

## Training of existing workers: Issues, incentives and models – Support document

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# The retail industry – a snapshot

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The retail industry is the second largest employer in Australia accounting for about 11.6% of total employment. Employment growth in the industry has been stronger than employment growth overall and is expected to continue with an average 2% growth rate per annum to 2006-7. Australia has about 176,000 retail enterprises covering a diverse range of service sector components including pharmacies, hairdressers and florists as well as larger national retailers and wholesalers (Wholesale Retail and Personal Services (WRAPS) National Industry VET Plan 2003-2006).

## Industry characteristics

Notable features of the industry include:

- ✧ the predominance of small businesses accounting for 95% of retailers and employing 35.8% of the retail workforce while generating only 34.3% of sales revenue (ibid. p.23)
- ✧ the employment of a large number of young people. Approximately 49.5% of all 15 -19 year olds in employment are employed in the retail sector.
- ✧ high levels of part-time (46.1% of the total workforce in 2001-2) and casual staff, particularly women (31.5% of the total workforce in 2001-2)
- ✧ high turnover rates, particularly amongst casual staff
- ✧ higher levels of women in employment (60%) than any other industry.

Among many others, the Retail Training Package covers the hardware sector, and community pharmacies which was one of the first industry sectors to adopt competency standards in 1993 and is covered by its own specific Training Package. According to a 2002-2003 study by IBIS World Pty Ltd, the Australian domestic hardware and houseware sector comprises 4,730 establishments employing about 25,000 people, and accounts for 3.5% of total retail trade revenue. The sector is dominated by small businesses (95.7%) accounting for 54.4% of employment and generating 54.9% of the sector's revenue. Although the majority of small businesses are independently owned and operated, many are also members of larger co-operatives and buying groups offering purchasing, marketing and distribution advantages. In recent years the industry has been subject to mergers and acquisitions, with the hardware sector now dominated by three major players (Bunnings, Mitre 10, and Danks Holdings) holding more than 40% of the market share. Growth rate in the sector has been stable at about 0.4% since 1998, and is not expected to alter significantly over the next five years.

Unlike the retail industry generally, employment in the sector is dominated by males (57.7% in 1998-9). While specific data on age and type of employment is unavailable, the sector is thought to comprise substantial numbers of younger people and a significant number of part-time and casual employees, many of whom will leave the sector for other career pathways.

According to the 2003-2006 WRAPS National Industry VET Plan, community pharmacies, which number about 4,900, form one of the larger retail sectors, with sales in 2001-2 of approximately \$9.33 billion or 5.6% of all retail sales. This figure represents a 12% growth on the previous year's results, due in part to the ageing population, with the 65+ age cohort now comprising 80% of national pharmaceutical consumption.

Dispensing prescriptions and sale of scheduled medicines accounts for about 80% of pharmacies' revenue. The government-funded Pharmaceutical Benefits Scheme provides significant revenue but also entails an array of strict regulations covering business ownership, operations, dispensing and information management. In recent years, there has been a rationalisation in the number of very small community pharmacies, and an increasing trend of pharmacies joining banner groups, owned by pharmaceutical wholesalers to achieve greater purchasing and marketing efficiencies as well as wider product diversification.

In 2000-2001, community pharmacies employed almost 52,000 people, with pharmacy assistants being almost exclusively female. Over 50% of employees work part-time.

## Industry challenges and priorities for the VET sector

Recent national publications (National WRAPS VET Plan 2003- 2006; NISI 2003) from the retail sector consistently identify the major skills formation and training issues facing the industry as:

- ✧ satisfying demand for superior levels of customer service based on the changing consumer needs and tastes of an increasingly flexible, informed and discerning buying public. These include the need for high levels of product knowledge particularly in specialist stores, understanding of customer time constraints and market competition, understanding of the nature and importance of long-term customer relationships, focussing on solutions for customers, high-level selling skills and communication skills. They also include the development of more generic employability skills and attitudes (including communication, problem-solving, people management and technological skills ACCI/BCA 2002).
- ✧ meeting the skill demands of new technologies such as IT and e-retailing, and of new technical and processing methods such smart cards, different payment options and different financial arrangements with a range of financial institutions
- ✧ upskilling small business owner-managers by developing skills in management, stock control, marketing, finance and customer service to supplement their often extensive experience in retailing, and create a solid basis for employer investment in training
- ✧ responding to skills shortages by improving retention rates within the industry particularly amongst young people by putting in place training and organisational practices which combat the view of retail as a short-term employment option
- ✧ developing mechanisms which acknowledge the significant levels of on-the-job training, both structured and unstructured, undertaken by retail employees and provide for the recognition of employee skills towards qualifications under the Retail Training Package and related Training Packages
- ✧ developing different strategies to address skills development, assessment and recognition processes in small, medium and large retail enterprises, and to specifically address training issues for part-time and casual staff
- ✧ improving retailers' understandings of the VET system, what it offers and how to access it with particular emphasis on sourcing appropriate training provision and accessing available incentives
- ✧ improving Registered Training Organisation (RTO) understandings of working with retailers to provide quality training tailored to meet the real needs of the workplace including emerging needs, and delivered by training personnel with proven backgrounds and up-to-date skills in retail.

These priorities are strongly reflected in both the hardware and community pharmacy sectors. In addition to these, responding to increased competition from department stores and supermarkets was identified by both sectors as a major business issue. The need to train dispensary assistants as administrators because of increased demands on pharmacists' time (partly as a result of the ageing customer base), was specifically identified for the community pharmacy sector. The

competitive advantage for smaller hardware businesses of superior customer service skills in a market dominated by a small number of ‘majors’ was of particular concern for that sector.

## Barriers to satisfying skill needs

Major barriers to satisfying skill needs within the industry include:

- ✧ lack of planned forward-looking recruitment processes with many small-to-medium sized enterprises (SME) recruiting solely for immediate and short-term purposes
- ✧ lack of individually structured and managed career pathways within retail enterprises
- ✧ poor communication about training options to employers by both Registered Training Organisations and government – the training maze (NISI 2003)
- ✧ non-relevant, poor quality training delivery leading to disillusionment with training. Nearly 30% of employers are dissatisfied with retail training (NCVER 2001d)
- ✧ lack of information about actual levels of workplace training and poor recording at enterprise level (NISI 2003)
- ✧ funding arrangements discouraging the pursuit of skills recognition (Recognition of Prior Learning–RPL) by employees, employers and Registered Training Organisations.

## Continuous training of the existing workforce

To avoid predicted skills shortages, the retail industry places a high priority on the provision of training opportunities for both new entrants and the existing workforce. While there is evidence that considerable training is undertaken by retail employees, the majority of training is unstructured and on-the job. The industry, therefore, views the training issue as one of under-credentialling rather than underskilling. In many cases, training is unrecorded, contributing to its continuing invisibility in respect of Recognition of Prior Learning towards accredited qualifications. Where structured training occurs, it may also not lead to qualifications aligned to the AQF levels of the Retail Training Package.

Whereas Recognition of Prior Learning and Recognition of Current Competencies (RCC) potentially offer a means of skills recognition towards accredited qualifications, these mechanisms are not widely understood or utilised in the retail industry with only 1.4% of students in retail courses seeking recognition (NISI 2003d, Appendix 2). Current funding arrangements across the States and Territories mean that these processes are costly, time-consuming and bureaucratic, and act as a disincentive to employers, employees and Registered Training Organisations. Existing Worker Traineeships, introduced in May 1999, allow existing employees to train only at Certificate III or IV level with a range of conditions prohibiting their accessibility to many employees. Nonetheless, unpublished NCVER figures on Existing Worker Traineeships indicate a strong uptake in the retail sector, with existing retail workers comprising 2.8% of the total number of trainees and apprentices in December 2000 and 5.3% in December 2002.

The industry sees a critical role for partnerships between enterprises and Registered Training Organisations in identifying, quantifying and aligning structured and unstructured training undertaken by retail employees, including existing employees, with Training Package competencies and promoting further training towards accredited retail qualifications.

The industrial awards for pharmacy assistants were restructured in the mid-1990s to directly link pay and classification levels to units of competence. Influenced by the training model for pharmacists, the industry recognises the importance of systematic training for all employees to enable them to provide accurate and professional advice and services to customers. This commitment to training is reflected in the *Pharmacy Assistant (State) Award (NSW)* which requires all parties to ‘co-operate in ensuring that appropriate training is available for all employees in the

pharmacy industry and...in encouraging both employers and employees to avail themselves of the benefits to both from such training'. (Clause 30 of *Pharmacy Assistants (State) Award*).

The Pharmacy Guild is the employer association for community pharmacy, covering about 85% of community pharmacies, and a national Registered Training Organisation. It estimates that over 9,000 pharmacy and dispensary assistants have completed certificate and shorter courses since 1995. Most training is conducted by distance mode, using observation and mentoring on-the-job by workplace supervisors and support, assessment and validation by Guild staff.

# Case Studies – Hardware, Retail Industry

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## ABC Hardware

### Company profile

ABC Hardware is a small to medium-sized hardware store in a regional centre in south-western NSW. The company employs about 22 staff of whom 18 are permanent full-time and five are part-time. Staff are employed in the clerical (five), cashiering (five) and sales (10-12) areas, and comprise a relatively stable workforce, many of whom have been with the company for between five and 15 years. Two of the sales (floor) staff are qualified tradespeople, although they are not working within their trade area. Staff tend to be older, but the company also employs university and senior secondary students on a part-time basis. Part-time staff are guaranteed a minimum number of hours per week, and no casual staff are employed. Staff are not unionised. The business is a family business run by a Board of Directors made up entirely of family members. The business is in the process of generational change and has recently undertaken structured succession planning with the younger family members assuming greater responsibility in the areas of marketing, purchasing, warehousing and financial management.

While the business is independently owned and operated, it has been part of a larger hardware co-operative since 1991. There are also two smaller family hardware businesses and a large competitor hardware company in the regional centre in which the business operates. The business sells mainly to home handypersons rather than to tradespeople. A specialist power tool store, with whom the business maintains good working relationships, is located in close proximity to the business.

The company focus is on growth for which it relies on its reputation for quality products and services. It also owns or part-owns three other hardware businesses, one in Sydney and two in other NSW regional centres, and plans to acquire a further two businesses in the coming months.

### Knowledge of the training system and training infrastructure

The employer has firm understandings of what he values in training. In the past, he has approached TAFE but has found it unwilling to provide on-site training because of the relatively small numbers in the company. Both TAFE and other providers of retail training, such as the Australian Retailers Association have also been unable to provide off-site training sufficiently customised to the retail hardware area. He perceives most courses as being both too long and too generic in content to be useful to his particular business. He has been approached by private training providers on several occasions but is reluctant to train with providers he does not know or who do not come highly recommended by similar businesses. He is also reluctant to use capital-city based providers feeling they do not understand regional business issues well enough. He feels that much private provider training focuses on 'product and money' whereas his business is underpinned by the generation and maintenance of customer satisfaction and goodwill.

The employer has been approached by training providers in respect of Existing Worker Traineeships and the incentives attached. He remains uninterested and unconvinced that 'training' would mean real 'learning' relevant to either his own or his employees' needs.

The company sources most of its information about industry developments and training-related issues from zone meetings of the co-operative's store owners, the co-operative's newsletters and website, publications of the NSW Hardware Association and the Retail Traders Association, and literature received from diverse training companies. The employer is aware of the national focus on training and the general framework around it including Training Packages, accreditation and Industry Training Advisory Bodies, but feels that his current approach to continuous training is best suited to the context and needs of his business.

## Driving factors in training of existing workers

The major drivers of training identified by the employer were:

- ✧ the need to maintain the company's excellent reputation in the region for quality goods and friendly informed service
- ✧ the diversification of the hardware industry, for example, into paints, nurseries and nursery products, timber and timber products
- ✧ the need to be competent users of computer technologies in inventory control, sales and specialised areas such as paints
- ✧ the need to keep up with changing stock lines
- ✧ the need to plan ahead in order to grow the business, particularly within the regional area
- ✧ the need to be aware of, and comply with, legal requirements in areas such as privacy, discrimination, false product advice, occupational health and safety, and employment of minors in certain areas, for example, in timber.

In addition to these, employees also noted the following drivers of training:

- ✧ the changing client base, in particular the number of 'do-it-yourself' shoppers and women buying hardware products. This was thought to be linked to the number of television programs promoting the 'do-it-yourself' approach to home and garden renovation, and to the high cost of tradespersons.
- ✧ the need to provide particularly quick and efficient customer service at peak times of the day (before work, lunchtimes and after work).

## Current approaches to training and learning for existing workers

The company has a strong history of and commitment to the continuous training of staff at all levels of the workplace. Training encompasses both formal and informal training. Senior staff tend to undertake more structured formal training while less senior staff tend to do more informal training either on-the-job or off-site. In the employer's view, 'the staff are the business, and if you have no trained staff, you have no business. It's as simple as that'

He feels that the company's reputation in the region is largely a result of consistent attention to staff training, particularly in customer service skills and product knowledge. Although he took full advantage of the training incentives offered under the Training Guarantee Levy, he sees its demise as irrelevant to his approach to training, and the company continues to engage with significant levels of training. Levels of training are, however, not linked to pay increases.

Prior to 1997, a significant amount of training was offered and delivered by the co-operative itself in areas such as customer expectations and service, receiving and computer operations. Less training of this kind is now being offered.

The company has no training officer and no formal training plan for individual employees. However, a long-serving employee of the company recently completed Certificate IV in Assessment and Workplace Training and is currently undertaking the Diploma in Assessment and Workplace Training at TAFE NSW. He has begun 'keeping a closer eye' on informal training within the enterprise. The company also began working through an on-going and staged process with a private provider of management training three years ago. The aim of this process is to:

- ✧ develop a more streamlined structure for the company, identifying roles and responsibilities and developing position descriptions at all levels
- ✧ identify training needs to ensure a smooth succession within the company and the company's continued growth and competitiveness.

The training of existing workers takes place at a number of levels. Over the past two years, existing workers have undertaken structured training in:

- ✧ marketing, financial administration and office management, which some of the younger family members have undertaken at degree and diploma level in these areas. A family member is currently undertaking an Existing Worker Traineeship in Warehousing and Distribution.
- ✧ the reform of the company's organisational structure (referred to above): this training is an on-going process involving management and about half the existing employees at all levels
- ✧ supplier-delivered training in a range of areas including paints, power tools, nursery products and tiling products. This training is on-going and is undertaken by sales staff. It is typically provided by companies such as Wattyl, DTA (tiling products) and the Orica Academy (Dulux). Training varies between two hour and two day workshops and is sometimes provided on-site. Off-site workshops or 'roadshows' are also organised and presented by the co-operative. These also deal with presentation and effective product display.
- ✧ product display and selling skills: this training is often provided by suppliers as part of technical training in presenting stock and new stocklines
- ✧ occupational health and safety: this training has been undertaken by management and a range of floor staff. It has resulted in changes to work practices and stock purchases (for example smaller bags of cement to be lifted). There have been no significant work-related accidents involving compensation claims.
- ✧ Certificate and Diploma-level training in Assessment and Workplace Training (one employee)
- ✧ Office Management at TAFE (one employee).

The company has not engaged with quality assurance training and accreditation, which it perceives as more applicable to enterprises wishing to secure government contracts. The employer feels that the company's current systems and procedures are adequate to maintain a high quality of products and services and sees no reason to seek ISO status.

The company also uses a variety of mechanisms to support on-going informal workplace training. These include:

- ✧ the development by the company of a set of workplace rules (*Rules of the Shop*) in conjunction with a private provider
- ✧ the placement of less skilled with more skilled employees, for example, in cashier work
- ✧ the rotation of staff through all areas of sales so that they gradually become familiar with the entire range of floor areas and stock
- ✧ supervision of staff by floor managers in particular sales areas. Tips and advice are passed on.

Although the importance of customer service skills is highlighted by the employer, relatively little structured training has occurred either on or off-site in this area. Staff tend to pick strategies up from one another, in particular from longer-term employees.

While the employer aims to have a well-trained staff, he does not attach great importance to systematic upskilling towards higher qualification levels. The company is aware of 'recognition' but feels that most older employees are not interested in having the considerable skills they may have accrued on the job contribute towards accredited qualifications. The employer is primarily interested in whether employees can do the job well rather than in qualification levels, and feels that the company's business success is a better indicator of staff quality than paper qualifications. Nonetheless, he encourages staff to look outside the organisation for training opportunities, for example at TAFE, even though he is aware that the company may lose younger employees as a result of certification. In the past, he has supported external work-related training by paying for tuition fees, learning materials and releasing staff in paid work-time.

## Responsibilities, costs and barriers

The employer sees the primary responsibility for continuous training as a shared responsibility between employers and employees. Although he is aware of training incentives, he is sceptical about the financial motivation of both employers in accepting government training subsidies and providers in offering often inadequate and untailored training programs. He places a high value on the maintenance of a harmonious co-operative 'hassle-free' workplace. To this end, he may suggest or prompt employees to undertake training but will not insist if employees show no interest. He favours group rather than individual training to the point of having staff attend refresher training they may not really need in order to create a better esprit de corps within the company. It is his view that the training of some individuals to a greater extent than others may create tensions, which he sees as counter-productive to good relations amongst staff.

The employer is prepared to give financial support for most structured training initiated by staff provided that it is:

- ✧ related to the workplace
- ✧ appropriate for the particular employee
- ✧ primarily undertaken outside working hours
- ✧ an investment in terms of what the employee is able to put back into the company as a result.

The employer identifies the major barriers to continuous training of existing employees as:

- ✧ the lack of on-site training by major providers
- ✧ the generic nature of training offered by many retail providers, and its lack of customisation to the hardware sector
- ✧ the lack of interest in training by many employees, particularly older experienced employees.

## Employee perspectives

### *Senior salesman*

Hal is an older employee. He is the senior salesperson and came into the company 18 years ago from a strong background in department store retailing at both sales and managerial level. He also has several years experience in the hospitality sector. In the last five years, the major changes he has noted in the hardware industry include increases in the level of regulation and legislation, the importance of occupational health and safety, the introduction of computerised technology, the diversification of the product range and changes in the client base and the knowledge of the client base.

Since 2000, the training he has undertaken includes:

- ✧ Graduate Certificate in Management Communication at the local TAFE

- ✧ Introductory Computing (Windows 98) at the local Community College over four mornings
- ✧ Computing for the Office at the local TAFE over six months.

