Demand for apprenticeships and traineeships: What are the implications for the future?

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Abstract

While the Australian apprenticeship and traineeship system is currently strong, the overall strength belies some areas of weakness. One of these areas is the uneven nature of demand from applicants for positions as apprentices and trainees, which means that some industries, occupations and employers struggle to find enough applicants while others are over-subscribed. While apprenticeships or traineeships in some occupations are attractive to applicants and companies are over-subscribed, other occupations and/or companies offering positions within those occupations find it difficult to attract applicants of a suitable calibre. This paper reports on a research project undertaken during 2010, with 21 employers who employed apprentices and trainees. The different recruitment strategies and outcomes of the companies are described and the possible reasons for companies’ apparent success or failure to attract suitable applicants are discussed. Some suggestions for future policy and practice at company, regional and national level are offered.

Introduction

After a period of slight decline for apprentices and trainees of 0.6% between the calendar years 2008 and 2009 (NCVER, 2010a), recent figures as at the June quarter 2010 showed an increase in the uptake of apprenticeship positions with 440,600 apprentices and trainees in-training as at 30 June 2010, an increase of 3.2% from the previous year (NCVER 2010b). However, there are continued skill shortages in some trade areas as highlighted in the HIA-Austral Bricks Trade Availability Index (June 2010 quarter) which showed a shortage of skilled tradespeople in eight of thirteen skilled trades for example, which is consistent with shortages in other trades and traineeship areas over time (HIA, 2010). The 2011 floods and cyclone will exacerbate skill shortages as many skilled workers will be needed for reconstruction work. Hence there is a continued need to increase the numbers of apprentices and trainees.

This need has hardly been neglected. Over recent years there has been a range of policy initiatives, at both Federal and State government level, in an effort to address skills shortages as well as increasing participation in education and training by young people (Hill & Dalley-Trim, 2008; Dockery, 2003). The Australian Apprentices Taskforce was set up to maintain levels of commencements of young people in traditional trades and among its recommendations discussed the importance of effectively communicating the benefits of the trade apprenticeship system and how to engage with it amongst employers and potential apprentices and their families (DEEWR, 2010). One initiative arising from the taskforce was the Apprentice Kickstart program, which was added to existing incentive programs and designed to combat possible effects of the global financial crisis (Australian Government, 2010). Much attention has also been paid to strategies to improve completion rates (eg ACCI, 2010; Stromback & Mahendran, 2010; Bardon, 2010; Karmel & Mlotkowski, 2010a), which have hovered on average around 50%.
It is important to understand the reasons why employers take on apprentices and trainees. Toner (2005) reports that the most important reasons given by employers for taking on apprentices are rising workloads, the difficulty of recruiting tradespersons in the external labour market, and difficulties retaining existing skilled tradespersons. For traineeships, many of whom are existing workers, major drivers reported by employers are the need to improve the quality of organisational output and/or to meet regulatory requirements, a wish to attract and retain workers, and the fit of the available qualifications with company needs (Smith, Comyn, Brennan Kemmis & Smith, 2009).

Clearly one factor in improving the numbers of completed apprentices and trainees is the attraction of better quality applicants. Increasing sheer numbers of entrants alone is not sufficient. Pre-apprenticeships (Dumbrell & Smith, 2007) are one tried and tested strategy for trying to ensure that only good quality applicants, and those who understand the trade, enter a formal apprenticeship. Smith (2007) found that the most effective companies in her study had a very clear picture of what they were trying to achieve with their apprenticeship or traineeship programs, and recruited accordingly. Interestingly, most companies valued employability skills and fit with company values as of over-riding importance in selection decisions. While the low rate of pay is often put forward as a factor deterring enrolment in, and completion of, apprenticeships (Bardon, 2010), it has recently been posited that increasing training wages would have little effect on completion rates (Karmel & Mlotkowski, 2010b). This argument applies primarily to apprenticeships anyway, as trainees are not often put onto a lower training wage (Smith et al., 2009). The availability of financial incentives is of some importance in employers’ decisions to take on apprentices and trainees; Karmel, Blomberg & Vnuk (2010) suggest that these incentives act as a wage subsidy for employers of trainees although they also note that there is approximately 20% under-claiming of incentives. The Smith et al. (2009) research showed that employers found incentives important in the early days of utilising traineeships, particularly in convincing line management to adopt the program, but that they became far less important subsequently.

