

# **EMPLOYMENT BASED TRAINING AND THE NATIONAL TRAINING FRAMEWORK**

*John Pardy<sup>1</sup>, Lina Robinson<sup>2</sup>*

*<sup>1</sup>Monash University, VIC*

*<sup>2</sup>Service Skills Australia, NSW*

## **Abstract**

This paper presents two case studies of employment-based learning and examines the training provided to employees in enterprises and its relationship to the National Training Framework (NTF). Enterprise Registered Training Organisations (RTO), are the ‘third force’ in VET provision in Australia after public and private providers. Enterprise RTOs are engaged in VET provision with their own workforces in areas that relate to their immediate business and workforce needs. While many enterprises in Australia engage in the training and development of their workforce this does not in all cases result in formal recognition.

Enterprise provision of employment-based learning in Australia is diverse yet not widely understood. These two case studies of VET based retail training are presented to illustrate the ways in which enterprises engage in training and development of their workforce and sheds light on some of the uses and limits of the NTF. These case studies provide insights into enterprise training and critically assess the role of the NTF in supporting principles of workforce development as understood and implemented by these two enterprises.

## **Introduction**

Despite the policy intentions of the National Training Framework (NTF), research has shown variously that training, assessment, competency and qualification completion, and licensing arrangements remain fragmented activities, with jurisdictional variations still inhibiting portability within a supposedly national training system using Training Packages (Australian Industry Group, 2005). National consistency has been an important organising principle in the successive waves of VET reform in Australia for close to three decades. Achieving national consistency was a cornerstone objective in the development and implementation of national industry Training Packages (Schofield and McDonald, 2004). Training Packages together with the quality assurance regime, the Australian Quality Training Framework (AQTF) make up the NTF. The implementation of national industry Training Packages sought to harmonise disparate jurisdictional and vocational/industry based qualifications that had previously characterised the system. The introduction of the quality assurance system in the first instance emphasised a 'compliance' agenda and has more recently become focused on 'continuous improvement'.

In times of rapid social and economic transformation the increasing complexities of social life and globalised economic arrangements place new and unforeseen pressures on the Australian national training system. Businesses today are seeking out employees who

possess employability skills, those broad based generic capabilities useful to workplace participation that can be effectively deployed for the purposes of ensuring productive organisations and enterprises (Smith and Comyn, 2003; Australian Chamber of Commerce and Industry and Business Council of Australia, 2002). Technical and industry specific skills are becoming a second order requirement according to the two sources who provided the information for the case studies in this paper. Employers' quest for talent rests on attracting the 'right' people. Employers want 'self-starters', employees able to work independently and who can positively contribute to the enterprise bottom line. Enterprises and businesses routinely induct employees into their organisations by providing education and training in the enterprises approaches to business and their respective culture (Enterprise Registered Training Organisation Association, 2009).

The case studies presented in this paper show how two enterprises manage the training and development of their respective workforces through considered approaches to employment based learning that are connected with the companies strategic and business goals and missions. The approaches as outlined in the case studies presented here underline a further fragmentation of the NTF. Jurisdictional differences have been variously documented in the 'curse of federation' discourse where national consistency is undone through state and territory processes that seek to accommodate local differences (Ryan, 2007). The diverse education and skill development needs and approaches of different business and enterprises bring their own pressures upon a NTF that rigidly prescribes consistency and a systemic harmonisation of qualifications.

## **Employment-based training and Enterprise Registered Training Organisations**

Employment-based training as the name suggests comprises employees learning at work. It has been suggested that the key features of employment-based training involve learners as employees of a company who are paid a wage (Choy, Bowman, Billet, Wignall and Haukka, 2008). Employees as learners are engaged through employment contracts and conditions that involve structured learning in the workplace or in an educational and training setting. Employment based training also involves a formal expectation of participation in training which is a conditionally binding agreement where it is the responsibility of the employer, to provide structured workforce development opportunities to the employee/learner.

Apprenticeships are the most commonly recognised experience and expression of employment based training. As societies and economies have changed and evolved so to have patterns of employment-based training. Apprentices in the classical sense of the manual trades (plumbing, carpentry, automotive electricians,) and domestic crafts and sciences (hairdressing, cookery) are indentured over a protracted period of usually three or four years. Employment based training has expanded through the NTF into areas and fields where there was previously little if any opportunities for employment-based training and skill development (Schofield and McDonald, 2004). This expansion can be understood as a factor in the intensification of work and the increased competition that characterises the changing occupational structures associated with global economic activity. The emergence in Australia of a national training market has affected the growth of employment related learning (Anderson, 2001). Employment in occupations that

historically did not require qualifications, or where skills *per se* were less important than a *willingness* to work will now more than likely require some level of skill development or qualification.