He is currently enrolled at TAFE in the Diploma in Assessment and Workplace Training which he will complete in 2003, and plans to begin the Certificate IV in Business Management in the first semester of next year. He has also participated in a number of supplier training sessions both on and off-site. As a senior employee, he tends to participate less in supplier training, regarding it as more appropriate to encourage other less experienced employees to attend. He has been part of the on-going organisational restructuring of the company since this was initiated.

As a result of his workplace trainer and assessor training, he has tried to implement group training sessions for the cashier staff, and to develop a more systematic approach to the training of new staff through streamlined advertising, induction, probation and a staged progression developing customer service and product knowledge skills. He has a high regard for certified qualifications, and sees these as crucial to offering a professional service in a highly competitive marketplace. He keeps himself up-to-date by reading supplier information, talking extensively to sales representatives, reading the *Australian Hardware Journal* and other industry publications and visiting trade shows where possible.

In his view, the company pays sufficient attention to the continuous training of its workforce with most aspects either already in place or being planned for. Most of the training he has undertaken since 2000 has been initiated by himself or in conjunction with the employer. Some of the training has been financially supported by the employer who will also support him with fee relief and learning materials for his planned Certificate in Business Management in 2004. He has not approached the employer for support for computer-related courses as these are primarily for his own interest. He regards excellent customer service skills as particularly important in the hardware sector because employees need to deal with a full range of customers, from the very informed to the very uninformed, with equal attention and patience, and to be able to fit the product to the type of customer.

### *Floor Manager*

Sam has worked with the company for 14 years and is a member of the family business. He has no formal post-secondary qualifications. The major changes he has noted over the last five years include the introduction of computerised technology, the expansion of the hardware customer base to include many women and 'do-it-yourself' clients, the importance of occupational health and safety issues and the expansion of the budget product lines to include many cheaper overseas products suitable for a primarily non-trade customer base.

Sam values certified qualifications and sees the need for employees to undertake them. He considers the company's attention to training to be fairly comprehensive. Since 2000 Sam has undertaken both formal and informal training relevant to his job. He is currently enrolled in a Certificate III in Warehousing and Distribution under an Existing Worker Traineeship. The traineeship is with a private training provider and runs over two years. The qualification is delivered and assessed primarily on-site so that few working hours are lost. He has also participated in a number of on and off-site 'roadshow' evenings allowing suppliers to demonstrate new products and their safe use (Project Air, Waterwerks, DTA tiling products). He has been part of a committee to identify occupational health and safety training needs and also participated in the on-going organisational restructuring of the company under the guidance of a private provider of management training. This has resulted in the development of manuals and procedures for systematising the way things are done within the company. He keeps himself up-to-date by reading the *Australian Hardware Association Journal* and browsing the internet for articles and product and competitor information.

# Hardware Haven

## Company Profile

*Hardware Haven* is a small hardware business in outer metropolitan Melbourne. The business is independently owned and operated but is part of a larger co-operative offering purchasing and marketing opportunities otherwise inaccessible to the company. The business has about 20 employees (14 full-time permanent, two part-time and four casual). The business has a relatively stable core workforce of long-serving employees (15 years+). While longer-term employees tend to be older (including some employees aged 60+), the majority of staff are between 30 and 50 years old. Many full-time staff hold qualifications in areas unrelated to their present jobs, for example, in sheet metalwork, accountancy, teaching and motor mechanics.

The company has a sizeable on-site timber section contributing to its overall business. Both the hardware and timber sections sell to trade and 'do-it-yourself' customers. Staff tend to work solely in one section or the other although there are plans to increase the number who can work across both.

The company has two stores in suburban Melbourne. Although the business experienced some stagnation until recently, changes in management in the last two years have paved the way for a period of growth, expansion, renovation and a greater focus on training although at present much of this focus is at management level.

## Knowledge of training system and training infrastructure

The company receives very little marketing or training literature from public or private training providers. Management and staff keep themselves up-to-date by reading newsletters and journals from the Hardware Association of Victoria, the Timber Merchants Association and the Australian Retailers Association. Supplier training and supplier representatives are also an important source of information.

Although the company is aware, in general terms, of the national focus on training, it is not aware of the specific components of the training framework, for example, Training Packages, the Retail Industry Training Advisory Body or mechanisms for gaining Recognition of Prior Learning. Although some employees have undertaken certified qualifications against Training Packages, the company places a higher value on employees with experience, the right personality, positive attitudes towards learning (of which previous qualifications may be evidence), good product knowledge and friendly customer service skills. This includes job applicants.

The company is aware of, and has utilised, Existing Worker Traineeships. However, many existing staff have previous qualifications in other areas, rendering the employer ineligible for Federal funding subsidies. The company also generally expresses some degree of scepticism about the motivation of providers and the standard of training provided in connection with these traineeships, although its own experience has been positive.

## Driving factors in training of existing workers

Major drivers of training identified by the company were:

- ✧ the introduction of computerised technology
- ✧ intense competition from larger hardware corporates and co-operatives
- ✧ occupational health and safety issues, particularly in respect of timber products.

Because of the limitations of space and the presence of a sizeable nursery in close proximity, the company has not diversified into nursery products. It has dealt in timber for some time. It therefore does not see diversification within the hardware industry as a significant driver of training although it acknowledges the expansion of the product range and the need to keep abreast of new stocklines. The company does not have ISO accreditation. There have been no serious workplace incidents involving compensation in recent years.

## Current approaches to training and learning for existing employees

A considerable amount of existing worker training has been undertaken since 2000. With the exception of Occupational Health and Safety training, the company's approach to the continuous training of the existing workforce tends to be unsystematic and dependent on the initiation and enthusiasm of employees and the availability of supplier training. Training opportunities, both formal and less formal, are open to all staff, but the company does not put pressure on employees to engage with training. The company has no training officer and no defined employee training strategy. Neither management nor employees hold workplace trainer and assessor qualifications. Recent management changes have seen the contracting of a business coach to work with senior management on both a one-to-one level and in facilitated group sessions across both stores.

Since 2000, structured or semi-structured training undertaken by employees has included:

- ✧ an Existing Worker Traineeship in Forest and Forest Products (Merchandising) Certificate II. This was undertaken by one employee currently working in the hardware section of the business. The training was undertaken at the instigation of the General Manager and the Timber Merchants Association and, with the exception of the First Aid component, was entirely delivered and assessed on-site. The employee received Recognition of Prior Learning for some modules because of his previous background in retail.
- ✧ First Aid short courses (two employees over two days)
- ✧ Occupational Health and Safety short courses (two employees over one day). The company considers this particularly important in dealing with timber.
- ✧ management short course (one employee over one week)
- ✧ supplier training in the form of 'roadshows' organised by the umbrella co-operative. These roadshows allow a number of suppliers to demonstrate new products and their safe use, and to address aspects of product display and merchandising (an average of six employees over each of three sessions of three hours). Roadshows are typically held off-site and are free of charge.
- ✧ training hosted by individual suppliers, for example, Dulux and WattyL (five employees over one or two days five to six times a year), and Makita (six employees over one evening). Extended training (Dulux) involves a cost to the company while shorter training sessions (Makita) do not.
- ✧ timber training nights hosted by the Timber Merchants Association (six employees over two-hour sessions)
- ✧ an information night for customers and staff on treated pine run by the Timber Merchants Association (six employees)
- ✧ truck driver's licence (one employee)
- ✧ fork lift driver's licence (at least one employee)
- ✧ Occupational Health and Safety full course (one employee over six months two nights per week). This course was run by the Timber Merchants Association and was specifically focussed towards the timber industry.

The company considers supplier training to keep employee product knowledge up-to-date as the most valuable form of training for the existing workforce in the hardware sector, and greatly values their short informative and focussed presentations. In the timber sector where less supplier training is available due to the more generic nature of timber products, occupational health and safety issues are considered paramount. Employees in the timber section are aware of certified training in timber merchandising but have expressed no interest in it. The company is currently researching an appropriate traineeship for a member of their office staff, and will support another existing employee to continue on to Certificate III in Forest and Forest Products (Merchandising) in 2004.

Informal workplace training is structured at the point of entry with all staff becoming competent in operations such as key cutting, cashiering, issuing receipts and mixing paint. New staff are also rotated through the different hardware sections so that they become familiar with the full range of stock. Continuous informal learning by the existing staff is unstructured, with staff just 'helping each other out' when necessary. In conjunction with the consultant business coach, the company has recently introduced regular monthly staff evenings to offer more opportunity for staff input into company practices and to encourage a greater team spirit. In the future, it plans to dedicate every second of these evenings to training.

Although the management places considerable store by customer service, very little structured training has occurred in this area. As the manager observed, the company relies on the personality, and existing skills and knowledge of its workforce to address these issues.

'Our staff tend to learn these skills from one another by watching and listening. They pick up strategies on-the-go and that seems to work quite well. We don't get too many complaints, but it's probably an area we do need to look at a bit more, particularly in view of the competition in the industry'.

It also relies on supplier training to present information on selling techniques and merchandise display which it sees as contributing to customer service skills. However, the company is aware of the need to work on its approach to customer service, and hopes to address customer service issues more systematically in the future.

## Responsibilities, costs and barriers

The company sees government training incentives and subsidies as sufficient, and comments negatively on the degree to which the current situation allows 'rotting' of the system by both employers and Registered Training Organisations. It views training primarily as a shared responsibility between employees and employers since they are the main beneficiaries. To this end, it has paid for employees to undertake extensive occupational health and safety training and has supported training during working hours. The company will support other employees in structured training whether or not they are eligible for the Federal incentives provided that:

- ✧ the training is directly relevant to the workplace and is not undertaken for private interest
- ✧ the company sees a potential return on its training investment from the employee
- ✧ the training does not involve too much time away from the workplace.

Under these circumstances, it sees targeted training as an investment in the company. The major barrier to training is seen as the need to release employees during working hours, not the cost of the training. Locating an appropriate provider which will provide what the company specifically wants rather than generic training is also an issue.

Training within the company is not linked to pay increases, and will only result in these if the training brings about an expansion of the duties undertaken by the employee. The company estimates that it spends under 1% of its payroll on training.

## Employee perspectives

### *Timber salesman*

Frank has been with the company for about five-and-a-half years. He is a qualified motor mechanic and has also worked extensively in carpentry, although he has no formal qualifications in this area. Since 2000, he has undertaken numerous training courses with the company including:

- ✧ Certificate I in Building (power tools and hand tools)
- ✧ Safe Use of Machinery (Holmesglen TAFE 3 hours over 5 nights)
- ✧ Forklift Driver's Licence
- ✧ Truck Driver's Licence
- ✧ First Aid Certificate II (St John's Ambulance)
- ✧ Occupational Health and Safety training (through the Timber Merchants Association with the Victorian Institute of Technology over 6 months).

Frank functions as the occupational health and safety officer in the timber yard and, although he does no direct training of other employees, he has increased the level of occupational health and safety signage and awareness amongst staff with the support of management. At management's suggestion, he will undertake a further occupational health and safety course shortly. He initially expressed disinterest in formal qualifications in the hardware sector although he is aware that they are available, because he feels he will have little to learn and the paper qualification is not useful to him. He was not aware of the possibility of recognition of prior learning. When made aware of this over the course of the interview, he expressed considerable interest in 'fast-tracking' through a timber-related qualification, provided that the employer also favoured this.

He feels he has learned a great deal informally from the timber yard manager who has helped him with tasks and has shared his knowledge willingly since Frank started his job. He does not intend to change jobs but, if he were retrenched, he has other skills to fall back on. He is currently doing a course for his own interest in decorative paving and bricklaying at Swinburne TAFE. The company has paid for his occupational health and safety training, First Aid training and Forklift driver training and will pay for further occupational health and safety training. He feels the company is responsive to employee training initiatives, and also initiates training in crucial areas. He sees himself as atypical of hardware employees in that he loves to learn new skills provided that they are highly relevant to his work and genuinely teach him something new.

### *Hardware floor salesman*

Jim has been with the company for about two years. He has a background of about nine years in retail (not in hardware) and came to his present job with a Certificate in Office Operations. Since joining the company he has undertaken a Certificate II in Forest and Forest Products (Merchandising) with the Timber Merchants Association through a combination of self-study, recognition of prior learning and on-site training and assessment. He is able to work in the timber yard although he currently does not. He intends to undertake the Certificate III in 2004 and has the company's support to do this. He undertook occupational health and safety training in his previous workplace and, therefore, has not participated in this training with the company. He has completed a two-day paint induction course at Hawthorn TAFE as well as a two-day Watty course at Holmesglen TAFE. He has also attended several roadshow evenings for supplier training.

# Case Studies – Community Pharmacies, Retail

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## Mall Pharmacy

### Company Profile

Mall Pharmacy is a pharmacy in a busy suburban shopping mall in south-west Sydney, which is part of a small banner group of pharmacies. The business is diversified, offering a range of cosmetic, beauty, gift, natural health and stationery products. There are three pharmacists, including the business owner and 15 non-professional staff (nine permanents and six casuals), which include a supervisor for each of the main areas (such as beauty and stationery). The majority of employees are female.

### Knowledge of training system and training infrastructure

The business owner is generally aware of the national trend towards accrediting vocational training and Training Packages, and the development of new qualifications for employees in pharmacies, but has not had any direct involvement with the Packages, or the new courses. Information relating to training is sourced from employer associations such as the Pharmacy Guild and product manufacturers who conduct training in specific technical areas, or more general training in skills such as customer service. Information on training issues is also regularly disseminated through the banner group and includes training sessions organised for managers and pharmacy assistants when new products and marketing campaigns are launched. She is also in contact with the New Apprenticeship Centre which arranges the enrolment of trainees.

Information on training issues was considered to be often too detailed and complex, or often not readily available when most needed. The employer suggested that a key liaison person would be very useful to guide people in her position through the maze of different training programs and subsidies. For example, she was not aware of the Existing Worker Traineeship, or clear about the advantages of new courses offered for pharmacy assistants.

In terms of training infrastructure, none of the staff held formal qualifications in training or assessment, but the business owner considered that the present skill levels in these areas to be adequate to the business' needs, given the systems and processes in place to identify, monitor and develop skills.

### Driving forces in training

The major drivers for training identified by the employer included the need to:

- ✧ stay competitive, especially in a busy shopping mall, where customers had a number of pharmacies, health food, department stores and supermarkets vying for their business
- ✧ keep up-to-date with increasingly stringent legal, occupational health and safety as well as quality compliance requirements, especially in relation to therapeutic goods
- ✧ familiarise staff with new products and marketing campaigns

- ✧ provide good quality service, attract new customers and ensure continuing custom and patronage from existing customers
- ✧ provide better security for staff and customers and reduce theft.

With the recent refurbishment of the mall, there was a great deal of associated disruption and a consequent reduction in customers. During these renovations, the business needed to develop new skills and strategies for minimising the adverse impacts, and become more pro-active in seeking customers.

The business owner also noted new pressures, such as the recent Pan products withdrawal, which led to a great deal of customer anxiety and enquiries relating to the production and benefits of vitamin supplements and natural health products.

## Current approaches to training and learning

The business owner has a strong commitment to ensuring that staff have the required knowledge and skills to undertake their different functions, and uses a combination of different formal and informal approaches to achieve this goal. She is also keen to ensure that all aspects of the business reflect a competent, professional and responsive image. While formal qualifications are considered to be desirable, they are not considered to be a high priority by either the employer or employees interviewed.

A number of employees were recruited as pharmacy assistant trainees, and the employer considered such traineeships as being a useful strategy of employing an inexperienced young person with potential, who would be committed to the business for at least 12 months and would be involved in a structured training program customised to the pharmacy's requirements. The Pharmacy Guild is used as the training provider of choice, as it provides 'specialized, professional good quality and up-to-date training'.

Training needs are identified by the business owner or supervisors based on the tasks and responsibilities of each employee's job description, or specific needs identified by unsatisfactory or incorrect work practices. Most training happens on a one-to-one basis, through mentoring on-the-job or short informal sessions off-the-job.

Other training initiatives over the past two years have included:

- ✧ dispensary assistant courses for two employees, dealing with topics such as administration, stock control and delivery of medication and conducted by the Pharmacy Guild
- ✧ product-specific training provided by product manufacturers such as Blackmores (for vitamin supplements and health products) and L'Oreal (for cosmetics and skin care). These courses have ranged from short educational and promotional day and evening seminars to four day courses covering specific products as well as marketing and customer service skills.
- ✧ a national Quality Care Pharmacy Program, which involved all the staff in establishing, reviewing and standardising job descriptions, processes and procedures, and being assessed against national performance benchmarks.

Course fees are paid by the employer, and employees usually attend in paid time, except for product training seminars, which are often held in the evenings. The Quality Care Pharmacy Program was subsidised by the Commonwealth government. In general, training is targeted to younger employees, as more experienced employees tend to either already possess the required skills, or are prevented from attending training courses outside working hours because of family commitments. The employer noted the difficulty sometimes in convincing experienced employees of the need for ongoing training.

Staff meetings are held every four to six weeks and are mandatory for employees to attend. These are held in a club atmosphere, after work hours, with refreshments provided by the business

owner and employees contributing their time. The meetings are used for information-sharing, problem solving as well as training on new developments, or refresher training on particular issues of concern, such as security, with guest speakers often being invited.

In addition, the business owner attends monthly meetings with other pharmacists and business owners in the banner group, and these meetings serve as an information sharing as well as informal training function. Within the banner group, there is an expectation that pharmacists will continually upgrade their skills and improve their work practices. She also regularly attends industry conferences focusing on business improvement strategies.

## Responsibilities, costs and barriers

The employer estimates that about 2% of pay roll is spent on formal training, and gauges the cost effectiveness of this investment in terms of improvements in employee attitude, morale, product knowledge and increased productivity. By providing staff with the opportunity of learning new skills, the employer reasoned that this would translate in their applying this learning to benefit the business, and increasing their loyalty and commitment to stay with the company.

She noted that the benefits of training needed to be evident to the business and the trainee to make it worth the cost and effort. For employers, training was most effective when it was focused and closely aligned with concrete business improvements. For example, she cited the Quality Care Pharmacy Program as a particularly effective training strategy because it involved all staff in evaluating, standardising and benchmarking their work practices as a group and being independently assessed against national best practice. Furthermore, it was strongly supported by the industry and promoted by employer associations. While it received a significant financial subsidy from the Commonwealth government, there was nevertheless an equal contribution from the business in terms of financial and resource commitments.

Incentive models such as this were considered to be preferable to any prescriptive approaches, where a compulsory levy would risk being misused.

