

# Group Training Organisations: Bellwethers or shepherds?

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## **Abstract**

*Group Training Organisations (GTOs) are responsible for the employment of over 10% of apprentices and trainees in Australia, with a greater presence in particular segments such as school-leavers, the traditional trades and school-based apprentices. While their role has been well recognised, if imperfectly understood, and there have been a number of government-sponsored reports into their operations, there has been little academic research into their activities. This paper draws upon part of the research carried out in three States by the authors, which formed part of a larger nationwide project during 2006. Drawing upon interviews and focus groups with group training organisation staff and other stakeholders, the paper examines two roles of GTOs. The first is that of shepherd – the pastoral care role which is so important to the retention of young people in apprenticeships. The second is that of bellwether - a role in which GTOs are early signallers to stakeholders of changes in labour market conditions.*

## **Introduction**

Group Training Organisations (GTOs) were first proposed in the late 1970s in Australia and the first GTOs came into being in 1980. The concept of GTOs (previously known as Group Training Companies) arose from a need expressed by small employers, in the building and automotive industries in particular, who, because of the vagaries of the business environment, found it difficult to commit to fixed four year training contracts. GTOs employ apprentices and trainees and 'lease' them to host employers (Smith & Keating, 2003: 96). GTOs are therefore able to offer the host employers the flexibility of engaging an apprentice or trainee with the knowledge and security that if the work 'dries up' then the GTO is chartered to find an alternative placement and the contract of training can continue. The process also frees employers from the paperwork and other responsibilities associated with a direct employment relationship.

The authors were involved in a national study of Group Training activities during 2006. This paper does not report on the findings of the project as a whole, which have not yet been released, but focuses on qualitative findings about the role of GTOs.

## **Background**

There are presently over 180 GTOs operating in Australia across all States and Territories and over 50% of group training's host employers are small and micro businesses employing fewer than five employees that would, given their size, be highly unlikely to be involved in employment based training if not for the services provided by GTOs (Group Training Australia 2003). There were 42,000 group training apprentices and trainees in training in 2006 which represented 13% of all Australian apprentices (Group Training Australia, 2006). While GTOs employ

trainees as well as apprentices, the focus of most GTOs, particularly those that are based on an individual industry, is on trade apprentices and especially on young people. GTOs employ 18% of traditional trade apprentices (Group Training Australia, 2006).

GTOs receive funding from two main sources; government funding, and the payments received from host employers, which are used to pay the wages of the apprentices and trainees. A large part of GTO activity consists in support for individual apprentices and trainees, the nature of which varies considerably among apprentices. This support has been described as 'case management' and is central to the reputation of GTOs (KPMG, 2006: 48). Lane & Darveniza (2002) note that the pastoral care provided to apprentices, especially those in the younger age group, is of great importance, and they maintain that this role of GTOs has been an important factor in the survival and growth of the apprenticeship system in Australia when compared with other countries. Group Training Organisations are often part of larger organisations that provide other, related, training and employment-related services to apprentices and trainees, thus increasing the range of assistance that can be given to young people (Smith & Comyn, 2003). By offering support to apprentices and trainees, the retention rate which has long been a concern in the Australian apprenticeship system (eg Ball & John, 2005) can be improved.

### **Research method**

The paper is based on the following research carried out by the authors in late 2006. The three States covered by the authors were those allocated to them as part of the larger project, which covered the whole of Australia.

*Interviews with State Training Authority personnel involved in working with GTOs in Victoria, New South Wales and the Australian Capital Territory.* Seven staff were interviewed in total: two in each of Victoria and ACT and three in New South Wales. These interviews were carried out face to face and were supplemented by the provision of procedural documents.

*Focus groups and individual interviews with GTO staff and other stakeholders in Melbourne, Shepparton, Canberra, Sydney and Wagga.* In Shepparton two individual interviews took place but in the other locations focus groups were held. The numbers attending these groups were as follows: Sydney 18, Melbourne 19, Wagga Wagga 7, Canberra, 7.

*Focus groups with staff of Skills Councils, State Industry Training Advisory Boards, employer and employee associations in Sydney, Melbourne and Canberra<sup>1</sup>.* The total number of participants in these groups was 15.

The focus groups and interviews were recorded and transcribed. For the analysis presented in this paper, the transcripts were inspected for mention of the two roles that are discussed in the paper. The analysis was deepened by the authors' experiences with GTOs in other contexts, both in research projects and, in one case, as the chair of a GTO board of management for a number of years.

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<sup>1</sup> The latter group included disability staff from a training provider.

## Findings

The paper focuses on two of the myriad roles played by GTOs, these being shepherds and bellwethers. The first pastoral metaphor captures the major role as seen by many GTOs themselves and the second is one of more importance to governments and industry but also recognised by GTOs.

In the first of these roles, that of ‘shepherds’, GTOs argue that their success in assisting trainees and apprentices from commencement through to completion is strongly attributable to the pastoral care and support mechanisms put in place by GTOs to assist their progress. GTOs felt that they were not really measured or rewarded for the level of pastoral care and support they provided to apprentices, trainees and host employers, although they felt this was expected as a key role of theirs.