As a consequence of this expansion of employment based training and evidence of the increasing complexity of VET in Australia, Enterprise Registered Training Organisations (ERTOs) have emerged as key players in skills and workforce development. ERTOS are companies and organisations whose main business is not education and training. Education and training is an important workforce development strategy in the human resource development and the management of employees in these enterprises. Subsequently these enterprises take on the regulatory and quality assurance requirements and burdens to become Registered Training Organisations (RTOs) to provide recognised nationally endorsed education and training to their employees. As such after public (TAFE and schools with RTO status) and private providers, enterprise providers are a third force in delivering VET in Australia.

ERTOs operate as workforce development enablers embedded within the business functions of their own enterprise. Some ERTOS receive government subsidies to assist them to develop their staff, but many do not (ERTOA, 2009). Training effort and qualification or competency completion is subsequently not explicitly captured in national VET data collections unless it has been publicly funded. Consequently there is a very substantial under reporting of VET effort in ERTOS and of the total Australian VET (ERTOA, 2009). The main drivers recently identified in recent research undertaken by

the peak body that represents ERTOS found that the two main reasons for pursuing registration as a provider included:

1. An internal RTO can better develop and deliver customised training relevant to the specific business needs of our enterprise
2. An internal RTO provides greater flexibility and control in the delivery of training and assessment to our employees.

(ERTOA 2009)

Employment based training as discussed in this paper through the two case studies is contained to employees in the services industries of retail, warehousing and transport and logistics. One of the enterprises discussed in this paper is an ERTTO and the other is not. Both case studies outline employment based learning and how it interacts with the NTF. Both enterprises are engaged with the NTF, one only peripherally and the other wholly in terms of all its employment based training activity.

**Method: Two case studies**

These case studies emerged out of consultations that were being carried out for the purposes of the Service Skills industry skills council's 2010 environmental scan. In the process of those consultations, an important theme emerged about how businesses and enterprises engage with the NTF, including issues relating to the quality of skills provision and their fitness for the purpose of the 'industry'. More often than not, the term 'industry' covers over the differences that exist in industry fields at the enterprise,

company and geographically at the local level and in the business models and stylistic approaches of different players in that industry. “Branding” is the most obvious expression of this difference. In the services industries and in the retail sector, the stylistic approach and business model of the fast food chain McDonald’s is well recognised.

As a result of feedback in these broad based industry consultations two national enterprises were identified to illuminate the differences of enterprise engagement with the NTF. The case studies were instigated for the express purpose of developing detailed understandings of how two specific enterprises engage with the NTF by exploring the respective approaches to the training and development of their workforces. The criteria for including these two enterprises as the case studies was that they were both national and operate in the services industries. The two cases presented are both large national retailers. One uses the NTF as a key plank in its workplace training and development approach whilst the other uses its own framework. The issues raised in the case studies reveal much about training and development of the respective enterprises’ employees and include important insights into the NTF more generally.

#### **Data collection: structured interviews**

The interviews used to generate these case studies were carried out in November 2009, with the national training managers from the two enterprises. The interviews were semi structured interviews and were audio taped and transcribed. The questions that guided the interviews were:

1. How does learning and development occur in your organisation?

2. What informs the learning and development approach?
3. What is included in the learning and development approaches?
4. What are the outcomes?
5. Is the National Training Framework (NTF) used by your organisation?

Why/why not?

6. What are the benefits of your organisation's approach to learning and development?

The case studies presented respect the requests of the participants to remain anonymous by de-identifying the enterprises and focusing on presenting their approaches and views on the training and development of their workforces. In the case studies that follow the text placed in quotes is directly sourced from the key informants. The data presented describes the two enterprises approaches to training and development with the view to contributing empirical evidence about how these two enterprises understand and utilise the NTF.

### **Case study 1: Community Pharmacy**

This enterprise has around seventy pharmacy retail outlets and provides education and training to over 1200 pharmacy employees. The enterprise is an RTO and uses the community pharmacy qualifications within the Retail Training Package to organise and shape its workforce training and development.