Barriers to training existing employees were identified as:

- ✧ the cost and difficulty in releasing staff during working hours to attend training programs
- ✧ the resources required by businesses to instruct, supervise and support trainees on-the-job
- ✧ the high employee turnover in the industry because of the highly casualised, female-dominated nature of the pharmaceutical industry
- ✧ family and personal commitments which prevent many employees from attending training outside work
- ✧ attitudinal factors, with many established employees often not embracing the need to keep on developing skills to remain employable.

## Employee perspectives

### *Supervisor*

Mary has been employed full-time as the retail manager at the pharmacy for nearly a year. She has an Advanced Diploma Accounting, has completed two years of a science degree at university and is currently undertaking the pharmacy assistant dispensary course. She has also completed a number of product-specific courses in vitamin supplements and cosmetics.

## *Pharmacy Assistant*

Joan has been employed as a full-time pharmacy assistant for two and a half years. She was previously employed as a sales assistant in a department store and in a pharmacy where she had almost completed her pharmacy assistant course. She has completed a number of product courses in skin care, cosmetics and customer service which she found to be very valuable.

Both employees are at the top of the applicable award pay rates. In learning how to perform their current roles, both considered that for practical tasks, one-on-one training at work is the most useful approach, either with more experienced employees or sales representatives of particular products. However, for any knowledge-based or more complex training, they preferred off the job training, away from the workplace:

'It is such a busy place, that there is no time to really do things on the job, you can't concentrate, and you often get interrupted. The vitamins course for example was very good, but quite involved, and there is no way you could learn that just on the job. It's also really useful to be with other people to see how things are done elsewhere, and learn from that.'

Both were involved in the Quality Care Pharmacy Program which they found useful, but somewhat repetitive and tedious as it covered a great deal of material with which they were already familiar.

They found the regular staff meetings were very useful as a learning and communication forum, especially since they have been held in a club, as it provided an opportunity to socialise among staff, as well as to discuss work issues in amore informal setting and learn about new developments.

In their view, the business offered sufficient training to meet their needs, and the employer supported any reasonable request for training; however, they were not sure of the cost of the courses they have attended, or the extent of employer contribution to training.

In terms of increasing training effort, both employees recognised some of the opportunities in the industry, but also the very real structural and resource limitations of employers as well as employees. As one of them put it:

'The industry is full of women who work in pharmacies often because they either have children, or are studying. It is a job rather than a career. The pay rates are fairly low and pharmacists are limited in what they can offer and still make a profit. So the incentive for training may not be really there because it does not necessarily translate into a better job or more money.

There is a lot of scope for cross-skilling, for example, someone who is good with cosmetics may not know much at all about vitamins, or baby care, but it will not change their classification. Their pay will still be the same. People think: well if I need to do a two-year course, what is the benefit at the end? Is it going to be worth the time and effort? Most women have to juggle children and home responsibilities, it is hard enough to do the work, if they have to do training as well, they want to see the reward.'

## Village Pharmacy

### Company profile

Village Pharmacy is the main pharmacy in a small coastal village about 100kms from Sydney, offering a range of cosmetic, beauty, baby and natural health products. There are 28 staff: three

chemists (including the business owner), a manager and 24 non-professional staff ranging in age from 15 to 70, most of whom are female and many are employed on a part-time basis. Village Pharmacy is part of a major banner group.

## Knowledge of training system and training infrastructure

Despite being familiar with the competencies required for different levels of work, the management team has only recently become aware of the revised Training Package and associated qualifications.

The manager is mainly responsible for coordinating and monitoring training activities and has considerable experience in training and facilitation but no formal qualifications. She has been working with the company for over three years and sources information on training issues from the Pharmacy Guild, Australian Business Limited (ABL) and professional publications such as *Post-script*, and has built up good relationships with these organisations. For example, she read about the concept of recognition in one of these publications recently and is currently following this up to obtain recognition for her own training and technical skills as well as those of some of the employees. An ABL officer was due to visit the following week to discuss possible traineeship and training subsidies to assist with this process.

Training programs are offered through the banner group, such as a recent conference for managers and business owners which they attended.

## Driving forces in training

While Village Pharmacy was the only pharmacy in the local area, the business manager is keenly aware of competition from other pharmacies in the nearest town. She also noted the high turnover in the industry because of the combination of gender, low wages, young, casualised labour, and rural location. The major drivers for training identified by the manager included:

- ✧ the need to continually upgrade skills and ensure staff were multiskilled
- ✧ increased customer expectations of service standards without having to pay more for such service
- ✧ the need to keep up with changes to occupational health and safety requirements, comply with Quality Care accreditation requirements
- ✧ the introduction of computer-based information management and stock control systems
- ✧ the need to hold on to staff by enhancing worker stimulation and satisfaction through skill development in different areas.

## Current approaches to training and learning

The business has a very strong commitment to training and uses a combination of different formal and informal approaches.

Training needs are identified through a variety of strategies, with a focus on pro-active rather than reactive training, and employees are encouraged to let management know of any aspect of work they would like to learn more about. Every six months, a training questionnaire is circulated for employees to fill in and identify any training needs they have. One-to-one appraisals are also held on a six-monthly basis, independently facilitated through a private training provider. According to the manager, this appraisal provides employees with the opportunity to be independently assessed and to discuss any areas of concern. Subsequently, a training plan is developed based on staff performance, identified needs, feedback from the appraisals, and practical considerations such as the availability of courses: 'We work out how to make sure

everyone can get to access the training at some stage, depending on what type of training they need, and how many people want to go.'

However, the management team recognises that sometimes employees 'can't know what they need to learn, because they don't have the experience' and some training is in direct response to weaknesses identified by supervisors.

For new employees, training is usually informal, on a one-to-one basis, and they are buddied with someone more experienced to learn about different areas of the business: 'We rely a lot on observation and feedback. We find that works really well.'

One new employee is starting a traineeship as a pharmacy assistant, with three others currently completing or upgrading traineeships. The trainees all have a day dedicated to training, where they go through the learning materials and log books, under the supervision of one of the supervisors or managers.

The Pharmacy Guild is the training provider for the pharmacy assistant traineeships and dispensary courses and is considered to provide a generally good quality service. Some of the learning materials could be further simplified, but the ready availability of support staff by phone is useful in clarifying any concerns.

Training initiatives for current employees over the past two years include:

- ✧ a Diploma in Management through Australian Business for the pharmacy manager, who also plans to complete the Certificate IV in Assessment and Workplace Training
- ✧ the Guild Dispensary course, which was conducted by distance mode for two employees, with a third about to enrol in the course
- ✧ product specific training, such as Blackmores and L'Oréal
- ✧ computer training
- ✧ reaccreditation for the national Quality Care Pharmacy Program, subsidised by the Commonwealth government which involved all staff in reviewing and standardising all job descriptions, processes and procedures - original accreditation was granted in 1999
- ✧ courses offered through the banner group in areas such as customer service and merchandising.

The location of the pharmacy necessitates employees attending two-to-three-day training courses at main regional or metropolitan centres. The manager usually organises small groups to travel together and she often accompanies staff to training sessions as part of the mentoring process: 'I'll drive them and we talk about it afterwards, it's part of the mentoring process. If they're well trained, it makes everyone's job easier, and I find I always learn something from the training sessions myself anyway.'

On other occasions, trainers will visit the pharmacy and provide two-hour summary sessions of the longer training courses, but this arrangement is not considered to be as effective or comprehensive. While much of the product training is considered to be generic, the manager feels she has built up a relationship with the sales and training representatives and briefed them sufficiently over the last few years on the specific needs of the business to enable them to customise the training to better address the pharmacy's needs.

The business pays for the courses, and employees usually attend in paid time.

Once a month, staff stay after closing time to meet for two hours in the evening. Employees are paid to attend these compulsory meetings, which usually begin with a half-hour formal presentation by an outside speaker (for example, on a new product) with the rest of the time

spent in information-sharing and problem-solving. Staff are encouraged to raise any concerns and minutes are kept to monitor progress on issues raised.

A monthly meeting is also held for dispensary staff, out-of-hours, as well as a monthly meeting for the management team.

## Responsibilities, costs and barriers

Depending on the level of membership, the pharmacy accrues points which can be credited towards training programs offered by the banner group. The manager estimates about 10-12% of pay roll is spent on formal training, excluding any subsidies or rebates. Because of the location of the business, travel and accommodation comprise part of this cost.

Cost effectiveness is gauged in terms of improvement in service delivery, staff attitude and morale, product knowledge, increased skills and flexibility. According to the manager, the improvements to productivity in recent years are clearly the result of a deliberate investment in systematic skills development:

'We can certainly see the difference in our profits. Everyone knows their job, and why it is done that way. Turnover has increased by \$1.5 mil a year in the last three years, mainly because we have a lot more repeat business. Customers get good service and become very loyal to us.'

She stressed that the attitudes of the business owner, pharmacist and manager are key factors in determining how much training takes place and how it is regarded:

'Here they understand the benefits, and promote it heavily. I find in other businesses, the pharmacists may be very competent technically, but they are not very good business managers, and not very pro-active. They find some initiatives such as the Quality Care accreditation process too much effort. They need someone to paint them a picture of what's possible, to talk their language.'

She acknowledged that one of the main difficulties in encouraging more training is the cost of training and the resources involved in releasing and replacing employees from their normal duties to attend training, especially when they are away from main metropolitan centres.

Incentives and subsidies were considered to be very useful in promoting training, and encouraging the recruitment of trainees especially for more marginal types of employees, such as youth at risk, who would otherwise find it very difficult to obtain employment.

The manager also stressed the importance of incentives for employees, both in terms of immediate rewards as well as longer term pay increases and career enhancement. She observed that some of the product training is incentive based for employees, offering prizes and competitions which makes it much more interesting for the staff:

'You can see the difference between the interest levels for that kind of training and the drier form of training offered in dispensary.'

## Employee perspectives

### *Dispensary Assistant*

Julie has been employed at Village Pharmacy for one and a half years, on a permanent part-time basis, working 34 hours a week. She had worked in a range of retail and hospitality outlets over a number of years since leaving school, and had completed a TAFE course on working with the aged and a fitness leaders' certificate. After having her first child, she applied to work in the pharmacy on a voluntary basis because she was very keen to get a job there, and especially in

dispensary. This led to a permanent job after a few weeks, and she was encouraged to move onto the dispensary.

Over the past 18 months, Julie has completed several product courses on topics such as cough mixture products, vitamins, hair colour and is currently completing Certificate II in Dispensary before taking maternity leave in a few months. She is hoping to go on to Certificate III on her return from maternity leave next year.

She is particularly appreciative of the flexible nature of the course: 'It is good that I can do it at my own pace because, now that I'm pregnant, I can actually finish it a bit earlier than I would have otherwise.'

While she finds the course relevant and valuable, she finds sometimes 'it is a bit hard to understand the way they word things, so I have to ask for help. The best way for me to learn is to have someone show me in a practical way. Some of the short courses cram a lot of information in, for example, the vitamins course and it is a lot to absorb, especially if you are not doing it all the time.'

She has attended some educational seminars in her own time in the evenings and found them to be useful in keeping her up to date. Sometimes, the product companies offer refreshments, or even a movie as part of the seminar, which in her view made the effort worthwhile. While she sometimes found it difficult to arrange child care, this was manageable if there was sufficient notice and it was not a regular occurrence. She also observed that if she needed to move house or find another job, "the certificates are very useful, especially with a broken employment record because of having children."

Julie recognised the extent of training investment by her employer, which was not typical of others in the industry. To increase the training effort across the industry, she felt that a levy may be required from employers in a partnership arrangement with government, and for employees to contribute to their learning in money or in-kind, because all parties benefited from the outcomes:

'It would be useful if the Government offered a subsidy straight to the employee to upgrade their skills if the employer won't pay for that, because not all pharmacies spend money on training.'

### *Pharmacy assistant*

Alison has been employed as a pharmacy assistant grade 2 for over a year full-time, and is about to commence a Certificate III in Dispensary.

Previously employed as a nanny, and a child care worker following the completion of a child care course, she did not enjoy working in a child care centre and became interested in the pharmaceutical industry.

She was recruited as a trainee and found the traineeship to be a very useful way to learn, though sometimes the material was repetitive. Both the managers and supervisors have been very supportive in explaining and demonstrating the work involved, and she found the theoretical and practical aspects of learning very complementary:

'Being on the floor is the most useful way to learn, to do it while being observed by someone who gives you feedback, you learn a lot more than you do from books. But the learning materials are useful too, because they give you the big picture. I need both, and having the one day a week to concentrate on the learning is great.'

Her only criticism of the traineeship was in relation to the pay rates, which she found inadequate:

'The only down side of traineeships is the pay, especially at the beginning: \$200 is not a lot of money if you're independent and trying to pay for rent, food and a car.'

In the last year, Alison has also obtained a number of product certificates following short courses in vitamins, skin and hair care, as well as skill areas such as in customer service, team building and shop displays. Most of these were conducted during the day, and Alison was paid to attend.

She has particularly appreciated the practical experiential approach taken in some of the courses:

‘For example, for the shop display ones, we went around different pharmacies rating their fit-outs, and that was really interesting to compare and contrast how different places do it, and talk about it afterwards.’

While she found it difficult to attend evening sessions in her own time, she has generally found them worthwhile.

# The building and construction industry – a snapshot

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The building and construction industry employs more than 713,000 people and accounts for about 7% of gross domestic product (Construction Training Australia, March 2003, p.11). Characterized by cycles of 'boom and bust', its performance is closely linked to the economic cycles of the country and generally accounts for over half of gross domestic capital expenditure. The industry comprises three sectors: residential, non-residential and civil engineering construction, all of which experienced all time high activity levels in 1999-2000, with continuing levels of growth particularly in the residential sector.

## Industry characteristics

Reflecting international trends, the Australian building and construction industry has undergone a number of marked changes in recent years, linked mainly to changes to employment relationships due to increased outsourcing and sub-contracting arrangements particularly from larger firms and the public sector. Notable characteristics of the industry include:

- ✧ predominantly male employment (93.4%), high and growing levels of full-time employment (86.4%) coupled with a decline in the number of new entrants to the labour force
- ✧ higher than average, long-term, work-related injury and compensation claims
- ✧ low formal qualification and literacy levels and a geographically dispersed, highly mobile labour force
- ✧ a significant increase in contractor or self-employed status in the industry, with up to 40% of the construction workforce classifying themselves as self-employed in 1998 (Productivity Commission 1999:128-129, cited in Construction Training Australia 2003, p.13).
- ✧ a marked growth in the number of small businesses, labour hire firms and a corresponding decrease in the size of firms, with 93.6% of firms employing less than five persons
- ✧ a significant increase in specialist sub-contractors and sub-trades in areas such as paving, fencing, metal-fabrication and bricklaying requiring no formal training
- ✧ more stringent licensing requirements for residential building and building trade work which require training, and regulations covering occupational health and safety, environmental, planning, legal and, in some instances, training requirements.

## Industry challenges and priorities for the VET sector

In the context of current and expected high levels of construction activity over the next 5 years, critical skill shortages are predicted for the industry. The major skills formation and training issues facing the industry include:

- ✧ addressing the impacts of corporatisation and privatisation of government agencies, outsourcing, sub-contracting and reductions in firm size on training activity and the recruitment of apprentices. Overall, construction industry employers spent just over \$100 per employee on structured training in 1996, 26% below the 1993 level of spending and significantly lower than the all-industry average of \$185. While apprenticeships, traineeships and new apprenticeships rose from 6.1% in 1996 to 7.2% in 2000, this percentage is still substantially below the 11.1% average for the skilled trades workforce (NCVER/DEWRSB,

2001, p.11). A minimum 10% level is considered necessary to maintain skill levels in the industry(Construction Training Queensland, 2003, p.4).

- ✧ meeting the skill demands of new technologies and advances in new construction materials, such as standardised prefabricated components, laser-guided or remote-operated machinery, new energy saving systems as well as computer-based applications in design, procurement, scheduling, communication and management
- ✧ enabling workplaces to meet increasingly stringent occupational health and safety, regulatory and licensing requirements
- ✧ improving the implementation of Training Packages by increasing the commitment of industry as well as State/Territory Training Authorities and resolving significant associated industrial relations issues, particularly in relation to new qualifications, sub-trade qualifications and non-traditional pathways
- ✧ improving the implementation of different State and Territory Government policies to ensure the employment of apprentices in government funded projects
- ✧ adopting a consistent approach to the funding of training across Australia. Industry Training Funds are currently operating in Tasmania, Western Australia, South Australia, Queensland and the ACT to supplement government-funded training, with levies providing approximately \$30 million annually for the training of over 30,000 existing workers, along with approximately 5,000 trainees and apprentices employed in the industry.
- ✧ improving the capacity of training infrastructure, such as trainers with industry-specific experience and up-to-date physical facilities and resources.

## Barriers to satisfying skill needs

A 2001 NCVET/DEWRSB study identified skill shortages to be due to a combination of:

- ✧ an inadequate number of people entering the industry training system
- ✧ a high attrition rate during the training period
- ✧ a high separation rate from the industry after qualification, with only around 41% of qualified building and construction tradespersons currently working in their trades.

Research identified the main barriers to satisfying skill needs within the industry resulting from current employment and industrial arrangements, as well as the demographic characteristics of the workforce. The main barriers include:

- ✧ the increasingly specialised, short-term, project-based and fragmented nature of work, leading to a reluctance by employers to invest in training. For example, in 1997, only 29% of employers in the industry provided structured training, compared with an all-industry average of 35%, and most of this activity focused on the non-building part of construction sector.
- ✧ the low levels of education in the workforce, with about 45% not holding a formal qualification, with poorer literacy and numeracy skills than those of the Australian workforce
- ✧ criticisms of VET provision, and in particular in relation to recognition arrangements and the ability and experience of VET teachers, with 19.1% of employers in a 1997 employer satisfaction survey identifying the ability and experience of VET teachers as priority areas for improvement, in contrast with 9.8% of all industry responses (Construction Training Australia, March 2003, p.42).

## Continuous training of the existing workforce

Training for existing workers has been identified as a priority for equity reasons, as well as pragmatic considerations. By encouraging existing workers to obtain vocational qualifications, the aim is to address the neglect of the previous decade, improve career paths, reduce attrition rates

and enable more apprentices to be recruited because of the increase in tradespeople. For example, the Queensland business plan for 2004-5 proposes to train 10% of existing workers per year decreasing to 6% in 2008/9, and the training of 15% of the workforce to tradesperson status. This in turn would increase the number of qualified employers by five times and enable more effective take-up of future apprentices (Construction Training Queensland, Business Plan Report)

At present, the major drivers for training existing workers would seem to be extrinsic factors, such as licensing requirements relating to mobile equipment or occupational health and safety. The introduction of Training Packages and industry training funds have enabled accredited formal training in non-trades areas for many thousands of existing workers. For example, in 2000, according to the NCVER/DEWRSB report, there were almost 30,000 enrolments in vocational education and training programs that were not new apprenticeships, compared with 33,100 new apprentices.

