

Does support for VET reduce employee churn? A case study in local government

KATH CURRY
VICTORIA UNIVERSITY

*Participant in the NCVER Building Researcher Capacity
Community of Practice Scholarship Program 2009*



Australian Government
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The views and opinions expressed in this document are those of the author/project team and do not necessarily reflect the views of the Australian Government or state and territory governments. Any interpretation of data is the responsibility of the author/project team

As part of the National Centre for Vocational Education Research (NCVER) Building Researcher Capacity Scheme, a Community of Practice Scholarship Program has been created to encourage a culture of research in vocational education and training (VET) organisations. With the guidance of an experienced mentor, VET practitioners without any formal research experience undertake their own work-based research project. The scholarships also provide participants with an opportunity to have their research peer-reviewed and published by NCVER.

For more information see: <http://www.ncver.edu.au/research/opportunities.html#Community_of_practice_scholarships_for_VET_practitioners>.

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About the research



Does support for VET reduce employee churn? A case study in local government

Kath Curry, Victoria University

Building the research capacity of the vocational education and training (VET) sector is a key concern for the National Centre for Vocational Education Research (NCVER). To assist with this objective, NCVER supports a community of practice scholarship program, whereby VET practitioners without research experience are given the opportunity to undertake their own research to address a workplace problem. Scholarship recipients are supported by a mentor, and NCVER publishes their research results.

Kath Curry participated in the 2009 community of practice. Kath is currently Associate Director of Quality and Capability in the Faculty of Technical and Trades Innovation at Victoria University. The research for this paper was undertaken while Kath worked as National Workforce Development Advisor at Government Skills Australia. The paper investigates the extent to which local government councils offer vocational education and training as a strategy to retain their employees.

The study comprised interviews with key human resource personnel in 14 councils around Australia, as well as an analysis of council records on staff training and turnover.

Key messages

- ✧ Many councils had limited records of staff training and turnover rates and did not have systems in place to evaluate the benefits derived from investing in training.
- ✧ Reasons 'to stay' and reasons 'to quit' are different. The human resource personnel interviewed believed that career development or training opportunities were not why employees stayed with an organisation, but that a lack of such opportunities might cause them to leave.
- ✧ The uptake of the local government training package was reportedly low due to the limited availability of registered training organisations prepared to deliver according to the package, as well as low levels of publically subsidised offering.
- ✧ Interviewees were somewhat sceptical about the quality and value of VET to their councils, but said they would continue to use the VET system for staff training as it was the most widely used option currently available.

Tom Karmel
Managing Director, NCVER

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Introduction

Technological and demographic changes in Australian society are drastically altering the national workforce and this is particularly evident in local government. A key issue for local government is the skills and workforce shortage threatening a number of job roles within local government activity. Local government work is very varied: a study undertaken by Government Skills Australia (GSA) in 2007 identified up to about 400 job roles across a typical council, which further break down into additional and varied individual job titles. Never before has the need for workforce development been greater, and continuous improvement and adaptation to change are essential for effective service delivery and for enabling local government to respond to emerging challenges.

Local government delivers key social, environmental and economic services to communities across Australia. In February 2007, it was estimated that the local government sector employed around 168 000 people nationally (Department of Infrastructure, Transport, Regional Development and Local Government 2009). Currently there are over 700 local governing bodies in Australia, which include 560 local governments with statutory responsibilities (Government Skills Australia 2010). It is critical that local government maintains a well-skilled workforce to compete effectively with other governments and the private sector to attract and retain suitable staff.

Each state and the Northern Territory provide the legal and regulatory framework for local government operations. As a consequence, there is a great diversity in and often significant differences between jurisdictions in the roles, functions, responsibilities and services undertaken by councils. Examples of local government functions and services include:

- ✧ engineering (public works, construction and maintenance, roads, drainage, waste collection and management)
- ✧ recreation (parks and gardens)
- ✧ health (water sampling, immunisations, food inspections, animal control)
- ✧ community services (child care, elderly care, meals on wheels)
- ✧ building (inspection, licensing, certification and enforcement)
- ✧ planning and development improvement
- ✧ administration
- ✧ cultural/educational (libraries, art galleries, museums)
- ✧ water and sewerage (in some states).

The local government workforce consists of professionals, paraprofessionals, managers, technical workers, tradespeople and elementary workers.¹ Some of these workers have been traditionally educated through universities and/or the vocational education and training system; others have no formal qualifications. A survey undertaken by NCVER in 2007 (Stanwick 2009) showed that 76% of government administration and defence industry employers (which include local government) have jobs requiring VET qualifications.

¹ Elementary workers are a category of worker within the local government sector aligned to Australian Qualifications Framework (AQF) levels I and II.

The local government sector recognises the extent of impending retirements as being a significant concern to the industry. The ageing population is an influential determinant in this. Workforce planning practitioner Julie Sloan² describes the ‘exits’ (retirement) as ‘crunch time’, with the number of people retiring per year set to rise significantly under the circumstances of the Productivity Commission’s (2004) projected labour force participation rates (63.5% in 2004, falling to 58.9% in 2008). This trend will continue from 2010 to 2027, with the peak of retirement expected to occur between 2012 and 2021, and with retirements likely to increase by 40 000 extra persons each year.

The landscape demonstrates a critical need for a well-skilled workforce, given the sector’s influence and diversity and particularly in the context of the potentially damaging effect of the ageing nature of their workforce. Given these, it is crucial for the sector to retain its employees. One way of doing this is to provide opportunities for personal and professional development. This paper aims to explore ways in which the sector provides or supports the uptake of vocational education and training opportunities and how, from the employer perspective, this may influence an employee to remain with their local government employer.

² Julie Sloan is widely regarded as Australia's leading workforce planning practitioner and author of the Standards Australia 2008 *Guidelines on workforce planning*.

Literature review

What is workforce development?

The National Agreement for Skills and Workforce Development (Council of Australian Governments 2008) identifies the long-term objectives of the Commonwealth and state and territory governments in the areas of skills and workforce development. The agreement recognises the interests of all governments in ensuring that the skills of the Australian people are utilised in the economy. It identifies workforce development as a new area for government focus and public policy development. The Australian Government, as part of its Skilling Australia for the Future policy initiative (Australian Labour Party 2007) highlighted workforce development as an urgent issue, not only for all Australian organisations, but also for the Australian economy in general.