In this enterprise, learning and development 'occurs at every level of the organisation



both strategically and operationally'. The organisation places great worth in a highly trained and knowledgeable workforce to fulfil the business's strategic and commercial goals. The national training manager explained that the training package is used as a framework, where firstly the job role and positions within the enterprise are analysed to identify the areas of competency and these competencies are then mapped to workplace skills sets, for the purposes of designing training and assessment materials to these workplace skills sets. 'A qualification is only a starting point to building a training program - it is not the end product'. The training manager suggested that the mapping process to workplace skill set, job role and job definitions indicated that the skills required for their enterprise are far beyond what is contained in the training package.

This enterprise engages in employment-based training for its workforce that exceeds the competencies stipulated in the training package. The provision of education and training through induction, exposure to supplier and vendor training in addition to developing skills immediately related to the enterprise's policies, processes and technology are identified as important for this enterprise. This enterprise has its own approach to customer service and invests in ensuring this is a key aspect of the employment training programs. Employment based training from the perspective of this enterprise is intrinsically shaped by supporting employees to learn 'how we do business'. Ownership by the enterprises of the approach and content of the employment based training strategy was identified as imperative by this training manager, with the qualification being of secondary importance and was spoken of as a 'base qualification'.

New employees to the enterprise who hold a 'base qualification' are required to complete a workplace induction program to welcome them into the enterprise along with having to undertake 'our customer service training program within the first 2 to 3 months of their employment'. This enterprise's approach to employment-based training is wholly embedded in the organisation wherein the managers, supervisors and team leaders are all involved as workplace trainers and assessors. The national training manager reported that,

I have a basic belief that the knowledge bank of the organisation must be stored within its employees, not stored with internal dedicated trainers or worse, external trainers or consultants. My system was to require workplace training as a core competency of every manager particularly store-based managers, assistant managers and supervisors. In this way, the Training Department has trained and developed workplace training and assessment as key competencies within our management teams. Approximately half of our management team personnel are also trained as qualified workplace trainer/assessors - that is, to training units and three assessment units of competency. All workplace trainer/assessors (store managers, assistant managers and supervisors) spend two days per month working for the Training Department principally on a workplace training and assessment (but not in their own store). The trainers and assessors do not assess members of teams they lead but rather members of other teams to ensure fairness in the assessment process.

Employment based training 'promotes the concept of a learning environment and culture in the workplace'. Peer mentoring is central to a whole of workplace approach to employment-based training. Workplace performance underpins much of the learning and development approaches in this enterprise. Whilst there is employment-based training at the store level focusing on retail the enterprise has developed a leadership and management training program at a diploma level. The retail management program that has been further developed to diploma level then provides a pathway opportunity into a higher education masters degree in retail management. Mapping competencies to workplace performance and developing a workplace skill based training program is undertaken for all training provided within the enterprise.

The training manager commented that 'although the Training Department works hand in glove with all the departments within the organisation it works primarily with retail operations'. It is at this level where employment-based training has economic dividends for the enterprise. The learning and development approach used by this enterprise tracks and measures employee performance against strategic goals and the enterprise's key performance indicators. The training manager explained that, 'All learning and development activities are measured primarily against profit margins, which include increased dollars per basket; increased items per basket'. Sales were identified as the key measure of the effectiveness of the employment based training approach in the enterprise.

The training manager summed up the enterprise approach by claiming that:

providing training within the national training framework motivates and increases

the satisfaction levels within our employees. There is a clear link between employee satisfaction levels and increased revenue growth. The other side of this coin is the benefit of being able to claim some funding small though it may be through traineeships. The recent introduction of productivity places funding for existing employees particularly for retail managers has assisted the organisation to be able to conduct our programs for a greater number of managers, hence further benefiting the organisation.

Being an ERTTO, enables enterprises to not only train and develop their own workforce but in the views of this enterprise they believe they are able to promote higher standards of learning and staff abilities by directly shaping and influencing the skills agenda.

### **Case study 2: Hardware retail**

This enterprise has over 170 hardware retail outlets in Australia and provides education and training to over 27,000 employees in these outlets. The enterprise is not an RTO. The enterprise has several distribution centres where the Transport and Distribution Training Package provides the basis for contracted out training. In its core business of retail the enterprise uses its own training development strategy to skill and shape its workforce to its own corporate identity.