# Case Studies - Building and Construction

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## Eco Homes

### Company profile

Eco Homes is a construction company operating on Queensland's Gold Coast since 1991, which specialises in customised innovative and environmentally sustainable designs for new beachside, executive homes as well as steel-frame constructions. It is also involved in building small ecotourism holiday resorts and ecologically-sensitive home restoration.

The Company employs 30 staff, and oversees 30 subcontractors who, in turn sub-contract part of their work. The majority of direct employees are involved in administration (project coordination, architectural drafting, estimating and three trainees in business and office administration), with a number of site supervisors and six carpenter apprentices.

### Knowledge of training system and training infrastructure

The managing director has an education and training background, and has delivered and managed a number of high school and vocational education and training programs over many years. He is quite familiar with the national vocational training system, and has used a wide range of public and private training providers, depending on the type of training required.

While there is no dedicated training position in the company, all managers and supervisors are accredited trainers and assessors, or are in the process of completing their Certificate IV qualification in training and assessment.

### Driving factors in training of existing workers

The managing director identified the following driving factors for training:

- ✧ a business philosophy of investing in the skill development of employees as a key strategy for ensuring the business' competitiveness, long-term viability and success
- ✧ the need to keep up with technological advances and leading edge innovations
- ✧ external compliance requirements, especially in the areas of occupational health and safety and licensing requirements for mobile equipment.

The managing director prefers and encourages employees to identify their own training needs depending on their career aspirations, rather than dictating what training they should undertake. However, some training is reactive, driven by identified knowledge or skill gaps as a result of poor work performance, or a safety incident.

### Current approaches to training and learning for existing workers

The company adopts a long-term planning strategy for the business, with a 10 year business plan, of which training is a key part. Loyalty and commitment are encouraged among staff, with an expectation that new personnel will remain with the company for at least five years. Likewise,

apprentices are regularly recruited, with the expectation that they will continue with the company once qualified. In return, personnel can expect continuity of work, and support in their skill development. As the managing director put it, 'you need loyalty both ways'.

There is a strategic, systematic approach to training, with a skills matrix drawn up for all employees, outlining their skills and qualifications in areas such as quality assurance, marketing, site safety, estimation, sub-contractual law and energy efficiency. Training needs are identified through a one-to-one performance appraisal process that takes place every three months with each employee, or through a six-monthly, day-long seminar with all staff to review company performance, and plan future needs, including succession planning.

Skill development takes place through formal and informal strategies, with a clear preference for practical, project-based learning. Most employees have a mentor with whom they work closely, and section meetings are held each week to review performance and discuss issues. Supervisors are encouraged to become qualified workplace trainers and assessors to assist their supervision skills.

Sub-contractors are also encouraged to develop their skills through performance reviews focusing on criteria such as completion on time, cleanliness, client service, occupational health and safety and punctuality, rather than cost.

## Responsibilities, costs and barriers

The managing director views skills development as a shared responsibility for all parties involved:

'Anything for nothing is of no value and, as all parties benefit, they should contribute. Employees invest their time, commitment and effort, employers by paying for courses and governments by providing the training infrastructure. From a business perspective, I believe that if you get the skills mix right, the profits will look after themselves. Training is a long-term investment, and I intend to be in the business for the long term.'

He stressed the need for government support of skills development, in terms of promotion, incentives as well as regulations to ensure a minimum level of training:

'I don't think the government realises the huge social and economic implications of companies going bankrupt, and it often due to lack of skills, be they managerial or technical. For industry, the carrot is better than the stick, but some industries will not train, regardless of what you do, so there has to be a degree of compulsion about it, but we also need visionary leadership and practical innovation, to raise the profile of the building industry, making it a career of choice, rather than a second option.'

While supportive of training subsidies, he was critical of the way they were promoted and administered:

'Many employers balk at the cost of taking on an apprentice but don't work out the real benefits in terms of time saved, and the way it increases the scope of a business to be profitable, the importance of having loyal, long-term employees. I don't make a decision to take on a trainee because of a subsidy, but because of what it will add to my business, and it is important to have the right trainee. The money must be quarantined for the trainee, and the time and effort invested to train them properly.'

These attitudinal and structural barriers needed to be addressed if training investment is to increase.

In the same way, he offered qualified support for the training levy introduced for the construction industry, recognising its necessity, given the casual, contractual working arrangements and the number of 'high fliers' in the industry. However, he expressed concern

about the risk of industry training funds ‘ending up feathering the nests of employer or union organisations’, to the detriment of developing the skills of the workforce.

He estimates that the company spends about 5% of payroll on formal training, and measured this effectiveness in terms of bottom line improvements, which included employee morale, advancements for the company, work efficiencies and flexibilities.

## Employee perspectives

### *Building supervisor*

Alan trained as a carpenter, before gaining teacher qualifications. He operated his own construction business and taught in high schools and TAFE for a number of years before being employed as a supervisor with Eco Homes.

After gaining a position with the company, he undertook some refresher training courses and seminars on new rules and regulations relating to termite control, environmental regulations and occupational health and safety requirements, which he noted had become more rigorous in recent years.

He also identified the need to develop specific IT skills to use the computerised work planning, drafting and ordering of stock, and has done so informally, with the assistance of a colleague who helped familiarise him with the new programs.

As a teacher, Alan integrated theory and practice through practical, project-based approaches to learning. He has adopted a similar a problem-based, training approach to supervision, focusing on making the work standards and expectations clear, engaging employees in reflecting on their work practices and leading by example. He considers regular updates and discussion of work performance to be important in lifting the benchmarks in terms of occupational health and safety, quality, communication and coordination of work functions. He also encourages employees to obtain more tickets, as a way of increasing flexibility and redundancy in the team.

Alan is quite critical of what he regards to be a systematic erosion of skills over recent years in the building and construction industry due to changing work practices:

‘Because of the sub-contracting system, my generation is the last one to be multi-skilled. Carpenters used to oversee all the different jobs; now, there is very little done to ensure tasks are correctly sequenced, potential problems are identified and addressed as soon as possible. Painters have to be magicians to cover up faults at the end’.

He also identifies attitudinal barriers to training within the workforce, observing that most people in the industry don’t like change and are more concerned with addressing urgent problems such as a leaky lunch room shed rather than long-term skill priorities. However, he also observed that employees’ negative attitudes towards training have been reinforced by some trends in the VET sector:

‘Training has become a commercial commodity, where often there is a lot of paper and documents, but not much training and learning actually happens. The expertise of the content deliverers is the key to successful learning, in what they know, and how they put it across, how current they are with latest developments in industry. We could do with a system similar to the one in hospitality, where trainers have to keep up-to-date. Likewise, some of the CBT approaches to assessment really lack rigour and consistency, and it does no one any favours in the long term.’

## *Employee*

Greg initially trained as a fitter and worked for seven years in a factory following the completion of his apprenticeship before deciding on a career change. He then began a carpentry apprenticeship with a builder, but the company went out of business after two years.

He started work with Eco Homes as a labourer 12 months ago. In discussion with his manager, he learned he could obtain recognition for the training he had previously undertaken, and subsequently re-enrolled in a carpentry apprenticeship which he will complete in a few weeks.

While he appreciates the training provided by TAFE, he was critical of the lack of recognition offered.

Some TAFE modules were a bit boring because I had already done it. I was not aware of RPL till the boss here told me. A lot of people don't know about it, and TAFE did not go out of their way to tell anyone.'

Since his employment with the company, Greg has also completed short courses in first aid and occupational health and safety. He is not aware of the cost of training he has undertaken, or of any subsidies that may be paid to the employer.

Greg considers the most useful learning to be one-to-one informal sessions with his supervisor or other technical expert, discussing why things should be done a particular way. He also finds the regular monthly and six-monthly staff meetings very useful forums for information sharing and learning. He identified the performance appraisal sessions as being particularly valuable:

'It was very good feedback, and very different to the old workplace where you did your job and got out of there as fast as you could. It was good to find out my strengths and weaknesses, and be asked how much further do you want to go, do you want to learn something different?'

Greg is appreciative of the more open, learning culture of the company, which encourages employee contributions and a team spirit:

'It's much easier to work here, more communication, more incentive, more commitment and long term planning. The work team is part of that, a bit like a football team. In the long term it is worth it for everyone.'

To improve the extent of investment in skills development in the industry, Greg suggests that recognition of competence should be more aggressively promoted, especially in an industry where many of the skills are learnt on the job: 'a lot of people don't know about it, and don't want to start all over again. If people knew it could cut your time in half, a lot more would go for qualifications.'

He considers that the costs of skills development should be 'equalled out' in monetary or in-kind contributions from employees such as time, tools or commitment, and supports the concept of a levy or subsidy to ensure a minimum level of training in the industry, concluding that the government 'should make it easier for employers to do what is happening here'.

## Den Homes

### Company profile

Den Homes is a small construction company which has been established for about 10 years in Brisbane and is involved in building home units, some individual homes and renovations. The business tries to value-add by designing or supplementing current designs.

The company employs six direct staff and a number of sub-contractors, such as plumbers and electricians. In addition to the managing director, direct employees include:

- ✧ a project manager, who is qualified as carpenter cabinetmaker
- ✧ a sub-contractor supervisor who was initially recruited as a carpentry apprentice
- ✧ a crane driver and site diarist who is actually qualified in construction management
- ✧ a carpenter
- ✧ a secretary
- ✧ a part-time architect cadet.

## Knowledge of training system and training infrastructure

The company's knowledge of the training system is largely derived from the experiences of Ken, the managing director, initially as a student and, subsequently, as an industry representative on a number of committees in professional associations and training initiatives. Ken had been working in the industry for a number of years before experiencing challenges with aspects of business management, which led him to enrol in an estimating course conducted by the Master Builders Association (MBA). He was then encouraged by the MBA trainer to complete a university project management course, for which he was advised to claim part-recognition. Ken reports that he found both courses very useful in understanding the context of his business and developing valuable technical skills in areas such as specific critical path analysis, management skills, computers as well as learning about learning, gaining confidence and developing networks.

These experiences encouraged Ken to become more involved in training-related issues as part of professional associations as well as the Industry Training Advisory Board. There are no personnel in the company with formal training skills but, in consultation with his staff, he takes the responsibility of identifying and coordinating any training activities required.

## Driving factors in training of existing workers

The major driving factors in training existing workers revolved around business profitability and viability considerations as well as governmental regulation requirements. Specific examples cited included:

- ✧ Licensing requirements for builders and operators of mobile equipment
- ✧ Compulsory occupational health and safety training
- ✧ Increasing computerisation of drafting, work planning and scheduling functions, for example the use of spreadsheets, Computer Assisted Design and Modelling (CAD/CAM).

## Current approaches to training and learning for existing workers

The managing director has evaluated the skill mix needed for the business and developed a strategic plan, but considers that its implementation has been more a process of trial and error. As he put it:

‘We try to recruit people who have done some formal training, but it is not always possible, or the best option. Sometimes you can get someone with the required technical skills, but they may not have the personality or initiative required, so you have to review your expectations or make changes.’

More often than not, he observed that training was retro-active rather than pro-active, for example, in response to a task that was not satisfactorily performed, or a safety issue identified.

While he plans to reflect and analyse achievements and areas of improvement after different projects, it is often difficult to achieve because of the busy pace of the business.

However, Ken commented that he tries to adopt an open learning approach to daily work, where employees are encouraged to ask questions and learn from each other: 'It is very important that people understand why and how something needs to be done, and what could happen if it is not done properly.'

He has encouraged employees and paid for them to attend short courses related to their areas of work, such as crane driving, scaffolding, office administration, and subsidised the tuition costs of longer courses, such as that undertaken by the architectural cadet.

## Responsibilities, costs and barriers

The managing director considers investment in his employees' skill development to be as important as the upkeep of his equipment: 'I need to invest in my people, just the same way as I invest in maintaining and improving my equipment. It buys you skills, business improvements as well as loyalty.'

He was quite critical of the lack of systematic investment by the industry in training apprentices: 'When I was young, an apprentice culture was very strong, now tradesmen are the exception, which is leading to uncoordinated and shoddy work.'

Given the increasingly contractual working arrangements in the industry, Ken was supportive of the training levy operating in Queensland for the building and construction industry; however, he expressed a concern that if such levies were largely used for front-end training, there was little scope for the cross-skilling and up-skilling of existing workers:

'Unless there is legislative change, I can't see what will make people give up their time and money to do additional training, when in boom times, they don't see the need, they make enough money already. They need a clearer career path, more tangible goals.'

In his view, mandatory training was necessary to ensure a minimal level of skills and safety standards. He also observed that there should be a requirement for the maintenance of professional currency to ensure continuous updating and improvement. He also noted the value of recognition arrangements in enabling workers to have skills developed taken into account, and suggested they needed to be more widely promoted as many workers are unaware of the possibility of fast-tracking the completion of a qualification.

However, it was absolutely critical that any formal training was practical, and highly focused on industry needs:

'I find for people in the building industry, they're much better with verbal ways of communicating and learning, not paper-based ones. They want to talk about their problems with someone who's been there and done that.'

He acknowledged that for training providers to deliver such training required a great deal of learning and consulting on their part, and the involvement of industry in identifying training priorities:

'In my experience, many providers are passionate about what they do, but it is very hard to get industry involved. Industry people are often flattered to be involved, but the consultation forums need to address specific issues that are relevant, not be a time waster.'

## Employee perspectives

### *Supervisor*

Brian started his carpentry apprenticeship with Den Homes in 1998, which he completed in 2002, and he has since been promoted to supervisor. He found that the most useful aspect of his apprenticeship was working closely with his foreman who acted as a mentor, teaching him about the technical as well as supervisory aspects of the work: 'Hands on training, on site is the only way to learn how to deal with the work, but also the problems and the people'.

He thinks there is a major need for occupational health and safety training in the industry, and for regular updating of employee knowledge and skills in this area: 'Having a green card for five years is not enough, you should have to update it every year.'

However, he recognizes that with the long hours and arduous work involved, it is very difficult for most existing employees to find the time to undertake training off the job:

'For me to do any training is very hard, after a long day's work. I'm too tired, there are too many hours on the job, and it's too much. I don't know really know what it would take to make me do a course... probably the fact that I had to. I'm thinking of going for my own licence next year, and I know I'll have to do some training for that, but it does involve quite a bit of effort.'

Brian considered the current industry training levy to be a 'reasonable' way of ensuring a minimum level of training for existing workers and of encouraging more apprenticeships into the industry, but he also observed that government should assist employers towards cost of training, either by direct contribution, or by ensuring the costs and quality of training facilities were adequate.

### *Crane driver*

Simon had worked in the building industry over 10 years as labourer, while studying and completing a construction management course at university.

After working as a supervisor on building sites for Den Homes, he opted for a less stressful position as an operator of a tower crane, involved in excavation work. Training undertaken since his university course has mainly consisted in mobile equipment licences, and he is considering undertaking further training to obtain his building licence in a few years' time.

Simon values the benefits offered by working in a small business in terms of opportunities for multi-skilling:

'Because it is a small firm, apprentice carpenters are expected to be flexible and multi-skilled and take on challenges as they happen, it can tend to be a bit of a sink or swim approach, but you learn heaps in the process. In a larger organisation, I many not have had the same chance to try different things or the challenge to do more complex work.'

He also values his employer's support for skill development, where any 'reasonable request for training is supported', and contrasted this with other employers who would consider such training as an unnecessary imposition. He cited the example of the crane course he was able to undertake that was more extensive than the narrow skills he required to meet immediate project needs. Simon was very pleased with the rigour applied by CSTC, a private provider:

'It was very thorough and rigorous, they expected 100% accuracy, and most people did not pass the first time, and they had to go for the test a second and third time, but you're dealing with high safety issues and a lot of expensive machinery, so I guess it needed to be that tough and there was help for those that could not get through first time.'

Simon supported the notion of an industry levy, arguing that by paying for training, employers received greater loyalty and commitment from their employees who, in turn, contributed their time, otherwise 'if the employee pays for their training, they would be right to expect more pay for the extra skills they have developed'. He also noted the role of the union in offering subsidised training programs that made such training more affordable.

In his view, training for existing workers should not be directly subsidized by government, as it already offered subsidized training for unemployed workers and apprentices.

He noted however, the key role for governments in mandating minimum levels of training, especially in areas relating to occupational health and safety:

'If compliance requirements were not there, the great majority of people would not be doing any training. The push factor for training is one's own advancement, especially at a time of boom, you can see how people are able to make \$100,000 easily by renovating or building a home on the side. People can see they can easily get ahead without needing any formal training, so there is no real incentive.'

## Build It Right Constructions

### Company profile

Build It Right Constructions is a business with two sub-businesses, one in residential building (Bluebottle) and one in commercial glazing (Glaze Away). Both are small businesses with less than 20 employees in total, and began operation in 1997. The company is located in south-western NSW. While its residential building arm operates entirely within the local area, its commercial glazing arm operates in wider NSW as well as in Victoria.

Bluebottle Constructions and Glaze Away each have a workforce of four full-time permanent male employees, with two full-time permanent female office staff working across the two businesses. Of the four on-site Bluebottle employees, two are existing workers with trade qualifications in building and carpentry, and two are apprentices. The four site staff at Glaze Away are existing workers.

Bluebottle Constructions lets contracts to qualified trade sub-contractors from the local area, for example, in electrical work, tiling and plumbing. The business occasionally employs labourers, but this is rare. The business is a development construction company, controlling all aspects of construction from land purchase and zoning through to sale of the completed dwellings.

Glaze Away operates within the small niche market of arcade glazing - designing, making and installing windows, glass panelling and automatic doors for arcades and commercial suites. The business is often sub-contracted to major construction companies such as Lend Lease and Australasian Shopfitting. The owner often employs both qualified tradespeople and labourers as employees to assist with short-term projects. Rather than use labour hire companies, the owner maintains her own bank of proven tradespeople whose qualifications and training she updates.

The owner herself holds trade qualifications in glazing, joinery and roof tiling. Both businesses are successful and respected in the building industry. The owner juggles the demands of a young family with pursuing the company's business interests.