Many stakeholders are not aware of what workforce development means, what it includes, who it involves, why it is important and how it is different from traditional vocational education and training. According to Staron (2008), many still have a limited view of workforce development, seeing it as:

- ✧ identifying and filling current and future jobs in the organisation
- ✧ professional development—the training and development of individual staff members
- ✧ vocational/technical education and meeting skills shortages.

There is also considerable debate about the precise definition of workforce development, and many practitioners use the words interchangeably with ‘training’ and ‘development’ and find it difficult to differentiate between training, development and education.

According to the American Society for Training and Development (Gandolfi 2003) ‘human resource development’ is the process of increasing the capacity of human resources through development. It is a process of adding value to individuals, teams, or an entire organisation as a human system.

‘Human resource development’ can also be broken down into three activity areas—training, development and education. Some human resource practitioners define ‘training’ as those activities that teach employees how to improve performance in their present jobs, and ‘development’ as involving activities—including personal growth—that prepare employees for future responsibilities. ‘Education’ is designed primarily to improve the skills, knowledge and abilities of an employee. Human resource practitioners have long argued that legitimate benefits of training and development include increased levels of productivity, profitability, efficiency and effectiveness, and reduced rates of labour turnover, absenteeism, accidents and errors. In many ways, training and development are thus regarded as a corporate ‘insurance policy’ and the very ‘oil’ for the maintenance of human resources.

What makes workforce development different and therefore widens these definitions is that it maximises the capacity of organisations to deliver efficient, effective and responsive services. When aligned to an organisation’s strategic goals, workforce development allows the organisation to plan for the future, anticipate change and improve the level and application of skills, in order to achieve greater success for individuals and employers.

Organisations use a range of strategies for developing the skills of their workers and these include using formal and informal approaches. Ultimately, organisational decision-makers will make their choices according to their own evaluations of what suits their particular employees, strategic directions at the time that learning is required, and the extent to which they can release workers to engage in learning. Unless required or mandated to undertake learning, individuals will also make their own decisions about whether or not they do so. Moreover, they will suit themselves about the types of learning they choose.

It is accepted now that the days of retaining employees for the whole of their working life are no longer. It is also acknowledged that the employee's decision to leave a workplace often lies outside the employer's control. This situation, however, only serves to increase the need for employers to work harder at employee engagement.

In order to engage employees or generate a sense of commitment to the business, organisations need to ensure that employees have:

- ✧ the knowledge, time and materials they need to do their job
- ✧ access to training that will help them do their job better
- ✧ an opportunity for career progression within the company
- ✧ an understanding of how their individual role helps the company to achieve goals
- ✧ an appreciation of how the way they do their work impacts on others in the business
- ✧ competitive pay
- ✧ challenging work
- ✧ regular positive feedback about their work as well as constructive criticism
- ✧ clear goals and objectives for themselves within the company
- ✧ open communication opportunities with managers.³

Taking into consideration all these factors, workforce development can then be seen as a combination of managing the size and composition of the workforce, retaining and managing that workforce and skilling that workforce. Skills Australia (2010) has defined workforce development as:

Those policies and practices which support people to participate effectively in the workforce and to develop and apply skills in a workplace context, where learning translates into positive outcomes for enterprises, the wider community and for individuals throughout their working lives.
(Skills Australia 2010, p.7)

Why is retention critical?

The ageing of the workforce and consequential impending retirement of the 3.5 million people born between 1946 and 1964 (26% of the population) have been identified as drivers of, and arguably the most significant contributors to, the labour skills shortages forecast for most industries. The Australian Industry Group projected in 2006 that three-quarters of the working age population would be aged 45–64 years by 2011.

The evidence of an ageing workforce within local government is apparent throughout individual council data across the country although, according to Pinicombe (2009), the sector does not have the necessary employment data to analyse and forecast trends.

³ Adapted from guidelines produced by the Manufacturing Industry Skills Advisory Council SA (2007) and Sayers (2006).

The 2006 ABS census data accessed by Government Skills Australia in 2008 showed that 46.1% of the local government workforce was aged in the 45–65 years age group. One inference that can be drawn from such a figure is that almost a quarter of these workers, or approximately a tenth of the entire local government workforce, is likely to retire over the next five years. Unless the industry develops strategies for coping with such losses, such as implementing transition and succession plans, it stands to lose a significant amount of corporate and cultural knowledge. In order to minimise, or at least stagger, the impact of the ageing workforce and the consequential rapid shrinking of the existing labour pool over a relatively short period of time, the industry needs to retain mature-aged workers. Training associated with succession planning is one way the industry does this.

It is well recognised that there are already shortages of town planners in local government. The Local Government Engineers Association⁴ expects approximately one-half of its members to retire in the next five years. Government Skills Australia identified, through its Get Smart Get Skilled⁵ program in government councils in 2009, that skills shortages were mainly affecting engineers, town planners, tradespersons, planning and building officers, and environmental health officers. In addition, labour shortages are being experienced, with difficulties in recruiting and retaining employees in critical occupations, such as civil engineers, environmental health officers, design engineers, accountants, engineering officers and building surveyors. This is a significant issue, and particularly so with building surveyors. Bearing this in mind, different push and pull factors⁶ are appealing to the various personnel working within a council.

Much of what is written about the causes of employee turnover is based on the premise that turnover is costly and that it should be prevented if at all possible. However, this ignores the fact that too little, as well as too much, turnover can create problems for employers, with such issues as ingrained cultures and antiquated work practices.

Some degree of turnover has been shown to have positive consequences for organisations and individuals, such as better person–job matches, staffing flexibility and the introduction of new ideas and new skills. It may also reduce complacency, facilitate change and innovation and involve the cost-effective displacement of poor performers. Similarly, a too high rate of turnover may affect productivity, service delivery and the spread of important organisational knowledge. An optimal rate of turnover is more likely to be a ‘rate that minimises the sum of the costs of turnover plus the costs associated with reducing it’ (Queensland Government 2006).

Training decisions in a council are generally driven by a business case. The business case is often aligned to organisational change, compliance and new technologies. Employers are unable to capture all returns from training (for example, where employees have transferable skills and leave) and so will tend to under-invest. However, employers see investment in skills as being particularly important in a time of ‘skills shortages’ and an ageing workforce (Stanwick 2009). In response, councils have reacted to shortages by providing training, in particular, shorter forms of training through targeted skills sets rather than qualifications.