*Funding on completion is a problem. The apprentice might leave for a(nother) job so we don't get funding, but it is a good outcome that may well not be given due recognition and/or funding. (GTO staff member)*

They also expressed concern that the small funding received from governments did not adequately recognise or support GTOs for the risks and expenses they undertook in making investment in marketing and promotional activities for their trades; for example one GTO said:

*Part of (our) day to day activities is educational activities such as visiting schools, which is not funded. (GTO staff member)*

This was seen as essential to ‘market’ trades to young people, and very importantly, to encourage disaffected young people to complete enough schooling to enable them to undertake an apprenticeship on leaving school. Thus the pastoral care extended even to young people who had not yet started apprenticeships.

Substantial expenditure was also incurred in building capacity and support infrastructure such as field staff, who, depending on the individual would-be apprentice or trainee, were not always able to achieve successful placements. It was stated that

*Field officers increasingly have youth work qualifications (GTO staff member).*

The need for this type of qualification indicated the level of complexity of the pastoral care work; it was difficult to attract appropriately qualified staff with the slim profit margins typically experienced by GTOs. Some young people required highly intensive support and counselling which was ‘cross-subsidised’ by those apprentice and trainees whose employment was not problematic. In addition GTOs managed to find employers for equity groups who might not have much success on their own in the labour market:

*The (government) funding is used to subsidise charge-outs for equity groups. For example Indigenous kids or non-traditional trades. It's difficult to get those*

*groups into work without some additional support (State Training Authority representative).*

Most GTOs saw their role firmly as dealing with young people and therefore coping with the nature of these young people. One GTO manager said:

*Australia is experiencing chronic skill shortages in most vocations including the 'traditional trades'. GTOs are at the coalface and should be encouraged to get more apprenticeships started rather than apprenticeships completed. Attrition rates are a fact of life that are experienced in all sectors, not just apprenticeships, and all the effort in the world will not change the values of our current youth and the increasing sense, generally, that loyalty to one's employer is a value from the past. To overcome the unsatisfactory completion rates GTOs must place more apprentices initially. (GTO staff member)*

This statement indicates a belief that young people are not likely to persist with their apprenticeship through the full three or four year term. This 'supply-side' belief approach, though, was not supported by the views and perspectives of other GTOs. As one Victorian GTO commented, there was a concern:

*.. about the market being 'clouded' by Australian Apprenticeship Centres (AACs) with their heavy emphasis and focus on commencements only to the detriment of the industry overall... Competition among AACs has meant that some AACs have increased their service levels beyond what they are supposed to do. Their field officers are providing additional services. If AACs are Job Networks as well they can provide employment services also. But the AAC additional monitoring doesn't necessarily assist completion rates. (Government) funding **does** reward completion - and succeeds, despite the small amount of funding. (GTO staff member)*

The research did not involve interviews with Australian Apprenticeships Centres, which are contracted by the Australian Government to deliver Australian Apprenticeships Support Services, including providing information and assistance to employers, Australian Apprentices and other interested people; marketing and promoting Australian Apprenticeships; and administering Australian Government incentive payments to employers and allowances for Australian Apprentices). Hence this claim by the GTO cannot be independently verified. However, the belief that AACs were beginning to encroach on pastoral care activities, and the objection to this perceived movement, indicates the strength of belief that GTOs hold in pastoral care as their core business.

The methods by which pastoral care was supplied were described in some detail by GTOs. One electrical GTO offered some salient perspectives on the extra care and support they provide

*We often pick up apprentices in trouble with other employers ... they need extra help-counselling etc. We have to nurture poor performers. There is no recognition of our safety net value.*

Another described in some detail the depression and mental illnesses that he considered quite a substantial proportion of young men experienced in their late teens, for which the GTO had developed assistance strategies.

Other participants explained the extra assistance that had to be given to the young employees:

*One of the employer based GTOs helped the kid at tax time with his group certificate, "okay let's look at what you can claim". Now it's all those little things that help .....there are certain needs for the young apprentices who don't understand the wide world at that point in time. (Employer group representative)*

*GTOs ... have an obligation to assist youth, which might mean 'rescuing' them and therefore providing additional placements. (GTO staff member)*

A common issue where support was needed that overlapped with pastoral care was the fact that many young apprentices had literacy/numeracy problems.

*(We) are aware of the shrinking pool of candidate; a lot of them require a lot more support, not the high flyers that will succeed anyway. They really do need a lot of mentoring and care and a lot of them provide additional tuition, if the apprentices are not up to the maths and literacy levels, they're putting on additional training for them that way'. (State Training Authority representative)*

This issue was discussed in some detail by the disability support staff at the Canberra focus group. GTOs at that focus group reported that apprentices were more comfortable with receiving literacy and numeracy support from their GTO field officers rather than from a training provider, as there would be fewer people to whom to disclose personal issues. But GTOs were not funded, nor were their staff properly trained, for this work.