The enterprise's retail outlets trade about 80 hours a week with a workforce made up of permanent team members (part-time and fulltime), and casuals. The national administration and training manager maintained that the enterprise 'do not employ on the

basis of a qualification but rather on the basis of 'cultural fit' to attract and retain people who want to do what we do'. This cultural fit involves teamwork and communication capabilities where each retail outlet operates autonomously in hiring and the organisation of the staff team. Group screening is used to select people into the organisation to assess how people react in groups and how they would deal with the general public. The enterprise seeks to build a workforce profile that is diverse in terms of ages, gender and cultural groups.

The enterprise provides an enterprise specific training and development strategy to its team members working in customer service in the retail outlets. There are four aspects to the training program. These stages begin with an induction and progress to an advanced stage.

The training and development model is outlined below:

1. Before you start (Induction)

Online for three hours plus two days facilitated training introducing the unique vision to the locally based retail outlet, the enterprise customer assistance program, presentation and occupational health and safety.

Learning to use the Learning Management System (LMS)

2. Getting up to speed (Fundamentals) 3 months

From being a passenger to a contributor

3. The next step (Intermediate) 3-12 months

Developing expertise in several areas

#### 4. Rounding it all off (Advanced) 12-18 months

Each employee is required to carry out and complete 213 hours dedicated training over eighteen months. Two weeks of their first three months employment in the enterprise is dedicated to training. The enterprise uses online learning with LMS together with facilitated training and 'buddy', peer-to-peer skill development. The training and development strategy is described as a skill builder program where employees move from department to department to build their capacities to address customer needs with informed and authoritative advice. The training and development model at this enterprise is intimately connected with the customer's experience, ensuring that the 'customer's journey through the store is connected with the life cycle of a do it yourself project'. The LMS is organised centrally and available to employees in retail outlets across Australia. Each store rosters a 'training module' that takes an average of thirty minutes online with additional facilitated and buddy peer based module. Every retail outlet has its own in-store trainer.

Most of the employees complete the eighteen-month period of training. After completing the training and development program the employee gets a transcript and the employer retains a complete record of each employee's learning history. The employees do not get a qualification at the end of the training. The value of the training and development was evidenced by employees becoming eminently sought after by their employer's competitors. Many employees have gone on to jobs with the enterprise's suppliers as sales representatives. Other employees have been 'poached' by competitors of the

enterprise. That the employee does not receive a recognised qualification was not considered an issue as the training manager was sure that employees of this enterprise were highly regarded. Not utilising the NTF was explained in terms of having more control over the staff development and training process. However, in some instances nationally endorsed units have been referred to as a reference when developing their program, particularly those that align to safety and regulatory requirements. The Enterprise RTO Association (ERTO) suggests that much of the 'job-specific' training provided by enterprises can be mapped to national training packages (ERTO, 2009).

The enterprise is very community focused and works within those communities through partnerships with schools and agencies to give marginalized people work opportunities. These programs will result in participants achieving a national qualification but will not necessarily achieve employment with the enterprise. The achievement of qualifications is organised by the school and the Local Learning and Employment Network (LLEN). These programs were initiated at the local level of a particular retail outlet in the ethos of 'we live here too'. It is understood as community engagement necessary for the vitality of the enterprise.

This enterprise only formally engages with the NTF through its training and development approach with its workforce based in distribution centres. At the centres there are 57 team members who undertake a logistics qualification provided by an external RTO. The training manager argued that there was no real difference between one distribution centre and another run by other enterprises. Therefore, the need for a tailored learning and

development approach was not warranted. It was also felt that given the customer is not directly in contact with the distribution centre there was no real need to invest in developing a learning and development approach shaped and controlled by the enterprise.

To ensure quality and to both protect and strengthen the brand, this enterprise invests in learning and development of its retail outlet workforce that focuses on service, quality, product knowledge and customer experience. The approach is tailored right down to the enterprise and store level because it has such an impact on the enterprise's brand. The training manager said that, 'I want to control what we can do'. This enterprise uses its own instructional designers and content developers to shape its workforce and enhance its brand nationally and regionally.

### **Discussion and conclusions**

From the case studies, it is evident that regardless of whether these enterprises are engaged in the NTF or not, both enterprises demonstrate a strong commitment to the training and development of their workforce and make substantial financial contributions and investments of effort and resources towards this. Both enterprises also deliberately align training programs closely to their strategic business goals to ensure business growth and sustainability. They realise that the success of their business relies on the quality of their staff. These enterprises have training and development approaches that are well constructed regardless of whether they are using the NTF.

