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ACE and
small business
in
New South Wales

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Contents

Acknowledgements	v
Acronyms	vi
Glossary	vii
Executive summary	ix
Project background	ix
Project methodology	ix
Scope of the project	ix
Key findings	x
1 Introduction	1
1.1 Project aims and background	1
1.2 Methodology	2
1.3 Definitions of ACE and small business	2
Endnotes	3
2 Profile of ACE and small business in New South Wales	4
2.1 Overview	4
2.2 ACE in New South Wales	5
2.3 Small business: Numbers and selected characteristics	7
2.4 Employer training expenditure	8
Endnotes	11
3 Previous relevant research	12
3.1 Overview	12
3.2 Small business and training generally	13
3.3 Small business and ACE	16
Endnotes	21
4 Small business participation in ACE	24
4.1 Overview	24
4.2 Numbers in business-related courses	25
4.3 ACE participation compared to total New South Wales small business	28
4.4 ACE courses profile	29
4.5 Profile of small business participants in ACE	32
Endnotes	35
5 Small business satisfaction with ACE	36
5.1 Overview	36
5.2 Key survey findings	37
5.3 Issues arising	40
Endnotes	40

6 Case studies: Good practice ACE providers to small business	41
6.1 Overview	41
6.2 Background and definitions	42
6.3 Profile of the ACE providers	42
6.4 The focus groups: Small business users and ACE providers	44
6.5 The case studies: Key lessons in good practice	46
7 Policy issues	53
Encouraging ACE expansion in the small business training market	53
Workshops with ACE providers on the findings of this study	55
More general lessons for policy on small business training	55
References	56
Appendix 1	59
Appendix 2	65
The AGB McNair BACE customer satisfaction survey	65
About the survey	65
Comparison of AGB McNair survey sample and AVETMISS data 1996	66
Appendix 3	69

Four detailed case studies follow at the end of the main report

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Acronyms

ABS	Australian Bureau of Statistics
ACE	Adult and Community Education
ANTA	Australian National Training Authority
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
BACE	Board of Adult and Community Education (NSW)
DEETYA	Department of Employment, Education, Training and Youth Affairs
DET	Department of Education and Training (NSW), including the former Department of Training and Education Co-ordination (DTEC)
NCVER	National Centre for Vocational Education Research
TAFE	Technical and Further Education
VET	Vocational Education and Training

Glossary

AVETMISS	The Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) offers a nationally consistent standard for the collection and analysis of vocational education and training information throughout Australia. AVETMISS is the source of the classifications used in this report for field of study and (generally) employment category.
Employed persons	People working in their own business (own account workers or employers), plus employees (wage and salary earners).
Employees	All permanent, temporary, casual, part-time, managerial and executive employees. Proprietors/partners of unincorporated businesses, directors who are <i>paid a salary</i> are included; those who are <i>not</i> paid a salary, and persons such as subcontractors, and persons paid solely by commission are generally excluded.
Employers	Persons who work in their own business with employees.
Employer size	The number of <i>employees</i> in a business or management unit (in statistics derived from ABS employer-based surveys), while in some other ABS collections 'employer size' refers to <i>total employment</i> .
Industry	Employers are assigned to an industry according to their main economic activity (i.e. the main kinds of goods or services provided). Industries are classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).
Non-employing business	A business run by an own account worker solely or in partnership which has no employees.
Occupation	Occupation is classified according to the Australian Standard Classification of Occupations (ASCO), or a classification based on (ASCO) as in the case of the 1996 BACE customer satisfaction survey.
Own account workers	An own account worker is a person who operates his or her own unincorporated business or engages independently in a profession or trade and hires no employees.
Persons working in their own business	Self-employed persons (own account workers) and employers.
Self-employed persons	See <i>own account workers</i> .
Training expenditure	Includes wages and salaries and other expenditure on formal training.



Executive summary

The overall aim of this project was to identify the types of Adult and Community Education (ACE) programs, provision and approaches that are most effective in meeting small business training needs in New South Wales. The project was a collaboration between the National Centre for Vocational Education Research (NCVER) and the New South Wales Board of Adult and Community Education (BACE) through ACE Services, New South Wales Department of Education and Training (DET). The specific aims of the project were to identify:

- ❖ small business use of New South Wales ACE programs (for business purposes)
- ❖ small business client satisfaction with ACE, and which features and approaches small business considered most effective
- ❖ *characteristics* of 'good practice' ACE providers to small business
- ❖ key public policy issues that arise and how they should be addressed

Project background

This project had its origins in a proposal by the Department of Employment, Education, Training and Youth Affairs (DEETYA) that further research was needed to obtain more information—particularly quantitative—on how ACE was meeting the training needs of small business. There had been anecdotal evidence confirming that ACE was effective in meeting small business training needs, but relatively little research in this area compared with other issues in ACE. The 1996 landmark national report on ACE titled *Think Local and Compete* identified small business as a major opportunity for ACE.

Project methodology

The methodology involved collection and analysis of both primary and secondary data and comprised:

- ❖ a stocktake of previous key research in the area, and analysis of unpublished data on small business employer training spending
- ❖ an analysis of the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) statistics on 'small business' clients in ACE in 1996
- ❖ a survey of small business client satisfaction in New South Wales ACE (funded by NSW BACE)
- ❖ focus groups of small business users of ACE, and ACE providers (three in total)
- ❖ four case studies of 'good practice' ACE providers to small business

Scope of the project

ACE

In this project, the ACE sector in New South Wales was defined as the 70 specific ACE providers in New South Wales which are supported by New South Wales BACE while remaining independent, community-owned and -managed organisations. The providers, classified as either Evening and Community Colleges, Community and Adult Education Centres (CAECs), or Workers' Educational

Associations (WEAs), deliver mainly short programs for adult learners and while receiving some government funding, they are largely self-funded.

To put the sector in perspective, New South Wales ACE is comparatively large in terms of course enrolments, with over 290 000 in 1996. But measured by *total revenue* from all public and private sources (estimated at around \$50 million in 1996), the New South Wales ACE sector is a relatively small part of the total New South Wales training sector—less than five per cent of the size of Technical and Further Education (TAFE) in New South Wales with total revenue over \$1 billion in the same year. Most ACE enrolments are in personal enrichment programs, but vocational programs are a significant component at 43 per cent of all enrolments and now a majority (58%) of hours delivered.

Small business

For this project, the definition of *small business* is essentially that adopted by the Australian Bureau of Statistics (ABS), that is private, non-agricultural businesses—specifically, non-manufacturing industries employing *less than 20* employees, and manufacturing industries employing *less than 100* employees. People working in agriculture are included in some data, indicated in the report.

Small businesses by contrast represent a very significant part of the New South Wales economy and employment base and comprise 97 per cent of all businesses, nearly half (47%) of all private employment and 35 per cent of total New South Wales employment—879 000 people. About one-third were working in their own businesses as employers or self-employed, with nearly 590 000 employees in the sector (66%).

Key findings

Previous research on ACE and small business

Previous research relating to Adult and Community Education (ACE) and small business relevant to the main research questions for this project is reviewed: the scale of small business use of ACE, small business views on the effectiveness of ACE, and 'good practice' ACE providers to small business.

There has been much research undertaken on ACE and even more on small business and training issues, but there has been relatively little research on ACE *and* small business. The general research shows that small business owner-managers are relatively low users of conventionally defined training and of *external training providers*, have generally negative attitudes to external training providers, and usually prefer other forms of training—especially 'learning by doing' and 'learning by discussion with peers'.

Nevertheless, small business does see a role for external trainers: in computing, small business management (including business planning, identifying business opportunities), some industry-specific areas, marketing, and technical matters.

* Small business training preferences have also been extensively and thoroughly identified. Small business owner-managers generally want training for themselves and their employees that is:

- ❖ short, sharp and specific to a particular issue and industry
- ❖ delivered flexibly, that is at times and locations to suit them, usually local
- ❖ learner-centred, rather than curriculum-centred
- ❖ delivered by business-experienced and business-friendly staff

'Best practice' for training providers has been identified in several studies, and one issue is that small business demand for accredited training is not universal.

Small business use of ACE as an external training provider

No previous research comprehensively measures the two aspects of small business use of ACE relevant to this project: *first* of all how many people from small business are doing ACE courses for business-related purposes (vs recreational) and *second*, what is ACE's market 'share' of total small business training. A 1995 New South Wales ACE study points to computing and business programs as the most significant course areas. Estimates based on that study suggest that possibly 25 per cent of people doing ACE courses are working in small business, and that between 18–30 per cent of these could be doing courses for business or work reasons.

- ❖ Unpublished ABS data analysed for this project suggest ACE's market share of those using external training providers in 1993 was 4.5 per cent of people working in their own business (employers and self-employed) and even more (15.7%) for small business employees.

The effectiveness of ACE for small business

A 1995 New South Wales ACE study shows comparatively high satisfaction levels among ACE clients generally, but there is no previous *quantitative* research on ACE's effectiveness as viewed by people from small business who have done ACE courses for business reasons. Qualitative research has gathered some employers' views which have been generally positive but some concerns were reported on course quality.

Good practice ACE providers to small business

Recent research on good practice in ACE focusses mainly on access and equity issues and no study specifically addresses good practice in meeting small business training needs.

Small business participation in ACE

Estimates are presented on the numbers and profile of small business participants for business or work reasons in New South Wales ACE courses in 1996 and estimates of the ACE share of small business training. The main data sources are the national Vocational Education and Training (VET) statistical collection (AVETMISS) and the 1996 Survey of Customer Satisfaction in NSW ACE (Sumich 1997).

In 1996, 232 500 people enrolled in New South Wales ACE courses. Both sources analysed support an estimate of between 52 000 to 56 000 people from New South Wales small business (including agriculture) doing all kinds of ACE courses in 1996 with *some 31 200 doing ACE courses for business or work-related reasons*.

- ❖ This number includes 25 100 taking VET courses and some 6000 more doing non-VET courses for work-related reasons. The 31 200 small business people comprised employers (8%), self-employed (28%) with small business employees making up nearly two-thirds (64%). Together, they represent 13.4 per cent of all BACE clients in 1996.

ACE's significance

Excluding those working in agriculture, there were some 27 700 people from small business taking work-related ACE courses. This group represents an estimated 3.2 per cent of all people working in New South Wales small business (in 1994–1995). ACE's share is slightly more for people working in their own business (employers and the self-employed) at 3.4 per cent, and slightly less for the 17 800 small business employees (3.0%).

ACE's contribution to small business training may look small compared to the total small business sector, but this perception is misleading. Most small business does not engage in training with external providers. The findings in fact confirm that ACE is indeed playing an important role in small business training in New South Wales, as previous research suggested. *First*, they suggest that ACE is making a particular contribution to the short-course market for *people working in their own business*, in its own right and also relative to TAFE. Between 1993 and 1996, there was possibly a *sixfold* increase in business-related participation in ACE by people working in their own business, albeit from a low base (from 0.5% to over 3%).

A comparison of participation in VET courses in ACE and TAFE by people working in their own business shows that disproportionately more employers and the self-employed undertook VET courses in ACE in 1996. In New South Wales in 1996, there were an estimated 26 200 people working in their own business and enrolled in *vocational* courses in ACE and TAFE combined. Even though ACE is less than five per cent of the size of the TAFE sector, 36 per cent were taking their VET courses with ACE and many more *employers* were undertaking vocational courses with ACE than with TAFE (1900 vs 160). ACE is being used for much shorter courses (80% were in courses under 20 hours) compared to TAFE (just 16% under 20 hours).

Secondly, ACE is also having success in reaching small business *employees* who are represented in ACE courses broadly in line with their share in New South Wales small business as a whole (64% vs 66%). Between 1993 and 1996, participation in work-related ACE courses possibly *doubled* as a percentage of all small business employees, (from 1.3% to 3%). There is evidence that employers encourage participation—30 per cent of these employees received support from their employers for course attendance, either financial (17%) or non-financial (13%).

ACE courses taken for work reasons

The types of courses taken in 1996 are broadly those identified in previous research, especially McIntyre (1995). Small business is using ACE mainly for short courses (as noted above), especially in computing, but also business and management studies of various kinds and also languages. Small business is largely concentrated in courses not accredited at the national or State level, conducted mainly on weekday evenings, but daytime courses are also significant. As a group, the 31 200 small business people taking work-related ACE courses were concentrated (83%) in business/administration, and arts/humanities (64%), and health and community services (19%). For *employers and the self-employed*, computer applications courses dominate (40% of all enrolments), followed by business/management programs (16%), and languages (14%).

Profile of small business ACE clients taking work-related courses

In terms of their business and employment characteristics, their profile in most respects resembles closely the New South Wales small business population generally, but there are some interesting features.

First, 71 per cent of all these small business clients are from smaller businesses with less than ten persons, if employers and the self-employed in smaller businesses are included along with employees (whose representation is in line with New South Wales small business employees overall—60%). This tends to support the view that ACE was attractive in this end of the small business market.

Second, in terms of *industry*, the ACE clients are very heavily concentrated in the community services and health sector (27% vs 3% for NSW small business overall) and retail/wholesale trade, construction and manufacturing combined (50% vs 55%) and are drawn from all *occupational* groups but particularly managers and professionals (29% vs 26% for NSW generally) and sales and personal service workers (24% vs 16%). The former would partly reflect the strong presence of employers and self-employed, while the latter would be influenced by the community services and health sector workers.

In terms of their *demographic and educational profile*, compared to all New South Wales ACE clients, small business ACE clients differ in important respects. They were more likely to be male (37% vs 27%), younger (62% vs 46% under age 40), and less well educated. Fewer have university or college qualifications (26% vs 36%) and by far the largest group (40%) has no post-school qualifications. They were also more highly concentrated in Sydney (55% vs 37%) and slightly more likely to be first-time users of ACE (26% vs 23%).

Small business satisfaction with ACE

Small business clients taking work-related ACE courses reported very high levels of overall satisfaction—in fact, higher satisfaction levels than ACE clients overall. Some 97 per cent of small business clients were satisfied with the ACE course overall with 66 per cent *extremely satisfied* compared to 59 per cent of ACE clients overall.

Previous research found some employer concern about course quality. This 1996 survey strongly suggests that overall ACE course quality is satisfactory for this group of *actual* participants in work-related ACE courses from small business. In relation to small business clients, other findings were that:

- ❖ Sixty seven per cent were *extremely satisfied* that the course provided skills and knowledge for work.
- ❖ Thirty two per cent were *extremely satisfied* that the course provided appropriate certification or recognition, but only 28 per cent of small business clients said that certification was *extremely important* to them.
- ❖ Sixty per cent said the course was relevant to their *current* job, and more (71%) said it was relevant to their *career plans*.

Specific course features

The views of small business clients here were also very much in line with those of ACE clients overall. Satisfaction with the quality of the *teachers* was the outstanding feature, with 98 per cent satisfied and 83 per cent *extremely satisfied*—again higher than BACE clients overall (74%).

The satisfaction findings point to several key questions pursued in the case studies and focus groups.

The case studies

The aim of the case studies (two non-metropolitan providers and two in Sydney) was to describe good practice in ACE provision to small business and to highlight key lessons for other ACE providers. They were preceded by focus groups.

The focus group of small business users of ACE identified strengths, weaknesses and areas for improvement in ACE. In line with the ACE customer satisfaction survey findings above, these small business ACE users were generally very satisfied with the local ACE provider's services, and said the provider's *strengths* included chiefly its:

- ❖ *location* as part of the local community
- ❖ *flexibility and responsiveness*, especially being willing to put on short courses, and to *customise* and deliver courses at times and locations convenient for the business
- ❖ the quality of *course presenters* and business development manager; the *value for money* provided including congenial premises and an atmosphere conducive to learning.
- ❖ the small business ACE users saw *weaknesses and areas for improvement* in two broad areas:
- ❖ *marketing and promotion* (more emphasis on ACE's strengths and addressing some negative business perceptions of ACE)
- ❖ *developing follow-on courses* and *more partnering arrangements* to help the local business community improve access to other training resources

The key lessons from the case studies are reported in terms of provider practices in the following areas:

- ❖ *Small business management skills*: good practice providers see themselves as small businesses providing services to other small businesses, and are implementing sound business practices with a strong commercial and customer focus.

- ❖ *Marketing and promotion*: they are using a wide range of low-cost marketing strategies to raise their local profile, projecting a more businesslike image in the business community and developing a broader relationship with business.
- ❖ *Flexible delivery, customisation and premises*: customisation was seen as a key to small business success, particularly for non-traditional learners who are resistant to conventional training. Quality training premises are essential in this market.
- ❖ *Teachers and course presenters*: the policy of using local business people extensively as instructors and tutors is highly regarded by small business users, and a key element in ACE's success with small business.
- ❖ *Partnering and building local relationships*: joining with other organisations including computer equipment suppliers, training organisations, peak business and industry bodies is a key part of good practice, also raising ACE's local community profile.

Policy issues

It is a significant goal of public training authorities and industry to improve training provision to small business, and also to increase small business participation in the national VET system. This research project confirms that ACE providers are making a significant (and probably growing) contribution to meeting the training needs of small business in New South Wales, in at least two respects: *first*, meeting a major small business training need, identified in previous research; namely, for short low-cost courses; and *second*, contributing to informal learning *on the job* in this sector, to the extent that small business people developed their general *learning* capabilities through their ACE courses.

Two key issues for public policy relating to small business training arise from this research. While formulated in terms of ACE in New South Wales, they also have relevance to ACE nationally.

Encouraging ACE expansion in the small business training market

One key suggestion of *Think Local and Compete* was the development of a small business strategy for ACE at the State level. In the light of the generally positive findings from this study, the New South Wales Board of Adult and Community Education will be incorporating a small business strategy into its 1998–2000 Strategic Plan. There would be several advantages in formally adopting such an ACE strategy:

- ❖ This study indicates substantial support in the small business market itself for ACE expansion in this market segment. A formal strategy at the Board level would be a positive response to these market calls.
- ❖ It would give formal recognition and focus to what is likely to be an important part of total ACE growth in the medium term, encouraging targets for growth and quality improvement in the small business market, as part of ACE's total quality program.
- ❖ It would provide a framework in which some *sector-wide issues* on small business could be tackled; for example, promoting a more businesslike image for ACE in those sections of local business communities where ACE is still associated predominantly with recreational and leisure programs.

More general lessons for policy on small business training

A total strategy for small business training needs to include ACE as a substantial player. As the small business sector increases in size and diversity, it is likely that demand for low-cost, short courses delivered at the local level by ACE and other external providers will increase.

The study findings also confirm that innovative, low-cost *demand-side interventions* (initiated by the ACE providers themselves) produce training results. The case studies showed several examples of how ACE providers formed alliances with peak business groups and computer equipment suppliers, to improve their reach into the small business community.

1 Introduction

1.1 Project aims and background

The overall aim of this project was to identify the types of Adult and Community Education (ACE) programs and approaches that are most effective in meeting small business training needs in New South Wales. This included planning, marketing and other ACE provider activity.

The specific aims were to:

- ❖ identify and describe the scale of small business use of New South Wales ACE programs (for business purposes)
- ❖ identify effectiveness as measured mainly by small business client satisfaction with ACE, and those ACE features small business considered most effective
- ❖ describe the *characteristics* of 'good practice' ACE providers to small business, as a guide to other providers
- ❖ identify key public policy issues that arise and how they should be addressed

The project was a collaboration between the National Centre for Vocational Education Research (NCVER) and the New South Wales Board of the Adult and Community Education (BACE), through ACE Services, New South Wales DTEC.

Project background

This project had its origins in a proposal by Department of Employment, Education, Training and Youth Affairs (DEETYA) which suggested that further research was needed to obtain more information on how ACE was meeting the training needs of small business.

For some years, there had been anecdotal evidence that ACE was effective in meeting small business training needs. While there had been some important research on the issue, there was relatively little quantitative or qualitative research compared with research on other issues in ACE. The 1996 landmark national report titled *Think Local and Compete* stated that:

Some studies indicate that ACE is playing an important role in developing small business and that this role could possibly be expanded and certainly the consultations suggested this to be the case¹ (p.24).

The report went on to identify eight 'Critical Opportunities for the ACE Sector' and one of these was 'to strengthen the position of the ACE sector in relation to training for small business':

In this report we have noted that there are no a priori reasons why ACE providers are better able to meet the training demands of small business. Nevertheless, there are obvious synergies between ACE providers and small business. An ACE Small Business Strategy at State level, perhaps built on strategic alliances with industry associations or small business associations, would provide an opportunity for ACE providers to strengthen their contribution in this area (p.45).

This project therefore aimed to obtain quantitative and other information that would assist policy makers assess these and other options and help ACE providers in New South Wales and Australia to better meet the training needs of small business (and indeed, training providers generally). Generating *quantitative* information on the small business issue was particularly important as this was the area where research was lacking.

1.2 Methodology

The methodology involved collection and analysis of both primary and secondary data. Specifically, it comprised:

- ❖ a stocktake of previous research on ACE and small business, and analysis of unpublished 1996 Australian Bureau of Statistics (ABS) survey data on small business training expenditure
- ❖ an analysis of the national provider statistical collection Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) for New South Wales ACE in 1996 in relation to 'small business' clients
- ❖ the 1996 AGB McNair Survey of Client Satisfaction in New South Wales ACE (funded by NSW BACE)
- ❖ focus groups of small business users of ACE, and ACE providers
- ❖ four case studies of 'good practice' ACE providers to small business

1.3 Definitions of ACE and small business

For this project, the ACE sector in New South Wales was defined as those ACE providers receiving some support from the New South Wales BACE. In 1996, this comprised some 72 providers classified as either Evening and Community Colleges, Community Adult Education Centres (CAECs), or Workers Educational Associations (WEAs). Chapter 2 provides more information on the New South Wales ACE sector.

Small business

For the purpose of this project, the definition of *small business* is that adopted by the ABS.

For most statistical purposes, the ABS defines small business in terms of *employment size*, except for agricultural enterprises (see below). Small businesses are generally defined as:

- ❖ non-manufacturing industries employing *less than 20* employees
- ❖ manufacturing industries employing *less than 100* employees²

A definition based on employment size assists statistical analysis of the small business sector. But the ABS also points out that a business has traditionally been regarded as small if it has certain management and organisational features:

- ❖ it is independently owned and operated
- ❖ it is closely controlled by owner-managers who also contribute most if not all of the operating capital
- ❖ the principal decision-making functions rest with the owner-managers³

The following further points on the definition of small business should also be taken into account.

Excluded from the ABS definition of small business are *all government organisations* including those that are part of general government administration (the example, Department of Agriculture offices and public Department of Education facilities) *and* government trading enterprises.

Included are organisations in the *community (not-for-profit) sector* that pay wages and qualify as a Group Employer for tax purposes.

In the *agricultural sector*, 'small business' is not defined in terms of employment size, but rather the dollar value of the agricultural operations—a small agricultural business broadly being one with a value of operations of under \$400 000 in 1994–95. Generally, agricultural operations are excluded from most statistics on small business in Australia.

In this project, data were collected on ACE clients working in agriculture. This was because anecdotal evidence indicated that ACE providers in non-metropolitan regions might be important providers of courses (for business purposes) to this sector. Where agriculture is included, it is indicated in the text or tables.

Within small business so defined, there are several broad categories of persons that it is useful in a training context to distinguish. These are persons operating their own business, comprising:

- ❖ employers; that is, those working (mainly) in their own business with employees
- ❖ 'own account workers'; that is, those working in their own business without employees, sometimes referred to as self-employed persons
- ❖ employees, or wage and salary earners

For more information on these categories, see the glossary.

Endnotes

- 1 Schofield, K 1996a, p.24.
- 2 Recently, the ABS has published small business data where small businesses are defined as enterprises employing less than 20 employees only, thus excluding manufacturers with 20–99 employees. The ABS has described this as a 'slight change in the definition of small business . . . made to simplify the analysis'; but added that 'It is not expected to significantly vary the conclusions one could draw about the small business sector' (Small and medium enterprises: Business growth and performance survey, Australia. ABS, cat.8141.0, September 1996).
- 3 ABS 1995a, p.1.

2 Profile of ACE and small business in New South Wales

2.1 Overview

This chapter presents key background information on the size and characteristics of the New South Wales adult and community education (ACE) and small business sectors, including the significant industries, trends in spending on training by small business, and main types of training.

The ACE sector in this project comprises 70 specific ACE providers in New South Wales which are independent, community-owned and -managed organisations while supported by New South Wales BACE. They provide mainly short programs for adult learners, and while receiving some government funding, they are largely self-funded.

In terms of course enrolments, New South Wales ACE is comparatively large with over 290 000 in 1996. But measured by total revenue from all sources (estimated at around \$50 million in 1996), the New South Wales ACE sector is a relatively small part of the total New South Wales training sector—less than five per cent of the size of Technical and Further Education (TAFE) in New South Wales (McIntyre et al. 1996). Most ACE enrolments are in personal enrichment programs, but vocational programs are significant at 43 per cent of all enrolments and now a majority (58%) of hours delivered. Only seven per cent of all enrolments are in *accredited* Vocational Education and Training (VET) courses (22 000), mainly in computing (43%). Some 76 per cent of all ACE participants are employed or doing unpaid family work (McIntyre et al. 1995). Identifying how many work in small business *and* are doing ACE courses for *business* reasons is a question addressed in chapter 4.

Small businesses by contrast represent a very significant part of the New South Wales economy and employment base and comprise 97 per cent of all businesses, nearly half (47%) of all private employment and 35 per cent of total New South Wales employment. In 1994/95, there were 254 000 small businesses in New South Wales in which 879 000 people were working. About one-third were working in their own businesses (291 000 people or 34%), with nearly 590 000 employees in the sector (66%).

In New South Wales, *small business employer training spending* is substantial, and grew strongly 1993–1996—unlike other States/Territories where it actually declined by ten per cent. In 1996, New South Wales small business employers spent an estimated \$213 million on training, a 34 per cent nominal increase over 1993, larger than growth in training spending by larger New South Wales employers (20%).

Growth in training spending by New South Wales small business in the period 1993–1996 reflects several factors, but chiefly growth in the total numbers of small business *employers* (up 21 000 or 18%, to 133 000), and in the number that are spending on training (up 3900). Between 1996–2000, annual training expenditure by New South Wales small business employers *could* increase by an additional \$57 million–\$100 million over 1996 spending (nominal dollars). The lower figure assumes spending growth continues at the 1993–1996 rate for *all* New South Wales employers (about 7% pa), while the higher figure assumes growth continues at the higher *actual* rate recorded for *small employers* 1993–1996 (around 10% pa). The likelihood of achieving the higher growth would seem to depend largely on continued strong growth in the number of small *employing* businesses in New South Wales. Recent data indicate this growth is continuing, but there has been a slight fall-off in small employing businesses intending to train.

2.2 ACE in New South Wales

For the purposes of this project (as noted in chapter 1), ACE in New South Wales was defined as the ACE sector, meaning the network of some 70 specific providers of adult education and training supported by the New South Wales BACE.¹ These providers comprise three types of organisations located in both metropolitan and country New South Wales: Evening and Community Colleges, Community Adult Education Centres (CAECs), and Workers' Educational Associations (WEAs). While these organisations differ in some respects, they share a number of important characteristics: they are independent, community-owned and -managed; they provide mainly short programs for adult learners, and while receiving some government funding, they are largely self-funded.

