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Creating markets or decent jobs?

Group training and the future of work

John Buchanan

Justine Evesson

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All errors of fact and judgement are ours alone.

Key messages

- ✧ While the existence of group training as a phenomenon is well known in vocational education and training (VET) policy circles, it is poorly understood by most people, including those in VET policy circles.
- ✧ In the past, too much attention has focused on group training organisations as objects of government policy concern. Too little attention has been paid to the role they play in the labour market.
- ✧ Group training organisations are best understood as intermediaries that are embedded in particular labour market flows. We believe it is erroneous to treat them as if they are ‘stand alone’ organisations from which ‘outcomes’ can be ‘purchased’. At their best they help promote decent, sustainable work-based learning situations by facilitating a fairer sharing of the risks associated with employment and skill formation. They are able to do this because policy from an earlier era nurtured a network of group training organisations built around a *practical vocational ethic*. This is an ethic that blends the best of commercial competence, a commitment to developing coherent occupational structures and an ethos of care and support at both the personal and local level.
- ✧ We argue that changes in policy since the early 1990s are likely to undermine the provision of quality group training services.
- ✧ This outcome is not inevitable. If it is to be avoided, in our view policy concerning group training will need to change direction. In particular, group training organisations should not be expected to emulate labour hire organisations or employment agencies specialising in employment-based training. Instead, the best features of the group training model, especially the minimisation of down time and operating on a not-for-profit basis, should underpin future reforms, including in relation to all organisations providing intermediary services in the labour market.

Executive summary

This report examines two questions:

- ✧ What do group training organisations do?
- ✧ What do their operations reveal about options for work in the future?

Group training involves situations in which apprentices or trainees are employed by one company (termed a ‘group training organisation’) but are continuously placed with other enterprises (termed ‘host employers’) for the purpose of their on-the-job training.

The literature on group training is patchy. Most of it reports on various evaluations and reviews of administrative issues, especially funding arrangements. In making sense of group training organisations, we have found four strands useful within the literature on the changing nature of work. These concern debates on:

- ✧ the changing content of work (for example, knowledge versus service work)
- ✧ changing forms of employment (for example, the rise of casual, contractor and labour firm arrangements)
- ✧ new responses to these developments (for example, so-called ‘third sector’ organisations brokering a fairer sharing of risks)
- ✧ the changing relations between community, work and the state (for example, controversies over declining levels of civic engagement and notions of occupation).

Conceptual leads derived from this literature informed our close analysis of four group training organisations. A research strategy based on qualitative case studies was employed to generate the data informing our analysis. This approach was adopted because the objective of the research was to better understand how group training organisations operate. To do this we explored ‘dimensions of difference’ within the current network of group training organisations. This involved examining four group arrangements that differed on the basis of size, occupational coverage, geographic location and organisational setting. Information was primarily gathered from face-to-face interviews with group training staff, host employers/supervisors, apprentices/trainees and training providers familiar with the group schemes studied.

Key findings arising from the fieldwork were that:

- ✧ the employment (as opposed to the training) relationship is the defining feature of group training organisations
- ✧ they are embedded in particular labour market flows—that is, it is erroneous to treat them as ‘stand alone’ organisations from which ‘outcomes’ can be ‘bought’
- ✧ at their best, we believe that group training organisations help labour market arrangements work better and add new dimensions to their operation. They are especially important for:
 - ◆ increasing levels of participation in employment-based training
 - ◆ improving the quality of skill formation by ensuring better links between on- and off-the-job training

- ◆ improving standards concerning wages, employment conditions and occupational health and safety
- ◆ improving access to employment-based training amongst disadvantaged job seekers
- ✧ at their worst, group training organisations can undermine labour market standards by mobilising an opportunistic, rather than training, ethic amongst employers
- ✧ the best way to characterise differences between group training organisations is by reference to their dependence on different market segments—that is, upper echelons (best quality and lower risk) or lower echelons (disadvantaged job seekers)—and their ability to draw on the support of different communities (that is, occupational and locational).

Implications for analysis and policy arising from this project are:

- ✧ *The changing content of work:* The group training organisations examined showed how *decent, sustainable forms of service work* can be promoted and degraded forms of service work discouraged, especially in low-paid jobs. This was achieved, for example, by ensuring a fair sharing of the risks of employment and skill formation, enforcing publicly defined standards and providing counselling, pre-placement and support to employees.
- ✧ *Changing forms of employment:* Several of the group training organisations examined highlighted the limitations of assuming ‘flexibility’ is something to be pitted against ‘standards’. Instead, they showed the viability of establishing *standards for flexibility*. For example:
 - ◆ preserving apprenticeships in difficult circumstances by offering three-month pre-apprenticeship training to ensure productivity from the first day with the employer (an action taken by one of the organisations)
 - ◆ rotating apprentices between employers to broaden their range of skills
 - ◆ guaranteeing apprenticeship continuity if a placement with a host employer ends unexpectedly by the group training organisation offering off-the-job training on a competency basis in their own skills centre
 - ◆ ensuring adequate learning opportunities for the apprentice are provided (monitored by regular visits from their field staff).
- ✧ *The management risk:* Our group training organisations showed how risk could be more *fairly and effectively shared* for the good of the apprentices/trainees and host employers, as well as for their localities and industries. One organisation, for example, passed on most of its training subsidies to its low-paid aged care workers to lift their earnings. Another organisation kept the subsidies to help fund its overheads, such as its intensive case management program offered in the first three months of work. A major problem amongst a group of trainees arose from poor rostering practices within a host company. A group training organisation consequently stepped in as case manager, having the status of employer, and improved the rostering practices for the whole workforce of the host company, not just the trainees.
- ✧ *Marketisation:* We argue that if vocational education and training (VET) policy in general (and group training policy in particular) continues on its current trajectory, the network of group training organisations, which are delivering efficiency and equity benefits of the type noted in the three previous points, will be destroyed. Some quality organisations will survive, but they will only service the upper echelons of the labour market. Important analytical and policy implications resulting from this study have been to clarify on what basis government support should be provided.
- ✧ *Building new institutional capacity:* State intervention is required to promote and maintain a group training organisation network built around a *practical vocational ethic*. This ethic blends the best of:
 - ◆ commercial competence, which involves recognising the importance of commercial realities but not being motivated by market criteria of success
 - ◆ a commitment to developing coherent occupational structures; for example, helping to reproduce or establish trade or quasi trade-based structures in the labour market, known as the ‘occupational’ principle

- ◆ an ethos of care and support at both the personal and local level, which are not strictly employment related but bear on performance at work, for example emotional problems associated with the transition from adolescence to adulthood and from education to work. This has been called the ‘employment welfare’ principle.

To prevent complacency and offer workers and employers choice, some kind of competition is required; but it needs to be conducted to enhance and not undermine skill development in secure work. Group training organisations need public funds for the public good they provide because market-based arrangements will never provide effective structures of skill formation and care on a universal basis. Market-based arrangements are part of the problem, not part of the solution.

The report concludes by arguing that the experience of these organisations highlights the importance of clarifying the role of markets in policies concerning work and skill. The choice is not whether one is ‘pro’ or ‘anti’ market. Rather, the choice is whether markets are seen as *an objective to be promoted* or *a constraint within which people, institutions and policies have to operate*. If the former view is taken, group training organisations will become little more than employment agencies and labour hire firms, specialising in employment-based training. If the latter view is taken, then this analysis indicates that group training organisations provide important pointers on how more quality jobs can be created in the future.

1 Introduction

The nature of work is changing. Studies by labour market researchers in Australia have offered different perspectives on recent developments in this country (Wooden 2000; Borland, Gregory & Sheehan 2001; Watson et al. 2003). Despite their differences all agree that the labour market is becoming more diverse in its structures and outcomes. All have noted that not only is inequality rising but it is also changing in form. Borland, Gregory and Sheehan (2001) and Watson et al. (2003) in particular have highlighted the importance of understanding both the changing content of work (for example, rising levels of service work and deepening levels of work intensification) and the forms of employment (for example, rising levels of casual employment at the expense of workers being engaged as permanent employees).

While this research offers important understandings of what is currently happening, studies such as these offer few leads on how policy might respond to the changing situation. Wooden (2000a, ch.8), for example, merely calls for more of the same old 'reform' agenda of the 1980s and 1990s—that is, more thorough implementation of 'labour market deregulation'. Borland, Gregory and Sheehan call for greater support for education and training. Watson et al. argue it is time to move beyond what they call the 'Harvester man' model of employment as well as the free market doctrines which gained ascendancy in the 1980s and 1990s.

This report is primarily concerned with addressing the weakness of studies such as these. It is especially interested in contributing new insights into what a new policy approach might look like that addressed the issues of inequality in the labour market, especially its changing forms.

How are such new ideas to be generated? The approach adopted here involves understanding, and building on, novel empirical and conceptual developments. The core of our work has involved an examination of an Australian labour market 'success'. While the labour market has become more differentiated, all recent changes have not necessarily resulted in increased inequality. Some changes have in fact increased the realm of choice available to some people by ensuring a fairer sharing of the risks of training and employment. In the realm of skill formation, one of the greatest *prima-facie* success stories has been the growth of group training arrangements. These are arrangements that involve situations:

in which apprentices or trainees are employed by one company (termed a 'Group Training [organisation]') but continuously placed with other enterprises (termed 'host employers') for the purpose of their on the job training. (ANTA 1997a, p.2)

As we note in more detail in chapter 2, group training arrangements historically emerged as group apprenticeship schemes that were established and operated to help 'protect the blue collar trades' in the deep recession of the early 1980s. While they were supported by government, much of the impetus for their formation came from local networks of employers and/or councils concerned with preserving quality job opportunities in their industries and localities. In the mid-1980s, the group apprenticeship schemes broadened to encompass non-trade 'traineeships'. From this time onwards they were described as 'group training' arrangements or companies. In more recent times they have simply been called group training organisations (GTOs).

Our focus on group training has been strategic, not arbitrary, and for a number of reasons. One of the key trends in the changing nature of work in contemporary Australia has been the growth in

precarious or non-standard forms of employment. Typically, this takes the form of casual, contractor and labour hire work. Group training is of interest because it is, in one sense, a form of labour hire. At its core the obligation of employers is shared: the group training organisation takes on the formal responsibilities of managing legal entitlements, while the host company takes on the substantive responsibility of providing work. Reflections on group training provide insights into labour hire-type arrangements. But what is particularly interesting about group training organisations is that, unlike labour hire firms, they are (in theory) obliged to provide continuity of employment. Whereas mainstream labour hire primarily acts to shift risk to the worker, group training organisations work to share risks associated with employment. This alone makes analysis of them worthwhile. Any lessons arising from this aspect of their operation could provide powerful leads as to how this form of employment might be better structured and/or managed in the future.

Group training organisations offer more than risk sharing that is worthy of detailed analysis. Many commentators now argue that we are entering a world of lifelong learning. Reflections on group training organisations offer insights into how new institutional forms may help make this a reality. It is also widely recognised that we are shifting away from ‘traditional’ blue collar trades work towards more knowledge-based and/or service employment. Much of the growth in group training organisation training has been in non-traditional trades. Its strong base in the traditional trades, however, provides us with the perfect setting to compare what is different between the older and newer occupations.

A further matter which warrants closer attention is that, until recently, a defining feature of group training organisations was that they had to be run on a ‘not for profit’ basis. While precise documentation is scarce, it was generally agreed that group training organisations, as a corollary to their ‘not for profit’ status, were run by people with deep commitments to either ‘the trades’ and/or the communities in which they operated. A key part of this sentiment has been their interest in ‘pastoral care’ or employee welfare. This dimension of their operations has not, to date, been well documented and deserves study in its own right.

Arguably, however, our greatest interest in group training organisations arises from the current state of their development. Australia’s group training arrangements are clearly at a crossroads. They have been integral to the survival of the trades (especially in construction) and the growth of traineeships. This is an aspect of the organisations’ operations that has attracted considerable policy attention. And in attracting that attention they provide an excellent case study of how policy has functioned and might function in the future to structure the world of work. As we show in chapter 2, policy on group training has moved through various phases. Initially, it was promoted by the state to nurture apprenticeships through hard times. The survival of the trades was unashamedly the key aim of this support. In recent times, the objectives of government policy have changed radically. Incentive structures now firmly promote traineeships over the traditional trade apprenticeships. Rather than nurturing the trades, group training policy is now more narrowly concerned with ‘purchasing training outcomes’. As such, reflection on group training provides an excellent case study of neoliberal policy in action.

‘Reforms’ to Australia’s system of vocational education and training (VET) in general and group training in particular provide a textbook case of how there is nothing spontaneous about market arrangements. Indeed, recent Australian training policy and practice provide powerful testimony to Polanyi’s profound insight that ‘markets have to be planned’ (1944 [1957], p.141). In studying group training in Australia today we have been particularly keen to understand how a policy regime of marketisation has impacted on a highly successful institutional form that has been nurtured by a previous policy regime.

Our analysis has been concerned with two questions:

- ✧ What do group training companies do?
- ✧ What do their operations reveal about options for work and skills in the future?

'Facts' do not speak for themselves. Analytical categories guide both analysis and policy proposals. Consequently, this project has also involved a review of the literature most likely to assist in making sense of group training organisations in Australia and drawing out their wider analytical and policy implications.

This has not been a linear process involving theory => question => data collection methodology => conclusion. The literatures on the changing nature of work, skill formation and group training do not allow for such a research design. Rather, we adopted a research design that involved continuous interaction between theory and data. Initially, we assumed the most relevant literature concerned the changing content and structures of work—especially debates on service work, labour market flexibility, non-standard employment and the distribution of risk in employment and skill formation. We were especially interested in the possible links between changing content and structure of work captured in Manuel Castell's work on network production and the network society (for example, Castells 1996a, 1996b). As the project evolved, however, it became clear that while debates on these issues were important, on their own they were not adequate for making sense of what we were finding. In particular, the issue of 'community' emerged as the critical matter for making sense of group training practice and policy. We always knew the group training network was commonly regarded as part of the 'community sector'. As the fieldwork unfolded and as our analysis matured, however, it became clear that any adequate account of group training arrangements in contemporary Australia needed to be informed by an understanding of the changing relationship between the labour market, 'the community' and the state. This is why, in the literature review, we have an extended section on 'community and work'.

The report is structured as follows. Our analysis commences in chapter 1 with a review of relevant literature. This is in no way definitive. Rather, we have considered those aspects of the literature that have helped us make sense of group training. This begins with an overview of the material on group training. Most of this is policy based and, consequently, rather incomplete. Rarely have such studies examined group training as a coherent social phenomenon: rather, they have merely examined different aspects of the policy settings in which schemes have operated, especially the various funding regimes. As a result, consideration of the broader research is necessary on the changing nature of work as a potential source of concepts and insights on which to build in order to conduct a more comprehensive analysis of group training organisations. It has also necessitated an exploratory research design based primarily on qualitative research methods. This is briefly described in chapter 3. The essence of our approach has been to dig deeper than has previously occurred, based on a close examination of four strategically selected, contrasting group training organisations. The reports on our four case studies are provided in the appendices. Chapter 4 reports on the major findings of fact arising from our comparative analysis of these cases. These are organised on the basis of five specific propositions about the essential nature of group training organisations and what they do. In chapter 5 the implications of these findings are developed by reflecting on their significance for the debates considered in our overview of the literature. Once again, these take the form of five propositions. Whereas the previous ones were of an empirical nature, the ones in this chapter concern the significance of group training organisations for making sense of how work is evolving and their significance for thinking about options concerning work in the future. We conclude in chapter 6 by noting the nature of the choices open to us now. We highlight the importance of moving beyond the 'market fetish' that dominates much policy debate in general and training policy in particular. Instead of endeavouring to make markets run better, the chief debate should be about what kinds of jobs we want to nurture in the future.

2 Leads from the literature

Group training: Its extent, nature and growth

The immediate roots for group training can be traced to a concern amongst skilled trades people, in the early 1980s, who were interested in developing new institutional forms that would help maintain apprenticeship levels in tough economic times. The core of the idea was that while many employers were interested in taking on apprentices, few could make a four-year commitment in volatile times. Group apprenticeship schemes, as they were initially called, emerged to pool the risks associated with providing continuity of employment amongst a group of employers and not isolate the risk to particular individuals and firms.

In the later 1980s and especially since the mid-1990s policy interest in group arrangements has increased as their importance to the operation of the apprenticeship and traineeship systems has risen. Much of this policy interest has arisen because group training organisations appear to have succeeded in increasing the number of people in employment-based training where other initiatives directed at this have met with patchy success at best. In addition, they also appear to have worked well in implementing other aspects of training reform, such as assisting the promotion of so-called ‘competency based’ approaches to training and the promotion of VET in Schools (House of Representatives Standing Committee on Employment, Education and Training 1995).

Basic statistical details about the size, nature and function of group training organisations have been prepared in recent years by the National Centre for Vocational Education Research (NCVER) and Croce, Toner and MacDonald of the Employment Studies Centre at Newcastle University. The number of group training organisations and the apprentices/trainees employed by them has grown rapidly in the last 20 years. Table 1 summarises the best available data.

Table 1: Apprentices (and new apprentices) in group training, Australia, select years, 1981–2000

Year	Number of apprentices/ new apprentices	Approximate proportion of apprentices/new apprentices in group training (%)
1981	100 approx	<1
1986	2 400	2
1987	5 425	4
1991	11 000	6.5
1995	17 000	12.5
2000	38 000	13.5

Notes: Apprentices are usually those in employment-based training arrangements which combine on- and off-the-job training and last around three to four years. They are usually the basis of entering the skilled trades. New Apprenticeships were established in 1998 by formally integrating the previously distinctive apprenticeship and traineeship system. Traineeships involve employment-based training arrangements that combine on- and off-the-job training, with a duration of between nine months and two years. They can occur in occupations above and below trades level.

Source: NCVER (2001), data scattered throughout pages 2–4

This growth has not been evenly distributed through a uniform network of group training organisations. Rather, the current network of group training companies is highly differentiated. Statistical estimates of the dimensions of this diversity have recently been provided by Croce, Toner

and MacDonald (2002). It reveals, *inter alia*, that of the 131 group training organisations surveyed in 2001 just under half all group training apprentices and trainees were employed by the 20 largest. The distribution of group training organisations by the number of staff and the apprentices/trainees they employ is summarised in table 2.

Table 2: Distribution of group training organisations and their new apprentices by size of organisation defined on the basis of the number of new apprentices (derived estimates)

Size of GTO by number of new apprentices	% of GTOs with this number of new apprentices	% of GTO apprentices	% of GTO staff
0–20	9	3	2
21–100	26	6	8
21–100	51	56	46
501–1005	14	39	44

Notes: GTO—group training organisation

Source: Croce, Toner & MacDonald (2002)

Few group training organisations are only involved in the provision of the core group training services of recruiting apprentices/trainees, placing them with host employers, monitoring their progression and redeploying them as needed. Details on the range of other activities undertaken by group training organisations are summarised in table 3.

Table 3: Additional business activities undertaken by group training organisations

Number and type of activities	Sub-total (%)	Incidence of specific activity (%)
Proportion of GTOs only undertaking one other business activity	57	
✧ RTO		25
✧ General labour hire		6
✧ NAC		1
✧ Other (e.g. recruitment agency, ITAB, research)		26
Proportion of GTOs where more than one other business activity is undertaken	29	
✧ RTO and General Labour Hire (GLH)		5
✧ RTO, GLH, NAC, JNP		3
✧ RTO, GLH, NAC, JNP and other		2
✧ RTO, GLH, JNP and other		2
✧ RTO and NAC		5
✧ RTO and JNP		4
✧ RTO and other		8

Notes: The survey was based on telephone interviews with 131 GTOs. GTO—group training organisation, RTO—registered training organisation, NAC—New Apprenticeship Centre, GLH—general labour hire, JNP—jobs network provider.

Source: Croce, Toner & MacDonald (2002)

As is evident from table 3 the bulk of group training organisations have diversified their activities, with the most common additional activity (occurring in 54% of organisations) involving the direct provision of training as ‘registered training organisations’. Furthermore, over a quarter (29%) combine registered training organisation activities with other labour market and VET functions, including general labour hire, jobs network provider and/or new apprenticeship centre services.

Beyond these major features, what else is known about group training organisations? Our ability to answer this question is limited by the fact that much of the published material on group training

has arisen from evaluations of their public-funding arrangements. This support has taken a number of forms:

- ✧ funding to assist with recurrent expenses provided on a joint basis by federal and state governments, often referred to as 'joint policy' funds
- ✧ additional subsidies provided for apprentices and trainees employed by group training organisations in addition to the usual employer incentive payment to take on apprentices/trainees
- ✧ support in the form of waiving some standard on-costs associated with employing labour (for example exemptions from paying workers' compensation premiums in some jurisdictions).

These evaluations have occurred within, and often contributed to, the changing policy context in which group training organisations operate. In making sense of the findings of these studies, it is important to appreciate tensions surrounding much of the recent policy interest in group training. The policy challenge has not simply been defined in terms of increasing the number of apprentices and trainees engaged through group training. Increasingly, it has been concerned with changing the character of the network of group training organisations. The bulk of the current group training network is interested in building and consolidating a network of schemes embedded in local labour markets to help new entrants to the labour market, especially the young, make the transition to work and help employers manage the risks of taking on apprentices and trainees in difficult times. Groups like the Australian National Training Authority (ANTA) and the Australian Chamber of Commerce and Industry are more interested in using public funds to 'buy outcomes' as determined by public policy from time to time. The issue of maintaining a network is of no particular interest to the latter group. For them, financing effective labour market brokers committed to achieving immediate public policy priorities is the key objective. In a nutshell, the difference is between those interested in consolidating and extending ongoing networks of support for employers and apprentices/trainees, and those only interested in 'buying' effective brokerage services.

It is important to understand this tension in the debate on group training, as it explains many of the cross-currents of opinion and debate on the group training policy. It has also contributed to the way in which policy research has been commissioned into group training. The rest of this section gives a brief overview of how this literature has evolved.

Over the last 30 years it is possible to delineate four distinctive phases in government policy associated with group training arrangements. These phases and indicative policy developments are summarised in table 4.

During the first phase (pre 1980s) there was little or no government support for group schemes. While some received legislative recognition (for example, in Victoria and Queensland), none, it appears, received special government funding (NSW Industrial Commission 1969, p.252).

Special support was provided in the second phase by governments to help establish and maintain arrangements directed at preserving, if not enhancing, apprenticeship training during the downturn of the early 1980s. This was also an era when increasing specialisation in some trades was making it difficult for employers to provide quality training over the life of a full four-year apprenticeship. It is important to remember that government funding at this stage did not spawn the early schemes. Rather, it represented public backing for community-based initiatives undertaken by people committed to the preservation of quality trades skills and giving young people a chance to acquire entrance to a vocation with a future. As such, the schemes of this and subsequent periods are best understood as not so much providers of a commercial service, but, rather, as arrangements run on a 'not for profit' basis to help both employers and new labour market entrants participate in the apprenticeship system (see, for example, House of Representatives 1995, pp.9, 34). The ACTU–Lend Lease Foundation played an active role in promoting the concept and providing seed funding for the formation of group training arrangements during this period. Quality arrangements were tied up with the overall approach to apprenticeship training prevailing at the time. The core of

quality control resided with technical and further education (TAFE) institutes for off-the-job training, with group schemes responsible for ensuring host employers looked after their apprentices on the job. As a major evaluation dating from this period noted, the best feature of group schemes commented on by participants at the time was that ‘they take care of them [that is, the apprentices]’ (Sweet & Hoskins 1989).

Table 4: Key phases in the development of policy on group training

Period	General nature of government activity concerning group training	Major policy developments/reviews
Pre-1980s	No special support for group schemes	Early 1960s ✧ Beattie Review notes they exist ✧ At least 11 schemes formed in 1970s still function
Early 1980s	Public funds to support their formation to help preserve quality and quantity of trade training Subsequent consolidation and rise to significance in trades training, especially amongst employers on the margin of involvement in VET	Early 1980s ✧ First Joint Policy (JP) funded schemes, primarily in construction and automotive trades ✧ ACTU–Lend Lease Foundation devoted considerable resources to fostering the development of ‘Group Apprenticeship’ schemes Mid-1980s ✧ Administrative reviews published by DEIR for COSTAC. Note change in name from Group Apprenticeship to Group Training Schemes in 1985–86 1989 ✧ Dusseldorp Skills Forum Review of Group Scheme (‘They take care of them’)
Early 1990s	Government promotes diversification into other labour market programs and VET initiatives to reduce GTO reliance on JP funds	1991 ✧ Governments announce intention that GTOs should become self-financing (policy suspended in 1993 due to recession). Diversification of GTO activities commences 1993–1994 ✧ ANTA review: defined core activities as related to employment and work placements
Mid-1990s onwards	Repositioning and refocusing of GT policy to complement New Apprenticeships (move to ‘buy outcomes’ not fund schemes)	1995 ✧ House of Representatives Study, <i>A best kept secret</i> ✧ shift to performance agreements as a basis for recurrent funding of GTOs 1996 ✧ August—Fed Govt announces significant growth funding for GT ✧ September—Ministers agree GT to play key role in new Apprentice and Trainee system. Such intermediary structures important given changes in labour market ✧ October—national consistency in performance agreements (including common definitions) agreed 1997 ✧ February—ANTA Issues Paper: ‘Taking Care of Business’ ✧ May—ANTA Min Co endorses Principles for GT and launch of ‘New Apprenticeships through Group Training Expansion Program’ 1998 ✧ New national funding model based on outcomes such as commencements, progression and completions 2000 ✧ Evaluation of ‘Expansion’ program 2001 ✧ ANTA review of funding model 2002 ✧ National Review of Group Training 2003 ✧ National Standards for GTOs officially launched

Notes: DEIR—Department of Employment and Industrial Relations, COSTAC—Commonwealth/State Training Advisory Committee, GTO—group training organisation, JP—joint policy, GT—group training

Source: A version of this table originally appeared in Australian Centre for Industrial Relations Research and Training (1997), p.34

In 1991 the nature of government support changed, with all schemes put on notice that dedicated funds for group training operations were to be phased out. This marked the third stage of public policy concerning group training. In future group schemes were to survive by generating income from additional sources (House of Representatives 1995, pp.11–13). This policy was designed to encourage group schemes to diversify their activities. As the House of Representative Standing Committee noted in 1995:

Group schemes were encouraged to expand their roles as providers of assistance for firms as training providers and as advisers and brokers. Group training companies were encouraged to access a range of other Commonwealth grants, including funding for off-the-job training, skills centres, innovative training projects, National Skill Shortages, Disabled Apprentice Wage Subsidy, Special Assistance Program, Office of Labour Market Adjustment and other labour market programs (including grants for assisting the disadvantaged; eg long term unemployed). (House of Representatives 1995, p.12)

The commitment to phasing out dedicated funds for group training schemes was suspended in 1993, given the depth and impact of the recession of the early 1990s on apprenticeship numbers (House of Representatives 1995, p.12).

The fourth phase of government policy concerning group training dates from the mid-1990s. The emphasis is now on repositioning expenditure on group training arrangements to ensure they focus on core activities. This is now defined as ‘providers of apprenticeship and trainee placements’ (ANTA 1997b, p.27 and commentary surrounding Recommendation 2, pp.2, 8–11). Such a focus is now regarded as playing a potentially very important role in expanding the number of young people in employment-based training. Indeed, the then Federal Minister of Employment, Education, Training and Youth Affairs, David Kemp, expected the number of apprenticeships and trainees involved in group training to treble over the period 1996–99 (Kemp 1996, p.8).

As a result of policy developments in the 1990s, the network currently funded under joint policy arrangements has the following features:

- ✧ it is primarily made up of community-based organisations which operate on a not-for-profit basis (House of Representatives, pp.9, 34; Croce, Toner & MacDonald 2002; ANTA 2002a)
- ✧ it is one of the few parts of the vocational training system which is in regular contact with an extremely large number of employers, especially smaller employers (House of Representatives, pp.28, 61; NCVER 2001)
- ✧ it is a network that prides itself on being involved in the more qualitative aspects of employment. While rotations are often a necessity given the limited work and training opportunities provided by host employers, where possible many group schemes promote rotation where they are needed to round out an apprentice’s or trainee’s skills. Just as, if not more, important are the schemes’ involvement in monitoring work placements and pastoral care provided to group trainees. This means group schemes provide advice and support to both employers and trainees/apprentices involved in their schemes (Australian Centre for Industrial Relations Research and Training 1997).