In some ways the cases studies reveal a belief that the NTF can be restrictive and both



training managers expressed a strong desire to control more fully the training and development of their staff to ensure that it aligns closely to their enterprise's goals. Maintaining the integrity of their enterprise's approach and brand is a cornerstone in training and developing their workforces.

It is timely that the Australian VET system is reviewing and reconsidering its systemic approach to meeting the needs of industry and individuals who use the system. The emergence of a workforce development policy (Service Skills Australia: 2009, Skills Australia: 2009) points to a new generation of VET that will have important consequences for learning for work and for employment based training more specifically,

Workforce development involves a major paradigm shift. It refocuses thinking away from an almost exclusive orientation on training to one that encapsulates factors such as organisational development, change management, evidence-based knowledge transfer and skill development. The primary goal of workforce development is to reduce the barriers that limit effective work practices and to provide effective ways of improving workplace flexibility and productivity. (Services Skills Australia, 2009a)

The two case studies presented in this paper describe approaches to workforce development instigated and implemented by two enterprises. The NTF was a secondary consideration to the more primary concern of ensuring the productivity and continued development of workforces that are skilled to deliver on the respective enterprises bottom line.

Industry maintain that the continuing focus on training package design is often at the expense of a more broad-ranging examination of the educational infrastructure required for vocational training that meets the needs of industry and broader skilling goals (Ratio, 2009). They would argue that most attention at state and national levels is given to the implementation of training packages. These include the funding and resourcing of RTOs, funding of individual units and qualifications and AQTF compliance, that is, interventions which have served to strengthen the regulatory framework without necessarily improving the quality (Service Skills Australia, 2009). Industry frequently sees its standards devalued by delivery and assessment that is not conducted in accordance its requirements, which does not develop graduates to the required level of workplace competence. Industry believes that the deliverability of training packages to meet individual, employee, and enterprise specific needs is often under considered (Ratio, 2009). It could be argued that these factors may have contributed to some enterprises moving away from or not fully participating in the national training system. This does not mean that training is not occurring outside the VET sector but rather that often skill levels may be being underestimated within the Australian workforce.

The concept of workforce development requires government policy commitment and industry action to increase productivity and ensure national and international competitiveness through collaborative arrangements for skills provision. The VET system in moving toward a cohesive workforce development model needs to become more responsive to changing industry and enterprise needs (Smith, Grace, Brennan Kemmis,

Payne, 2009). To become more committed to workforce development requires increasing Australian workforce participation, particularly for the low skilled and unemployed. This will require investments in employment based learning opportunities that are meaningful and valued (Service Skills Australia, 2009).

### **Acknowledgements**

*The authors would like to acknowledge the two national training managers who freely gave up their valuable time to contribute to this paper.*

### **References**

Australian Chamber of Commerce and Industry and Business Council of Australia (2002), *Employability skills for the future*, Department of Education, Science and Training, Canberra.

Australian Industry Group (2005). *Contemporary apprenticeships for the twenty first century*, July 2005, Australian Industry Group.

Anderson, D (2001). 'Training markets' in C Selby Smith, F Ferrier, D Anderson, G Burke, S Hopkins, M Long, L Maglen, J Malley, P McKenzie and C Shah, eds., *The Economics of Vocational Education and Training in Australia: CEET's Stocktake*. National Centre for Vocational Education Research, Adelaide.p.112-120.

Choy, S, Bowman, K, Billet, S, Wignall, L, Haukka, S. (2008). Effective models of employment based training, National Centre for Vocational Education Research, Adelaide.

Enterprise Registered Training Organisation Association (2009). Profiling the Enterprise Registered Training Organisation, Enterprise Registered Training Organisation Association, Canberra, <http://www.ertoa.org.au/>.

Ratio (2009). The New Deal: ISC Role in Quality Training and Assessment, Service Skills Australia.

Schofield, K, McDonald, R (2004). Moving on ...Report of the high level review of training packages, Australian National Training Authority, Queensland.

Service Skills Australia (2009). Service Skills Environmental Scan.

Smith, E, Comyn P (2003). The development of Employability Skills in novice workers, National Centre for Vocational Education Research, Adelaide.

Smith, E, Grace, L, Brennan Kemmis R, Payne, W (2009). The New Deal: Workforce Development for the Service Industries VET Practitioners, Service Skills Australia.

Ryan, R (2007). Commonwealth power in respect of vocational education in Australia: some historical vignettes with future potential, in the *International Journal of Training Research*, V.5, No.2, pp.1-14.