Size of the ACE sector

Measured in terms of total revenue from all sources (public and private), the New South Wales ACE sector so defined has been estimated at around \$50 million in 1996.² One perspective on the relative size of the ACE sector in New South Wales comes from a comparison with the New South Wales TAFE sector with total revenues of over \$1 billion in 1995/96 (NSW TAFE Commission, 1997). On this basis, in New South Wales the ACE sector is under 5 per cent (or one-twentieth) of the size of TAFE.

ACE draws its revenue overwhelmingly from fees which on average contribute nearly 75 per cent of total income, with public sector funding only around one-quarter. Within the sector, individual ACE providers differ markedly in size and scope of activities. In 1996, the largest provider (St George and Sutherland Community College, in suburban Sydney) had a total income of some \$3 million while the smallest was a rural ACE provider with just \$24 000.

Table 2.1 presents a summary profile of total New South Wales ACE sector activity in 1996. This shows there were over 290 000 course enrolments in ACE involving 5.5 million hours delivered, with around two-thirds of these in metropolitan areas and one-third in rural New South Wales. Considering the types of programs that ACE provided in 1996, key features are that:

- ❖ The majority of course enrolments are still in personal enrichment programs, but vocational programs in ACE are significant, at 43 per cent of all enrolments and now a majority (58%) of hours delivered.
- ❖ ACE programs are predominantly in just three fields of study: arts, humanities and social sciences (40%); health and community services (18%); and science—including some computer courses—(14%)
- ❖ course enrolments in business, administration, economics comprised six per cent of the total, or over 19 000 enrolments.
- ❖ Just seven per cent of all enrolments are in accredited VET courses (22 000), and these are mainly in computing (43%).

Recently the sector has grown significantly on some measures. Between 1995 and 1996, total enrolments increased by ten per cent, but total hours delivered increased by just one per cent.

Table 2.2 shows a summary profile of New South Wales ACE clients in 1996. Overall, they were predominantly female (73% vs 46% in TAFE), around 70 per cent were over age 30, nearly three-quarters (73%) were employed including nine per cent in unpaid family work. In general, people who are younger, better off, better educated, employed full-time and working in higher status occupations are more likely to enroll in adult education (Robinson & Davis 1997).

With the small business focus of this project, some 76 per cent of ACE participants are of potential interest: employers and self-employed, representing seven per cent of total ACE enrolments in New South Wales, the 60 per cent employed full-time or part-time, and possibly some of the nine per cent doing unpaid family work (for example, in small family businesses). The issue is how many are doing ACE courses for *business* purposes as distinct from participating for personal enrichment reasons. This is addressed in chapter 4.

Table 2.1 Profile of New South Wales ACE provision, 1996

	Enrolments	Hours delivered
Total '000	292	5520
	%	%
<i>Region</i>		
Metro	63	65
Rural	37	35
Total	100	100
<i>Program type</i>		
Vocational	43	58
Personal enrichment	57	42
Total	100	100
<i>Field of study¹</i>		
Arts, humanities, social sciences	40	34
Health and community services	18	14
Science	14	11
Multifield programs	6	15
Business, administration, economics	6	6
Services, hospitality, transport	5	4
All others	11	16
Total	100	100
<i>Discipline group²</i>		
Mathematics, computing	43	30
Health sciences	21	18
Social, education and employment skills	13	24
Administration, business, economics, law	10	12
Education	4	3
All others	9	13
Total	100	100

Source: NCVET 1997; BACE 1997

Notes:

- 1 All courses, vocational and personal enrichment combined.
- 2 Accredited vocational enrolments only (including literacy enrolments).

Table 2.2 Profile of New South Wales ACE clients^a, 1996

<i>Gender</i>	% ^b
Male	27
Female	73
Persons	100
<i>Age</i>	
Under 20	7
20-29	23
30-39	25
40-49	21
50-59	14
60+	11
Total	100
<i>Labour force status</i>	
Employer	1
Self-employed	6
Employee (full-time)	41
Employee (part-time)	19
Subtotal employed	67
Unpaid family work	9
Unemployed	7
Not in the workforce	17
Total	100

Source: NCVET 1997; BACE 1997

Notes:

- a All courses, vocational and personal enrichment combined. Percentages of course enrolments.
- b Derived from the proportion of clients who reported gender, age and labour force status.

2.3 Small business: Numbers and selected characteristics

Small businesses (as defined in chapter 1) represent a very significant part of the New South Wales economy and employment base. They account for 97 per cent of all businesses in New South Wales and for nearly half (47%) of all employment outside the government sector and agriculture; and 35 per cent of *total* New South Wales employment. This contrasts with the ACE sector which is a relatively small part of the total New South Wales training sector, being less than five per cent of the size of TAFE (see section 2.2).

The latest comprehensive data on the small business sector in Australia (covering employees as well as small business operators) relate to 1994–95. In that year in New South Wales, there were some 254 000 small businesses in which 879 000 people were working—either as employers, persons working in their own business as sole proprietors or working partners, or as employees (table 2.3).

- ❖ Of these 254 000 small businesses, just under half (125 000) employed people as employees; and in the other 129 000 ‘non-employing’ businesses, 194 000 people were working as ‘own account workers’—either sole proprietors or working partners in unincorporated businesses.
- ❖ Thus there were 291 000 people in New South Wales classified as working in their own business, as employers (97 000) or ‘own account workers’ (194 000) This was 34 per cent of all persons working in New South Wales small business in 1994–1995.³
- ❖ 588 000 ‘employees’ made up 66 per cent of all people working in New South Wales small business³.

Table 2.3 Summary profile of small businesses in New South Wales: 1994–95

Business type	No. of businesses		No. of persons working ('000)			
	('000)	%	In own business		Employees ^a	
			Employers	Own account workers ^a		
Total						
Employing	125	49%	97	–	588	685
Non-employing	129	51%		194		194
Total	254	100%	97	194	588	879
%	11%	23%	66%	100%		

Source: ABS 1995a

Note:

- a Own account workers: include proprietors and partners working in their own unincorporated business, but not as employees. Working directors of incorporated companies are classified by the ABS as *employees* in the above data.

Trends

Between 1983–1984 to 1994–1995, the New South Wales small business sector grew considerably although generally at a slower rate than the national average on some key indicators. For example, New South Wales was lower than the national average in the annual growth in the number of small businesses (2.3% vs 3.3%), the number of *persons working in their own businesses* (1.9% vs 2.7%), and total *small business employment* (2.0% vs 2.5%)

Nevertheless, small business contributed 43 per cent of all employment growth in New South Wales in this period. The number of people working in New South Wales small business grew by 169 000 and 46 per cent of that growth came from businesses with under ten staff, including 26 per cent from an additional 44 000 people working in their own businesses (See appendix 1, table A1.1)

Industries and other characteristics

Over 60 per cent of New South Wales small businesses are concentrated in just four industries—construction, property and business services, retail and manufacturing. These industries also account for over 60 per cent of small business employment (see also appendix 1, table A1.2).

Another way of looking at the importance of small business is the significance of small business *within* a particular industry. Viewed this way, small business is most important in New South Wales for the construction industry, where 76 per cent of all industry employment is in small businesses, for property and business services (58%); and for retail (46%).

A recent major study identified detailed characteristics of small *employing* businesses in Australia, though New South Wales data are not available separately (IC 1997). Key features (see also appendix 1, table A1.3) are that:

- ❖ just on half (51%) of all small businesses are family businesses
- ❖ fifteen per cent of small business operators report that they intended to close or sell the business within three years
- ❖ seven per cent of small businesses with 5–19 employees operate as franchised businesses, double the corresponding proportion (3%) for all small businesses. (Franchisees may have access to training under the franchise agreement)
- ❖ sixty-six per cent of small businesses have a single major decision-maker, and women are the major decision-makers in around ten per cent of these
- ❖ only three per cent of small businesses are exporters

Home-based small businesses

Home-based small businesses make up a very large proportion of the total small business picture in New South Wales and Australia (ABS 1998). On a national basis, home-based small businesses make up 58 per cent of all small businesses and all small business operators. In February 1997, there were an estimated 143 000 home-based small businesses in New South Wales in which some 250 000 small business operators were working.⁴

2.4 Employer training expenditure

Total spending on training in the small business market—the dollar size of the training market—will include all private and public spending in this sector. While this information is not available, information is available on spending on training by small business *employers*. This allows estimates to be made of the dollar size of one key segment in the private small business training market, and trends in that spending.⁵

This information is taken from the *Employer Training Expenditure Survey* (ABS 1997). It is important to note that in this survey, an 'employer' is defined as an organisation with *at least one wage and salary earner*. This means that the survey includes as employers the so-called 'one-person business' where the working director-owner is paid as a wage and salary earner and is the only employee working in that business.

Bearing this in mind, analysis of published and unpublished ABS data for this project shows four important findings:

First, in 1996 small business employers in the New South Wales private sector spent an estimated \$213 million on structured training to develop employment-related skills or competencies.⁶ This was 19 per cent of the estimated total training spend by all New South Wales private sector employers (just over \$1150 million); and 46 per cent of the \$460 million spent by all small employers Australia-wide.

Second, between 1993 and 1996, spending on training by New South Wales small business employers grew on an annual basis by an estimated \$54 million—from \$159 million to \$213 million, or by 34 per cent. (Note that these are nominal, not real or inflation-adjusted dollars)

Third, between 1993 and 1996, spending on training by small business employers in New South Wales increased at a *faster growth rate* than did spending on training by other New South Wales employers (34% vs 20%)—an average annual growth rate of just over ten per cent per annum by New South Wales small business employers, compared to just over six per cent per annum for larger employers in New South Wales.

Fourth, between 1993 and 1996, the number *and* proportion of small business employers reporting training expenditure in New South Wales also *increased*. In 1996, an additional 3900 small employers reported spending on training, representing an increase from 13.4 per cent to 14.3 per cent. However this is still much lower than the proportion of larger employers in New South Wales who spend on training (in 1996, 53.2% of the 11 100 employers with 20 or more staff).⁷

Table 2.4 summarises the key data for New South Wales, with more detailed tables including data on other States/Territories given in appendix 1, tables A1.4–8.

Factors contributing to training expenditure growth in New South Wales small business 1993–1996

Strong growth in training spending in New South Wales reflects growth in three factors during 1993 to 1996: the total numbers of small business *employers* (up 21 000 or 18%, to 133 000); the *proportion* of these employers *reporting training expenditure* (up nearly one per cent); and the average *amount spent on training* by these employers (up over 6%) appendix 1, table A1.5.

Of all of these factors, the most important is the growth in the sheer size of the small business employer sector. Unpublished data (see appendix 1, table A1.7) also indicate that the smaller firms (with 1–9 employees) contributed all of the growth in the sector, and—more importantly—all of the growth in the number of small employers who reported training expenditure (3900). It is not possible to identify employers with one employee separately, that is, the ‘one person businesses’ noted at the beginning of this section.

Table 2.4 Estimated annual^a employer expenditure on training in New South Wales, 1993 and 1996

Employer category	1993	1996	Increase 1993–1996	
	\$m	\$m	\$m	%
Small business ^b	159	213	54	34%
Other employers	782	936	154	20%
All employers	941	1149	208	22%

Source: ABS 1997, (unpublished data)

a Estimate assumes training expenditure reported for September quarter in each year (see appendix 1, table A1.4) represents 25 per cent of total annual spending.

b 1–19 employees.

New South Wales vs other States

Between 1993 and 1996, aggregate training spending by small business employers in New South Wales was very different from that in the other States and Territories. Table 2.5 shows that while total spending on training by these employers in New South Wales *increased* by 34 per cent, in the other States/Territories spending actually *declined* by ten per cent. On a national basis, these two movements net out to a six per cent *increase* for Australian small business training expenditure overall. But as this analysis shows, national figures can sometimes mask important differences between States/Territories.

Table 2.5 Small business employers: Expenditure on training in New South Wales vs other States/Territories, 1993 and 1996

State/Territory	1993	1996	Increase 1993–96	
	(September quarter)			
	\$m	\$m	\$m	%
NSW	39.7	53.3	13.6	34
Other States/Territories	68.6	61.7	-6.9	-10
Australia	108.3	115.0	6.7	6

Source: ABS 1997, (unpublished data)

Fields of training provided

The fields in which small employers Australia-wide provided training in 1996, as measured by training dollars spent per employee, is shown in appendix 1 (table A1.7). Small employers provided most training in the 'Trade and apprenticeship' area (25%)—more than double the significance of this same field in larger employers. For larger employers, training in the 'Management and professional' field is the single most important area. For ACE, one particularly relevant field of training is 'General computing'. For small employers, this field was ranked fifth in terms of training dollars per employee and accounted for nine per cent of the total training dollar on this measure.

Projected employer spending on training 1996–2000

Table 2.6 presents two projections (not forecasts) of small business employer spending on training in New South Wales, to 2000. The first assumes that training expenditure by New South Wales small business employers will continue to grow between 1996 and 2000 at the same rate recorded over 1993–1996 (around 10% pa). Under this scenario, annual training spending would increase from \$213 million in 1996 to over \$310 million in 2000, an increase of around \$100 million over the 1996 spending level (in nominal dollars).

As shown earlier, the main factor driving growth in spending in the New South Wales small business training between 1993 and 1996 was the strong growth (18%) in small business (employer) formation. The likelihood of this first scenario being realised would also seem to depend largely on continued strong growth in the number of new, small employing businesses. Recent data indicate this growth is continuing. Between 1995 and 1997, the number of small employing businesses in New South Wales grew by ten per cent (ABS 1998).

Table 2.6 Small business employers in New South Wales: Projected expenditure on training 1996–2000

Training expenditure (\$m– nominal)			
	<i>Actual</i>		
1993		159	
1996		213	
	<i>Projected</i>	<i>10% pa^a</i>	<i>7% pa^b</i>
1997		234	228
1998		258	243
1999		284	261
2000		312	279

Source: Project team estimates

Notes:

a Actual average annual growth rate, New South Wales small business employer training spending 1993–1996.

b Actual average annual growth rate, all New South Wales employers training spending 1993–1996.

The second scenario assumes small employer spending grows only at the lower 1993–1996 rate for all New South Wales employers training expenditure (around 7% pa). Under this scenario, growth in small business training spending would be lower but still substantial—around \$280 million per year by 2000, an increase of around \$57 million over the 1996 level (again, in nominal dollars).

On this basis, annual training expenditure by New South Wales small business employers *could* increase by an additional \$57 million–\$100 million by 2000 (in nominal, not inflation-adjusted dollars).

Endnotes

- 1 Different definitions of adult and community education (ACE) largely come down to whether the focus is on ACE the sector, ACE the educational experience, or ACE the participants. For more discussion of this issue, see Robinson and Davis 1997.
- 2 McIntyre, Brown & Ferrier 1996, p.5.
- 3 The total number of persons working in their own business will be greater than the sum of employers and own account workers. Some of the 588 000 persons classified as 'employees' in the small business sector are in fact directors working in their own business, but paid as wage and salary earners by that business (table 2.1, footnote a). The number of these working directors in 1994–95 is not known. Data on employees in small business should therefore be used with caution, as should data on employers for reasons outlined in section 2.3, Employer Training Expenditure.
- 4 In the survey (ABS 1998) on which these estimates are based, there are two kinds of 'home-based small businesses'. There is no standard statistical definition of 'small business operators', but in the ABS survey it is a broader group than 'Persons working in their own businesses' (see table 2.1). The main difference is that 'small business operators' includes, as well as the proprietor of a sole proprietorship and the partners of a partnership, the working directors of an incorporated company. This last group was not included in previous ABS estimates of 'Persons working in their own businesses'.
- 5 In addition to spending on training by small business employers, total training spending by the private small business sector will also include spending on training by employees working in small business, and by own account workers, that is, those working in businesses without any employees.
- 6 The key definitions are (ABS 1997, p.45):

Structured training

All training activities which have a predetermined plan and format designed to develop employment related skills and competencies. It consists of periods of instruction, or a combination of instruction and monitored practical skills. The instruction can take the form of workshops, lectures, training seminars, audio visual presentations, demonstration sessions or monitored self-paced training packages. It can also include structured on-the-job training associated with the assessment of accredited competency-based skills.

Training expenditure

Employers expenditure for employees' gross wages and salaries for time receiving and providing structured training, fees paid to consultants and institutions and other expenditure on structured training.

- 7 The percentage of small employers reporting training expenditure is much lower than larger employers (20 employees or more), in New South Wales and the remainder of Australia. Another national survey cited elsewhere in this chapter, the BLS or Business Longitudinal Survey (IC 1997), found a much higher proportion of small businesses (21%) reported undertaking formal training in Australia in 1994–95 than the Employer Training Expenditure Survey. But the BLS Report cautions that 'we have some concern that the question eliciting formal training data on employees was difficult to answer for smaller firms so we emphasise caution in using these results. (IC 1997, p.27)

For this reason, plus the fact that the ABS Employer Training Expenditure Survey is specifically designed to obtain data on employer training, data from the Employer Training Expenditure Survey is considered the more authoritative on questions like the percentage of small businesses training.

3 Previous relevant research

3.1 Overview

This chapter summarises previous research on ACE and small business relevant to the main research questions for this project. These are the scale of small business use of ACE, small business views on the effectiveness of ACE, and 'good practice' ACE providers to small business.

General findings

There has been much research undertaken on ACE and even more on small business and training issues (also summarised here), but there has been relatively little research on ACE *and* small business. The general research shows that small business owner-managers are relatively low users of conventionally defined training and of external training providers, have generally negative attitudes to external training providers, and usually prefer other forms of training, especially 'learning by doing' and 'learning by discussion with peers'.

Nevertheless, small business does see a role for external trainers—in computing, small business management (including business planning, identifying business opportunities), some industry specific-areas, marketing, and technical matters. Small business *training preferences* have also been extensively and thoroughly identified. Small business owner-managers generally want training for themselves and their employees that is:

- ❖ short, sharp and specific to a particular issue and industry
- ❖ delivered flexibly, that is, at times and locations to suit them, usually local
- ❖ learner-centred, rather than curriculum-centred
- ❖ delivered by business-experienced and business-friendly staff

'Best practice' for training providers has been identified in several studies, and one issue is that small business demand for accredited training is not universal.

Small business use of ACE as an external training provider

No previous research comprehensively measures the two aspects of small business use of ACE relevant to this project. These are how many people from small business are doing ACE courses for business-related purposes (vs recreational) and *second*, what is ACE's market 'share' of total small business training. A 1995 New South Wales ACE study points to computing and business programs as the most significant course areas. Estimates based on that study suggest that possibly 25 per cent of people doing ACE courses are working in small business, and that between 18 and 30 per cent of these could be doing courses for business or work reasons. ABS data suggests ACE's market share of those using external training providers in 1993 was 4.5 per cent of people working in their own business (employers and self-employed) and even more (15.7%) for small business employees.

The effectiveness of ACE for small business

The 1995 New South Wales ACE study shows comparatively high satisfaction levels among ACE clients generally, but there is no previous *quantitative* research on ACE's effectiveness as viewed by people from small business who have done ACE courses for business reasons. Qualitative research has gathered some employers' views which have been generally positive but some concerns were reported on course quality.

Good practice ACE providers to small business

Recent research on good practice in ACE focusses mainly on access and equity issues and no study specifically addresses good practice in meeting small business training needs. One issue for this project is whether some aspects of good practice in relation to small business apply particularly to the ACE sector (for example, because of the particular segments of the small business training market in which ACE operates).

3.2 Small business and training generally

This chapter summarises previous research relating to ACE and small business relevant to the main research questions for this project, namely :

- ❖ the scale of small business use of ACE
- ❖ small business views on the effectiveness of ACE
- ❖ characteristics of 'good practice' ACE providers to small business

Background

There has been a large volume of research on ACE in recent years¹ and even more on small business and training issues. But there has been relatively little research work on ACE *and* small business, that is, research investigating small business use of ACE.

Two counts of research titles illustrate this point. The major recent *Review of research on VET and small business* (covering 1990 to 1997) lists some 53 research titles on small business and training issues, but not one of these includes ACE in the title; indeed, there is no mention of ACE at all in the review (Gibb 1997). Similarly, the most comprehensive analysis of ACE research in Australia in recent years (Foreman 1995) identifies some 57 ACE research reports and papers released over the period 1992–1995, but again, not one title mentions small business during this period when 'some \$1.2 million was spent on ACE research and development' (Robinson & Davis 1997, p.4).

As well, a search of the ACE-specific research conducted during 1995–1997 did not identify any research report that linked ACE and small business in the title. But some general and ACE-specific research has produced some valuable and relevant information, even though its primary focus has not been to investigate ACE and small business. Before outlining these and placing them in context, this section first summarises those findings from the general small business research most relevant to the research questions in this project.

The vast amount of research on small business and training over the last thirty years dates from the Wiltshire report (1971) which investigated among other issues, small business management education and training. The body of research has been most recently reviewed by Gibb (1997) and Coopers & Lybrand (1994).

Gibb (1997) concentrates on the 1990–1997 period and comments that the 'dominant theme' that comes through the research is 'the need for market orientation' in training²:

Since the early 1990s, research in small business and vocational education and training has lead to recommendations regarding the need for more training, the need to target training, the need to make training more accessible and the need for the training industry to be more market oriented. This point regarding the need for market orientation is the dominant theme that runs through most of the research. (Gibb 1997, p.52)

While noting the dominance of the market orientation theme—that the training industry should address the actual training needs of small business—Gibb describes the basic outcome desired by government as being 'that small business adopt a training culture, participate in accredited training and take on an employee' (1997, p.53). The Gibb review concludes with some key questions raised by the research. Given the goal of achieving an uptake in training by small business, is the problem really that small business does not have a training culture (and policy therefore needs to help develop one)?

Alternatively, the problem may be:

that training reform has focussed on large company needs and therefore must change the way it operates to meet those of small business. Such changes include looking at ways of mentoring, coaching, promoting non-accredited training and alternative ways to make training attractive to small business, and building on the learning that is taking place in the sector. (Gibb 1997, p.53)

As to the learning taking place in the sector, Field (1997) argues that very little of the learning that occurs in small business results from structured training, and that 'the generally ad hoc, on the job, flexible approach to supporting learning found in small business may actually be its strength rather than weakness' (p.11). Another way these themes are expressed in the research is that *supply side* adjustments (changing the way providers relate to small business) must be accompanied by interventions on the *demand side*, that is, action geared to reducing the barriers to more small business participation in formal training and other less formal means of skills development. Demand-side interventions highlight the role of 'business intermediaries' (such as accountants, bankers, financial advisers, suppliers) as both sources of skills development and knowledge, and as sources of information about where to go to get the skills development (see for example Gibb 1995, p.35-8).

The Coopers & Lybrand (1994) review was more focussed on the actual training needs of small business and included a survey of small firms. This review found that until 1994, research on small business training needs had been largely ad hoc and deficient in that it failed to research how owner-managers themselves identify their training needs, their preferred training forms, how they respond to alternative training approaches, the effectiveness of existing programs, and appropriate evaluation methods. The Coopers & Lybrand (1994) survey was designed to remedy this and obtained the views of over 800 small businesses across Australia via mail questionnaire.

Small business and external training providers: Key findings

The main relevant findings from this, other surveys and the general (non ACE-specific) research may be summarised as follows.

First, small business has a relatively low use of training generally, and of external training providers, for both owner-managers and their employees. Various surveys in the 1990s have measured small business use of external training providers for structured training, including TAFE, private training providers, professional and industry associations, equipment manufacturers or suppliers, training consultants and, in one case, use of ACE as an external training provider (see section 3.3 below).

Coopers & Lybrand (1994) found that around 50 per cent of small businesses said they had used external training providers at some time, another 25 per cent said they would be unlikely to use external training providers, 'no matter what the VET sector does', and the other 25 per cent was unsure of the benefits of using external providers. Of those that had used external providers, about half (25% of the total) perceived a very low likelihood of using them again in the future (pp.55-6).

Small business use of external trainers is much lower than larger firms. One study which compared use of external providers over the course of a year found that large firms were four times more likely to use an external provider than small firms: some 22 per cent of small business *employers* in Australia used an external training provider in 1994, compared to 84 per cent of private sector firms with 20-99 employees and over 95 per cent of firms with 100 or more employees (Baker & Wooden 1995, p.75).

Second, small business owner-managers report that they needed skills in at least five main areas: the ability to turn one's hand to anything, financial skills (budgeting, cash flow etc), people management, interpersonal/communication skills, and business planning. Other areas identified but less frequently were marketing and customer service skills, and technical and industry-related skills.

Third, for small business owner-managers, the preferred method for gaining these skills for themselves were not external trainers but 'learning as you go' (49% rated this 'very useful'), followed by 'learning by discussion' with peers or other business owners (19%). External trainers (14%) were ranked third, well behind the other two methods. Managers had a similar view on how their employees would best gain the skills that managers thought they needed. Their preferences were overwhelmingly for on-the-

job training (67%), way ahead of an external provider at 25 per cent (TAFE, industry association or chamber of commerce) followed by formal in-house training (22%).

Fourth, small business attitudes to externally provided training were generally negative. Small business owner-managers as a group had a strong view that externally provided training courses are *not relevant*, regardless of whether they are run by TAFE, industry associations or private providers. Nearly three-quarters (73%) gave relevance factors as the reason for not identifying external trainers as the way to develop skills for owner-managers (Coopers & Lybrand 1994, p.30), especially businesses with less than five staff (see also appendix 1, table A1.11).

Fifth, small business nonetheless saw some role for external training providers, despite their negative attitudes towards them. External training providers would be considered where there exists a need to acquire skills in computing, small business management (including business and strategic planning, identifying business opportunities), some industry specific-areas, marketing, technical matters (except in the wholesale/retail industries). These were similar to areas identified in previous research, though the 1994 survey responses showed less emphasis on financial training such as financial management, understanding cash flow, taxation planning and risk assessment (Coopers & Lybrand 1994, p.32).

Sixth, as to external providers preferred by small business owner-managers, TAFE was found to be the 'top of the mind' provider for training to both employers (27%) and employees (39%), especially for small businesses with low turnover. The ranking of other providers was similar for both groups: industry associations, private provider, university, 'Other (chamber of commerce, franchise)' (Coopers & Lybrand 1994, pp.31-2).

Interestingly, some 21 per cent of small business respondents said they did not know who they would go to for their own external training, and 15 per cent said the same for training their employees. This may be the group of small business people who have no intention of using external providers, but it may also include some uncommitted owner-managers who are a potential market for any external provider, including ACE.

Seventh, training providers have generally failed to provide training in the form preferred by small business, particularly to established and growth businesses. Small business owner-managers generally want training for themselves and their employees that is 'short, sharp and specific', rather than general; problem-specific and industry-specific; delivered flexibly, that is, at times and locations to suit them and preferably at a location close by; learner-centred, rather than curriculum-centred; and delivered by business-experienced staff.

Characteristics of 'good practice' providers to small business

In addition to research identifying the form of training preferred by small businesses (see above, this section), other research has examined best practice through case studies. For example, the Better Business Centre (1996) identified examples of best practice training to small business against three criteria: how it matched the content and delivery of skills development programs with the needs of small business operators; how the program was marketed and promoted to the target group; and how the program stimulated demand for skills development in small enterprises.