### Knowledge of training system and training infrastructure

While the employer is very much aware of the national focus on training, she is unfamiliar with many of the specific components of the training environment, for example, Training Packages, Industry Training Advisory Bodies and mechanisms to secure Recognition of Prior Learning for

existing workers. Her training focus is strongly driven by the day-to-day needs and operations of the businesses, and is almost exclusively directed at ensuring that she, as employer, has what she needs to remain competitive in the building and construction marketplace.

The owner is aware of government incentives and training subsidies, and has taken on two new entrants under New Apprenticeship arrangements as well as training one office employee under Existing Worker Traineeship arrangements. She is aware that other States have construction industry Training Levies, but sees no real advantage for herself in NSW introducing such a scheme. Since the scheme would involve all employers making contributions, she feels that all employers would lose and gain equally and, therefore, would be just as well off paying for the training costs themselves.

The employer has used some private provision, mainly to train existing office employees. Most trade and some office training is undertaken at TAFE, while shorter trade-related courses are usually undertaken through the Master Builders' Association or WorkCover. The latter two organisations also publish information booklets which are the source of most of her information about industry developments and training opportunities. Other sources include the Department of Fair Trading and word-of-mouth within the industry. She receives little marketing literature from either public or private training providers.

The employer herself has a Certificate II in training and assessment. The company is too small to have dedicated training staff and individualised training plans, other than at the level demanded by the larger companies to which she sub-contracts in commercial glazing.

### Driving factors in training of existing workers

The employer has registered a sharp increase in training demands in the past five years. In her view, most training in the building and construction industry overall is now driven by legislative and regulatory change, and the need to remain up-to-date in keeping with these changes in order to secure work. This includes on-going training of the existing workforce. Specifically, these changes are associated with:

- ✧ occupational health and safety standards
- ✧ environmental health and safety standards
- ✧ site safety standards
- ✧ site inductions for all employees working on sites involving more than \$250,000 of work
- ✧ changes to the Australian Standards
- ✧ changes to local council building and zoning regulations.

Additional training needs also arise, but these are mainly for employers. They include training in:

- ✧ public liability and other insurances
- ✧ taxation and auditing
- ✧ quality assurance.

The needs of existing workers for on-going technical training can be met either on-the-job or by through the formal upgrading of trade qualifications. Some of this need can be adequately met by supplier training, particularly in the area of commercial glazing. Office employees can likewise be adequately trained in either training mode.

## Current approaches to training and learning for existing workers

The employer believes that training in the construction industry, including the training of existing workers, is now so heavily mandated by legislative and regulatory requirements as to scarcely require employers to have either views about training or individual approaches to it:

'I don't really have a view on training. The system does not really require me to have one. Training is neither an asset nor a nuisance – neither a good nor a bad thing. It is simply there as a requirement of staying in business. If I cannot show evidence of a trained workforce with all the necessary paperwork to companies which sub-contract me, I simply won't get a look in. Sub-contractors who approach me for work will get exactly the same treatment. My company will also not necessarily get the job if we supply the cheapest quote. We are much more likely to get jobs by supplying all the relevant paperwork, including paperwork specifically related to the training of our employees. In the same way, I won't necessarily award a contract to the contractor who is the cheapest. I will check the information I am given - particularly the insurances - but also to make sure that people are licensed in the particular trades they say they are. There are still a lot of dodgy contractors out there.'

In the past two to three years, existing employees in Bluebottle Constructions and Glaze Away have undertaken formal training in the form of:

- ✧ site inductions for each construction project valued at more than \$250,000. This can involve two per site employee per year in each business.
- ✧ First Aid training
- ✧ occupational health and safety training
- ✧ workshops run by the Master Builders Association
- ✧ a Certificate II in Business (one office employee under Existing Worker Traineeship arrangements)
- ✧ Modules 9 and 10 (Certificate IV in Building)
- ✧ on-site supplier training, particularly for Glaze Away employees.

One employee is also currently undertaking a Certificate IV in Building Studies (Residential) at TAFE NSW. This is being undertaken at the employee's initiative and without financial assistance from the employer.

Informal learning is an important feature of both office and site employees' continuous training, and includes:

- ✧ learning from other tradespeople, both with qualifications in the same field and in others, for example, plumbing, tiling, glazing and electrical work
- ✧ learning office and accountancy skills on-the-job. The employer has recently contracted a private consultant (not a Registered Training Organisation) to work with an office employee for one half day per week to improve her skills in accountancy. This training is regular and systematic. However, it is primarily tied to the particular needs of the business and will not result in accredited outcomes.
- ✧ learning from other company members (employees and the employer) on a day-to-day basis, particularly where the efficient running of the office is concerned
- ✧ risk assessment training. This is usually delivered on-site by the employer in the context of the particular project.

The employer's focus is strongly on what she, as an employer, needs to bring the particular project to a successful and timely conclusion, and to continue to secure work in the industry.

With the exception of mandatory trade qualifications and the mandated training requirements of various legislative and regulatory bodies, she attaches no particular importance to accredited training and certification.

'I need people to be able to do their job and do it well. Paper qualifications don't address a lot of aspects of being a valuable employee anyway. My employees need to be able to work to deadlines. They need to be able to cope with pressure and get on with each other. The training they really need isn't offered as part of any trade qualification at any level. Who trains them in anger management and conflict resolution or communication skills? If I want that, I have to do it myself. As it is, I spend a lot of my time putting out fires. It would be a great help if some of these aspects were addressed by on-going employee training. That would actually make it worthwhile.'

The employer recognises, however, that the tighter regulatory environment in the construction industry has brought her business many benefits.

'In the long-term, training is good for the industry as a whole and those who remain in it. For me, it has meant decreased competition because a lot of the cowboys, particularly the smaller construction businesses, have left the market rather than shape up and comply with training requirements. When the market is smaller, it's easier to keep track of who's keeping up and who's not, and that in itself exerts more pressure for continuous training. In the long run, training will make the industry a safer place to operate in as well, and may even result, eventually, in lower insurance and other costs.'

## Responsibilities, costs and barriers

The employer estimates that she spends about 5% of her payroll on training, including the training of existing staff. Not all of this amount relates to direct costs. Indirect costs also include the time spent by the employer keeping up-to-date with changed training requirements, researching appropriate provision and setting up training arrangements, and delivering informal workplace training to both site and office employees.

All the costs of mandated training and insurances are borne by the employer. Most formal training is initiated by the employer. Some formal training has been undertaken under incentive arrangements and, in some cases, the employer has either fully or partly funded other formal training.

Although she has no particular views on whose responsibility training is, the employer recognises that trained employees in a small business context mean increased flexibility for the employer. This results from the decreased need for supervision, and the increased ability of employees to undertake many tasks usually undertaken by the employer, particularly those associated with tendering, preparation of relevant paperwork, account-keeping and dealing with client inquiries. On-going training also improves the capacity of the company to secure contracts in a higher price bracket, and frees the employer to focus more actively on seeking out business opportunities, networking, keeping up-to-date with industry developments and the changing regulatory environment. On-going training means less errors in the carrying out of work. Even where errors do not involve occupational health and safety issues, they can cost the company both time and money and lead to decreased profit margins. Continuous training, therefore, benefits both the company and its individual employees.

The main barriers to training existing employees perceived by the employer are:

- ✧ lack of relevance to the operations of her particular business
- ✧ the content of the training in so far as it does not address interpersonal and communication issues
- ✧ the difficulty of sparing employees from a tightly-run small business for off-site training

- ✧ cost in so far as training must add tangible value to business operations rather than being an end in its own right.

## Employee perspectives

### *Office assistant*

Rose is employed as an office assistant and personal assistant to the employer. She has worked for the company for about two years, of which about eight months was as a part-time employee. She came to the job with a Certificate II in Retail Operations which she undertook at her own expense. She is currently undertaking a Certificate II in Business under Existing Worker Traineeship arrangements. The Certificate is delivered wholly on-the-job through the local Community College. Rose sees technology as the main driver of training for employees in her position, and undertook this training primarily to improve her computer skills while making sure that she was learning on equipment with which she was familiar in her workplace. She plans to do more training in computing when new office computers arrive. Rose feels that it is primarily her responsibility to help herself by identifying and undertaking relevant training under her own steam, rather than depending on the employer to initiate and pay for everything. Rose feels that certificates are valuable, especially when looking for jobs, but that a good reference from a company carries the same weight with potential employers.

Both as part of her traineeship and in her job generally, Rose has learned most of what she needs to know on-the-job. She sees the needs of the business as highly specialised, and feels that on-the-job training is the most appropriate way of addressing these needs. Most of her knowledge has come from her employer by demonstration and supervision, but her office colleague has also helped out a lot especially with basic account-keeping. Her employer has also arranged for her to have some informal training in accounts from the same private consultant employed to train her colleague. Rose appreciates both the formal and informal training opportunities provided for her within the business, especially the fact that formal training under the traineeship does not involve out-of-work hours study as she has a family and many out-of-work commitments.

### *Tradesman*

Sam has worked for the company for about two years as a carpenter and joiner. He completed his apprenticeship with the company after beginning it elsewhere. He has since begun a Certificate IV in Building Studies (Residential) to keep building on his skills. He did not approach the employer for assistance, but initiated and is paying for this training himself. He feels it will stand him in good stead if the company expands, or if he later decides to apply for a builder's licence and move into the construction business independently. He does not foresee a remuneration increase on completion of his studies.

Sam feels that most new technical skills can be adequately learned on-the-job from watching and talking to other tradespeople, by reading instructions and diagrams and by trial and error. This not only expands his own skill range, but also gives him a better understanding of the other building trades, and how they all work together in residential building. Providers like TAFE are most appropriate for learning the theoretical and management sides of construction. He feels that most training provision does not sufficiently address communication and training skills, which are necessary at his level since he is often involved in showing apprentices how to do things. Sam values certification very highly and, at some future stage, plans to study building management and small business management at university. He realises that he could not expect learning of this type to be funded by his current employer in a small business environment, and that he is unsuited to the demands of distance learning. He plans to wait until he is able to access university training directly.

# Homemaker

## Company profile

Homemaker is a company which has been operating for almost 40 years in Perth, Western Australia specialising in pre-planned design and building of one storey, two storey and loft homes through to small block homes, as well as personalised designs. It aims for the second and third home buyer, and completes about 200 homes a year, with a 110 currently at different stages of construction.

The Company employs 30 staff, and oversees 200 to 300 contractors who, in turn, sub-contract part of their work. The majority of Homemaker employees are involved in administration (project coordination, drafting, scheduling and estimating), with only five site supervisors.

## Knowledge of training system and training infrastructure

The general manager is broadly aware of trends in vocational education and training and has been involved in providing input on competency standards, qualifications and training through employer organisations such as the Building Construction Industry Training Fund and the Housing Industry Association.

The company has no dedicated training position, or personnel with training or assessment qualifications but is generally supportive of skills development, partly because of the philosophy of the founding managing director who has pro-actively promoted the need for training in the industry. The current general manager, for example, is a licensed builder with applied science qualifications who is also currently undertaking post-graduate training in business management.

As well as meeting mandatory training requirements in areas such as occupational health and safety and licensing, the company generally supports employees undertaking further training by providing some financial support towards the cost of tuition where such training is clearly related to work roles. Overall training expenditure is estimated to be approximately 1.7% of payroll.

## Driving factors in training of existing workers

The major drivers for training identified by the general manager included the need:

- ✧ to comply with increasingly stringent occupational health and safety and licensing requirements
- ✧ for employees to develop skills in areas such as estimation, contract administration and sales, especially with an increasing rate of turnover of employees in the industry
- ✧ to keep up-to-date with advancements in technology and product innovations.

## Current approaches to training and learning of existing workers

The company has no formal training plan, but supports formal training on a case-by-case basis with a range of providers.

The general manager considers that while informal, on-the-job learning is the most effective way to develop practical skills, this needs to also be supported by formal, off-the-job training: 'We find the most effective way is mates working together, learning from each other on-the-job but it needs to be supported by professional providers such as TAFE.'

While TAFE is considered to be well geared to develop basic and generic knowledge and skills, the company tends to rely on private providers associated with employer associations such as the Housing Industry Association for more entrepreneurial and business focused aspects of the work.

The company tends to deal with a number of long-standing suppliers and sub-contractors, where relationships are governed by purchase orders and specifications which are often product-related. External benchmarks such as ISO quality standards, or skill and training requirements are not perceived to be as relevant as the quality of working relationships, experience, successful track-record and timely delivery. Entrepreneurial skills are also highly regarded in sub-contractors:

‘We rely on knowledge and expertise existing within the labour pool, whether they are directly employed by us, or under contract. We don’t set specifications about their skill levels, but we look for people that think beyond the specific task, those who are good at problem solving and communication. We are small enough to focus on individuals. If we see that someone needs to be shown how to do things differently, we’ll do it on a one-to-one basis, such as how to flash on double-storey homes to avoid water from coming in.’

## Responsibilities, costs and barriers

Homemaker accepts the need for employers to invest in skills development in a structured way and has supported the establishment of Industry Training funds to increase the number of apprentices and younger people into the industry, as well promote ongoing skills development. As the general manager observed, the company recognises that ‘it can be cost-negative for a small businesses to employ an apprentice because of the time and financial burden involved, especially the typical microbusiness subbie with a husband and wife, and may be an apprentice.’

However, he had reservations about the way the industry funds were currently administered. He felt they should be sector-specific to ensure more equitable distribution of resources and a more appropriate focus as the commercial, mining and housing sectors have very different workplace cultures and training needs.

He also observed that apart from government regulations, peak organisations and industry associations had a key role in generally raising the standards across the industry and promoting training, especially for mature-aged workers:

‘The concept of a career path should be more heavily promoted, especially as work in our industry is so physically demanding. A lot of people just are not aware that they could, for example, start off with a carpentry apprenticeship and then be able to move on to estimating or supervision after a few years, or change from office work to building site and vice versa. They don’t realise that there are ways of taking into account the skills developed without having them having to do a three or four year course.’

He also noted however, the need for unions to adopt more flexible and broader approaches to training, rather than the heavy reliance on traditional trade apprenticeships:

‘For example, currently the only means of gaining recognition as a carpenter or bricklayer is via a four year apprenticeship; thus, should a mature person want to enter the home building industry as a brickpaver he would be required to complete a four year bricklaying apprenticeship, which is totally out of the question as such. As a result, no structured training is conducted.’

## Sub-contractor: Smart Electrics

Smart Electrics is a contractor in the building sector, employing 85 staff in permanent positions, with a small proportion of work sub-contracted out. All employees are engaged under the

Electrical Contracting Industry Award or salaried arrangements. Homemaker is one of their main clients.

Approximately one-third of employees are undertaking training toward an AQF III Qualification via a traditional apprenticeship. All employees would undertake some form of in-house training and are encouraged to undertake extra curricula training for personal development.

## Knowledge of training system and training infrastructure

The company is generally aware of National Training Packages, ITABS, government subsidies for training, existing worker traineeships and local skills centres and, when there is a need to source training, is able to contact Registered Training Organisations, industry associations, manufacturers or suppliers, New Apprenticeship Centres and Group Apprenticeships Schemes.

The company's training infrastructure consists of a Master of Apprentices and a qualified trainer, as well as training facilities on site. In terms of costs, generally the employer bears the cost of training in terms of paid leave to attend and tuition and licensing costs.

Training expenditure has varied between .14% to .58% over 5 years, but this does not include apprenticeship training.

## Driving factors in training of existing workers

Some of the main changes to business in the last 5 years include the following:

- ✧ clients with workplace safety regulations
- ✧ introduction of new technology
- ✧ increasing market expectations
- ✧ diversification from core business activities
- ✧ transitional and multi-skilling of employees.

As a result, the company has needed to increase its skills base, expand existing roles and increase the staff's technical knowledge of product range. As part of its skills development, new technical and management procedures have been introduced, as well as a number of new positions to accommodate diversification.

## Current approaches to training and learning of existing workers

Training of existing workers has usually been triggered by the introduction of new technologies requiring additional training and knowledge base of product range. Some of the most effective ways of developing new skills have been primarily through developing effective interpersonal relationships to accommodate and facilitate improving the company's knowledge base, nurture a sense of inquisitiveness and curiosity, and disseminate information to interested parties. Specific accreditation and recognition of training has also been valuable. The company aims to develop its employees' skills through initiatives such as:

- ✧ competency based assessments
- ✧ new and improved training programs
- ✧ development of specific projects
- ✧ regulatory compliance and licensing arrangements
- ✧ manufacturer supplier sponsored training
- ✧ third-party assessment of management procedures.

The majority of training is planned, with about 60% of training being informal and in-house comprising job/product-specific and safety training. Formal courses are focused on industry and licensing, regulatory compliance requirements. Training developed collaboratively with employers and delivered in-house is considered to be the most effective, as it allows the company to influence factors such as time, cost and content of the course.

Apprentices receive the most training, with tradespersons generally being up-skilled or learning to work with new products and technology.

## Responsibilities, costs and barriers

In evaluating the cost-effectiveness of training, the company attempts to balance the cost of courses and material and time involved in lost productivity, but regards the responsibility for skill development and resources to lie with regulators, manufacturers and suppliers of electrical equipment.

The company considers the main barriers to be the time, cost and lost production involved.

## Painting Services

Painting Services is a small family company comprising the managing director, who is also an experienced painter, two qualified painters, three apprentices (two in their third year, one, the director's son in his first year) and the managing director's wife working part-time as a book-keeper. One of the third year apprentices is 21 years old.

Homemaker is the business' main client, having established a good working relationship a number of years ago.

The managing director was trained in Europe, and strongly supports a systematic approach to skills development: 'If you do your initial training well, there is little need to upskill, because the principles are there. It is important to have well trained staff, to do a good honest job and enhance the chances of return business.'

The business has always recruited apprentices, and the managing director has encouraged some to set up their own small businesses once they have finished their training. The main training the managing director has undertaken in recent years has been in the form of updates from organisations such as the Housing Industry Association (HIA), suppliers and Homemaker relating to changes to products and specifications. His wife completed training offered by HIA to prepare for her role as book-keeper.

He considers that the training offered to apprentices through TAFE to be a good system because of the broader theoretical understanding it provides as well a safety focus. However, he was critical of the financial burden posed on small businesses:

'Training is now too expensive. You spend more time showing them what to do than what you actually get out of them at the end, and you have to pay them for holidays, and when they attend TAFE. It's very important for the industry to have good tradesmen, but it is hard on the employer. In the building industry, the project managers are the ones making the money and forcing prices down as much as possible, and contractors do not have much in the way of bargaining power.'

He supports the introduction of the training levy as he considers that 'contractors tend to pay for everything and carry the risks'.