Yet local government human resource personnel have not worked out how best to measure their investment in skilling their employees. How do they measure it systematically? They have anecdotal evidence from which they claim that they have not witnessed a benefit to either the individual or the organisation; at the same time, they have not developed criteria against which to measure the

⁴ The Local Government Engineers Association (LGEA) is a Branch of the Association of Professional Engineers, Scientists and Managers, Australia (APESMA) and is the largest local government group within the national association.

⁵ Get Smart Get Skilled is a Government Skills Australia initiative, where workforce development advisors undertake detailed skills gap analyses of organisations by adopting a multi-stage approach using online tools and site visits.

⁶ It is particularly useful to consider turnover in terms of whether employees are ‘pulled’ to resign by the attraction of a new job or the prospect of a period of time outside the workforce, or whether they are ‘pushed’ due to dissatisfaction with their present job.

benefits. It is this issue that the current study aims to address, namely, the provision of opportunities for vocational education and training and the effect it has on employee retention.

Research findings on retention

Smith, Oczkowski and Hill (2009) identify that the operation of training activities in organisations remains a ‘black box’ for research and policy-makers. This is particularly the case when seeking to understand the reasons why employers provide training and their choices about the type of training they provide.

As mentioned above, employers tend to under-invest in training as they are unable to capture all returns from it. However, employers believe that investment in skills is particularly important in a time of ‘skills shortage’ (Stanwick 2009). Smith et al. (2008) describe how sound data on employer-funded training are extremely difficult to capture, not only because of the diversity in ways by which employers meet their skills needs, but also because many employers do not keep accurate records. Many organisations do provide in-house training and professional development for their staff. An NCVER (2009) study identified that, for the years 2007–09, more than half of the training being provided by employers had no qualification outcomes for employees.

A number of authors (Smith et al. 2008; Smith et al. 2005; Smith, Oczkowski & Hill 2009) identify key drivers for employers to support training such as the availability of government funds, skills and labour shortages, the need to improve the overall capability of their organisations, and compliance with external regulations and legislative or licensing requirements. A further driver is the desire to project an image as an ‘employer of choice’ in a tight labour market. Kaplan (2005) notes workplace education—and not necessarily work-related—almost always appears on the menu of great places to work: ‘77% of us would prefer to work for an employer that supports learning and training than one that gives large salary increases’. However, depending on the industry, the relative importance of these various factors changes.

Allan et al. (2007) surmise through their studies that no evaluation has been made to see whether training is directly related to retention. Another study, by Dinnell (2007), indicates that leadership plays a central role in employee retention. In a large analysis of exit interviews, Dinnell found that about 70% of departing employees cited leadership and management practices as their primary reasons for leaving. In contrast, a survey undertaken by the Australian Institute of Management, ‘Managing the Future—Survey Series’ (2006), which was also conducted on employees, found the top four reasons given by employees to leave a position include:

- ✧ There are no career advancement prospects (53.7%).
- ✧ I am not rewarded or recognised for my efforts (44.5%).
- ✧ I am bored with my job (40.4%).
- ✧ I can get a better pay elsewhere (38.6%).

Lack of training opportunities was not highlighted in the responses. However, the same study also focused on what factors do keep employers engaged (that is, staff-retention factors) and the top four responses were found to be:

- ✧ a sense of purpose and meaning in my job (61.9%)
- ✧ a good relationship with my co-workers (60.8%)
- ✧ a good relationship with my manager (54.6%)
- ✧ new and interesting challenges (52.5%).

In this part of the study ‘development opportunities—training and/or rotation (35.7%)’ was the eighth of the 16 identified reasons for why employees stay with an employer. This study is

consistent with the New Zealand findings of Boxall, Mackay and Rasmussen (2003). Many people leave their job not because there is a compelling reason to leave, but because there is no compelling reason to stay. Reasons 'to stay' and reasons 'to quit' are different. It seems a little strange, but people stay in their jobs or decide to leave them for entirely different reasons. Understanding the difference between the two is a key success factor in workforce retention.

A 2009 Australian Institute of Management National Salary Survey included comparisons of annual average employee turnover rates for large and small companies. In large companies the average voluntary staff turnover rate was 12.2%, a concern for large companies. The survey also indicated that in 2008–09, only 57.3% of large companies had a dedicated training budget, while less than one-third (31.7%) had formal succession plans in place. Bucking the trend of recent years, the survey found that employees working in Australia's small companies are increasingly choosing to stay with their employers, with the average voluntary staff turnover rate plummeting to 9% per annum, from 12.7% in the previous year. While voluntary staff turnover rates are down, they still pose a threat to small companies due to the significant costs associated with recruitment and re-training.

Understanding the optimal annual average employee turnover rate is a challenge to all organisations. How does a company balance the loss of corporate knowledge with the invigoration of new employees with new thoughts and ideas? How does an enterprise encourage long-term unproductive employees to see the benefit of other opportunities outside their current organisation? Like many organisations, this is also a challenge for local government councils. This study aims to create a dialogue with councils to review their optimal annual average employee turnover rate and, through the examination of the type and amount of training being supported, document whether there is a link between training and reducing churn.

The research process

This study investigated a component of the local government workforce undertaking vocational qualifications and the subsequent impact on workforce development, specifically, retention. The common theme found in human resource literature is that there is a correlation between employers supporting learning and development activities and staff satisfaction and retention. However, it is unclear in the literature whether the identified learning and development activities include undertaking vocational qualifications.

The study was guided by the following research questions:

- ✧ Are local government councils investing in their workforce by supporting the uptake of vocational qualifications?
- ✧ What is the impact upon retention rates when employers support the undertaking of vocational qualifications?
- ✧ What are the beneficial outcomes for the individual?
- ✧ What are the beneficial outcomes for the council?

Research method

It was expected that the chosen methodology for the project—mixed methods—would provide information on a range of aspects relating to workforce development, but it was not expected to yield precise quantitative findings. This was confirmed at an early stage in the study when it became clear that neither human resource personnel nor council processes appeared able to provide robust quantitative information on turnover and training. To enable a more focused examination of this aspect, participants in the study were asked to go back to their organisations to seek additional data. Sound quantitative data were largely not readily available.