As noted in Gibb (1997, p.42), the Better Business Centre researchers found the following elements to be good practice:

- ❖ providing short modules at frequent intervals
- ❖ including introductory seminars and non-accredited training programs in building a desire for further training
- ❖ having credible presenters
- ❖ responding immediately if the program is to be relevant
- ❖ providing technical and managerial training concurrently
- ❖ arranging for mentoring and follow-up to ensure skill transfer

- ❖ establishing cohesive groups and self-support structures for clients
- ❖ understanding the target group and catering to their unique requirements

In the seven case studies, the researchers noted that 'in many quarters both providers and users do not value accredited, assessable programs' (p.ii). This highlights one of the most persistent themes in recent research on the training needs of small business namely, that their needs were not adequately accommodated by the National Training Reform Agenda (NTRA), that the focus on formal, structured and accredited training is misdirected from the point of view of small business; and that the training system must modify how it operates if it is to better meet small business needs.

3.3 Small business and ACE

As noted in chapter 1, the Schofield report commented that 'some studies indicate that ACE is playing an important role in developing small business and that this role could possibly be expanded' (1996a p.24). The chief studies referred to, but not dealt with in detail, were *ACE works: The vocational outcomes of adult and community education in New South Wales* (McIntyre et al. 1995); and *The vocational scope of ACE* (McIntyre et al. 1993).¹

The ACE Works report is the major ACE-specific study for ACE and small business, and the only such study that had as one of its stated objectives to obtain information about ACE and small business:

... the research was required to investigate how employers, particularly small business, might be using ACE courses to meet their training needs. (McIntyre et al. 1995, p.73)

The ACE Works report noted that 'there is little hard evidence of the role ACE plays in meeting industry needs' (p.18). Based on the evidence collected for its study, the report concluded that in New South Wales in 1994, ACE was making a 'hidden contribution' to training small business, and that this contribution was significant:

The major contribution which ACE makes to the needs of industry is through providing local training for small business through the advertised program, notably in the computing area. Such training is valued because it is easily accessed, practically relevant and affordable. (McIntyre et al. 1995, p.10)

The following summarises the key findings from *ACE Works* and other studies in relation to the key research questions for this project.

Small business use of ACE as an external training provider

There are two key quantitative questions of interest concerning small business use of ACE: *first*, small business participation in ACE, that is, how many people from the small business sector are doing ACE courses for business-related purposes (vs recreational) and how significant are they within the total ACE client base; and *second*, what is ACE's market 'share' of total small business training, that is, what proportion of people working in small business and undertaking business-related training actually use ACE.

Unfortunately, no previous research comprehensively measures these two aspects of small business use of ACE by all categories of people working in small business—employers, self-employed and employees. This applies to both New South Wales in particular and Australia generally.

Small business participation in ACE

There have been many studies of participation in ACE in Australia in the 1990s which have collected information on a wide range of characteristics of ACE participants including age, sex, educational background and some aspects of their employment background. Broadly speaking, identifying small business participation in ACE was less of a priority for these ACE participation studies, than identifying other participant characteristics—especially gender and educational level. In practice, the studies also have two limitations in identifying small business participation in ACE for business purposes.

First, none of these studies collected information on small business *employees* doing ACE courses for work-related reasons, and (as chapter 1 showed) these employees make up 66 per cent of all people working in small business. Generally the participation studies identified people doing ACE courses and working in various categories of paid employment, including employees. But none collected data on the size of the business or organisation where they were working, which would have allowed employees working in small business to be identified. This is true for all the major ACE participation studies carried out in this period including the *Population Survey Monitor* conducted by the ABS (McIntyre & Crombie 1996) or PSM (ABS 1996), the *Outcomes and Pathways* study (ABS 1995b) and the *Victorian Evaluation Survey of Participants and Non Participants in Adult Community and Further Education* (Roy Morgan Research Centre 1995).

Second, while some participation studies did collect the data that identified some key small business categories such as those working in their own business—employers and self-employed persons—generally this data was not published. If published, it did not distinguish between those doing ACE courses for business or work-related purposes and those in ACE for personal enrichment reasons. For example, the Roy Morgan study even includes ‘owners of small businesses’ as one of ten occupational categories in a survey of 1230 ACE participants and non-participants (1995 appendix 1, p.13). The survey covered only 103 *current* ACE participants and of these, only 65 (63%) were working in any capacity at all. Not surprisingly, no data is published on ‘small business owners’ doing ACE courses or even those among the non-participants in ACE. The point is that identifying small business participation was not a primary aim of these surveys. In the 1996 New South Wales BACE client satisfaction survey (Sumich 1997), reported in following chapters, this became a primary focus.

The *ACE Works* report (1995) also included a survey of 1994 ACE participants, but this also did not collect information to identify either small business *employees* or *employers*³; and while it collected data on self-employed persons doing ACE courses, it did not publish data on those in this group doing courses for business or work-related reasons. Nevertheless, the 1994 survey of ACE participants in New South Wales along with a similar 1993 participant survey (reported in McIntyre, 1993) show that in 1993 and 1994:

- ❖ around 71–73 per cent of all students in New South Wales ACE were in paid employment (either self-employed, or employed full-time or part-time)⁴. This includes those working in small business and other organisations, and doing courses for both work and non-work reasons (McIntyre 1995, p.49)
- ❖ about 13 per cent of all ACE participants were *self-employed*, again including those doing courses for business and non business reasons (McIntyre 1995, p.41)
- ❖ around 17–18 per cent of all ACE clients (including those in paid employment and those not) reported that work was the *main* reason for doing the ACE course, and some 30 per cent report work as *one* of the reasons for doing the course (McIntyre 1995, p.50)

On the basis of these figures, an estimate can be made of total small business participation in New South Wales ACE for business-related purposes, that is by employers, self-employed and small business employees combined. Assuming this group was represented in the *employed* ACE client population in the same proportion as its share of *total* New South Wales employment, then some 25 per cent of all ACE participants would be from small business as defined and if between 18–30 per cent were also doing ACE courses for work or business-related reasons, then this group would comprise some five per cent to eight per cent of all ACE clients⁵.

It must also be said that in *ACE Works*, the focus was not on *total* small business participation in ACE but on *employer* use—specifically those employers who were current or previous users of ACE in New South Wales. As to the difficulty of doing even this before the implementation in ACE of the national standard VET statistical collection, the report commented thus:

Adult education has historically not focussed on industry needs nor worked closely with employers to meet their training needs. Providers are not geared to collect information about employers using their courses, and indeed the main challenge for the research was to uncover the ‘invisible’ use of ACE courses especially by local businesses.
(McIntyre et al.1995, p.73)

As well, the focus of the employer study was not the New South Wales ACE sector as a whole, but small business employer use of ACE mainly in four larger ACE colleges in metropolitan Sydney. These colleges represented an estimated 20 per cent of total New South Wales ACE activity and the study used a range of techniques (including provider record analysis) to investigate employer usage⁶. A key part of this investigation was a mail survey of some 1200 employers identified as users of ACE from provider records (over 900 employers paying for a course in 1994) and which achieved 216 employer responses (17%). On the employer study, the *ACE Works* report commented that:

The analysis provides for the first time some glimpses into the way ACE may be serving small business and local organisations and says something about the 'catchments' of these colleges. It supports the claims of Principals that local business is their natural clientele and echoes the focus group finding that employers tend to use the general program rather than request special courses. (McIntyre et al. 1995, p.83)

The key relevant findings from the employer study were as follows:

- ❖ Small employers and (the self-employed) were significantly represented in the employer customer base of the ACE providers examined. Over two-thirds of the employer users of ACE surveyed were small employers (with under 20 employees) and one-third were 'micro businesses' (less than five employees). The report considered that even this might understate the scale of participation in ACE by small business employers⁷.
- ❖ Most were doing computing and business courses, and were using the general ACE program with *customised* training being relatively unimportant.
- ❖ Many of the business names appeared to be those of self-employed people, and few were well-known large enterprises although where these appeared, they were often paying for several students to do courses.
- ❖ The employer industry profile varied from provider to provider but the manufacturing, construction, wholesale-retail, finance, property and business services, and community services were well represented across providers. Most were in the private sector (68%), 15 per cent in the public sector and 13 per cent in the community sector.
- ❖ The businesses and organisations were mostly local. Postcode analysis showed that up to 90 per cent were in the local government area of the ACE provider or adjacent suburbs.

The *ACE Works* report provides valuable information on small business employer use of ACE, and points the way to further research on use of ACE by this segment of the total small business population. But while it is possible to make estimates of *total* small business participation in ACE (as shown earlier in this section), the full extent of small business use of ACE is not known from previous research to date. As shown in chapter 4, implementation of national VET statistical collection standards in New South Wales ACE now makes it possible to measure more accurately some aspects of small business participation in ACE—notably by employers and the self-employed—but the problem of identifying participation by small business employees still remains.

ACE market share of small business training

The most comprehensive data on ACE's market share comes not from the ACE-specific research but the general survey research, although interestingly it appears not to have been noted previously.⁸ The 1994 ABS survey *Training and Education Experience, Australia 1993* (ABS 1994) was a national household survey and provides some information, on an Australia-wide basis, of small business use of external training providers in 1993, including one category described in that survey as a 'community and adult education centre'.⁹ This survey found that in 1993, some 11.4 per cent of *people working in their own business (that is, employers and self-employed)* attended an external training course (ABS 1994, p.39), and as shown in table 3.1:

- ❖ Some 4.5 per cent of *all people working in their own business and who used an external training provider* did their *main* external course at a community and adult education centre, that is some 7900 employers and self-employed people, Australia-wide (ABS 1994, p.39).

- ❖ But considerably more *small business employees* did their *main* external course at 'ACE'—nearly 16 per cent of all these employees who took an external course, nearly twice the corresponding proportion of all employees (9%).

Table 3.1 Employed persons^a: Attendance at external training providers 1993^b (% of those using external training providers in last 12 months), Australia

Provider	Persons working in own business ^c	Small business employees ^d	All employees ^e
	%		
Professional or industry association	37.6	26.5	26.1
Equipment supplier or manufacturer	18.4	22.7	14.5
Training consultant	14.5	13.4	21.0
Educational institution ^f	14.2	21.7	19.4
Other	10.9	-	10.9
Community or adult education centre	4.5 ^g	15.7	9.1
Total %	100	100	100
No '000	174	110	738

Source: ABS 1994, p.39, (published and unpublished data)

Notes:

- a Employment status at the time of the survey in April/May 1993.
- b In the 12 months from April/May 1992 to April/May 1993, for their *main* external course.
- c Employers and self-employed.
- d Private sector employees in businesses with 1–19 employees. Relative standard error 25–50 per cent .
- e In all organisations, small and large; and public and private sectors.
- f Includes schools, universities, TAFE colleges, public and private providers.
- g Based on data estimate (7900) with relative standard error between 25 and 50 per cent.

There are many reasons why these data need to be interpreted with care.¹⁰ But they suggest a significant ACE contribution in relation to small business employees in particular and allow estimates of ACE's market share to be made. They suggest that considering just *those people working in their own business and who used an external trainer in 1993*, ACE's estimated market share was some 4.5 per cent on a national basis. This is equal to only 0.5 per cent of *all* people working in their own business (4.5% of 11.4%), including those who did not use an external trainer. In terms of small business *training* market share, however, that lower figure is less relevant.

In the case of *small business employees* using external providers, ACE appears to have an even higher market share (15.7% vs 4.5% for people working in their own business), equivalent to 1.3 per cent of all small business employees. But perhaps equally interesting is what table 3.1 suggests regarding the relative importance of ACE compared to 'educational institutions' including TAFE. This implies that for people working in their own business, ACE's market share was around one-third that of 'educational institutions' including TAFE (4.5% vs 14.2%); and for small business employees, even more (16% vs 22%). As shown in chapter 2, ACE is much less than one-third the size of the TAFE sector—in New South Wales it is less than five per cent the size of TAFE. This data is consistent with the view that ACE is playing an important role in training for small business.

Although not directly comparable¹¹, another recent national survey in 1997 has also obtained information on small business use of 'community and adult education centre', this time by one very specific subset of small employers: those employing *recent* VET graduates¹² and who had 'paid for, or subsidised, the cost of any employee training or provided paid time off for an employee to attend training', and who had used an external training provider.

The survey of *Employer Satisfaction with VET 1997* found that seven per cent of this particular group of small employers had used a community and adult education centre in the 12 months to October 1997 (NCVER 1997, pp.50–1). Nearly five times as many (34%) had used TAFE or an industry association (32%), but note that these figures will be heavily influenced by apprenticeships and traineeships.

Small business views on the effectiveness of ACE

This section examines the quantitative and qualitative research work on the relevance of ACE to small business.

There is no previous *quantitative* research on the effectiveness of ACE as viewed by people from small business who have done ACE courses for business reasons. However, some findings from the 1994 participant survey in the *ACE Works* report are worth noting, even though (as noted above) participants from small business cannot be identified separately. *First*, the ACE participants overall¹³ reported quite high levels of satisfaction in terms of their main reason for doing the course. Seventy-seven per cent reported that the course had 'helped them a lot' and 18 per cent said it had 'helped them a little'. *Second*, 60 per cent reported improved performance in at least one of four areas of work competence including 22 per cent who said they gained 'relevant job skills and knowledge' and 19 per cent who reported 'improved thinking'.

The *third* relevant finding relates to 'Business and computing courses' where (as noted earlier) people from small business seemed to be concentrated. People who had done these ACE courses again were generally highly satisfied. Only 15 per cent reported 'no improvement', 46 per cent said they were better at using technology and 39 per cent at 'finding and sorting information' (McIntyre 1995, pp.63–7).

In relation to *qualitative* research on the effectiveness of ACE for small business, only one study has obtained information from small business clients themselves though others have reported the views of ACE providers on this issue. The *ACE Works* employer study referred to above included interviews with 36 employers in 1994 identified as previous ACE users, who had paid for courses taken by employees. The employers were a mix of large and small employers ranging from 'large public organisations with hundreds of employees to small family owned businesses with a few employees' (McIntyre 1995, p.90).

The interviews disclosed mixed employer views on the effectiveness of ACE. Most confirmed their preference for in-house training over external training providers, in line with employers generally. Where the interview was with the person in the organisation who had taken the ACE course themselves, *ACE Works* reports that 'they were generally very positive about their ACE training experience' (McIntyre 1995, p.91). On the other hand, employer knowledge and awareness of ACE was surprisingly low considering these employers were ACE users, and not many knew if anyone from their organisation had enrolled in an ACE course in 1994 when the interview was conducted. There was also some concern about course quality:

The interviews indicated that the quality of courses was a concern. Several employers had variable experiences with courses in the ACE sector, but others relied on recommendation and feedback from colleagues and employees to assess quality and value before committing themselves. There were some negative views expressed about the merits of ACE compared to TAFE, which might be partly explained by the questions being phrased in terms of choosing between ACE and TAFE. (McIntyre et al. 1995, p.94)

Based on this feedback, *ACE Works* suggested that more attention should be paid to quality assurance and more effective marketing of ACE's strengths to industry. The report also noted that its ACE college case studies (of customised training—see below, this chapter) indicated that ACE providers were effective in meeting local employer needs, as judged by the college principals, while cautioning that the perceptions of principals may not necessarily reflect those of employers (McIntyre 1995, p.80).

The 1993 New South Wales ACE study also reports some provider views on ACE's effectiveness (McIntyre et al. 1993, pp.43–4). Generally these were larger metropolitan providers who considered local small businesses as 'their natural clientele', particularly those seeking low-cost, quick-return, short training programs, especially in computing, business and office skills. Some felt that ACE's market comprised those segments of the small business market not being addressed by TAFE or private providers, including small businesses that were not members of peak industry bodies. These providers saw ACE's effectiveness as springing mainly from its responsiveness, including being able to identify needs ahead of other providers.

Good practice ACE providers to small business

While there is now a considerable body of research on good practice in ACE, no previous study has specifically addressed good practice in meeting small business training needs.¹⁴ The good practice case studies tend to focus on access and equity issues for particular target groups of participants, although good practice in computer training has also been described in Bishop and others (1995 pp.23–30). This

description of how three ACE providers in New South Wales responded in different ways to increasing demand for computer training, from both the community and business sectors, highlights several strategies. These include upgrading computer equipment to standards at least matching those of their competitors in the training market; co-operative arrangements with TAFE or schools to share resources; and (in some cases) moving towards accreditation of courses such as the certificate in small business computer applications; and introducing quality systems.

The *ACE Works* study included some seven case studies of *customised* training to employers both large and small (McIntyre 1995, pp.79–83), concentrated in the computing or language and literacy area. The aim of these studies was to identify factors that make for successful *customisation* rather than success with small business. But the factors identified were very similar to those identified in the general research on best practice in small business training, reported earlier in this chapter, namely:

- ❖ being prepared to meet the client's needs for flexibility in the timing, length, venue and content of the course, while recovering hidden costs of product development, yet remaining competitive in price. Most colleges had concerns about the development costs of promoting customised training and achieving a benefit–cost balance
- ❖ responding quickly to an initial inquiry and being able to assess, at the outset, both the stated and 'unrecognised needs' of the client
- ❖ a good understanding of industry and workplace culture by the negotiator and a trainer/tutor who is sensitive to the workplace context
- ❖ setting up a process in which the college and employer can evaluate outcomes and seek feedback on quality

In summary, this investigation of previous research confirms that there are substantial gaps in knowledge—particularly *quantitative*—regarding small business and ACE. The focus of this present project is on obtaining information on the following issues to assist in determining whether ACE is playing an important role in relation to small business:

First, in the context of the *scale* of small business participation in ACE for business or work reasons, what is the full extent of this participation including by employers, self-employed persons and especially small business employees who have been overlooked in much previous small business research. Further, what are the *characteristics* of these small business people doing ACE courses compared to the ACE population overall. And has there been any increase in ACE's share of the small business training market in 1996 compared with 1993 when ABS data suggests it might be just under five per cent for people working in their own business and (possibly) nine per cent for small business employees?

Second, in relation to the effectiveness of ACE in meeting small business training needs, what do *small business people themselves* think of ACE's effectiveness in meeting their training needs?

Third, in relation to good practice for ACE training providers to small business, are there further lessons to be learnt beyond those of previous 'good practice' studies for the ACE sector and ACE providers? For example, are there new dimensions of good practice or do some aspects of good practice apply particularly to the ACE sector (for example, because of the particular segments of the small business training market in which ACE operates)? And for training providers more generally, are there any lessons to be learnt from a study of good practice in ACE in relation to the small business market?

The following chapters report the research findings on these issues.

Endnotes

- 1 For a recent review of the full range of research on ACE in Australia, see Robinson, C & Davis, P, September 1997, 'Adult learning and the impact of research', full details in references.
- 2 Gibb summarises the research activity under the six headings identified in the Small Business Training Policy Framework (ANTA 1996): the role of government, approach to training delivery, information and networking, credibility and quality of training and equity.

- 3 The employment categories in the ACE Works survey were: self-employed, full-time employee, or employed part-time (McIntyre et al. 1995, appendix 2 'Participant survey', p.171). While information on the employment size of the business or organisation was not collected in the participant survey, it was in the employer survey discussed later in section 3.3.
- 4 Some ACE participant surveys produced widely varying estimates of the proportion of ACE clients in paid employment. For example, in the Outcomes and Pathways study, only 47 per cent of all ACE participants surveyed in Victoria, New South Wales and South Australia were found to be employed when they did their 1992 ACE course (ABS 1995, pp.27–9). This compares over 70 per cent of all clients in the 1993 and 1994 New South Wales ACE surveys reported in this chapter. This disparity meant that the value to this present project of analysing unpublished data from previous ACE participation surveys was very limited.
- 5 The estimate is derived as follows: in New South Wales, employment in the small business sector represents 35 per cent of total New South Wales employment including the public sector and agriculture (see chapter 2). Thus if the notional small business 'share' of ACE clients in paid employment is 35 per cent, then 35 per cent of 73 per cent (the proportion of all ACE clients in paid employment) equals 25 per cent, that is, people working in small business comprise an estimated 25 per cent of all ACE clients in New South Wales.
- 6 Employer 'usage' could mean the employer him/herself attending the ACE course, or paying for others to do the course. The four colleges were: St. George–Sutherland REC, Parramatta Evening Regional College, Manly–Warringah Community College, and Strathfield Regional Community College (the last two also being case studies for this present project—see chapter 6). The ACE Works employer study had several components, all with a focus on businesses who were current or previous users of ACE and included:
 - ❖ a focus group with ACE providers
 - ❖ seven case studies of *customised* training by the large ACE providers
 - ❖ an analysis of selected ACE college financial record to establish employer usage of ACE and a data base of employers and business users
 - ❖ interviews with 36 employers selected from the data base, to document employer perspectives on training
 - ❖ a mail survey of 1200 employers identified as users of ACE from provider records, which achieved 216 employer responses (17%)
- 7 The report commented that 'it seem[ed] likely that there was a tendency for larger employers to respond to the survey and that the smaller businesses of the kind described in the college case studies are under represented'. (McIntyre 1995, p.90)
- 8 Note that the ACE Works report does refer to this ABS survey (McIntyre 1995, p.41). While it points out the survey's estimate that nationally 85 700 people overall had completed a course at a community and adult education centre in the 12 months covered by the survey, it does not report use of these centres by people working in their own business, or working as employees.
- 9 A 'community and adult education centre' was not defined in the household survey. The ACE Works report (among others) has commented on the relative lack of clarity of ACE in the business and community mind, compared to other sectors: 'Employers unsure about ACE tended to equate adult education with university, TAFE, Continuing Education or "anything older students do"'. (McIntyre 1995, p.91).
- 10 For example, as well as possible ambiguity about what constitutes a 'community and adult education centre' (see endnote 9 above), these data refer only to where the main external course was done by people working in their own business. Some of these may have done several courses at a variety of providers over the 12-month survey period. In addition, some people who were counted as 'employed' at the time of the survey may have done their 'ACE course' earlier in the 12 months when they were unemployed. This is probably more likely for those classified as 'employees' at the survey date than for employers and the self-employed.
- 11 The two surveys differ in several important respects: data from the 1993 ABS Survey in this section relates to employers plus self-employed persons, whereas the 1997 Employer Satisfaction Survey covers employers only, and then only one subgroup of employers; and the 1993 survey data here refer to attendance at external courses by the employers and self-employed persons themselves,

while the 1997 survey refers to employers who gave specified financial assistance to employees attending external training courses.

- 12 In the Employer Satisfaction Survey, 'recent VET graduates' were defined as TAFE and non-TAFE graduates who had completed a course of 200 hours or more (or one semester) in the two years prior to the survey. Graduates could have completed the course prior to or while employed by the particular employer surveyed. The survey covered some 2700 employers Australia-wide, of whom 77 per cent (2070) were small employers, defined as those with fewer than 20 employees.
- 13 Results were not reported separately for those who gave work-related reasons as the main reason for doing the course.
- 14 For example, Foreman (1995, p.3) lists five projects dealing with good practice examples in ACE out of the 57 R&D projects included in the summary 1992-1995.

4 Small business participation in ACE

4.1 Overview

This chapter presents information on the numbers and profile of small business participants in New South Wales ACE courses in 1996, for business or work reasons and estimates of the ACE share of small business training. The main data sources are the national VET statistical collection (AVETMISS) and the 1996 AGB McNair Survey of Customer Satisfaction in New South Wales ACE (Sumich 1997).

In 1996, 232 500 people enrolled in New South Wales ACE courses. Both sources analysed indicate an estimate of between 52 000 to 56 000 people from New South Wales small business (including agriculture) doing all kinds of ACE courses in 1996 with *some 31 200 doing ACE courses for business or work-related reasons*. This number includes 25 100 taking VET courses and some 6000 more doing non-VET courses for work-related reasons. The 31 200 small business people comprised employers (8%), self-employed (28%) with small business employees making up nearly two-thirds (64%). Together, they represent 13.4 per cent of all BACE clients in 1996.

ACE's significance

Excluding those working in agriculture, there were some 27 700 people from small business taking work-related ACE courses. This group represents an estimated 3.2 per cent of all people working in New South Wales small business (in 1994–1995). ACE's share is slightly more for people working in their own business (employers and the self-employed) at 3.4 per cent, and slightly less for the 17 800 small business employees (3.0%).

ACE's contribution to small business training may look small compared to the total small business sector, but this perception is misleading. Most small business does not engage in training with external providers. The findings in fact confirm that ACE is indeed playing an important role in small business training in New South Wales, as previous research suggested. *First*, they suggest that ACE in its own right and also relative to TAFE is making a particular contribution to the short-course market for *people working in their own business*. Between 1993 and 1996, there was possibly a sixfold increase in business-related participation in ACE by people working in their own business, albeit from a low base (from 0.5% to over 3%).

A comparison of participation in VET courses in ACE and TAFE by people working in their own business shows that disproportionately more employers and the self-employed undertook VET courses in ACE in 1996. In New South Wales in 1996, there were an estimated 26 200 people working in their own business and enrolled in *vocational* courses in ACE and TAFE combined. Even though ACE is less than five per cent of the size of the TAFE sector, 36 per cent were taking their VET courses with ACE and many more *employers* were doing vocational courses with ACE than TAFE (1900 vs 160). ACE is being used for much shorter courses (80% were in courses under 20 hours) compared to TAFE (just 16% under 20 hours).

Secondly, ACE is also having success in reaching small business *employees* who are represented in ACE courses broadly in line with their share in New South Wales small business as a whole (64% vs 66%). Between 1993 and 1996, participation in work-related ACE courses possibly *doubled* as a percentage of all small business employees (from 1.3% to 3%). There is evidence that employers encourage participation—30 per cent of these employees received support from their employers for course attendance, either financial (17%), or non-financial (13%).

ACE courses taken for work reasons

The types of courses taken in 1996 by these small business people are broadly those identified in previous research, especially McIntyre (1995) reported in chapter 3. They are using ACE mainly for short courses (as noted above), especially in computing, but also business and management studies of various kinds and also languages; they are largely concentrated in courses not accredited at the national or State level, conducted mainly on weekday evenings, but daytime courses are also significant. As a group, the 31 200 small business people taking work-related ACE courses were concentrated (83%) in business/administration, and arts/humanities (64%), and health and community services (19%). For *employers and the self-employed*, computer applications courses dominate (40% of all enrolments), followed by business/management programs (16%), and languages (14%).

Profile of small business ACE clients taking work-related courses

In terms of their business and employment characteristics, their profile in most respects resembles closely the New South Wales small business population generally, but there are some interesting features.

First, 71 per cent of all these small business clients are from smaller businesses with less than ten persons, if employers and the self-employed in smaller businesses are included along with employees (whose representation is in line with New South Wales small business employees overall—60%). This tends to support the view that ACE was attractive in this end of the small business market.

Second, in terms of *industry*, the ACE clients are very heavily concentrated in the community services and health sector (27% vs 3% for NSW small business overall); and retail/wholesale trade, construction and manufacturing combined (50% vs 55%); and are drawn from all *occupational* groups but particularly managers and professionals (29% vs 26% for NSW generally) and sales and personal service workers (24% vs 16%). The former would partly reflect the strong presence of employers and self-employed, while the latter would be influenced by the community services and health sector workers.