These features of group schemes have underpinned their involvement in training reform. Having initially been established to help preserve the trades they have evolved into active agents that have assisted in reforming and updating the trade model of skill development, based on the coordination of on- and off-the-job training. Indeed, group schemes appear to have been more successful than just about any other part of the training system in diffusing new ideas (House of Representatives 1995, ch.3).

The most recent round of policy changes concerning group training is, however, the most challenging. As was noted in a series of ANTA publications of the mid-1990s, both the labour market and training contexts have been changing radically (ANTA 1997a, p.12). In addition, policy on group schemes is shifting from backing quasi-autonomous community-based initiatives,

motivated by people committed to the preservation of quality skills and jobs, to a policy that is based on 'purchasing outcomes' (ANTA 1997b, pp.1–3). Given that previously standards of training were informed by a commitment to maintaining if not enhancing trade skills, a 1997 ANTA issues paper preceptively posed the question: 'how can the quality of training be assured when funding focuses on the purchasing of outcomes?' (ANTA 1997a, p.8).

Some recent ANTA publications have noted that this issue may be addressed by the development and enforcement of 'performance standards' amongst group schemes receiving public funds. To date, little attention has been given to considering what these performance standards may look like. In some key passages, however, ANTA publications have noted the potential undermining of standards that could arise if a plethora of group schemes is promoted by public funding (see, for example, ANTA 1997b, pp.16–17). As noted in the executive summary of the then new National Principles concerning group training, unveiled in the late 1990s:

This issue of purchasing from any organisation able to provide quality Group Training services [has] received widespread comment. The advantages of creating a more competitive environment and enhancing coverage were balanced against such concerns as the ongoing viability of some Group Training schemes in limited markets. Consequently, it is proposed that States/ Territories consider extending their purchasing arrangements to other potential providers according to regional needs and priorities. (ANTA 1997b, p.1)

The Ministerial Guidelines and surrounding documentation have also acknowledged this problem. In particular, they acknowledged that uncontrolled expansion of group training companies could threaten the viability of aspects of the network. Unfortunately, little guidance on how these issues should be managed was provided in this documentation. This deficiency has recently been partly rectified with the adoption of new *National standards for group training organisations* (ANTA 2002b). In essence, these standards represent an uneasy, if not somewhat bland, compromise between the vision of group training arrangements as a coherent network and group training organisations being commercial entities that supply 'outcomes' that can be purchased by government.

In recent years some reports have documented (and in some cases evaluated) developments in group training during this era of changed funding and regulatory arrangements. A summary of much of this material is provided in Roger Mathers Consulting (2000a, 2000b) and Croce, Toner and MacDonald (2002). As Croce, Toner and MacDonald note, most of this material has dealt with one of four general issues:

- ✧ recruitment, down time and completion rates amongst group training apprentices and trainees
 - ◆ access and equity issues
 - ◆ quality and best practice arrangements
 - ◆ resourcing and funding arrangements.

The most extensive, if somewhat narrowly based, documentation concerns the latter topic. While these studies have often addressed very precise administrative issues, some important findings recur throughout this literature. Amongst the most important are:

- ✧ the continued recognition of the importance of a not-for-profit philosophy as being a central feature of most organisations responsible for running group training arrangements. This has even been noted in reports examining financing arrangements and not the underlying philosophy of group training (for example Dench McLean Associates 1998)
- ✧ the difficulties of achieving equity objectives, primarily because of employer practices and culture and not any particular failing of group training organisations themselves (for example Department of Employment, Education, Training and Youth Affairs 1998)
- ✧ difficulties of minimising down time (that is, periods when apprentices/trainees are between work placements) as levels of recurrent funding are reduced (for example Misko 1997).

- ✧ the importance of non-core group training activities amongst firms performing the group training function (for example, the Australian Centre for Industrial Relations Research and Training 1997 noted 70% of group training companies surveyed were also registered training organisations and Croce, Toner and MacDonald 2002 noted the proportion was 64% four years later).

As was evident in table 1, the number of apprentices/trainees in group training increased from 17 000 to 38 000 between 1996 and 2000. Yet despite this growth, the share of the market held by group training organisations increased only marginally. This basic trend provides the setting for the most recent research reports: What impact has special government funding directed at assisting this growth had? Why has its impact been so limited? Why are not more employers using group training arrangements?

Insights concerning those questions are provided in Roger Mathers Consulting's (2000a, 2000b) evaluation of the 1997 'Expansion Program'. This program was launched to help ensure group training continued to play an increasingly central role in raising the number of people in workplace-based learning situations. Mathers findings were clear: too much was expected of too few organisations with too little experience in too short a time frame. Despite initial strong interest in the program amongst group training organisations, only 16 'Extension Contracts' were ever settled. They were supposed to achieve around 10 000 commencements. By the time of his evaluation in 2000 only 2800 had been achieved. Of the 16 contracts, he found only nine group training organisations had a satisfactory level of performance. Two had made little progress and five performed very poorly (with two having closed down). As such, the program had not come close to achieving its objectives. He identified a wide range of reasons why this had been the case. It is possible to classify these as falling into one of two categories: the targets set were unrealistic and insufficient recognition was given to the importance of group training organisations having the capacity to achieve the desired outcomes.

Examples of unrealistic targets included:

- ✧ the minimum number of increased commencements (that is, 100) were just unrealistic for some companies
- ✧ unrealistic completion rates (75–100% as opposed to the 60% that actually prevailed)
- ✧ participation levels for equity groups were unrealistic and did not acknowledge employer resistance
- ✧ targets for participation levels by small business, many of whom are difficult to draw into the training system, were too high
- ✧ industrial relations, especially provisions concerning the requirement that 'flexible' instruments such as Australian Workplace Agreements be used, often proved expensive to negotiate
- ✧ rotation targets for apprentices and trainees were unrealistic and set above normal practice.

Examples of insufficient capacity to deliver the service expected included:

- ✧ differences between broad-based and industry-focused schemes, especially in metropolitan areas, with industry focused schemes needing to broaden their base if they were to expand rapidly
- ✧ inexperience meant that schemes less than five years old struggled to meet performance standards
- ✧ some group training companies with limited ancillary employment and training services found it difficult to expand quickly
- ✧ under funding/resourcing prevented some group training companies from identifying and researching new markets.

(Roger Mathers Consulting 2000a)

In addition to the problem of unrealistic expectations about what could be achieved in the start, it appears that underlying assumptions about the essential nature of group training organisations have also proved to be unrealistic. For example, the importance of nurturing capacity and guarding against preoccupation with ‘purchasing outcomes’ was noted in the Australian Centre for Industrial Relations Research and Training reports on quality arrangements in group training (1997, 1998). The original 1997 report in particular argued that:

as a matter of practice many group schemes have developed effective mechanisms for delivering quality outcomes. At the core of these practices in the most successful Group Training companies was a powerful ethos blending commitments to high quality community, vocational (and especially trade level) and business standards. It is essential that policy builds on, and promotes the wider diffusion of these established practices.

(Australian Centre for Industrial Relations Research and Training 1997, pp.10, 62)

The report argued this would be achieved if there were tight criteria for recognition for group schemes. Central to these criteria was a concern with nurturing a viable network and not unleashing an ‘anything goes’ policy for recognition (Australian Centre for Industrial Relations Research and Training 1997, ch.6).

Similar conclusions were reached by William Buck Business Consultants (2000), who undertook work as part of the 2000 national review of group training. They concluded from their financial analysis that most, though not all, group training organisations were marginal businesses that were dependent on government support to remain financially viable. They concluded that a proposal to move to a purchaser provider model in which only certain outcomes were funded, rather than all, would have an adverse impact on those group training organisations. The reason for this is that a group training organisation that is dependent on this income will be forced to change its business profile to conform with the new funding priorities and, in so doing, will risk its existing operations and services. This is essentially the point about marketisation made in this report.

Further evidence highlighting the importance of supporting and consolidating a dynamic network of group training organisations is to be found in a recent report on a survey of 131 group training organisations conducted in 2002 by Croce, Toner and MacDonald. With a response rate of 76.6%, this report was based on very good quality statistical information. While much of the report was descriptive, its last chapter examined the relationship between key variables to explore the importance of size, joint policy funding and age for group training organisation performance on a range of indicators, such as completions (Croce, Toner & MacDonald 2002, part B). Amongst the key findings of this analysis were:

- ✧ older group training organisations were more likely to actively promote rotations of their apprentices/trainees, provide counselling support, offer a wider range of employment and training services and service a large number of host employers. They were also less likely to define themselves as other types of labour market intermediaries. For example, while a quarter of younger group training organisations were also either labour hire companies or part of the Jobs Network, only 7% of the older ones were.
- ✧ those receiving joint policy funding were also more likely to have small- to medium-sized firms as host employers (55% amongst joint policy funding, as opposed to 17% of non-joint policy funding) and to provide counselling services (79–58%).

The most recent policy research on group training organisations has arisen as part of more broadly based initiatives to do something about alleged skill shortages in the metal and engineering sector (Department of Education, Training and Youth Affairs 2001). This particular project examined ‘why Group Training is not more widely accessed by industry and to identify impediments and develop strategies to engage labour hire companies in training New Apprenticeships’ (Department of Education, Training and Youth Affairs 2001, p.3). Unlike the assumption informing some of the earlier ANTA material on the need to remove ‘barriers to entry’ in the group training organisation ‘market’, this paper argued that ‘the research demonstrated that there are no reasons why employers

should not have ready access to a Group Training company anywhere in NSW, Victoria or Queensland' (Department of Employment, Training and Youth Affairs 2001, p.3). A frustrating feature of this paper is that it lists a myriad of 'key findings' and makes little attempt to distinguish the essential from the inessential. A careful reading of it reveals, however, that the key constraints on growth through group training have little to do with institutional issues and more to do with 'the general business environment' (Department of Education, Training and Youth Affairs 2001, p.4). In particular, it notes that the research demonstrated the major reasons for not employing or hosting new apprentices were:

- ✧ the perception that there are no appropriate New Apprenticeships available
- ✧ the company does not have enough work available (or enough ongoing work)
- ✧ the company does not have the need for a new apprentice
- ✧ the company is too small to support a new apprentice
- ✧ the cost of a new apprentice.

(Department of Education, Training and Youth Affairs 2001, pp.4, 18–19)

The report made 36 recommendations. Most (that is, 25) concerned 'informing', 'encouraging', 'changing perceptions' or 'promoting the benefits' of group training. Some also concerned the need for 'further research'. Eleven proposed specific changes concerning the operation of group training organisations; but these, too, were vague. For example, it recommended 'field officers to visit new apprentice at the workplace on a regular basis' and 'Group Training companies to utilise case studies and testimonials when targeting potential users of Group Training arrangements' (Department of Education, Training and Youth Affairs 2001). Consequently, while the Department of Education, Training and Youth Affairs/Australian Industry Group report offers some interesting new information on what some host or potential host employers might wish for, at no stage is consideration given to the fact that the key problems for employment-based training may arise from employer practice. Improving group training organisation operations and exhorting employers to use them will come to nothing if the dynamics at workplaces themselves are limiting their interest in, or capacity to engage with, the training system (Buchanan, Evesson & Briggs 2002; Watson et al. 2003, ch.10).

Implications for this project

Insights about problems of this nature usually require interviews with workplace-level managers, supervisors, front-line workers and training providers, as well as apprentices and trainees. None of these groups, however, have much of a presence in either this report or, indeed, most of the other recent reports undertaken into group training. This appears to have arisen from the narrow range of policy concerns examined in this literature: funding arrangements, quality systems or 'expansion targets'. None of these studies devote much attention to what group training organisations actually do on a day-to-day basis. One of the primary objectives of this project is to contribute to filling this gap in the literature. In doing this, it will both draw on and contribute to elements of the wider literature on the changing nature of work.

There is currently a huge and growing literature on the changing nature of work. We are primarily interested in four strands within it: the growth in knowledge and service work, the demise of 'standard' employment, the emergence of new labour market institutions to manage these changes and the emerging debate on the changing nexus between work and community—especially the changing links between state, social and occupational structures. We briefly summarise the key insights we have taken from these literatures for this project in the following sections.

The changing content of work: The growth in knowledge and service work

The literature on the 'new economy' and 'knowledge workers' is vast. One major wing of debate concerns Robert Reich's book *The Work of Nations* (1991) which contends that *inter alia* education and training are central to a successful economy. He broadens the debate about the future of work beyond the traditional concentration on manufacturing and makes grand claims that the world has entered an era of evaporating national borders and where the key to economic success lies in deeper engagement with the rapidly evolving 'knowledge' economy. Nations can do this by attracting the new harbingers of high skill and high pay—transnational corporations. Under this new lore, Reich explains that national policy positions that shape internal economies are anachronistic, having no power to affect global realities. The truest path to national prosperity can be found in creating an army of employees he categorises as 'symbolic analysts'. These are the growing legion of workers who identify problems, solve them and perform the role of 'strategic brokers'. These workers then act as a magnet to transnational interests, which will employ their skills and services. Economic success in the future will turn on the ability of individuals to transform themselves into these knowledge workers. The main policy objective then becomes the capacity to beat other nations in the race to develop their 'human capital'. Reich does recognise other categories of work, but they are given secondary importance in his theorising. The other two categories that dominate are those workers performing in-person services and those providing routine production services. But the fastest growing group, according to Reich, is the symbolic analysts, and it is with this group that national education and training policies should be concerned:

We are living through a transformation that will rearrange the politics and economics of the coming century. There will be no national products or technologies, no national corporations, no national industries ... all that will remain rooted within national borders are the people who comprise a nation. Each nation's primary assets will be its citizens' skills and insights ... The real economic challenge facing the United States in the years ahead—the same as that facing every other nation—is to increase the potential value of what its citizens can add to the global economy, by enhancing their skills and capacities and improving their means of linking those skills and capacities to the work market. (Reich 1991, pp.3, 9)

On the other side of the debate, critics of Reich's skill-centric views have abounded. Governments may have lost some of their executive powers in the new global economy in that they cannot control exchange rates, for example; but they argue Reich overstates the loss of state autonomy and clout (Brown, Green & Lauder 2001, p.28). Another fundamental problem for many of these critics has been Reich's deterministic approaches to markets, technologies and employment—all of which fail to reflect the variability and diversity of these elements in contemporary changes as well as history. More specifically, criticism has been levelled at the importance given to 'symbolic analysts'. His contention that they are the fastest growing segment of the labour market has been seriously disputed. Authors like Henwood (1996, pp.1–2) and Harrison (1994, p.229) have posited convincingly that 'symbolic analysts' are relatively small in number and are over-represented by Reich in the value they actually generate. Real employment growth, according to Thompson and Warhurst (2001) and Herzenberg et al. (1998), is occurring in in-person service work which resides outside the arena of the so-called 'knowledge economy'. Authors like Frenkel et al. (1999) espouse that these 'front line' service jobs demand a higher skill requirement of workers, as they have to apply analytical skills facilitated by information technology and the creation and possession of knowledge as a core task (Frenkel et al. 1999, p.27). However, Thompson and Warhurst (2001) and Crouch, Finegold and Sako (1999) argue that the real growth in the United Kingdom is not in knowledge work but in routine low skill, low paid service work (Thompson & Warhurst 2001, pp.924–925). Herzenberg, Alic and Howard (1998), who recognise a similar trend in the US, support this:

Service industries now employ about three-quarters of the workforce ... up from two-thirds in 1979 ... with many workers trapped in low-wage, dead-end jobs ... that is where the bulk of jobs are and where the jobs of the future will be created.

(Herzenberg, Alic & Howard 1998, pp.1, 21)

They further explain that there is nothing inherent in service sector jobs that make the bulk of them low paid. Rather, this is a consequence of particular features of the US economy and its labour market, especially the spread of wages-based competition. They argue that, contrary to Reich's contention that national economies are growing irrelevant and powerless, the service industries are predominantly locked within national borders, servicing an immediate customer base. Consequently, Herzenberg, Alic and Howard open up space to formulate focused national economic policies of which skill formation necessarily plays a part.

Crouch, Finegold and Sako (1999) agree that employment has shifted away from manufacturing and verify that job growth has occurred at various skill levels in distribution and communications, business services and personal and domestic services. They conclude:

By the 1990's the idea of the learning society has acquired practical relevance in most of our countries. However, the very highly skilled sectors continue to represent small shares of total trade, and they employ relatively few people. It remains important to separate the mass of developments in employment from the potentialities for export growth.

(Crouch 1999, p.108)

A fundamental problem with Reich and those like him, who aspire to a universal high-skill paradigm ushered in by VET intervention in a new knowledge economy, is the assumption that increasing the supply of knowledge workers will somehow stimulate demand. This reliance on linear progression from low to high skill fails to grapple with the complexities that shape the content of particular jobs. It ignores the social context of jobs, gender relationships, industrial relations and other aspects of a 'political economy' (Brown, Green & Lauder 2001, pp.16–17). Even if this were the case, that skill creation would transform jobs, there is still no reason to believe that education alone will make low-wage jobs disappear. As observed by Brown, Green and Lauder, who have recently compared skill formation across seven countries:

It would be a mistake to assume that the shift to the service sector mirrors a rise in the level of skills. In a survey of these issues Gosta Esping-Andersen (1999) has shown that not only does the scale of the expansion of service sector employment vary between countries, but that rapid expansion is primarily based on increasing the numbers of low skill, low waged jobs.

(Brown, Green & Lauder 2001, p.18)

This observation has been supported by growing numbers of recent US-based researchers. For example, the Economic Policy Institute's State of Working America 2002–03 argues that despite strong economic growth in the last years of the 1990s 'the bottom 20 [percent] of both male and female wage earners remain below the poverty wage' (Mishel, Bernstein & Boushey 2003, pp.355–356). (A poverty wage is defined at an hourly rate of pay, which, if worked by a single bread winner, would not keep a family of four out of poverty if they worked full time for a full year—that is, 2080 hours over 12 months.) The situation for men is yet to get back to levels that prevailed in the 1970s when male rates for the bottom quintile were above the poverty wage rate. Robert Brenner has also shown that the US labour market is characterised by what he calls 'labour intensive' forms of economic growth. In some sectors, such as retail, the US has three times the proportion of workers as comparable countries such as Germany (Brenner 1998). Clearly, the growth in much service work in that economy has more to do with the US's growing low-wage sector than it does with any dynamic growth in 'knowledge work'.

Similar trends are apparent in Australia. While some controversy remains, it is now generally agreed that there has been a growth in both low- and high-skill service jobs in Australia in the 1990s (Cully 1999; Cully 2002). Differences primarily turn on whether employment is defined on a jobs or

hours basis and at what point in time one starts one's analysis (cf Wooden 2000b). Despite these differences, it is generally agreed that a hollowing out of the job market is occurring in Australia in terms of both jobs with middle-range pay levels and middle-range skills (Watson et al. 2003, ch.5).

Implications for this project

When considering how group training is functioning we clearly need to be sensitive to the changing content of jobs. In particular, we need to be alert to a number of different dynamics at work: growing knowledge intensity of work up-market, growing low-skill service work down-market and pressure on 'middle' level jobs—both in terms of skill and pay levels.

Changing forms of employment: 'Flexible' and 'non-standard' work

Another key dimension to change at work has been the alleged 'need' for more 'flexible' forms of employment. Much ink has been spilt on this subject. Two recent excellent characterisations of this trend in policy, and especially managerial discourse, have been provided by Sennett (1998) and Rose (1999). Sennett argues that there are three key dimensions to flexibility: discontinuous reinvention of institutions (for example continuous organisational restructuring), flexible specialisation (for example initiatives directed at getting ever more varied products to market as quickly as possible) and concentration without centralisation (for example, outsourcing and supply chain regimes dominated by head contractors) (Sennett 1998, ch.3). He proposes that the vision of humanity informing much managerial and neoliberal discourse about flexibility is best characterised as that of 'Davos Man'. This term refers to Davos, a remote Swiss ski resort, where world business and government leaders, meeting as the 'World Economic Forum', used to convene annually:

The capacity to let go of one's past, the confidence to accept fragmentation: these are two traits of character which appear at Davos among people truly at home with the new capitalism. They are traits which encourage spontaneity, but here on the mountain such spontaneity is at best ethically neutral. These same traits of character begetting spontaneity become more self-destructive for those lower down in the flexible regime. (Sennett 1998, p.63)

While Sennett pays close attention to the outward structural changes and inward subjectivities associated with the growing interest in flexibility, Rose devotes most attention to what he describes as a new regime of government: advanced liberalism. Key features of this regime (as concerns work-related issues) are as follows:

- ✧ shifting the idea of work away from models based on notions of 'employees' to one based on 'entrepreneurs'
 - ✧ shifting notions of management of risk away from the state and onto the individual in what Rose refers to as the 'new prudentialism'
 - ✧ shifting notions of skill away from 'disciplinary pedagogy' to 'perpetual learning'.
- (Rose 1999, ch.4)

Ideas such as these have been influential in shaping the agenda and policy for labour market and skill formation reform in the 1980s and 1990s. They have often informed popular accounts of how work is changing (Micklethwaite & Wooldridge 1996, ch.9).

The real power of analyses, such as those prepared by Sennett and Rose, is that they offer perceptive characterisation of what is occurring at the level of managerial and policy discourse. They are not advocates or necessarily 'opponents' of what is occurring. The limits of their analyses are that they provide little empirical analysis of what is actually happening to structures of employment. The reality of key changes of this nature is best captured in the literature examining growing levels of non-standard employment. Standard employment is usually defined as employment that involves

engaging labour on a full-year, full-time basis as employees (not contractors) for a particular enterprise that makes goods or delivers a service (Campbell & Matthews 1998). While some debate concerns exactly how widespread the rise of such employment has been (for example, Murtough & Waite, 2000a and 2000b), it is generally agreed that, no matter which way it is defined, 'non-standard employment' is now significantly higher than it was only 20 years ago (for example, Buchanan & Watson 2000a, 2000b; Watson et al. 2003, ch.6).

It is important to note that changes in the mode of engaging labour do not necessarily mean that the length of time workers remain in employment with any one employer has also changed. Wooden (1999), for example, has noted that the proportion of workers remaining with their employer for ten years or more or one year or less has remained remarkably stable since the 1970s. This raises a paradox: rising levels of 'non-standard work' appear to co-exist with profound employment stability. How can this be the case? Some important US and UK studies have highlighted the importance of understanding changes in employer strategy for making sense of these developments. Collins (1990), for example, has argued that changing forms of employment are closely associated with what he refers to as the 'vertical disintegration of firms'. Gonos' (1997) profound study of the rise of the temporary help (or labour hire) industry has captured the dynamic at work here well. He argues the labour hire industry has grown significantly in recent time because increased competitive pressures have led to employers engaging labour with as few obligations to them as possible. It is because of this that most empirical studies of the rise of non-standard work reveal that, on balance, it is generally *sub-standard* in terms of earnings, hours, levels of training and safety outcomes.

Implications for this study

The demise of standard work as traditionally defined does not necessarily mean that new forms of employment, especially amongst those undertaking higher level tasks, need necessarily be 'substandard'. Problems appear to be emerging, however, for non-standard workers in the lower reaches of the labour market.

Some studies have endeavoured to identify how the changing content of work and forms of employment can be managed in ways that enhance and do not undermine standards for workers. We now briefly consider their findings.

Novel policy responses to these changes— employment pools and community-based employment and training organisations

Some writers have noted that the emergence of new institutional arrangements associated with the pooling of the risks associated with labour can simultaneously achieve flexibility for employers in a way that does not undermine standards for workers. Von Otter (1994), for example, has argued that employment pools should be used for casual workers. The aim of these pools is not to create permanent jobs but rather 'planned inter-firm careers' (Van Otter 1994, p.304). The essence of this proposal is that instead of recruitment and staffing level decisions being solely determined by individual managers, employers should be collectively responsible for creating and properly managing overall levels of employment. Effective employee pools would not only provide benefits for employees (greater security for casuals, return to employment for employees on career breaks) but also offer significant advantages to employers by providing the quality and quantity of labour they require the moment demand increases. Similarly, Osterman (1999) has noted that new institutions at sectoral or industry level can play an important role beyond providing more secure modes of engaging labour for workers. They also have the potential to enhance training opportunities for workers and training services for employers.

There has been some work in the US dedicated to identifying and researching institutional models that attempt to operate on the 'pooling' principle by acting as ethical brokers in the labour market. It must be said that most of the programs are discrete and peculiar to the circumstances that they have evolved in. Nevertheless it is useful to reflect on the literature, as it potentially offers insights of direct relevance for making sense of and ascertaining the significance of group training in Australia.

Herzenberg, Alic and Howard (1998) have examined how multi-employer institutions can enhance career paths and local economic performance. They note the decline in hierarchical firms, and stable careers within them have meant a growing proportion of the US labour force works in low-skill, dead-end jobs. These new forms of employing contingent labour have also done little to improve productivity, allowing employers the easy route to short run cost advantages based on diminished wage and working conditions. In support of a positive outlook for potential employment in what they call 'the new economy', they argue that economic restructuring creates new opportunities (Herzenberg, Alic & Howard 1998, p.123). The rub is that many workers lack the bargaining power to effectively negotiate the changing environment. According to Herzenberg, Alic and Howard, the negative effects can be redressed. They offer a series of examples where multi-employer bridges in the labour market have successfully alleviated some of the risks for workers and created new options for employers.

The use of career ladders has had some success in the US, but it does appear to be very patchy and limited in scope. Herzenberg, Alic and Howard cite the example of a franchise owner for Burger King who successfully linked his workforce with local manufacturing firms. The manufacturing firms recruit out of the Burger King labour pool. The benefit for workers is the capacity to move from 'bad' jobs to 'better' jobs. The benefit for Burger King is a far more stable and satisfied workforce. The manufacturing companies recruit workers who have proven their reliability and capacity to learn. Union-employer consortia have also come together for the purposes of extending career ladders within organisations and between them, while, though in a limited way, up-skilling individuals. Herzenberg, Alic and Howard recognise that these approaches are limited, but they argue that the model could be extended through other multi-employer, multi-union councils. They also identify union-operated hiring halls as institutions that could play a greater role in bridging employment opportunities for workers. Traditionally, hiring halls have been for high-skill occupations in volatile industries. Herzenberg, Alic and Howard argue that it is possible for the model to be extended to low-skill jobs with links into higher skilled employment. They point out that it has been used for both construction labourers and waitressing—though, in the case of waitressing, with little emphasis on training or for getting 'better' jobs. Recent research has identified the difficulties of establishing such arrangements in Australia (Australian Centre for Industrial Relations Research and Training 1999b).

Paul Osterman cites the Wisconsin Regional Training Partnership as an example of an effective labour market intermediary. In the Milwaukee metropolitan region a partnership of manufacturers, unions and the public sector have come together to 'support the creation of high-performance workplaces and quality jobs' (Osterman 1999, p.143). Approximately 40 employers are involved. A series of working groups and networks help to transfer best practice and new initiatives amongst the organisations, while nearly all the companies have skill centres on site. They worked on introducing skill standards, and they instigated an apprenticeship program and a training program for other members of the community. Osterman points out that the most successful networks of this kind appear in the metals industry, especially in machine shops. He is more cautious than Herzenberg, Alic and Howard about whether these models are expandable or transferable into other environments.

Community-based organisations have a strong presence in some US local political landscapes. Harrison and Weiss, in their book *Workforce development networks*, build their analysis on ten case studies of various ways community networks have come together to assist in developing local workforces (Harrison & Weiss 1998). This has, on some occasions, meant that community-based organisations have become labour market intermediaries. The most frequently cited example of this

was created in Texas when a local Levi Strauss factory closed, displacing 1000 workers—mostly Hispanic women. An existing group of community-based organisations, in conjunction with other partners from both the private and public sectors, began a grassroots, democratically run organisation called QUEST (Quality Employment Through Skills Training). Sectoral skill needs (that is, local industry skill gaps) were identified, and training programs were developed and run to impart the required skills to community members in the relevant occupations. The significant elements of the program are its great success compared with those of other programs. It was particularly effective in giving participants skills in demand and then placing them in jobs. Osterman and Lautsch (1996) suggest that an important ingredient of their success has been the grassroots, democratic political pressure that these organisations were able to inject into the process. This has been a ‘from the ground up’ project and, consequently, may not lend itself to being implanted into a community from above as part of an ‘anti-poverty’ program. Osterman notes that there have been attempts to replicate QUEST but to date none have been evaluated.

