

Australian enterprises' use of apprenticeships and traineeships to meet specific labour shortages

Erica Smith, Charles Sturt University

Abstract

When enterprises decide to employ apprentices and trainees they do so as alternatives to other forms of labour, such as already-skilled workers or unskilled workers who will not be offered contracts of training. In their decisions, particularly in the increasingly tight Australian labour market, they will consider specific labour shortages which may be at the entry level or may be at more senior levels, and they think about whether apprenticeships and traineeships may help to meet those shortages either immediately or in the future. This paper uses a number of case studies carried out as part of an international research project to examine this decision-making process and the reasons that employers give for placing their trust in the New Apprentice system to attract and develop the right sort of worker to meet their current or projected shortages.

Introduction

Apprenticeships and traineeships are not just about training; they are employment contracts as well as contracts of training. An enterprise that takes on an apprentice or trainee is normally undertaking a recruitment decision as well as a skill formation decision. 'Existing worker traineeships', where employers place existing members of their workforce onto traineeships, are the exception to this. Some economists (eg Pitman, 1984) argue that apprenticeships are a cost rather than a benefit, although this argument does not appear to have been advanced for traineeships. But most research with employers shows clearly that employers have specific work activities that they require apprentices and trainees to undertake. Indeed it has been shown (Smith, 1998) that some small companies, in particular, structure their entire work organisation around the use of progressively skilled apprentices. In the Smith (1998) study, a small joinery company allocated work on the basis of expected skill levels to each year of apprentice; two apprentices were recruited each year for this specific purpose. There has been less research, however, into employers' decisions on recruitment of apprentices and trainees for future skill needs and particularly into areas of current or future skill shortage. This is despite the current Australian skills shortage 'crisis' and certain assumptions that underlie related government policies on apprenticeship, and the current Australian situation of near-full employment. This paper uses some findings from the Australian component of an international project on apprenticeships as an initial examination of employers' use of apprentices and trainees to meet current and project skills shortages. Details of the international project are given in the 'Acknowledgements' section of the paper.

Literature review

In Australia the apprenticeship system involving three or four year contracts of training in the traditional trades has existed since first settlement by Europeans. In 1985, short, one and two year traineeships were introduced. Although Australian

employers were slow to take up traineeships, the number of trainees rose quickly from 1995 as the federal government focused on marketing traineeships to employers and provided financial incentives for enterprises to employ trainees. Traineeships also expanded into many occupational areas that had not previously supported contracted training such as retail, tourism and hospitality (Robinson, 2001). In 1997 the traditional apprenticeship and the traineeship systems were brought together under the umbrella of the New Apprenticeship system; numbers, especially in traineeships, escalated dramatically from about 120,000 in 1995 to over 400,000 by 2003. These new areas tended to be where employment growth was occurring and the development of Training Packages for these occupational areas also stimulated growth. By 2003 there were 400,000 apprentices and trainees of whom around 35 per cent were 4 year apprentices in traditional trades areas whilst the remainder were trainees (NCVER 2004). The total represents 3.5 per cent of the working age population, one of the highest rates of contracted training in the developed world, second only to the German system countries. Completion rates remain high for traditional apprenticeships at about 75 per cent whilst traineeship completion rates are lower at about 55 per cent (Robinson, 2001). However, there have been a number of quality problem associated with the rapid growth of the apprenticeship and traineeship system in Australia (Schofield, 1999). These have been partially addressed by new policies such as the introduction of the Australian Quality Training Framework (Smith & Keating, 2003) but concerns about the quality of apprentice and particularly trainee training are still strong among some commentators and interest groups.

Like many Western countries, Australia now has a low unemployment rate. The January 2006 rate was only 5.1% (Australian Bureau of Statistics 6202.0 Labour Force, Australia) with a high labour force participation rate of 64.4%, meaning that there are not large numbers of people outside the labour force that can be drawn in to meet shortages. In such a situation companies find it difficult to attract good quality applicants and these difficulties increase with factors such as rurality, perceived attractiveness of the work and so on. The award of qualifications through work using the traineeship system has been used for several years as a way of attracting good quality and motivated applicants to 'unattractive' work such as that in abattoirs or call centres (Smith, Pickersgill, Smith & Rushbrook, 2005).