Mixed methods research is an approach to inquiry that combines both qualitative and quantitative methods. It involves ‘philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study’ (Creswell 2009, p.4). Therefore it is more than simply collecting both types of data; it is about using the two methods together in order to strengthen the study in general.

The main source of data for this study was face-to-face interviews with council personnel. The study was also informed by:

- ✧ the collection and analysis of aggregated workforce development data available through Government Skills Australia’s⁷ SkillGAP platform
- ✧ analysis of data from online surveys conducted with local government employees

⁷ Government Skills Australia (GSA) is a national industry skills council for the government and community safety sectors representing the vocational education and training and workforce interests of correctional services, local government, public safety, public sector and water. GSA provides industry intelligence on skill needs and training solutions to the Australian Government for the provision of a skilled workforce.

- ✧ a review of the workforce development audit reports written for each council participating in the Government Skills Australia's program 'Get Smart, Get Skilled'.

Due to the nature of available data kept by the councils, the emphasis in this report is on the findings from the interviews.

Data collection

As part of the Government Skills Australia program 'Get Smart, Get Skilled', the researcher was working in 2009 with local government councils across the country to develop strategies to improve productivity in the workplace. These councils were invited to participate in the research for this paper and were advised that their participation was voluntary and in no way would jeopardise the services they were receiving from Government Skills Australia. They were free to withdraw from the research at any time without influencing other service provision. All councils who were invited participated in the study. Each participant was presented with an information sheet on the project and was required to sign a consent form prior to interview, agreeing to their participation.

The service being provided to local government councils was in the form of workforce development audits. These audits involved seeking intelligence from human resource personnel and targeted employees and managers through face-to-face interviews and tailored online questionnaires conducted through a program called SkillGAP.⁸ Through the SkillGAP program enterprise-specific intelligence is collected remotely and all relevant data are stored in a central location for future aggregated analysis. The analysis of the data considered the components of workforce development, specifically upskilling, recruitment, retention and workforce planning strategies. Not all of these features were used in this study.

For this research, data were analysed from the online surveys conducted with local government employees. The data were then validated with council personnel during site visits, which occurred throughout 2009.

Face-to-face interviews using both open and closed questions were conducted with human resource and learning and development managers and follow-up phone calls were made to collect further information. Individual council data such as employee satisfaction surveys were also provided where available.

During the interviews, the researcher recorded notes and the typed records of the responses were subsequently returned to the interviewees for verification of accuracy.

Participants

A total of 14 councils participated in the study. These varied in size from fewer than 50 staff, to over 900 employees. As table 1 indicates, they were located mainly in New South Wales, but South Australia, Queensland and the Northern Territory were also represented.

⁸ SkillGAP is a tool to assist organisations in evidence-based workforce planning and analysis to improve the capacity of the sector to identify and manage workforce planning priorities. For more information see <<http://www.skillgap.com.au/>>.

Table 1 Councils participating in the study by state and territory

State	Number of councils in this study (n = 14)	Percentage of councils in study
NSW	10	72
NT	1	7
Qld	1	7
SA	2	14

The majority of the councils taking part in the survey identified themselves as a significant employer in their local community. Nine of the councils would be considered small, with as few as 20 staff and up to 500 staff. Four participating councils were medium-sized, with between 500 and 1000 staff members. Only one council within the study would be considered large, having just over 1000 staff. To maintain anonymity, the councils are referred to in this paper by the letters A to N.

A total of 24 council representatives participated in the interviews, which largely comprised human resource personnel (managers, officers and learning and development managers) and less frequently chief executive officers (table 2).

Table 2 Sample of interviewees in the study by occupational position

Position	Number of interviewees (n = 24)	Percentage of interviewees
Human resource personnel	8	33
Human resource manager	7	29
Learning and development manager/personnel	6	25
CEO	3	13

Limitations to the study

This study is based on a single industry, and therefore the findings cannot be generalised to other industries. Although the sample size is small (only 14 councils) and may not be representative of the whole local government sector, the issues and views expressed by those interviewed are relatively consistent with what was found in the literature review and NCVER's *Employers' use and views of the VET system* (2009).

Finding accurate data explicitly on local government is difficult, as they are mostly embedded in either 'public administration', 'public administration and safety' or 'government administration and defence industry' categories. This makes isolating local government data and benchmarking with other industries difficult activities. The local government data that are available from the Australian Bureau of Statistics are organised into reporting mechanisms, whereby data can be accessed from local government areas, as opposed to being data on the local government council itself, so that it can be utilised for various demographic publications.

Councils were not able to provide the requested data due to its either not being readily available or simply because it was not collected within that council. Although the data that were collected were representative of a 12-month period, in some instances it may have been from conflicting time frames. That is, it was either January to December 2008 or July 2008 to June 2009. The period of data collection depended upon when within 2009 the face-to-face interviews occurred.

There are about 6600 elected members of councils in Australia (Government Skills Australia 2010), with an average of just under ten councillors per council. The study does not include or give any consideration to elected members of council and the subsequent training they receive.

In very recent times the economy has been affected by the global financial crisis. While the effects of this in relation to workforce issues were still being worked through at the time this study was being conducted, it was likely to affect employment levels and people's mobility. Anecdotal evidence provided by councils suggested that the global financial crisis was having an initial positive impact for local government, in that some skilled workers from industries that were suffering as a result of the economic downturn, such as mining, were turning to employment in local councils. This needs to be kept in mind when reading this paper, as the reported annual turnover rates are not as bad as they have been in most recent years.

Findings

The local government workforce

The council workforce is broadly divided into two classifications: ‘outdoor workers’—labourers, operational/technical works and tradespeople; and ‘indoor workers’—administration, paraprofessional and professional. They both have very different needs in regard to upskilling and staff development and in some examples studied have very different histories in regard to tenure. Workplaces are not homogeneous. It is not unexpected that turnover rates will vary significantly between organisational units and other work groupings. Aggregated benchmarks are therefore unlikely to provide a good basis for designing interventions.

While undertaking the interviews, it was evident that council personnel had not previously given much thought to understanding:

- ✧ what a reasonable or acceptable turnover rate is
- ✧ if council supports a staff member to undertake formal qualifications, how long the council expected that employee to remain as an employee
- ✧ how the council wanted to see its investment in education and training returned.