In relatively high skill industries such as information technology there have been, until quite recently, ongoing reports of difficulties keeping up with the growing demand for these professionals (Hilton 2001). Some attempts have been made to overcome the shortages and ensuring that trainees are receiving industry experience via internships as well as formal learning. In efforts to share the costs and benefits of skill development, the Massachusetts Software Council operated a successful program retraining and placing displaced information technology workers back into the industry. They claim a 90% success rate. However, government funding ran out and the program was cancelled. Attempts are being made to establish a regional consortium where employers will jointly provide funding for the program to continue.

Implications for this project

Institutions that share the growing risks associated with employment and training amongst employers, the state and workers are rare. Where such institutions have succeeded they have generally relied on some form of community, whether locational, ethnic or business, for significant mutual support, as well as resources from government at some level. Any analysis of labour market intermediaries like these clearly needs to be informed by an understanding of the changing nexus between community and work.

Community and work—changing links between state, social and occupational structures

What are the key elements of the debate on changing notions of community that are of relevance for understanding group training? In particular, what does this literature tell us about how changes at work are associated with changing notions of ‘community’? In this section, consideration is given to the insights arising from the debate on ‘community’ in general. This provides the context for considering two recent views on how notions of community need to inform understandings about the changing nature of work.

Debate and concern about the nature of ‘community’ has a long history. As Nikolas Rose has noted:

The theme of loss of community, and the need to remake community or substitute something for its benefits, emerges with remarkable regularity in critical reflections on the state of the nation from the nineteenth century onwards. From the familiar nineteenth-century tales of the loss of tradition and the rise of individualism in the shift from *Gemeinschaft* to *Gesellschaft*, through the analyses of the damaging effects of metropolitan life in the 1920s and 1930s, to the community studies of the 1950s, sociologists, moralists, politicians and pamphleteers rehearse similar themes.

(Rose 1999, p.172)

Rose locates the recent resurgence of interest in 'community' in new rationalities of government. This development has occurred in response to a perceived decline, if not collapse, in 'civic engagement' within advanced industrialised nations, especially the US. Robert Putman is one of the leading scholars of this phenomenon. He has argued, *inter alia*, that whereas once many US citizens conducted 10-pin bowling in clubs, they are now, in the words of his best selling book, 'bowling alone' (Putman 1995, 2000) This perceived development has resulted in widespread calls for a reinvigoration, if not reinvention, of 'community'—or what Putman names the rebuilding of 'social capital'. Rose argues that the type of community being promoted by modern day communitarians is slightly different to that which prevailed in the past. Whereas previous analysts and policy-makers have been concerned with community conceived primarily in spatial or class terms (for example, working-class communities and neighbourhood communities), the concern is now with more a 'moral field binding persons into durable relations. It is a space of emotional relationships through which individual identities are constructed through their bonds to micro-cultures of values and meanings' (Rose 1999, p.172).

Rose argues persuasively that the renewed interest in community is not merely, or even primarily, a matter of scholarly concern. It is part of a wider 'reframing of political thought' underpinning contemporary notions of government (Rose 1999, ch.5). Indeed, growing reliance on 'the community' is now a standard feature of much government activity. Government does not do things directly but, rather, does it in association with 'the community' or 'community organisations'. Typical examples include: 'community care, community correction, community architecture, community policing, community safety' (Rose 1999, p.170). This development is associated with a number of political and cultural currents. For example, it is part of the politics and policies of the 'third way' which have privileged the 'third space' between state and market as a site of policy concern (Rose 1999, pp.170, 172, 182, 184). In this discourse the community is defined as both 'a problem' and also as 'a solution', offering a resource for governments to rely upon in addressing a growing numbers of social ills. As such, it is seen as a pre-existing or pre-given phenomenon that can be an active partner with government (Rose 1999, pp.173–174). But 'community' is not merely the preserve of modern day social liberals and social democrats. Neo-liberals and social conservatives, with their distaste for the state, also place increasing emphasis on the 'community' as both part of the 'problem' and part of the 'solution'. It is particularly attractive to them because it can potentially help increase people's sense of security and, simultaneously, preserve their autonomy without increasing their reliance on the state (Rose 1999, pp.184–186).

Rose notes that an irony of the contemporary interest in community is that while it is assumed to be a pre-existing social resource governments can work with, it is actually a domain constituted by the state. This approach to government (that is, with or through community) involves:

new conceptions of those who are governed, and of the proper relations between the governors and the governed. It puts new questions into play about the kinds of people we are, the kinds of problems we face, the kinds of relations of truth and power through which we are governed and through which we should govern ourselves. (Rose 1999, p.188)

He also argues that this distinctive development defines a quite different way in which society is governed compared with that of previous eras. Since the late 18th century there have been three eras which have involved distinct rationalities of government:

- ✧ discipline, which 'individualises and normalises' (particularly prevalent in the Western world between the late 18th century and the mid-19th)
- ✧ bio-power, which 'collectivises and normalises' (late 19th century to later 20th)
- ✧ ethico-politics, which involves 'self-techniques necessary for responsible self-government and the relations between one's obligation to oneself and one's obligations to others' (late 20th century to the present) (Rose 1999, p.188; Rose 1996, pp.37–41).

Having characterised current developments Rose then attempts to provide an account of how these rationalities operate in practice, or, as he puts it, to understand ‘the new technologies and the new authorities that seek to find a way of governing us, as free individuals, through ethics’ (Rose 1999, pp.188, 189–196). It is at this point that the limitations of Rose’s Foucauldian framework become apparent. His analysis never moves beyond the discursive, and he ends up taking much of the rhetoric that he analyses at face value. For example, while he notes that reliance by government on ‘community’ today is different to that which prevailed in the 19th century (Rose 1999, p.189), at no stage does he explore the political–economic reality of state practice. Often ‘government through the community’ is nothing more than a thinly veiled exercise in cost shifting and promotion of market relations by another name. This has been particularly evident in such ‘community-based’ initiatives as contracting out the national employment service to the ‘community sector’ (Goodman 1997). Consequently, while Rose provides a good description of a profound shift to government rationalities for ‘governing through community’, his account of what is actually occurring lacks analytical purchase because of its weak empirical base.¹

Fortunately, the analysis of community relations and their links with economic restructuring has been taken further in the recent work of Michael Pusey. Whereas Rose is primarily concerned with understanding shifts in the rationalities of government, Pusey is interested in their impact on people and social relations (Pusey 2003). His analysis of the changing nature of community is located in a larger study of the impact of what he describes as ‘economic reform on middle Australia’. Economic reform is defined as involving all the changes arising from neo-liberal policies and the economic restructuring associated with them since the mid-1980s.

The distinctive feature of Pusey’s analysis is that it is based on extensive qualitative and quantitative information obtained from interviews with hundreds of ‘middle Australians’. His fifth chapter deals with ‘Civil society and communities’. On the basis of his focus group material, he identifies nine factors as being behind a perceived ‘weakening of community’ in contemporary Australia. Four of these are directly associated with changes in the labour market. They are:

- ✧ the emptying of suburbs of people during the day, primarily as a result of women’s increased participation in the workforce
- ✧ ‘increasingly unsocial working hours’ associated with ‘overtime and by rostered or casual work in the evenings and on weekends’
- ✧ youth unemployment and underemployment
- ✧ rising ‘spatial segregation’ and subsequent weakening of ‘social bonds’ associated with rising household prices, itself a consequence of rising levels of wage and income inequality.

(Pusey 2003, pp.114–118)

According to Pusey, the other dimensions of ‘weakening communities’ have included: ‘the decline of small business’, the changing character of local and national competitive sport, the decline of extended family networks (which appeared to only survive amongst people from non-Anglo

¹ The limitations of his analysis become particularly stark when he considers questions concerning political and policy alternatives to the current situation. Here he puts his faith in ‘insurgent community building’ (Rose 1999, pp.194–195) such as ‘all those hybridized, queer, subaltern and non-essentialised communities’ (Rose 1999, p.196). He even flirts with the idea that such movements may have even won the ‘culture wars’ (Rose, p.195). At no stage does he ever consider the ascendancy of market culture and the deification of the market that has occurred during the 1980s and 1990s. An excellent critical cultural studies account of this development has been provided by Thomas Frank (2000). Rose also gives no consideration to the redistribution of resources to different ‘communities’ as a result of economic development becoming increasingly based on deepening inequality: see especially Froud, Johal and Williams (2002, pp.62–87). Instead, he rather flippantly refers to the fact that ‘it may be impossible ... to re-activate the politics of equality and justice based on principles of solidarity amongst all citizens of a common political community’ (Rose 1999, pp.195–196). Whether this objective is possible or impossible is a major question for relevance to the future in general and work in particular. Simply indicating that ‘it may be impossible’ is intellectually cowardly and politically useless.

backgrounds), the demise of public infrastructure, especially transport, 'declining civic standards of behaviour' and rising crime rates (Pusey 2003, pp.114–118).

Pusey engages directly with modern communitarian theorists such as Putman. He argues that, on the basis of his empirical work, the perceived decline in community is not generally attributed to 'wanton moral sickness' (Pusey 2003, p.116). Rather 'the economy and the market [are seen] as a general cause, and perhaps the principal cause, of the breakdown of community' (Pusey 2003, p.118). He argues that Australia is very different to Europe and the US because the state took the lead in social development here (Pusey 2003, p.162). As such, community here has been seen more in terms of a dimension of modern suburban life, 'not as a 'thick' moral substance or as primordial bonds (*Gemeinschaft*), or, in an American vein as 'habits of the heart' (Pusey 2003, p.118). As such, he reports that 'middle Australia' is sceptical about notions of 'voluntary association' being the key source of social capital. Instead, the nurturing of social capital is seen as a state responsibility. As such, problems of community are:

constructed not as moral decline *per se*, but as a reduced capability for a whole range of beneficial and mutually enjoyable actions that arises for want of adequate resources, typically time and tension-free leisure. That is why Australians more readily, and accurately, associate community breakdowns as a consequence of economic factors. (Pusey 2003, p.119)

Pusey notes that this analysis is at direct variance with that advocated by supporters of 'economic reform'. These people are attracted by arguments of American communitarians and civic republicans for increased reliance on community structures in general and volunteering in particular. These sources of social capital are regarded as an endlessly self-replenishing 'font of social proteins' that are superior to anything that is provided by 'the Nanny State' (Pusey 2003, p.119).

Pusey does acknowledge that there has been a retreat from civic life into, primarily, the domain of the family. This is not, however, due to deepening individualism *per se* but, rather, is a necessary consequence of people recovering from the demands and disruptions of modern working life (Pusey 2003, pp.120, 127–128). The validity of his analysis is buttressed by the scepticism he found in market solutions amongst these respondents. He found that they were sceptical of arrangements which, far from nurturing 'independence of the state', 'produced greater dependence on markets' (Pusey 2003, pp.134–135). According to him, middle Australians increasingly reject the notion that they should internalise costs as others (that is, corporations) externalise all theirs (Pusey 2003, p.137). As such, they felt that 'markets need to serve social purposes rather than the other way about' (Pusey 2003, p.136). In short, they were sceptical about the notion that any problems arising from greater market dependence could be overcome by greater reliance on the 'spontaneous' institutions of social capital. He concludes:

Australia was 'born modern' knowing that 'the state, far from encroaching upon individual rights, would be the most likely protector of rights against other agencies of social coercion' (Rosecrane 1964). Australia has, at best, only a very weak tradition of *noblesse oblige*. Tough realists and Benthamites at heart, Australians learned from their foundation history that greedy and unscrupulous people with a lot of money were the real enemy from whom they had most to fear. (Pusey 2003, p.162)

As such, in Australia, the state is not seen as a threat to 'community' but rather as something which helps it to function.

The analyses of community by Rose and Pusey focus on different aspects of the changing links between the state and social structures at large. Thus, they provide useful insights into the context in which group training organisations operate. Recent studies by Richard Sennett (1998) and Guy Standing (1999, 2002) have identified how different notions of community are critical for understanding recent developments and possible futures for work directly.

As noted earlier, Sennett's (1998) work is a sociological analysis of the changing nature of work. His primary concern is how peoples' 'character' is 'corroded' by 'work in the new capitalism'. He defines

character as 'the ethical value we place on our own desires and on our relations with others'. It is more encompassing than personality, which is more modern, and focuses on inner life which may be witnessed by no-one else. 'Character [on the other hand] focuses upon the long-term aspect of our emotional experience ... Character concerns the personal traits which we value in ourselves and for which we seek to be valued by others' (Sennett 1998, p.10). His analysis unfolds by dissecting the key dimension of work of the 'new capitalism'. Particular attention is devoted to the demise of routine (ch.2) and the ascendancy of flexibility (ch.3), the growing significance and celebration of risk in jobs today (ch.5) and changes in the work ethic—especially those associated with team work (ch.6). Special attention is devoted to the rising levels of 'failure' experienced by people in the labour market (ch.7). According to Sennett, all these changes have 'aroused a longing for community ... All these conditions impel people to look for some other scene of attachment and depth' (Sennett 1998, p.138).

In thinking about the future, Sennett argues we need to break with the assumptions of the new capitalism, especially those of flexibility conceived in highly atomistic terms. Specifically, he argues there is a need for us to recognise that humanity has a 'shared fate' (Sennett 1998, p.139). This can only be achieved if people actively cultivate social bonds underpinned by notions of 'mutual dependence' (Sennett 1998, p.139). In advocating this position, he notes that this will require breaking the two dominant ways of thinking about contemporary social relations. First, it directly contradicts one of the key tenets of the new capitalism: its disapproval of 'dependence' of any kind. This is necessary because the rejection of 'dependence' erodes mutual trust and commitment and compromises collective enterprise (Sennett 1998, p.141). Second, he explicitly rejects modern communitarianism discourse and its inherent social conservatism. This is because it eschews difference and conflict. Such a stance fails to recognise, according to Sennett, that conflict can in fact serve a useful purpose. There can be 'no community until differences are acknowledged within it' (Sennett 1998, p.143). Indeed, he goes so far as to argue that 'strong bonding between people means engaging over time with differences' (Sennett 1998, p.143).

A concern with distinctive notions of character and community are central to Sennett's conception of a potentially different trajectory for the future of work to the current one. As he notes: to 'imagine communities willing to confront the new capitalism, we have also to consider strength of character' (Sennett 1998, p.145). The key value in this context is 'the willingness to stay engaged' (Sennett 1998, p.145). Such willingness can only be sustained if people maintain a sense of self-worth, and this, in turn, requires others to rely on them (Sennett 1998, p.145). 'In order to be reliable, we must feel needed; for us to feel needed, this Other must be ready' (Sennett 1998, p.146). This is where the current situation is so corrosive:

'Who needs me?' is a question of character which suffers a radical challenge in modern capitalism. The system radiates indifference ...

This is the problem of character in modern capitalism. This is history, but no shared narrative of difficulty, and so no shared fate. Under these conditions, character corrodes; the question 'Who needs me?' has no immediate answer.

[F]lexibility ... does not give, it cannot give, any guidance for the conduct of an ordinary life.
(Sennett 1998, pp.146–147)

Sennett's ultimate conclusion is that the current trajectory of the new capitalism at work is simply unsustainable: 'a regime which provides human beings no deep reasons to care about one [an]other cannot long preserve its legitimacy' (Sennett 1998, p.148).

Sennett's work provides a number of important insights but it is, ultimately, inconclusive. Who could disagree with the notion that there is a need for better structures of social support at work? The limited relevance of his analysis for thinking about the future of work arises from the very general nature of the problem he addresses; that is, the corrosion of character. Such an all-embracing definition of the problem results in very general suggestions for change lacking precision and therefore policy purchase.

Guy Standing also links notions of community to an analysis of current trends and possible futures for work. His conclusions are, however, more precise. This arises from his central concern with policy regimes and their impacts on practice (Standing 1999, 2002). His work is primarily an analysis of labour market policy and practice. Whereas Sennett's tacit concern is the demise of internal labour markets (and the routine associated with them), Standing's tacit concern is with the changing character of labour as an object of policy concern—with the restructuring of external as well as internal labour markets. He devotes particular attention to moving beyond a 'labourist' mindset. According to Standing, over the course of the last 100 years or so policy has progressively shifted from being concerned with the rights of labour (for example legal recognition of unions) to the right to labour (for example full employment) to the obligation to labour (for example workfare arrangements) (Standing 2002, ch.1). To help transcend previous habits of thought he has based his analysis on some important conceptual clarification (Standing 1999, ch.1, especially pp.3–9; Standing 2002, last chapter). In particular, he argues, it is vital to distinguish 'work' from 'labour'. For him, 'work is defined as rounded activity combining creative, conceptual and analytical thinking and the use of manual aptitudes—the *vita activa* of human existence' (Standing 1999, p.3). Labour, on the other hand, is quite different. He notes that the Latin basis of the term (laborum) means 'toil, distress, trouble' (Standing 1999, p.4). As such, he defines labour as 'arduous ... and conveys a sense of pain ... We may define labour as activity done under some duress, and some sense of control by others or by institutions or by technology, or more likely by a combination of all three' (Standing 1999, p.4).

In making sense of the current situation about work Standing examines the theory, policy and practice of 'labour market flexibility' (1999, chs 5–8; 2002, ch.2). This provides the background for his consideration of the major policy alternatives on offer today. He pays particular attention to minimum wages, employment subsidies, earned income tax credits and workfare initiatives (Standing 1999, chs 9–10). He argues that all are designed to promote labour and that several, in fact, would actively undermine the capacity of the labour market in the future to generate jobs with a high 'work' content. It is in this context that he outlines a different approach—what he calls 'a redistributive agenda' (Standing 1999, ch.11). This contains a set of suggestions that address issues as diverse as a new vision for caring work (paid and unpaid), economic democracy and a guaranteed minimum income. Underpinning it all, however, is the notion of the importance of occupation as a basis for both healthy labour markets and healthy communities.²

One of the major assumptions informing his policy prescriptions is that 'we all have occupations in ourselves' (Standing 1999, p.348). Consequently, what is needed is the freedom (that is, the time, space and resources) to develop these. This is not just a matter of satisfying individuals' desires for self-realisation: 'Occupational security would create socially healthy communities' (Standing 1999, p.346). Standing's interest in 'community' is not a vague commitment to sociality that informs most third way and social conservative thought. Rather, it is anchored in a distinctive understanding of citizenship and the labour market:

Citizenship conveys the sense of belonging to community ... For citizens living in a work based society, the source of distributional justice is the opportunity to pursue occupation. This involves the positive sense of skill and creativity, activity and self-control—the pride of craft. Occupation is never a finished process. (Standing 1999, p.345)

Standing goes on to note that the development of occupations is not something that can be left to chance. It will require decisive action by the state in nurturing collective structures to protect and develop them. As he notes: '[h]istory shows that without associations to represent it, an occupation will wither under the pressure of other control systems' (Standing 1999, p.346). It is because of this that he asserts that 'voice regulation' (for example law governing rights to collective, representative

² Standing defines community as 'more and less than a geographical location. A community for organisational and distributional purposes may be defined as an association of persons having common or compatible interests which may be in part geographical, in part an association of people facing a similar set of insecurities' (Standing 1999, p.404).

structures) is just as important as statutory regulation. And he notes, this needs to apply at all levels of the labour market, not just for the high-skill trades and professions (Standing 1999, p.347).

It is important to emphasise that Standing is not calling for a revival of old-style craft unions. Indeed, he argues that traditional 'craft and industrial unions are inappropriate in flexible labour markets in which a growing proportion of workers have no long-term commitment to specific industries, crafts or large, formal occupational groups' (Standing 1999, p.389). Instead, we need to promote 'community unions' or 'citizenship associations' (Standing 1999, p.390). These institutions need to be quite encompassing to capture workers now moving through very fragmented labour markets. This has the benefit of not only being effective in response to a changing economic situation, but also it creates one of the conditions for effective bargaining: linking together people and giving them the potential to recognise their shared future—or situations in which the parties 'bargain in the shadow of the future' (Standing 1999, p.391). Were effective, ongoing organisations of this type to emerge, it would also enhance the relevance and bargaining power of workers. This will be important for maintaining standards (especially fair distributional standards) in the future because effective representation requires that 'those facing each other over the bargaining table must have the strong prospect of having to deal with each other for the foreseeable future' if the claims of each side are to be taken seriously (Standing 1999, p.391).

Unlike Sennett, who concluded his analysis with a generalised call for greater recognition of the ties that bind us together, Standing is more focused about the nature of the analytical and policy challenges ahead:

The pursuit of occupational security requires fresh thinking about the institutional structures to make [personal security and the development of the right to occupation] feasible and desirable. Traditional notions of household, firm and state, and class, are not appropriate. We must recreate the imagined community and sense of socio-economic solidarity. What is needed is a structure of firms, associations and public agencies that generate and thrive on communal individualism. (Standing 1999, p.397)

Standing's interest in the occupational dimension of work is in some ways reminiscent of the guild conception of skill and invites a reconsideration of this notion of occupation. In making this reconsideration, we wish to emphasise that neither Standing nor ourselves are advocating a 'restoration of the guilds'. It is, however, worth reflecting on the legacy of guild thought and practice to help understand how notions of community have helped structure work in the past. One of the most comprehensive studies of guild doctrine and practice is contained in Anthony Black's work, *Guilds and civil society in European political thought from the twelfth century to the present* (1984). He opens his analysis with the observation that guilds were a species of community: the community of labour (Black 1984, p.xi). The burden of his argument is that guild principles and practice have been just as central to the development of western European economic and social development as have traditional liberal notions of individual freedom and private property. As he puts it:

The values of guild and civil society flowed like red and white corpuscles in the bloodstream of medieval and Renaissance political thought. Their diffusion coincided with the development of self-governing towns, parliaments and the 'common law' tradition; it related to the whole question of the distinctive development of European political culture. (Black 1984, p.44)

As such, he notes that the guild tradition was not irreconcilable with key liberal concerns such as liberty. Indeed, he argues that liberty also had communal meaning:

It was used to define the claim of rural and urban communities to territorial immunity from baronial jurisdiction ... The corporate liberty of the town or village was indeed coterminous with the individual liberties of its members. (Black 1984, p.43)

Hence, while formal political theory has generally only emphasised liberal values, as a matter of practice and popular discourse guilds have been just as integral to western European development (Black 1984, pp.24, 237).

Black argues that most analysis and understanding of guilds only dwells on the craft guilds of the high middle ages (Black 1984, p.12). He argues, however, that the first guilds date from around the 10th century and were, in fact, primarily social in nature analysis. They took the form of mutual support groups concerned with such issues as burial funds, support for poor members or dependents of deceased members (Black 1984, pp.4–5). Merchant guilds were the next to emerge. They were established to help secure the conditions for, and to regulate trade within, their locality and beyond (Black 1984, p.6). The craft guilds emerged last. ‘They were formed specifically to oversee and to regulate the activities of all practitioners of a given craft in the region controlled by the town’ (Black 1984, pp.7–8). Merchant guilds were concerned with maximising trade and tolls on trade passing through towns. ‘The craft-guilds, on the other hand, were concerned with maintaining a steady volume of business for their members. Their chief aims were a satisfactory standard of workmanship and a fair price for its products’ (Black 1984, p.8). As such, he highlights the different types of guilds organised around different notions of community: the social, the commercial and the occupational.

Black traces the different understanding of guild sentiment in Western thought and social history from the 12th century to the present. He argues that the last great theorist to devote serious attention to guild theory and practice was Emile Durkheim. Durkheim’s analysis of the division of labour pointed to the need for formal vocational structures. He held these were necessary for individuals to help them clarify their roles and to allow them to define themselves as ‘fulfilling a determinate function usefully’ (Black 1984, p.225).

If, in the occupations which take up nearly all our time, we follow no other rule than that of enlightened self-interest, how can we develop the taste for impartiality, self-forgetfulness and sacrifice? ... There must be rules which teach each fellow-labourer his rights and duties, not only in a general and vague way, but precisely and in detail, having regard to the principal circumstances arising in the course of ordinary life ... But an ethic cannot be improvised. It is the work of the very group to which it must be applied.

(Durkheim in *Lecons* pp.50–52, cited in Black 1984, p.227)

Black argues that John Maynard Keynes may have been the last great thinker to support the need for intermediary structures like guilds (Black 1984, pp.235–236). In ‘The end of laissez faire’, Keynes argues that ‘I believe that in many cases the ideal size for the unit of control and organisation lies somewhere between the individual and the modern State ... I propose a return, it may be said, towards medieval conceptions of separate autonomies’ (Keynes 1926 [1984], pp.288–289; Black’s consideration of this sentiment is contained at pp.235–236).³

Implications for this project

Recent research into the changing links between community, work and the state have highlighted that the current approach to policy results in insufficient consideration being given to a wider array of resources and options open for nurturing the development of quality jobs now and in the future.

Our review of the literature has highlighted the need to avoid such simplistic notions as the ‘new economy’, ‘flexibility’ and ‘social capital’ as useful abstractions for guiding our analysis. Instead, this project is informed by a very open set of categories. These categories mean that we are especially interested in understanding the interplay between market realities, community structures and the state (that is, public policy) in supporting and often constituting different social relations

³ Black does not include modern day corporatist theory and practice as part of the tradition of guild theory and practice as it is merely the politicisation of interest groups—it does not involve encompassing communities of labour of the kind embedded in guild doctrine and practice (Black 1984, p.234).

concerning work. In particular, we are interested in understanding how different conceptions of ‘the commercial’, ‘the social’ and ‘the vocational/occupational’ are linked in practice, for example as they might appear in some group training organisations. Having clarified which categories to avoid and which to use in conducting our analysis we now outline our research design.

3 Research design

A distinctive feature of the literature on the changing nature of work is the limited constructive dialogue between different cross-currents within it. Sometimes differences take the form of polarised debates over such issues as rising levels of knowledge work or rising levels of low skill services employment. These paradoxes coexist and are often not worked through. More commonly, specialised debates emerge which neglect the insights of researchers working in other areas. The lack of dialogue between those working on the changing nature of service work and the changing nexus between work and community is a case in point.

By its nature, such literature does not lend itself to the neat derivation of tightly defined and agreed hypotheses to test. Rather, what is needed is a research design that is informed by the different cross-currents. Such a research strategy is common in policy research (Buchanan 1999; Hakim 2000). Given the underdeveloped nature of the literature on group training organisations, our chosen method has involved conducting case studies of four strategically selected group training organisations. The questions guiding our investigation of each company were:

- ✧ What are the major features of the group training organisation today?
- ✧ How, if at all, have these changed over time?
- ✧ How well are they functioning?
- ✧ What are the major challenges they face in the future?

Material necessary to answer these questions was gathered from all the players involved in the operation of the group training organisations. In selecting sites to study, we endeavoured to capture the diversity of practice prevailing in current group training organisation arrangements. Our aim was not to generate insights from a 'representative' selection of organisations. Rather, the aim has been to explore and understand the commonalities in contrasting group training organisation arrangements. Most importantly, we wanted to gain an understanding of the dimensions of diversity amongst current group training organisations. Such understandings are important as a complement, and, indeed, are often a necessary prelude, to surveys which are designed to ascertain the incidence of key characteristics of group training organisations.

Criteria for case selection

Our analysis of the policy research on group training revealed that it was important that we studied group training organisations that differed in terms of the following key features/variables:

- ✧ locality of operation: metropolitan and non-metropolitan
- ✧ types of service: whether they were primarily a group training organisation or whether group training services were part of a larger entity, such as a labour hire firm, registered training organisation or employer organisation
- ✧ occupational basis: whether the group training organisations were trades based or whether they were based on non-trade (that is, traineeship) forms of training or a combination of both
- ✧ commercial orientation: whether the scheme was run on a 'for profit' or 'not for profit' basis

- ✧ geographic range: those rooted in a local area and those servicing a wider geographic region
- ✧ age: new as well as long-established group training organisations
- ✧ size: a variety determined by the number of apprentices and trainees
- ✧ level of government support: determined by whether the scheme received joint policy funding or not.