In terms of their *demographic and educational profile*, compared to all New South Wales ACE clients, small business ACE clients were more likely to be male (37% vs 27%), younger (62% vs 46% under age 40), and less well educated. Fewer have university or college qualifications (26% vs 36%) and by far the largest group (40%) has no post-school qualifications. They were also more highly concentrated in Sydney (55% vs 37%) and slightly more likely to be first-time users of ACE (26% vs 23%), but conversely nearly three-quarters were repeat users of ACE.

4.2 Numbers in business-related courses

Two estimates of the number of people from New South Wales small business doing 'business-related or work-related' courses in ACE in 1996 were derived, based on different data sources: the national VET provider statistics which have progressively included coverage of New South Wales BACE, and the 1996 BACE customer satisfaction survey.

In summary, both sources analysed support an estimate of between 52 000 to 56 000 people from New South Wales small business (including agriculture) doing all kinds of ACE courses in 1996 with *some 31 200 doing ACE courses for business or work-related reasons*. This includes 25 100 doing VET courses and just over 6000 more doing non-VET courses for work-related reasons. The 31 200 small business people comprised employers (8%), self-employed (28%) with small business employees making up nearly two-thirds (64%). Together, they represent 13.4 per cent of all BACE clients in 1996 (232 500).

Definitions of 'business-related or work-related' courses

Due to differences in the two data sources, these courses were defined in two ways. First, in the estimate based on the national VET provider data, '*business-related or work-related*' courses were defined as VET courses, that is vocational courses classified to Streams 2100–4500. This is the standard definition of vocational courses. The second method of estimating used data collected on a different

basis which does not differentiate VET courses from non-VET courses. In this estimate, the definition is in terms of the vocational *motivation* of persons doing the ACE courses—specifically, those clients working in small business *and* who said it was ‘important’ or ‘extremely important’ that the ACE course provide them with *skills or knowledge for work*.

Estimate 1: The national VET provider statistics for BACE in 1996 allow good quality estimates of some key aspects of small business participation. Of the 232 500 persons enrolled in New South Wales ACE in 1996, some 70 per cent reported their employment status (self-employed, employer, employee etc—see Glossary for details). As table 4.1 shows, this method produces an estimate of 56 400 people from small business doing all kinds of New South Wales ACE courses in 1996, 24 per cent of all New South Wales ACE clients and an estimated 25 100 *small business clients doing VET courses in ACE in 1996*. These comprised 9 300 people working in their own business (employers and self-employed persons, or 36%) and 15 800 small business employees (64%).

It should be noted that for employers and self-employed clients, this estimate simply assumes that the actual number recorded is 70 per cent of the total in these categories. The small business employees’ estimate, however, involves a further assumption; namely, that among all persons in ACE who recorded themselves as ‘employees’, small business employees are represented in both VET and non-VET courses in the same proportion as their share of total New South Wales employees (25%).

Table 4.1 Estimated¹ small business participation (number of persons) in New South Wales ACE by course type, 1996

Employment category	No of persons ('000) by course type		
	VET	Non-VET	Total ²
Employer ³	1.9	2.4	4.0
Self employed ³	7.4	10.7	15.9
Subtotal	9.3	13.1	19.9
Employees ⁴	15.8	24.4	36.5
Total	25.1	37.5	56.4
% of total BACE clients	11%	16%	24%

Source: Derived from *Selected VET statistics*, NCVER 1997 (unpublished data)

Notes:

- 1 Estimate assumes the actual employment categories distribution of the 70 per cent of BACE clients who reported this item in 1996 is representative of the total BACE client population.
- 2 Total does not equal the sum of VET plus non-VET because some persons in each employment category did both types of courses in 1996. The figures under ‘Total’ are *net* totals for each row.
- 3 Includes all industries and private and public sectors.
- 4 Small business employees, as defined in chapter 1. Estimate assumes New South Wales small business employees represented in total employees doing courses in BACE, in same proportion as small business employees share of total New South Wales employees, private and public sectors, excluding agriculture (25% in 1996).

Estimate 2: As noted earlier, the second estimate (based on the 1996 BACE customer satisfaction survey) measures small business participation on a different basis from the national VET statistics. The 1996 BACE survey has the great advantage of collecting data on participant characteristics and allows small business participants to be more accurately identified (notably business size and industry information). However, while the survey classified the courses that ACE participants were doing at the survey date by broad fields of study, this did not include whether the course was classified VET or non-VET as in the national provider collection. Instead, the survey asked participants to identify the reason (or reasons) they were doing their courses.

This survey produced similar but not identical estimates to those from the first method. Table 4.2 shows two BACE survey estimates (including *and* excluding agriculture), and compares these with the estimate in table 4.1. This table shows that considered on the most comparable basis (*excluding* the estimated 3600 working in agriculture), the BACE survey produces a *lower* estimate of *total* number of persons from the small business sector doing ACE courses in 1996 (48 400 vs 56 400), but *slightly higher* estimates of the number *doing business- or work-related* courses compared to those enrolled in VET courses (27 800 vs 25 100). These are discussed below.

Table 4.2 Comparison of estimates of small business participation (number of persons) in New South Wales BACE, 1996

	NPC ¹ Estimate	BACE survey ² estimate	A ³	B ⁴
Course type	'000	Course motivation	'000	'000
VET	25.1	Work skills important ⁵	27.7	31.2
Non VET	37.5	Work skills not important ⁶	20.7	20.8
Total	56.4		48.4	52.0

Source: Table 4.1; Sumich 1997 (unpublished data)

Notes:

- 1 Estimate based on national provider collection data, see table 4.1
- 2 Estimate derived from results of 1996 BACE customer satisfaction survey (Sumich 1997)
- 3 Excludes 3600 working in agriculture.
- 4 Includes 3600 working in agriculture.
- 5 BACE survey respondents who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work.
- 6 BACE survey respondents who said it was 'unimportant' or 'extremely unimportant' that the ACE course provide skills or knowledge for work.

As explained in chapter 1, data on people working in agriculture were examined for this project because of anecdotal evidence of New South Wales ACE's contribution to this sector—even though agriculture is normally excluded from small business statistics. With agriculture included, table 4.2 shows the BACE survey found the estimated total number of small business people doing all kinds of ACE courses in 1996 rises to 52 000, or 22 per cent of all BACE clients. Of these 52 000, 60 per cent said they were doing the course *at least partly* for work or business reasons (they said that it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work) while 28 per cent said this was the *main* reason they did the ACE course. This equates to between 14 600 and 31 200 small business people in New South Wales, the larger figure representing 13.4 per cent of all BACE clients in 1996.

The BACE survey also found these 31 200 small business clients doing an ACE course for business or work reasons comprised employers (8%), self-employed (28%) and small business employees (64%), figures virtually identical to the composition of those doing VET courses from estimate 1.

Two main differences between these estimates need comment. The first is the *lower* estimate from the BACE survey of the *total* number of persons from the small business sector doing ACE courses in 1996 in New South Wales compared with the 'expected' number derived from the NPC estimate.

There are several reasons why differences would be expected between the two estimates and in particular, why the BACE survey might be expected to produce a *lower* estimate of small business participation in ACE. One is that the composition of the 'small business population' differs slightly, with the NPC estimate including some categories excluded from the BACE survey estimate. Another is that the estimate in table 4.1 is based on an actual 'census' count of the BACE client population over the full twelve months of 1996, while the BACE survey is a snapshot survey at a point in time (November/December 1996). There is under-representation in the BACE survey sample of employed persons generally (67% in the survey vs 70% in the NPC) and particularly employees (56% vs 63%). The most likely explanation for this under-representation of employed persons in the BACE survey is the survey timing during the lead-up to the annual Christmas break when course participation by working people generally may be lower than at other times of the year.

It should therefore not be concluded that small business is 'under-represented' in New South Wales ACE because of the difference between the 'expected' participation and that found in the BACE survey.

The second difference is the survey's *slightly higher* estimates of the number *doing business- or work-related courses* (27 800 vs 25 100 in VET courses). The explanation for this is most likely definitional: the larger number refers to those doing *all* kinds of courses (both VET and non-VET) for work-related reasons. The BACE survey implies 57 per cent to 60 per cent of small business participants in ACE are doing both kinds of courses for work-related reasons, compared to the lower estimate of 44 per cent doing VET courses in ACE. This is consistent with previous research showing people doing non-VET courses for work reasons. In this case, it would imply that up to 13 per cent of New South Wales small

business people in non-VET courses (some 7000) are motivated at least partly by work or business considerations.

4.3 ACE participation compared to total New South Wales small business

Table 4.3 shows this comparison for several estimates of the number of small business clients undertaking an ACE course for business or work reasons in 1996. This demonstrates that considering the standard definition of small business (that is, *excluding* those in agriculture and public sector employment), the 27 700 small business clients in ACE represent an estimated 3.2 per cent of total New South Wales small business employment. ACE's share is slightly more for employers and self-employed (3.4%) and slightly less for small business employees (3.0%).

Table 4.3 Indicators of significance of small business participation in ACE, 1996

		Employment category ('000)		
		Employers and self-employed	Employees	Total
<i>Small business: NSW ACE participation estimate</i>				
1	NPC: VET courses only BACE survey	9.3	15.8	25.1
2	Incl agriculture	11.2	20.0	31.2
3	Excl agriculture	9.9	17.8	27.7
<i>Small business segments NSW</i>				
Total small business NSW 1994–1995				
		290.6	588.4	879.0
5	Employers and Own account Workers NSW May 1996 (all industries)	375.7	na	na
2 as % of 5		3.0%		
3 as % of 4		3.4%	3.0%	3.2%

Source: Tables 2.3, 4.1; Sumich 1997 (unpublished data); ABS 6201.1, May 1996 (p.14)

ACE's contribution to small business training may look small compared to the *total* small business sector, but this comparison can give a misleading picture. It must always be recalled that most of small business does not engage in training at all. The ACE participation data in fact suggest (as did previous research) that ACE is indeed playing an important and increasing role in small business training in New South Wales.

This is clearest in relation to *people working in their own business* (employers and self-employed). The findings suggest that between 1993 and 1996 there was strong growth in the numbers in this group attending ACE courses for business or work reasons and that ACE had possibly increased its training market share. Table 4.4 presents these findings for this group (working in *all* industries including agriculture, the only basis on which published data is available).

At first glance, the data suggest that for *persons working in their own business*, there appeared to be a *sixfold* increase between 1993–1996, albeit from a very small base—from 0.5 per cent to 3.0 per cent; and possibly a doubling for *small business employees* (from 1.3% to 3.0%). This probably overstates the actual size of growth in both cases. The percentage attending ACE in 1993 for *any* work-related course (that is, not just their *main* course) is probably higher than 0.5 per cent and 1.3 per cent respectively. It also needs to be remembered that both the 1993 and 1996 data are estimates only, involving a number of broad assumptions rather than accurate measurements (see also chapter 3). Nevertheless the data suggest strong growth.

Table 4.4 People working in small businesses New South Wales: Estimated participation in ACE for work reasons, 1993 and 1996

	1993	1996
<i>Persons working in their own businesses</i>		
% attending ACE		
– for their main external course	0.5%	na
– for any courses (main & others)	na	3.0%
<i>Small business employees</i>		
% attending ACE		
– for their main external course	1.3%	na
– for any courses (main & others)	na	3.0%

Source: Tables 3.1 and 4.3

ACE's training market share 1993–1996: The growth described in the previous paragraph would be expected to increase ACE's share relative to other external training providers used by people in small business, all other things being equal. As noted in chapter 3, considering just those people working in their own business *and* who attended an external training provider, ACE's share in 1993 was estimated at only 4.5 per cent. ACE's share of this market could have increased very substantially if, between 1993 and 1996 ACE had been the *only* external training provider where participation by employers and the self-employed increased.¹ That is most unlikely. It is more likely that by 1996 New South Wales ACE *had* increased its share in these markets, but due to data limitations it is not possible to determine the extent of this increase.

Further evidence of ACE's contribution to training for people working in their own business in New South Wales is provided by comparing participation in VET courses in ACE and TAFE by this group. This shows that disproportionately more employers and the self-employed undertook VET courses in ACE in 1996. In New South Wales in 1996, there were an estimated 26 200 people working in their own business and enrolled in *vocational* courses in ACE and TAFE combined (table 4.5). Even though ACE is less than five per cent of the size of the TAFE sector, 36 per cent (9300) were doing their courses with ACE and many more employers were doing vocational courses with ACE than with TAFE (1900 vs 160). ACE is being used for much shorter courses (80% were in courses under 20 hours, and 95% under 30 hours) compared to TAFE (just 16% under 20 hours with 31% in courses of 200 hours or more).

Table 4.5 Estimates^a of persons working in their own business (employers and self-employed) enrolled in VET courses in New South Wales ACE and TAFE: 1996

	Enrolled in VET courses		Course duration (hours)		
	No	%	< 20	>20	Total
ACE	9310	36	80	20	100
TAFE	16910	64	16	84	100
Total	26220	100			

Source: *Selected VET statistics*, NCVET 1997, (unpublished data)

Note:

a Based on responses from 70 per cent of ACE clients and 85 per cent of TAFE clients. Assumes non-respondents have same profile as respondents, in terms of employment categories.

4.4 ACE courses profile

This section presents information on the ACE courses taken by small business participants in business- or work-related courses. As in the previous section, this covers where possible, both those doing VET courses in ACE (as reported in the National VET Provider collection), and those small business ACE participants in the 1996 BACE survey who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work.²

In summary, the types of ACE courses taken in 1996 by these small business people are broadly those identified in previous research, especially McIntyre (1995) reported in chapter 3. Small business people are using ACE mainly for short courses, especially in computing, but also business and management studies of various kinds and also languages. They are largely concentrated in courses not accredited at

the national or State level, conducted mainly on weekday evenings, but daytime courses are also significant.

Table 4.6 shows that the BACE survey found that as a group, small business clients taking work-related courses were mainly enrolled in courses in just four fields—business/ administration (34%), arts/humanities (30%), health and community services (19%) and science (1%), representing 84 per cent in total. This pattern is very similar to that of ACE VET enrolments for *all* employed people, 77 per cent of whom were enrolled in these same broad fields. (Differences between the two sources may be more apparent than real. Course classification practices vary between ACE providers, particularly on computer courses which may be classified to ‘science’ or ‘business/administration’.) However, BACE survey participants were considerably more involved in ‘health and community services’ programs than were the ACE VET client population (19% vs 9%); and also in related industry sectors (see next section 4.5).³

Employers and the self-employed

The national provider collection does not collect data on the employment size of the firm where ACE clients are working. Small business employees therefore are not able to be identified separately, but more detail is available on employers and self-employed persons.

In 1996, there were 6800 employers and self-employed persons actually enrolled in ACE *vocational* courses in New South Wales, with a total of 7600 vocational course enrolments. Of these, 78 per cent were in just three fields of study: computer science; arts, humanities; and business, administration, economics. Table 4.7 provides the major categories, while a comprehensive enrolment breakdown is shown in appendix 3. Computer courses dominate, comprising 40 per cent of all enrolments.

Within the *business, administration* field, a finer breakdown reveals the main course areas are accounting, small business management, secretarial/clerical, and word processing (data not shown). In the *languages* courses, around 70 per cent of enrolments are in European languages and 20 per cent in Asian languages, the balance in other studies including English.⁴ It is also to be noted that in the three specific course areas shown in table 4.7, the enrolment/client data imply that up to ten per cent of all persons working in their own business doing an ACE VET course in 1996 enrolled in more than one course in that year.

Table 4.6 Small business participants¹ in vocational or ‘work-related’ courses in New South Wales ACE, by field of study: 1996

Field of study	BACE survey ²	ACE VET ³	Difference ⁴
N=	31 200	25 100	
	%	%	Percentage points
Land/marine, resources, animal husbandry	7	2	5
Architecture/building	2	2	
Arts/humanities	30	29	1
Business, administration	34	14	20
Education	1	2	1
Engineering, surveying	2	2	
Health/community services	19	9	10
Law/legal studies	-	-	
Science/vet. science	1	30	-29
Services, hospitality, transport	1	4	-3
TAFE multifield education	3	5	-2
Total	100	100	

Source: *Selected VET statistics*, NCVER 1997 (unpublished data); Sumich 1997, (unpublished data)

Notes:

- 1 Employees, employers and the self-employed combined. See also note 3 below.
- 2 Survey respondents who said it was ‘important’ or ‘extremely important’ that the ACE course provide skills or knowledge for work.
- 3 Includes *all* employees (small business and others, as breakdown not possible).
- 4 BACE survey *minus* ACE VET. Differences may reflect course classification differences rather than substantive differences. See text.

Table 4.7 Persons working in their own business (employers and self-employed) enrolled in VET courses in New South Wales ACE, by field of study: 1996

Field of study	Enrolments		Clients	
	No.	%	No.	%
Computer science, information systems	3056	40	2745	40
Business, administration, management				
economics	1212	16	1116	16
Language studies	1078	14	944	14
Subtotal	5346	70	4805	70
All others	2213	30	2031	30
Total	7559	100	6836^a	100

Source: *Selected VET statistics*, NCVER 1997 (unpublished data)

Note:

- a Note that these are the *actual* number of clients *reporting* their status as employer or self-employed. Table 4.1 shows estimates of the *total* number in these categories in ACE. Includes a small number of clients double-counted because enrolled in courses in different fields, e.g. computers *and* languages.

Accreditation status: As noted earlier in this chapter employers and self-employed undertaking ACE VET in 1996 were very much concentrated in shorter courses—95 per cent were in courses under 30 hours and 80 per cent under 20 hours, much shorter than TAFE VET courses taken by persons working in their own business. This difference is also reflected in the accreditation pattern. As table 4.8 shows, of all employers and self-employed taking VET courses in ACE, only 24 per cent were in courses accredited at the national or State level, whereas in TAFE, the figure was more than double (54%). In ACE, this group was taking courses accredited predominantly at the training organisation level (76%), higher than total ACE vocational course enrolments overall (68%).

Table 4.8 also shows the course accreditation profile for employees in ACE and TAFE VET programs (bearing in mind that these are *all* employees, not small business employees). This shows a very similar pattern, with only 26 per cent in accredited courses in ACE VET. Attitudes to accreditation are reported in chapter 5.

Table 4.8 Persons working in their own business enrolled in VET courses in New South Wales ACE and TAFE, by course accreditation status: 1996

	Accreditation status			Total
	National	State	Training organisation	
	%			
<i>Employers and self-employed</i>				
ACE	15	9	76	100
TAFE	38	16	46	100
<i>Employees^a</i>				
ACE	16	10	73	100
TAFE	53	21	26	100

Source: *Selected VET statistics*, NCVER, 1997 (unpublished data)

Note:

- a *All* employees (small business and others, as breakdown not possible). Includes full-time and part-time employees, plus unpaid family helper (a small group, but relevant to small business).

Timing of course

The BACE survey found that as group, most small business people doing work-related courses attended courses *weekdays in the evening* (73%), but daytime courses were also significant. One in five (21%) did weekday daytime courses. The balance (6%) attended their courses at the weekend. This

attendance pattern was very similar to that for all ACE clients. Slightly more from the small business group attended weekend courses (6% vs 4%), and slightly less daytime weekday courses (21% vs 24%).

4.5 Profile of small business participants in ACE

This section presents a summary of the industry and employment characteristics of small business clients taking work-related courses in New South Wales ACE, and their demographic and educational characteristics. Generally the data is drawn from the 1996 BACE customer satisfaction survey, and comparisons are made with the total New South Wales small business sector or the total ACE participant group.

Industry and employment characteristics

Table 4.9 presents a summary of these characteristics for the estimated 31 200 small business clients who took work-related courses in New South Wales ACE in 1996 (including the estimated 3500 working in small business agriculture who also took these courses, around 11 per cent of all such ACE clients). This table shows that people from small business who took work-related courses in New South Wales ACE resemble fairly closely the New South Wales small business population generally, but there are some interesting differences.

First, persons working in their own business (employers and self-employed) and small business employees are represented in ACE courses broadly in line with their respective proportions in New South Wales small business as a whole (36% vs 34%, and 64% vs 66% respectively). As noted in section 4.2 the BACE survey most likely *understates* representation of employed persons generally in ACE courses, and particularly employees.⁵ Even without allowing for possible under-representation, data suggest that ACE is successful in reaching small business employees—a group whose training needs have been identified as long neglected in small business training (as chapter 3 indicated). As shown below, some 30 per cent of these employees received some financial or other support from employers for course attendance.

Second, small business employees taking work-related ACE courses were mainly (60%) from 'smaller' business; that is, organisations of less than ten persons—in line with New South Wales small business employees overall. If employers and the self-employed in smaller businesses are also included, then 71 per cent of all ACE small business clients are from these smaller businesses.⁶ This tends to support previous research suggesting ACE was particularly effective in the 'very small' business market.

Third, in terms of *industry*, the ACE clients are very heavily concentrated in the community services and health sector (27% vs 3% for New South Wales small business overall) and retail/wholesale trade, construction and manufacturing (50% combined). As noted in the previous section, the relative over-representation of small business clients from the community health and services sector may reflect ACE's success in building relationships with, and marketing to, this sector or it may be influenced by the timing of the BACE survey⁷.

Finally, small business clients are drawn from all *occupational* groups but managers and professionals (29% vs 26% for NSW generally) and sales and personal service workers (24% vs 16%) are particularly represented. The former would partly reflect the strong presence of employers and self-employed, while the latter would be influenced by the community services and health sector workers.

Table 4.9 Small business clients¹ taking work-related courses in New South Wales BACE, 1996: Industry and employment profile

	ACE small business clients ¹	Total NSW small business ²
	%	%
<i>Employment category</i>		
Employers	8	11
Self-employed	28	23
Employers + self-employed	36	34
Employees	64	66
Total	100	100
<i>Firm size³</i>		
1-9	60	60
10-19	32	28
20-99 ⁴	9	12
<i>Industry⁵</i>		
Community services and health	27	3
Retail/wholesale trade	20	26
Manufacturing	14	16
Construction	9	13
Tourism and hospitality ⁶	8	6
All others	22	36
<i>Occupation⁷</i>		
Managers & administrators	13	12
Professionals	16	14
Paraprofessionals	5	6
Tradespersons	11	14
Clerks	19	17
Sales & personal service workers	24	16
Plant/machine operators	2	6
Labourers	10	15
Total	100	100

Source: Table 2.3; Sumich 1997 (unpublished data); ABS 1995

Note:

- 1 The 31 200 small business survey respondents who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work. *Includes* agriculture unless otherwise indicated.
- 2 Standard definition of small business, *excludes* agriculture. Data is 1994-1995, latest available on that basis.
- 3 Employees only.
- 4 Manufacturers only.
- 5 Excluding agriculture.
- 6 For total New South Wales small business, sector is 'Accommodation, cafes and restaurants'.
- 7 Total New South Wales distribution is for total New South Wales employment, small business and all others, November 1994.

Demographic and educational profile

Table 4.10 presents a summary of these characteristics and there are several interesting features. Compared to ACE clients generally, small business clients taking work-related courses were more likely to be male, younger, less well educated, more concentrated in Sydney, and slightly more likely to be first-time users of ACE.

In terms of *gender*, small business clients taking work-related courses were predominantly female (63%) but less so than all ACE clients (73%). Males made up over one-third of this group, a relatively larger share than the ACE client base generally (37% vs 27%). Small business clients doing work-related courses were also much more likely to be male than those from small business doing other 'non-work' ACE courses (37% vs 21%). If the gender balance in the ACE client base is a concern, expanding small business work-related programs would seem to offer part of the solution towards an increase in male participation.

Similarly, with regard to *age*, there was a good spread across all age groups but nearly two-thirds (62%) of the small business group were under 40, a very much younger profile than ACE clients as a whole (46% under age 40). More than one in five (22%) were aged 18–24, *twice* the proportion of all ACE clients.

In terms of *previous education*, it was noted in chapter 2 that the ACE participant profile was skewed somewhat towards the better educated, especially those qualified at university level. Table 4.10 shows that there is a broad spread of educational backgrounds among small business people taking work-related courses. Nearly half (47%) are qualified up to the trade level, but by far the largest group (40%) has no post-school qualifications. Compared to *all* people who took ACE courses, those from small business were less well qualified, especially at the university level. Only 26 per cent reported university or college qualifications, well below the 36 per cent in the ACE client base overall.

The Sydney concentration is marked, with 55 per cent of small business people taking work-related courses residing in Sydney (as were 60% of all employed people taking ACE VET courses). Development of small business programs in areas outside the Sydney area would appear to be lagging—63 per cent of all ACE clients are located here but only 45 per cent of small business clients.

Table 4.10 Small business clients¹ taking work-related courses in New South Wales ACE, 1996: Demographic and educational profile

	ACE small business clients ¹	All ACE clients ²
	%	%
<i>Gender</i>		
Female	63	73
Male	37	27
<i>Age³</i>		
18–24	22	11 ³
25–39	40	35
40+	38	51
<i>Region</i>		
Sydney	55	37
Other NSW (metro and non-metro areas)	45	63
<i>Education (highest level achieved)</i>		
Up to higher school/leaving certificate	40	39
Trade	7	5
TAFE/other technical	27	21
University/college	26	36
<i>Previous use of ACE (Courses in past two years)</i>		
None	26	23
1	25	26
2 +	48	51
<i>Currently enrolled in other study</i>	17	17
<i>Employer support—Current ACE course</i>		
Financial	17	11
Support, but not financial	13	14
No support	70	75

Source: Table 2.2, Sumich 1997 (unpublished data), Selected VET statistics 1997 (unpublished data)

Notes:

- 1 The 31 200 small business survey respondents who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work. *Includes* agriculture unless otherwise indicated.
- 2 Except for *Employer support* where base is all employed ACE participants doing the course was work-related, i.e. who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work.
- 3 A further 3% were aged 14–18.

Small business people taking work-related ACE courses had a good record in terms of *previous use of ACE*: nearly three-quarters (73%) had done at least one other ACE course in the past two years, slightly less than all ACE clients (77%). On the other hand, the small business group were slightly more likely to be first-time ACE users (26% vs 23%) in 1996. The issue of converting first-time users into repeat

users of ACE is also addressed in the following chapters, especially chapter 7 on policy issues arising from this study.

Table 4.10 also shows that 30 per cent of small business employees taking work-related courses received some form of support from their employers for taking the ACE course, either financial support (17%) or non-financial support (13%). This was slightly more than all employed ACE clients taking work-related courses (25%). That nearly one in three was being assisted in some way by their employer to undertake a work-related ACE course in 1996 (after the Training Levy ceased) suggests that these small business employers valued the business benefits from these courses.

Endnotes

- 1 If between 1993 and 1996 ACE was the only external training provider where participation by persons working in their own business (employers and the self-employed) increased, then ACE's share of this market could have increased from 4.5 per cent in 1993 to over 20 per cent in 1996. The estimate is as follows: 1) 3.0 per cent of this group in New South Wales did a work-related course with ACE in 1996 (table 4.3); 2) in 1996, total participation by this group in external training providers is 13.9 per cent, made up of 1993 base (11.4%, see chapter 3) plus additional ACE participation 1993–1996 (2.5%, that is, 3.0% less 0.5% in 1993); and 3) three per cent as a proportion of 13.9 per cent is 22 per cent.
- 2 As noted in section 4.2, this is a larger group than those reporting work reasons as the main reason for doing the ACE course. The characteristics of the two groups are broadly similar.
- 3 The higher proportion found in the BACE survey (compared to the ACE VET profile) in both these courses and related industry sectors may be related to ACE's success in marketing to this sector, and/or the survey timing issue (see also section 4.1, p36).
- 4 In the case studies (see chapter 6), one ACE college director with a relatively large language program reported that Asian language courses in ACE were more likely to be taken by business people for business reasons (for example, for better communication with Asian clients or partners) than European languages, taken mainly for recreational purposes.
- 5 Self-definition of employment status may vary (quite legitimately) according to the context in which the question is asked, particularly for employers and self-employed people. For example, see chapter 2 section 2.3 and chapter 2, endnote 3.
- 6 Comparable State-wide data on employers and self-employed are not available.