Small businesses have long been involved in apprenticeships, particularly in the construction and hospitality industries, but many are new to the business of taking on trainees, although traineeships are reasonably well-established in small businesses in some industry areas. Rowlands (2000) examined small businesses' engagement with traineeships and found that three clusters of processes were involved: psychological commitment, financial justification, and operational issues related to the actual *process* of recruiting the trainee and interacting with the training provider. It might be expected that companies 'feeling their way' in this manner might be less certain about what they want out of traineeships than those familiar with the new apprenticeship system.

Research method

Six case studies were carried out in Australian companies as part of an international project on companies' use of apprenticeships. The Australian research was in two States, New South Wales and Victoria, and covered a range of industry areas which

was prescribed by the international project managers. For reasons of international comparability, only apprenticeships/traineeships that included some off the job training were researched; there were no fully on-the-job trainees. Four were in a regional city and two were in a metropolitan area. Suitable sites were located through the researcher's contacts in Skills Councils, Registered Training Organisations (RTOs) and other intermediary bodies. In each case study, an in-depth interview of 40-90 minutes was carried out on-site with the most senior manager with direct responsibility for apprentice recruitment and training. In some cases this was a first-line manager; in other cases a more senior manager. The interviews were structured around a detailed questionnaire prepared by the international project managers and adapted for the Australian context.

The Australian case studies are listed in Table 1 (all company names are pseudonyms). Case studies were undertaken between August and November 2005.

Table 1: Details of case study sites

Company	Industry Sector	No of staff	Metro/regional	Apprenticeship/traineeship	Interviewee
Truck Repairs	Automotive-heavy vehicle	600	Metro	Apprenticeship	Technical Training & Development Co-ordinator
Big Builders	Construction	200	Metro	Apprenticeship	General foreman
Motel Inc (catering)	Hospitality	50	Regional	Apprenticeship	Executive Chef
Retirement Home	Aged Care	130	Regional	Traineeship	General manager
Farming Supplies	Retail	31	Regional	Traineeship	Business & marketing manager
Physio Firm	Medical reception	6	Regional	Traineeship	Practice principal

Notes

- i) Truck Repairs interview also attended by a teacher from the partnering training provider
- ii) Part of Motel Inc interview attended by the current apprentice chef

This paper reports only on those findings which relate to the use of apprenticeships and traineeships to meet specific labour shortages. The interviewees were also asked about pedagogical issues and cost-benefits.

Findings and discussion

It is commonplace to assert that Australia is experiencing skills shortages. Recently, changes have been proposed to the apprenticeship system to alleviate these perceived problems including fast-tracking apprentices through the system (eg WA DET, 2005), different programs for mature-aged workers (AIG, 2005) and competency-based progression (AIG, 2005). The February 2006 Council of Australian Governments (COAG) meeting gathered together some of these proposed changes and others in a strategy to address skills shortage as part of a wider national human capital approach. <http://www.coag.gov.au/meetings/100206/index.htm>

The Department of Employment and Workplace Relations records skills shortages in a limited number of trade and professional areas (DEWR, 2006); such shortages certainly create serious short-term problems but this area is quite contested and it is

argued in some cases that there are labour shortages rather than skills shortages, and that companies' labour difficulties could be addressed through offering better pay and conditions rather than expecting the vocational education and training system to train more apprentices. The purpose of this paper is not to engage with these debates but rather to examine how the companies used the apprenticeship and traineeship system as one way to deal with their individual skill and labour shortages. It is worth mentioning, however, that several of the occupations covered by the case studies are listed by DEWR (2006) as experiencing State-wide skills shortages for both Victoria and New South Wales: motor mechanic, carpenter & joiner, chef, and aged care nurse (which is the promotion path for the aged care workers at Retirement Home).