To improve training for existing workers, he suggested that the government should encourage more adults to take on apprenticeships. His experience of a mature-age apprentice was very positive as he valued his greater maturity and stronger work ethic.

# The manufacturing industry – a snapshot

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The manufacturing industry comprises three major sub-sectors:

- ✧ Light Manufacturing representing 32 distinct industries including Textiles, Clothing and Footwear, Furnishings and Floor Coverings, with a total of about 214,400 employees
- ✧ Process Manufacturing representing 24 industries in the chemical, hydrocarbons, oil, plastics rubber, cablemaking, mineral, iron and steel, and laboratory operations sectors with a total of about 160,000 employees
- ✧ Manufacturing, Engineering and Related Industries representing nine industries ranging from shipbuilding and aerospace engineering to metal products and medical and surgical equipment manufacturing.

All three sectors are characterised as being in a mature growth phase and have experienced a decline in employment over the last decade. Employment forecasts predict some growth, but at a lower rate than the percentage growth of the Australian workforce overall.

## Industry characteristics

Notable features of the manufacturing industry overall include:

- ✧ an ageing workforce with a declining pool of younger entrants
- ✧ identified skills gaps and shortages, particularly in higher level engineering trades and in process manufacturing
- ✧ a workforce employed predominantly full-time but with increasing levels of non-standard employment arrangements (casualisation and contracted labour hire)
- ✧ a high percentage of non-English speaking background employees, particularly in light manufacturing and process manufacturing, making English language and literacy skills a significant issue in training
- ✧ traditionally low levels of access to training and a predominance for informal training, particularly in light manufacturing
- ✧ a rise in the number of small businesses impacting on training delivery and resourcing
- ✧ significant changes to work practices and organisation as a result of the introduction of new technologies and increased international competition
- ✧ a stronger regulatory environment, particularly in respect of occupational health and safety, and a stronger focus on ISO quality accreditation of enterprises.

## Industry challenges and priorities for the VET sector

A number of recent publications from the manufacturing sector (National Industry Skills Initiative 2001b, 2001c; Manufacturing Learning Australia 2003; Smith 2002; Australian Manufacturing Workers' Union 2003; Manufacturing, Engineering and Related Services 2003; Light Manufacturing Industry 2003) consistently identify the major skills formation and training issues facing the industry as:

- ✧ promoting a greater understanding of the personal and financial opportunities offered by employment in the manufacturing industry in order to attract and retain new entrants
- ✧ fostering a higher investment in career management by employers to retain new entrants and offer genuine pathways to both new and existing employees
- ✧ providing greatly improved opportunities for reskilling and upskilling of the existing workforce to close skills gaps and shortages, and retain skills and experience within the industry
- ✧ ensuring the timely provision of information on actual and predicted skills shortages to enable accurate targeting of industry needs and appropriate Registered Training Organisation responses
- ✧ improving employer and employee awareness of Recognition of Prior Learning, and fostering the timely and cost-effective provision of this service in accordance with identified industry priorities
- ✧ breaking down traditionally rigid occupations to promote cross-skilling and multi-skilling opportunities
- ✧ promoting increased skilling at higher trade levels, particularly in the engineering trades, and skills development in computer-aided design and modelling (CAD/CAM) and Computer Numerically Controlled (CNC) processes to allow the full use of these technologies
- ✧ incorporating broader competencies including communication, teamwork, problem-solving and independent learning skills into technical skills development
- ✧ ensuring that training providers deliver timely, flexible, high quality training, whose content and coverage is able to keep pace with the rapid rate of technological change
- ✧ the strengthening of support and advisory services to small businesses who find the training system opaque and confusing.

## Barriers to satisfying skill needs

Major barriers to meeting industry challenges and progressing VET priorities currently include:

- ✧ lack of adequate promotion to employers of the commercial benefits of training, and a perceived decline in employer investment in training
- ✧ lack of understanding of the nature of modern manufacturing, and career opportunities in manufacturing within the education sector and insufficient support for pre-vocational training
- ✧ administrative, legislative and regulatory rigidities restricting opportunities for New Apprenticeships
- ✧ insufficient flexibility in training delivery, and assessment of training needs
- ✧ the lack of adequately promoted and funded opportunities for Recognition of Prior Learning
- ✧ the increasing dependency on small contractors and labour hire companies to provide skilled short-term labour.

## Continuous training of the existing workforce

The identified need to retrain and upskill the existing manufacturing workforce occurs in the context of overall declining numbers in occupational groups in the manufacturing sector and a decline in enrolments in traditional trades. Although enrolments in traditional apprenticeships have increased by over 17% since 1998, numbers have fallen as a proportion of the total number in training from 55% in 1998 to 31% in 2002 (NCVER 2003a). Between 1996 and 2002 numbers of mechanical and fabrication tradespersons declined by 3.3% and intermediate machine operators by 19.7%. (NCVER unpublished data from the ABS labour force survey).

Manufacturing has a strong history of informal workplace training and, at 34%, has one of the lowest proportions of employers providing structured training to their employees (ABS 6362.0 2003). Existing worker apprentices and trainees in manufacturing as a percentage of all apprentices and trainees rose from 2.3% in 2000 to 4.1% in December 2002 (NCVER unpublished data), suggesting that the introduction of Existing Worker Traineeships has contributed to raising the profile of training for lower skilled workers in the industry. However, the level of employment of apprentices continues to decline at a faster rate than the fall in employment of tradespersons (Schofield 2003b) and, in view of the overall expected decrease in numbers of young people entering the workforce, existing worker training remains 'perhaps the biggest challenge of all in the quest to meet Australia's rapidly changing engineering skill needs' (Smith 2002).

# Case Studies - Manufacturing

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## BMS Manufacturing

### Company profile

BMS Manufacturing is a medium-sized family business which began operating about 45 years ago. The company has about 90 employees, 48 of whom work in the production unit. Other units include engineering, sales, and administration. The company estimates that about 90% of the production unit workforce come from culturally and linguistically diverse backgrounds, and almost all are male. All staff are full-time permanent and the company rarely uses casual labour or labour hire companies. The current workforce is largely non-unionised. The majority of production unit employees have been with the company for some years, although there is a relatively high staff turnover amongst a small percentage of the workforce. While there are about seven qualified tradespeople in the production unit (welders, sheetmetal workers, refrigeration mechanics) most employees are unqualified and work at operator level. The company is aware that many employees from culturally and linguistically diverse backgrounds have high-level qualifications from their country of origin. These qualifications are not usually related to their current work situation.

The business designs and manufactures a large range of equipment for the commercial hot and cold food service market, including pie warmers, commercial toasters, food display bars and refrigerated display units. Competition from imported products accounts for only about 20% of the market. The business has grown steadily since it began, and has enjoyed a particular surge in the last 12-18 months. In the next few years, the company plans to adopt a more aggressive approach to marketing, and to expand its share of the niche local market within which it operates.

### Knowledge of training system and training infrastructure

Most training within the production unit consists of informal on-the-job training. The company does not engage significantly with the external training provision or wider training perspectives. Although aware of the national focus on training, the company is not closely familiar with the specifics of this agenda, for example with national Training Packages, the operations of the Manufacturing Engineering and Related Services (MERS) Industry Training Advisory Body or the availability and function of Recognition of Prior Learning.

The company is a member of Australian Industry Group (AIGroup), and receives regular newsletters and updates. Beyond this, it receives little information about training opportunities from other manufacturing sources, and rarely receives promotional literature from either public or private training providers. Information received about training is usually pinned on company notice boards and made available for employees to read. The training provider most commonly represented is TAFE NSW.

The company is aware, in general terms, of government training incentives and subsidies, but sees no reason to access them. It is not specifically aware of Existing Worker Traineeship arrangements. At present, there are two apprentices in the production unit, one in refrigeration

mechanics and one in sheet metal work . The company has no dedicated training section or training officers and, so far as is known, no staff in the production unit hold workplace trainer and assessor qualifications.

## Driving factors in training of existing workers

The company identifies the main training drivers as business drivers related to:

- ✧ the need to maintain both the quality of production and production deadlines
- ✧ the need to meet customer expectations of not only well-made but also aesthetically pleasing commercial products
- ✧ the need to maintain and increase the local market share.

Regulatory and legislative changes have not been perceived as major training drivers to date. The company has only recently begun to engage with occupational health and safety training, and is currently undergoing its first occupational health and safety audit by a private provider of occupational health and safety training to assist with the identification of occupational health and safety training needs. In the last two months, a dedicated officer has also been appointed to form an occupational health and safety committee, develop an occupational health and safety strategy, secure training for a number of senior employees and oversee the passing down of this training through the company. The company sees this decision as a sound business decision since it will result in greatly lowered insurance premiums as well as fewer accidents and injuries.

After an initial engagement with quality accreditation in the 1990s, the company decided not to pursue this agenda. The main reason for this was the perceived lack of return on investment for the time taken to complete the onerous documentation required. The current production manager, however, has previous experience as a quality controller, and is de facto able to implement some quality control measures.

## Current approaches to learning and training for existing workers

Overall, the company sees the continuous training of the workforce in relation to its immediate business imperatives. The production manager estimates that certain sections of the company receive higher levels of training than employees in the production unit. For example, sales representatives receive intensive on-going in-house training. Employees in the administrative section receive on-going training to enable them to keep pace with changes in the regulatory and legislative environments. Most of this training is unaccredited in terms of national qualifications. Engineering employees are more likely to undertake structured formal training at university or TAFE level to upgrade existing formal qualifications. There is an expectation that they will also keep themselves abreast of industry and technical developments through publications and events hosted by the Institute of Engineers.

‘I guess you could say that those higher up, which usually means those who have already done a lot of formal training, tend to have access to more formal training as a result. But it works both ways. People higher up are also expected to take more responsibility for keeping themselves up-to-date and doing training off their own bat if they need to. The training they do probably has more direct benefit to the company as well because it will contribute to its edge in terms of product design or superior selling techniques.’

In the past two years, existing workers in the production unit have undertaken formal training in:

- ✧ the Diploma in Mechanical Engineering (two employees attending TAFE NSW on a part-time evening basis). This training was initiated by the company. All fees and learning materials are paid for by the company.
- ✧ electrical fitting (one employee over a six-month period)

- ✧ forklift driving (seven employees have completed training and four more are currently undertaking it).

Continuous training is otherwise provided informally on the job. This training is usually associated with the introduction of new product designs or lines. The training follows a hierarchical pattern with the designers and developers (engineers) first training the section supervisors, who then train the production controllers and the workforce. The section supervisor is responsible for identifying and meeting training needs associated with all aspects of quality workmanship and production. Training has included:

- ✧ rotation through the various sections of the production unit (for example, sheetmetal work, assembly, packaging)
- ✧ working one-on-one with supervisors or more experienced hands to master new tasks or correct faulty procedures/practices
- ✧ supplier training associated with the introduction of new manufacturing equipment.

Predominantly short production runs help to ensure that employees work across a range of equipment and continue to develop any new skills required. This also contributes to employee job satisfaction. The company has several cultural and linguistic groupings within the production unit. Training can, therefore, often be delivered in the language of origin.

On the whole, the company sees no need to provide or encourage participation in accredited training at operator level. The company perceives work at this level to be substantially unskilled with work tasks structured so that few complex skills are required to carry them out successfully. Any skills required are best taught on the job, and current informal training mechanisms effectively meet this need. There is, therefore, little return on investment for the company itself. Benefits for employees would largely relate to subsequent employment opportunities since rates of pay within the company are not directly tied to training. On-the-job training is also felt to be more appropriate for employees from other cultural and linguistic backgrounds since it consists primarily of demonstration and supervised application, and can often be delivered in the first language within the company. Formal or institutional training would present a major challenge to many non-English speaking background employees.

Trade level employees come to the workforce equipped with skills in their particular trade and also require little further training. New skills can be acquired on-the-job by reading manuals and operating instructions, and by learning from others.

## Responsibilities, costs and barriers

The company estimates that it spends less than 1% of its payroll on training. Training sought or provided must bring direct and tangible cost benefits to the company's business. It must be necessary to the company's continued commercial competitiveness and longer-term corporate goals. The company must, therefore, be relatively sure that:

- ✧ employees are suitable for training in terms of work record, application and educational background
- ✧ employees are likely to remain with the company after training so that benefits flow back into company operations
- ✧ there is an identified need to train in order to secure some identified benefit for the company
- ✧ training is not undertaken for the sake of training (as, for example, at operator level where it is perceived to be unnecessary).

Where these criteria are satisfied, the company is prepared to encourage and pay for training provided that it takes place outside working hours (as with the two production unit employees

currently undertaking TAFE training in Mechanical Engineering). The company's preference would be for external training providers delivering in-house but outside working hours. This has, however, never been trialled within the company. In general, the onus is on employees at production level to 'put their case' for training rather than on management to initiate it, although this occasionally happens.

Cost of training per se is not an issue, but cost in relation to perceived benefits to the company of the training is a significant benchmark of training value. Returns on investment are primarily measured in terms of reduction of costs and increased profit margins.

## Employee perspectives

### *Production controller*

Chung Ping has worked with the company for about seven years. He was born in China, and came to Australia with tertiary qualifications in accountancy. His poor English prevented him from working as an accountant in Australia, and he spent some years in Melbourne working as a labourer and machine operator in various enterprises. He began work with BMS as a factory hand, and has worked his way up to production controller. He learned most of what he knows by observation, demonstration and supervised practice, mainly from the supervisor. He was also rotated through the various sections of the production unit so that he gradually became familiar with all aspects of production. He was also able to receive small amounts of instruction in his first language, and is now able to help others this way too. He is keen to get ahead, and intends to remain with the company in the foreseeable future. Over the past few years, he has undertaken a forklift driver's licence with WorkCover and a six-month short course in electrical fitting at the instigation of the company.

He is currently studying for the Diploma in Mechanical Engineering at TAFE. This is undertaken out of working hours (twice-weekly) and was suggested to him by the company and is also being fully funded by them. He has not applied for Recognition of Prior Learning as he feels that exposure to the English language content of the subject areas is more valuable to him.

As production controller, he is second-in-command in the unit, and is responsible for overseeing the smooth running of production. This means following the products through the different sections and checking to see that production overall is co-ordinated and streamlined so that hitches do not occur in the process. Chung Ping feels that he has a future with the company, and is aware that his strong showing in the yearly performance reviews, his reliability and motivation have led the company to offer him training opportunities and financial assistance with training. Although he has no trainer or assessor training, he often assists with informal training, and feels that he knows the jobs well enough to be able to continue this. He would like to do further higher level training himself when his English is good enough.

### *Factory hand*

Paolo has worked with BMS for about eight years as a factory hand. Before this, he worked in the food production sector. He has no post-secondary qualifications, and sees no immediate need to acquire any. All of what he has learned at BMS has been on-the-job training which he far prefers to formal institutional learning. He has been rotated through most sections of the production unit (sheetmetal, polishing, assembly and packaging), and has had many tasks demonstrated to him by supervisory staff who compare his work with finished samples and carry out spot checks.

Paolo is aware that training is offered to some employees, and has seen training opportunities advertised on the company notice boards. The company has not suggested further training to him and he has not approached the company although he would feel perfectly comfortable in

doing so. Paolo has strong outside commitments and feels that training is not a priority for the foreseeable future. Although he thinks certified qualifications might come in handy in applying for other jobs, he does not intend to leave the company and feels that his experience, along with a verbal or written reference, would carry equal weight with a potential employer. He regards himself as a flexible person who would be able to secure suitable employment without too much difficulty. He is not aware of certified training below trade level in the manufacturing sector, nor of the possibility of Recognition of Prior Learning for existing skills acquired in the workplace. He would be prepared to consider certified training delivered and assessed wholly on-site, but was not aware that this existed. Even then, he sees no real need for it as he can do his job perfectly well without further training. Training in the company is not linked to pay increases so that he perceives little benefit for himself in undertaking any. Nonetheless, he thinks paper qualifications might help make his skill levels more visible to management and provide him with a bargaining tool.

## ABLE Manufacturing

### Company profile

ABLE Manufacturing is a small Sydney business employing six full-time permanent manufacturing staff, three of whom have trade qualifications. The company also employs a clerical assistant. Apart from a recently employed apprentice, staff have been with the company between three and 15 years and have an average age of 45. The workforce is multicultural including Spanish, Zimbabwean, Chinese and Samoan employees. The company uses no casual or contracted labour. Although not unionised, the company pays above award wages to all employees including its apprentice. The firm has been in operation since the late nineteenth century. Until the early 1980s, the company manufactured a wide range of stock items. Pressure from cheaper costs in the Asian market led the company to concentrate on growing itself within a niche market in the manufacture of specialised forged and machined high precision bolts, nuts and washers. The company now supplies the mining, heavy engineering and construction sectors entirely against order. Although the company imports raw materials, many of which are no longer available in Australia, it services predominantly the Australian market and sees itself as a service rather than a manufacturing enterprise.

The company's primary aim at present is to maintain its current position in the marketplace rather than to grow its business through aggressive marketing. This could change if there is a change of owner – the current owner-manager is retired but is present on-site every day and assists with the oversight of machinery maintenance and production. To maintain its market position and secure a steady flow of contracted work, the company relies on the superior quality and precision of its products and the timeliness of its delivery.

### Knowledge of training system and training infrastructure

The employer is aware of government training incentives, but feels no need to access them. In the past, he has had negative experiences with the employment of trainees under group training arrangements, and with the employment of long-term unemployed workers. He also feels that many companies act unscrupulously in looking for cheap employees to whom they provide little or poor quality training under funded training arrangements, with no intention of retaining them in the longer term.

In his view, machine operators do not require formal training to be able to do their job well. The skills required are better learned on the job using the machinery the company actually operates. These skills can be taught by observation, demonstration and supervised practice. Government

incentives are unavailable for existing workers who already have trade or other certified qualifications.

The employer's primary source of information about industry developments, awards and training opportunities is the Australian Industry Group of which he is a member. He regularly receives newsletters and updates, and values highly the training offered as it is relevant and closely targeted to the metals industry. While he is aware of the national focus on training, Training Packages and their approximate levels and structure, he has had no call to use them in enterprise training and is uninterested in certification as such, as long as the employee can do the job safely and well. Other sources of information about industry changes and developments include industry journals and occasional papers.

## Driving factors in training of existing workers

The major drivers of training identified by the employer were:

- ✧ the need to maintain a consistently high quality Australian-made product and consistently prompt product delivery to end-users
- ✧ the need to ensure on-going competitiveness within the niche market in Australia, especially against European and American imports
- ✧ the need to accommodate major shifts in operations aimed at taking the company further into the niche market
- ✧ the need to maintain flexibility in local (Australian-made) supply
- ✧ changes in machinery requirements including the need to operate a limited number of computer-controlled machines.