5 Small business satisfaction with ACE

5.1 Overview

This chapter reports key findings from the 1996 BACE Customer Satisfaction Survey regarding levels of satisfaction with ACE recorded by small business clients taking work-related ACE courses as defined in chapter 4—the 31 200 who said it was *important or extremely important that the ACE course provide skills and knowledge for work*—and issues arising from these findings.

Small business clients' views are presented on overall satisfaction with the ACE course, with how well the course provided skills and knowledge for work, with certification, other work and career related issues, the teacher and the ACE venue and course organisation aspects.

Key findings

Small business clients taking work-related ACE courses reported very high levels of overall satisfaction—in fact, higher satisfaction levels than ACE clients overall. Some 97 per cent of small business clients were satisfied with the ACE course overall with 66 per cent *extremely satisfied* compared to 59 per cent of ACE clients overall.

Previous research found some employer concern about ACE course quality. This 1996 survey of actual participants in work-related ACE courses from small business strongly suggests that overall ACE course quality is satisfactory for this group. In relation to small business clients other findings were that:

- ❖ Sixty-seven per cent were *extremely satisfied* that the course provided skills and knowledge for work.
- ❖ Thirty-two per cent were *extremely satisfied* that the course provided appropriate certification or recognition, but only 28 per cent of small business clients said that certification was *extremely important* to them.
- ❖ Sixty per cent said the course was relevant to their *current job*, and more (71%) said it was relevant to their *career plans*.

Specific course features

The views of small business clients here were also very much in line with those of ACE clients overall. Satisfaction with the quality of the *teachers* was the outstanding feature, with 98 per cent satisfied and 83 per cent *extremely satisfied*—again higher than BACE clients overall (74%).

The satisfaction findings point to several key questions including identification of:

- ❖ factors contributing to success of ACE teachers in work-related courses
- ❖ evidence supporting increase in ACE course quality since 1994
- ❖ importance of accreditation and recognition in small business courses
- ❖ relative importance in 1997 of customisation vs the general course program—an issue not covered in the survey

5.2 Key survey findings

In the 1996 BACE Customer Satisfaction Survey (described in chapter 3 and appendix 2 which includes the survey questionnaire), the 31 200 small business clients taking work-related ACE courses reported very high levels of satisfaction with their ACE courses. Small business satisfaction was generally higher than ACE clients overall, who in turn reported extremely high levels of satisfaction. In fact, satisfaction levels recorded in this survey were so high that the Report on the Customer Satisfaction Survey advises use of only *part* of all responses indicating satisfaction as a better guide, namely only those 'extremely satisfied' :

Given this extremely high level of expressed satisfaction, a better index would be the proportion of respondents who selected extremely satisfied . . . This figure is probably going to be a more sensitive indicator of satisfaction levels. When assessed on this basis there is quite a lot of variation in satisfaction levels across the separate dimensions.

Sumich 1997, p9

For ACE clients overall, the report commented that as well as high overall satisfaction ratings, satisfaction with teachers is clearly the highest, followed by satisfaction with meeting the personal expectations of the course. Participants reported lower levels of satisfaction with course organisation and the venue of some courses (Sumich 1997, p.9).

Against this background, the key findings for small business clients are shown in tables 5.1 and 5.2 below. These show responses to five key survey questions in addition to ratings of overall satisfaction with the course, the teacher and the venue, and whether the course provided skills and knowledge for work. The other specific questions were:

How satisfied were you that *the course*

35 provided appropriate certification and recognition

How satisfied were you that *the course organisers*

49 provided you with enough information before the course

50 were available to answer questions about courses

51 organised classes with participants at a similar level to you

52 provided a timetable that was convenient

The responses show that on the key *overall course satisfaction* rating, 97 per cent of small business clients were satisfied, and 66 per cent were *extremely satisfied*. Among small business clients, more said they were *extremely satisfied* than ACE clients generally (66% vs 59%).

This is an important finding against the background of earlier research (McIntyre 1995) that found concern about ACE course quality among some *employers*, not all of whom were ACE participants themselves (see chapter 3). The 1996 satisfaction survey findings are the views of a broader group of small business participants (employers, self-employed and employees) in which employees are the vast majority at nearly two-thirds (64%) of all respondents. Nevertheless, it strongly suggests that overall ACE course quality is a positive feature for this group of actual participants in work-related ACE courses from small business.

There is no equivalent study of small business client satisfaction on the overall quality of the course in New South Wales TAFE, against which to compare the ACE satisfaction results. But the 1997 TAFE Graduate Destination Survey (GDS) found that 68 per cent of all New South Wales TAFE graduates from courses of *200 hours or more* rated the overall quality of their TAFE course as 'good' (NCVER 1997a, p.18). These are much longer courses than the very short courses taken by ACE small business clients (80% under 20 hours). Furthermore it is difficult to draw direct comparisons because these surveys used different ratings scales. But on perhaps the most comparable basis, the 66 per cent of ACE small business clients *extremely satisfied* with their course overall can be compared with the 38 per cent of TAFE graduates who rated their course in the top two categories in a ten point scale.¹ On that basis, ACE satisfaction levels are indeed 'extremely high', as indicated in the Sumich report comment above.

Table 5.1 Small business clients' taking work-related courses in New South Wales ACE 1996: Satisfaction ratings on selected course features

Course feature	Extremely satisfied	Satisfied	Dissatisfied/ extremely dissatisfied	Not stated	Total
	%				
Course overall	66	31	1	2	100
Work skills/knowledge	67	31	1	1	100
Appropriate certification	32	41	7	20	100
Teacher	83	15	-	2	100
Venue	40	55	4	1	100
Convenient classes	34	56	4	7	100
Enough course info	28	62	6	4	100
Availability of course organisers	27	61	5	7	100
Equal peers in class	26	54	4	16	100

Source: Sumich 1997 (unpublished data)

Note:

- 1 The 31 200 small business survey respondents who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work. Includes employers, self-employed and employees; and agriculture.

In terms of the other key satisfaction items, the survey found that of small business people taking work-related courses:

- ❖ sixty-seven per cent were extremely satisfied that the course provided skills and knowledge for work
- ❖ while a lower proportion (32%) said they were *extremely satisfied* that the course provided appropriate certification or some sign of recognition (73% satisfied), commented on below
- ❖ sixty per cent said the course was relevant to their *current job*, and more (71%) said it was relevant to their *career plans* (table 5.2, see comment below)

Table 5.2 Small business clients' taking work-related courses in New South Wales ACE 1996: Relevance of course to job and career plans

	Extremely relevant	Relevant	Of some relevance	Not relevant	Not stated	Total
	%					
Current Job	25	22	13	15	25	100
Career Plans	32	29	10	8	21	100

Source: Sumich 1997, (unpublished data)

Note:

- 1 The 31 200 small business survey respondents who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work. Includes employers, self-employed and employees and agriculture.

Specific ACE course features

On specific features of the course and its organisation, the views of small business clients were broadly in line with those of ACE clients overall. Satisfaction with the quality of the teachers was the outstanding feature, with 98 per cent satisfied and 83 per cent *extremely satisfied* (table 5.1). This was considerably higher than BACE clients overall (74% *extremely satisfied*) where it also rated most highly. There is further comment below on these findings.

Table 5.1 also shows other course features which attracted lower levels of small business client satisfaction than recorded for teacher satisfaction (but typically above those of ACE clients generally).

These were:

- ❖ the class being organised with participants at a similar level (26% of small business participants were *extremely satisfied* vs 21% of ACE clients overall)

- ❖ the availability of course organisers to answer questions from course participants (27% vs 23%)
- ❖ having enough information *before* the course (28% vs 24%), and convenient times for classes (34% vs 28%)

The course venue

For ACE clients generally, the survey report commented that 'venue factors rated among the lowest of all course aspects in the 1996 survey' (Sumich 1997 p.16). These factors covered (survey questions 55–60) satisfaction with the venue being comfortable, clean, welcoming and inviting, an inspirational place to learn, safe and conveniently located.

It is interesting therefore that the venue gets a higher overall satisfaction rating by small business clients (40% *extremely satisfied* compared to 32% of all ACE clients). This suggests that efforts of ACE providers to improve premises, and to find daytime premises for business clients, could be producing results. As noted in chapter 4, most small business clients did their ACE course on weekday evenings (73%) and 21% during the daytime hours on a weekday.

Several other features of these survey findings warrant further comment. *First*, there is the apparent discrepancy between some findings in table 5.1 and table 5.2; namely, that 67 per cent of these small business clients are *extremely satisfied* that the course *provided skills and knowledge for work*, but only 25 per cent report that the course was *extremely relevant* to their *current job* and 32 per cent to their *career plans*. This 'gap' may have more to do with the different scales used in the two BACE survey questions—three options for 'relevance' but only two for 'satisfaction'. This 'gap' is greatly reduced when it is considered that 57 per cent reported the course was *extremely relevant or relevant* (table 5.2) to their current job, and 61 per cent for their career plans.

Second, that more small business clients reported the course relevant to their career plans than current job (71% vs 60%) is not unexpected. This most likely indicates that some small business clients were taking work-related ACE courses to help them upgrade or move on to another job, either in the small business where they were currently working, or elsewhere. Interestingly, employed 1996 New South Wales TAFE graduates reported higher levels of course relevance to their *current job* in 1997 (73% vs 60%), but again comparisons must be made with care.

There were different scales for measuring 'relevance' in the BACE survey compared to the 1997 TAFE Graduate Destination Survey (GDS)² and most importantly, there is a very much larger group of small business ACE clients who did not answer this question (25% 'not stated' vs 2% in the TAFE GDS—table 5.2 and NCVER 1997A p.37). One possible explanation for the large 'not stated' response could be 'survey fatigue', as the course relevance question was question 70 of a 77 question BACE survey instrument.

Third, table 5.2 also shows a relatively high proportion of these small business clients (who had indicated it was important that their course provide skills and knowledge for work) said that the course was *not relevant* to their current job (15%), and for a smaller proportion, their career plans (8%). This suggests that ACE may not be meeting work-related expectations for between 8–15 per cent of small business people taking work-related ACE courses. This issue is addressed further in subsequent chapters. The broad issue raised is the relative cost to ACE of meeting the expectations of this segment, in the context of high satisfaction of other small business users.

Fourthly, the relatively low satisfaction on the course certification or recognition issue also needs to be put in context. As shown in table 5.3, certification or recognition was not important for many small business people taking work-related courses. Only 57 per cent of small business clients reported that certification was important to them, and only 32 per cent said it was *extremely important*. This is consistent with the accreditation profile of courses actually taken by these small business people described in chapter 3. Table 5.3 shows that in terms of importance, certification rated well below convenient class times (85%) and having participants at similar levels in the class (67%) for these small business clients as a group. Nonetheless, it is to be noted that a *majority* of these clients rate certification as important and also that a *larger majority* reported they were satisfied with ACE on this course feature (73% vs 57%, as tables 5.1 and 5.2 show).

Finally, as noted in chapter 4, repeat usage of ACE is relatively high among these small business clients, 74 per cent having done at least one ACE course in the past two years. This usage pattern may be an indicator of satisfaction with ACE generally, but there are no data to indicate whether previous ACE courses undertaken were work-related or not. It cannot therefore be used with confidence as an indicator of small business satisfaction with work-related ACE courses.

Table 5.3 Small business clients, New South Wales ACE 1996: Importance ratings on selected course aspects

	Extremely important	Important	Total important	Unimportant	Total ¹
Convenient classes	27	58	85	15	100
Class with participants at similar levels	27	40	67	33	100
Provision of a Certificate or other recognition	28	29	57	43	100

Source: Sumich 1997, (unpublished data)

Note:

1 Includes some 'not stated' (less than 2%).

5.3 Issues arising

The satisfaction survey findings, together with the participation findings in chapter 3, point to several key questions that are examined further in chapter 5, the good practice case studies and focus groups. These are chiefly:

- ❖ the success factors behind ACE teachers in these work-related courses for small business, clearly the most important single factor in overall satisfaction
- ❖ support for the indications that ACE course quality has improved since 1994
- ❖ the relative importance of accreditation and recognition, in small business courses
- ❖ the relative importance in 1997 of customisation vs the general course program—an issue not covered in the survey

Endnotes

- 1 The 1996 BACE survey (see appendix 2) used a five scale satisfaction rating, while the TAFE GDS used a scale of 1 to 10 where 1 was 'extremely poor' and 10 was 'excellent'. The GDS report grouped these into three broad categories in which 'good' included ratings 8 to 10. If the TAFE GDS scale is converted to a five scale rating, then ratings 9 and 10 become the broad equivalent of 'extremely satisfied' in the BACE survey. The percentage of New South Wales TAFE graduates reporting a 9 and 10 rating on GDS question 63, 'the overall quality of the course', was 38 per cent (NCVER 199A, p.43)
- 2 The TAFE GDS 'course relevance to job' categories were: Highly relevant; Some relevance, Very little relevance; Not at all relevant; and Don't know. The first two categories accounted for 73 per cent of all responses by employed New South Wales TAFE graduates in the GDS—30 200 (NCVER 199A, p.37).

6 Case studies: Good practice ACE providers to small business

6.1 Overview

This chapter reports on the four case studies conducted for the project (two metropolitan and two non-metropolitan providers), and the three focus groups of small business ACE users and ACE providers that helped shape the case studies. The aim of the case studies was to describe good practice in ACE provision to small business, and to highlight key lessons for other ACE providers wishing to expand in the small business market.

The focus group of small business users of ACE identified strengths, weaknesses and areas for improvement. In line with the ACE customer satisfaction survey findings (chapter 5), these small business ACE users were generally very satisfied with the local ACE provider's services, and said the provider's *strengths* included chiefly:

- ❖ its location as part of the local community
- ❖ its flexibility and responsiveness, especially its willingness to put on short courses and to customise and deliver courses at times and locations convenient for the business
- ❖ the quality of course presenters and the business development managers
- ❖ the value for money provided including congenial premises and an atmosphere conducive to learning

The small business ACE users saw *weaknesses and areas for improvement* in two broad areas: *marketing and promotion* with more emphasis on ACE's strengths and addressing some negative business perceptions of ACE:

- ❖ developing follow-on courses and more partnering arrangements to help the local business community improve access other training resources

The key lessons from the case studies are reported in terms of provider practices in the following areas:

- ❖ *Small business management skills*: good practice providers see themselves as small business providing services to other small businesses, and are implementing sound business practices with a strong commercial and customer focus.
- ❖ *Marketing and promotion*: they are using a wide range of low-cost marketing strategies to raise their local profile, projecting a more businesslike image in the business community and developing a broader relationship with business.
- ❖ *Flexible delivery, customisation and premises*: customisation was seen as a key to small business success, particularly for non-traditional learners who are resistant to conventional training. Quality training premises are essential in this market.
- ❖ *Teachers and course presenters*: the policy of using local business people extensively as instructors and tutors is highly regarded by small business users, and a key element in ACE's success with small business.
- ❖ *Partnering and building local relationships*: joining with other organisations including computer equipment suppliers, training organisations, peak business and industry bodies is a key part of good practice, also raising ACE's local community profile.

6.2 Background and definitions

The aim of the case studies was to describe good practice in ACE provision to small business and to highlight practical lessons for other ACE providers wishing to expand in the small business market. (Note that more detailed descriptions of each case study are available at the end of this report.)

Defining 'good practice' ACE providers to small business

For this project, the definition of a 'good practice' ACE provider to small business was a provider who matched 'some or all of the following practices or results':

- ❖ Had an *increasing* number of small business clients.
- ❖ Had realised *success* in providing for local small business clientele, and which local business could vouch for (for example, recognition or an award from a local business association, or from satisfied clients).
- ❖ Had *specifically targetted the small business sector* (or just the business sector generally) in their planning.
- ❖ Had a demonstrably *good relationship with the local business community*.
- ❖ Had succeeded in reaching small businesses who were *not previously users of training*.
- ❖ Were *responsive* to small business training needs, for example by being willing to tailor delivery methods, times and locations to suit the business.
- ❖ Had been *innovative* in meeting small business training needs, for example in terms of identifying small business training needs or marketing to that sector; responding to those needs; developing relationships with individual firms to help them identify their training needs; or measuring client satisfaction.

This definition was used in the letter inviting expressions of interest from ACE providers wishing to be involved in the case studies. The criteria were derived from four main sources:

- ❖ The characteristics of 'best practice' in training for small business, as outlined in Coopers & Lybrand (1994) and The Better Business Centre (1996) and reported in chapter 3 of this report.
- ❖ The actual views of small business users of ACE on what constitutes good practice as far as an ACE provider was concerned, as expressed in the ACE small business users focus group (see 6.4 below).
- ❖ The priority issues identified (in focus groups) by ACE providers who were considering either a move into, or expansion in the small business training market (see 6.3 below).
- ❖ The small business findings from the BACE client satisfaction survey described in chapter 5.

6.3 Profile of the ACE providers

Four ACE providers were selected as a result of their expressions of interest and after consultation with ACE Services, New South Wales Department of Education and Training. As shown in table 6.1, the four providers comprised two in Sydney (Strathfield Regional Community College and Manly-Warringah Community College) and two outside Sydney (Central Coast Community College and Taree Adult Education). They ranged from large metropolitan providers like Strathfield with over 10 000 total enrolments and revenue of \$2.9 million in 1995, to Taree on the New South Wales north coast with 2200 enrolments and \$227 000 in revenue. Together they accounted for nine per cent of total 1996 enrolments in New South Wales BACE, but nearly twice that in terms of their share of total revenue of New South Wales BACE providers in 1995 (17%).

Table 6.1 New South Wales ACE providers in small business 'good practice' case studies, 1997

ACE provider	Enrolments ¹ 1996	Revenue 1995 \$'000
Strathfield Regional Community College	10 442	2 918
Manly-Warringah Community College	8 260	1 963
Central Coast Community College	7 712	1 470
Taree Adult Education Inc	2 204	227
Total	28 618	6 578
% of all NSW BACE	9%	17%

Source: NSW BACE 1997; McIntyre et al. 1997

Note:

1 Total enrolments, VET and non-VET combined.

All four providers have significant programs in computer applications and business studies, the two main course areas for small business ACE clients as shown in chapter 4. The following provides a brief outline of each college and its small business market environment.

Strathfield Regional Community College in Sydney's inner west is one of the largest ACE providers in New South Wales. The *Workplace Training Team* delivers vocational training courses (30 licensed courses) in a range of learning areas to suit local business needs and the vocational needs of local learners.

With the exception of three major retailers operating locally, the local business profile is largely comprised of small business and service industries. Courses and programs offered by the Workplace Training Team reflect this local profile in vocational and business-related courses offered. In addition to *accredited* courses in Computing, Medical Terminology and Workplace Training, the college offers short courses specifically addressing local and small business needs such as 'Coffee Shops and Small Restaurants: the Do's and Don'ts of Survival', 'Home Business: The Ingredients for Success', and 'Marketing for Small Business'. Many people in the area are interested in self-employment as a result of retrenchment, redundancy, limited employment opportunities or simply a desire for change and a particular aim is to assist these people by providing small business management training and by matching local skills development to local needs.

Manly-Warringah Community College is located on Sydney's northern beaches and is one of the 15 large ACE providers in New South Wales. The local industry base is extremely diverse. It includes a strong horticulture and nursery sector servicing the broader Sydney region, some multi-national companies with small-to-medium size business locations in the area, and small exporters in manufacturing. The workforce in local small businesses includes many who live outside the area. There is also a growing sector of self-employed or home-based businesses, often run by 'downsized' professionals or mature age people deliberately choosing the self-employment option.

Central Coast Community College serves an expanding population and business base about one hour's drive north of Sydney. The business sector is a mix of small businesses plus some larger companies in a range of industries—including manufacturing and recreation and hospitality. Business programs began on a small scale around 1989, with 1–2 day workshops on topics like marketing, time management and conflict resolution. Business interest in college courses accelerated with the Training Guarantee legislation in the early 1990s. Programs covering topics such as train the trainer and training administration were popular, but employer demand fell rapidly when the Training Guarantee was suspended. Computing courses are the standout success.

Taree Adult Education Centre is a mid-sized ACE provider located in the Manning area on mid-north coast New South Wales. It is a Community Adult Education Centre (CAEC), and like many CAECs, had its origins in the formation of a local volunteer group aimed at providing self-help and discussion groups to meet perceived community needs. Taree Adult Education is currently the second largest CAEC (in terms of numbers of courses, enrolments and staff employed) in New South Wales and has three full-time staff—director, administrative officer and a one-year trainee; for two years Taree Adult Education was staffed by one person. The Manning area business sector includes government organisations, retail chain stores and several franchises, but the majority of businesses in the area are small businesses, often small owner-operated/managed enterprises.

6.4 The focus groups: Small business users and ACE providers

The aim of the focus groups was to help shape the case studies of good practice ACE providers to small business. Three focus groups were conducted in Sydney in April 1997, one with small business users of ACE at the Central Coast Community College, and two groups involving ACE providers, metropolitan and rural providers separately.

The focus group of small business ACE users

In a training market environment, it is the views of ACE clients and users which are the ultimate test of a provider's effectiveness. Against the background of the views of small business users of ACE as identified in the 1996 BACE client satisfaction survey (see chapter 5), the purpose of the small business focus group was therefore to obtain direct small business feedback on:

- ❖ their experience as customers in dealing with the college
- ❖ the college's strengths and weaknesses
- ❖ good, better and best practice in meeting small business needs

This focus group was held on a weekday with nine business users of work-related programs in ACE, mainly small business, but also including some larger business enterprises in manufacturing and leisure. The group participants had been invited through the college, were all employers or self-employed persons including two professional and were a mix of first-time users plus repeat users of the college's program—for recreational or business programs.

Reflecting the findings of the BACE client satisfaction survey, the business users group generally reported a high level of overall satisfaction with the performance of the college. The group also had many suggestions for improved service or expansion.

The ACE provider's strengths

The focus group highlighted the following eight features as strengths in provision of training to the local small business sector.

First and foremost, the college's *location* on the Central Coast close to local businesses and residents. It was suggested that most local business people and workers prefer *local* training programs, are very reluctant to travel to Sydney, and prefer to give opportunities to local business (as do most residents).

Second, the college's *flexibility*, especially its ability and willingness to *customise* courses for the specific needs of firms, and to deliver in-house on business premises, at times suitable for the firm. The college was compared favourably with TAFE, which several participants considered to lack this same flexibility.

Third, the *short introductory courses* offered by the college, a single day or so in length including, in particular courses in the area of computers, and generic courses on topics such as interpersonal skills. Several felt these were very useful, low-cost ways of 'testing the water' in a particular field without having to make a major commitment.

Fourth, echoing the BACE client survey findings, the *quality of course presenters*, taking into account their current business experience including knowledge of the local business scene. Many were well known in the local business community. The presenters and the tutors were seen as 'professional but relaxed', contributing to an overall, friendly and relaxed atmosphere at the college (but see also the final comment).

Fifth, the focus group participants identified the college's programs as representing *value for money*. Course fees were considered very much at the low end of the fee range compared to private providers and specialist consultants who also operated programs for small business in the area.

Other strengths identified were the fact that the college had its *own facilities* and did not operate out of school rooms which business people felt offered a less than desirable location for providing business-oriented programs. The qualities of the college's *business development manager*, especially the manager's

energy and willingness to listen and help individual business people identify their training needs and a program to help meet those needs were applauded.

Finally, the relaxed atmosphere at the college was seen as an extremely positive feature by participants, contributing to a positive learning environment for small business people. But some felt that perceptions of the college as a 'relaxed' provider contributed to an image problem in parts of the local business community and prevented the college from reaching its full potential in this sector. While this was one of the college's strengths for some, for other business users the image issue needed to be addressed (see also below, weaknesses).

Weaknesses

The business users of ACE identified two main weaknesses of the college in relation to the small business sector and which they considered to be addressed.

These were *firstly*, promotion and marketing to business (including the overall relationship with the business community) and *secondly*, new course development or 'product development' which they considered was needed in two areas in particular, detailed below.

Specific changes suggested by the business users of ACE

To improve its service to the small business sector and generate more business users of ACE, the focus group suggested the following initiatives in the two areas of weakness identified.

Promotion and marketing

There were six specific suggestions to improve promotion and marketing to the small business sector, and indeed business generally. These were:

First, promote a *more business-like image* for the college in the business community, and even consider a name change from 'community college'. As noted above, the college's image in the business community was considered by some to be insufficiently commercial and thus would fail to attract some businesses. Specifically, the word 'community' in the college's name was seen as implying mainly low-key, leisure and recreational courses.

Secondly, develop a *business-specific brochure* on courses/programs of potential interest to businesses rather than rely on listing business courses in the general community brochure, along with the community program. However, the focus group felt that the business-specific brochure should be additional to the general brochure, and that listing of business courses should be continued in the general community brochure.

Thirdly, the group felt strongly that the college *should emphasise its willingness and ability to customise courses for business* in all its marketing and promotional activity, including the suggested business-specific brochure. This was considered a major selling point to small business—as were the college's links with university and TAFE in the Central Coast. Full marketing advantage should also be made of these links.

Fourthly, the college should *develop a broader and deeper relationship with the local business community*, especially through closer links with peak service groups like Rotary, the Chamber of Commerce, Australian Business etc., business-oriented government bodies like the Regional Business Development Corporation and with key business intermediaries (such as local accountants, business consultants etc) who deal with local small businesses.

Fifthly, if funding permitted, the college should establish a *specialist business 'division'*, with dedicated staff responsible for making face-to-face contact via visits with businesses. The group also saw advantages in maintaining course fees at the lower end of range, but not necessarily 'rock bottom'.

Finally, the group suggested that consideration be given to marketing the sector (and college) as 'ACE' on a State-wide or national basis. Business sees marketing advantages in the ACE 'brand' name.

Product or course development

The two suggestions were *first*, to develop *more post-introductory or follow-on courses*, for example in computing applications or specialist food safety/hygiene courses customised for particular types of stores such as a delicatessens. Such courses would obviously be targeted mainly to those from small business who had already done the initial course, and would aim to develop the college-client relationship (and lifelong learning opportunities) for this group. Another specific suggestion was for the college to offer a computing trouble-shooting service for those who had taken a computing course.

The *second* suggestion was to develop *more 'partnering' or joint venture arrangements* with other specialist trainers (for example, those located in Sydney), and organise their visiting the Central Coast for training people from local business. It was felt that playing a larger role as a training 'broker' for the local community would be a particularly useful contribution. It was suggested that currently people from local small businesses were unable to travel to Sydney attend courses (for example one-day workshops on new printing software), and would be attracted to programs organised in the local area.