Despite considerable effort (that is, over ten phone interviews) we were unable to find any labour hire company that offered significant group training services. In selecting sites we took advice from key informants regarding the character of some schemes. These informants included representatives of government departments, group training associations (national and state), unions and employer organisations. The first four group training organisations we identified as ideal to study all agreed to participate in the project. This means our analysis is based on an analysis of the group training organisations we felt provided useful points of contrasts, not simply those who were prepared to let us in. We found that often the outsider's view of an organisation's performance was limited by his or her particular knowledge of the company. For instance, one scheme was selected on the basis of an informant reporting it had diminished its role in the training aspect of the group training organisation function. Our investigations of the company uncovered a complex situation in which the company took its training responsibilities seriously and which, by and large, provided positive labour market experiences for the new apprentices involved. None of the schemes we studied were running for a purely commercial profit. However, the companies we selected captured the diversity of group training organisations prevailing in Australia today. More significantly, they illuminated unanticipated differences which we report on in chapter 4. The reasons we selected the four cases studied can be briefly summarised as follows:

- ✧ Company A is a large scale, mature scheme that operates independently of joint policy funds. It is run as an adjunct to an employer association. It has large numbers of new apprentices in both traditional and non-traditional occupations.
- ✧ Company B is a large scale, mature scheme predominantly servicing the skilled trades and is based in a non-metropolitan setting (although it is expanding into metropolitan areas). It is deeply embedded in local labour markets, covering workers in volatile and stable trades, with some limited coverage in service sector traineeships. It operates on a not-for-profit basis. And while it defines itself as a group training organisation, it has a large-scale registered training organisation capacity in a number of skill centres.
- ✧ Company C is a metropolitan scheme. It is predominantly based on health traineeships and provides assistance to disadvantaged job seekers.
- ✧ Company D is another metropolitan-based scheme that is an adjunct to an industry training advisory body (ITAB). It predominantly operates with routine, semi-skilled jobs in a labour market mostly made up of low-paid workers in the cleaning and security services.

As the cases were selected on clearly articulated principles with the assistance of industry sources, stronger claims can be made about the existence of similarities if these are found in group training organisations with such stark *prima-facie* differences. Equally, major differences can be highlighted as issues worthy of further investigation.

Procedures for documenting the case study sites

We spent 10 to 15 days per case studied collecting and analysing information from each site. The material gathered included:

- ✧ interviews with key group training organisation personnel (that is, the organisation's chief executive officer and at least two field officers)

- ✧ material from the site's information systems (for example, number of apprentices, number of hosts, details of average placement length, down time, completion rates, apprentice/trainee–field officer ratios, host employer–field officer ratios)
- ✧ interviews with key personnel such as host employers and supervisors, apprentices/trainees and training providers, and covered, on average, eight host employers per group training organisation and at least two and as many as ten apprentices/trainees working with these employers
- ✧ participant observation based on travelling around with field officers for several days
- ✧ focusing attention on a limited number of vocations (for example, one 'traditional' vocation like the construction or engineering trades and one 'new' vocation such as clerical or aged care traineeships). This helped facilitate comparisons between sites in terms of the level and quality of support provided to apprentices, trainees and hosts in occupations traditionally and not traditionally associated with group training arrangements.

Quality assurance

Standards for field-based research were maintained through mechanisms such as the following:

- ✧ development of standard interview protocols (for example questions/key data items listed in appendix 5)
- ✧ debriefing each other after each interview to ensure data on key items were collected from all relevant respondents
- ✧ circulation of case study report to key informants with the group training organisations interviewed to check for factual accuracy
- ✧ undertaking to write-up the group training organisations in a way that ensured they remained anonymous. This was intended to promote a high degree of openness amongst interviewees. At the completion of the project three of the four organisations were happy to be named and this has occurred at key points in this report.

4 Key findings

Full details of our findings of each group training organisation studied are provided in appendices 1 to 4. Each report provides information on:

- ✧ the number and nature of apprentices, trainees and host employers associated with the group training organisation
- ✧ the roles performed by the group training organisations, especially those of mediation, support and impact on the labour market
- ✧ the philosophy underpinning the group training organisation's operations in practice
- ✧ how the different aspects of the group training organisation's structures and operations cohere within different segments of the labour market.

Table 5 summarises some of the specific findings of fact about each organisation studied.

Table 5: Overview of case studies

	Company A (Anonymous)	Company B (Gippsland Group Training)	Company C (Health Industry Group Training)	Company D (Property Services Training)
Age (years)	10	18	6	3
# of staff	18 (GTC only)	55	13	4
# of apprentices	410	711	[0]	0
# trainees	90	118	497	67
# hosts	120	515	97	9
Key occupations	Engineering fabrication Engineering mechanical Engineering electrical Community services (aged care)	Carpentry and joinery Motor mechanics Engineering fabrication Engineering mechanical Administration	Community services (aged care) Clerical/administration Health support services Hospitality operations	Clerical/administration Security guards Cleaners
Geographic setting	Predominantly metropolitan	Predominantly non-metropolitan	Predominantly metropolitan	Metropolitan
Key source of recruits	Advertising and annual recruitment	Advertising and annual recruitment	Advertising Community organisations LMPs	Advertising Community organisations LMPs
Other activities	(NAC & RTO—separate business units)	NAC RTO/skill centres		
Institutional base	Employer association	Community and previous support from government instrumentalities in the district	'Partnership' with public health sector	ITAB

Notes: NAC—New Apprenticeship Centre; RTO—registered training organisation; LMP—labour market programs; ITAB—industry training advisory body; GTC—group training company. These details were gathered in fieldwork undertaken in 2002.

The key features of each company studied can be briefly summarised as follows.

As can be seen in table 5, Company A is part of a state wide employer association. It has two business parts: one metropolitan based and the other servicing apprentices in more remote parts of the state. Our study concentrated solely on the metropolitan operation. The company originated in the early 1990s, employing apprentices in the metal trades industry. In the late 1990s, the operation was taken over and co-located within the employer association. There was a significant shift in philosophy and practice from that date. The company voluntarily ceased joint policy funding arrangements and actively distanced itself from group training *per se*. However, it remains essentially an organisation that provides group training services to relatively large enterprises. It has branched out beyond servicing the metals industry, with current apprentice levels at approximately 410. It now provides assistance for a handful of selected traineeships, with approximately 90 trainees presently on their books.

Company B is a large and well-established group training organisation that mainly services trades apprenticeships in manufacturing and construction. In more recent years it has expanded from its non-metropolitan base into a capital city. It also has a few trainees predominantly in administrative positions. This organisation has very strong links within its non-metropolitan community, and most of its hosts are small- to medium-sized enterprises. It receives joint policy funding but it is a very minor and ever diminishing proportion of its overall budget.

Company C was established six years ago to employ trainees for the public health sector. It has evolved to increasingly service the private health sector and now, to a limited but growing extent, has moved beyond the health industry. A central tenet of Company C is maximising the employment opportunities of disadvantaged job seekers. The core of its operation concerns providing health-related traineeships, mostly in the aged care sector. It mainly operates in a metropolitan setting and has a smaller though stable non-metropolitan presence. It recently had nearly 500 trainees and 13 staff. It is a relatively lean organisation and operates with very small margins, relying on joint policy funding and a broader range of government subsidies to a much greater degree than is the case for either Company A or Company B.

Company D was the youngest of the group training organisations studied, having only operated as a serious group training organisation for three years. Its roots lay in initiatives from an industry training advisory body to strengthen its capacity to implement as well as advise on VET policy in its sector of coverage. It is small, with a staff of three and employs 67 trainees. Most of its trainees are in the cleaning and security industry, although there are a handful of clerical/administrative trainees. Many are from disadvantaged backgrounds and/or have been participants in labour market programs. This group training organisation only operates in a large metropolitan city. It was the most financially vulnerable of the companies studied, and joint policy funding was crucial to its existence.

In reflecting on the experiences of the four cases studied we identified five key empirical findings. These can be summarised as a number of propositions:

- ✧ The defining feature of group training organisations is their involvement in the employment relationship
- ✧ Group training organisations are embedded in particular labour market flows
- ✧ Group training organisations help labour market arrangements work better and add new dimensions to their operation
- ✧ Group training organisations differ primarily on the basis of their dependence on different markets and communities
- ✧ Some group training organisations play a destructive role in the labour market and skill formation systems.

The rest of this chapter elaborates on what we mean by these propositions.

The defining feature of group training organisations is their involvement in the employment relationship

A unique feature of the group training organisations that we studied was the importance of the employment relationship between them and their apprentices and trainees. Rather than acting purely as training intermediaries or employment case managers, they are actively involved in the labour market as employers. We observed that this enhanced their capacity to intervene in those labour markets. They have a significant stake in the shape and flow of the labour market. They are as interested and involved in industrial relations, health and safety, regional development and employee welfare or pastoral care as they are in the training systems. This interest is consolidated by the employment relationship. They also displayed particular values about the nature of the employment relationship and were concerned to meet what they saw as their obligations as employers.

According to a manager of Company A, his organisation is seeking to strengthen its status as an employer:

[Company X] in the early days [before it became Company A] was pushing the employment responsibility to the host company. Anything to do with safety, your employment conditions and happiness was the host company's accountability. It's taken us a long time to turn that around, to us being the employer. Host companies are in a partnership, they provide the workplace and supervision and we're going to look after the other stuff. In the old days the kids would come to you and say they'd been sacked when the host had no more work for them. And this was designed by the group training company. That's how they liked it. We took it over and changed that around 180 degrees.

A field officer from Company B believed it was important for the young person to experience the rigour of the employment relationship rather than use the group training organisation as a buffer between themselves and the host. He believed that the learning responsibilities associated with being an employee are as important to learn as the skills of the trade. The existence of the employment relationship and all that entails is part of the whole learning experience for the apprentice and trainee. He also made the observation that, to be effective, group trainers need to act like employers otherwise they lose the capacity to intervene when it is necessary on matters like health and safety and the direction of the workplace training. According to him, relinquishing responsibility to the host company effectively diminishes the group training organisation's capacity to improve and optimise the overall training of the apprentice or trainee. A Company B manager, in explaining the company's general philosophy, shed further light on its regard for the employment relationship:

We are not a benevolent government funded organisation. We are an employer providing guaranteed employment, whose focus is on looking after young people.

And from another group training organisation manager:

The kid shouldn't wear the risks. The genuine employer doesn't allow that to happen ... Standing them down would be like choosing not to breathe.

Company B had a clear sense of its employment obligation, regarded it as a positive rather than negative responsibility and recognised that not all group training organisations act the same way.

Company C has a policy that host workplaces are always referred to as 'host trainers' as opposed to 'host employers'. It believes this distinction is critical to create the space for the group training organisation to be more fully involved in the development of the trainee. This enabled the company to apply its own values with regard to employment, including giving trainees the chance to learn from mistakes, opportunities to change its original field of training and to maximise the achievement of the long-term objectives of the trainee in the labour market. It retains a better

influence over each element in the system by being an active employer and willingly accepts the obligations that go along with it. This sentiment was echoed by Company D, which believes that it had 'a big responsibility as employers', especially for helping disadvantaged job seekers who often had particular challenges to overcome if they were to settle in to work successfully.

There was significant evidence amassed from each case study that the group training organisations are treated by the apprentices and trainees as the employer. Sick days were phoned in to the field officers, apprentices wore the uniform of the organisation and trainees frequently contacted field officers with work-related problems. These were all daily manifestations of the conscious efforts by the organisations to establish a strong employment relationship with their trainees and apprentices.

In short, while they are formally referred to as 'training organisations', what sets group training organisations apart from other labour market and social organisations is their involvement in, and values concerning, the employment relationship; that is, they are not just training organisations or case managers.

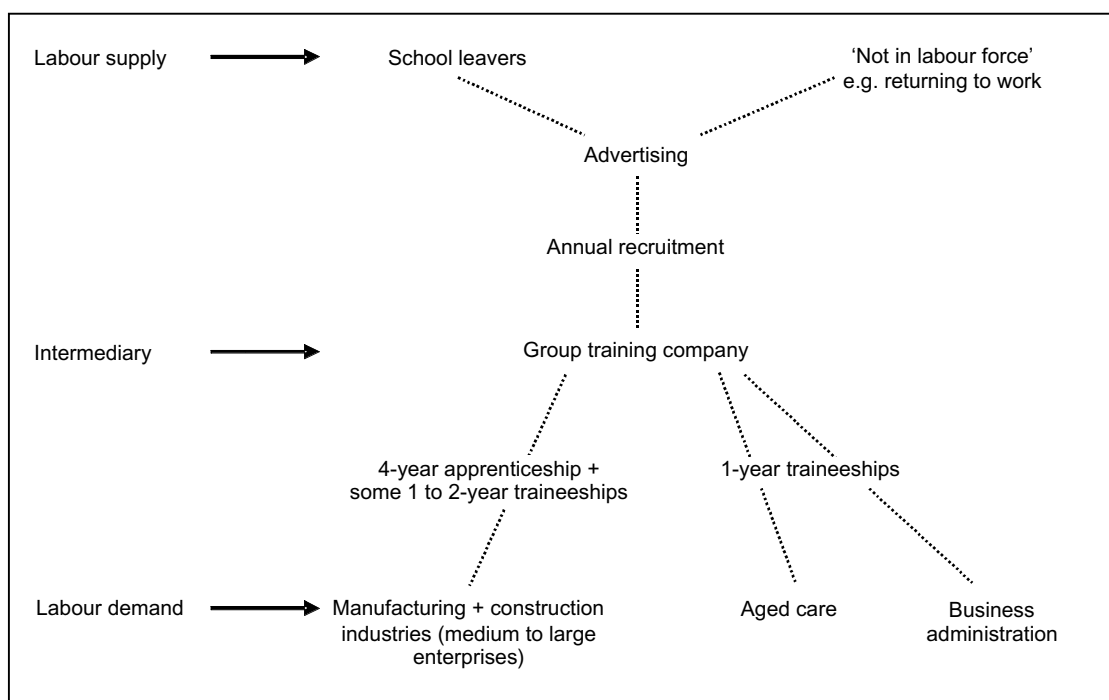
Group training organisations are embedded in particular labour market flows

Each group training organisation that we studied was positioned within a specific labour market setting in which particular types of individuals were matched to particular types of vacancies. They linked the employment, training arrangements, stakeholders and different government programs of that labour market, assisting workers and employers to navigate the various pathways available to them. But they are much more than passive conduits linking labour demand with labour supply. As employers in their own right, they have tended to play a very active role within that flow. Rather than being an intermediary where potential apprentice A is matched with potential host B, group training organisations are negotiating far more complex routes for their apprentices, who are very much affected by the features of the labour market in which they are involved.

As can be seen in figure 1, Company A predominantly sources its labour for the trades sector from male school leavers and other young men. Since moving further into the provision of traineeships, particularly into aged care, it has started to employ mature-aged women. These candidates are generally preferred above young people by aged care employers.⁴ Annual recruitment exercises are conducted, and candidates are short-listed for potential vacancies. Newspapers are frequently used to carry advertising. There is an apparent growth in the reputation of the group training organisation as an employer, and there are no difficulties in attracting applicants. In fact, it typically receives about 1200–1500 applications for apprenticeships each year and employs approximately 80–100 from that pool. It has a strict code of employing high-quality candidates, and a rigorous selection process is in place to ensure that this is achieved. The hosts are generally large- to medium-sized employers and can offer a wide variety of work within the enterprise and an environment less besieged by volatile competition than many smaller operations. Consequently, it is often able to place multiple apprentices and trainees with a single host employer. Some manufacturing employers feel pressure to train young people and are also aware of the need to regenerate their own skill bases. They are attracted to keeping the apprentices for the full four years to train them in the ways of the enterprise. Aged care hosts are facing some staffing shortages, but a significant driver for their use of the group training organisation appeared to be commencing a program of up-skilling for the whole industry. Many current 'Assistants In Nursing' employees remain unqualified. Host employers interviewed spoke of a need for a 'cultural change' on the back of new quality assurance requirements. In other words, they felt that by introducing a new layer of trained staff that this might give impetus to lifting work standards across their organisations.

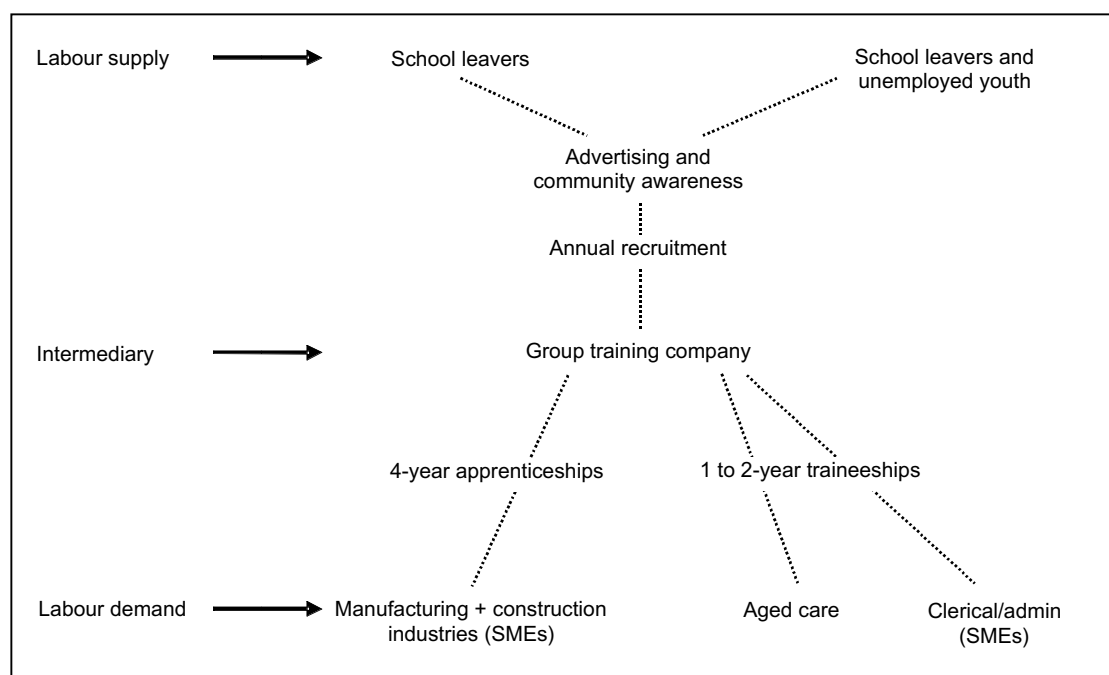
⁴ Employers regarded them as more attracted to the work, more willing to work the necessary part-time hours and having a better ability to deal with what can be emotionally draining and difficult work.

Figure 1: Company A labour market flow



Marginally more so than Company A, Company B is geared to sourcing young people. As can be seen in figure 2 its mainstay is the trade apprenticeships, so it mostly employs young men. It is very well regarded in its non-metropolitan location, and, during fieldwork observations, parents frequently approached the group training field officer about the possibility of their son getting an apprenticeship with them. In this case, word of mouth and the 'embeddedness' of the group training organisation in the local community was one source of potential candidates. It also conducts an annual recruitment exercise, interviewing scores of applicants. Trainees are sought in the same way. In the metropolitan location it relies more heavily on advertising alone to attract applicants. Hosts are predominantly small- to medium-sized operations. This requires a considerable amount of rotation of apprentices between the hosts. Trainees are far less likely to be rotated. To a much greater extent than Company A, Company B has to deal with the legacy of decentralisation of enterprises. In the past, large public instrumentalities managed the vast majority of apprenticeships and jobs in the region. This is no longer the case, and the area has been comparatively depressed since the retreat of the public sector from the production and management of electricity. Employers find it difficult to locate qualified workers to take full-time jobs and are, to a significant degree, relying on the apprentice system to supply them with skilled labour. This creates a tension that must be actively dealt with by the field officers whose job it is to maintain the development of the young person, rather than have their development arrested by the expectations of the host that they be immediately productive.

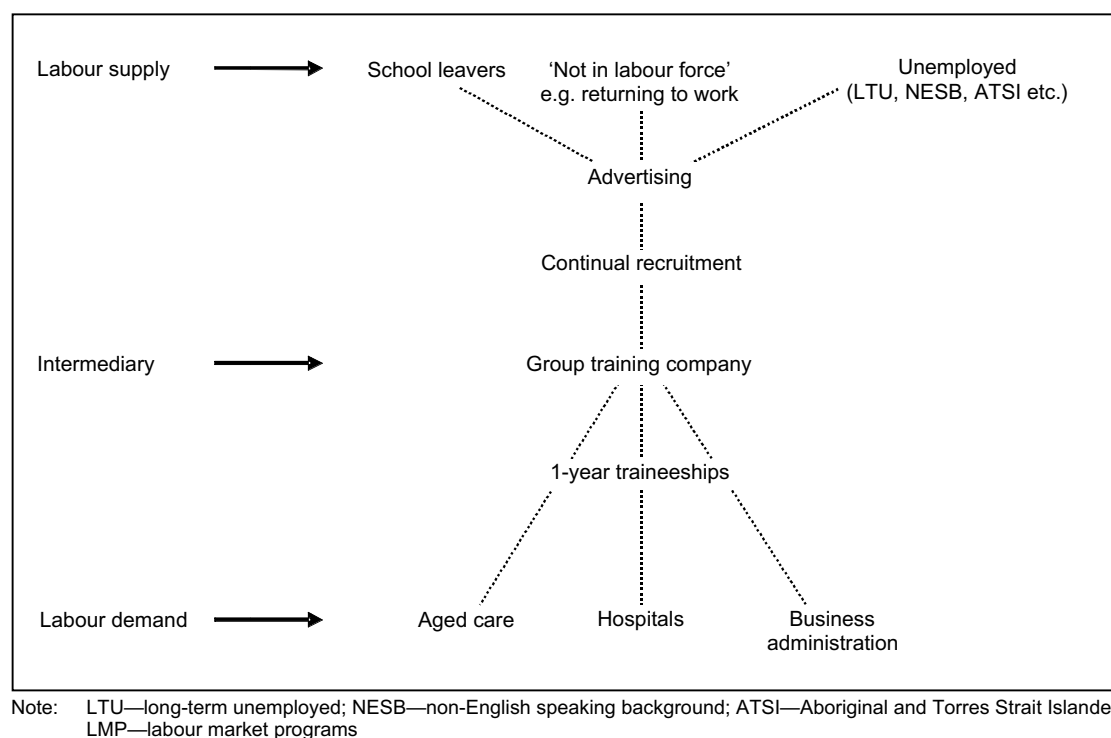
Figure 2: Company B labour market flow



Note: SME—small- to medium-sized enterprises

As summarised in figure 3, Company C sources its labour from a variety of places. Its *raison d'être* is to create opportunities for disadvantaged job seekers, and this imperative tends to dominate its recruitment efforts. In 2000–2001 it employed 103 Aboriginal-identified new apprentices, 85 from non-English speaking backgrounds and 19 trainees with a disability. It advertises continually, keeps in close contact with community organisations (like disability and Aboriginal and Torres Strait Islander advocacy groups and community centres) and job network providers. It also runs 'pre-vocational' training under a labour market program called the New Apprenticeship Access Program. Candidates who complete this training are then sometimes placed in traineeships by the group training organisation. This training organisation offers 18 different new apprenticeships. In the early days of the organisation the public health sector was its main-host trainer. This has changed significantly over time and now the majority of hosts come from the private sector, including private hospitals, nursing homes, aged care facilities, doctors' surgeries, pharmacies and medical centres. Field officers are actively and continually seeking relationships with new hosts. Company C also runs a small but resource-intensive group of school-based traineeships with the participation of a regional hospital.

Figure 3: Company C labour market flow

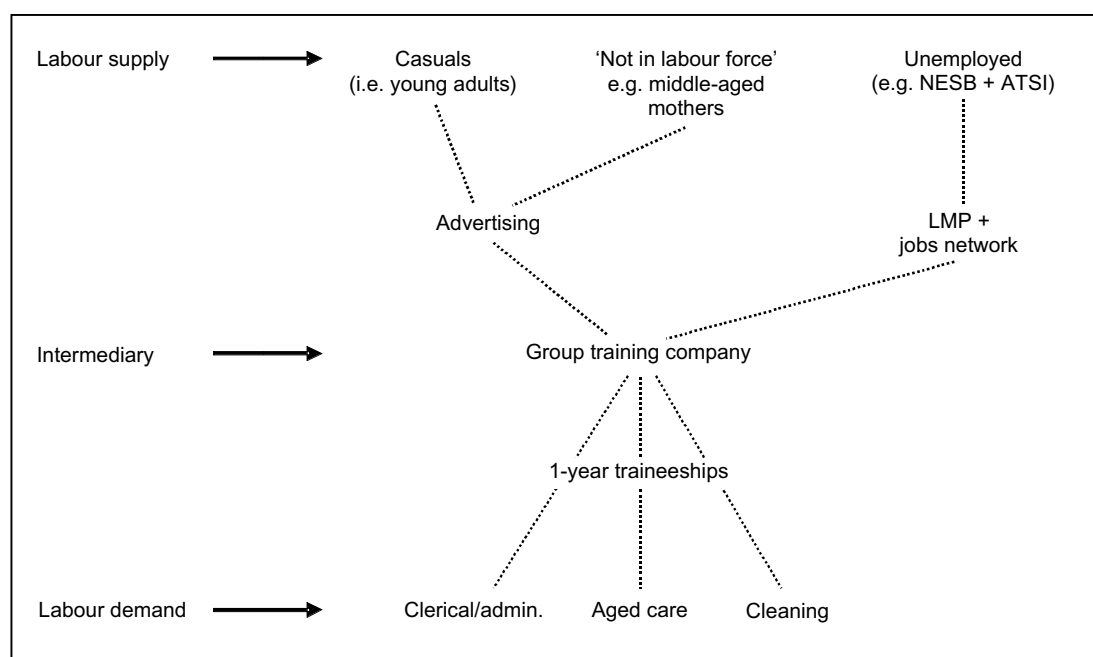


Company D is primarily involved in the market for low-paid workers. As figure 4 shows, its trainees come from three distinct feeder groups. Arguably the group with the highest education levels was young women seeking a change from hospitality jobs into, in the words of a young trainee, ‘jobs with some kind of future’. Clerical/administrative jobs were regarded as being of this nature. The second group was more mature women seeking either a change in the type of work they undertook or single mothers entering work for the first time since having children. They were recruited through a combination of press advertisements and from amongst participants in labour market programs, such as the New Apprenticeship Access Program. The third group was displaced, unemployed or marginally employed workers from non-English speaking backgrounds. They included indigenous Australians, as well as Asian, Middle Eastern, southern European and Pacific Island immigrants. They were primarily recruited through the New Apprenticeship Access Program. Vacancies were provided by nine host employers. Three accounted for the bulk of the placements. The largest was a big security firm that had 40 trainee security guards from this group training organisation alone. The second largest was another security firm that had between 20 and 30 trainees from this training organisation at any one time. A contract cleaning company had nine mature-age trainee cleaners. Six other companies had trainees, including two in clerical/administration and two in theatre operations. They ranged from the Australian Broadcasting Corporation and the Opera House through to smaller property services and real estate organisations.

While all the jobs were low paid, it is important to distinguish between them. Arguably the most stable, in terms of hours of work and potential for continuing employment, were those offering placements for clerical/administrative trainees. These placements were not without their problems. As one of the administrative/clerical trainees bluntly noted: ‘the pay sucks’. The placements offered to security guards differed dramatically. It is important to appreciate that many security guards now work on an ‘outsourced’ basis. A company wins the contract for security and property services and then supplies the personnel to provide these services. This means the group training organisation trainee is twice removed from the ultimate controller of the workplace. One site that we visited, based at a university, appeared to be one of the more stable workplaces in the industry, with an

annual staff turnover rate of less than 1%. The other security site visited had a turnover rate considerably higher. Indeed, the training manager reported that in a recent intake of 20 trainees, five had left within two weeks of starting and that this was not unusual. The experiences and reports from trainees from these two sites differed dramatically. This was especially the case concerning stability and predictability of rosters. The cleaner traineeships appeared to be the most problematic. The managers who were interviewed reported they had some problems with the quality of trainees supplied by the group training organisation. This may have arisen because the organisation was still getting to know the client's needs. This host employer had had at the time only one intake of cleaner trainees. One manager at the host firm also noted that it may have had something to do with the pay. Trainee cleaners were paid between 25% and 50% less than that paid to many non-trainee cleaners. This insight was shared by many of the cleaners interviewed.

Figure 4: Company D labour market flow



Note: NESB—non-English speaking background; ATSI—Aboriginal and Torres Strait Islander; LMP—labour market program

It is clear that each of the group training organisations studied was embedded in distinct segments of the labour market, and any policies affecting their operations must take these differences into serious consideration. Those features may, and in the case of two of our case studies do, include low-wage jobs in unstable industries which have tenuous links to occupational and local communities. The other two case study companies are less challenged in this regard, and this is evidenced by the comparative financial security they enjoy. In short, government policy needs to better understand the complex environment in which group training organisations operate. Each of these companies had taken years to establish their profile and credibility in their distinctive segments of the labour market. This kind of presence cannot be 'purchased' one year and 'defunded' the next as government 'purchasing' priorities change.