Overall, he describes the pace of change in his particular market segment as slow and, with the exception of occupational health and safety and the introduction of a limited amount of computer-controlled machinery, the pressures for structured and unstructured training as limited.

## Current approaches to training and learning for existing workers

The company has consistently engaged with training since the late 1980s. Most training has been undertaken by the owner-manager and foreman who then pass their knowledge and skills on to the other employees. The major provider of training has been the Metal Trades Industry Association (now Australian Industry Group) although some management/motivational training has been undertaken with private providers.

Under the Training Guarantee Levy, the company trained extensively for its size, and put in place many of the building blocks now standing the company in good stead. Activities included:

- ✧ accreditation as a quality provider since 1994 (AS/NZS-ISO 9002) . The company regards its current practices in production and documentation control as satisfactory to meet future changes to the Standards
- ✧ Train the Trainer: the foreman has a Certificate II and has developed his own record-keeping system for training undertaken informally by all employees. This system is consistent but is not based on Training Package outcomes. Over the past few years, several former employees have requested their training records for use towards further accredited training outcomes
- ✧ owner-manager and foreman attendance at management/motivational workshops and seminars to build interest, understanding and involvement with company pursuits.

Formal training undertaken since the demise of the Training Guarantee Levy includes:

- ✧ Occupational Health and Safety training since 2000: this has resulted in modifications of machinery, and the demonstration and enforcement of safer working practices. There have been no serious workplace incidents involving compensation claims.
- ✧ further management/motivational workshops or seminars
- ✧ technical training to support the introduction of computer-controlled machinery which is necessary to ensure products of high precision and refinement. This involved a joint decision by the employer, foreman and employee to upgrade an employee's skills both to operate new machinery, and to pass on these skills informally to other employees. The employee (at AQF III) has recently completed the first year of a three year AQF IV qualification in computer controlled-machining and computer-assisted drawing at TAFE. He plans to complete the full qualification over the next two years.

The employer considers the degree of formal training adequate to the current and short-term needs of the company. Other employees at trade level have not demonstrated a strong interest in upskilling, and the employer regards forcing them to do so as counter-productive for good workplace relations.

'People have to want to engage with further training. There's no mileage for me as the employer in forcing them to do it – legally I don't think I could anyway. If they don't want to do more training, all I would get from forcing the issue would be a lot of resentful employees, whereas now I have quite a harmonious workplace where people just get on with it and do their jobs well to boot.'

Change in the company is slow-paced and 'not dramatic enough' to require the development of either a company training plan or individual training plans to be consistently implemented.

Employees below trade level receive informal workplace training although any employee showing a willingness to upskill through formal training would be financially supported to do so. This training is offered on a needs basis, which is both determined and supervised by the foreman. Although there is no system of structured rotation, the employer recognises the need for all employees to be flexibly trained and competent in a number of areas while not exceeding their technical capabilities. Most training is carried out by the foreman and leading hand and consists mainly of repeated demonstration and supervised application and performance to the required standard.

The employer estimates that about 80% of training is carried out in-house, partly because older employees are reluctant to participate in further formal training and partly because the traditional training provider (TAFE) does not provide training customised to suit the company's needs. TAFE also lacks the equipment to provide up-to-date hands-on training so that what the employee learns at TAFE remains largely theoretical. He expresses a strong preference for older more experienced workers and is willing to put himself out to retain them. Although the company now has an apprentice, the employer feels that an apprenticeship at TAFE will not produce an employee who is effective in the company's particular context. The employer is aware of private providers but has not investigated this provision, nor have providers approached the company to deliver training either on or off site. Very little training is provided by suppliers since machinery acquisitions are often second-hand and long-term.

## Responsibilities, costs and barriers

The employer feels that the primary responsibility for training of any kind rests with employees and employers (who reap the main benefits), and that there is no sound case for government-funded training. He views training as an unqualified asset with both business (continued high-quality production) and personal (improved job satisfaction) returns to the company. However,

although he may suggest further training, he sees it primarily as the employee's responsibility to initiate participation in formal work-related training. Any employee undertaking formal training is supported in the form of payment of tuition fees and costs of learning materials. Some accommodation in working hours may also be made. Full-day workshops are undertaken in paid time.

Although a considerable amount of training took place under the Training Guarantee Levy, the employer regards the presence or absence of the levy as immaterial to his willingness to support training. Although ideally, he would prefer customised on-site training, the employer recognises that training overall is not sufficient of an on-going need for a sufficient number of employees within the company to warrant this. He estimates that less than 1% of his payroll is spent on training.

## Employee perspectives

### *Company foreman*

Trevor has trade qualifications in fitting and turning and toolmaking. He has been with the company for about 16 years. Over that time, he has been heavily involved in training of various types, including quality accreditation and training in managerial skills. In the mid-90s, he completed a Certificate II in Workplace Training. As a result of this, he helped develop and implement better quality control and inventory systems, as well as developing a system for recording informal training done in the workplace. Although his record-keeping is consistent, it is aligned with outcomes of his own devising rather than with Training Package competencies. Records are kept for all employees. He often receives requests from previous employees for references and work records, and is confidently able to supply them from his record-keeping system. He is not a qualified assessor, and recognises that a trained assessor would need to be brought in to formally assess workplace training.

Trevor taught himself basic computing skills in order to maintain electronic inventory and occupational health and safety records. He feels that the training in which he has been involved, together with his employer, has been very beneficial and has led the company to improve its focus on training and safety issues. Since 2000, he has undertaken occupational health and safety training with the Australian Industry Group, and has tried to involve all staff in improving their awareness of workplace safety. Other than this, he has undertaken no formal work-related training but has completed an electronics qualification in his own time for his own interest.

Trevor is responsible for identifying training issues in the workplace, and ensuring that employees can do their jobs safely and well. Most training is informally carried out by demonstration, questioning and supervised practice. Trevor's previous training was paid for by the company, and he is confident that the employer would support any reasonable request for training from any employee.

### *Machine operator*

Carlos is an older worker who came to Australia about 40 years ago from southern Europe. He was trained as an accounts clerk in his country of origin. He worked for 27 years with a large manufacturing company from which he was retrenched when the company moved interstate. He undertook a range of informal training, including occupational health and safety and supervisor training with his previous employer.

He has been with the present company for about three years. During this time he has undertaken no structured training either on- or off-site. In his view, he does not require training because he came with the skills he needed to do the job. He has undergone some informal training since joining the company but, with the exception of the new computer-controlled machine operations, he feels that he knew most of it already because his previous employer was

considerably larger and his exposure to a range of machinery much higher. He is aware that the company would support him in structured training, but has no interest in acquiring certified qualifications. He would not consider undertaking institutional training of any kind. The fact that he may be able to gain substantial recognition for his existing skills and knowledge offers no incentive for him to rethink his current views.

He sees himself as too old to acquire substantially new skills, and his English skills as too poor to undertake formal training. He does not intend to change jobs, and does not feel that certified qualifications would stand him in any better stead with a prospective employer than his experience combined with good references. He experiences his current workplace as a fairly co-operative one where he will be shown additional skills if he expresses an interest in learning them or needs to acquire them for any reason.

## Made to Order Manufacturing

### Company profile

Made to Order Manufacturing is a small family business manufacturing small-scale plastic components for a range of industries including the automotive industry, whitegoods, toys and soft furnishings. Although the present owners have had the business for only 18 months, they have a strong background in the manufacturing sector. The company has an existing workforce of eight full-time permanent staff, four of whom were with the company when they purchased it, and four of whom the company has subsequently employed. The company employs no part-time staff but takes on casual employees through a labour hire company for short production runs. At any one time, two or three casual employees are working with the company but this can rise to 25 for short periods of time. On average, the permanent workforce is aged about 45. Two employees are female and three are from non-English speaking backgrounds. The workforce is not unionised although the employers have no objection to union involvement. The company currently operates one ten-hour shift only.

Since purchasing the company, the owners have focussed on improving company production and practices. They see the current period as one of consolidation and maintaining their position in the marketplace. In about 12 months, they plan to review the company's direction, and develop more sophisticated strategies for moving forward, including marketing strategies and materials.

### Knowledge of the training system and training infrastructure

Although a considerable amount of training has taken place within the company, the owners do not consider themselves particularly au fait with the overall agenda of training. While they are aware of available qualifications and qualification levels in their area of manufacturing, they are not specifically aware of Training Packages and their content, or of the availability of Recognition of Prior Learning to assist existing workers to gain these qualifications. They have had some contact with the State Industry Training Advisory Body (Manufacturing Learning Victoria), and have received information from them.

The owners are aware of government incentives to support training, including the training of existing workers. Since taking over the company, the owners have trained one employee under an Existing Worker Traineeship in Process Manufacturing and one employee as a new entrant. They are familiar with the system of training provision, and have used both public (TAFE) and private providers to deliver various types of training. They were particularly pleased with the private training provision as the trainer also had qualifications in Teaching English as a Second Language (ESL) and was able to present information and communicate well with employees from a non-English speaking background. On the whole, they do not receive much marketing literature from

training providers, and rely for their information about training on the Australian Industry Group (Victoria), the State Industry Training Advisory Board and word-of-mouth. The owners keep up-to-date with developments specific to their industry sector (plastics) by reading publications from the Plastics and Chemical Industries Association (PACIA), Plastics News International (PNI) and other industry magazines.

As yet, the company has no formal vision statement and no identified training plan to help it meet current company objectives. Neither the management nor any of the existing employees have training qualifications at either Certificate II or Certificate IV level.

## Driving factors in training of existing workers

The major forces shaping the need for training identified by the employers were:

- ✧ globalisation leading to increased competition from off-shore manufacturers of similar products
- ✧ the associated need to run a 'leaner' manufacturing operation. This brings with it the need to increase levels of automation and multi-skilling, so that fewer employees can do the same job more effectively. Multi-skilling may involve both increased levels of training and also identifying and utilising the under-utilised skills of the existing workforce.
- ✧ legislative and regulatory changes, particularly in respect of occupational health and safety.

The introduction of new machinery is not seen as a factor precipitating training needs. The company's machinery is adequate to its current production levels and product type, and most employees are familiar with the operation of a range of machines. With the exception of office equipment mainly operated by the employers, the turnover in machinery is negligible. Technological change in relation to their product lines is not rapid and, even though some machinery is computer-operated, all operators had received on-the-job training to enable them to operate these machines effectively. Changes to machinery in the future may include the fitting of additional components such as hoppers, conveyors and robotics to speed up production, but the owners envisage that all training needs associated with this can be fully met on-the-job.

## Current approaches to training and learning for existing workers

The owners are aware that several existing employees undertook training in various areas prior to their purchasing the company. This training included two Existing Worker Traineeships in Process Manufacturing. Several employees had also come to the company with skills already gained as existing workers in other larger workplaces. For example, at least one employee held licences in truck driving, crane operations and forklift driving. At least two others came with training in occupational health and safety, quality control, team building and First Aid. The present owners therefore have a background of skilled existing employees on which to build.

Since taking over the company, existing workers have undertaken training in:

- ✧ forklift driving (three employees)
- ✧ occupational health and safety (one employee who has since left the company). Training was delivered by Australian Industry Group over one day.
- ✧ quality assurance. The owners have themselves undertaken the process of quality accreditation to ISO 9000 with the assistance of a private training provider. One existing employee also participated in this process and the company now has a quality officer who also supervises occupational health and safety practices within the company.
- ✧ Certificate II in Process Manufacturing (one employee under an Existing Worker Traineeship). This Certificate has a strong component of occupational health and safety

training, and was delivered wholly on-site by a private provider. The same employee is now undertaking the Certificate III.

- ✧ auditing. Two employees, including the company's quality officer, undertook a two-day course with the same private provider who assisted the company with quality accreditation.

Although the company sees the value of formal certified training, it does not see this type of training as paramount.

'Training has to make sense overall within the framework of the company. Sometimes the people who can do the job best are the ones without any formal training at all. If they have been doing it for years and there haven't been any real problems, you have to look at how formal training will benefit them or anybody else. In our area, having more qualifications doesn't necessarily mean that you get more pay. For that to happen, you would have to be doing a substantially different job within the company, and that would only tend to happen if you had trade level qualifications – nothing below.'

The owners value the experience of their employees, including experience gained in other workplaces. Although there is no structured approach to this, they also value informal on-the-job training particularly for employees at operator and process worker level. In practice, this means providing all employees with opportunities to operate all machinery under supervision, and having less experienced employees work with those who are more experienced. Because the pace of change is slow and the introduction of new machinery is rare, on-the-job training is seen as sufficient to the needs of the company, and also as the most efficient way of providing training. Within the company, on-the-job training is carried out on a needs basis by the shift supervisor (usually a tradesperson) in consultation with the quality officer.

The owners are strongly supportive of training even where it may result in the loss of qualified staff. Amongst the benefits of training identified by the employer were:

- ✧ improved productivity with fewer workers
- ✧ improved competitiveness as a result of this
- ✧ savings associated with fewer workplace incidents or accidents
- ✧ improved motivation and sense of self-worth amongst employees.

However, they also feel that not all employees are interested in, or would benefit from, formal training leading to accredited qualifications.

## Responsibilities, costs and barriers

The employers believe that, with the exception of mandated training such as occupational health and safety training in which all employees need to participate at some level, it is primarily the responsibility of the individual to show an interest in formal training. Employees need to be able to show that both they as individuals and the company as a whole will benefit from any training provided. Under these circumstances, the company is happy to support training by paying for training fees and learning materials, and has done so in a number of instances. The owners will also suggest or initiate training for a particular employee to satisfy a particular skills gap, for example, where a skilled worker leaves the company and there is a need to train someone else.

It is in the interests of the employer to multi-skill staff through on-the-job training since, with a small workforce, employees need to be able to perform across all aspects of production operations to cover for employees who are sick, attending training or otherwise absent on particular days. This helps to ensure that production continues to run smoothly and deadlines are met.

Because the company workforce is small, employees cannot be spared for block off-site training. TAFE training above Certificate II level, which often involves off-site technical training, is difficult to accommodate. To be attractive to the employers, training needs to be primarily delivered on-site and on-the-job by providers with some expertise in training learners from a culturally and linguistically diverse background.

The owners do not see direct training costs per se as the most significant barrier to training. However, time in terms of the indirect costs associated with absence from the workplace and the impact of this on production, is seen to be a major barrier. In selecting formal qualifications and providers, the owners place a great deal of importance on delivery and assessment methods which accommodate their production needs, and would be more likely to prioritise on-the-job training over direct costs.

## Employee perspectives

### *Machine operator*

Sally has been with the company for about eight months, and has no formal vocational qualifications. Before joining the company, she worked for 28 years with two larger manufacturing enterprises. In those enterprises, she undertook some formal training in occupational health and safety, quality control and team building. This training was initiated by the enterprises and was compulsory for all employees. Since joining Made to Order Manufacturing, she has undertaken no formal training. She sees this primarily as a result of the size differential between the two companies. Larger companies need to train their employees more because the range of tasks is greater, and larger companies can probably also afford to do more training. She would like to do some formal training in the plastics area, preferably as a moulder, but has not really researched this. She would also like to be trained to the level where she could function as a trouble-shooter. She has not approached her employers about this as yet, but feels that they would be receptive to the suggestion. She is unsure about whether they would support her financially, and is not aware of Existing Worker Traineeship provisions or other government subsidies which might assist her employers with this. She is also unaware of Recognition of Prior Learning provisions, but sees these as irrelevant to her decision to undertake formal training or not.

She has learnt her current job within the company by watching, listening and demonstration, mainly by the shift supervisor. Through rotation, she has also been given the opportunity to work across a range of machines and tasks. She believes that having paper qualifications would help make her job easier, and might possibly help her get other jobs if she should leave the company. However, she believes strongly that most employers prefer experience, which can be demonstrated by references, to formal qualifications. She would be much more likely to undertake formal training if the training and assessment were delivered on-site.

### *Leading hand*

Lenny has been with the company for 14 months. Before this, he worked for 27 years with a larger metals manufacturing company as a machinist. In that company, he received training in occupational health and safety, oxy-cutting and safe handling of gases, as well as gaining licences in forklift driving, truck driving and crane operations. He feels sure that this prior training helped him get his current job. In his current job, he works with the quality officer to supervise production and on-the-job training. This training is largely done by showing completed job samples, breaking down the job into its components, demonstrating the steps including product finishing and observing the employee until they are confident in producing the item to the correct standard. At the employer's suggestion, Lenny undertook an Existing Worker Traineeship (Certificate II in Process Manufacturing) which he finished in mid-2003. Although he regards formal qualifications as useful, he sees their usefulness mainly in respect of getting other

positions, should he leave the company. He has a family and would definitely not have undertaken the Certificate II if the training had involved day or evening attendance at an institution. The fact that all the training was delivered and assessed on site, and he was able to get some Recognition of Prior Learning for material he already knew, was a major incentive to undertake it. The fact that the machinery he was trained and assessed on was the machinery actually used in his workplace was another major attraction of the training. However, he feels that he is not in need of any further training at the present time to do the job he does well.

Lenny feels that he has a lot of existing skills (including occupational health and safety, storage and warehousing skills) which are under-utilised by the company. While he sees no need to formalise or certify these skills, he would like to see them put to better use and has approached the owners on this matter. The owners have responded very positively, and together they are making plans aimed at securing improved company practices in these areas.

## Floorcover

### Company Profile

Floorcover is a member of an international building products and ceramics company based in the UK. The site, in outer-eastern Melbourne employs approximately 110 people in producing wall and floor tiles, and has been operating for over 30 years. It has an established, ageing, male-dominated workforce, and operates 24 hours a day.

The plant was recently modernised, with the installation of new equipment, changes in key management personnel, the restructuring of operations and work practices through the adoption of a new skill classification structure, based on a skills-analysis process. The great majority of employees are members of the Construction, Forestry, Mining and Energy Union (CFMEU).

### Knowledge of training system and training infrastructure

The company has a human resources manager and a production engineer who has responsibilities for coordinating training and is currently completing his Certificate IV in Assessment and Workplace Training. Both are responsible for developing and implementing training plans and liaising with external providers and agencies. There are no formally accredited trainers and assessors on site.

