (mean of 6.9), compared with apprentices (mean of 7.7) and with employers of trainees (mean of 8.4).

There was general agreement between employers and employees about the employer obligations considered **most** and **least** important, although we cannot provide any statistical data to support these for reasons of space. For example, both groups rated *adequate training for the job* and *treated the same re rules and discipline* as two of the most important obligations, while *job that I like* and *support for personal problems* were rated as the least important employer obligations (items 10, 8, 6 and 4 in Table 2). There was also agreement between the groups regarding the most and least important employee obligations. *Always be punctual* and *attend work every day* were rated as two of the most important obligations, while both groups similarly rated *willing to accept a transfer* and *work more hours than contracted* as employee obligations that were not important (items 16, 15, 10 and 9 in Table 3).

Findings from the case studies

Case studies were carried out in nine sites across Australia; seven companies and two Group Training Organisations (GTOs). Two case studies were in regional areas and the remainder in capital cities, although several of the latter companies had state-wide or national operations. Table 4 lists the sites and categorises them according to their industry area and functions. Pseudonyms have been used.

Table 4: Case study sites and their characteristics

Company pseudonym	Apprentices	Trainees	Industry area	State
Building Co	X		Building & construction	WA
Electrical RailCo	X		Construction/electrical	VIC
Hospitality and GamingCo	X	X	Hospitality, gaming and horticulture	ACT

PowerCo	X		Electricity generation	QLD
RetailCo		X	Retail	VIC
RestaurantCo		X	Fast food	QLD
Steel Manufacturing Co	X		Engineering, manufacturing	QLD
Regional GTO	X	X	126 different vocations	NSW
Electro GTO	X	X	Traditional trades, business	VIC

We sought to interview in each case at least the following people: a senior line manager, an HR or training manager or field officer in the case of GTOs, a supervisor (or host employer in the case of GTO) and at least two apprentices and/or trainees. In total interviews were carried out with 67 participants across the 9 case study sites; 31 of these were with apprentices/trainees.

As with the survey findings, the detailed data can only be summarised in this paper. This is done by a count of certain types of responses. The differences in perceptions among the two major groups, ie employers and apprentices/trainees, about what is in the psychological contract, are depicted in Table 5. This table provides information about the frequency with which participants in the case studies mentioned the same, or different, promises. These data provide different items from those reported on in the survey; we did not question respondents directly about any items but asked them what they thought was important. The data therefore grew from the responses rather than the other way around.

Each of the 'items' was extracted from the case study transcripts. Each person who mentioned an item was assigned to his/her category of participant in the case study, ie manager or apprentice/ trainee. ('Managers' included workplace supervisors and host employers). The responses were tallied across all the case studies and were converted into percentages of the total number of case study participants in each of the two categories. The percentages were then converted into decimal numbers to provide an index of frequency.

Table 5: Employer and employee promises and the proportion of interviewees in the two major categories who mentioned them

Employer promises	Mentioned by nos. of managers	Mentioned by nos. of apprentices/trainees	Total no. of respondents mentioning the item
	Index	Index	
Relevant and appropriate training	0.85	0.50	42
Safe workplace	0.36	0.50	26
Pastoral care/support	0.55	0.25	25
Fair and equitable treatment	0.42	0.32	23
Opportunities to learn through work	0.36	0.32	21
Good/fair wages	0.33	0.28	19
Enculturation of apprentices (moulding)- values, standards, work ethic, business relationships	0.36	0.18	17
Provision of a mentor/coach/contact inside the organisation	0.30	0.25	17
Provision of a career pathway	0.27	0.28	17
Communicate relevant information	0.33	0.18	16
Explicit feedback- positive and negative	0.27	0.25	16
Offer enough hours/shifts in order to complete the traineeship	0.18	0.25	13
Reward & acknowledge apprentices/trainees who perform well	0.21	0.21	13
Provide post-apprenticeship job opportunities	0.24	0.14	12

Provide workplace support for training	0.15	0.18	10
Tough in their expectations of apprentices/trainees (maintain boundaries)	0.24	0.04	9
Release staff for off the job training	0.06	0.18	7
Provide alternative workplaces in the case of GTOs	0.12	0.00	4
Employee promises			
Attendance/punctuality/trust/reliability	0.48	0.60	33
Commit to hard work	0.27	0.60	26
Take training seriously and complete assigned work in a timely way	0.39	0.36	23
Be motivated and have a positive attitude	0.36	0.39	23
Demonstrate a willingness to learn	0.30	0.28	18
Abide by OH&S standards at all times	0.27	0.28	17
Communicate if problems arise	0.36	0.18	17
Complete their term of training	0.27	0.25	16
Behave appropriately	0.18	0.36	16
Up hold company name/loyalty	0.24	0.21	14
Stay on after their term	0.15	0.21	11
Ask questions and have a proactive approach	0.21	0.11	10
Be customer focussed	0.12	0.21	10
Maintain appearance & levels of personal hygiene at work/ training	0.15	0.14	9
Collaborate with colleagues	0.09	0.11	6
Apply learning in the workplace	0.03	0.18	6
Take on responsibilities as they arise	0.03	0.11	4

Table 5 shows that both the managers and the apprentices/trainees ranked the provision of ‘relevant and appropriate training’ as the most significant ‘promise’ on the part of the employer. However, employers ascribed more importance to this ‘promise’ than apprentices/trainees did. The least significant promise, in terms of mentions, was ‘the release of staff for off the job training’. The promises where the views of the managers and the views of the apprentice/trainee were closely aligned included: the opportunities for good and fair wages; the provision of opportunities to progress; explicit negative and positive feedback; and the provision of a career pathway. The employee promises to attend work regularly, be punctual, demonstrate trust and reliability were those mentioned most often by employers and apprentices/trainees. The promise that reflected the greatest disparity between the two groups related to ‘commit to hard work’. Apprentices and trainees felt that this was a highly significant promise whilst managers did not seem to view it as so important. The promises that displayed the highest levels of agreement between the two groups included: taking training seriously and completing assigned work in a timely way; being motivated and having a positive attitude; and demonstrating a willingness to learn. It should be noted that a low ‘score’ does not necessarily mean that other respondents would not have considered an item important if they had been explicitly asked about it.

Discussion and conclusions

This paper has been able to provide only a small proportion of the findings of this research study. In particular, qualitative comments from the case studies are missing, and these often provided deep insights into the participants’ views. Perhaps the most significant finding was that in most respects the expectations of an apprenticeship/traineeship were, on both sides, similar to those of any job. Attendance, punctuality and being treated properly were seen as important parts of the psychological contract.

However there were increased expectations in the training area, as might be expected. Part of the 'deal' of being an apprentice/trainee and of employing one is that adequate training is provided and that the apprentice/trainee takes training seriously and puts effort into learning. Each phase of the project reflected this fact. An interesting discrepancy between the survey and case study phases is that in the case study there were a great many mentions of pastoral care by employers, while in the survey, 'providing support with personal problems' was rated low by employers and apprentices alike. This suggests that possibly employers do provide such care but may feel they are not obliged to, and hence did not rate it overly highly in the survey.

Any analysis needs, however, to start from the fact that not only were there perceived to be high levels of obligations but also that obligations were perceived to have been met to a very high extent. The lowest 'met' obligations in the survey, as a group, were employment obligations of trainees (as perceived by trainees) yet even these represented a mean of 6.9 out of 10.

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