Ascertaining the type and amount of training being undertaken within councils was difficult. It appeared that there were very few systematic processes being undertaken to capture the data and, due to the nature of the ways in which training was supported, either through centralised or de-centralised processes, the processes tended to be fragmented.

The Council of Australian Governments (2006 unpagged) noted ‘compelling evidence of the effects on core skills, particularly literacy and numeracy, on school retention and subsequent workforce participation and productivity outcomes’. Local government’s productivity and workforce development are hampered by the inability of a very sizeable proportion (the outdoor workers) to undertake higher-level activities owing to constraints on literacy and numeracy skills. Low literacy and numeracy skill levels also present as a barrier to career progression for many of these workers.

Councils reported very tight training budgets and most of their budget seemed to be allocated to meeting regulatory requirements. Often a learning and development officer was employed and the larger councils usually had their own training team on staff to both deliver and coordinate training requirements.

It was evident that some managers did not want to support staff undertaking professional development activities. One manager indicated that she would ‘invest’ in them and then they would leave—therefore there was no reward for her investment. Other personnel in councils indicated support for this view in relation to particular cohorts of their workforce.

People of different ages have different levels and types of skills. Generally, older workers, being more experienced, displayed higher levels of skill. Offsetting this, younger workers were reported to be more formally qualified (that is, hold more qualifications) than their supervisors in some job roles.

Council support for training

Table 3 summarises the responses from the 14 councils in relation to their training activities. The data were collected through the online surveys and the SkillGAP platform and validated during interviews. The results demonstrate how little accurate data are recorded by and accessible to some councils.

Table 3 Training activity by council

Council code	Regulatory training		Non-accredited short courses		VET		Apprenticeships/traineeships (VET)		Total number of courses offered	Total number of staff participating
	No. of courses	No. of participants	No. of courses	No. of participants	No. of courses	No. of participants	No. of courses	No. of participants		
A	5	unknown	5	323	23	105		included in VET	33	428+
B	14	unknown	16	unknown	4	unknown	6	unknown	40	unknown
C	10	54	13	33	2	2			29	89
D	14	145	10	81	1	1	8	13	33	240
E	3	21	3	9					6	30
F	20	See short courses	150	4 630			8	28	178	4658
G	Training records not available								unknown	unknown
H	38	268	184	634	1	1			223	903
I	1	8			2	6	3	4	6	18
J	16	678	15	1 563	4	10	5	22	40	2273
K	26	225	122	1 780	2	12	5	31	155	2048
L	No training provided during this period								0	0
M	Training records not available								unknown	unknown
N	Training records not available								unknown	unknown
Total	147	1 399+	518	9 053+	39	137+	35	98	743	10 687+

Notes: Unknown = not known as accurate records are not kept.

Records over a 12-month period, either January–December 2008 or July 2008–June 2009.

Table 3 demonstrates that about half of vocational training investment in full qualifications by employers was made in entry-level training for new entrants in the form of apprenticeships and traineeships. This was seen to be the result of government policies in this area. Although government subsidies do not cover the cost of employing and training apprentices and trainees, funding played a critical role in determining employer training priorities.

Much of the nationally recognised training that occurs in local government is regulatory/legislative related.⁹ Table 3 demonstrates that, of the ten councils offering regulatory training, only seven actually recorded their employees undertaking this type of training. These councils' workforces total 2245 employees and of these, 1399 or 62% undertook regulatory training during the 12-month period. Due to the nature of the business, much of the training is mandated in order to meet these requirements, rather than dissipating the small budgets on increasing and developing their workforce. Compliance issues in the sector are perceived to be increasing. These issues are concerned with health and safety, quality, and environmental legislation. The issue of compliance is a growing one because of an increased awareness of sustainability and general environmental issues. Compliance with regulation revolved around the professional regulation of occupations as well as occupational health and safety standards and the use of different processes.

⁹ Councils had various methods of recording this type of training and either captured it as regulatory training or under the category of non-accredited short course.

The study also demonstrated that ongoing workplace training for existing workers was very high. It appeared that a considerable amount of training was provided to existing workers. Much of this training was informal and on the job. Such training, of course, tended to escape the training recording systems used in the organisations.

More training was generally provided for highly skilled occupations—management and administration, professional and paraprofessional—than for less skilled occupations, other than regulatory training.

The councils revealed a variety of practices in regard to the recording of training. Not surprisingly, the larger organisations generally collected data more systematically than the smaller organisations. However, some smaller councils also had comprehensive data (for example, councils C and E), demonstrating that the maintenance of records is indeed possible, irrespective of organisational size.

It was reported that the global financial crisis had resulted in less rate-based income for councils, which had the potential to impact negatively on training budgets within local government:

Training budgets are reportedly one of the first line items to be cut when renegotiating tight budgets.
(Human Resource Manager, Council F)

Training managers reported at interview that the uptake of the local government training package was relatively low due to the limited availability of registered training organisations prepared to provide training and assessment through the training package, as well as low levels of publically subsidised offerings. A number of other training packages are utilised for qualifications, illustrating the diversity in the range of work undertaken in local government. Due to this range of work and the applicability of qualifications from other training packages, undertaking individual units of competency was more appropriate in some cases than completing entire qualifications.

It appeared that employers want staff to be upskilled to fill a skills gap in the quickest, easiest and most cost-effective way. Often this is through a skill set. This works for individuals who need to upskill as part of their job but who do not have other motivation to do so. Employees with other motivations desire full qualifications, but employers will not always support (either financially or in time) the gaining of them.

Councils support employees to undertake vocational education through a range of methods, identified most commonly as being through financial assistance and time allocations (see table 4).

Table 4 Type of support provided by councils for employees to undertake VET

Type of support	Number of responses (n = 51)	Percentage of interviewees (n = 24)
Financial i.e. payment of fees	11	46
Time allowance to upskill	11	46
New entrant traineeships	9	38
Existing worker traineeships	7	29
Study leave	5	21
Coaching and mentoring	2	8
Other*	6	25

Note: * 'Other' included sourcing appropriate courses and providers; completing RPL processes; organising enrolments and places with training providers; training employees to obtain the Certificate IV in Training and Assessment to assist in other employees' assessments and required evidence gathering processes.

The majority of councils indicated that they provide different types of support, depending on whether the recipients were indoor workers or outdoor workers; for example, flexible training courses for outdoor workers and time to sit exams for indoor workers.