Group training organisations help current labour market arrangements work better and add new dimensions to their operations

Group training organisations in their least sophisticated form provide an employment agency function mediating supply and demand. They recruit, select, interview and place apprenticeship and trainee candidates with host employers, providing labour where shortages might exist. They connect the training system and those candidates. From time to time some requirement to redeploy apprentices and trainees might be necessary to continue their allotted tenure. These are the functions that group training organisations are obliged to perform to receive the outcomes-based payments regulating the training market. In rendering these functions, they can look and act very much like standard labour hire firms and employment agencies. However, the group training companies we studied did much more than this.

Group training organisations increase levels of participation in employment-based training

The four group training organisations that we studied provided support to labour market arrangements in a variety of ways which increased the uptake of apprenticeships and traineeships. Companies that had left the training system, employers that were resistant to take on apprentices in volatile markets and firms struggling to follow the intricacies of the various labour market programs and training programs only became involved (or re-involved) in employment-based training with the support of group training organisations.

Several employers, especially small- to medium-size enterprises, clearly stated they would not be part of the training system without the assistance of a good group training organisation. A manager from Company A, who was asked whether he felt hosts would take on apprentices directly if they did operate in their labour markets, commented:

No. The numbers would be much lower because we carry the risk. And in some cases they wouldn't even employ them at all. Our risks are less than a direct employer because we have the numbers that we can rotate people to. If you're a direct employer you're stuck with the kid.
(Company A manager)

On occasion, Company A had actively *resisted* hosts wanting to take on too many group training organisation apprentices. It had performed its own risk assessments and felt that there was not enough stability in the market or the enterprise to allow for proper training and development to occur over the full apprenticeship. In drawing new host employers into training it was conscious of not putting them in a position where they became discouraged by overreaching their capacity. The company did not want to see hosts retreat from training nor did it want to see them overextend.

For employers in the metals industry, decentralisation of production and the extension of the supply chain have led to, amongst other things, increased competition, a decrease in the size of company units and the specialisation of workshops. Smaller enterprises have less sophisticated training infrastructures than larger companies, and often the management of apprentices in a competitive and volatile market was considered too great a risk. Similar problems exist in the building trades. According to a host employer in the local building industry serviced by Company B:

I have to send [name of apprentice] back to the sheds because I've lost my insurer with this HIH collapse and it's just me in the business ... I came through [Company B] and I want to support the young blokes but I probably wouldn't without [Company B] because the work dries up and I don't want to put them on and off. They can go back to the sheds while I sort it out ... I don't have time to do more bookwork anyway.
(Building industry sole trader)

Some companies were encouraged to use group training, as an alternative to having no or fewer apprentices, confident that the apprentice could be redeployed by the group training organisation to other enterprises during times of downturn, as described by the host quoted above. The region in which Company B has its non-metropolitan operation has historically relied on a large public infrastructure to train apprentices. Whereas a decade ago up to 230 apprentices were taken on every six months by the State Electricity Commission of Victoria, only a handful are now employed each year in the five privately owned power stations and the organisations maintaining their equipment. Instead, the power companies merely deploy large numbers (400–500) of skilled workers over a few weeks for intensive bursts of maintenance known as ‘outages’ several times a year. Companies in the region are essentially getting by with the skill set of the former State Electricity Commission of Victoria employees. Very little is being done, with the exception of the good group training organisations like Company B, to regenerate those skills. It now involves a significant number of smaller employers in the training system in attempts to make up for the wholesale retreat of the public sector.

Company C host employers in the aged care industry claimed that taking on trainees was more likely to increase workloads for a period, particularly when those candidates had very limited experience of the labour market. They said it was only as a result of the administrative support of the group training organisation and its sophisticated understanding of the training system that they were able to partake in regeneration and upgrading of the industry skill base. One host regarded its involvement as a service to the broader community—that is, assisting in providing a bridge for disadvantaged job seekers into the labour market—and felt that the group training organisation and its close monitoring of trainees enabled the host to do that.

A primary school placing an information technology trainee was thrilled when a Company B field officer was able to explain the variety of government funding that could assist the school in taking on a young person. In the words of the school principal:

We didn’t know where the money was, how it worked, what our responsibilities might be ... without [name of field officer] we didn’t have the time or the know how to work through it all. This is our second trainee [the previous trainee now has a full-time job elsewhere] and we couldn’t be happier, as long as the money lasts. (Company B host employer)

Increasing involvement can also arise from assisting in the appropriate matching of potential apprentices/trainees with placements. Company D played a critical role in matching potential workers/trainees with actual vacancies, which is a common practice among all group training organisations. In performing this role the company actively screens applicants and vacancies. This was a service that was highly valued by host employers. As one employer of two clerical/administrative trainees noted:

I’d had a couple of goes at recruiting trainees before I turned to [the group training organisation]. On one occasion we advertised in the paper and got 82 applicants for two positions. We processed them as best we could ... we recruited two ... then promptly lost them.

We then sent an email to [the group training organisation] and within a week two very, very good young women turned up. [The organisation] worked very well at sorting out applicants. I will not recruit in any other way in the future.

Better quality skill development and linkages between on- and off-the-job training

In terms of skill formation, group training organisations maximised training by monitoring and regulating the links between off-the-job and on-the-job training. All four of the organisations actively intervened to ensure that apprentices and trainees completed high-quality off-the-job training as well as acquiring the appropriate range of workplace skills. In all cases, off-the-job

training was compulsory for both trainees and apprentices, and this was enforced by group training organisations whenever hosts showed resistance.

In order to ensure that on-the-job skills were developed group training organisations sometimes had to actively rotate new apprentices within and between enterprises to make up for skill limitations owing to work specialisation. Company B, given the nature of the labour market it operates in, has to frequently rotate its trade apprentices. It does this out of practical necessity, given the ups and downs of manufacturing production and maintenance in the area, but it also does it to ensure the apprentice becomes competent in as many skills as possible. This is not popular amongst host employers, who would prefer to retain the same apprentice having already put in the training effort. One host epitomised this problem. He had a son with Company B completing a boiler-making apprenticeship and felt his son had not been rotated enough to round out his development. However, this employer was in constant battle with the group training organisation to stop rotation of apprentices out of his own automotive workshop. Company B confront this paradox daily by privileging the learning of the apprentices and educating the hosts about the long-term benefits to the industry of having well rounded, skilled workers.

Group training organisations spent a considerable amount of time managing the development of their apprentices and trainees. As a minimum, they did their best to ensure that at least some training occurred in each placement. Field staff were especially valued in helping solve problems in the workplace. As one trainee noted: 'I wasn't getting much actual training on the job, so I raised this with [the field officer]. He followed through quickly with local [host] management and the problem was solved.' This kind of support emerged from the conduct of regular workplace visits during which trainees were asked about how their placements were progressing and the level and regularity of their pay. As described by one senior TAFE manager who had experience of a vast range of group trainers, a good group training organisation gets *actively* involved in the training and work of its apprentices and trainees, assisting them into the labour market, visiting them regularly, assessing their performance and keeping an eye on their developmental progress. Company C in the metropolitan location has designed its work organisation around this imperative. It recognised that the first three months is a critical period for the trainee. For people who have been out of the labour market for considerable periods of time, never been in it or are otherwise disadvantaged in employment, secure and effective orientation into a workplace is critical. The monitoring of the trainee at this time is fairly intensive and involves a high level of trust. Considerable time is spent facilitating the transition both into the workplace and into the training regime. To resource this effectively Company C has the bulk of its field officers supervising trainees during that first three months. For the balance of the traineeship they generally all come under the supervision of one field officer. Visits do not have to be as frequent for the balance of the traineeship, though regular less frequent visits to the trainee and host are maintained.

Company A runs seminars that bring together employers, registered training organisations, new apprentices and their families. This was well regarded by employers and registered training organisations because it strengthens the links between the different stake holders through the efforts of the group training organisation. All parties had a better understanding of the training system, and registered training organisations were not kept at arms length from the hosts providing the on-the-job component of skill development. Apprentices and trainees also became more knowledgeable about the different mechanisms regulating and facilitating their training and possible future employment.

Several of the group training organisations also actively managed down time by continuing to keep the new apprentices in some form of training. Apprentices, in the case of Company B, were redeployed to the group training organisation's own workshop and administrative trainees were engaged in its offices. If neither of these options were available then arrangements were made to continue their off-the-job training—in some cases accelerating their learning during that period so as not to lengthen the overall apprenticeship or diminish their skill development. This was done in

the organisation's own skill centres. These practices underpinned its core commitment, which it described as 'the employment guarantee'. In more than 20 years of operation, no apprentice or trainee with this organisation has ever had any down time.⁵

The establishment of relationships with quality registered training organisations was another hallmark of the group training organisations we studied. They engaged good training organisations rather than less ethical ones. Group training organisations were in a position to negotiate better training regimes with registered training organisations due to the size of their market share. In the words of a manager from Company A:

For example TAFE can be of a low standard. Our apprentices expect to be trained. We will go to the TAFE colleges and complain about what is going on ... put pressure on TAFE to improve. And we have buying power and they will listen to us. (Company A manager)

Consequently, it is in the pecuniary interests of registered training organisations to work well with group training organisations, and it is in the interests of quality registered training organisations to establish strong relationships with quality group training organisations. In this respect organisations are mutually supportive. Gaining this type of knowledge takes time. Cleaning trainees from Company D, for example, reported that the registered training organisation that provided their initial off-the-job training had been all but useless. This was, however, the first time this training provider had been used by the group training organisation. Clearly, identifying quality providers takes time.

The group training organisations studied also displayed a very sophisticated understanding of the training systems they worked with. They educated employers, apprentices and in some cases registered training organisations in the detail of available labour market and training programs. Several hosts complained about the complexities of government supports available for skill development. It was frequently the case that the group training organisation's capacity to understand, navigate and utilise all those programs in consultation with the employer was what drew the host into the training system. During fieldwork, field officers on several occasions explained payment systems and rates to the registered training organisation and hosts. A marine metals manufacturer had attempted to navigate the system on its own. The manufacturer finally contacted Company A, whose field officer was able to explain the appropriate traineeship, which registered training organisation was most expert in the area and the kind of costs it could expect to incur. The manufacturer decided to use the group training organisation because it had clearly shown knowledge about the training system. As one aged care employer said, 'Let them handle the red tape. We've got enough to worry about.'

Company D was particularly skilled in brokering connections between different parts of the training, social and employment policy systems. For example, in dealing with disadvantaged job

⁵ It is important to appreciate that managing down time is difficult and that not all group training organisations have been as successful as Company B on this matter. As an anonymous referee of the final draft of this report has noted: 'A guarantee of no down time is an ideal to which all group training organisations aspire but which comes at considerable cost. The extent of the problem varies depending on the industry and the labour market in which the organisation is operating and the ability of the training organisation to mitigate it will depend on its level of resources. Some group training organisations, such as companies A and B, may not face the same degree of down time as others, or may even be better able to 'pool the risk' and build such contingencies into their charge-out rates that their host employers, by virtue of their size or their industry, may be able to bear. Other group training organisations, working with small and micro-businesses, may have less scope to do so and be more dependent on government support to underwrite such activity. One form of support, of course, is their not-for-profit status, which enables any surplus, should they be fortunate enough to make one, to be used for such purposes. The other is direct funding support in the form of operating grants or joint policy funding. Government support has been in decline while operating costs have increased leaving most group training organisations to either cross subsidise from other, sometimes precarious commercial activities, or to increase charge-out rates and risk host employers' willingness to use the service and stay involved in training.'

seekers and getting them into traineeships, the group training organisation regularly has to deal with the following:

- ✧ the Federal Department of Education, Science and Training
- ✧ New Apprenticeship Access Program brokers
- ✧ New Apprentice Centres
- ✧ Centrelink (concerning questions of income support)
- ✧ registered training organisations

The workplace managers who were interviewed valued this brokerage role of Company D immensely. Few had the time to work with any one part of the training, social and employment policy network, let alone the capacity to make the connections between all these agencies. As one from the real estate industry noted: 'I tried to deal with a [New Apprentice Centre] myself and it nearly drove me mad ... The best thing about the [group training organisation] is that they are an interface between me and the bureaucracy.'

All the group training organisations were very focused on the skill development of their trainees and apprentices. They made the links between off-the-job and on-the-job training, monitored the progress of each trainee and created relationships with registered training organisations, which enabled them to influence the quality of the training. They helped link the various parts of the training system and bureaucracy to great effect, ushering in employers that would otherwise remain outside the skill development framework.

Setting wages and conditions standards and improving safety

Group training organisations intervened in their respective labour markets to the extent that they often actively reinforced standards in matters such as wage levels, healthy and safe work practices and hours of work arrangements. The level of that intervention and whether it improved, maintained or decreased those standards depended on the particular segments of the labour market they serviced.

With regards to wages companies A and B paid their trades apprentices wages equivalent to those set at the host enterprise. Despite the fact that Company A employed its apprentices on Australian Workplace Agreements, the pay rate varied depending on the site at which they worked. Community service trainees are usually paid the award rate. Company A passed on the training incentive payments it received from the government to trainees in the sector. This decision to increase the regulated standard was made in response to the low wages in the industry and also reflected the position that the group training organisation had carved out for itself—that is, servicing in the upper echelons of the labour market. It made a judgement that improved salaries would assist in attracting and retaining quality candidates and it had the fiscal capacity to do this.

Company B paid the shop rate to its trainees and apprentices. If an enterprise agreement was in place, they would be paid the rate determined by the agreement. In the absence of an agreement, the federal award rate was paid. The group training organisation administers 110 different pay rates across apprentices and trainees. Approximately only 10% of new apprentices were in workplaces which had enterprise agreements, and any wage increase from enterprise bargaining or award variations flowed directly onto the trainee or apprentice. Field officers made considerable effort to rotate apprentices through the higher paying workplaces in an attempt to make the overall rates paid to them during their apprenticeship more equitable.

Company C paid the relevant training wage to its trainees. Those rates increase with Safety Net Adjustment (so-called 'living wage') decisions. Although there is recognition that the trainee wage is low, wages in the industries are also very low and it was strongly believed by all those interviewed that any increase in the rates charged out to hosts would jeopardise their involvement in the

scheme. Given the nature of the company's segment of the labour market this is not surprising. There appeared to be considerable justification for this belief considering the close alignment of trainee wages to standard wages in the industry. Several hosts commented on the minimal cost difference between engaging a trainee and engaging an experienced worker.

Company D plays an active role in helping maintain basic wage levels for low-paid workers. It has actively supported agreements between employers and unions directed at not introducing (or not applying where relevant) the national training wage award in the cleaning and security industries. The group training organisation's personnel were of the view that the minimum standards of pay were already very low. Cutting them further would simply make living standards intolerable for trainees.

On occasions Company A also intervened in the hours regime of a particular host. In response to complaints from trainees about rostering problems, at one work place the field officer was able to approach the relevant personnel in the host company, alert them to the issue and assist in improving the roster notification system. According to the trainees, this had the effect of benefiting the whole workplace. Another observation to make about hours is that in a labour market like that for aged care, where employers in some hostels employ people part-time, the training contract had the effect of guaranteeing trainees at least 20 hours work a week, which was a higher standard than non-trainees who were directly employed.

All the group training organisations were involved in assessing the safety standards of the workplaces attended by their new apprentices. Company A was very active in this area and, with considerable infrastructure support from its parent employer association, was able to assess, audit and help host employers improve their overall safety standards. This had the added affect of raising the standards for all workers at those sites. It refused to place apprentices at work places that had questionable safety standards, and in the past had removed apprentices from sites it considered to have unmanaged risks. It also held training courses and consulted with apprentices to establish safety manuals and safety procedures. The same company, in conjunction with a tertiary institution, was involved in research into soft tissue injuries for care workers engaged in a lot of lifting.

All these positive initiatives display a considerable influence and activity in the labour markets being served, rather than acting as agents linking candidates to vacancies. However, as a result of the different labour markets they engaged in, the standards and impacts of their interventions vary. For example, Company C has developed a sustainable business assisting disadvantaged job seekers into the labour market, and it does so in a difficult climate with very tight financial margins. In the financial years ending 1998, 1999 and 2000, it recorded net profits no higher than approximately \$30 000. In the financial year ending 2001, it increased that margin considerably to \$145 381. Nevertheless it is still far more vulnerable to fluctuations in the business than either Company A, which is supported by an employer association, or Company B, which recorded an \$861 848 profit in 2000–2001. These fiscal and labour market realities heavily influence the standards they are able to set in the segments of the labour market in which they operate.

Increase and improve involvement for disadvantaged job seekers

Group training companies can and do play a pivotal role in improving the employment opportunities for low-skilled workers. Two of our case studies, companies C and D, were involved in mediating, supporting and invigorating labour markets beset by low wages and, generally, low skills. Company C specifically serviced disadvantaged job seekers and both companies actively assisted trainees with very limited experiences with paid employment.

Nearly half of the placements made by Company C in the year 2000–2001 were for disadvantaged job seekers—the long-term unemployed (and in at least one case, third generation unemployed), Aboriginal and Torres Strait Islander candidates, people from a non-English speaking background, people with a disability, as well as mature-aged women either returning to work or entering it for

the first time. Often people in these circumstances lacked the confidence, experience and momentum to break into the labour market without assistance. Staff at Company C are very conscious of this and actively encourage people into traineeships. For example, a mature-aged woman awaiting an interview for a trainee position became disheartened when she saw many young applicants going for the same position. The director of the group training organisation recognised her reluctance, stopped her from walking out the door and insisted that she stay for the interview. She was ultimately the successful candidate, but without the personal intervention of the director would have missed this opportunity.

Increasing involvement of disadvantaged groups (as well as assisting new labour entrants make the successful transition to paid work) often requires providing support on issues that address the needs of the person as an individual, not just as a worker. All companies prided themselves of their 'pastoral care' or 'employee welfare' activities. Examples provided by Company D were typical. One core trainee from this company had a falling out with her family when they discovered she was a lesbian. Staff at the group training organisation provided support and advice on how to handle this crisis and helped smooth the water with her host employer. Another trainee fell foul of the law and received a community service order. The company's personnel assisted the trainee throughout the court case. These activities were not strictly necessary, but they were vital in keeping these new labour market entrants attached to jobs.

The effort that these companies put into mediating and supporting trainees into those labour markets required a different, and arguably greater, level of resourcing and dedication than those companies engaged in servicing traditional apprenticeships. Not only were they working at the lower end of the job market but they were also working to establish upskilling of individuals and create new standards for occupations. In this way they were assisting individuals, improving the labour market and facilitating people out of the welfare system and, thereby, benefiting society more generally. Trainees from Company C had a 75% chance of finding ongoing employment. This was particularly commendable considering the inherent difficulties in the labour market they were serving. The trainees themselves definitely felt their chances of ongoing employment were vastly improved by their experience with group training.

Improve protection of apprentices and trainees

Taking interest in the welfare of apprentices and trainees was an important feature of the four companies we studied. Field officers sometimes went to considerable lengths to accommodate the individual requirements of their apprentices and trainees.

Occasionally apprentices were placed at no cost to the host to round out training. Long sessions with parents and trainees could lead to decisions that were focused on optimising the potential of the young person. Sometimes this would lead to further work for the field officers, but this was regarded as an important aspect of their job. They believed it was important for an apprentice or trainee to be engaged in the type of work that best suited them or that they were placed with employers that were taking on their development responsibly and seriously. Company B employed a bright young apprentice who was given an opportunity to undertake a draughting traineeship, something he had never considered before. The field officer sat down with the family and host and explained the timelines, payments, the training and the potential opportunities of both options. The young person opted to take up the traineeship which was supported by the group training organisation, despite it being less financially fruitful for them. In this case, as well as others, the future prospects and happiness of the young person were regarded as paramount.

During our research, new apprentices employed by Company B's metropolitan operation were removed from a host on several occasions owing to the unsuitability of the work environment and the effect on their development. In an extreme case, a young trainee was being bullied by a work colleague, and, in the view of the group training organisation, the host employer had failed to deal with the situation. Rather than expose the trainee to further anxiety, it arranged to have her attend

its own offices until the company could find an alternative host. It also gave her the opportunity to receive counselling and spoke to her and her mother at length about the experience. The company lost a future host employer but regarded the safety of the trainee as primary.

At Company C, two trainees involved in disciplinary procedures were retained by the group trainer so as not to jeopardise their futures. The director felt that the two trainees deserved a second chance and believed that with careful handling they could go on to develop and achieve meaningful employment. Had their traineeships been terminated they would have been barred from taking on any future traineeships.

Companies A and B were responsible for taking on apprentices from the suspension list or from other group training organisations which appeared less concerned about the welfare, employment prospects and training of the apprentice. An apprentice recently moved to Company B after being with another group trainer in the region. Under the previous organisation he had been unpaid for his first months on the job. He had to live in a caravan away from home to attend the organisation-nominated registered training organisation, at considerable cost to his parents. A field officer from Company B discovered him in a workplace, found out about his situation and recruited him immediately so that he could start to receive pay. The field officer transferred him to a local registered training organisation so he could live at home again.

Company A has employed apprentices from the state's suspension list. It questioned the rotation policy of some group training organisations and used the example of an apprentice it had just retained who, while employed by another group training organisation, had 14 hosts in 12 months. This was considered to be labour hire rather than an apprenticeship. Though Company A had no problem with labour hire *per se*, it felt that this was not a situation in which skill development was likely to be achieved.⁶

Company A apprentices and trainees are entitled to confidential counselling through a corporate Employee Assistance Program. Each of the apprentices interviewed was aware of the program and was also conscious of being able to contact the company with regard to any problems at the workplace. One young man had sustained a broken arm outside of work, and the field officer was very careful to appraise him of the steps he needed to take to continue to be paid and how the sick leave system worked.

In summary, all of the group training organisations studied were conscious of the need to treat their trainees and apprentices as individuals with particular needs and requirements. They also had experience in dealing with the members of their particular labour market segments. For example,

⁶ The issue of rotation is a complex one. An anonymous referee of the final draft of this report made the following, very important, observations on this issue.

Group training organisations do not rotate apprentices amongst host employers unless they need to do so. They would need to do so either to maintain the employment of the apprentice, which is essentially the reason group training was founded, or because the apprentice needs exposure to a wider variety of on-the-job training than can be given by a particular host employer. This latter factor subsequently became a secondary advantage of the group training model. If a placement is not in jeopardy and an apprentice is getting all the skills, training and experience they need, they need never be rotated.

When Company A says that it is essentially opposed to rotation, and certainly not for periods less than six months, it may be that the profile of its host employers is such that it can operate on this basis. Not all are so fortunate. Some group training organisations in industries such as building and construction may have many small and micro businesses in the form of sub-contractors who may specialise in one task and whose work may dry up quickly. When dealing with such hosts, rotations can become necessary and frequent, but what is the alternative? Certainly such frequent rotations raise legitimate concerns about the quality of skilling. There have been suggestions that some apprentices have had to have their indenture extended by several months because too many rotations have made it impossible to assess them as competent within the normal term of their indenture. But what is a group training organisation in this position to do? If it insists, as Company A does, that no placement is for less than six months, many host employers would simply abandon employment-based training rather than be locked into a fixed period, no matter how short. An apprentice might prefer a few extra months on the indenture than either no job at all, or extended periods of down time without pay.

both companies A and B spoke of the experience they had in employing young men and that many employers are unaccustomed to dealing with the issues specifically affecting them. As one field officer from Company B said, 'It's the hormones. You can always tell when they're about to go off the rails. When the girlfriend leaves is a particularly bad time.' Simplistic as it may seem, it does show a regard for the complex circumstances of the individuals they are assisting. They are given latitude to have a life beyond the workplace and it is taken into consideration by the group training organisations. Field officers in Company C were equally aware of the potential vulnerabilities of the trainees they employed and took care to provide adequate support and assistance when needed.

Group training organisations service industries not enterprises

Group training companies hold a position in the market that provides for an industry-wide focus. As one field officer from Company B put it, 'We don't train these kids for enterprises we train them for industries'. And in the same vein but with a slightly different focus another field officer said, 'It takes a while to get the hang of this idea but we don't train individuals, we're training the trade and the benefits come back through all apprentices'. In other words, group training organisations have the capacity to intervene in the market to establish an industry-wide approach to training rather than limiting industry training by merely servicing the often volatile needs of individual employers. Their ability to do this varies depending on whether they worked with developed or underdeveloped occupational structures. It is to this and related issues that we now turn.

Understanding differences between group training organisations: Market, occupational and spatial characteristics

To this point our analysis has identified some features common to all group training organisations. We have elaborated on three in particular. First, we have shown that, unlike other labour market intermediaries, their defining feature is their employer status. Second, they are best understood as entities embedded in distinct labour market flows and not as stand alone organisations that can be turned on and off like a tap. Third, that because of this embeddedness, they help labour market arrangements work better and add new dimensions to their operation. But it is important to appreciate that the group training organisations were not uniform—each differed quite distinctively from each other. In making sense of how they differed, we found it was important to reject simplistic notions that they merely responded to market signals. On the contrary, in looking over our cases it became clear that the most useful way of making sense of how each group training organisation operated and how they differed amongst themselves required an appreciation of three key issues:

- ✧ the segment of the labour market they serviced; that is, 'up-market', 'down-market' or across the board
- ✧ the nature of the occupations serviced; that is, well defined, becoming structured or relatively unstructured
- ✧ the locality in which they operate; that is, clearly defined and cohesive or vaguely defined and lacking any strong sense of regional identity.

Differences in these variables defined both the key challenges facing the group training organisation and the resources available to them to address them. Those working 'up-market' were in a stronger position than those operating amongst the low paid. Equally, those working with the skilled trades could often rely on employer support in a way that was rarely available to those working with trainees in low-skilled and/or poorly defined occupations.

Differences in these variables were partly imposed by circumstance, partly chosen by the organisations themselves. For example, one organisation (Company A) consciously sought to service the more stable vacancies (that is, those readily able to provide sound on-the-job training opportunities) in its chosen labour markets by supplying top quality apprentices and trainees. It was

further assisted in maintaining a robust group training organisation by primarily working with well-established occupational structures—especially in the skilled trades. Other companies (for example Company D), however, consciously sought to provide services for disadvantaged job seekers. More often than not they had few occupational structures or allegiance to rely upon when persuading hosts and potential hosts to take on trainees. Their overall operations were, consequently, not nearly as financially secure or stable.

A summary of how each of the group training organisations differed on each of these key variables is provided in table 6. Our findings about each of these key dimensions of difference are reported in the following three sub-sections.

Position in the market

Company A stands out as having the strongest position within the labour market. The fact that it is part of an employer association has a lot to do with this. It has significant infrastructure support, and this enables the company to operate with credibility in servicing the quality end of its labour markets. The recognition it has amongst employers also affords the company high status. It actively ‘cherry picks’ employers and new apprentices, selecting only those that are the best quality and the lowest risk. This is a conscious business decision on its part to occupy the upper echelons of the market, limit risk and become an ‘employer of choice’. This contrasts significantly with companies C and D, which are engaged in the training and placement of disadvantaged job seekers. This requires far more intensive resourcing to orient trainees into the world of work and means they have to rely on government funding to a much greater degree. Company B fitted between these extremes by offering a general service across the entire region—but it prided itself on placing quality apprentices with host employers.

Occupational communities

Companies A and B work with clearly defined ‘occupational communities’: primarily the skilled blue collar trades. This provided a strong resource (in terms of employer commitment) for supporting and generating skills. For example, there is an established framework and a long history attached to the metal trades occupations, and there was a demonstrable belief that apprentices were a part of that tradition. There was a very evident attraction amongst apprentices to the idea of belonging to an established trade. It brought with it a sense of security that is not as evident amongst workers who are engaged in a job with under-developed occupational structures and identities like cleaning or security work. One apprentice when asked why he chose the metal trades industry, which he had just pronounced unstable and insecure, replied, ‘Because I want to be a boilermaker’. The security of belonging to the trade he liked allowed him to off-set the insecurity of a fluctuating job market, especially in the context of a supportive group training environment actively assisting in the linking of those jobs for the duration of the apprenticeship. In other words, he was not training for a ‘job’ but for an ‘occupation’.