The nature of the labour shortages in the case study companies

All of the enterprises mentioned tight labour markets; in some cases these were described as absolute difficulties in attracting labour and in other cases they were described as difficulties in attracting good quality people. Truck Repairs were typical of the former. About half of the company's workforce was undertaking actual hands-on vehicle repair work, and it was for this work that apprentices were recruited. The technical training & development co-ordinator said, 'It is a big fight, to try and get people.' He went on to explain

The schools systems is viewed to (sic) getting people through the school system, through their VCE (Victorian higher school certificate), and onto university ... we attend quite a few of those (careers expos) to try and lift our profile, lift the profile of mechanics, because, it was known as a dirty trade, we're lifting that and saying there is a career path. ... But it's far easier to recruit light vehicle mechanics, because basically the young kids can understand, you look out the window and there's motor cars, so they know what light vehicles are all about, and that's what they're interested in, they all go out and do cars and all the rest of it and motorbikes, they're playing with dirt bikes at home, on the farms or wherever they live, and that's a big difference, not a lot of them, except for the country kids who have been around diesel equipment, unless their father's been in the road transport game for years and years, and they've seen Dad working on his truck.

He said that it was easier to recruit young people in rural areas as these young people were used to heavy vehicles through working on parents' or neighbours' farms. Their major recruitment difficulty was in urban areas.

Big Builders had a different form of labour shortage. As a major construction firm they had a need for general foremen who would manage teams of sub-contractors working closely with site project managers who would typically be university graduates. They found it difficult to find suitable general foremen and so had decided to grow their own through the apprenticeship system. Every year in Victoria two or three apprentices were taken on as carpenters, and because of the ultimate aim of the apprenticeships it was essential to find good quality applicants. The general foreman that was interviewed said:

People in my role, and the foremen that are under me who work their way up, they've all started as apprentices; so at the very outset when we're looking for apprentices through XXX (group training company) we tell them that we're

looking for managers or foremen to work their way up through the ranks. So what ends up happening is they come and do their 4 year apprenticeship; and probably towards the end of their last year we start breaking them up and start giving them areas to look after, and currently because it's such a broad role, you get to see everything, and they usually make the best supervisors. So during their apprenticeship ... we give them out to sub-contractors and they get the whole aspect of building and so at the end of their time they become leading hands and moving on to supervisors.

To ensure high quality motivated apprentices, apprentices were recruited through a group training company which approached TAFE colleges to nominate their best students that had completed carpentry pre-apprenticeship courses. The group training company then provided a shortlist of candidates for Big Builders to interview.

Each of the other companies had some labour force challenges. The catering side of Motel Inc operated in an industry where there was generally a high turnover of staff and an identified national skills shortage. But the major advantage of recruiting apprentices at this particular site which was in a regional city, according to the executive chef, was particularly that it was difficult to retain 'outsiders' in a rural location. Recruiting a young local apprentice was much more likely to result in an employee who remained at the site after completion of the apprenticeship. Retirement Home did not find general difficulty in attracting staff because it was a modern facility with high quality premises and equipment, apparently an important consideration among aged care staff, but the company was anxious to improve the quality of care through the proportion of qualified staff. Managers were keen to use the traineeship system to encourage staff to proceed to aged care nurse training after completing the Certificate III qualification; their nurse workforce had an average age of 54 so they knew there would soon be a shortage of nurses.

The remaining two companies had labour shortages because of current and planned expansion; both had turned to trainees to meet this need for expansion. Farming Supplies had utilised trainees consciously as they wished their new staff to have a full grounding in the retail industry. The Business and Marketing manager had in fact been the first trainee taken on by the company, fifteen years previously. Physio Firm, on the other hand, appeared to have been persuaded primarily for cost reasons to employ trainees as receptionists and found it difficult to allocate sufficient staff time to supervise the trainees.

Criteria for apprentice/trainee recruitment

Because of the ways in which they intended to use their apprentices and trainees, the companies varied in the criteria they used to select apprentices. Responses of the companies to a standard question on selection criteria are given in Table 2 . They were asked to rate the criteria from 1 to 5 where 1 was 'not important' and 5 was 'very important'. Respondents were given the opportunity to add additional criteria.