If the study being undertaken was not related to an individual employee's job, councils would generally make a judgment for support, based on the merit of each individual application.

From a list of alternative responses about the objectives they are wanting to achieve in supporting employees to undertake training, councils indicated that they are predominantly aiming to address skill issues (see table 5).

Table 5 Council objectives in supporting employee training

Objective	Number of responses (n = 38)	Percentage of interviewees (n = 24)
To improve the skills already used by employees in their current jobs	10	42
To provide the skills needed for employees to move to different jobs	8	33
To extend the range of skills used by employees in their current jobs	7	29
To obtain a quality standard	6	25
To increase employee understanding of, or commitment to, the organisation	3	13
Other*	4	17

Note: * 'Other' included: to comply with the requirements of the salary system; to have requisite knowledge; to meet requirements where formal qualifications are required; and to support them in a new role.

Responses on whether turnover was an issue for their council generally were clustered into two categories: 'It has been in the past but now, with the economic crisis, it has slowed' (Council F), or 'It is not now, but it will be in the next few years due to the ageing workforce' (Council K). Where it was an issue, respondents usually identified which job roles were particularly affected. These included: town planners, finance personnel and engineers, ironically, the roles that, when vacant, are the hardest positions to fill.

Some councils that undertake staff satisfaction surveys observed that high satisfaction contributed to people staying, while high work pressure increased leaving intention. This observation corresponds with the literature, including Forsyth and Polzer-Debruyne (2007), indicating that perceived organisational support (comprising fairness, supervisor support and organisational rewards) contributes to job satisfaction, affective commitment, performance and lessened withdrawal behaviour.

Job dissatisfaction is antecedent to forming an intention to quit and other withdrawal cognitions. (Boxall, Mackay & Rasmussen 2003, p.197)

In other words, people who enjoy their work, particularly its intrinsic features, are more likely to remain with their employer.

One respondent indicated that high tenure rates were actually their main challenge:

It's the other way round. The high retention rates are creating challenges for OH&S and succession planning. They won't go! (Human Resource Manager, Council B)

The strategies that councils identified as having been put in place to address their turnover were all related to human resource practices. They included:

- ✧ implementation of policies or strategies, such as a professional development policy; exit interviews; staff satisfaction surveys; phased retirement plans; flexible work arrangements; health programs to encourage older workers to stay; structured succession planning with mentoring opportunities; and an award and reward system
- ✧ provision for additional benefits (for example, vehicles)

- ✧ reviewed recruitment processes
- ✧ job redesign.

One human resources manager stated that they have ‘stopped paying lip service to our performance management system—[they] now really talk with them about their needs’ (Council F). In his opinion, this increased level of communication has made a substantial difference to the churn of their paraprofessional staff.

Quite evident was that perceived employment alternatives modestly predict turnover. Both unemployment rates and geographical location influence the apparent availability of alternatives and hence the expected utilities of job search activities. This was particularly evident with outdoor workers, where the supposed difficulties of obtaining alternative employment are heightened, especially in regional areas.

Councils which had not implemented strategies to address their churn were asked to comment on why they hadn’t. Interestingly, some answers reflected a naivety about the issue, while others were obviously expressing a frustration with internal processes. Responses included such reasons as:

- ✧ People are afraid to leave—they want job security.
- ✧ Many people were ‘born and raised here’; they have ‘ties here that are difficult to break—they are not going anywhere’ (Council G).
- ✧ We have no strategic vision to allow us to initiate a retention strategy.
- ✧ Internal relativity issues—how important is this issue over the next one?
- ✧ We have limited capacity to pay and there is no capacity to action counter offers or incentives to stay.
- ✧ We instigate processes but have limited (ad hoc) approaches to implementation and monitoring.

Interviewees were asked about the reasons why employees want to stay with an organisation. They gave multiple responses, which have been grouped for reporting purposes into the common themes shown in table 6.

Table 6 Reasons why employees want to stay

Reasons for wanting to stay in the organisation	Number of responses (n = 46)	Percentage of interviewees (n = 24)
The satisfying work environment (including relationships within it)	12	50
Good working conditions	12	50
Lifestyle related	10	42
Job role	8	33
Career development opportunities and support given	2	8
Contribution to the local community	2	8

Likewise, there were many reasons given for employees wanting to leave their organisation. The 56 responses to the open question have been grouped into the common themes indicated in table 7.

Table 7 Reasons why employees want to leave

Reasons for wanting to leave the organisation	Number of responses (n = 56)	Percentage of interviewees (n = 24)
Lack of career development and support given	16	67
Poor work environment (including issues with organisation and/or supervisor)	15	63
Job role	12	50
Unsatisfactory working conditions	9	38
Lifestyle related	4	17

As noted earlier, people stay in their jobs or decide to leave for entirely different reasons. Understanding the difference between the two is a key success factor in workforce retention. On the one hand, the most common reason given by interviewees for employees wanting to leave their jobs is a lack of career development and support (67%), followed by unsatisfactory work environment (63%), which includes the relationship with the line manager and organisational issues. Occasionally there are other factors that an organisation cannot control—such as a spouse relocating to another city for their job—but these usually account for only small numbers.

On the other hand, people stay in their jobs because their expectations are being met or exceeded. Such expectations include:

- ✧ satisfying work environments, including friendly relationships with managers and colleagues (50%)
- ✧ good working conditions, including fair remuneration and job security (50%)
- ✧ lifestyle reasons which align with personal requirements (42%).

This study, unlike other studies,¹⁰ has not indicated that support for career development opportunities is an incentive to stay in an organisation, with only two interviewees mentioning it. One interviewee suggested that this might be due to the fact that staff are very well supported:

Indoor staff have the ability to develop themselves and progress in a career within the organisation. They get professional development and are given the opportunity to operate at higher levels within their capacity. (Council J)

The suggestion here is that career development is not reported as a reason for staying because so much of it is provided anyway. However, two-thirds of respondents reported that the lack of career development and support is incentive enough to make employees want to leave an organisation (see table 7).

Despite workplace support being provided for learning and career development opportunities, the council personnel interviewed in this study did not see a direct link between support for career development and staff retention.

‘Staff satisfaction surveys’ undertaken by employees across some of the councils within the study (and made available to the researcher) reported that they could not see any ‘career progression’ for them within their council.