These issues were explored further in the case studies.

The focus groups of ACE providers

The aim of these two focus groups was to identify particular issues that providers wished to see explored in the good practice ACE provider case studies in addition to those identified by the focus group of small business users of ACE. The ACE providers' focus groups included both those already active in the small business market, and those not.

The groups agreed that an opportunity clearly existed for ACE to expand in small business niche markets, especially with the development of short courses and in 'micro' businesses. Those businesses with less than five persons were a particular issue for some rural providers. They were seen as a potential area for ACE but more conservative and resistant to training marketing efforts. Some participants felt that some small businesses are looking for alternatives to TAFE, since firms believed that TAFE now had its focus more on larger firms and longer courses.

The key issues identified were the following. *First*, participants felt that successfully expanding into the commercial course market for small business clients required that ACE providers themselves had a solid basis of *small business management and marketing skills*. These were considered by some to be relatively lacking in ACE and to need strengthening. This was a issue for both metropolitan and non-metropolitan providers.

Second, the specific issue of *pricing policy for ACE courses and services to business* was an issue for some—achieving the balance between commercially acceptable rates and staying in harmony with ACE's fundamental philosophy of access.

The *third* issue was *training premises* needed, in particular whether commercial and daytime premises would be needed to expand in the small business market. This was also a shared issue, and a major one for the metropolitan providers.

Accreditation of courses

Interestingly, the issue of course accreditation was not raised by any focus group participant as either a strength or a weakness in ACE provision to small business. In discussion, there were mixed views on the importance of accredited training with its importance varying according to the industry in which the participant's business was located. Businesses in manufacturing tended to say accredited training was important, as did those involved with food handling safety and hygiene. The other small businesses said accreditation was not important to them.

6.5 The case studies: Key lessons in good practice

This section reports on the case studies in terms of practices and issues identified by providers and contributors to the study: These are the client satisfaction survey results, the small business users focus

group, and ACE providers themselves in their focus groups. The issues and practices identified include:

- ❖ small business management skills, including pricing policy
- ❖ marketing and promotion
- ❖ flexible delivery, customisation and premises
- ❖ teachers and course presenters
- ❖ partnering and building local relationships
- ❖ accreditation
- ❖ information needs

Small business management skills, including pricing policy

The providers in the case studies invariably highlighted the fundamental reasons for the provider identifying with the small business sector—because most ACE providers are small businesses themselves they think and act like a small business in very practical ways. Furthermore, like a small business ACE providers require the management and technical skills essential for running a successful small business.

Most providers see themselves as a small business providing services to other small businesses, and also see this as a positive marketing advantage for ACE over larger providers. They actively encourage their staff to see themselves as part of a small business. One provider commented that several of the college's office staff are themselves from small business backgrounds (for example the spouse was a building contractor, or part of a family business), and have no trouble understanding and identifying with the day-to-day pressures experienced by small business owners and staff or accepting for example, that the small business workers need to be multi-skilled, and working long hours to get a job done.

For these providers, identifying as a small business also means having a sound commercial and customer focus, and sound business practices. The commercial and customer focus starts with the fundamental business and marketing principle: *know your customers*. Thus all providers take time to know their current small business customer base, through measures ranging from monitoring course enrolment forms and cheques paid by companies to obtaining maximum feedback on service standards, trends etc.

Several providers are implementing ACE quality initiatives, and are at different stages in developing business plans, or extending the reach of the plan from one to three years.

Training needs identification

To identify local training needs *overall*, most providers used informal means. However surveys have also been used with success (for example, as a 'fax back' insert in a local business-oriented magazine). Several have also met with State ITABs and local business chambers to identify industry-specific needs. The full range of informal means are used: walking the 'local beat' and talking with small business people and their employees, scanning local newspapers for reports on training issues, and monitoring business courses to see where enrolments fill up most quickly.

Identifying training needs at the level of a *specific business* is where most providers invest most effort, including customising (see also below). A great deal of energy goes into determining specific needs and developing training with content and delivery to suit individual businesses.

Business development manager

One provider singled out the vital role played by a dedicated business development manager in canvassing local businesses and helping them identify their training needs and a matching program. Face-to-face contact with small businesses was considered essential, and this role required much more

than marketing skills—it required listening skills and the ability to win over people who were sometimes hostile to training.

Course pricing policy

Most providers said this was a difficult area, as providers in the 1994 research described in chapter 3 found. One said that resource limitations made it impractical to undertake detailed cost-benefit analysis of courses, a situation which pushed providers towards 'educated guesswork' to determine which courses ran efficiently or at a profit. Another had operated a 'rule of thumb' under which course development costs were factored in at a set multiple of the course attendance fee. After more experience, this provider was now building into providers' fee quote allowance for a set number of days to cover pre-course visits to the client, course customisation costs and related activities. To minimise time expenditure in course planning, most providers tailor existing courses wherever possible to meet customised or specific needs.

Marketing and promotion

Two features stood out in relation to this issue: the range of measures used, and concern about the image of ACE in the local business community.

Many low-cost marketing strategies were utilised by these providers, and were aimed at raising the profile of the ACE provider in the business community and also in the local community generally. Strategies included public speaking at service club functions, using 'Adult Learners' Week' as a vehicle to promote awareness of ACE's offerings and capabilities and also making use of the media, business sponsorships of specific courses and promotional breakfasts. One provider adopted a policy of making personal visits to all business clients.

Business-specific ACE brochures

This measure, highlighted in the business users' focus group, had been implemented or was planned in nearly all providers in the study. This was an additional brochure, not a replacement for the general community course information brochure. Where this has been implemented, it has been well received by the local business community. Some providers such as Central Coast include a 'fax back survey' for businesses that have achieved very good responses.

Cross promotion in business publications

In one area, the college contacted the local branch of the Australian Business Chamber, and confirmed that each was competing against the other in some areas of training for businesses in the local area. The parties then agreed to offer complementary programs and to promote each other's courses in each other's brochures.

Marketing to non-traditional small businesses

Reaching new starters in small business and new types of businesses; for example, home-based, requires different approaches to marketing. Such groups are frequently not members of established business organisations, and need to be targeted by other means, adopting techniques similar to the following.

Alliances with equipment suppliers to small business

One provider had established arrangements with local computer equipment sellers, under which a \$50 voucher for training at the college was provided with each computer sold. This had proved a success and similar arrangements were being developed by other providers. Such schemes have the advantage of reaching potential new clients for ACE in areas in which they have demonstrated strengths, thus expanding their reach into new segments of the emerging small business sector such as home-based businesses.

ACE's image

Several providers mentioned this issue, as had the business users of ACE in the focus group (section 6.4 above). The issue is the perception in sections of the local business community that ACE is not as 'business-relevant' as some other providers because it is identified mainly with leisure programs in evening classes, operating from school premises.

This issue may require a sector-wide response, to combat this prevalent perception within small business. At the suggestion of the business users' focus group the word 'community' has been removed from the training division's title in its marketing to business.

Flexible delivery, customisation and premises

All four providers in the case studies emphasised the importance of these inter-related features, particularly customisation in their approaches.

Customisation

Being willing to customise courses was stressed by all providers as a key element in successful provision to small business clients and a key element of their marketing. Currently this facility is being given far greater prominence by all providers in the study compared to the situation in 1994 (see chapter 3, previous research).

All providers emphasised that customisation is a key selling point in marketing to local businesses, especially to non-traditional learners. As earlier research found, many may have a negative attitude towards training, perceiving it as consuming time and resources for insufficient returns. Providing tailored training that does not 'overtrain', or provide more training than the potential client believes necessary, is crucial to overcoming resistance to training. By focussing very specifically on training provision relevant to current or short-term future business needs, customised training helps bring more small businesses into training.

All providers offered examples of how customised training had introduced training to small business people who had never previously taken external training. From this beginning, many had gone on to take follow-up courses. By concentrating on meeting specific needs, the providers have attracted business people who would otherwise not have invested in training for themselves or for their staff.

With one non-metropolitan provider customised computing courses have been particularly popular with local business people who typically want training on specific software tailored to business needs. A popular option after completion of a core module has been an additional two weeks of specific business needs training. This allows a mix of cost-effective core module teaching and client-oriented course tailoring. There has been a good follow-on response from students requesting a second course, with an increasing number of courses fully subscribed each term.

Course timing and location of delivery (premises)

Here all providers had a policy that stressed maximum flexibility geared to business clients' preferences and with many variations. Some providers had a firm policy preference of taking training to the workplace, to provide 'home delivered fast food learning', including the use of a mobile training centre (described below). Others had training premises that were integral to the core of their program.

One non-metropolitan provider reported that the increase in computer course enrolments largely resulted from offering weekend and Friday night courses. Friday night Computing for Business Owners became a popular time slot. Many of these students taking this course have completed an earlier basic course and bring in their own specific examples of database or spreadsheet needs and work on these. Saturday and Sunday classes in computer maintenance and hardware also attract large enrolments.

Another Sydney-based provider was promoting courses for small business that could be run at more flexible times during the week; for example, daytime (morning or afternoon), early evening straight after work (say 4–6pm), and later in the evening.

All four providers had their own quality training premises, and felt that this was a vital factor in their success with small business training. As reported in chapter 5, small business satisfaction with the ACE course venue, while higher than for ACE clients overall, was much lower than satisfaction with the course teacher (40% vs 83% extremely satisfied). The location of the premises varied, from the main street in the heart of the busy local business district, to class rooms on a leafy campus shared with a university.

The Taree Adult Education (TAE) Centre had one of the more interesting premises. Its management committee decided to acquire training and conference facilities which it could use as training premises and make available for use by local businesses and organisations. The resulting location of the TAE in the landmark building. The 'Big Oyster' is itself an example of accessing and optimising community relationships. The management committee was able to capitalise on the local property owner's positive perception of the role of ACE in the community.

The acquisition of training facilities in Taree, as elsewhere, has proved to be a very positive development. The centre already had a relatively high profile in the local area, and the move to the Big Oyster has helped raise the centre's local profile even more. It has led to local businesses approaching TAE with specific training requests that the centre is now in a position to fulfil, thus enabling the centre to play a larger training brokerage role (see also 'Partnering', below).

Mobile skills centre

As part of efforts to cater to the market, one provider (Strathfield) designed a mobile skills centre—a truck which expands into a classroom to hold 20 people—as a means of bringing horticultural training to people in localities not otherwise serviced by TAFE horticulture training provision. The provider saw a need for training in information technology skills specifically related to horticulture and related areas, and sought a grant from the Australian National Training Authority (ANTA) to fund acquisition and outfitting of the truck.

Teachers and course presenters

As shown in chapter 5, small business clients taking work-related courses in ACE reported very high satisfaction with the quality of ACE teachers—83 per cent were extremely satisfied, more even than ACE clients overall (74%). This was therefore an area of special interest in the case studies.

All providers in the study had a policy whereby local business people were used as teachers or tutors wherever possible in their business programs. This policy is very much in line with the research which shows small business people want training delivered by instructors who have first-hand knowledge of small business.

At Taree, for example, around 30 per cent of courses are tutored by professionals who work in or own a small local business, and many have undertaken the Tutor Training Workplace Trainer Category 1 program. Feedback from students undertaking courses taught by these local business people has been very positive, in line with the client satisfaction survey findings.

The Manly college emphasised that as well as being drawn from local business including home-based business people, the lecturers and tutors were entrepreneurial types. They not only possess up-to-date knowledge of what is going on in the small business sector (particularly local), they are also encouraged to identify new and emerging business and training trends, and opportunities for the college.

One such opportunity identified by an instructor led to Manly college forming an alliance with the New South Wales Restaurant and Caterers' Association. Under this arrangement, a joint marketing venture has been developed focussed on restaurant and catering businesses in which the college will deliver more 'generic' business courses in tandem with the Association's more specific programs (for example, general customer service programs in conjunction with OHS for cafes etc).

In the case of several providers, professional development of trainers is encouraged through incentives such as providing them with one half-price ACE course per year.

Partnering and building local relationships

'Partnering' in this context refers to arrangements in which an ACE provider joins forces with another organisation to help meet the training needs of local small business. The other organisation may be another training provider (for example in specialist areas) or a local business or peak business organisation.

Most providers in the study reported the existence of partnering arrangements and gave them a high priority in their overall plan to meet small business training needs. Equally important, these arrangements were seen as helping to build relationships with the local business community and raising the local profile of the ACE provider.

The two non-metropolitan providers had established extensive partnering arrangements. As noted above, Central Coast College had developed cross-promotional arrangements with the Australian Business Chamber on training in the local area. In addition, the college developed an arrangement with the Central Coast Regional Business Development Corporation (a government authority with a strong business input) by which the college facilities would be hired for Internet training of local businesses. The college is also hiring out rooms to businesses wanting to do their own training, mostly for day classes but also for those conducted in the early evening (5–8pm).

The Taree centre (TAE), through flexible brokerage arrangements for training courses offered under the TAE program, helps support and publicise local business and raise community awareness of training activities and opportunities. TAE has in place multiple individual arrangements with trainers and entrepreneurs in the Manning area who offer accredited and non-accredited courses under the TAE name. The precise terms of these relationships vary, but in general, TAE advertises the courses in their quarterly brochures and takes a percentage of the profits of course provision. Training is delivered either on-site at the Big Oyster, or on the trainers' premises as appropriate.

The advantages in these arrangements are that they:

- ❖ introduce people to the concept of adult learning
- ❖ foster a higher local profile for the ACE provider
- ❖ promote a positive local perception of the ACE provider as working alongside local businesses
- ❖ create a flexibility in course content limited only by the boundaries of local expertise and local teaching skills

As described previously, in the Sydney area Manly had established alliances with local computer equipment sellers and the Restaurant and Caterers' Association. The Manly college was also canvassing alliances with other ACE providers on Sydney's north side to collaborate in a joint marketing campaign to small business in the total catchment area. The aim is to expand the market reach and take advantage of the complementary programs and specialities offered by the separate colleges.

As well, Manly has begun exploring alliances with other local providers and/or small businesses. Options considered here involved Manly's school of horticulture and also office administration programs. The former currently offers programs geared to landscape gardeners with pathways to TAFE courses and links to Ryde TAFE; the latter, office procedures, typing, business communications and related areas.

In both cases, Manly was investigating prospective partners among local businesses (and/or private providers) in landscaping and office services. Under the proposed partnership arrangements, Manly college would contribute assessment services (for example, workplace trainers and training) and perhaps prepare manuals, while the business partner would take on responsibility for course delivery and instructor management.

Accreditation

As reported in chapter 5, a majority (57%) of small business clients taking work-related courses said that accreditation was important to them, and for 28 per cent it was *extremely important*.

Providers in this study generally reported that accreditation is typically not a selling point for employers and small business owners. For many employees however, it was attractive because it enhances employability through a recognised qualification that can be taken to another employer. This is in line with findings from previous research (see chapter 3).

Providers also made the point that from the trainer's perspective, delivering accredited training is often more practical: tailoring an existing course to be enterprise-specific is more cost-effective than developing a brand new course.

Information needs

The providers identified areas where the provision of additional information would assist them in becoming more successful. Some of this information could be centrally disseminated through DET's ACE Services. Such information may include brief updates on:

- ❖ emerging training trends in small business; for example, possible next areas of small business demand in computing
- ❖ training trends in Sydney, to help guide providers in non-metropolitan areas where there is often a time lag before Sydney trends arrive
- ❖ legislative changes that could have an impact on small business demand for training; for example, food handling, OH&S, rehabilitation co-ordination
- ❖ new firms setting up in the local area
- ❖ any formal training needs assessments against which providers can judge informal assessments made at the local level

7 Policy issues

It is a significant goal of public training authorities to improve training provision to small business, and also increase small business participation in the national VET system. This research project confirms that ACE providers are making a significant (and probably growing) contribution to meeting the training needs of small business in New South Wales, in at least two respects.

First, New South Wales ACE is meeting a major small business training need, identified in previous research; namely, for short low-cost courses, mainly (but not only) non-accredited, delivered locally and flexibly by 'business-credible' instructors with local business experience, provided to both people working in their own businesses (employers and self-employed) and small business employees, a previously neglected group. The case studies indicate that customisation of courses to specific needs is very important in ACE's success and also that ACE's programs and its responsive approach to small business training are helping introduce training for the first time, to many small businesses who have previously resisted training.

Second, as well as contributing to small business skills development through formal structured training (work-related courses), ACE is almost certainly making a major contribution to informal learning *on the job* in this sector. To the extent that small business people developed their general learning capabilities through their ACE courses—and their high regard for ACE teachers at least suggests this was the case—ACE will have contributed to an improved capacity for informal learning *on the job*. As recent research (see chapter 3) emphasises the relative importance of learning on the job within small businesses, this contribution by ACE could be very significant.

There are two key issues for public policy relating to small business which arise arising from the findings of this research. While these are formulated in terms of ACE in New South Wales, they also have wider relevance to ACE generally.

First, given that ACE is clearly delivering training that has demonstrated high levels of client satisfaction to small business in New South Wales, what measures if any are needed to further encourage ACE in the small business market. *Second*, what policy lessons relating to small business training can be applied to training providers generally.

Encouraging ACE expansion in the small business training market

There are obvious revenue pressures on ACE providers which will encourage many to look to further expansion in the training market competing for small business. Reductions in labour market program funding, for example, have had this effect already on some providers.

One key suggestion in *Think Local and Compete* was the development of a small business strategy for ACE at the State level. In the light of the generally positive findings from this study, the New South Wales Board of Adult and Community Education will be incorporating a small business strategy into its 1998–2000 Strategic Plan.

There would be several advantages in formally adopting an ACE strategy for small business expansion (or indeed business generally), on a sector-wide basis. *First*, the findings from this study indicate substantial support in the small business market itself for ACE expansion in this segment. A formal strategy at the Board level would be a positive response to these market calls. *Second*, it would give formal recognition and focus to what is likely to be an important part of total ACE growth in the medium term and encourage the adoption of targets for growth and quality improvement in the small business market, as part of ACE's total quality program.

Small business clients taking work-related courses comprised 13 per cent of all ACE clients in 1996, but their contribution to estimated total ACE revenue of \$50 million (in 1995) is probably much greater than this. If as suggested in this report, spending on training by small business *employers* in New South Wales could increase by between \$57 million and \$100 million per year by 2000, then this is a very significant potential growth area in the overall New South Wales training market. If training spending by the self-employed and small business employees were also to increase in this period, then the potential market growth is even greater. An ACE strategy for small business could set year 2000 targets for increased small business penetration against this positive market outlook, and for overall ACE performance measurement and review.

Thirdly, a sector-wide ACE strategy for small business would provide a framework in which some sector-wide issues relating to small business could be tackled; for example, the issue of promoting a more businesslike image for ACE in those sections of local business communities where ACE continues to be associated predominantly with recreational and leisure programs. Similarly, overall sector-wide improvement and customer satisfaction targets could be established against the 1996 client satisfaction benchmark results.

Based on these client satisfaction research findings, there are clearly some aspects of ACE provision to small business that need little attention from public policy-makers, other than to ensure those high standards are maintained or enhanced. The outstanding example here is teacher and instructor quality in small business courses, an area which clients rate very highly. But other issues identified in the surveys or case studies might warrant attention by public policy-makers or agencies. These include particularly:

- ❖ training for ACE providers in business management, including marketing and pricing
- ❖ the standard of course venues, and the issue of ACE premises generally
- ❖ provision of information to providers on developments in small business training
- ❖ incentives to encourage development of more partnerships between ACE providers themselves, and between ACE providers and other training and business organisations

In relation to ACE performance benchmarks, one further issue here is the extent to which ACE providers should adopt the very high satisfaction ratings recorded for *ACE teachers* (83% *extremely satisfied*) as a benchmark for other course features attracting lower ratings.

Areas of ACE provision which attracted lower ratings include some features that small business rated as quite important; for example, having people in the class at a similar level, the availability of course organisers to answer questions, having enough information before the course (all under 30% *extremely satisfied*).

This question was also posed and answered for New South Wales ACE more generally in the main report on the BACE Customer satisfaction survey:

It is now up to ACE providers to decide how to respond to the actionable findings discussed in this report. Can—and should—providers try to achieve complete satisfaction on all dimensions? Is meeting customers' expectations in full always the most efficient use of limited resources? In some instances, it may be more useful to try to change those expectations. (Sumich 1997, p.26)

In any small business strategy for ACE, there are two groups in ACE's existing small business customer base who warrant special attention. One group comprises those small business clients (doing business-relevant courses) who are *first-time users* of ACE—just on one-quarter (26%) of this entire group. Converting first-time users into repeat users of ACE is an important task that probably needs closer attention from providers, since this group is most likely to provide a substantial part of small business growth in ACE. In marketing terms, it is also generally more cost-effective to convert an existing client into a repeat client, than to win a new first-time client.

The second group comprises those small business people who are already in ACE, but not taking business- or work-related courses. This group could also be targetted for business courses, as they are familiar with the sector and already well disposed towards ACE, being generally satisfied with the service provided to them by ACE. This present study shows that in the New South Wales ACE sector,

this is a sizeable group: 40 per cent of small business clients of BACE, or nine per cent of all BACE clients in 1996 (21 000 people).

While the primary focus of this project was concerned with how ACE is meeting small business needs, the findings also suggest that ACE expansion in the small business market could promote important objectives of ACE generally: namely, to provide 'second chance education' opportunities. Small business people taking work-related ACE courses are less well qualified than ACE clients generally—only 26 per cent have university or college qualifications compared to 36 per cent of all ACE clients. An expansion of small business training is therefore likely to bring more 'second chancers' to ACE, in line with its charter.

Workshops with ACE providers on the findings of this study

Adoption of such a strategy could be an effective means of disseminating the key findings, especially on good practice providers to small business and could become part of a total professional development program on ACE and small business. The broad aims of the workshops and program would be to accelerate the take-up rate of good practice by ACE providers to small business, and to develop those skills identified as requisite for more effective provision to the small business market.

More general lessons for policy on small business training

This research suggests *firstly* that national and State-level small business training strategies need to include two elements. One is recognition that the demand from small business for *non-accredited* training is a significant part of total small business demand for training. The other is that small business demand for *customisation* of courses is on the increase by comparison with 1994 when the *ACE Works* study was conducted.

This kind of training provision has attracted into training small business people hitherto outside and resistant to the formal training system. Some may go on from this experience to undertake VET programs, or invest in training for their employees.

Second, it confirms that a total strategy for small business training needs to include ACE as a substantial player. As the small business sector increases in size and diversity (for example through the projected continued growth of home-based businesses), it is likely that demand for low-cost, short courses delivered at the local level by ACE and other external providers will increase.

Third, the findings confirm that innovative, low-cost *demand-side interventions* (initiated by the ACE providers themselves) produce training results. The case studies showed several examples of how ACE providers formed alliances with peak business groups to improve their reach into the small business community.

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Appendix 1

Some key statistics on small business in New South Wales and Australia

This appendix presents the following tables relating to chapter 2:

Table A1.1	NSW small business: Growth in persons working in the sector: 1983–1984 to 1994–1995
Table A1.2	NSW small business: number of persons employed by employment category and industry: 1994–1995
Table A1.3	Selected characteristics of small business, Australia: 1994–1995
Table A1.4	Employer expenditure on training in NSW, 1993 and 1996
Table A1.5	Factors contributing to small business employer expenditure on training in NSW, 1993 and 1996
Table A1.6	Trends in small business employer training expenditure, Australia: 1993–1996
Table A1.7	Small business employers reporting training expenditure in NSW, by employment size: 1993 and 1996
Table A1.8	Indicators of small business employer training expenditure, by State/Territory: 1996 (September quarter)
Table A1.9	Fields of training in which employers provide training (dollars per employee), by employer size, Australia: 1996
Table A1.10	Provision of external training by employers (selected firm sizes), 1994 (% of employers using external training providers in last 12 months)
Table A1.11	Small business reasons for not identifying external training as a way to develop skills of owner-managers: 1994

Table A1.1 New South Wales small business: Growth in persons working in the sector: 1983–84 to 1994–95

	Persons working in small business ¹			
	1983–84	1994–95	Increase 1983–84 to 1994–95	
	'000	'000	'000	%
<i>Persons working in own business</i>				
Own account workers	149	194	44	26
Employers	88	97	10	6
Sub total	237	291	54	32
<i>Employees/ (Employer size)</i>				
1–9	276	353	77	46
10–19	130	167	37	22
20–991	67	68	1	–
Sub total	473	588	114	68
Total	710	879	169	100

Source: ABS 1995a, p.31–32

Note:

- 1 Private non-agricultural businesses employing 1–19 persons, except for manufacturing where businesses employing 1–99 persons are included. For definition of 'small business', see chapter 1.

Table A1.2 New South Wales small business: Number of persons employed by employment category and industry: 1994–1995

Industry	Small business employment/Employment category				
	Own account workers	Employers	Employees	Total	
			'000	No	%
Mining	1.7	–	1.2	2.9	0.3
Manufacturing ^a	14.5	6.2	123.0	143.7	16.3
Construction	45.7	14.4	51.4	111.5	12.7
Wholesale trade	9.9	5.5	54.5	69.9	8.0
Retail trade	34.9	31.3	95.5	160.7	18.3
Accommodation, cafes, restaurants	5.3	6.8	42.0	54.1	6.2
Transport and storage	12.6	3.9	18.7	35.2	4.0
Finance & insurance	1.9	0.6	15.5	4.0	
Property & business services	27.7	14.5	96.1	138.3	15.4
Education	4.6	0.7	9.3	14.6	1.7
Health & community services	8.8	5.7	46.1	60.6	6.9
Cultural & recreational services	9.9	2.2	14.3	26.4	3.0
Personal & other services	13.6	4.6	20.8	39.0	4.4
Total^b	193.6	97.2	588.4	879.4	100.0

Source: ABS 1995a, p.31–32

Notes:

- a Businesses with 1–99 employees. All other industries are 1–19 employees.
 b Total also includes the electricity gas and water supply industry, and communications services.

Table A1.3 Selected characteristics of small business¹, Australia: 1994–1995

Characteristic	Size of firm/Business (employment)			Total under 20
	1-4	5-9	10-19	
Number of firms ('000)	243	87	37	367
Share of total employment ²	14	14	12	40
Employment structure				
Working proprietors	61	28	14	na
Other full-time managers	3	5	7	na
Full-time Employees	18	36	50	na
Part-time Employees	18	31	29	na
Total	100	100	100	
Family business	47	61	55	51
Women the major decision-maker ³	11	8	7	10
Franchise	2		7	na
Intend to close/sell business ⁴	23	24	16	15
Participation in Government programs ⁵	3	5	8	4
Exporting	2	4	8	3

Source: Industry Commission 1997

Notes:

- 1 Private sector employing businesses only, i.e. excludes *non-employing* businesses. Also excludes a range of industries in addition to agriculture, such as health and community services, education, communication services and manufacturing firms with 20–99 employees.
- 2 Of total employment covered by the BLS—see note 1 above. Thus total employment in businesses with 1–4 employees represented 14 per cent of total private sector employment covered by the BLS.
- 3 In the 243 000 firms (66% of all small firms) which had a single decision-maker, at June 1995.
- 4 Within the next three years.
- 5 Mainly Australian Government business-oriented programs and services such as Austrade, National Industry Extension Service (NIES) and Best Practice Demonstration Program. But firms could also nominate other government programs, including training programs.