The company relied on the Industry Training Advisory Board, Manufacturing Learning Victoria, and the union representative for initial knowledge of Training Packages and training subsidies, such as the Commonwealth Workplace English Language and Literacy Program (WELL). These key personnel have become familiar with the Training Packages through the restructuring of the skill-classification structure which aligned the skill and role requirements with relevant competencies from a number of Training Packages such as Manufactured Minerals, Warehouse and Distribution and Screenmaking Printing and Graphics.

The company now has several sources of information, through the human resource manager, training coordinator, shop steward, TAFE Workplace English Language and Literacy teacher and publications from employer organisations.

### Driving factors in training of existing workers

As with many other manufacturing sites, Floorcover with an established, ageing workforce, is experiencing a continuing challenge to remain competitive against cheaper overseas imports.

Management acknowledge the important role played by the union representatives in encouraging a more systematic approach to training, which led to the implementation of a comprehensive skills analysis and the subsequent development and adoption of a skills-based classification structure.

Other driving factors have included the increasingly stringent environmental regulations, requiring greater environmental awareness and changes to waste management practices. The adoption of more flexible, team-based work practices has also triggered the need for developing basic skills such as literacy, and teamwork and communication skills.

## Current approaches to training and learning for existing workers

In the mid 1990's, the company undertook a task analysis and skills audit process which involved lengthy negotiations between management and the union, resulting in a skills-based classification pay structure for shop-floor employees. This formalised the requirement for employees to cross-skill, providing greater flexibility of deployment across different work areas, and minimising the need to hire casual labour. A system of regular rotation enables employees to maintain their levels of competence and ensure a reserve pool of staff in case of absences.

The new skill classification structure also enabled employees and the company to systematically identify skill gaps and training needs, as well as the skill requirements for employees to progress through the skill classification structure. With increasingly stringent environmental regulations, some of the main skill gaps identified by the skills analysis process included areas such as environmental awareness, waste management as well as basic skills such as literacy, and teamwork and communication skills to accommodate more flexible work practices. The need to ensure that training was practical and accessible was also identified as a priority by the skills analysis.

A number of employees have enrolled in external courses, such as team leadership or ceramics, where they attended in their own time, with the company paying for tuition costs. Other courses such as confined space training have been conducted on site, in paid time.

The most common training undertaken by employees has been through the Workplace English Language and Literacy Program. Through Manufacturing Learning Victoria, Floorcover found out about the Workplace English Language and Literacy program and was encouraged to apply for a grant using the Workplace Skills Access unit of Swinburne University as the provider. Since 2001, under Workplace English Language and Literacy, there have been 150 course completions in courses such as occupational health and safety, teamwork, environmental awareness and waste management. Participants have received statements of attainment against the competency standards.

The company is now in its third year of Workplace English Language and Literacy, and the teacher attends for one day a week. Employees attend in work time, except for night-shift employees who are paid single time to attend during the day. Many Workplace English Language and Literacy graduates have continued on with other training, for example team leadership through the Australian Institute of Management.

## Responsibilities, costs and barriers

Both company management and the union representative regard skills development as a key contributor to the long-term viability of the business and the employability of the workforce, and consequently a shared responsibility between all parties. The skill classification structure provides clear incentives for employees to develop and be formally recognized for skills they acquire.

Floorcover estimates it expends about 1% of payroll on structured training activities, and gauges the cost effectiveness of this investment in terms of business improvements in areas such as knowledge, skills, safety, staff attitude, morale, and flexibility.

The production engineer stressed the importance of government assistance in the form of subsidies and grants in embarking on a systematic approach for training. Neither the skills analysis nor the Workplace English Language and Literacy program would have been implemented if these subsidies had not been available:

‘Cost is always an issue, especially if the benefits are not immediately apparent and the company is already struggling. You can see senior managers receiving the cost of training much better now because they can see the benefits, but we would not have got started if it had not been for schemes like WELL.’

‘Our LTI [Lost Time Injury] has halved in the last three years, environmental issues have significantly improved, management resources are not used as much in crisis management and problem solving. There is more respect and open communication between staff, people listen to each other more and resolve issues before they escalate. It is much easier now to organise swaps between different employees, and I have the confidence that they know what to do and why.’

Both company management and the union representative acknowledge that these benefits have taken time to become evident, and are in great part due to the practical, focused and flexible approach adopted by the Workplace English Language and Literacy TAFE teachers. As the production engineer observed:

‘WELL has really worked for us. With a lot of training, we got negative feedback from employees who found it too complicated or irrelevant, whereas with WELL, it is really practical and customised to our needs here, not just a package off the shelf. The first year, we found it hard to fill the classes, now it has more than doubled. The three-year time frame has been adequate in terms of meeting our originally identified targets, but now we have identified other areas since. We have applied to WELL again this year to train 20 new employees, but don’t know if this will be approved or not.

It has been terrific for us to have the WELL teacher here, because she has built up a lot of expertise and networks, and been able to adapt the course to fit our requirements, and make it very practical. For example, the employees had to do projects where they analysed a problem, for example, relating to dust or waste treatment and then presented it to management.’

In contrast, the company found it difficult to obtain the same level of flexibility and customisation from main-stream TAFE providers, and was critical of their lack of responsiveness:

‘I wanted someone to do part of the Training Package, not a general theoretical overview, or a whole trade course, but some training on basic maintenance that is relevant to our machinery and processes here, and I don’t want to design the training for them, or run the sessions. I could not get the local TAFE college interested.’

## Employee perceptions

### *Team leader*

Ted has been employed as an operator for about 10 years, and was recently promoted to a team-leader position.

He has completed a number of short courses, for example, confined space, and the Workplace English Language and Literacy courses in environment, team work and occupational health and

safety. He found the courses generally useful, even though sometimes repetitive: ‘they often told you things you already knew, they put them in a context, so you understand it better, and it is a good refresher.’

Following his recent promotion, his manager suggested he attend a front line management course through Australian Industry Group which he had just completed. This course was in work time, and the company paid for him to attend. He found this course useful in helping him to reflect on his new role, and develop team building and supervision strategies.

He observed that most employees prefer to learn skills on the job, and generally need to see the immediate benefits of more formal learning before they will take part:

‘Most people want to know how they are going to use what they will learn about. If they are not going to put it into practice immediately, it’s hard to see the point. They are only interested if it will help them today.’

Ted stressed the need for practical, interactive forms of learning:

‘It’s also really important that the training is practical and down to earth. The more interactive the course the better. People learn a lot better by talking, discussing and doing than just listening and reading, but it can be very hard on some if they have to make a presentation, because they are not used to it, especially in front of their manager, may be they shouldn’t be pushed into it.’

To increase the extent of training effort, he suggested that the value of accredited practical training needed to be more aggressively promoted, rather than any increase in mandatory requirements:

‘People need to see the importance of training more, and how having a formal qualification can help them in their present job with the pay reflecting the skill levels, as well as in the long term. There are a lot of well-respected companies that have recently closed down, like Holeproof and Kraft. It makes sense for people to have the portability of skills, so if they have to move or change jobs, there is something to show what they can do, and what they have learnt. Forcing people to do training will not work, but explaining to them how it will help them is much better.’

### *Employee*

George has been employed as a press operator for a number of years, and has completed a Certificate II in Ceramics at TAFE, as well as a number of Workplace English Language and Literacy courses in environment and teamwork.

George found the ceramics course very useful in giving him a theoretical and practical grounding for his work. He attended this course at night, with the company meeting his tuition costs: ‘That seemed a reasonable arrangement, because I got a recognized qualification out of it, which would help me if I needed to move away.’

He found the Workplace English Language and Literacy courses particularly useful because they were undertaken with co-workers, which enabled a better team spirit to develop:

‘There were six of us from the one section, and some were struggling with their literacy, and felt quite nervous about it. But having it onsite here, with people you know made it easier for them, and they could see it was useful and practical, and we supported each other, and got through the course, but also got to know each other better in the process.’

With a skills-based classification structure, he noted that employees had an incentive to do courses to gain promotions or move into different areas of work, but many lacked the confidence

and basic literacy skills to nominate for training. The WELL program had enabled many to increase their confidence and improve their communication skills while learning practical work skills. 'It was also much easier, because it was here at work, about practical things and with people they knew, and the teachers were friendly and helpful.'

# Appendix 1 - Employee focus questions

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## Background

1. Name and position, casual/permanent, full/part time? How long have you been employed in this organisation? In this area of work?
2. How did you develop knowledge and skills you currently have? Did you need formal qualifications/ training to get this position?
3. What Qualifications/Training have you completed or are currently doing relating to your work? Is this occurring in or out of work? Who initiated it?

## Pressures/Drivers for training

1. What are some of the main changes to your work in the last 5 years? For example, safety, legal and quality compliance requirements, staying competitive, changes in market or customer expectations, new technology, restructuring operations, promotion, more responsibilities? How has this affected the types of skills that you need to have? What type of training was needed? For example, retraining for new roles, general skills, technical skills.
2. Are you aware of what courses/training is available to help you develop these skills? Have you tried to upgrade your qualifications while in this position? How did you do this? Through the company, training manager etc? What was your experience of this?

## Current Approaches

1. Can you describe any particular incident/circumstance, positive or negative, which resulted in new knowledge, skills or ways of working in this organisation? What happened, what was the outcome, and impact on ways of working?
2. Describe some of the activities you've learnt the most from- for example, training course, job rotation, having a mentor, benchmarking, special projects, new technology, incident analysis, observation
3. How does the business ensure employees have the skills needed to do the work and stay competitive? For example, through better selection, specifications for contractors, training, mentoring, team-work, better work redesign, on-the job help, written instructions?
4. To what extent does such skill development take place through courses as compared to more informal strategies, such information sharing, meetings, special projects? How much structured training takes place? How much within the organisation, how much outside? How much of it is planned (for example, training plan) and how much reactive (after incidents/mistakes)?
5. Which groups of workers receive most/least training? Why?

## Knowledge of training system and costs

1. What support does the company give to employees training? For example, coordination, time off, money for courses? Who decides what training workers need? For example manager, training officer, supervisor. How do you think the business sees further training? Is it considered an investment or a cost? How do you see it? What benefit do you feel you gain from training? What benefit to the business? In your view, whose responsibility is it to develop and pay for these skills?
2. Have you had any dealings with external trainers? Can you comment on their ability to meet your organisation and individual skill development needs?
3. What approaches to teaching and learning would serve your needs and that of the business? In your view, what are the barriers to training? How can employers and employees be encouraged to train more?

# Appendix 2 - Focus questions for workplace managers/training managers

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## Background

1. Name and Position of Contact person
2. Background information re structure, size of business, industrial arrangements (Workplace agreement, unionised, individual contracts). How many employees? Casual/Permanent? Is work contracted out?
3. How many workers are currently doing training or have in the last say 2 years, at what level?

## Pressures/Drivers for training

1. What are some of the main changes to the business in the last 5 years? For example, safety, legal and quality compliance requirements, changes in market or customer expectations, new technology, restructuring?
2. How has this affected the types of skills that you and your employees need to have? What type of training was needed to develop these skills? For example, retraining for new roles, general, technical skills.

## Current Approaches

1. Can you describe any particular incident/circumstance, positive or negative, which led to new knowledge, skills or ways of working in this business? What was the impact on ways of working and learning?
2. Describe some of the activities you've found the most effective for developing new skills, for example, training course, job rotation, having a mentor, benchmarking, special projects, incident analysis, observation, meetings, networking
3. How does the business ensure employees have the skills needed to do the work and stay competitive? For example, through better selection, specifications for contractors, training, mentoring, team-work, better work redesign, on-the job help, written instructions?
4. To what extent are skills developed through courses as compared to more informal strategies, such as meetings, special projects? How much structured training takes place? How much within the organisation, how much outside? How much of it is planned and how much reactive (after incidents/mistakes)?
5. Which groups of workers receive most/least training? Why?

## Knowledge of training system and training infrastructure

1. Are you aware of National Training Packages, ITABS, government subsidies for training, existing worker traineeships, local skills centres? Who do you go to for information about your training needs?
2. Have you had any dealings with external VET providers (TAFE, ACE, private providers)? Can you comment on their ability to meet your organisation and employees' skill development needs?
3. What infrastructure do you have to support training? For example, training manager, training officer, assessors, arrangements with external providers.
4. Who decides what training workers need? For example, manager, training officer, supervisor. What support does the business give to employees training? For example, coordination, time off, money for courses?
5. What would be the extent of company expenditure on training, as a % of payroll? Is it considered an investment or a cost? Has this substantially altered since the demise of the Training Guarantee levy? Increased or decreased over the past 5 years?

## Cost effectiveness, barriers and incentives

1. How do you evaluate the cost-effectiveness of training your workers? What do you see as the alternatives to training existing workers? In your view, whose responsibility is it to develop and pay for these skills?
2. What approaches to teaching and learning serve or would best serve the needs of your organisation and workers?
3. What are the barriers to training? What are some of the most useful, and cost-effective models?
4. What strategies or incentives are required to encourage your business to engage in more formal training? How can employers and employees be encouraged to train more? What would be an adequate return on investment in training?

# Appendix 3 - Focus questions for employer and employee organisations

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## Background

1. Information re industry/membership size and structure, typical industrial arrangements (Workplace/ Enterprise agreement, unionised, individual contracts) How many employees? Casual/Permanent?
2. How many existing workers are currently undertaking training or have in the last 2 years, at AQF II-IV?

## Pressures/Drivers for training

1. Have there been any significant changes in the last 5 years in terms of pressures/challenges for the industry(ies) and membership? For example, safety, legal and quality compliance requirements, keeping abreast with competition, changes in market, customer expectations, technology, restructuring operations.
2. How has this impacted on the types of skills that existing employees are required to have? What type of training is needed at AQTF II-IV? For example, retraining for new roles, general skills, technical skills.

## Current Approaches

1. How does industry ensure existing employees have these skills? For example, through better selection, on and off-the-job training, mentoring, team-based approaches, cross-skilling, work redesign, on-the job help?
2. Whose responsibility is it to develop these skills?
3. To what extent does such skill development take place through course-based training programs as compared to more informal strategies? How much structured training takes place, for example, Traineeships, nationally accredited courses? How much within the organisation, how much outside? How much of it is pro-active (for example, training plan) and how much reactive (post incident/mistakes)?
4. How do smaller businesses and those in rural and remote areas access training? How effective have been on-line and distance modes of training delivery?
5. Which groups of existing workers receive most/least training? Why?

## Infrastructure/Costs/Knowledge of VET

1. What support does industry generally give to employees' training? For example, time off, course subsidies, organise training sessions? What would be the extent of industry expenditure on training, as a percentage of payroll? Is it considered an investment or a cost?

Has this substantially altered since the demise of the Training Guarantee levy? Increased or decreased over the past 5 years?

2. What infrastructure does industry have to support training? For example, Training personnel, MOUs and contracting arrangements with external providers.
3. How aware/involved has industry been in the development of National Training Packages? How aware are they of ITABS, government subsidies for training, existing worker traineeships, local skills centres, local VET providers? Who do employers typically go to for information about how to meet their training needs? How do your members get information about how to meet their training needs?
4. Have you had any dealings with external VET providers (TAFE, ACE, private providers, enterprises)? Can you comment on their ability to meet your members' skill development needs?
5. How effective have initiatives such as the resource generator, ANTA support materials and the ANTA/WELL materials been for example, *Negotiating Workplace Training*?

### Evaluation/Barriers, Models and Incentives

1. How is the cost-effectiveness of continuing training for existing workers evaluated?
2. What approaches to teaching and learning serve or would best serve the needs of your members?
3. What are the barriers to training? What are some of the most useful, and cost-effective models?
4. What strategies or incentives are required to encourage employers to engage in more training?
5. How can employees be encouraged to train more? What would be an adequate return on investment in training?
6. What strategies or incentives are required to encourage more responsive service delivery from VET providers?

# Appendix 4 - Focus questions for VET providers

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## Organisation

1. Name and Position of Contact person
2. Background information re structure, size and industries/qualifications/courses/traineeships (including existing worker) covered, number of teacher/trainers, students, modes of delivery (on the job, enterprise based, college based, distance, online, mixed mode etc). Nature of bulk of clientele, for example private enterprise/public sector; small, medium or large businesses, particular industry areas?

## Pressures/Drivers for training

1. To what extent are your services/products geared towards existing workers as compared with new entrants to the industry/ies?
2. What are some of the pressures/challenges on the industry/ies you cover in terms of what training is required for existing workers? Have there been any significant changes in the number/type of enterprises approaching you for training of existing workers in the last 5 years? in the last 2 years? To what do you attribute this? For example, safety, legal and quality compliance requirements, keeping abreast with competition, market, customer expectations, technology, restructuring operations? New Training Packages/support materials?
3. How has this impacted on the skills that employees are required to have? What type of training is needed? For example, retraining for new roles, general skills, technical skills.
4. How has this in turn impacted on your staff, products (marketing, delivery modes, assessment modes) and services?

## Current Approaches

1. In your experience, how do client organisations/industries ensure employees have the skills required? For example, through better selection, specifications for contractors, training, mentoring, team-based approaches, cross-skilling, better work redesign, on-the-job help?
2. Whose responsibility is it to develop these skills?
3. For the industries/enterprises for which you train, which groups of existing workers appear to receive most/least training? Why do you think this is so?
4. Marketing of products and services: how do you market your services, especially the training of existing workers and to small/medium size businesses? For example, pro-actively, respond to employer approaches, offer customised services?

## Infrastructure/Costs/Knowledge of VET

1. What support do your client organisations give to employees' training? For example time off, fees for courses, organisation of training sessions? Does it appear to be an investment or a

cost? Do there appear to be differences according to, for example, size, industry area, level of worker undergoing training, extent of enterprise training infrastructure?

2. What infrastructure do they have to support training? For example, training manager, training officer, assessors, versus MOUs and contracting arrangements with external providers. How does this vary according to factors such as size, industry area?
3. In your experience, how aware are your client organisations of National Training Packages, ITABS, government subsidies for training, local skills centres, local VET providers, incentive schemes?

### Evaluation/Barriers, Models and Incentives

1. What approaches/ models to teaching and learning do you consider as useful, and cost-effective? How geared up are you to deliver it?
2. In your opinion as a VET provider, what strategies or incentives are required to encourage more training? How can employers and employees be encouraged to train more? Are different strategies/incentives needed for different types of businesses?
3. How effective have initiatives such as the resource generator, ANTA support materials and the ANTA/WELL materials been, for example Negotiating Workplace Training?
4. What are the barriers to training? For example, work and economic pressures, geographic or demographic factors, literacy difficulties, casualised labour, inappropriate training models for small businesses, inflexible funding arrangements for providers. How have you addressed any of these barriers?
5. How can existing employees be encouraged to train more?

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