Training impacts upon retention rates

The collection of data through SkillGAP allowed an analysis of the numbers of courses, numbers of participants and annual turnover rates at each council. When compared with overall employee

¹⁰ Manufacturing Industry Skills Advisory Council SA (2007); Chaminade (2005); Food, Tourism and Hospitality Skills Advisory Council SA (2006).

numbers, there is a great variance among councils in relation to opportunities for staff to participate in formal training activities. The range begins with an employee in one council having a three in 50 chance of being supported to undertake training compared with another council, at the other extreme, where an individual employee may have undertaken four separate training opportunities in the one year.

The data are inconclusive over whether greater or lesser support for training activities within a council contributes to employee retention. A much larger field of councils would be required to strengthen a case that it does. In the two councils (A and I), where each employee has on average less than one opportunity to undertake formal training each year, Council A reports having a low turnover and Council I a high turnover rate, although neither of these rates was actually calculated. They are purely estimations made by human resource personnel within these councils. The limited data available from councils on training activity and turnover rate are presented in appendix B.

Interview respondents were asked to rank the top three strategies they use to retain skilled employees. This question proved difficult for councils to answer as many retention solutions are more relevant to private enterprises, so the responses are not reported here.

Apart from an analysis of council records, the study also directly asked council participants whether they believed that past efforts to raise workforce skills through VET had contributed to employees staying with the councils. As with some of the other issues, the lack of documented data and knowledge relating to specific examples made the question difficult for some councils to answer. Despite this difficulty, responses were fairly consistent and could be clustered into one of the following categories:

- ✧ There are no direct examples known.
- ✧ Not solely—obviously there are other influences.
- ✧ Some ‘outdoor staff’ have completed certificates II or III and moved into other areas within council. (Two councils reported that a small number of employees who commenced with them undertaking a traineeship had now progressed to undertaking undergraduate degrees.)
- ✧ It depends on the individual employee—but it is not widespread or known throughout the councils.
- ✧ Some indoor staff utilise study opportunities afforded to them to upskill and move into private enterprise.

Interestingly, this issue ignited discussion about the quality and value of VET. Many respondents viewed VET and TAFE as one and the same entity. The question posed to participants was: ‘Have past efforts to raise workforce skills through VET led to improvements in your organisation’s performance?’ Responses generally painted a negative picture of the VET system and resoundingly the response was ‘no’. Insightful verbatim comments included:

In a limited way—‘tick and flick’ remains a problem for credibility of courses. (Council B)

RPL is all very well, but you need to sight people to witness competency, not just do assignments. (Council C)

Teachers need to know how to undertake a task—they’ve been teaching too long. (Council I)

Commercialisation of TAFE has reduced the quality. (Council M)

Hard to see a direct alignment in the organisation’s performance. (Council N)

Only one council was able to give an example of where it had been able to measure the direct impact upon its performance:

The airport had only one qualified employee, now all have airside airport operations qualifications. This now allows for a flexible timetable—when only one staff member had the qualification, he could never have a day off. He went for a year without a holiday. (Council A)

Despite the apparent lack of measured benefits from staff undertaking VET courses, training activity records indicate that the councils continue to use the VET system for employee training (as shown in table 3). How councils identified what training employees required and then who could provide it showed that the identification of training requirements was consistent across the 14 councils:

- ✧ training identified through position descriptions and the requirements of job roles in relation to the salary system (predominantly compliance and regulatory)
- ✧ talking to the employees to see what they want (employee requests)
- ✧ identifying requirements through performance appraisals and training plans (aligned to organisational need).

Councils were also consistent in their approaches to identifying appropriate registered training organisations to provide the training:

- ✧ They have established a training provider of choice.
- ✧ They select whichever registered training organisation will negotiate costs.
- ✧ They use those identified and recommended by New Apprenticeship Centres.

Survey participants were asked if the VET system currently caters for their organisations' needs. The responses varied from examining need, to the limitations of the system, to the specification of certain courses. Despite the negativity portrayed by the respondents towards the VET system noted elsewhere in the findings, respondents believed that the VET system does meet the needs of certain cohorts of their workforce but not those of their professional and paraprofessional staff. For some cohorts, the benefits are that VET enables accredited training and the issuing of a qualification. It was generally felt that accredited training needs to be supported by other forms of training and development.

Many councils highlighted the cost of training and how the costs are prohibitive to many staff utilising the VET system to upskill and, similarly, their capacity to support large numbers of staff to undertake training. They identified a need for more subsidised training in critical areas such as OH&S, environmental services, local government finance (especially rate-related) and budget management, through short courses and skill sets.

Four councils raised concerns about the quality of delivery and the appropriateness of the courses and training recommended to staff. Ten of the 14 councils raised the issue of frontline management not meeting the needs of local government, and the need for better-designed and more specific courses for line managers who operate outside an office environment.

In spite of some of the issues they raised, interviewees indicated that they intended to continue to utilise the VET system for the development of council employees. However, as can be clearly identified by the nature of the responses, it appeared that some felt obliged to do this rather than by choice:

- ✧ For employees who want formal qualifications or to improve their skills/employability.
- ✧ Yes, but only as one string in our bow.
- ✧ We will because it is the main system available.
- ✧ Need to evaluate requirements if we don't get value for our courses, especially for water services.
- ✧ The quality of the course will determine if we continue to use them and the amount of knowledge people bring away.
- ✧ The salary system is linked to accredited qualifications and nominal hours so we have to use it.
- ✧ Only as a part of encouraging employee development.

Yet other responses clearly indicated that there is reluctance to utilise the VET system to support staff upskilling:

- ✧ Not sure what courses they need.
- ✧ The training quality needs to be improved.

Finally, study respondents were directly asked for their opinion on how important support for employees to undertake vocational education and training is as a workforce retention strategy (table 8).

Table 8 Importance of support to undertake VET as a workforce retention strategy

Level of importance	Number of responses (n = 24)	Percentage of interviewees (n = 24)
Very important	11	46
Important	3	13
Of some importance	3	13
Only a little important	7	29
Not important at all	0	0

Interestingly, over half (59%) found support to be ‘very important’ or ‘important’, while just under one-third (29%) found it to be ‘only a little important’. The relatively high proportion rating support as important is quite surprising, given that respondents were not able to provide many examples where support for training directly related to staff retention. Rather, it appears that support for staff utilising the VET system is seen as important as this is the most widely used option currently available and is built upon tradition rather than evidence-based research and improved outcomes for both the council and the individual.