Company D, which is involved in servicing the cleaning and security industries, is unable to draw on the same level of occupational security to recruit candidates or to encourage legitimate training amongst employers. However, its involvement in the labour market for security workers in particular is beginning to create a structure and standard for some workers in this sector. Company D is recasting them more as structured occupations and improving the opportunities for people within that labour market to obtain skills and capacities to help in those industries and beyond.

In Company B, a field officer servicing business administration trainees had been thinking about the importance of ‘occupation’ to the sustainability of traineeships as legitimate avenues for opportunity and had come to the conclusion that:

Traineeships are in a transition phase of acceptance. We need to let the system mature but people are being educated with regards to the certificate in office admin ... it’s how the trades started. You can *make* it an occupation.

Table 6: Market, occupational and locational characteristics of the case study group training organisations

	Position in the labour market	Dependence on occupation	Dependence on location
Company A	<i>Very strong</i> Highly selective of candidates Highly respected amongst employers Highly selective re-employers Predominantly large employers limiting need for rotation Considered an 'employer of choice' High level of infrastructure assistance from broader organisation No joint policy funding	<i>Very strong</i> Concentration on trades certificate apprentices Trainees also in relatively strong occupational areas Strong commitment to occupations amongst GTO field employees	<i>Strong</i> Small city Strong presence amongst employer community for more than management of apprentices as a result of connections with an employer association Involvement in community services industry at behest of members of broader employer organisation
Company B (Gippsland Group Training)	<i>Moderate</i> Selective of candidates Predominantly small to medium employers creating necessity for rotation Well respected by employers and the community Small proportion of joint policy funding	<i>Very strong</i> Concentration on trades certificate apprentices Expansion is geographical rather than occupational Strong commitment to occupations amongst field employees	<i>Strong</i> Non-metropolitan ♦ Strong locational community links ♦ Board members from the community ♦ Well-known personnel, well-known GTO ♦ High trust amongst families and apprentices Metropolitan ♦ Big city with large geographical coverage => weak links between the GTO and new localities in which it operated
Company C (Health Industry Training Group)	<i>Weak</i> Place disadvantaged job seekers Low wage and unstable industry Some reliance on joint policy funding	<i>Moderate</i> Growing capacity to articulate through newly recognised occupations in 'allied health' skill areas	<i>Weak</i> Big city with large geographical coverage Small presence in non-metropolitan areas with better local community links
Company D (Property Services Training)	<i>Weak</i> Place disadvantaged job seekers Low wage and unstable industry Some reliance on joint policy funding	<i>Weak</i> Growing occupational identities for clerical/administrative trainees Weak, but growing potential for occupational structure amongst security guards Little positive occupational identity amongst cleaners or their employers	<i>Weak</i> Big city with more contained geographical coverage, but no sense of locational identity

Note: GTO—group training organisation

Office administration trainees frequently spoke of choosing a career in administration and the benefits of going into an occupation with a career path. The predominantly young women saw the traineeship as a way of entering a profession and articulating into higher learning if they chose. They had been very thoughtful about the potential for progression and the growing recognition of certificates and a structured training process. As one young woman from Company B explained:

I decided I wanted to work in administration. It looked like there'd be good job prospects and I could get better at it and get better jobs.

The managing director of Company B spoke of the decisions the company makes regarding which traineeships it supports and the importance of a 'vocation':

We make an ethical decision about promoting particular jobs. For example, legal traineeships can lead to a good career ... You could create a quality group training company in a 'bad' industry but you'd be up against a lot more shoddy operators ... We allow them [trainees and apprentices] the choice and to discover their vocation.

All of the group training organisations studied operate in a different occupational environment, and this affects the objective success of their companies. In those industries with marginal occupational identities, group training organisations are working to instil some occupational structure and this affects their business sustainability. It appears they have to work harder than other group training organisations to establish those occupational structures. This is not something currently recognised by the policy framework for group training.

The experiences of Company D are very instructive in this context. It worked with two types of vacancy: those which were entry points to careers (that is, with prospects for advancement, office administration and security work) and those which were simply jobs with not even the remotest link to a career path (for example cleaning work). Trainees and employers were much happier in sites which offered the first type of vacancy. Evidence from supervisors and trainees at one site revealed that the group training organisation was actively contributing to the formalisation of an emerging career path in the security sector. It is important to appreciate, however, that not all workplaces in this industry see themselves as contributing to such a development. Any sense of occupational advancement was missing at the other security workplace studied. It also needs to be noted that just because a traineeship offers the potential for entry to an occupation with good prospects for advancement (such as office administration) does not necessarily mean the particular site the trainee is placed at will provide good on-the-job training in that occupation. Clearly, group training organisations need to engage with both desirable external and internal labour market settings; that is, placements which offer potential advancement in the long run as well as decent on-the-job training arrangements today. Finding such placements is, however, difficult—especially amongst low-paid vacancies. In some sectors, such as cleaning, such vacancies are likely to be particularly difficult to find. None of the cleaner trainees interviewed reported much optimism about the future. At best they were just thankful to have a job. As one mature-age trainee put it: 'I would not advise anyone to be a cleaner ... not an easy job for the money ... sometimes there is too much work.' And another noted: 'This very hard job ... when we go home it a lot of pain ... your work clothes stink ... need to change clothes to go home.' No cleaning trainee saw any prospects for future advancement in the industry. The best they hoped for was a rise in the hourly rate and more hours of work. When asked what was the best part of their job three of the trainees involved in a group interview agreed: 'having work mates and talking to each other'.

Spatial settings

The third defining dimension of difference between group training organisations was associated with the degree of cohesion in the locality in which they operated. Some non-metropolitan organisations have an advantage here relative to their colleagues operating in large cities. The strong sense of regional identity in Company B's non-metropolitan operation has been a major factor in its success. The children of host company employers had often been to school with apprentices, and group training organisation field officers had social associations with potential employers. While these bonds were not all pervasive, they nevertheless strengthened the training organisation's capacity to bring employers into training and partake in the development of young people in the region. In effect, it gave a focus for improving the community using community networks. Even where personal contacts were weak, employers in the non-metropolitan community were conscious

of the need to regenerate skills in the region because of migration to metropolitan areas and were keenly aware of the impact that this would have on the community more broadly. Regeneration of the skills base was good for business and good for the broader community.

A particularly good example of how a strong sense of shared regional identity in the locality gives opportunities to such group training organisations is provided by Company B's involvement in a consortium of educators and government officials coming together to build an 'education precinct'. The aim is to create tangible pathways for young people to vocational education on through to tertiary education if they choose, by co-locating high school, TAFE and university facilities. The group training organisation provided the employer element, linking those young people to industry. Since the demise of the technical school system interested parties in the metal trades sector, for example, have been concerned that young school leavers are not choosing apprenticeships because of the status it is given in the educational community. Company B is actively involved with other organisations in its region to reverse that trend and open up more opportunities for young people in the area.

These linkages and networks were missing from metropolitan settings⁷ and constitute a harder environment in which to recruit apprentices and trainees and to educate employers into using the training framework. Small metropolitan operators also had to contend with negative perceptions of group training operations more generally. The level of competition between group training organisations appears to be greater, and the effects of less scrupulous ones impacts significantly on trust levels amongst employers. These differences were particularly apparent to Company B, which had originated in a non-metropolitan region but was now expanding into the capital city of its state. As one of its field officers of the non-metropolitan operation observed, 'employers in the big cities are anonymous, many here (that is, in Gippsland) are still members of the community'. This problem was effectively managed by Company A by utilising its connection with a well-recognised employer association and its relative position in the market.

Company C built connections with various community organisations that represented identified groups like Aboriginal and Torres Strait Islander people, people with a disability and people from non-English speaking backgrounds. In establishing those links it was able to call on these community organisations to assist in placing trainees in worthwhile vacancies and sometimes take advice from them about issues affecting trainees. Effort was put into creating mutual support amongst the various community organisations, including the group training organisation.

Company D could not rely on any broader structures of community support in this sense. The disadvantaged groups it worked with (for example mothers returning to work) often lacked any kind of effective organisation. With a base in the heart of one of Australia's largest cities it also could not rely on cohesion associated with a strong sense of locational identity. Any sense of 'community' amongst trainees was nurtured by the group training organisation—it was not a pre-existing social resource it could rely on.

Trainees from Company C and apprentices from Company B both identified the benefits that came from being part of a group. Despite being placed at different hosts—sometimes being the only trainee or apprentice on site—they were able to connect with other group training organisation new apprentices at the off-the-job training. A former trainee of Company C, now permanently employed by an aged care provider, remarked:

you can meet with other people going through what you are. They tell you their stories, you tell yours and everyone gets to laugh a bit. Instead of it being terrible. [pause]. People are really good at work but I think they forget what it's like when it's all new. When it's so shocking.

⁷ Except for Company A, which arguably had a very strong network of employers to work with and consciously extended those links to include registered training organisations and other industry stake holders.

Apprentices at Company B could attend TAFE together but also supported each other in ‘the sheds’ when unplaced with a host. In effect, the trainees and apprentices established their own personal communities, sharing information and support. This was possible because of their connection through the group training organisation.

The longer term viability of each of these group training organisations was closely associated with their market, and their occupational and locational settings. A key observation is that those group training organisations in less supportive settings are working hard, and in some cases effectively, to build better structures of support for themselves, the apprentices/trainees and their host employers—in short, the segments of the labour market that they serve. Each in their own way provides powerful lessons in how novel institutional arrangements can expand the realm of quality choices available for workers and employers in a way that is beneficial to the sectors in which they operate. It is important to note, however, that not all group training organisations perform such positive functions.

Some group training organisations play a destructive role in the labour market and skill formation systems

The only negative findings uncovered during our fieldwork concerned companies having ‘teething’ problems in the early stages of establishing new relationships with some hosts and some trainees. These reports were more prevalent at the newer group training organisation—that is, Company D—than the older cases studied. All those interviewed indicated that these problems had been or were in the process of being rectified.

The positive findings arising from our case studies should not be taken as necessarily typical of all group training organisations. While we found no direct evidence of negative outcomes arising from the activities of these companies, some interviews with field officers, trainees and host employers indicated that other group training organisations that they knew of often play a very destructive role in the labour market in general and the training system in particular. At their worst group training organisations can undermine labour market standards by mobilising an opportunistic rather than training ethic amongst employers. In particular they can:

- ✧ undercut wage rates at the workplace and, potentially, sectoral level
- ✧ undermine training standards by promoting bogus ‘traineeships’
- ✧ primarily operate as intermediaries enabling employers to access training subsidies rather than raise skill levels.

Activities of such group training organisations also appear to be having adverse implications for workplace safety. A recent report on workers’ compensation claims in Victoria revealed that group apprentices were making a significantly higher number of claims than other employers of apprentices (Underhill 2003).

5 Implications for analysis and policy

Our findings about the nature and operations of group training organisations have a number of analytical and policy implications. We report these on the basis of the five key issues considered in our review of relevant literature summarised in chapter 2.

The changing content of work: The importance of the quality of service jobs

Our brief review of the literature on the changing content of work noted that this involves the development of both ‘knowledge’ as well as lower and semi-skilled service jobs. The challenge for policy is not simply to create knowledge workers—important though these are for economic development. As currently structured, the labour market is unlikely to quickly evolve into a structure in which all workers have the opportunity to undertake challenging work. Rather, an equally important concern should be the form routine service work takes. Service work need not be servile or menial. Labour market intermediaries such as group training organisations could play an active role in ensuring decent, sustainable forms of service work prevail, as well as discouraging the emergence of degraded forms of service work. The better group training organisations reveal that they are able to do this by ensuring a fair sharing of the risks of employment and skill formation, their enforcement of publicly defined standards and providing support to apprentices and trainees.

Arguably the best example of this aspect of group training organisation operations amongst the companies we studied was uncovered during the fieldwork for Company D. This organisation primarily worked in the low-paid labour market, with particular specialities in security guards and cleaners. These are not occupations which spring to mind when one thinks of ‘the new economy’ or ‘skills of the future’. Many people are, however, employed in jobs of this nature. Indeed, there were about as many employee computer programmers and technicians as there were cleaners in Australia in 2000 (ABS 2000, cited in Buchanan et al. 2001a, p.8). What was particularly striking in Company D was the seriousness with which the small number of staff took labour standards. All three of the field staff had previously worked in the Commonwealth Employment Service (CES). This had given them an intimate knowledge of labour market programs. They had also had years of experience in applying a standard operating procedure that linked employer entitlement to support from such programs with their compliance with other aspects of labour market standards, such as award rates of pay and conditions of work. As people experienced in working with disadvantaged job seekers they were also aware of just how low hourly rates of pay can be in these occupations. They therefore actively supported an agreement amongst the major employers of security guards in central Sydney not to use the training wage award for security guards because the base rates were already so low. Any further reduction would have seriously compromised the living standards of any trainee security guards they might have. In the longer term it would also have affected the industry’s capacity to attract the type of labour it desired for the positions on offer.

This commitment to attempting to improve the quality of service jobs was also shared by one of the largest host employers visited in this industry. During an interview with a supervisor who had over 30 security guards operating from his site, half a dozen of whom were from the group training organisation, the supervisor explained at length his philosophy of on-the-job training. He

highlighted the importance of not overlooking the skill content of even the most seemingly rudimentary work. As he put it:

Being a security guard involves more than just putting on a uniform and collecting keys. You have to deal with people, and in this environment [that is, a university] they come in all shapes and sizes. The other day a trainee guard had to handle a skirmish that involved a paint ball. This takes skills to handle well.

He also noted that his workplace often received people who had previously been long-term unemployed. Such people need to be treated with respect and care. As he put it:

You [self] discipline at work ... and often they [the former long-term unemployed] do not have as much of this as they need. They need gentle guidance in workplace morals ... they need to learn the small graces, the necessary social graces that help a workplace to function.

What was particularly striking about this supervisor was his sensitivity to the social dimension of work. He recognised that wages and basic working conditions were important and needed to improve in this industry. But he noted that no matter what the wage ‘people deserved respect’. And it was important to help those who did not ‘quite fit’ to learn those basic skills that would help them succeed socially at work. He was acutely aware of this issue because in a previous career he had unexpectedly ended up being involved in Australia’s diplomatic service on the basis of his technical skills. While his technical skills in security were outstanding, his poor acculturation in the ways of the diplomatic service made his job, initially, very difficult. This made him recognise that every job has its cultural code, and many people, especially disadvantaged job seekers are unaware of it even though many of them are keen to work. It is important to recognise that the supervisor was not trying to create an alert but a compliant workforce. His observations were far more basic than this. It was about helping people succeed in ways in which they would find work more rewarding. He found the group training organisation helped in this regard with counselling, support, pre-placement and recruitment services. Resourcing at workplace level by enterprise level management, however, placed a major constraint on his ability to provide the level of training he wanted to.

It is important to keep this ‘good news’ story in perspective. The situation amongst trainee cleaners from Company D, interviewed at another site, revealed a number of cross-currents. Four of the group regarded this as the best job they had ever had. Wages were ‘high’ (because the award was complied with), hours predictable and some continuity of employment assured. These workers had previously only worked as casuals on the margins of the economy. One had been a cleaner and market gardening labourer for 11 years and had only ever worked as a casual. For others in the group the situation was not so good. One of them had previously been a cleaner of many years experience before the firm she worked for went bankrupt. She found the group training organisation wages to be 25% lower than those she previously enjoyed. Moreover, she found the pre-placement training so bad that at several stages she reportedly took over the class to show the other trainees the appropriate cleaning technique. As such, maintaining basic standards can be very good for the highly disadvantaged, but, in this case at least, it appears that gaining a ‘trainee’ position was the only way this experienced worker could find a new job in her sector. It is unclear how widespread this situation was.

Finally, it is important to appreciate the limitations that group training organisations face in raising standards. Prime amongst these is the nature of the vacancies provided by employers. As the examples concerning clerical, security and cleaning work at Company D revealed, not only should the vacancy be part of a job family with some kind of career path, but it should also be located in a workplace which takes on-the-job training seriously. Finding such vacancies can, however, be difficult, especially in the low echelons of the labour market. Where vacancies do not have these characteristics, group training organisations need to confront the serious question of whether they should be involved with them. If they are, then usually the best they can achieve is ensuring that basic minimum standards concerning decent wages, hours of work and safety requirements are honoured.

Changing forms of employment: The importance of standards for flexibility

The example of widespread and deep-seated casual work amongst some of the cleaners interviewed highlights another dimension to the changing nature of work noted earlier: the rise of so-called flexible and non-standard forms of work. As we argued in chapter 2, many workers today are not engaged on the basis of the standard model of employment. This is a trend that has been underway for some time and is likely to continue. Similar trends have been occurring in the system of employment-based training. This is clearly evident in the declining proportion of apprentices and trainees engaged on the basis of a standard employment relationship. As noted in chapter 2, debate, especially in policy circles, is often couched in terms of ‘flexibility’ versus ‘standards’. The experience of some group training organisations shows this is an unhelpful way of confronting and assessing the issues. Rather, their practice reveals that it is possible (and indeed desirable) to act on the basis of ‘standards for flexibility’.

A particularly good example of this phenomenon is provided by the Company B case study. The impact of large-scale privatisation on apprenticeship numbers was noted in the previous chapter. This is a very challenging environment in which to operate for a group training organisation with over 150 engineering apprentices. Despite this adverse operating environment Company B has continued to prosper. It does this because it has pioneered novel ways of preserving apprenticeships in difficult circumstances. The key features of its approach to apprentice training are:

- ✧ at least three months pre-apprenticeship training in its own skill centres to ensure the apprentices are productive from the first day they start with the employer
- ✧ rotation of the apprentices between employers to ensure they acquire a broad range of skills
- ✧ a guarantee that the apprentice will not be stood down if a placement with a host employer ends unexpectedly. In such cases, the apprentice works in Company B’s own workshop and completes more of the company’s off-the-job training on a competency basis in the group training organisation’s own skills centre
- ✧ regular visits by group training field staff to ensure the placement does provide adequate learning opportunities for the apprentice.

This model has worked for 20 years for an organisation that now has more than 800 apprentices. No apprentice from this group scheme has ever been stood down in that time. Such an example is hard to find in the labour market. What this reveals is that, at its best, group training principles have the potential to offer employment security along with flexibility in training and work practices, something few other institutions in the labour market have been able to achieve. The reason why this scheme and others like it have succeeded where other institutional initiatives have failed is because of the way risks are managed.

The management risk: The need to share and not simply shift it

One of the perennial problems surrounding education and skill formation concerns the issue of cost. If costs cannot be recouped, skill shortages are likely to emerge if market forces alone are relied upon. This is because market arrangements often work to shift the risks of any situation onto the weakest party in the relationship—employment or commercial. Group training organisations offer a way of sharing risk. In doing so, they increase choices available to workers and employers. The benefits of sharing risk go beyond better cost recovery. They also provide the basis for capturing other economies of scale impossible to achieve if risks are individualised. This especially concerns structures of care and support for younger people making the transition to work. Intermediary

structures also work to facilitate more effective approaches to simultaneously deploying labour (cf employment agencies and labour hire) and developing labour (cf registered training organisations). This is particularly so in helping nurture currently tacit occupational structures, especially in the services sector.

Some of the best examples of these dynamics came from studies of the aged care sector. This is another part of the labour market which rarely comes to mind in debates about the changing nature and future of work. It is, however, going to be an area of increasing employment growth as the population ages. Two of the group training organisations studied made placements in this industry. One of the best examples of sharing risk involved the provision of support for new entrants to the industry. The practices of Company C, involving pre-traineeships for designated groups and intensive case management for the first three months of a placement, were noted earlier.

Case management is not unique to group training. Indeed, it is now the guiding principle for much social and employment policy. Because group training organisations have the status of employers, however, they often step in where many case managers fear to tread. As noted in the previous chapter, Company A found that a major problem for many of its trainees arose from poor rostering practices within a host company. Consequently, the group training organisation assisted with improving rostering practices for the whole workforce, not just the trainees. Such a situation was conceivable in a group training situation because the benefits and costs of poor rostering could be identified across a group of its employees. The affected trainees (and presumably the direct employees) did not feel able to confront the situation themselves. And, importantly, the group training organisation, with its expertise in coordinating the deployment of labour, was able to make workable suggestions for improving the situation. This expertise can benefit hosts and apprentices/trainees more broadly, as this example demonstrates.

Finally, it is worth noting how two group training organisations in the same industry share the benefits and risks differently to achieve similar ends. As is well known, aged care workers are not highly paid. Because of this, Company A passes on most of the training subsidies it receives onto the trainees themselves in order to lift their earnings. One of the reasons it can do this is because it provides services to the higher, quality end of the market. Company C has a different industry perspective and services all segments of the aged care market. Its margins are therefore much lower. It keeps the subsidies to help fund its overheads—things like its program of intensive case management in the first three months of work. As such, it appears that the capacity to share risk depends partly on market position. And if the market segment served is low-paid workers, only government funding can ensure adequate levels of support and care are provided. This leads to the fourth implications of our empirical findings.

Marketisation will destroy a coherent network but not all group training organisations

The shape reform takes will profoundly affect the nature of group training in the future. ‘Market inspired’ reforms will destroy the network but not all group training organisations. Some quality arrangements will survive but only in some market segments—namely the up-market flows where the resources needed for support will be (and always have been) available. Down-market a different dynamic will emerge. This will be based on wages, hours and price competition. Where margins are eroded by competition ethical group training organisations will not have the resources to provide the kind of support noted in the previous chapter. In short, the reality will be that noted by John Stuart Mill: under conditions of competition standards are set by the morally least reputable agent.

The example of aged care was instructive in this regard. Company A has a genuine commitment to providing a quality, self-financing service. Good management notwithstanding, it is able to deliver this primarily because of the market segment it services. Not all schemes can service this market. If

these kinds of arrangements are to operate in less lucrative market segments, clearly government support will be needed.

It is important to note that as levels of public funding are cut and/or levels of quality control relaxed, allowing, for example, anyone to set up a group training firm, this will not result in the demise of group training but rather in its transformation. Groups such as Company A will survive. Those which have serviced a broader range of the labour market will, however, struggle to survive in a form based on providing services of basic quality. Field officers from Company B reported the increased pressure emerging from competitors with no interest in preventing down time and only interested in gaining market share through price competition. If policy fosters the growth of such rogue operators, the capacity of groups such as Company B to survive, let alone grow, will be diminished. Moreover it will be impossible for new firms committed to providing high service standards for all segments of the labour market—especially the low paid—to emerge. This is not, however, the only possible scenario for the future.

Building new institutional capacity: State intervention is required to nurture and deepen a ‘practical vocational ethic’

The experiences of our four group training case studies provide important leads as to what public policy on work and skill should be promoting. All four of our cases were underpinned by what we would describe as a ‘practical vocational ethic’. There are three elements of such an ethic: commercial, occupational and social. The ‘commercial’ dimension involves recognising but not worshipping the market, what we call *the ‘not for profit’ principle*. The ‘occupational’ involves a commitment to helping reproduce or establish coherent skill-defined structures in the labour market, what we call *the ‘occupational’ principle*. The ‘social’ involves what many group training organisations call ‘pastoral care’ or services that are not strictly employment related but bear on performance at work, such as emotional problems associated with the transition from adolescence to adulthood and from education to work. Following the terminology used by Company A we call this *the ‘employee welfare’ principle*.

The balance between these elements varied between the companies. Company A had a very strong commitment to being self-financing and positioned itself appropriately in the market. But it was not driven solely or even primarily by the desire to make money. It provided a service to members of the employer association to which it belonged. In addition, its senior staff and field officers also had a deep commitment to reproducing a quality skilled workforce in the sectors in which they operated. And all also believed in employee welfare as a key element of a modern business organisation. Company B blended commitments to the trades (especially engineering), a commitment to the locality (especially as it experienced hard times) and a commitment to young people. Being ‘not for profit’ was regarded as a defining feature of its operation. But this was accompanied by profound competence in the management of physical and financial assets to allow these core objectives to be fulfilled. Company C provided intensive assistance to disadvantaged job seekers and did so with remarkable success within very tight financial margins. Company D helped structure work in pockets of the low-paid labour market. It blended administrative competence with the best of the old Commonwealth Employment Service culture: a commitment to the maintenance of basic standards at work—especially for the low paid. This culture fused elements of the ‘occupational’ and ‘employee welfare’ principles.

Successful group training organisations integrate these principles into their everyday operation. If a sustainable network is to be established then active state intervention directed at promoting schemes based on these principles is needed, for two reasons. First, to control rogue organisations that would cut margins and unleash unhealthy and unhelpful competition. Some kind of competition is needed to prevent complacency and offer workers and employers choice. It needs, however, to be conducted to enhance and not undermine skill development in secure work. Second, public funds

are needed for the public good provided by group training organisations. Market-based arrangements will never provide effective structures of skill formation and care on a universal basis. Public funds will be vital for the survival and development of these aspects of the best group training organisations.

6 Conclusion: Creating markets or decent jobs?

The future is never preordained. It is not something that will simply 'happen'. But equally it is not something which we can simply determine. There are constraints as well as choices. As Karl Marx so lucidly put it: humans make history but not in circumstances of their own choosing (1852 [1969], p.398). At its most practical, a concern with the future necessitates a concern with policy. Decisions made today profoundly shape the outcomes and possibilities for further reform in the future.

Contemporary policy and practice about VET contains a growing number of paradoxes. After years of dramatic upheaval and huge increases in government expenditure major problems persist. On the one hand, a growing number of employers report skill shortages. These are particularly acute in areas as diverse as the metal and electrical trades, teaching and nursing. On the other hand, a growing number of Australians are staying at school longer and attending higher education. In an era of skill shortages we have the most educated unemployed workforce ever (Buchanan et al. 2001a, pp.19–21). Clearly something is not working.

A growing literature, both in Australia and overseas, is establishing that market-inspired policies in the area of training are part of the problem, not part of the solution (Buchanan et al. 2001a; Briggs & Kitay 2001). The theory was that greater reliance on market principles would ensure the allocation of training resources was 'demand driven'. Or in more colloquial language: that 'industry' would lead the system. In Australia today employer associations have more power than they ever had in defining training structures and the allocation of resources. And at enterprise level employers enjoy an unprecedented capacity to shape the system. Yet growing numbers of employers report skill shortages.

If we are to improve policy (that is, improve choices open to people for the future), we need to move beyond the current market-inspired reforms with their vaguely formulated fantasy of an 'industry led system'. Currently, policy is merely resulting in a business welfare model of reform where public expenditure on training is used to supplement declining employer investment in training (Hall, Buchanan & Considine 2002; Cully & Richardson 2002). Moreover, recent reforms have generated conditions where the key agents in the system are not 'industry partners' but are a limited number of national employer associations that create structures for unilateral decision-making that enhance enterprise level managements' control over training priorities and structures (Schofield 2002). The expanding realm of skill and labour-related problems is thus merely deepened, not solved (Watson et al. 2003, ch.10).

Policy on group training has been and continues to be shaped by these developments. Many group training arrangements were nurtured by a policy regime committed to developing a network of support structures capable of reproducing trade skills and helping young people make the often difficult transition from school to work. These arrangements were explicitly fostered to provide these services in light of the changing nature of work in general and trades-level employment in particular. The current thrust of policy is different. The purported aim, increasingly, is to 'purchase outcomes'. The development and maintenance of the institutions capable of producing these outcomes is taken for granted. But this concern with 'outcomes' is misleading. What is really being promoted is process: a process of resource allocation and system design based on a stylised vision of 'the market'. VET policy in Australia today is not nurturing dynamic, efficient arrangements fulfilling the requirements of a more competitive economy (Hall et al. 2000a). The reality is the

business welfare model of reform noted above (Watson et al. 2003, ch.10). Should this dynamic continue group training organisations will merely become employment agencies and labour hire providers in the employment-based training segment of the labour market. There is already no shortage of labour hire companies or employment agencies. One wonders what possible benefit there can be in government policy nurturing still more.