Table A1.4 Employer expenditure on training in New South Wales, 1993 and 1996

Employer category	1993		1996		Increase 1993–96	
	(September quarter)					
	\$m	\$m	\$m	%		
Small business	39.7	53.3	13.6	34%		
Other employers	195.5	234	38.5	20%		
All employers	235.2	287.3	52.1	22%		

Source: ABS 1997

Table A1.5 Factors contributing to small business employer expenditure on training in New South Wales, 1993 and 1996

Small business employers		1993		1996		Increase 1993–96	
		(September quarter)					
Total no. of employers	'000	112.3	132.9	20.6	18%		
Reporting training expenditure	%	13.4	14.3	0.9	7%		
Average training spend per employer reporting training expenditure	\$	2644	2813	170	6%		

Source: ABS 1997, (unpublished data)

Table A1.6 Trends in small business employer training expenditure, Australia: 1993–1996

Indicator		1993		1996		Increase 1993–96	
		(September quarter)					
Total training expenditure	\$m	108.3	115.0	6.7	6%		
Gross wages and salaries	%	1.6	1.2	-0.4	-25%		
Expenditure per employee	\$	83.0	71.3	-11.7	-14%		
Training per employee	hrs	4.1	2.4	-1.7	-42%		
Employers providing structured training	%	13.4	14.3	0.9	7%		

Source: ABS 1997, (unpublished data).

See notes, table A1.8.

Table A1.7 Small business employers reporting training expenditure in New South Wales, by employment size: 1993 and 1996

Employer size	1993		1996		Increase 1993-96	
	(September quarter)					
	'000	'000	'000	'000	'000	'000
1–9	9.7	14.6	4.9			
10–19	5.3	4.3	-1.0			
Total 1–19	15.0	18.9	3.9			

Source: ABS 1997, (unpublished data)

Table A1.8 Indicators of small business employer¹ training expenditure, by State/Territory: 1996 (September quarter)

State/Territory	Total training expenditure	Employers providing training	Expenditure per employee ²	Training expenditure as % of payroll ³
	\$m	%	\$	%
NSW	53.4	14.3	92.3	1.5
VIC	21.8	12.3	53.5	0.9
QLD	17.3	13.8	62.6	1.1
SA	**	18.1*	**	**
WA	8.0*	9.5*	47.9*	0.8*
Tasmania	**	16.8*	**	**
NT	**	**	**	**
ACT	**	**	**	**
Australia	115.0	13.4	71.31	1.2

Source: ABS 1997

Notes:

* Estimate has a relative standard error of between 25 per cent and 40 per cent and should be used with caution.

** Estimates not published by ABS. These have relative standard error greater than 40 per cent and are subject to sampling variability too high for most purposes.

- Employers with 1–19 employees. Includes both public sector and private sector, but note that nationally public sector accounts for less than one per cent of total training expenditure by small employers.
- Total expenditure on training, as a percentage of the *total* number of employees in the small business sector (i.e. employees in small businesses reporting training spending *and* those in employers not reporting training spending).
- Total training expenditure as a percentage of gross wages and salaries paid by all small businesses, training and non-training combined.

Table A1.9 Fields of training in which employers^a provide training (dollars per employee), by employer size, Australia: 1996^b

Field	Employer size (no. of employees)			All employers
	1-19	20-99	100+	
	%			
Trade and apprenticeship	25	12	8	10
Management and professional	22	22	24	24
Sales, clerical/office and personal service	14	14	10	10
Technical and associate-professional	10	8	12	11
General computing	9	11	9	10
All others ^c	20	38	39	35
All fields	100	100	100	100

Source: ABS 1997

Note:

- a Includes both private and public sector employers and base is all employers, i.e. those reporting training expenditure and those not.
b September quarter.
c Induction, General Supervision, Health and Safety, Personal Development, Plant/machinery and 'Other'.

Table A1.10 Provision of external training by employers (selected firm sizes), 1994 (% of employers using external training providers in last 12 months)

Type of provider ¹	Firm size (no. of employees)	
	1-19	20-99
	%	
TAFE	50	48
Professional or industry association	38	63
Private training provider	33	59
Equipment manufacturer or supplier	22	45
University	10*	18
Other provider	4*	3*

Source: Baker & Wooden 1995, p.75.

Notes:

* Relative standard error of between 25 per cent and 50%

1 Figures sum to more than 100 per cent, because some firms used more than one type of provider in the survey period.

Table A1.11 Small business reasons for not identifying external training as a way to develop skills of owner-managers: 1994

Reason	% Any mention	% First response
Not relevant	45	32
Theory rather than practical	31	18
No immediate benefit to business	21	9
Not the kind of thing you can teach	15	6
Not necessary	13	8
Not designed for small business	10	4
Quality of trainers	8	5
Too expensive	6	3
No time	6	4
Not convenient	5	1
Not sure what is available	2	1
Other	12	7
Don't know	1	1
Total	na	100

Source: Coopers & Lybrand 1994, p.29



Appendix 2

The AGB McNair BACE customer satisfaction survey

This appendix presents:

- ❖ background information about the survey
- ❖ comparison of AGB McNair survey sample and AVETMISS data 1996
- ❖ the survey questionnaire

About the survey

This survey of New South Wales ACE participants was commissioned by New South Wales BACE and conducted in November/December 1996 by AGB McNair. Of the 3612 surveys sent, 1833 were completed by course participants and returned to AGB McNair by ACE providers (see sampling, below).

The response rate therefore was just over 50 per cent. Although not a typical mail-out survey (as the survey was class administered), AGB McNair observed that this response rate is good compared to normal mail survey response rates (Sumich 1997, p.5).

Survey objectives

The overall objective of the student survey was to measure customer satisfaction among ACE participants in New South Wales. The specific objectives of the survey were to determine:

- ❖ students' level of overall satisfaction with the courses they were just completing
- ❖ measurements of specific satisfaction dimensions, that is, levels of satisfaction with particular aspects of participants' experiences of ACE
- ❖ areas for improvement among these dimensions
- ❖ the perceived importance of the dimensions, compared with the performance or satisfaction measure being taken
- ❖ the role of ACE in meeting the needs of small business
- ❖ a customer satisfaction 'baseline' for tracking in future research

Sampling

The target population for this study included all Term 4 1996 New South Wales ACE course participants. The sample selection was based on 1995 New South Wales ACE enrolment data. The strata used in the sample were:

- ❖ Region (10 regions).
- ❖ Field of study (12, although the two smaller fields of study—Law/Legal Studies and Vet Science—were excluded, as they accounted for less than 0.2% of annual enrolments).
- ❖ Provider type (community adult education centres, evening and community colleges, and workers' educational associations).

As the sampling unit was the class rather than the student, a sample design was constructed based on classes in each field of study. (According to the enrolment data, the average class size was around 10.5 students.) Other considerations included the need to cover the ten regional/provider areas, as well as the different provider types. To facilitate reporting at the regional level, regional cell sizes were boosted to a minimum of 15 classes (or around 165 students).

The sample was approximately self-weighting because it was proportional to fields of study and to provider types. This was felt to be the best way of allowing the diversity of large fields of study such as humanities to be properly represented.

Questionnaire booklets (attached) were distributed by BACE to a sample of providers, with instructions as to which types of courses had been selected. ACE providers then sampled students in courses across a range of fields of study as specified.

AGB McNair also noted (among other things) that:

- ❖ it was difficult to control proportions of day, evening and weekend courses as the BACE enrolment data did not contain this information
- ❖ survey results based on a small base size ($n < 30$) are indicative only
- ❖ the margin of error for the full sample of around 1800 is approximately five per cent using this sample design

The sample

The sample of 1833 ACE participants who completed the survey was broken down on the basis of gender, age, field of study and course characteristics.

To correct for regional differences in response rates, the final responses (as reported in Sumich 1997) were weighted by region and field of study to represent total annual ACE enrolments.

ACE small business clients in the survey

To facilitate comparisons with results for the total ACE client population as reported in *Coming Up Trumps*, the survey results for ACE small business clients were also reported on a weighted basis. In practice, there was very little difference between responses for weighted and unweighted small business clients.

As noted in chapter 4:

... the term 'ACE small business clients' refers to those clients working in small business and who said it was 'important' or 'extremely important' that the ACE course provide skills or knowledge for work. This is a larger group than those reporting work reasons as the main reason for doing the ACE course. The characteristics of the two groups are broadly similar.

The numbers (unweighted) of 'ACE small business clients' so defined was 252 out of the 1883 survey respondents. As results based on a small base size ($n < 30$) are indicative only (see above, p.2), survey findings relating to characteristics of ACE small business clients should be treated with caution when 12 per cent or less of ACE small business clients report that characteristic.

Comparison of AGB McNair survey sample and AVETMISS data 1996

The 1996 AGB McNair Survey is a survey of around 1800 BACE clients while the AVETMISS data is a census or count of the entire BACE client population (232 500 in 1996).

The following table A2.1 compares the survey sample with the AVETMISS population in relation to one characteristic relevant to the study of small business clients—the employment category of all ACE clients; that is, including those doing courses for work *and* non-work reasons.

As the table shows, the AGB survey sample is broadly in line with the AVETMISS data with regard to the proportion of *total* ACE clients in paid employment of all kinds—as employers, self-employed, and full-time and part-time employees (71% vs 67%). Where the AGB survey sample diverges somewhat from the AVETMISS population is in the *composition* of those in paid employment. The AGB sample has relatively fewer employees (63% vs 56%) and relatively more employers and self-employed.

There are several possible explanations for this difference, including both sampling and non-sampling factors. For example, the AGB survey was based on 1995 enrolment data, conducted in November/December 1996 and sought to be representative of Term 4 BACE enrolments, while the AVETMISS data relates to all persons enrolling in ACE over the course of 1996 as a whole. Also, AVETMISS data records the client's employment category *at the time of course enrolment*. This may change during a course, although this is less likely to be an issue in ACE with its mainly short courses than in TAFE.

In this study, the AGB survey findings for 'ACE small business clients' have generally been reported for that group as a whole rather than for subgroups of employers/self-employed, and employees separately.

Table A2.1 New South Wales ACE clients in paid employment, 1996: Comparison of AVETMISS and AGB McNair survey findings

Employment category	AVETMISS	AGB McNair survey	Difference (% points)
	% ¹	%	
Employer	1.7	3.4	1.7
Self-employed	6.8	7.9	1.1
Sub total	8.5	11.3	2.8
Employees	62.8	55.7	-7.1
Total	71.3	67.0	-4.3

Source: NCVER 1997 (unpublished data); Sumich 1997 (unpublished data)

Note:

- 1 Percentage of BACE clients who reported their employment category, that is, 70 per cent of all BACE clients in 1996.



Appendix 3

Table A3 Number of self-employed and employer enrolments and clients in vocational courses in ACE in 1996

Code	Field of study	Enrolments			Clients in each category		
		Self-employed	Employer	Total	Self-employed	Employer	Total
0102	Agriculture, forestry	132	36	168	130	36	166
0103	Animal husbandry	50	1	51	47	1	48
0104	Land, parks and agriculture management	9	15	24	9	15	24
0105	Agricultural/land/rural services and sup	1	3	4	1	3	4
0106	Fishing and fisheries	4		4	4		4
	<i>Sub-total</i>	196	55	251	191	55	246
0202	Architecture	3	2	5	3	2	5
0203	Building	83	9	92	76	9	85
	<i>Sub-total</i>	86	11	97	79	11	90
0302	Humanities and social sciences	171	37	208	163	33	196
0303	Language studies	858	220	1078	745	199	944
0304	Visual and performing arts	265	49	314	227	46	273
	<i>Sub-total</i>	1294	306	1600	1135	278	1413
0401	Business, administration, economics – general	3		3	3		3
0402	Business, administration, management	938	248	1186	895	245	1140
0403	Economics	23		23	23		23
	<i>Sub-total</i>	964	248	1212	921	245	1166
0502	Initial school/tafe level teacher education	8		8	8		8
0504	Education other than teacher/trainer education	5	1	6	5	1	6
0505	Other teacher/trainer education	94	29	123	91	29	120
	<i>Sub-total</i>	107	30	137	104	30	134
0602	Engineering and related technologies	66	9	75	64	8	72
	<i>Sub-total</i>	66	9	75	64	8	72
0701	Health, community services – general	244	66	310	243	66	309
0703	Health support activities	16	6	22	15	6	21
0704	Health sciences and technologies	8	2	10	6	2	8
0705	Medical science, medicine	20	2	22	18	2	20
0706	Rehabilitation services	70	5	75	55	4	59
0707	Community, family, personal health care	128	37	165	67	22	89
	<i>Sub-total</i>	486	118	604	404	102	506
0902	Computer science, information systems	2427	629	3056	2175	570	2745
0903	Life, general sciences	6		6	6		6
0905	Physical sciences	7		7	7		7
	<i>Sub-total</i>	2440	629	3069	2188	570	2758
1001	Veterinary science, animal care – general	1		1	1		1
	<i>Sub-total</i>	1	0	1	1	0	1
1102	Food/beverage, hospitality, tourism	55	24	79	50	24	74
1103	Transportation	32	1	33	29	1	30
1105	Other services	6		6	6		6
	<i>Sub-total</i>	93	25	118	85	25	110
1202	Multi-broad-field tafe vocational education	2		2	2		2
1203	TAFE multi-field basic education	298	95	393	263	75	338
	<i>Sub-total</i>	300	95	395	265	75	340
	Total	6033	1526	7559	5437	1399	6836



Case studies





1 Introduction

Four case studies of New South Wales ACE providers were conducted for the research project on ACE and small business in New South Wales. The main report *ACE and small business in NSW* provides (in chapter 6) a brief profile of the four providers and outlines the key lessons drawn from all four case studies for other ACE providers.

This present section provides more detail on each of the four provider case studies.

2 Background and purpose

The aim of the case studies was to describe good practice in ACE provision to small business and to highlight practical lessons for other ACE providers wishing to expand in the small business market.

Defining 'good practice' ACE providers to small business

For this project, the definition of a 'good practice ACE provider to small business was a provider who matched 'some or all of the following practices or results':

- ❖ had an *increasing* number of small business clients
- ❖ had realised *success* in providing for local small business clientele, and which local business could vouch for (for example, recognition or an award from a local business association, or from satisfied clients)
- ❖ had *specifically targetted the small business sector* (or just the business sector generally) in their planning
- ❖ had a demonstrably *good relationship with the local business community*
- ❖ had succeeded in reaching small businesses who were *not previously users of training*
- ❖ were *responsive* to small business training needs, e.g. by being willing to tailor delivery methods, times and locations to suit the business prefers
- ❖ had been *innovative* in meeting small business training needs, for example, in terms of identifying small business training needs or marketing to that sector; responding to those needs; developing relationships with individual firms to help them identify their training needs; or measuring client satisfaction

This definition was used in the letter inviting expressions of interest from ACE providers wishing to be involved in the case studies. The criteria were derived from four main sources:

- ❖ the characteristics of 'best practice' in training for small business, as outlined in previous research (described in the main report)
- ❖ the actual views of small business users of ACE on what constitutes good practice as far as an ACE provider was concerned, as expressed in the ACE small business users focus group in April 1997
- ❖ the priority issues identified (also in focus groups) by ACE providers who were considering either a move into, or expansion in the small business training market
- ❖ the small business findings from the BACE client satisfaction survey described in the main report

3 The providers

The four ACE providers were selected as a result of their expressions of interest and after consultation with the ACE Services Branch, New South Wales DET. As shown in table 1, the four providers comprised:

- ❖ two in Sydney—Strathfield Regional Community College and Manly–Warringah Community College
- ❖ two outside Sydney—Central Coast Community College and Taree Adult Education Centre

They ranged from large metropolitan providers with over 10 000 total enrolments and revenue of \$2.9 million in 1995, to Taree Adult Education on the New South Wales north coast with 2200 enrolments and \$227 000 in revenue. Together they accounted for 9 per cent of total 1996 enrolments in New South Wales BACE, but nearly twice that in terms of their share of total revenue of New South Wales BACE providers in 1995 (17%).

Table 1 New South Wales ACE providers in small business 'good practice' case studies, 1997

ACE provider	Enrolments ¹ 1996	Revenue 1995 \$'000
Strathfield Regional Community College	10 442	2918
Manly–Warringah Community College	8260	1963
Central Coast Community College	7712	1470
Taree Adult Education Inc	2204	227
Total	28 618	6578
% of all NSW BACE	9%	17%

Source: Main report.

Note:

1 Total enrolments, VET and non-VET combined.

All four providers have significant programs in computer applications and business studies, the two main course areas for small business ACE clients.

In the case of Central Coast Community College, a focus group comprising small business users of the college was conducted, and a follow-up interview was conducted six months later with the college relating its response to the focus group suggestions. This is reported here. In the other three case studies, interviews were conducted with the ACE providers only and not their small business users (although some providers; for example, Manly–Warringah Community College had held their own business focus groups). There was a very close match between providers' own views of their strengths and weaknesses in meeting small business training needs, and the views of small business users of ACE on the Central Coast.

Small business users of ACE (in the Central Coast focus group) were generally very satisfied with the college's services, and said the college's *strengths* included chiefly:

- ❖ its flexibility and customer responsiveness, especially being willing and able to put on short courses, and to customise and deliver courses at times and locations convenient for the business
- ❖ the quality of course presenters and the college's industry development manager
- ❖ the value for money represented by relatively low fees

In terms of achieving even better practice, business users identified the *main areas for improvement* as:

- ❖ projecting a more businesslike image for the college in the business community and developing a broader relationship with business

- ❖ improved marketing of the college's strengths, including a business-specific course brochure
- ❖ developing more 'partnering' arrangements with other trainers to enable local business to access there

4 Key lessons for ACE providers: Summary

From the four case studies, further understanding on the key characteristics of 'good practice' ACE providers to New South Wales small business was reached. 'Good practice' providers do some or all of the following:

- ❖ Think and act in a businesslike manner in all dealings with the small business market, current and potential. This is not an empty slogan for successful ACE providers. It means having a commercial and customer focus, employing sound business practices, and recognising that ACE providers are generally small businesses doing business with other small businesses.
- ❖ Take time to know their *current* small business customer base and get maximum feedback (on service standards, trends etc) from this group.
- ❖ Are *responsive* to customer needs, in terms of flexibility on timing and location and content (customising) of courses.
- ❖ Have access to *training facilities* (either own, or leased) that allow more flexibility of course delivery times (day and night), and potential partnerships with local and other training providers and businesses.
- ❖ Invest time in *developing a relationship with the local business sector*, including peak business bodies (like local Chambers) but also investigating new markets especially small office home office (SOHO) operators.
- ❖ Implement innovative *partnering arrangements* with other ACE providers, local businesses and training providers.
- ❖ Implement *innovative marketing and promotion* arrangements, especially the production of a business-specific brochure.
- ❖ Have a dedicated *industry development manager* to carry out the role of business development with small business (where possible).
- ❖ Follow through with important practical quality touches for business customers, like providing hands-on take-home workbooks and enjoyable and nourishing lunches, morning/afternoon/evening teas.

Other lessons for ACE providers

As well as the practices listed above, the four providers highlight the following specific issues for ACE providers looking to do more business with small business in the future.

- ❖ *Monitor current and potential competitor activity* in that part of the small business market served by ACE. It was sometimes said that for now and the next few years, the competition in the short course market is not generally from TAFE but from private providers, and possibly employment bodies and case management organisations moving into the business training field.
- ❖ Use all available information and market intelligence to plan future courses and strategies.
- ❖ Give careful attention to developing skills in sound course pricing, as part of an overall ACE management improvement plan.

Information needs of ACE providers to small business

The providers identified areas where the provision of additional information would assist them in becoming more successful. Some of this information could be centrally disseminated through DTEC's ACE Services Branch. Such information might include updates on:

- ❖ emerging training trends in small business, for example; possible next areas of small business demand in computing
- ❖ training trends in Sydney, to help guide providers in non-metropolitan areas where there is often a time lag before Sydney trends arrive
- ❖ legislative changes that could have an impact on small business demand for training; for example food handling, OH&S, rehabilitation co-ordination etc.
- ❖ new firms setting up in the local area
- ❖ any formal training needs assessments against which providers can judge informal assessments made at the local level.

The focus groups of ACE providers

The focus groups of ACE providers included those already active in the small business market, and those not. The groups considered issues such as how the providers measured success in providing for the small business training market; the kinds of relationships local business had with different providers and key issues they believed relevant to expanding small business market. Key points to emerge included the following:

- ❖ An opportunity clearly exists for ACE to expand in small business niche markets (short courses particularly), partly because some small businesses are looking for alternatives to TAFE, since (it was suggested) TAFE has its focus more on larger firms and longer courses.
- ❖ Pricing policy for ACE courses and services to business was an issue for some—achieving the balance between commercially acceptable rates and staying in harmony with ACE's fundamental philosophy of access.
- ❖ Small business management and marketing skills were considered by some to be absent in ACE and to need strengthening—issue for both metropolitan and non-metropolitan providers.
- ❖ Commercial and daytime premises would probably be required to ensure expansion in the small business market. This was also a shared issue, and a major one for the metropolitan providers.
- ❖ 'Micro' businesses; that is those businesses with less than five persons were a particular issue for some rural providers. They were seen as a potential area for ACE but more conservative and resistant to training marketing efforts.

The following sections 5–8 report on the individual case studies.

5 Case studies

Case study 1: Central Coast Community College, Ourimbah

Background on provider and small business

Central Coast Community College (CCCC) shares a campus with the University of Newcastle and serves an expanding population and business base located about one hour's drive north of Sydney. The business sector is a mix of small businesses plus some larger companies in a range of industries—including manufacturing and recreation and hospitality.

Business programs began on a small scale around 1989, with 1–2 day workshops on topics like marketing, time management and conflict resolution. The initial business response was modest and disappointing. Business interest in college courses accelerated with the Training Guarantee legislation in the early 1990s. Train the trainer and training administration were popular programs, but employer demand fell rapidly when the Training Guarantee was suspended.

Some companies whose first contact with CCCC had been as a result of the Training Guarantee continued to be users of the college's programs. But the next major turning point for CCCC was acquiring good quality computer training facilities. This, combined with the computer courses themselves generated new demand from business in this field, and also for areas like book-keeping. By 1997, CCCC had expanded to three dedicated computer training rooms.

In 1994, CCCC appointed a full-time dedicated industry training manager. This appointment was made after concluding that further development of the business training market was so time-intensive that it could only effectively be done this way.

The computer program courses in particular have been a continuing success. During 1997, the college negotiated with a major supermarket chain to set up a State-wide program of computer training to be delivered through a number of New South Wales ACE providers. The college was also approached by the New South Wales Department of School Education to deliver computer training to principals, teachers and school support staff.

The focus group of small business ACE users

In 1997 as part of this research project, a focus group was held with nine (mostly small) business users of ACE. They were a mix of first-time users plus repeat users of the college who had all taken work-related courses at the college. The purpose of the focus group was to obtain direct small business feedback on:

- ❖ their experience as customers in dealing with the college
- ❖ the college's strengths and weaknesses
- ❖ good, better and best practice in meeting small business training needs

Strengths

In line with the 1996 BACE customer satisfaction survey findings (see main report, chapter 5), the business users group generally reported a high level of satisfaction with the college performance in business-oriented programs, and highlighted the following features as strengths.

- ❖ The college's *location* on the Central Coast. Most local business people and workers prefer *local* training programs, are very reluctant to travel to Sydney, and prefer to give opportunities to local business (as do most residents)
- ❖ The *short introductory courses* offered, lasting a single day or so in length including, in particular courses in computer applications and generic courses on topics such as interpersonal skills
- ❖ The college's business development manager—especially the manager's energy, and willingness to listen and help firms identify their training needs.
- ❖ Flexibility, especially the ability and willingness to customise courses for specific needs of firms and to deliver in-house on business premises, at times suitable for firm. The college was compared favourably with TAFE, considered to lack this flexibility.
- ❖ The quality of course presenters, especially their current business and workforce experience.
- ❖ The value for money represented by the courses, with course fees considered very much at the low end of the fee range compared to private providers and specialist consultants.
- ❖ The fact that the college had its own facilities, in pleasant surroundings, and did not operate out of school rooms.
- ❖ The relaxed but professional atmosphere at the college, contributing to a positive learning environment for small business people.

Accreditation

There were mixed views on the importance of accredited training. Businesses in manufacturing tended to say it was important, as did those involved in food safety and hygiene. Other small businesses said accreditation was not important.

Weaknesses

The business users of ACE saw as the main weaknesses of the college sector, as:

- ❖ its lack of an appropriate promotion and marketing strategy to business (and overall relationship with the business community)
- ❖ its lack of development of post-introductory/follow-on courses, for example computing trouble-shooting service, food safety/hygiene specific to delicatessens and partnering with other specialist trainers

Specific changes suggested by the business users of ACE

To improve its service to the small business sector and generate more business users of ACE, the focus group suggested that the college should:

- ❖ Promote a *more businesslike image* for the college in the business community, and even consider a name change from 'Community College' (see also below).

This was a key issue for most small business participants. Some felt that perceptions of the college as a 'relaxed' provider contributed to an image problem in parts of the local business community and therefore prevented the college from reaching its full potential in this sector. While this was one of the college's strengths for some, for other business users the image issue needed to be addressed.

Specifically, the word 'community' in the college's name was seen as implying mainly low key, leisure and recreational courses. The image was not perceived as sufficiently businesslike to attract some businesses.

- ❖ Improve promotional and marketing activity, specifically
 - ◊ production of a *business-specific brochure* on courses/programs rather than a listing of business courses in with the community program (while keeping business courses in the general community brochure as well). See also 8 below
 - ◊ taking full marketing advantage of the college's links with university and TAFE, particularly as the joint campus gave the college added flexibility.
- ❖ Develop a broader and deeper relationship with the local business community, especially through closer links with peak business groups and service clubs such as Rotary, Chamber of Commerce etc., other business-oriented government bodies like the Regional Business Development Corporation and with key business intermediaries (local accountants, business consultants and advisers).
- ❖ Establish a specialist business 'division', or maintain dedicated staff responsible for getting into face-to-face contact with local businesses.
- ❖ Give more emphasis to ACE's willingness and capability to *customise* courses for business. This was regarded as a key selling point.
- ❖ Develop more 'partnering' or joint venture arrangements with other specialist trainers; for example those located in Sydney and organise locally based training sessions for local business people.
- ❖ Maintain fees at the lower end of range, but not necessarily 'rock bottom'.
- ❖ Consider marketing the sector (and college) as 'ACE' on State-wide or national basis. The business participants saw marketing advantages in an ACE brand name.

The college's response

Over the following six months, the college responded to the business group's suggestions as follows:

Image and college name

To improve its marketing to the business sector, the college examined alternative descriptions for its Business Training Section, specifically removing the word 'community' from marketing material. See also below, 'Building local relationships'.

A separate business specific brochure

The college decided to produce such a business-specific brochure which has subsequently been very well received by the business community. Included in the brochure is a 'fax back survey' which has also been well received by the business community.