The supportive role often extended beyond the GTOs' apprentices and trainees to the host employers:

*There are hidden costs of GTOs working with host employers to improve OH & S ..... GTOs give better service because they have a duty of care to the young person (not just to the employer).*

*One GTO has taken on a full-time OH&S person. Another does a risk audit and visits accordingly (Employer group representative)*

GTOs, especially those based in a particular industry, provided training and mentoring services to employers as well as social events such as barbecues and breakfasts. It was well accepted that

*GTOs ..... have a professional development role (Skills Council representative)*

An area that is often overlooked, or perhaps more accurately is often misinterpreted as a skills shortage issue, is that of the tight labour market in which Australian businesses currently operate. While it has already been recognised that GTOs can

assist in combating this situation (ACCI/GTA 2005) the role of pastoral care has not necessarily been fully appreciated in this context. The extra pastoral support that GTOs give both to apprentices and to their host employers is important in retention in apprenticeships, in increasing employer satisfaction with apprenticeship as a workforce strategy, and in improving apprentices' attachment to the occupation.

*The tight labour market means it's harder to find suitable young people. Apprenticeships are competing with 'sub-optimal' jobs that are more highly paid. (GTO staff member)*

*It's not so much in the automotive industry a skill shortage we have as (a) skill retention (problem) ... in the first year, we get lots of kids who say yes I want to undertake a particular trade in whatever sector it is but we don't retain them that's what encompasses our skill shortage, they disappear. (Skills Council representative)*

*To be honest in some sectors for us what's identified as a skill shortage actually isn't lack of training skills shortage; it's actually about not having great employment type conditions and so people train and move on. (GTO staff member)*

This point leads on to the second role of GTOs discussed in this paper, that of 'bellwether'. A bellwether is a sheep that leads the flock, and has come to mean 'a person or thing that shows the existence or direction of a trend'<sup>2</sup>

The notion of GTOs being 'bellwethers' arose from a comment from, and subsequent detailed discussion with, State Training Authority staff in one State:

*GTOs are the bellwether sort of employer. If there is a downturn in industry then GTOs will feel it first because the hosts will return the kids back to the employer (the GTO). (State Training Authority representative)*

The reasons for GTOs' bellwether role were several. Firstly the ease or difficulty of finding host employers for 'average' (ie not hard-to-place) apprentices and trainees indicated the strength of a geographical area or industry since employers that were doing well would be more likely to take on apprentices and trainees. Secondly their apprentices and trainees represented an easily-terminated item of expenditure for employers who were experiencing financial difficulty. That is not to say that employers 'handed back' apprentices and trainees lightly, but because of the third-party arrangement they did have the facility to do so and were sometimes forced to do so by economic circumstances. Thirdly, in times of economic recession or industry-specific downturn, GTOs might see a rise in demand for their services from apprentices:

*In Victoria out of trade apprentices is (sic) very important at the moment. GTOs are the first port of call for out of trade apprentices. The big employers in construction are not taking on apprentices at present (employer group representative).*

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<sup>2</sup> Definition is from 'dictionary.com' at <http://dictionary.reference.com>

The same issue was reported in the construction industry in the ACT.

Fourthly, GTOs were in daily touch with a wide range of employers and therefore better placed than almost any other organisations to comment on the economic state of communities, regions and industry. Thus, the Victorian State Training Authority capitalised on this as follows:

*The GTOs are required to complete a skills audit alongside their quarterly report. This is because they are regarded as having access to intelligence in their markets. It's not used in administration of the (funding); it is used in analysis of demand for training. The Victorian government has put a lot of effort into deciding on training priorities for Victoria, and GTOs are expected to support those areas where a greater training effort is needed. (State Training Authority representative)*

Turning to the original meaning of bellwether as the 'leader of the flock', the industry-specific GTOs were very conscious of their custodianship of the future of the industry:

*The industry specific GTOs see apprentices as their future practitioners as they're going to be the tradespeople of the future (GTO staff member)*

Other comments included:

*(GTOs) have that vested interest. I think in some respects you get the sense that they see themselves as the safe keeper, the lifeguard of that particular system, but their industry.. they rely on these people for the long term success of their industry (employer group representative)*

*And so it might not necessarily be the group training company that are the gate keepers ... but there's definitely an element of anyone who is in (group) training companies that I've seen is a kind of person who is passionate about (it), because you have to be otherwise why are you working in a not for profit industry association with a bunch of apprentices (GTO staff member).*

## **Conclusion**

This in-depth qualitative research uncovered the important role that GTOs play in assisting young people, especially young men, in the transitions they make in late adolescence into full-time workers. GTO staff have built up substantial experience in dealing with this client group and their collective expertise which is shared in their networks provides a valuable pool of knowledge. Their extensive knowledge of their industries and of individual employers enables them to build labour and skill pools within industry and to help smooth industry downturns. From a government perspective, GTOs' industry knowledge is invaluable and provides valuable 'early warning' of problems within industries and also in geographic areas. The significance of the contributions made by Group Training and the provision of structured employment, training and career opportunities for young people, especially males,

and to national skills formation, especially in the traditional trades, is of great significance.

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