Group Training Organisations (GTOs) play a significant and well documented role in both the engagement and completion of apprentices and trainees. Historically, they have a higher success rate in the employment of those from marginalised groups and disadvantaged groups, such as those with disability (Lewis, 2002). GTOs have a sound reputation for the pastoral care (Lane & Darvinea, 2002) that they provide to those on their ‘books’, which some have termed ‘case management’ (KPMG, 2006) to describe the level of support and assistance that they offer. Such support and assistance is critical to ensuring a high or better retention rate, which has long been a concern (Ball and John, 2005). As Walkley (2009) proffered, there is much that companies and governments can learn from the GTO apprenticeship model such as the flexibility and reduction in bureaucracy that they offer employers and their appeal to small to medium businesses. GTOs work with about 35,000 host employers and cover around 15% of the apprentice population.

Research method

The project, funded by the National Centre for Vocational Education Research, looked at demand and supply issues in the apprentice/trainee employment relationship and in particular whether there is unmet demand: unmet demand for places from
apprentices and trainees, and unmet demand for apprentices and trainees from employers. This paper focuses on the data relating to the latter issue - ie how easy is it for employers to find suitable apprentices and trainees? The following research questions were covered in the project:

1. Why do Australian companies take on apprentices and trainees and what factors affect the number of places that they offer?

2. What recruitment processes do employers (including Group Training Organisations - GTOs) use for apprentices and trainees? What is the level of interest in available places and the quality of the applicant pool?

3. What actions can be taken by companies, by potential applicants and by other parties to improve the quantity and quality of the applicant pool?

In total, 21 interviews were carried out with human resource managers, apprentice/trainee co-ordinators or managing directors of companies. 15 were with companies and six with GTOs.

Participants were selected so that the total pool represented apprenticeships and traineeships, a range of industry areas, a mix of large and smaller employers, and a spread of metropolitan and regional/rural locations. The employers of trainees were selected to cover the three main types of employers of trainees: those who recruit their entire operational workforce as trainees, those who move some of their workforce selectively onto traineeships, and those who recruit limited numbers of trainees to fill specific roles. In some cases employers chose to speak about national operations; in others about State operations, or their own site. GTOs were included as they employ a significant proportion of apprentices and trainees in Australia and because they can provide a broader view than their own operations since they are in constant contact with employers. Two of the GTOs were predominantly metropolitan their scope of operations while the remaining three were predominantly regional/rural. All but one of the GTOs operated across a range of industries and occupations. One provided national and multi-occupational coverage. Table 1 provides summary details.

A detailed interview protocol included background questions on the company and its history with apprenticeships and/or traineeships, questions about recruitment processes, the number and calibre of applicants, and factors which might increase the number of applicants and/or the number of places that they offered. Interviews were taped, with permission, and transcribed. Interviews were mainly undertaken by phone. Most interviews took between 30 and 50 minutes. Some participants subsequently provided documentation about their apprenticeship and traineeship programs.

For this paper, the project data were analysed by theme, firstly to provide descriptive data and then a deeper level of analysis concerning increasing the quantity and quality of the applicant pool and the number of apprentice/trainee places.
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<th>Code name of organisation</th>
<th>Apprentice/Trainee or both?</th>
<th>Nature of business</th>
<th>State and metro/regional</th>
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**GTOs**

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Findings

The jobs and their applicants (Research question 2)

This section discusses the reasons why employers recruited apprentices and trainees, the relative attractiveness of the jobs and the nature of those who applied and who were employed.

The employers recruited apprentices and trainees for a range of reasons:

- Because they had always done so;
- To address immediate workforce needs;
- To address future workforce needs including senior management capacity;
- To lift the quality of work being done within the company, for competitiveness, for accreditation or licensing reasons;
- To provide a career path for workers;
- To access extra training input from an external body (ie RTO);
- To make less attractive work more attractive and/or to become an employer of choice; and
- To return something to the community, the trade and/or industry and/or the nation (often described as an ‘altruistic motive’).