Instead of being preoccupied with process issues, it is important that more attention be devoted to the outcomes that policy aims to achieve. In particular, there is a need to elevate a concern with the quality of employment created now and in the future as a central, if not the central, objective of public policy. The implications arising from our study of quite different group training organisations are important in this context. In reflecting on the debate over the changing content of work our case studies revealed that while analysts have debated the relative significance of rising levels of knowledge and service work, the crucial issue for many workers today is the *quality of service work*. The group training organisations we studied made a huge difference on this matter, especially in occupations that are normally regarded as ‘low skill’ and ‘low paid’. They worked to maintain, nurture and enhance labour market standards for areas of work traditionally known for not honouring such standards. This is something difficult to achieve in the lower reaches of the labour market. Similar implications were evident in the debate on changing forms of employment. While some writers celebrate ‘flexibility’ and others examine the rise of non-standard forms of employment, several of our case studies highlighted how group training arrangements can work to create *new standards for flexibility*. These outcomes were only possible because group training organisations provided new institutional forms that *shared (and did not simply shift) risk* between employers, apprentices/trainees and government. As such, the cases revealed that the choice for policy was clear. Market-inspired reforms are possible, but they are likely to result in polarisation amongst group training organisations. Some will survive by ‘cherry picking’ and will provide quality services in more lucrative parts of the labour market. Others, however, will flourish by shifting risk and reducing costs for employers at the expense of living standards for apprentices/trainees. In short, such a policy stance is likely to result in islands of excellence in a sea of mediocrity. This outcome is not, however, inevitable. It is equally possible that policy could work to promote an effective and inclusive group training network. This too will require government intervention. But instead of government initiatives being preoccupied with nurturing stylised market relations, they would work with market realities, control rogue institutions and ensure that public goods (for example quality skill formation arrangements) were developed and maintained through the provision of supportive public funding. *Arguably the most important analytical and policy implications arising from this study has been to clarify on what basis government support should be provided.* We noted in chapter 5 that state intervention is required to nurture group training arrangements that operate on the basis of a *practical vocational ethic*. Consequently, we believe future government support should be given to nurturing group training organisations in which there is:

- ✧ recognition but not deification of market realities—the not-for-profit principle
- ✧ a modernised ‘trade’ outlook based on a commitment to structuring jobs on the basis of coherent definitions and development of skill—the occupational principle
- ✧ the modernisation of pastoral care into a less parentalistic, more encompassing notion of employment, training and personal assistance—the employee welfare principle.

This proposal reveals how the experiences of group training organisations offer important leads for understanding current labour market trends and help clarify options for the future. A matter of particular concern is the clarification of the objectives that policy should pursue in this area in the future. As noted in chapter 2, Guy Standing (1999, 2002) has provided a powerful set of arguments for why it is necessary to clearly distinguish between work and labour. For too long policy has been preoccupied with creating jobs of any quality, what Standing calls ‘labour’. Instead, he argues, policy should now be about promoting decent work that is both market and non-market based. He is especially supportive of the state providing a guaranteed minimum income to allow all people to follow their sense of occupation or vocation, free of market constraint. Standing’s arguments have

considerable intuitive appeal. They do have, however, a rather futuristic feel to them. He offers a searching critique of the trajectory of labour market policy and development over the last century and important pointers for the future. How this past and the future that he advocates are to be linked receives scant attention in his two recent books (Standing 1999, 2002). Our findings about group training provide some potential 'intermediary' ideas. Prior to achieving the outcome of universal 'decent work' with its notions of contented, if not flourishing, self-realisation, we would suggest that the more modest aim in the short run should be promoting 'decent jobs'. In the foreseeable future most people are going to have to earn their income through the labour market. For many people finding work (as defined by Standing) for which they are paid will be difficult. The challenge then becomes, what do you do about jobs, many of which are likely to be far from peoples' ideal form of work? The jobs managed by the group training organisations we examined provide useful leads for defining the key features of such employment. They had the following features:

- ✧ decent wages and conditions. In particular they:
 - ◆ honoured and often actively enforced basic wage standards. These were defined by awards in low-paid environments, shop rates in better paid workplaces. Non-adoption (or non-implementation) of the national training wage award in low-paid segments of the labour market was also supported by some group training organisations providing services in labour markets for the very low paid.
 - ◆ monitored and assisted in managing hours of work so apprentices/trainees ideally had neither too many nor too few working hours.
- ✧ economic viability:
 - ◆ while wage subsidies were important, they were not the defining feature of most jobs the group training organisations organised
 - ◆ if jobs were not viable in the private sector, the scheme did not try to cut wage rates. Several of the group training organisations recognised that often some jobs only could be based in the public sector—for example quality care work available to all income earners, especially health care.
- ✧ skill and career mobility:
 - ◆ all group training organisations actively worked to formalise and, where possible, assist in upgrading skills. Often these skills were not primarily technical. They were often behavioural in nature, and concerned acculturation in norms associated with dignity and decent treatment at work by management and co-workers
 - ◆ where possible they encouraged developing skills that could lead to better jobs elsewhere.
- ✧ support:
 - ◆ they often helped apprentices and trainees experiencing difficulties at work or in life more generally. As such, they endeavoured to make work and life generally a more positive experience through active execution of a care ethic.

In short, they offered tangible mechanisms of support that provided all workers, low-skilled as well as higher skilled, some hope for the future concerning their ability to find jobs of a decent quality.

In providing these outcomes the group training organisations drew on different resources of support. As noted above these were various combinations of community identity with particular localities (strongest in non-metropolitan areas), occupational structures and market positioning. The scheme based on an employer association and servicing the upper echelons of the market required less government support. For the others, government assistance was important in enabling them to provide the quality of support they needed to help their apprentices/trainees. Indeed, for these group training organisations government support was crucial. If we are interested in a comprehensive network that provides quality group training services for all segments of the labour market, the key issue is not whether to have state intervention or not: rather, the challenge is to work out what form government intervention should take.

What are our ultimate conclusions? In a nutshell, our key findings are that the defining features of successful group training arrangements are those that are:

- ✧ built around the employment relationship
- ✧ underpinned by an ethos with occupational, social and commercial dimensions.

As such, reflections on the group training organisations offer a way of enriching the debate on VET policy in Australia today. In an immediate sense, they help enlarge the notion of ‘industry agents’ beyond employer associations and unions to include notions of community defined in occupational and spatial ways. They alert us to the importance of nurturing new institutional forms to address new realities. And in this they highlight the potentially powerful role new structures of support can play in both the labour market and skill formation system. As such, they offer a very practical way of transcending limits in the current analytical and policy debates about the future of work. They reveal that some other future to the drab image of yet more ‘market competition’ is possible. And, equally, they offer a tangible way of moving towards a more decent world of work for all people. By providing an important means of helping create decent jobs they have the potential to play a central role in a more encompassing and satisfying world of work in the future. The key challenge is to build on and extend these strengths—and not just in the realm of skill formation policy. Insights from group training have relevance to the labour market more generally. These principles need to spread to other labour market intermediaries such as labour hire firms and employment agencies. Currently, the flow of influence is running in the opposite direction, with the very low labour standards associated with labour hire spreading by stealth to group training organisations. The more widespread diffusion of quality group training principles will be vital if labour market intermediaries of the future are to assist in the development of decent jobs.

Before finishing, it is also important to be aware of the limitations of the group training model for guiding ideas about work in the future. First, they are primarily arrangements that address the quality of work: they offer little in the way of insights concerning the quantity of work available—especially the problem of unemployment. Group training cannot solve problems of this nature. Group training arrangements need, however, to be linked to wider policies of employment renewal to help ensure future jobs growth is of better quality than has prevailed in the past. Second, not all group training organisations are like the ones we studied. Stories of group training organisations that work to shift and not share risk have been around for some time and continue to multiply. The challenge is not to ‘expand’ group training at any price. Rather, the challenge is to promote its development in a form that will facilitate and not undermine the quality employment growth in the future.

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Appendix 1: Company A case study

Introduction

This company commenced operation in the early 1990s, employing apprentices in the metal trades out of a metropolitan centre. After some years, it expanded beyond the metropolitan setting but remained focused on metal trades. The company, after struggling for some time, was taken into, and co-located within, a large employer association and became a unit delivering apprenticeship services to hosts in the metropolitan and non-metropolitan areas of the state. This change in organisation appears to have had a significant and positive affect on the delivery of the service and the positioning of the company within the employment market. Traineeships have been introduced in business administration and for community care workers in the aged care industry. A handful of engineering traineeships are also undertaken but generally with a view to articulating into a full trades qualification.

The new company ceased to apply for joint policy funding and made an active decision to distance itself from 'group training' *per se*. However, it continues to receive outcomes-based payments for the employment of apprentices and trainees and works within the statutory industry training framework. So while not calling itself a group training organisation, the company performs essentially the same service.

Context and possibilities: Who are they servicing?

Company A actively positions itself as the preferred employer of apprentices and trainees in the industries it covers. There is strong evidence that this is in fact the case. The apprentices who were interviewed reported that they chose Company A because they were aware that it was difficult to get work directly, and they were confident of the reputation of Company A as an employer.

Apprentices and trainees

Both apprentices and trainees are selected and recruited through very rigorous processes. Applications are sought across the state for employment with the company as an apprentice or trainee. Quantitative, qualitative and psychological testing is done for all potential candidates. Interviews are conducted for those short listed, and final recruitment decisions are made on developed criteria. Company A chooses the best of the candidates from a large pool of potential employees. This is a conscious business strategy on its part, and there is a strong sense at the corporate level that apprentices and trainees are employees like any others in the broader organisation. They have the same rights, obligations and expectations. However, in practice a good deal of assistance is given to apprentices and trainees by field officers, far outweighing the management and attention that would generally be the case for most other employees. In other words, apprentices and trainees are given special attention as employees of the organisation in recognition of the requirements of development and the labour markets in which they are involved.

Hosts

Company A predominantly supplies apprentices and trainees to large hosts. Half of its hosts in 2002 employ more than 50 people in the enterprise. It does not agree with rotation as a policy and is more committed to finding hosts that can offer long-term opportunities for training, including providing a range of skills that apprentices can develop during their time with them. It will only rotate if it is unable to expose the apprentice or trainee to the key competencies in the apprenticeship. The shortest period it will agree to place an apprentice or a trainee is six months, and this only occurs in certain circumstances. It is not the preferred outcome for Company A.

Company A has a strong 'brand name' by virtue of its attachment to a major employer association in the state. This was recognised by managers in the unit and capitalised on effectively by the field officers, who were able to offer it as a form of surety and accountability to both potential hosts and applicants. Several hosts confirmed that the status Company A had, as an employer association, definitely influenced their decision to retain it as a group trainer.

Capabilities and resources: What roles do they perform?

Structural features

As at July 2002, Company A employed 410 apprentices and 90 trainees. It has 11 field supervisors: six in the metropolitan area and five in the more remote parts of the state. The average case load is approximately 46 apprentices or trainees per field supervisor. The key resource feature of Company A is that it is part of a larger organisation that can take on significant administrative functions that most other group training organisations have to provide independently. Company A has a sophisticated approach to risk management in terms of the viability of the businesses it sends its apprentices and trainees to as well as in terms of the safety systems and practices at those workplaces. It is actively involved in 'educating' the hosts about safety, their role in training apprentices and trainees and in the training systems more generally. These practices and interventions contribute significantly to the demonstrable success of the unit. It also relies heavily on the infrastructure of the larger organisation to provide pay roll and industrial relations administration and expertise, as well as health and safety support. For example, a health and safety unit in the organisation assesses each workplace before an apprentice is placed. The human resources unit manages the payroll of all the apprentices and trainees. The delegation of these administrative burdens frees the unit to engage in the business of managing and training the apprentices and trainees it employs.

There is a non-metropolitan section of the business, but, as this was not specifically studied, we are unable to draw conclusions about the specific metropolitan and non-metropolitan effects specific geography has for this case study.

The broader organisation that Company A belongs to also has a New Apprentices Centre and has a skill centre performing the function of a registered training organisation. The New Apprentices Centre, in particular, is very separate from the functioning of the apprenticeship services unit. The rationale is that, as a high profile organisation, it has to be particularly careful about allegations of impropriety. However, it sees no problem in having a closer relationship with the New Apprentices Centre arm of the organisation. Nor does it see there would be any obvious benefits from a closer relationship. The skills centre is located in the industrial area on the outskirts of the metropolitan zone. This is beneficial for those apprentices whose host employers are located in this industry belt. The registered training organisation also runs independently of the apprentice services, with its own manager and unit structure.

Process features

Mediations

Company A has actively sought stable and ongoing placements for its apprentices and trainees. Consequently, the majority of the employers on its host list are medium to large organisations. Rotation of apprentices and trainees is resisted, as it is seen as bad for business reasons. Interviewees also indicated that with too many rotations it was unlikely that quality training would occur and questioned the motivations of group training organisations over-rotating. For example, Company A currently employs an apprentice previously engaged through a different group training organisation. That apprentice was placed with 14 different hosts within a 12-month period. This kind of practice was regarded as detrimental to the development of the apprentice and was more likely to be fulfilling a labour hire function than a genuine group training one.

Strong links have been established by Company A with various registered training organisations, particularly in the aged care area where the organisation of choice is highly regarded throughout the local industry. On several occasions, host trainers mentioned that the link with the quality registered training organisation had helped convince them to utilise the apprenticeship services of Company A. These kinds of connections are not accidental. Company A went through a careful process of analysing the industry before entering it. This included employing a field officer with experience in aged care and establishing a partnership with the quality registered training organisation referred to. There is considerable competition amongst group training organisations in the aged care industry. Company A is positioning itself as a quality group trainer by providing hosts with well-regarded trainees receiving very good off-the-job training. The aged care industry is currently in a state of flux. Recently, quality assurance criteria have been tightened and facilities are in some cases struggling to meet the benchmarks. There has also been a move toward upskilling care workers. Most current nursing assistants in aged care are not qualified. However, although there is no legal or licensing obligation to have a qualification, there is an apparent trend to employ workers who hold a Certificate III in Community Services (Aged Care). Hosts also spoke of staffing shortages and the difficulties they had in attracting people to the industry. Another benefit, as seen by the hosts, was that the entrance of trainees who bring with them new knowledge and training into the industry could lift the standard of the industry generally, working as a cultural change agent. This has opened the way for apprenticeship services such as Company A to market their trainees. An unresolved tension in the industry is the up-skilling of current employees who are actively involved in the training of new entrants for qualifications they do not hold themselves.

Much of the work in aged care is performed by casual workers. Rosters tend to be designed around peak periods such as meal times. Short shifts are favoured and multitasking of aged care workers is increasingly the order of the day. Employers prefer that employees are able to perform community services tasks; for example to work in the laundry. This is not particularly conducive to the training of Certificate III in the community services, which has no requirement for laundry skills. Employers are also more interested in rostering for short shifts and short weeks. The trainee agreement requires that trainees are employed and paid for at least 20 hours per week. Some host employers prefer not to be locked in to these hours. It is the job of Company A to educate the host of the benefits of a trainee. Clearly, in the case of aged care, without the group training some hosts would not take on trainees at the same rate. Although rotation is not used by Company A, it is still able to intervene and encourage the use of trainees.

Support

Host trainers in the aged care sector were impressed with the quality of candidates coming to their workplaces from Company A. This was not their observation of other group trainers they had used in the past. They believed that the selection and recruitment policies of Company A had successfully improved the quality of the candidates coming to their workplaces. They were also

pleased with the registered training organisation and the quality of training that trainees were receiving. Retention rates were very high, which is not always the case in the aged care sector.

The field supervisor in the aged care area spent a significant amount of time ensuring that the introduction of new trainees into workplaces was smooth. Regular visits to monitor trainees and apprentices are scheduled and completed. This is a matter of policy in Company A, and activities are recorded on laptop computers and downloaded onto a central data file. This is a sophisticated system and allows Company A management a very good overview of the organisation's activities at all times.

Company A policy is to avoid talking about 'pastoral care'. It is far more focused on the idea that apprentices and trainees are employees and, as such, any support for them should be regarded as an employer's duty to employee welfare. These linguistic distinctions were more likely to be made at the corporate level but expressed a significant policy position that was demonstrated in practice. Not only did it regard its relationship as a professional one, different from the traditional 'apprentice and master apprentice' role, it also believed it set the tone of learning for the apprentice. That is, the apprentice was given more responsibility to act as an employee rather than as an acolyte awaiting instruction. Field supervisors were still more likely to talk about 'pastoral care' but acted as supervisors in the field, as opposed to apprentice masters. Apprentices and trainees were aware that an external employee assistance program was in place for them to access. As a consequence, there was discernibly more emphasis on 'employee welfare' assistance in Company A than in Company B for example, where there was far more direct involvement in the lives of apprentices.

Trainees and apprentices frequently indicated that the apprentice service supervisors assisted them directly when they were having problems with the host employer. In some cases this had to do with hours of work or with their treatment. There was a strong sense that apprentices and trainees regarded Company A as a source of protection and that the company could be called upon to intervene on their behalf. There was significant evidence that field supervisors did indeed intervene to improve the situation for the apprentices/trainees and, in some cases, to redress performance problems identified by the host. Several apprentices also noted the volatility of the metals industry and identified that four years of guaranteed employment with Company A was far better than risking indenture with an employer who may or may not provide employment (and payment) for the full four years. Two interviewees were aware of other apprentices who were currently out of work as a result of downturns in the metals industry. The relative stability of employment with Company A was considered very favourably by both apprentices and hosts.

Constructive impact on the labour market

Company A is very involved in the industries it services. This is, in part, owing to the broader interests of the organisation but was also very focused on the labour markets from which they drew their hosts. In aged care, for example, intervention by the field supervisors had improved the overall rostering across workplaces in one organisation. Trainees had reported being given little or no notice of shift changes. This was then taken up with the head office of the host by the field supervisor. According to the trainees, the rostering practices for the whole nursing facility had been better managed since that intervention. Equally, there was evidence of occupational health and safety standards having been improved since the introduction of assessments and audits by the apprentice service. Occupational health and safety is being actively researched, with the assistance of Company A, in the aged care area.

Company A pays apprentices what the host company would pay them if they were employed directly. All apprentices and trainees are employed on Australian Workplace Agreements, which are administered by the payroll and industrial relations unit of the broader organisation. A base rate is identified in the Australian Workplace Agreement based on the award and the 'no disadvantage test' applied by the Office of the Employment Advocate. The actual wage rate is then made an attachment to the Australian Workplace Agreement based on what the host is paying. Apprentices

and trainees are guaranteed wages for the duration of their training agreement. They continue to be paid during any down time at the base rate in the Australian Workplace Agreement. To date there has been no down time amongst trainees; but there is occasional down time experienced by apprentices, particularly those in metal fabrication. A budget is allocated to deal with the payment of down time. Apprentices continue to be trained during this period, and all efforts are made to find a new host as quickly as possible. There was some concern expressed by smaller employers and one apprentice that Australian Workplace Agreements were being used by the group training organisation. This was regarded as an intervention in the industry that could have negative impacts, putting trade unions offside and creating a barrier to future involvement in collective wage setting for those apprentices.

Occupational health and safety issues were keenly monitored by Company A. It was very active in developing workable systems of safety for its apprentices and trainees. This involved running joint training seminars with Company A staff, apprentices and hosts, using the services of an expert trainer. Protocols and processes had been developed jointly with apprentice representatives who established the systems that all apprentices worked to. As mentioned earlier in the report, Company A was able to utilise the services of another section in the employer organisation in which it is embedded to risk assess and assist hosts in improving their safety systems on site. In the aged care sector Company A had established a partnership with interested academics to research soft tissue injuries in the industry. This was considered a very important initiative, showing industry that the company was actively interested in the progress of the sector and a willingness to be involved in work for its betterment.

Company A believes that it encourages higher levels of apprentice employment. It described reintroducing apprentices to large organisations that had ceased to take them on during down periods. After a period of hosting Company A apprentices, a small proportion of hosts sometimes decide to take on apprentices directly. It is believed they do this for a number of reasons. For some it is due to pressure from the unions. For others it is to fulfil what they see as a corporate responsibility, and they like to badge apprentices as their own. In these cases the apprentice service will sometimes 'manage' the apprentice for the employer rather than employ them directly. In a sense, the employer 'outsources' the role of the apprentice master to Company A. Several hosts noted that without the support of the apprentice service, it would be unlikely that they would take on apprentices or take on the volume that they currently carry. Company A also uses engineering traineeships (that is, less than full apprenticeships) to encourage some hosts to re-enter the training system. In this way, it is not committing to four full years but has the capacity to articulate the trainee into a full trade apprenticeship if the business is able to sustain their training and costs. Company A regards this as a far more responsible method of reintroducing employers into the training system. It related an instance where an employer was requesting a large number of apprentices. It actively discouraged that level of recruitment, suggesting the host take on fewer apprentices with less risk to all of them. In this way, Company A is educating hosts in how to manage their risk better. This acts to protect both the apprentices and hosts from making commitments that cannot be fulfilled.

Company A also actively intervenes in the training regime of its apprentices and trainees. It approaches registered training organisations if it feels there are any issues with the quality of the training that is being delivered. It also approaches hosts if the on-the-job skills are not being developed to the level required and assists in developing programs of internal rotation that allow for a wider range of training experiences. Field supervisors are well qualified to intervene in matters of training. Of those interviewed, most had extensive experience in the training systems of the state and had strong links to program delivery institutions as well as, in most cases, an intimate knowledge of industries they serviced.

Company A management regarded all its activities as being motivated, fundamentally, by sound business principles. In action, those business judgements coincided with delivering social and employment benefits to its apprentices/trainees and the industries in which they were hosted.

Impacts and motivations

Nature of their philosophy

Several observations can be made about the philosophy of Company A. For a start, the philosophy espoused at the managerial level varies slightly in its focus from that practiced in the field. For example, there is a strong emphasis on delivering good business outcomes. And yet the actual sentiment and activity of the both managers and field officers in creating good business is to invest in both the employment and social well being of the industry. For example, aged care workers are paid at a higher level than is prescribed by the trainee award wage. Company A has made an active policy decision to channel the employer incentives back to the trainees because the wages are considered low. It has made the judgement that industry is unlikely to support the higher wage but that as the trainee employer they can do so with the incentives. This is considered good business because better candidates are attracted and retained in the programs and because hosts will be more likely to continue their relationship with the apprentice service provider. It is an attempt to foster the top segment of the market in terms of recruits and hosts, but the effect is also to improve the wages in the industry.

Dimensions of difference

Company A occupies a very specific part of the employment market. It has entered industries that have potential for growing their business and assisting the membership of their parent organisation. It has established itself, in the last few years, as an employer of choice amongst potential apprentices and trainees and a valued service provider by a collection of relatively stable hosts. As such, it deals with the 'cream' of the trainee system, both in terms of apprentices and trainees as well as hosts. It is not focused on providing a service across the whole labour market. It sees this as something that can be done by others. Its interest is in becoming an employer of choice and cherry picking candidates, just like any other quality, large, direct employer does. In this way it is different from the other three services studied, which were all more likely to privilege maximising opportunities for the apprentices and trainees. This is not to say that Company A does not actively and assiduously maximise the opportunities of its selected apprentices and trainees; rather, it is likely to select those that may need a greater level of assistance.

The use of engineering traineeships is a contested issue in industry training circles. Many people consider them the 'watered down' version of a trade, and they carry the potential to undermine the trade vocation. This was dismissed by management in Company A, who used traineeships as a tool to encourage employers back into the training system. Field officers were concerned, however, that the over use of engineering traineeships could be detrimental, especially in the hands of less scrupulous operators. A cheap layer of labour could be introduced that was unlikely to develop into full-trades people with skills that were needed by the industry. In other words, despite the lack of announcement about 'protecting the trade vocation', Company A actively worked for the continuation of the trade. Management did not support the trade doomsayers, but, equally, it was careful in not leaving itself open to criticism from opponents in the industrial relations environment.

The philosophy of the broader employer association was not always actively pursued by the apprentice service unit. Despite its frequent articulation it was not always enacted or shared by its operatives. They frequently intervened in the market despite the rhetoric of non-intervention.

Assessment

Company A appears to be appropriating the risk for employing apprentices and trainees. To reduce the risk it carefully assesses any risks involved in entering a relationship with hosts and employees. It is involved in the end of the market that affords the least risk. It associates mostly with medium to

large employers and only with high-quality candidates. It utilises the infrastructure of the employer association to assess the business sustainability of hosts and rigorous selection processes to filter the apprentices and trainees. On the other hand, unscrupulous or poorly managed group training organisations appear likely to shift a large proportion of the risk onto the apprentice or trainee, which is evidenced by the many apprentices that are listed as suspended and anecdotal reports that employers and many group training organisations are not paying apprentices in down time.

There are no immediate challenges to the current success of Company A. It has embraced principles of continuous improvement and is always looking for ways to improve the business. It appears to be very successful at what it sets out to do and there are no immediate dangers to the continuation of its success on the horizon, just opportunities for expansion. Consequently, the challenges it faces are linked to growth and improvement—facets of the business that it has already shown itself to be equal to.

Company A is critical of the prescriptive legislation that determines the length of an apprenticeship and the third party involvement in the training agreement. It regards the legislation as a relic and ineffective against bad group training companies that will always manage to find loopholes in any regulation. Weakening of the regulations around tenure for apprentices may change some of the policies of Company A. Some company employees reported that current regulatory arrangements constitute a constraint on their operations. How any of the company's practices would change if legislation was reformed is unclear. Because of business reasons and its position as lead employer in the market, it would be less likely to take advantage of any changes to regulated employer obligations. Its positioning in the market as 'employer of choice' appears to have been highly successful, and no commercial pressures on the company to compromise its high standards for short run financial gains are apparent.

Overall, Company A provides an excellent example of how group training-type arrangements can work very well to increase the choices available to the employers and apprentices/trainees alike. It provides an especially good example of how group training arrangements can work well in non-trade areas such as aged care, as well as for the traditional trades.

Appendix 2: Company B case study

Introduction

Company B, Gippsland Group Training, is an 18-year-old predominantly non-metropolitan group training organisation and a highly recognised employer in its region of origin. More recently, the operation has expanded into the accompanying metropolitan area and has confronted a different set of challenges in growing group training in that environment.

The focus of the company in both the metropolitan and non-metropolitan settings is on generating traditional apprenticeships, especially those in the mechanical engineering, electrical and carpentry trades. It has also supported a small proportion of business traineeships since 1988, with some growth over the past five to six years.

Training of apprentices in the non-metropolitan region has reduced significantly since the privatisation and segmentation of a major public utility. The central workshop, where approximately 270 apprentices would commence annually, was not long ago only employing six apprentices. Unemployment in the region is high and work opportunities are relatively limited.

Context and possibilities: Who are they servicing?

Company B predominantly employs trades apprentices and places them with small- to medium-sized enterprises in the manufacturing and construction industries. It services a small amount of trainees into mostly administrative positions.

Apprentices and trainees

Most of the apprentices employed by Company B are sourced via an annual recruitment exercise. They are generally young male school leavers, and some may have completed components of their trade qualification through vocational education streams at high school. Selection processes are fairly rigorous, including a written application and an interview. Some apprenticeships require subject prerequisites at an acceptable academic level. Company B is a preferred employer in the non-metropolitan region, and not all applicants are accepted by the company. It has a strong ethic of supplying 'quality' apprentices to host businesses. Quality includes an unconditional commitment from the young person to the trade he or she pursues.

Trainees are predominantly female and are mostly completing business administration traineeships. The recruitment and selection process for trainees was similar to that for apprentices. Most of the trainees are recent school leavers or have been through a period of unemployment.

The non-metropolitan trainees all spoke of wanting to remain in the region and felt that using a group training organisation to locate and place them with a host enabled them to do that. In the metropolitan area, trainees were also school leavers. They had decided that, rather than go to TAFE, it was important to gain some experience to make them more attractive in the labour market and give them a competitive edge over job applicants who had qualifications but no experience. Several trainees explained the difficulties they had in securing employment directly, and they were

confident that gaining workplace experience and receiving training would make them far more employable than contemporaries who had gone straight to TAFE.

A very motivated young business administration trainee explained how she had spent several months trying to find an employer to support her during her traineeship. She had visited a New Apprenticeship Centre and had information for employers from the centre. However, she encountered several barriers. When finally she was able to find an employer willing to listen she found it very difficult to adequately explain the incentive systems and the benefits. Even when given the opportunity to explain and furnish the most patient of employers with information, they tended to regard it as 'all too hard'. Securing the services of the group training organisation was highly beneficial in locating and educating the host as well as in taking over the administrative responsibility for the process. After contacting the group training organisation she was in a job within 12 days.

Hosts

Host employers in both the metropolitan and non-metropolitan setting are predominantly small- to medium-sized firms. Just over half of the hosts in 2001 employed less than five people. Only 10% employed more than 50 people. Small hosts tend to work in a more volatile environment and are less likely to be able to commit to a full four years of an apprenticeship. Group training allows them the flexibility to employ an apprentice for shorter periods. Company B guarantees employment to each of its apprentices for the four years. Its field officers actively work to rotate apprentices into a range of businesses so that, wherever possible, they are exposed to the optimum range of skills for their chosen trade. For example, electrical apprentices may spend the first six months of their four years with a sole trading house electrician where they will fundamentally learn to wire houses. The next placement may be with a larger company working on maintenance of a stationery plant operation. The field officer is responsible for matching the apprentice to the host while rounding out the development of the apprentice.