Building local relationships

The college followed up the suggestion by business users to develop local business relationships with very positive results. These included:

- ❖ *The Australian Business Chamber:* The college contacted the chamber, and established that each was competing against the other in some areas of training for businesses in the local area. As a result, the parties agreed to offer complementary programs and to promote each other's courses in each other's brochures.
- ❖ *The Local Chamber of Commerce:* Contact was made, but promoting the college's courses through the chamber and its magazine has so far had only limited success.
- ❖ *The Central Coast Regional Business Development Corporation:* This is strictly a government authority but has a strong business input from board level down. The Corporation has a contract with Royal Melbourne Institute of Technology (RMIT) to provide Internet training via premises initially in the University Library Central Coast campus, located on the same site at

Ourimbah. The CCCC has successfully negotiated an arrangement whereby the college premises are linked to an ISDN connection and the facilities hired for Internet training.

- ❖ *Central Coast Business Review*: The college has arranged for the *Review*, a monthly publication that reaches 3000 businesses in the district, to include the brochure as an insert. The brochure offers 'specials' like a 10 per cent discount on a college courses.
- ❖ *Business breakfasts* have attracted around 60 business people, and the plan is to hold one every few months.

Customising, and specific business segment targeting

All college marketing and promotion now highlights course customising as one of its features. A course on webpage design and maintenance specifically targeting real estate agents has also been developed.

Partnering

As well as the partnership on Internet training mentioned above, the college is now hiring out its training rooms to businesses wanting to do their own training, mostly for day classes but also for those conducted in the early evening.

Lessons

Based on its experience before and after the focus group with business users, Central Coast Community College highlights the following:

- ❖ Obtaining current business customer feedback, for example via focus groups, is essential for knowing and understanding what the provider is doing well (or not), and how to improve.
- ❖ Canvassing for business produces results among small business people, including 'cold calling'.
- ❖ Achieving repeat business requires developing an ongoing relationship with the business. Once contact has been made with the business, it is imperative to keep in touch even if no training business is concluded the first time round.
- ❖ For courses aimed at business people, 'hands on', interactive course materials are vital, that is, workbooks etc that clients can take back to the workplace.
- ❖ Being flexible about course times and customising is essential.
- ❖ Taking care to provide quality service and products at all stages with business clients is essential, for example providing an exceptionally enjoyable and nourishing lunch, morning tea.
- ❖ The industry development manager (or person in equivalent role) needs some key skills and attributes, chiefly the ability to listen, to develop and foster relationships with business people, and to handle positively the inevitably numerous 'rejections' from businesses not interested.

Other provider comments

The key plans at the college involve the consolidation of the small business initiatives developed in 1997. In this regard, the move into business training by some local case management providers has been significant. A number of local private providers have location advantages (being in the heart of the business district), and are becoming active in provision of the same short-course business courses as ACE. These providers are possibly more competition than TAFE in ACE's current and developing market.

Case study 2: Manly–Warringah Community College

Background on provider and small business

Manly–Warringah Community College is located on Sydney’s northern beaches and is one of the 15 large ACE providers in New South Wales, with total revenue in 1995 of almost \$2 million.

The local industry base is extremely diverse. It includes a strong horticulture and nursery sector servicing the broader Sydney region, some multi-national companies with small- to medium-size business locations in the area, and small exporters in manufacturing. The workforce in local small businesses includes many who live outside the area. There is also a growing sector of self-employed or home-based businesses, often run by ‘downsized’ professionals or mature age people deliberately choosing the self employment option.

Good practice in meeting small business needs

Manly–Warringah includes the following as important practices:

- ❖ Taking time to be aware of (and to get to know better) the current small business market in ACE, especially by monitoring which business courses reach full enrolment rapidly. Enrolment forms and cheques paid are also scrutinised to determine which clients are in fact paid for by businesses. Examples of benefits include:
 - ◇ In the Manly–Warringah area, one aspect that emerged was that the people *working* in local businesses are not all local *residents*. Hence a local community-focussed marketing campaign will not reach all segments of the local business market.
 - ◇ Monitoring of *language classes* revealed business enrolments in European languages classes were mainly for leisure reasons, whereas large numbers of business people were enrolled in certain Asian language courses for business purposes (for example, Japanese, Indonesian, Mandarin Chinese) Some local businesses were developing Asian customers or partners, and wanted all client contact staff to know some basic phrases and cross-cultural skills.
- ❖ The college principal has a policy of visiting and meeting every business person who signs a company cheque for a course at the college.
- ❖ It is important also to maximise the input and insights of tutors, who are expected to be entrepreneurial and looking to identify new and emerging trends in relation to business training needs.
- ❖ Monitoring local newspapers to see what other training providers are marketing to small business is a useful way of seeing what competitors are selling.
- ❖ Taking full advantage of positive spin-offs and endorsements from local small business people who enroll in ACE courses as individuals (rather than company sponsored). Often satisfied clients will recommend the college to their employers for staff training in unrelated business fields.
- ❖ Forming innovative marketing alliances with local suppliers of equipment to small business; for example, a local computer sales company now hands out \$50 ACE training voucher with every computer sold to customers.

Strengths

Strengths as seen by the college include the following features:

- ❖ The college is run as a small business providing service to the small business market, and staff are encouraged to see themselves as part of a small business. Several office staff are themselves from small business backgrounds (for example; spouse a building contractor), and have no trouble understanding and identifying with small business staff, or accepting the need to be multi-skilled, and working long hours to get a job done.
- ❖ Flexibility regarding the times available for small business, that is, now daytime (morning or afternoon), early evening straight after work (4–6pm), later evening. The facility to customise courses was also considered important.
- ❖ Willingness to form alliances with other ACE providers and other non-ACE organisations, as a means of reaching a bigger market and achieving economies of scale.
- ❖ The lecturers and tutors are drawn from local business, have up-to-date knowledge of trends in the small business sector and are entrepreneurial people.
- ❖ The college's facilities, particularly the location and quality of its training rooms.

Weaknesses

The Manly–Warringah Community College sees these mainly as:

- ❖ The college image in the business sector, where it is perceived by some as not business-relevant, but the perception is more that the college operates leisure programs in evening classes, from school premises.
- ❖ The relationship with local newspapers is considered underdeveloped, but there are difficulties with the local paper's head office having been relocated nearly 30 kms away in Parramatta.
- ❖ The college is sometimes not able to respond to all the business demand for programs that comes forward, for example some prospective clients would like the college to provide training rooms for a full week at short notice.

Building local relationships, including marketing strategies

The Manly–Warringah Community College highlights the following as producing results:

- ❖ Alliances with organisations such as the Restaurant and Caterers' Association, in a joint marketing venture in which the college will deliver more 'generic' business courses in tandem with the Association's more specific programs (for example, general customer service programs in conjunction with OH&S for cafes etc.). See also *Other provider comments* below.
- ❖ Active involvement with local business organisations and service clubs; for example, the principal has spoken at Rotary and started a 'mini focus group' through an informal network of local business people through the Rotary connection. But the college notes that reaching many new starters in small business and new types of businesses—for example, home based—requires other approaches.
- ❖ The connections with local computer equipment sellers, leading to a \$50 voucher for training at the college with each computer sold.

Lessons

The Manly–Warringah Community College highlights the following:

- ❖ Know the current ACE customer base and market, and maximise the business growth potential of the existing customer base.

- ❖ Think and act like a small business, and improve the quality of customer service to small business; for example, that staff doing enrolments at enrolment time are customer friendly, know the course options and details, and can answer questions on the spot.
- ❖ The benefits of alliances with other ACE providers and other organisations should be explored and maximised. (see also below).
- ❖ There is a need for information and intelligence to anticipate the emerging trends in small business training needs; for example, in computing and small business and the Internet, to determine whether the right move for ACE is to team up with an Internet service provider or perhaps a Webpage designer.

Other provider comments

Key plans of the Manly–Warringah Community College are to explore alliances of two kinds:

- ❖ with other ACE providers
- ❖ with local providers and/or small businesses on training in the horticulture area.

Alliances with other ACE providers

The plan (under discussion in October 1997) is for three ACE providers on Sydney's north side to collaborate a joint marketing campaign to small business in the total catchment area. The aim is to expand the market reach and take advantage of the complementary programs and specialities currently offered separately.

A joint marketing brochure, valid for one year, would outline the courses and professional services available from the three ACE colleges. It would promote both courses in the general program and customised firm-specific courses, for delivery in a college or workplace site.

Alliances with local providers and/or small businesses

The option being considered here involves MWCC's school of horticulture and also office administration programs. The former currently offers programs geared to landscape gardeners with pathways to TAFE courses and links to Ryde TAFE, the latter, office procedures, typing, business communications and similar topics.

In both cases, MWCC intends calling for expressions of interest from prospective partners among local businesses (and/or private providers) in landscaping and office services respectively. Under the proposed partnership arrangements, MWCC would contribute assessment services (for example workplace trainers and training) and perhaps prepare manuals, while the business partner would take on responsibility for course delivery and instructor management.

Case study 3: Taree Adult Education Inc

Background on provider and small business

Taree Adult Education (TAE) is a mid-sized ACE provider located in the Manning area on mid-north coast of New South Wales. It is a Community Adult Education Centre (CAEC), and like many CAECs, had its origins in the formation of a local volunteer group aimed at providing self-help and discussion groups to meet perceived community needs. TAE is currently the second largest CAEC (in terms of number of courses, enrolments and staff employed) in New South Wales. TAE has three full-time staff—director, administrative officer and a one-year trainee. Two years ago TAE was staffed by one person. The Manning area business sector includes government organisations, retail chain stores and several franchises, but the majority of businesses in the area are small businesses, often small owner-operated/managed enterprises.

TAE estimates that around 40 per cent of its courses are vocational or have a vocational link. The VET delivered by TAE includes:

- ❖ ACE–VET contract training supported by the New South Wales Board of Adult and Community Education with ANTA-sourced funds. This is a very small part of TAE's operations.
- ❖ Professional Development, including Workplace Assessor Training, Certificate IV in ACE Teaching and Certificate IV in Management of Adult and Community Education.
- ❖ Traineeships in Aged Care (Nursing Certificate) and Office Administration.
- ❖ Post-School Options and Special Equity Programs, including literacy and numeracy courses directed towards developing life skills or very minimal workplace skills.
- ❖ General fee-for-service courses, such as accountancy, workplace skills, computing, first aid, general education courses (semi-vocational), and personal development courses (vocational link).

Management structure

TAE has a management committee comprising the TAE Director and local community and industry representatives. This committee makes general management decisions, such as the leasing of premises and the purchase of major equipment, and determines the broad strategic direction of TAE. The committee membership also provides 'on the ground' information about local training needs.

Good practice in meeting small business needs

Meeting local needs—planning for small business

The management committee decided in late 1995 to acquire training and conference facilities, which they could use as their own training premises and also make available to local businesses and organisations.

The resulting location of the TAE in the landmark building 'the Big Oyster' is itself an example of accessing and optimising community relationships. The tenancy and outfitting of the previously under-utilised building was the result of negotiations with the local owner. The management committee was able to capitalise on the local property owner's positive perception of the role of ACE in the community.

The acquisition of training facilities has proved to be a very positive development. Over the last twelve months, local businesses have been approaching TAE with specific training requests that the centre is now in a position to fulfil.

TAE has a relatively high level of recognition in the Manning area and many of its vocational courses are offered as a result of specific requests from local businesses or individuals. Other strategies for identifying needs include:

- ❖ Course evaluation sheets for all training (not just vocational) requesting suggestions for potential courses.
- ❖ Regular scanning of the local newspaper for advertisements and news stories on local businesses.

Strengths

TAE sees their chief strengths and weaknesses as follows:

- ❖ *Customised content:* Courses specific to local needs and at the right price are developed
- ❖ *Customised delivery:* Flexibility in timetabling courses, and providing an easily accessible training location (with parking)
- ❖ *Unique local profile:* Provision of training services which are different from those provided by TAFE or other organisations

- ❖ *Tutor links with small business:* Purchasing local training and supporting local business ensures high quality courses and high community profile
- ❖ *Professional development of trainers:* Tutors typically complete Train the Trainer Level 1 and are allowed a half-price course each year for their professional development.

Weaknesses

These were seen as chiefly:

- ❖ *Insufficient data on costs and cost recovery:* Resource limitations make it impractical to undertake detailed cost-benefit analyses of courses. This results in a heavy reliance on educated guesswork to determine what courses run efficiently or at a profit.
- ❖ *Lack of time and resources to analyse available data and plan accordingly*
- ❖ Staff and management rely fairly heavily on 'gut feeling' as a measure of course quality and outcomes. Lack of reliable data is also a difficulty in tendering for government training work and in estimating whether a successful tender would benefit TAE.
- ❖ *Lack of time and resources generally:* Limited ability to develop and build on what appear to be positive marketing and training initiatives.

In terms of success factors in providing training to small business, TAE highlighted four:

The right content

Customised computing courses have been particularly popular with local business people who typically want training on specific software tailored to business needs. A popular option after completion of a core module has been an additional two weeks of specific business needs training. This allows a mix of cost-effective core module teaching and client-oriented course tailoring.

There has been a good follow-on response from students requesting a second course.

An increasing number of work skills and computer courses are offered and fully subscribed each term. The following table indicates the growth in enrolments in these areas in 1996.

1996	Work skills/ computing	Total enrolments	% of total enrolments
Term 1	122	524	23%
Term 2	124	551	22%
Term 3	214	630	40%
Term 4	180	499	36%

Right timing and location

The increase in enrolments over recent years has largely resulted from offering weekend and Friday night courses. Friday night *Computing for Business Owners* has become a popular time slot. Many of these students taking this course have completed an earlier basic course and bring in their own specific examples of database or spreadsheet needs and work on addressing these. Saturday and Sunday classes in computer maintenance and hardware also attract large enrolments.

TAE is very flexible about the location of courses. Their training facilities mean that they are well placed to offer particular classes on their premises. However, specific industry training, such as entry level health/aged care, retailing, media training can be offered on site in local businesses.

Teaching quality

TAE has directly invited local business people to participate as tutors. Around 30 per cent of TAE courses are tutored by professionals who work in or own a small business, and many have

undertaken Tutor Training Workplace Trainer Category 1. Feedback from students undertaking courses taught by local business people has been very positive about these staff.

Accreditation preferences

Staff who are paying for their own training tend to prefer accredited courses since these offer the longer-term benefits of transferability beyond a single workplace. Employers/owner operators do not have a particular desire for accredited or non-accredited courses. Their major concern is relevance to business needs.

TAE offers both accredited and non-accredited courses and also allows the option of upgrading some non-accredited courses to accredited status.

Building local relationships—marketing strategies

TAE has undertaken various low-cost marketing strategies aimed at raising the profile of TAE as training provider to small business. These include:

Public speaking at Rotary and Apex clubs

Community links are fostered through regular attendance and guest speaking at Rotary and Apex clubs. These meetings provide opportunities to talk about new programs and training initiatives. TAE displays on its front counter a certificate of appreciation for guest speaking at evening Rotary meetings.

Brochures

Brochures advertising courses are sent out four times a year and always prompt a positive response. All businesses in the area are targeted. Every business is notified of courses through business post box delivery and street delivery of the brochure. Five hundred and forty enrolments (general and vocational) resulted from the most recent mailout.

Adult Learners' Week

TAE sees Adult Learners' Week as an opportunity to get local businesses into the Big Oyster to introduce TAE as a VET provider. TAE capitalises on media focus and local interest during this week and holds information seminars for small businesses about traineeships and short VET programs.

Media

Local press are very happy to provide free coverage for training events. The director and staff send out regular press releases about new programs and initiatives and make themselves available for local television and radio interviews.

Business sponsorship

Local small businesses are asked to 'support or sponsor' a work-related course; for example to pay for the tutors, so that student costs are reduced, or to advertise in the brochure so that costs of printing are reduced. Requests for sponsorships have been quite successful.

Promotional breakfasts

Occasional promotional breakfasts on weekdays provide information about TAE and programs. They are also a means of finding out about local businesses training needs.

* * *

The TAE also emphasises that building local relationships with business is a key element of working as part of the community.

Through flexible brokerage arrangements for training courses offered under the TAE program, TAE helps support and publicise local business and raise community awareness of training activities and opportunities.

TAE has multiple individual arrangements with trainers and entrepreneurs in the Manning area who offer accredited and non-accredited courses under the TAE name. The precise terms of these relationships are determined individually. In general, however, TAE advertises the courses in their quarterly brochures and takes a percentage of the profits on course provision. Training is delivered either on-site at the Big Oyster, or on the trainers' premises as appropriate.

These arrangements allow an amalgamation of local expertise, local needs and the utilisation of local training sites and equipment.

TAE staff see numerous advantages in these arrangements, as they:

- ❖ introduce people to the concept of adult learning
- ❖ foster a higher local profile for TAE
- ❖ promote a positive local perception of TAE as working alongside local businesses
- ❖ create a flexibility in course content limited only by the boundaries of local expertise and local teaching skills

The organisational costs (negotiation time) of these unique relationships have not been quantified, and the extent to which costs are recouped over the duration of the respective business arrangements is unclear. But, in addition to the positive training outcomes for those enrolled in the courses, many of the individual arrangements promise to become long-term mutually advantageous relationships.

Key lessons

TAE believes that:

- ❖ small business people want training that is *relevant* to their needs, *short* and *accessible*
- ❖ training providers need to constantly ask, 'what are we here for?' and not branch out into too many areas.

Other provider comments

To improve understanding of, and marketing to the business sector, the TAE intends to:

- ❖ redesign enrolment forms to determine whether a course is undertaken for work-related purposes and to check three months later whether course has met work-related needs
- ❖ develop a specific course/training flyer for businesses

And more generally, to:

- ❖ investigate the viability of involvement in disability placements and case management
- ❖ develop a business plan. Currently, TAE has an operational plan with a statement of aims, budgets, strategies, performance indicators, and allocation of responsibilities
- ❖ develop a database of tutors' skills and qualifications
- ❖ utilise ACE networks and share ideas through Cluster meetings and via email
- ❖ Expand on initiatives to give vocational advice in schools—Years 10 and 11

Case study 4: Strathfield Regional Community College Inc.

Background on provider and small business

Strathfield Regional Community College is one of the largest ACE providers in New South Wales. The training activities of the college are divided into four teams: Community Programs, Foundation Studies, International Studies and Workplace Training.

The teams function as separate organisational units within the college with specific target clienteles, but can jointly address community needs as required; for example, in the provision of language and literacy courses (Foundation Studies) or as an adjunct or introduction to vocational training (Workplace Training).

The *Workplace Training Team* delivers vocational training courses (30 licensed courses) with levels ranging from Certificate 1 to Associate Diploma, one-year traineeships, and specialist vocational and placement programs in a range of learning areas to suit local business needs and the vocational needs of local learners.

With the exception of three major retailers operating locally, the local business profile is largely comprised of small business and service industries. Courses and programs offered by the Workplace Training Team reflect this local profile in the vocational and business-related courses offered. In addition to *accredited* courses in Computing, Medical Terminology and Workplace Training, the college offers short courses specifically addressing local and small business needs such as 'Coffee Shops and Small Restaurants: The Do's and Don'ts of Survival', 'Home Business: The Ingredients for Success', and 'Marketing for Small Business'.

Many people in the area are interested in self-employment as a result of retrenchment, redundancy, limited employment opportunities or simply a desire for change. A particular aim of the Workplace Training Team is to assist local people in entering/re-entering the workforce by providing small business management training and by matching local skills development to local needs.

Good practice in meeting small business needs

Identifying local needs

SRCC sees local community awareness and responsiveness as critical factors in their success. Scanning local news reports and publications, and especially getting out and talking to people in the local community is how they maintain awareness of what is happening in the area. The college is located in the main shopping street of Burwood and the director and staff specifically go out and meet their 'small business neighbours'—local owners, operators and employees—to determine their training needs.

On a more formal level, regular meetings are organised with the State Industry Training Boards (ITABs) to research industry-specific needs. Consultation with the general community takes place as part of the college's annual program of promotional activities. Training displays foster two-way communication as staff tell the community about ACE training activities and get information back about community training needs and interests.

These broad consultations have indicated two distinct kinds of training needs: those of the time- and resource-strapped small businesses owners and their employees, and those of school leavers facing an uncertain vocational future in a climate of high youth unemployment.

Strengths

SRCC sees their chief strengths as:

- ❖ *Listening to what their customers want:* The college is keen to negotiate with local small business to develop a training program to suit their needs.

- ❖ *Workplace delivery:* Courses delivered at the workplace, with off-site training timetabled to accommodate business needs, are a feature of the college's approach.
- ❖ *Recognition of current competencies:* Tailoring training to suit business needs, not overtraining.
- ❖ *Delivering positive outcomes:* Providing local people with training that gets them jobs.
- ❖ *Local profile:* Provision of accessible, non-threatening and effective training services.
- ❖ *Links with local schools:* Assisting teachers of vocationally oriented subjects, introducing ACE as an accessible avenue of post-school VET (also a benefit for small business).

Weaknesses

SRCC sees their chief weaknesses as:

- ❖ *Resource availability:* Limitations on staff /time/operation size.
- ❖ *Information supply:* Staff experience considerable difficulties in extracting real, specific, accurate information about, for example, government training subsidies, tender opportunities.

In terms of success factors in providing to small business, the Strathfield college emphasises:

❖ Relevant training

Non-traditional learners often have a negative attitude towards training, seeing it as consuming time and resources for insufficient returns. SRCC seeks to overcome such negative attitudes by focussing very specifically on training relevant to current or short-term future business needs.

Consequently, an important selling point for SRCC training is that it can be tailored to meet the specific needs of a business. SRCC staff invest considerable effort in determining needs and developing matching training packages. To minimise time expenditure in course planning, existing courses are tailored wherever possible to meet specific needs. A key element of tailoring training for small business is not to 'overtrain'—not to provide more training than is needed.

Feedback on SRCC training programs for small businesses has been very positive. The number of training enquiries from local businesses is increasing steadily, as is the number of small business enrolments. By concentrating on meeting specific needs, the Workplace Training Team has attracted business people who would otherwise not have invested in training for themselves or for their staff.

❖ Accreditation preferences

Accreditation is typically not a selling point for employers and small business owners. For employees, however, accreditation is attractive since it enhances employability by providing learners with a recognised qualification portable from one workplace to another. Modules from accredited courses can be put together over time to provide the learner with a certificate.

From the trainer's perspective delivering accredited training is also more practical: tailoring an existing course to be enterprise-specific is more time-effective than developing a new course from scratch. SRCC offers a range of vocational training certificates and the breakdown of these into modules has the advantage of allowing multiple entry/exit points to a larger certified course of training for learners who are interested in accreditation.

❖ Taking training to the workplace

Small businesses typically find it difficult to allow staff time off work to undertake training. They want 'home delivered fast food learning'. The Workplace Training Group has responded to the limited resource flexibility of small business by taking training into the workplace. Some examples of responsive and innovative solutions to small business time and resource limitations follow.

Example 1: Small real estate business

A real estate business owner approached SRCC about providing training for his staff of two. The staff members were interested in undertaking a Property Management traineeship, but the tight staffing of the business did not allow prolonged training absences from work. SRCC was able to negotiate a workplace-based training package, with off-site training provided one day every six to eight weeks (that is, a total of 6–8 off-site training days in a year). This has allowed the staff members to undertake this traineeship with minimal disruption to the everyday work needs of the employer.

The employer's initial concerns that the training would occupy too much of his staff's time and his own (as workplace assessor) were allayed over the course of the training as all involved in the learning experience recognised its positive outcomes. For instance, the strategic planning of the business was enhanced as employer and staff together developed marketing and business plans.

SRCC considers this program a pilot to test the required inputs and client satisfaction with results. They are currently planning a marketing campaign to get more Real Estate trainees and consider eight to ten trainees necessary for a break-even result.

Example 2: Health care

The Burwood area includes a number of health and aged care institutions. A local nursing home approached SRCC to provide entry level training for staff. SRCC has so far run two full-time training courses for nursing homes with 13–14 students in each. The courses provide on-site work experience. The first course was paid for by the nursing home requiring trained staff. The second course was paid for by New South Wales DTEC as contracted training. Post-course placement success stands at 100 per cent. There is now a waiting list for the next courses which will be run on a fee-for-service basis.

Example 3: Horticulture

As part of their efforts to cater to the market, SRCC have designed a mobile skills centre—a truck which expands into a classroom to hold 20 people—as a means of bringing horticultural training to people in localities not otherwise serviced by TAFE horticulture training provision. In particular, SRCC sees a need for training in information technology skills specifically related to horticulture and related areas. SRCC has sought a grant from the Australian National Training Authority (ANTA) to fund the acquisition and outfitting of the truck.

Building local relationships—marketing strategies

Low-cost marketing strategies to maintain and raise the profile of SRCC as a local training provider include:

- ❖ Walking around the business area and talking to local business people, and talking to the relevant State ITABs.
- ❖ Distributing questionnaires to local businesses—a recent questionnaire prompted about 25 responses from 120 distributed.
- ❖ Distribution of SRCC course brochures.
- ❖ Advertisements in the local papers elicit a high response level with excellent responses from foreign language advertising. SRCC advertises in three Chinese, two Korean, one Vietnamese and one Arabic newspaper.
- ❖ Local council runs a street festival in September. In 1997, SRCC highlighted some 'colourful' leisure courses, provided food to attract passers-by, and distributed information about the broader program.
- ❖ Also in September is 'Adult Learners' Week'. This year SRCC mounted a live display in Westfield Shopping Centre with teachers available to talk about the classes offered. As with

the street fair, eye-catching programs from the Community Program (fruit carving, massage) were highlighted and information about the broader program provided.

- ❖ A sub-unit of the SRCC is the Sydney Ecological and Horticultural Training Centre which trains horticulture students. Through this unit, the SRCC is involved in the Horticultural Trade Fair (June) which reaches a large number of horticultural and small business people.

Key lessons

The Strathfield Regional Community College highlights the following:

- ❖ Providers need to be themselves high quality small business, with a commercial focus and good business practices.
- ❖ Providers need to expand the boundaries of flexible delivery, to be constantly innovative in addressing and anticipating environmental change.
- ❖ Brochure and local press advertising is not sufficient to achieve an adequate community profile. Involvement in community events is critical in achieving visibility and recognition as a training provider to the business community.
- ❖ Providers cannot rely on past successes; they need to keep reaching new potential clients. There is very little local recognition by association with ACE. In fact, community perception is often that ACE belongs with TAFE, not that it is a separate entity. *The local profile of a training provider is what counts.*
- ❖ The development of customised VET programs is a major part of survival.

Other provider comments

The Strathfield Regional Community College, in planning for small business market development, intends to:

- ❖ continue to go where businesses are located to provide training.
- ❖ begin looking at on-line training in the longer term. Small first steps are already being taken, with an SRCC homepage developed.
- ❖ implement the ACE Quality Strategy and go beyond that to improve the quality of operations.
- ❖ shift from one-year to three-year planning cycle and develop a three-year business plan that will include marketing strategies, staff development strategies, business development strategies and budgets.
- ❖ re-design the course brochure to highlight vocational training

Finally, one example of how the college helped a local client find a new business direction through business training illustrates how ACE helps bring into training those who might not have otherwise considered this option.

The non-threatening image of the college and ACE was a factor which prompted the entry into training of a furniture removalist looking to change his trade for health reasons. His initial scepticism about the potential value of training gave way to enthusiasm as he learned office skills and business planning skills that he needed for his new business venture—a courier company.



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