GTOs recruited apprentices and trainees because that was the basis of their business, but the reasons above were also important to them because they were important to their host employers. Financial incentives were not mentioned by the companies as being of great importance, but some minor points were made. A small engineering company (Engineering 2) mentioned that the incentives enabled them to pay for the licensing qualifications (eg forklift) needed by its staff. Fast Food said that the incentives helped to defray the considerable cost of managing the company’s traineeship program. GTOs relied on the employment incentives in order to maintain viability. They said that some host companies being particularly interested in the special incentives which flowed through to hosts, but this issue was not explored systematically.

Those companies that were distributed in nature expected their branches or sites to make a case annually for employing apprentices or trainees at the site. This was the case, for example, in Electrical 3, Banking, Retail 1, and Fast Food. Central staff considered the business case for employing an apprentice/trainee; they also considered whether the site had the capability to supervise an apprentice or trainee adequately. In a few cases, companies said that they recruited more apprentices or trainees than they needed when unusually good applicants presented through the recruitment and selection process. They were prepared to carry the extra cost for the future benefit that would be gained.

Relative attractiveness of the different occupations

There appeared to be a spectrum of ‘attractiveness’ which clearly affected the extent to which employers could be selective about who they employed. Electrical work seemed to attract the highest calibre of applicants, while among the other building trades, carpentry seemed to be most attractive, although according to one employer
this was probably because it was the most visible trade. Engineering on the other hand was said to attract few applicants. There need not necessarily be a relationship between the numbers of applicants and the attractiveness or prestige of the applicants; some potential applicants would undoubtedly select themselves out of this aspirational trade. At the other end of the spectrum was Meat Processing, which was unattractive to some because of its nature; employers could not be overly selective in these companies. Retail was an interesting case. In the companies interviewed, retail was seen to be relatively attractive to applicants, but only existing workers were recruited into the traineeships. They could not apply directly for a traineeship.

**Nature of the apprentices and trainees**

While trainees could be of any age and both genders, ‘traditional trades’ apprenticeships were generally from a narrower pool. Most employers and GTOs described their ‘average’ apprentice as being a later school-leaver, age range 18 – 20 most of whom were male. Many (employers and GTOs) indicated a strong preference for applicants who had completed beyond a Year 10 equivalent qualification. The gender of apprentice and trainee applicants followed traditional lines - male for traditional trades (but predominantly female in hairdressing), female for Retail and Fast Food, and mixed for most other traineeship occupations except for Meat Processing, which was predominantly male. GTOs reported a greater gender balance in hospitality. Companies did attempt to diversify their apprentice and trainee base. A large rural/regional electrical employer (Electrical 3) with apprentice numbers approximating 280 had introduced programs to improve participation from women and indigenous people. The purpose of these initiatives was partly to ‘do the right thing’ but also to increase their pool of applicants. Another large national employer in the banking industry (Banking) operated a significant and highly successful traineeship program specifically for indigenous people. Banking had been able to win acceptance for this program internally within the company for business reasons, ie to create a stable workforce in regional and remote areas, but obviously the company was proud of its achievements from an equity point of view.

A number of employers and GTOs talked about particular demands and industry expectations of some trades. Automotive was one such area, with remarks highlighting the need for enhanced or effective literacy and numeracy skills demanded within the industry. Similarly, the electrical industry made frequent reference to the demands and work expectations of their industry, necessitating higher literacy and numeracy standards. Two employers (Electrical 1 and 2) said that they used the testing system (termed an ‘entrance examination’ by one employer) coordinated by NECA, the National Electrical and Communications Association. Some employers, eg Fast Food, viewed the completion of Year 12 or at least 11 as an indicator of motivation and ability to complete a task, rather than being concerned with the specific skills and knowledge gained during senior secondary schooling.

Most applicants for apprenticeships were below the age of 25, but a number of employers and GTOs alike reported a gradual increase in the number of mature-age applicants. Many said that older applicants were people seeking a career change. There was sometimes reluctance to hire and/or place them due to the increased salary costs employers (or in the case of GTOs, host employers) would have to bear for their employment. The introduction of Modern Awards was cited on several occasions as being a disincentive to employing adult apprentices. However, others preferred
mature-aged entrants, sometimes recruiting them from the existing workforce. Electrical 3, for example, had a mature-aged apprentice pay scale in its enterprise agreement, starting at around $45,000 p.a. All apprentices moved to this scale at 21.