Table 2: Responses to the question ‘How important are the following criteria for choosing apprentices’ (by case study site)

Truck Repairs	1	2	3	4	5
school marks			X		
occupational aptitude and previous knowledge				X	
existing vocational qualifications	X				
‘the apprentice has to suit the company’ (<i>response missing</i>)	<input type="checkbox"/>				
soft skills				X	

Big Builders	1	2	3	4	5
school marks				X	
occupational aptitude and previous knowledge			X		
existing vocational qualifications					X
‘the apprentice has to suit the company’ (<i>response missing</i>)	<input type="checkbox"/>				
soft skills				X	
other: <i>management suitability</i>					X

Motel Inc	1	2	3	4	5
school marks		X			
occupational aptitude and previous knowledge				X	
existing vocational qualifications			X		
‘the apprentice has to suit the company’					X
soft skills				X	
other: <i>punctuality, appearance, reliability</i>					X

Retirement Home	1	2	3	4	5
school marks			X		
occupational aptitude and previous knowledge		X			
existing vocational qualifications	X				
‘the apprentice has to suit the company’					X
soft skills				X	

Farming Supplies	1	2	3	4	5
school marks		X			
occupational aptitude and previous knowledge			X		
existing vocational qualifications			X		
'the apprentice has to suit the company'				X	
soft skills				X	
other: <i>willingness to learn</i>					X

Physiotherapy Firm	1	2	3	4	5
school marks			X		
occupational aptitude and previous knowledge		X			
existing vocational qualifications				X	
'the apprentice has to suit the company'					X
soft skills					X

The following analysis of Table 2 also incorporates comments that respondents made on reasons for their responses. While some of the criteria were industry-related, such as the Motel Inc's emphasis on punctuality and appearance, it is also possible to discern the labour-shortage related criteria. Thus Big Builders foregrounded management suitability and existing qualifications (as they insisted on apprentices who had completed pre-apprentice courses because they wanted to ensure their 'stickability'). Occupational aptitude and previous knowledge was rated most highly by Truck Repairs because of the specialised nature of the work and the need to be sure that apprentices would stay in what was not an attractive occupation for all. At Retirement Homes, 'suited the company' was very important because of the need to attract and retain people with a commitment to quality. Motel Inc needed people who 'suited the company' partly because the motel was part of a national chain and the company was always looking for promising staff to promote. Farming Supplies wanted trainees who were willing to learn, because in an expanding situation they need people to be flexible and able to take on as yet unforeseen responsibilities. The Physiotherapy firm seemed to be the least certain about what it was looking for.

Employers' satisfaction with experiences of apprenticeships and traineeships in meeting specific labour shortages

In the apprentice case study sites the use of apprenticeships was well-established as a form of recruitment of labour, and the psychological commitment mentioned by Rowlands (2000) and other commentators was strongly present. There was no doubt in the employers' minds about the value of apprenticeships and the main question was how to recruit the right applicants. They also all mentioned systematic training and job rotation strategies that they used to develop the apprentices in their on-the-job training. At Big Builders, for example, there was a committee that monitored all of the Heavy Builders apprentices in Victoria. This had been fairly recently established due to concerns about retention of apprentices. The general foreman said,

There are three of us that are on the apprentice committee and we're all ex-apprentices and we've all worked our way up to be general foreman or foreman, so we sit down and we monitor what the apprentices have last done, what they're about to do. So one might be doing structure for six months so he might be working with a form worker ... and then we think oh well he needs a bit more time on finishes and hanging doors and whatever so then we move him off that and put him on to hanging doors with the fixing guy. Then he might move on and we say that he hasn't had much time in surveying so we then put him with a surveyor on a project that's just starting so in their three years or usually three and a half years they've had a broad range or they've had every aspect of the job.

The experience of the traineeship case study sites was somewhat different. At Retirement Home trainees had not been used before; the general manager had been recently appointed and was bringing the idea of traineeships from a previous place of employment. The interview indicated that the company did not have very clear ideas yet for managing trainees' work to allow for progressive skilling. Farming Supplies had used trainees for several years in the mid-1990s but the practice had fallen off for a few years; the interviewee had been working elsewhere for a while but now he had returned he was reviving the practice. His commitment seemed to stem partly from his own early experience as a trainee but he was also able to articulate why they preferred trainees to other forms of labour:

It works well in the respect that you can hire someone from out of school or whichever else and you work on their personality. You don't look at their school stats or anything else you work solely on who they are and how they operate and everything else and then you can build. I mean you give them the skill sets that they want, and that you need, so it's a two-way street in that respect and it's not about moulding as such, I think it's more if you can get the better fit to your business with the traineeships.