Conclusion

This study investigated the cohorts within the local government workforce undertaking learning and development activities, particularly VET qualifications, and the consequent impact on workforce development, specifically retention. The investigation sought to understand whether supporting the undertaking of vocational education and training contributes to staff retention.

The study provides evidence that a significant amount of VET is occurring in local government. Where full VET qualifications are offered and supported, these qualifications are often those which attract government incentives, such as traineeships and apprenticeships. Although the study reflects a strong New South Wales influence, it can be expected that the trend is typical of other states and territories. The qualifications undertaken are usually entry level into the industry and for new employees, or to backfill a skill gap. Existing workers tend to be supported through short courses and unaccredited training. The training is being conducted in the main to address skill shortages and for regulatory requirements.

One of the most interesting aspects of this research is what it says about the reasons for employee turnover. Motivation for job change is multi-dimensional, as often no one factor will fully explain it. The most common reason for employees wanting to leave their jobs is a lack of career development and support (29%), followed closely by an unsatisfactory work environment (27%), which includes the relationship with the line manager and organisational issues. The concept of employee development is not just about training, but also skills development outside formal instruction. It is also clearly about upskilling, reskilling and multiskilling.

Overall, the findings suggest that keeping employees engaged in a mobile workforce, in an employment market that is experiencing low unemployment requires innovative and creative strategies. The two top factors in maintaining employees were a satisfactory work environment, including relationships (26%) and good working conditions (26%). Fairness, communication, diversity, relationships, flexibility, security and lifestyle opportunities seem to be the key engagement triggers in the current employment environment in local government.

Throughout the study there was little evidence of evaluated practices being undertaken within local government. Interviewees found it difficult to articulate the criteria or measures they use to evaluate benefits or outcomes to a council when supporting their workforce in undertaking VET studies. However, councils continue to use the VET system as one of the main mechanisms to skill and upskill their workforce. Likewise, there were very few examples highlighted where individual benefits were gained by undertaking studies in VET. In some councils there were, however, a couple of known cases where completing lower-level qualifications led to the undertaking of higher-level qualifications and further studies.

The need for skills, whether specific to a particular job role or general skills upgrading, is a pivotal driver of vocational education and training by local government. Compliance with legislation is also a significant factor. However, there is little evidence from this study to suggest that supporting employees to undertake VET directly contributes to longer tenure of employment. It can only be assumed that, as long as employees are learning on and in the job, they are unlikely to be on 'the market' looking for other jobs. The obvious challenge to local government remains: how does it maintain an environment where employees are encouraged to learn and develop their careers either through skills-based learning on the job or through a more formal learning system?

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Appendix A: Interview questions

Improving workforce skills can range from informal skill development, such as how to use a piece of equipment, through to a more formal training program that results in a qualification. We are interested in the latter in this research.

1. In your opinion what makes employees want to stay in your organisation?
2. In your opinion why do people leave your organisation?
3. Is high staff turnover an issue in your organisation?
If yes, has the organisation put in place strategies to retain employees?
If no, why do you think that is?
4. What is your turnover rate across the organisation?
5. Rank the top three strategies your organisation directly uses to retain skilled employees:
 - ✧ higher pay
 - ✧ improved working conditions
 - ✧ better career progression opportunities
 - ✧ improved fringe benefits
 - ✧ engendering a 'happier' workplace culture
 - ✧ providing other non-monetary rewards
 - ✧ VET training
 - ✧ Other training ('NON-VET'?)
 - ✧ Any other strategy (please specify): _____
6. In your organisation, approximately what percentage of employees have received VET training
 - ✧ prior to employment?
 - ✧ since commencing employment?
7. Does the training you currently support have any of the following objectives:
 - ✧ to provide the skills needed for employees to move to different jobs?
 - ✧ to obtain a quality standard?
 - ✧ to extend the range of skills used by employees in their current jobs?
 - ✧ to improve the skills already used by employees in their current jobs?
 - ✧ to increase employees understanding of, or commitment to, the organisation?
 - ✧ Other (please specify): _____

8. In what ways does your organisation support employees undertaking vocational education and training?
9. Have past efforts to raise workforce skills through VET led to your employees staying with your organisation? If so, please give an example.
10. Have past efforts to raise workforce skills through VET led to improvements in your organisation's performance? If so, please give an example.
11. Approximately what percentage of employees (who have been employed for at least 12 months) have been given time off from their normal daily work duties to undertake VET training over the past 12 months?
12. Approximately how many days of VET training did experienced employees undertake over the past 12 months?

(number of employees, number of days)
13. How did you identify what VET training employees required and who could provide it?
14. Approximately what percentage of employees are formally trained to be able to do jobs other than their own?
15. Is the VET system currently catering for what your organisation needs?
16. Do you intend to continue to utilise the VET system for the development of your employees? If so, why/why not?
17. In your opinion, how important is supporting your employees in undertaking vocational education and training as a workforce retention strategy?
 - ✧ Very important
 - ✧ Important
 - ✧ Of some importance
 - ✧ Only a little important
 - ✧ Not important at all

Appendix B:

Turnover data analysis by council

Table B1 Training activity and turnover rate, by council

Council code	Total training courses offered by council	Total number of council participants undertaking training	Number of employees within council	Ratio of participants to training courses offered	Training participants as a percentage of total staff	Training opportunity > or < once a year for an individual employee	Annual turnover rate (%)
A	33	428+	600	13:1	71	<	low—not calculated
B	40	unknown	160	unknown	unknown	unknown	1.4
C	29	89	66	3:1	135	>	13.0
D	33	240	190	7:1	126	>	12.4
E	6	30	19	5:1	157	>	1.0
F	178	4658	1000	26:1	466	>	6.8
G	unknown	unknown	120	unknown	unknown	unknown	not calculated
H	223	903	600	4:1	151	>	low—not calculated
I	6	18	300	3:1	6	<	high—not calculated
J	40	2273	520	57:1	437	>	10.0
K	155	2048	550	13:1	372	>	3.0
L	0	0	under 20	0	0	0	14.0
M	unknown	unknown	153	unknown	unknown	unknown	not calculated
N	unknown	unknown	200	unknown	unknown	unknown	15–20

Notes: unknown = data not available.

Records over a 12-month period, either January – December 2008 or July 2008 – June 2009.

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