The temporary ‘Kick Start’ initiative was singled out by several GTOs and employers for some comment about participant ages; only younger people were eligible. One person referred to a model nowadays ‘built around eligibility for incentives’. It seemed that some employers thought the temporary incentives were permanent, which could be dysfunctional.

Recruitment processes and outcomes (Research question 2)

Recruitment methods were quite often informal or confined to existing workers. There was a great deal of diversity in recruitment processes particularly in the timing and staging of their recruitment processes. A small number of employers tended to recruit and appoint according to a fixed time schedule and basis. This schedule was timed to coincide with the end of the school year, as has been traditionally favoured by many employers. The most common reasons for this practice related to managing the workload associated with recruitment, the need for a regular annual scan by senior management, and a desire to ‘capture’ the best available talent by recruiting at school-leaving time. One company recognised that the timing of their recruitment round meant that they missed out on many potential applicants because they had been recruited by other employers who recruited earlier; however the company had so many good quality applicants it was not seen as a problem. Other companies (e.g. Banking) started earlier in the school year to secure the best applicants.

Other employers, including GTOs, had recruitment systems that were not locked in to time schedules and recruitment was an ongoing process, driven in the case of GTOs largely by employer demand and in the case of direct employers by the need to maintain a stable number of employees in the face of high labour turnover (Fast Food, Meat Processing 1 and 2). However, GTOs mentioned that the middle of the year was a lean time for quality applicants.

All GTOs and many employers were heavily engaged with promoting their apprenticeships and traineeships to schools. Many tried to promote the benefits of either/or their industry, company or GTO to careers adviser and school leavers particularly. All GTOs and many employers reported that they were using online recruitment linked to the company/GTO website. These recruitment sites included a range of information about the company. Applicants were expected to have viewed the materials available on the web; Electrical 3 and Banking both mentioned this fact. If applicants had not looked at the site they had less chance of being employed. Several GTOs and larger employers made reference to the use of online recruitment search engines such as ‘Seek’. Other GTOs had begun to experiment with social networking sites, or creating their own, to appeal to attract applicants using a medium highly familiar and visible to the youth market.

All GTOs and most employers followed a particular process in terms of selection from among the applicant pool. For all GTOs and most employers, applicants applied first on-line, by handing in resumes, or from a job advertisement. For GTOs and some companies it was commonplace for their recruitment staff and/or field officers to conduct a telephone interview first as part of the culling process prior to bringing candidates in for a face-to-face interview. Many employers conducted some form of
aptitude and/or skills testing (all GTOs reported that they did this as part of the recruitment process). For some employers this often comprised a test of literacy and numeracy skills at a minimum, often coupled with specific testing centred on the demands and skills of the workplace/industry. In all cases the recruitment (if external) ended with a formal interview. Several employers indicated that they liked to have a parent or guardian attend the interview if the applicant was under 18.

Some employers recruited from their existing workforce. In Retail 1 and Fast Food, workers who showed promise and motivation, and who worked a certain number of hours a week, were selected onto the traineeship program, through recommendation from their branch managers. Recruitment from existing workers was also the route into a traineeship in the retail side of Retail/Baking. For Retail 1 and Fast Food, the traineeship program was seen as the route into management. For the two Meat Processing companies every new operational worker was recruited onto a traineeship, as is normal practice in this industry (Smith et al., 2009). In these cases the recruitment processes for trainees were the recruitment processes for shop-floor workers.

Quality of applicants

There was general agreement about what made an applicant attractive. The applicant should be well-presented, have good communication skills, appear knowledgeable about the company and the industry (have ‘done their homework’) and show evidence of achievement and motivation. For some industries it was more important than others that they understood what working in the industry was like. This applied to some of the traditional trades, especially those with difficult working conditions or hours of work (eg baking). For this reason employers in those industries liked to see applicants who had undertaken a pre-apprenticeship, a work placement or work experience (eg GTO 1, Engineering 1 and 2). For existing-worker trainees in retail and Fast Food, and for apprentices in the larger construction and electrical companies, evidence of motivation and ability to progress to managerial level was also important.