In all of these five cases the employers said either explicitly or implicitly that in recruiting people as apprentices or trainees they expected a higher level of commitment to the company. Physiotherapy Firm was the exception. Their reasons for recruiting a trainee were, like Farming Supplies, the expected ability to be able to develop the recruit in a particular way – ie starting with a 'clean slate' – and also the cost advantage as trainees are paid less than non-trainees. But the firm had not been very happy with their experience with trainees; the reality had not lived up to their plans. They seemed somewhat dissatisfied with the training provider they used but also with their own performance in training the trainees on the job; some trainees had not 'worked out well.' As an expanding business, time was short for the senior people, and the partners needed to rely on the full-time receptionist to train the trainees. The conversation between the researcher and the Practice Principal seemed to alert the latter to the fact that they needed to be more systematic in their use of trainees and after the interview had concluded he actually remarked that as a result of the conversation he was beginning to wonder whether to cease employing trainees.

Conclusion

While this study was on a small scale it provided some useful insights into companies' use of apprentices and trainees to meet specific labour shortages. Some companies were clearly more confident than others that their use of apprentices and trainees was successful and would continue to be so. It seemed that a number of factors affected the success of the strategy of using apprentices and trainees. One was extremely careful attention to attraction and selection of recruits. In turn this depended on being very clear about exactly what type of recruit they were looking for. Another was a clear view about career paths for the apprentices/trainees that enabled them both to attract recruits and to retain their commitment and motivation. Linked to both of these was familiarity and experience with the new apprenticeship system, both in terms of using training providers and other intermediary bodies to assist in various ways, and in terms of having in-company strategies that were based on previous experience. Thus the use of apprentices and trainees was helpful in meeting the companies' needs but only if they had the skills and commitment to attract the right people and manage their experience within the company. Rowlands' (2000) two clusters of recruitment processes and interacting with the training provider are areas that clearly need attention. These skills, which might be described as 'traineeship management skills', might be expected to be more widely distributed as the traineeship system slowly puts down deep roots in the Australian labour market. As the literature review indicates, traineeships now provide a larger share of the New Apprenticeship system than apprenticeships and it is important therefore that traineeships develop a similar standing and similar commitment from enterprises.

Acknowledgments

The author would like to acknowledge the managers of the international project, *International Perspectives on Innovative Apprenticeship*: Prof Dr Felix Rauner, Dr Philipp Grollmann and Ms Ines Hermann from the University of Bremen. Field research in ten countries was carried out during 2005-6.

References

- Australian Industry Group (AIG) (2005). *Contemporary apprenticeships for the 21st century*. Melbourne: AIG.
- Department of Employment & Workplace Relations. (2006) *Skills in demand lists, States and Territories*, accessed via www.dewr.gov.au
- NCVER (2004). *Australian vocational education and training statistics: apprentices and trainees, December 2003*. NCVER, Adelaide.
- Pitman, D. (1984). The determination of junior wages in Australia: Needs, work value and employment. *Australian Bulletin of Labour*, June, 144-166.
- Robinson, C (2001). Australian apprenticeships: facts, fiction and future. National Centre for Vocational Education Research (NCVER), Adelaide.
- Rowlands, B. (2000). How owner/managers decide to participate with new apprenticeships for the first time: A grounded theory approach. *Future research, research futures: Third Annual Conference of the Australian Vocational Education and Training Research Association*, 23-24 March, Canberra.

- Schofield, K (1999). *Independent investigation into the quality of training in Queensland's traineeship system: final report: 2 July 1999*. Queensland Department of Employment, training and industrial relations, Brisbane.
- Smith, E. & Keating, J. (2003). *From training reform to Training Packages*. Social Science Press, Tuggerah Lakes, NSW.
- Smith, E. (1998). How apprentices learn to work. *Australian Bulletin of Labour*, 24:2, 127-140.
- Smith, E., Pickersgill, R., Smith, A. & Rushbrook, P. (2005). *Enterprises' commitment to nationally recognised training for existing workers*. Adelaide: NCVER.
- Western Australia Dept of Education & Training (2005). *Investing in Western Australia's future*. Perth: WA DET.