In general, GTOs were looking at a broader range of applicants (ie more candidates of poor quality) than direct employers. Several employers and GTOs reflected on shortages of quality applicants for available positions. Responses varied but in essence, some indicated that they were prepared to wait, others advertised (or re-advertised). Others went back to their databases or, as several direct employers responded, approached a GTO. However, GTOs were not always able to offer suitable people from whom to select.

Implications for policy and practice (Research question 3)

The research provided some insights into ways in which companies might find a bigger and better quality pool of applicants for apprenticeships and traineeships. On the part of the companies themselves, better marketing of their companies and their occupations would increase the applicant pool. GTOs and some companies were aware of this and reached down into schools and out into the community to increase awareness of apprentice and trainee positions. Major employers and GTOs already attended schools and regional careers events; the data suggests that further interaction with schools might be beneficial eg conversations with careers teachers. While such activities are difficult for small employers, networks of employers might be helpful and could even be used as joint marketing and recruitment networks. To some extent
this already took place; for example Banking and Electrical 1 and 3 passed on unsuccessful, but nevertheless suitable, applicants to other employers. Such networks might be particularly helpful in promoting jobs in industries which employers said had a poor image, such as engineering.

Web sites appeared to be good sources of information to increase awareness of the available positions; Electrical 2 and Baking were good examples of use of web strategies. Banking in particular, in trying to reach young Indigenous people, was very attuned to marketing its traineeship program to attract high quality people. Its web site provided examples of success stories, including a short video. The presentation of good career pathways would be particularly advantageous; in the case of traditional small employers of apprentices, this would need to be portrayed as industry rather than company pathways.

Apprentice employers appeared to be quite conservative in nature. Their preference for ‘the old ways’ could put some potential applicants off. Once-a-year recruitment campaigns seemed to be quite high-risk and might only work where the company and the occupation are very high-status. Companies might attract more and higher-quality applicants if they actively promoted the availability of mature-aged openings. However it is recognised that apprentice-employers, unlike the trainee-employers interviewed, appear to be quite ‘price-conscious’ and would not want to, or be able to, afford more ‘expensive’ apprentices. Recruitment of mature-aged apprentices might also necessitate changes in working practices. Schools could play a more pro-active role in promoting apprenticeships and traineeships as worthwhile destinations and therefore encouraging higher-ability students to consider them. However several interviewees said that schools tended to funnel only lower-ability students into apprenticeships and traineeships.

Policy initiatives could include greater use of pre-apprenticeships. Many employers did not seem very sure about the availability of programs in their occupations, and the different nature of such programs across jurisdictions (Dumbrell & Smith, 2007) would partly account for this. There seems to be a clear need for some standardisation of pre-apprenticeships and for programs in a broader range of occupations. GTOs could be allowed and/or funded to employ ‘above-load’ high quality apprentices and trainees who are surplus to current demand from host employers. They could be allowed to pay the apprentice/trainee a discounted wage and offer them to host employers at a low rate. This would clearly need to be limited to a certain period of time and have other safeguards against exploitation. This initiative would ensure that good quality applicants were not lost to the system.

Better pathways into apprenticeships from traineeships might improve the number and quality of applicants. As GTO 6 said, it is sometimes difficult for young people in particular to commit to three or four years of training, but they might commit to an interim qualification. Automotive 2, for example, used inventory traineeships as a pre-cursor to spare parts apprenticeships. However, Smith et al (2009) found that there is great opposition in some industries (eg construction) to this idea.

**Conclusion**

Although a small study, the research reported in this paper provides an insight into employer practices in the recruitment of apprentices and trainees. It was apparent that
there was a complex interchange of demand and supply factors of which the more sophisticated employers were well aware, shouldering responsibility for improving the quality and quantity of applicants. Other employers had a less strategic approach to recruitment and seemed to be less satisfied with their applicant pool.

References

Bardon, B. (2010). Trade apprenticeships completion analysis, unpublished paper for NSW Board of Vocational Education & Training.