Some employers in the non-metropolitan setting were experiencing severe skill shortages. One business has been looking for a qualified motor mechanic for 18 months without success. Equally a metal shop had been seeking the services of a metal machinist for the same period. Both hosts were employing apprentices through group training in an attempt to mitigate the immediate skills shortage.

Other employers are more interested in the long-term benefits of developing the trade. They expressed a dedication to their trade, and, having been apprenticed themselves, they felt compelled to continue the tradition of taking responsibility for supporting the regeneration of the trade. Some employers clearly stated that without the assistance of group training they would not feel able to employ apprentices at all. This sentiment was strongest amongst the very small employers, which are generally sole operators, working in the residential construction sector.

Some hosts directly employed apprentices but used group training apprentices to 'supplement' their own staffing levels. The trend to staff leanly has been shown to have significant impacts on the levels of training taking place in industry. Both sole operators and hosts using apprentices as 'supplementary' labour spoke of not having the capacity to guarantee a full four years. By using group training they were able to take on apprentices without the associated risks of direct employment or the moral responsibility of terminating their employment during business downturns. It was commonly expressed by hosts that the group training organisation allowed them to 'return' an apprentice without foreshortening the apprentice's career, and this galvanised them to take on apprentices when otherwise they would not. Other employers preferred to use group training for the same reasons but felt that without group training they would most likely take on apprentices directly.

Employers were taking on business trainees for a variety of reasons. One employer in the metropolitan area explained that invoicing for the services of a trainee allowed them to ‘employ’ someone during a staff freeze. Another metropolitan employer was supportive of ‘giving young people a go’ and used group training to free himself of the administrative burdens of employment. However, he felt that it would be better for the trainee to be employed directly by his firm. It is interesting to note that the trainee did not agree and if offered a job by the company would have refused. She was able to use the group training organisation to source a different host, rather than remain with one that did not provide her with a positive working and learning environment.

Hosts of trainees in the non-metropolitan area were keen to give opportunities to young people. Prior to being approached by the group training organisation they had been unaware that the trainee system existed. One host stated that without the government incentives and without the recruitment and selection expertise of the group training organisation, they would not have been involved in the training process at all. The trainees appeared to be benefiting greatly from the placements, as well as the training they were receiving.

Capabilities and structural features

Structural features

In the financial year 2000–2001 Company B employed 829 apprentices and 118 trainees, who were placed with 604 hosts. Management of the company was conducted by seven full-time personnel and a board of directors from industry, government and education. The fieldwork was performed by 16 operatives and administrative support was supplied by 16 other staff members. The skill centres and registered training organisation function employs ten full-time instructors. The average case load for a field officer is approximately 60 apprentices/trainees. However, two of the field officers who were interviewed supported considerably more than this number of apprentices and trainees each, so the average does not fully explain the breakdown of work in the organisation. It was also clear from our observations that some apprentices/trainees and some hosts required more attention than others.

Company B also provides New Apprentices Centre services, although the metropolitan operation is three times larger than the non-metropolitan operation. It also provides services as a registered training organisation and delivers vocational educational programs in schools. However, the focus of the company is demonstrably to ‘provide employment opportunities to young people’ through its group training arrangements.

Company B relies less and less on government assistance to sustain itself. In the past, it has received some financial assistance from its membership for capital investment, particularly at its foundation. It runs a healthy profit that is directed back into the business. No dividends are paid to directors. Currently, 83% of the company’s source of income is from the hiring out of their apprentice and trainee labour. The New Apprentices Centre generates 6%, and 11% comes from other government incentives or funding. Only 1% of their income is from government administrative subsidies.

Process features

Mediations

Company B spends significant time linking apprentices and trainees with work opportunities. As explained above, the labour demands being met by this organisation are volatile. On the other hand, it offers stable and ongoing employment to its apprentices and trainees. Much work is done to marry those two realities. Mostly, this is achieved by the field officers through a process of rotating apprentices in and out of different hosts. There are two different ways this is happening.

Hosts may experience a downturn in the business and no longer want the apprentice. For example, hosts in the construction industry have been experiencing recent difficulties in securing insurances. This has meant that some apprentices are being sent back to the group training organisation because companies are unable to function without their licenses. Field officers are then required to find another host to continue the work experience of the apprentice.

In other cases, apprentices are placed with hosts that only offer a particular work experience and, therefore, they need to be rotated to learn other skills in other workplaces. This is often resisted by the hosts, as they prefer to retain the apprentices in whom they have invested time in training. These two opposing views were expressed by one host. He had a son doing a boiler making apprenticeship who he felt needed to be rotated into another organisation to round out his skills and experience. At the same time, he was battling with the group training organisation to retain apprentices in his own workshop. He recognised the contradiction but maintained that as a businessman and employer he wanted consistency but as a father he saw rotation rendering the apprentice more employable and a better tradesperson. The contradictory desires of employers are constantly being negotiated by the field officers.

Company B also draws together the various elements of the training and employment services systems. Field officers at Company B are very familiar with the intricacies of the government incentives, payments, training packages and employment programs. They were even overheard explaining the training incentives and pay structures to TAFE administrators. In previous research, the Australian Centre for Industrial Relations Research and Training has found that employers with sophisticated management infrastructures are unable to fully comprehend the avenues available to them with regards to labour market programs and government-assisted training opportunities. Company B was frequently mediating the different parts of the system to enhance the employment opportunities of the apprentices and trainees to the benefit of host employers.

One missing element in the labour market network appears to be the involvement of unions. This was regarded by some field officers as something that needed attention. It was felt that trade union attitudes to group training companies were not conducive to collaboration or involvement and that open debate and discussion was needed to differentiate between good and bad group training companies. To some degree the role of Company B supersedes the 'servicing' provided by some unions. However, the 'representative voice' provided by trade unions for workers was not.

Support

The support function of Company B is taken very seriously by the field officers. They regarded the welfare of the apprentices and trainees as very important. In particular, the development of apprentices went beyond 'skilling for work'. There was a very strong sense that the process of apprenticeship was just as much about equipping young men for their roles in life. Field officers were prepared to talk through issues that were less directly connected to their work, such as their relationships. One field officer remarked that to truly monitor apprentices it was important to consider what was going on in their life. This sentiment appeared to underpin the actions of many of the field officers in this company.

There were many examples of field officers becoming actively involved in redesigning the career and learning pathways of the young people they employed. In some rare circumstances, field officers were placing apprentices for free with hosts in an attempt to improve the performance of the young person. Field officers were available to talk to the parents of the apprentices, and, in one case, an apprentice, after considerable deliberations with all parties, transferred to a new apprenticeship with the active support of the group training organisation. The welfare of the individual apprentices and trainees is of central concern to Company B, and this is articulated in the time and effort it puts into the 'pastoral care' of its employees. This level of support and care that occurs is equally evident for the trainees.

Significant support is also given to the employer. The assistance in selection and recruitment, in the administration of employment and the active interest it shows in the welfare of the apprentices and trainees are supports that are all beneficial to the hosts. This was expressed by several hosts, one of whom wryly commented:

Since using [Company B] things have been a lot smoother. I haven't shouted at any of them for a long time now (laughs).

Constructive impact on the labour market

Company B definitely enhances the number of training opportunities there are in the regions it services. This is especially the case in the non-metropolitan setting where its influence in the community is strongly felt. It is supplying apprentices and trainees into organisations that would otherwise not be involved in the training system, or would be to a lesser degree.

The company is also very involved in the skill development of its employees and is constantly monitoring the success and relevance of their training. It has skill centres that employ the apprentices when they are experiencing down time. In these skill centres they are able to continue to do their off-the-job learning and are also able to work on contracts that are being serviced by the company as a means of further work experience and business generation. This allows for the continuation of skill development even when there are downturns in the external labour market. Company B has a sophisticated understanding of the training systems and is well placed to facilitate effective training delivery, both on and off the job. Most of the field officers have been apprentices themselves and have worked in the industries they service. They bring this intimate knowledge of industry with them. In the non-metropolitan setting they also bring knowledge of the community and have worked to establish a strong network between themselves, employers, the providers of training, and the young people seeking work and their families.

Without that network of host employers gathered together by the group training organisation it is very unlikely that the quality and quantity of training that is currently taking place in the region would be as great as it is. The company is able to involve employers in training that because of their size and competitive pressures would otherwise find it very difficult to be involved on their own. It also provides a range of skill training that deals with the reorganisation of enterprises into decentralised and specialised workplaces, enabling apprentices to rotate through a variety of employers and develop the full complement of their trade's skills.

An important feature of Company B is its insistence on paying the shop rates of wages to its apprentices and trainees. In this respect it is playing a significant role in setting a standard of employer behaviour, when it comes to apprentices and trainees, by paying and maintaining wage levels. It is also involved in raising the standard of safety in the workshops where its apprentices are placed. Pressure is applied to employers if there is evidence of unsafe practices. Company B's main concern is to ensure the safety of its own employees; however, the by-product is the general improvement of safety in the workshops where apprentices are placed.

Impacts and innovations

Nature of philosophy

The overall direction of Company B has remained consistent since its foundation, especially in the non-metropolitan and original location. As stated in the annual reports, the focus of Company B is to:

maximise the training and employment opportunities for young people and provide a skilled workforce for the future. The company endeavours to provide its service to industry at the lowest cost possible.

Both management and field officers are very conscious and articulately supportive of the central philosophy, though there is some tension between the two groups about the balance of their respective concerns. That is, field officers feel that management is overly concerned about money, and management feel that field officers are occasionally not concerned about it enough. On balance, the tensions are minimal, and the result is active attention to both financial and moral responsibilities, reflecting the broad philosophy of the organisation. Running underneath the articulated philosophy is a range of practices that effectively enact it. The autonomy given to field officers to use their judgement and occasionally go beyond the parameters set by company policy—for example in very occasionally requesting a host assist an apprentice free of charge—is critical to the success of creating and maintaining a responsive network of hosts to support and develop opportunities for the young people in the region. They are able to be flexible in their treatment of both hosts and apprentices, referring back always to the central tenant of maximising opportunities for the young people who work for them.

Dimensions of difference

Although Company B carefully selects its apprentices, it is not as selective as Company A. It services considerably more apprentices and trainees and, in the non-metropolitan area, has a closer connection with the community it is serving. This makes the company more sensitive to the difficulties young people face in finding and keeping employment. It is more likely to give a young person who needs it room to grow and develop. This makes its pre-apprenticeship stage very important to its success. It has the opportunity to help the apprentice to become more job ready than is the case without a pre-apprenticeship. Arguably, it invests significantly in making a new apprentice more attractive to a host and continues to ‘case manage’ individuals who require special attention.

There are still young people, however, who are unsuccessful in joining the scheme through Company B. It sees the trades as ‘vocational’ and is conscious that some applicants are driven more by their parents than by their own desire to enter a trade. It works within a well-established trade culture: one that it has been a member of for a long time and is working to continue. There is no particular vision to enter seriously into the traineeship area, and it has only done so in the past to achieve a better gender balance and during downturns in the manufacturing sector. The growth of the business has been based on geography expansion rather than on extending into traineeships away from the engineering trades.

In summary, the key aim of Company B is only deliverable as long as the business is sustainable. The business is sustainable because careful decisions are made about expenditure and income and also by responding to the flows of the labour market and the vagaries of an industry in constant flux. The needs of employers and apprentices/trainees are not always aligned, and the key role of Company B has been, wherever possible, to bring those needs into better and mutually advantageous balance.

Assessment

Company B works hard to share the risk of training amongst as many employers as possible. According to the company, and there was demonstrable evidence that this was the case, industry also shares the benefits. One apprentice explained that with a previous group training organisation the risk was almost entirely born by him and his parents. He had to live away from home to attend the registered training organisation, was not paid for the first months of his apprenticeship and received little or no support from the group training organisation. This apprentice was then hired by Company B, immediately employed on a guaranteed wage for the balance of his four years and transferred to a registered training organisation that was closer to his home. Company B is concerned with the skill development, the social welfare of the apprentices and their access to employment

opportunities. This requires the company to establish a network of providers and assist the apprentice/trainee transition into the labour market, taking the full person into consideration. To that end, it absorbs risk as well as redistributes it to the network of host employers.

Company B is always questioning its role. As it continues to develop young people and deploy them into the workforce, the economy continues to grow more unstable and uncertain. The philosophical mettle of the organisation is tested by what one interviewee described as the ‘bean counter mentality’ of some employers in the industry. The segmentation of industry and the troubles associated with the disjointed nature of supply chains is not changing. Good group training organisations may be able to facilitate and mediate those networks and links in the chain for the purposes of delivering four-year apprenticeships, but they are also concerned about paving the way for young people to enter an industry that offers them very little security for the rest of their working lives. The director of Company B is very concerned that good group training is fundamental but not enough to rebuild a dignified industry for engineering trade workers. However, he clearly sees that there is a continued role for group training to support and maintain the growth of skills in the sector and to intervene, whenever possible, to improve the industry.

Company B has shown a great deal of resilience over the last 20 years and there are no reasons currently apparent to think that it could not continue for another 20 years in the same vein. However, the company is not content to merely maintain its record, it prefers to improve the training and development and integrity of its industry. Its position in the labour market and within the group training sector seems secure in the non-metropolitan setting. The situation in the metropolitan area is not so clear cut. The level of competition between group training organisations—some more reputable than others—creates an added dimension of difficulty for this organisation. It is currently partially reliant on delivering a New Apprentices Centre function to support its group training organisation activities, and this seems to create elements of an identity crisis for people working in both areas. The language of group training is significantly different in the city, and that is emblematic of the cultural differences between the two operations. Hosts were referred to in some circumstances as ‘clients’ and group training was sometimes referred to as a ‘product’. The ‘commodification’ of the group training function was moderately evident in the city but was completely missing from any rhetoric in the non-metropolitan region. There is some potential for the business culture of the city to increase, especially working in the competitive and corporatised world of the city. Whether this would impact on the practice of field officers is unknown. Currently, field officers in both locations are equally concerned over the wellbeing of apprentices and trainees, and the philosophy of the organisation is keeping the business outcomes of the operation in perspective. There is no sign, other than in the privileging of the New Apprentices Centre function which has been more out of necessity than choice, that the metropolitan operation would become a ‘cash cow’ rather than the holistic group training organisation it currently is.

Appendix 3: Company C case study

Introduction

Company C, Health Industry Group Training, is based primarily in Sydney, New South Wales. It was first established in late 1996 and had its first intake of trainees in February 1997. It very quickly evolved from being an organisation alleviating a skill shortage in a particular public sector industry to becoming a company concentrating on getting disadvantaged people into the workforce while supplying them with quality training. Initially, 90% of its host base was in the public health sector. It now has 60% of its hosts in the private sector and services a range of small- to medium-sized hosts and some large hosts.

Context and possibilities: Who are they servicing?

Company C services traineeships predominantly in the health industry. It has in recent times diversified into other sectors, but most of its placements are in nursing homes and other health facilities.

Trainees

Trainee candidates are advertised for regularly, and seminars are held to inform them of the opportunities available through the group training organisation. They are generally people eligible for specific government incentives by being identified as disadvantaged in the labour market. They include the long-term unemployed, Aboriginals and Torres Strait Islanders, people from non-English speaking backgrounds, mature workers and women returning to the workforce after a long absence. The positions they fill are predominantly in low-paying jobs in low-paying sectors, such as aged care and hospital support staff.

The jobs filled by Company C trainees are generally at entry level. There is some capacity for articulation into higher learning, but this is not commonly taken up by trainees. There are shortages in nursing, but hosts were not confident that many of the trainees with whom they come into contact within aged care are likely to pursue enrolled or registered nursing studies. Although some trainees do aspire to further training, they are considering full-time study combined with casual work, rather than continuing in a trainee program. Once the trainee has entered the workforce, this path is regarded as quicker and more lucrative than receiving a trainee wage. From the perspective of Company C, these are great success stories even though there are no further financial benefits for its organisation. Success is determined by the ongoing employment or ongoing training of a candidate.

Hosts

Hosts became involved with the group training organisation for a variety of reasons, and those motivations tended to evolve with time and experience with the organisation. Several hosts saw it as an opportunity to fill staffing gaps. Their views changed when they realised the level of work required to up-skill the trainees. They also observed that after an initial period of very low retention rates (some trainees were lasting no longer than one day), trainees arrived at the workplace with a greater understanding of the work they would be doing because the group training organisation

became better at priming and targeting trainees for the realities of aged care work. Over time, hosts also became more sophisticated in their approach to traineeships. One host now takes on trainees to fill vacancies but also regards its involvement as providing opportunities for disadvantaged members of the labour market. Its internal systems of training have also improved as more trainees progress through the program.

Location

Company C is predominantly based in the metropolitan area. However, placements are arranged in non-metropolitan areas as well. A key observation by personnel was that trainees in the non-metropolitan areas are more likely to complete their training because they were keen to remain in their home towns. High unemployment and limited opportunities gave them strong incentives to persevere with the group training organisation service and training programs.

Capabilities and resources: What roles do they perform?

Structural features

At the time of our study, Company C had six field staff servicing the needs of 497 trainees, who were placed with approximately 70 hosts. More than half of the hosts employed less than 25 staff. From these figures it is clear that most of the trainees are placed with medium to large employers. Approximately 40% of the trainees are placed with public sector agencies. Company C receives a little less than a quarter of its income from government money. This fluctuates each year and can reach as low as 15% depending on the incentives and the level of the joint policy funding received.

Unlike most other group training companies, Company C is solely a group trainer. It has no New Apprentices Centre or registered training organisation function and concentrates the vast majority of its resources into getting disadvantaged job seekers into the labour market. Company C also administers the New Apprenticeship Access Program, a Commonwealth-funded pre-apprenticeship training scheme targeted at disadvantaged job seekers eligible for intensive assistance. Attempts are then made to place program graduates with hosts to commence full traineeships.

Process features

Mediations

Company C does a lot of work to match disadvantaged job seekers with potential hosts. This is done in relatively low wage industries, such as aged care, and is associated with specific issues arising from those labour markets. For example, in aged care wages are relatively low, even for qualified workers. The work is hard in terms of physical effort, but it can also be emotionally taxing. There are significant challenges in finding individuals who are prepared and able to work in parts of the industry.

An officer in a dedicated Company C position works to find both hosts and candidates. As described above, advertisements are placed in newspapers, on the internet, on Centrelink touch screens, and the word is spread amongst community organisations used by potential trainees. Potential candidates are invited to a seminar where the Company C officer informs them of the traineeship programs and the various industries where jobs become available. They are given a 'warts and all' session on the rates of pay, the challenges of some of the industries (such as aged care), and told about the support they can expect from the group trainer. It is an open forum, and attendees are encouraged to ask questions and to fill in an application form. Basic literacy and numeracy skills are tested as a part of the application and then candidates are short listed for interviews. A register of potential candidates is established, and these are offered traineeships as host

positions become available. A handful of candidates generally attend a final interview and a representative from the host is on the selection panel. In this way, the group training organisation performs a very straight forward job-to-candidate matching process. However, there is ample evidence that the group training organisation offers far more assistance to the trainee than that.

Company C field officers are very aware of the intricacies of the labour market programs and training systems. They are actively involved in selecting good registered training organisations and create strong relationships with them. One registered training organisation director granted us an interview and was happy to explain the service provided by Company C as she saw it. In comparison with many other group training organisations that she comes into contact with, she felt that Company C stood out as a ‘best practice’ operation. She identified the key difference as being the ongoing monitoring of trainees and their hands-on approach in assisting them into the labour market. As she said, some of the trainees are third generation unemployed and, without the active guidance and support of the group training organisation field officers, the challenges can sometimes be overwhelming. She also noted that some registered training organisations will deliver a training course in three weeks that more realistically should take 50 weeks. Company C kept a very close eye on the off-the-job development of its trainees and worked hard to link it with the on-the-job learning. She observed that there are poorly managed group training organisations in existence that are less likely to organise effective and quality development for their trainees. In her experience, she and the trainees had far more direct and positive contact from Company C officers than from other group training organisations. She regarded this as a key to its success rate in retaining trainees and finding them ongoing work.

Support

Most of the job seekers with Company C have had limited experience in any workplace, and aged care workplaces can be particularly difficult. Hosts can often have high expectations of the trainees, are short staffed and are hoping to have new entrants ‘hit the ground running’. This is rarely possible, and the first few months of a traineeship can often involve trainees acclimatising to being in the labour market as well as learning about the specific aged care environment and their role within it.

A field officer is nominated to assist each trainee into the labour market for the first three months of his or her traineeship. Operators are able to work closely with the trainees and hosts to ease both parties into the new relationship. This entailed explaining the training system, the requirements of the host and the expectations on the trainee. It is the policy of Company C to heavily resource this part of the traineeship, privileging it as the most critical period. After three months of intensive monitoring, the support role is taken over by another dedicated field officer to see the traineeships through to completion.

Hosts are called ‘host trainers’ and the group training organisation officers also educate the hosts in their role as a trainer. In this way, they are discouraged from regarding the relationship as one based on hiring an extra body—they are encouraged to take their role as trainer seriously. This appeared to be successful amongst the hosts visited. One host was training its second information technology trainee and had clearly thought about exposing him to as many aspects of the job as possible by rotating him through all features of its information technology unit. An aged care host believed that trainees generally represented a significant increase in workload for the first few months but felt that improving the industry training standard and giving people job opportunities was an important function of her organisation. She explained that she had worked with the group training organisation to improve the quality of training over time. She felt that the organisation had made some improvements—especially in preparing candidates for the realities of the work environment—but that further improvements could be made. She suggested that greater use of pre-apprenticeships might be a way of doing that.

Company C insists that one day a week is set aside for off-the-job training for each trainee. It considers this an important element of its success. It noted that some organisations delivering traineeships were less assiduous in this regard and felt that they were not exposing candidates to quality training. The company identified traineeships such as retail and hospitality as particularly susceptible. It was also quick to point out that these traineeships could be structured to be very effective and able to develop skills for the people undertaking them. For example, training programs developed by some of the larger retailers establish clear career paths for trainees, offering them competencies that assist in them mapping their career progress. In other words, it is not necessarily the nature of the training program but, rather, the application of the program in certain industries that can undermine successful skill development. The jobs vulnerable to this particular exploitation tend to be in the service sector, contingent in nature, low paid and generally relegated to the low end of the skill spectrum. This could be considered a description of the aged care sector, and yet Company C has had some impact in maintaining a high level of training delivery and skill acquisition despite those features.

Trainees with Company C were very positive about the benefits of the off-the-job training they received. They regarded the on-the-job component as more important but felt that being able to compare experiences with other trainees from other worksites was critical. It was seen as an opportunity to debrief amongst people who were having similar new experiences. As one trainee said of the off-the-job training:

It's not the books ... it's not intellectually demanding but you can meet with other people going through what you are. They tell you their stories, you tell yours and everyone gets to laugh a bit. Instead of it being terrible ... People are really good at work but I think they forget what it's like when it's all new. When it's so shocking.

Field officers were sympathetic about the demands on trainees in the aged care area. At least two of them said it was not a job they could do. They have a high level of respect for the trainees, which was reflected in the way they approach them. Field officers displayed a strong sense of responsibility for their wellbeing and the success of their training and work placement.

There were many examples in Company C of decisions being made that could be regarded as questionable business decisions as an employer, but these were decisions made in the best interests of the individual trainee. Two cases of poor judgement exercised by young trainees meant they had forfeited their positions with the host trainers. However, the director did not terminate their traineeships despite the relatively serious nature of their mistakes. He believed that they should be given the opportunity to improve and learn from their experiences. He spent time with the trainees and their families to develop solutions to the problems. Company C is very aware of the tenuous links their trainees have with the labour market and consciously works to make those links stronger—even if it means taking considerable risks as an organisation. The financial margins in Company C are narrow and yet it abides closely to its philosophical core—to assist its trainees into employment. In this regard, Company C intervenes in the labour market to re-educate potential employees in a way that is very rare. Rather than give up on trainees it is more likely to work on developing them. In the case of these two trainees, had they been directly employed by the host, they would have lost their jobs, lost their traineeships and any hope of securing another.

Constructive impact on the labour market

Company C pays the trainee award wage to its trainees. Hosts in these segments of the labour market are unlikely to pay more than they currently do to take on a trainee when, for example in aged care, for a dollar more an hour they could directly employ a qualified assistant in nursing. Company C is successfully encouraging hosts to be involved in industry training when without the assistance of a good group training organisation it is unlikely they would. Several hosts stated this clearly at interview. They had become more and more convinced that the industry needed more qualified people and the group training organisation enabled them to take part in that process. They

are generally understaffed and overworked. The group training organisation takes on responsibility for the off-the-job training, selects and recruits the trainee, and monitors the trainee throughout the traineeship. They were very frank about their lack of capacity in being able to provide these features on their own.

One of the published objectives of Company C is 'To advance the welfare of the community in general, by assisting in the relief of unemployment' and another is 'To assist in increasing the opportunity for employment with the Health and Community Services industries, for disadvantaged groups and long-term unemployed'. These are not easy to achieve, especially in an environment where resources are tight. However, there is some significant evidence that Company C is active in increasing the exposure of the industry to training and creating employment opportunities for individuals who may otherwise still be unemployed. According to Company C statistics, the annual ongoing employment rate for its trainees is approximately 71.5%. This is a high rate of continuing employment considering the significant difficulties candidates had in securing employment before their completion of a traineeship with Company C.

Impacts and motivations

Nature of philosophy

Company C has a very clear charter. Its vision is:

To be a service organisation that assists the Health and Community Services Industries in their general employment and training needs and develops opportunities for the employment of long-term unemployed, disadvantaged job seekers (Aboriginal, Torres Strait Islanders and non-English speaking background), school leavers and job seekers returning to the work force, in both public and private industries.

To a very large extent this vision is recognisable in the day-to-day operations of the company. Coming out of those visions are objectives that include the provision of high-quality training, 'vigilance in monitoring training outcomes and maintaining the pastoral care element with people employed by the Company' and to 'achieve maximum employment outcomes for new apprentices', all of which were evident on the ground. So much so that when trainees failed to complete traineeships but did secure employment, the company regarded this as a success.

Dimensions of difference

Company C is specifically geared to servicing disadvantaged job seekers. This is clearly enunciated and recognisable in its practices. It does not aim to recruit candidates that are more advantaged. Although achieving profit is an objective, the key aim of the organisation is to sustain itself and provide its service to the industry. It has strong connections with the health and community services industry but is also involved, in a smaller way, with other sectors. Rather than coming to group training with a vocational tradition, the company has worked with a sectoral focus, working towards improving the training standards within that industry. It is doing that in the context of a vast and volatile section of the labour market. Many of the trainees have had little or no experience of any paid employment; but rather than purely matching them to a job for a relatively small wage, Company C is working to up-skill and create career path opportunities at the same time as encouraging and introducing hosts into the training framework.

Assessment

Company C is currently dependent on joint policy funding for its operations. It is hard to envisage the company being able to continue to operate what is an essentially very lean and successful organisation without some external resource assistance. Unlike companies A and B, it is providing assistance to both disadvantaged citizens as well as employers that are struggling to operate in the training system autonomously. The success of Company C in achieving positive outcomes in a hard environment necessitates very careful consideration by policy-makers determining appropriate funding for training and group training organisations. A 'one size fits all' policy that really focused on 'purchasing outcomes' would be detrimental to the future of this particular company.

Appendix 4: Company D case study

Introduction

Company D, Property Services Training, is based primarily in Sydney, New South Wales. It was the smallest of those studied. It had only four employees, three of whom had previously worked for the old Commonwealth Employment Service, and is closely associated with the Industry Training Advisory Board.⁸ Its immediate roots lay in the sector's 'Nettforce' company. Nettforce organisations were established in the mid-1990s as one of the initiatives arising from the Keating Government's Working Nation agenda for labour market reform. These companies were essentially the implementation arm of the Industry Training Advisory Boards. The group training activities of the Nettforce company were of only relatively minor importance until three years ago. The group training function has subsequently grown to become arguably the most important operational activity associated with the Industry Training Advisory Board.

The group training organisation operates at arms length from the Industry Training Advisory Board. While many members of the board also serve as board members of the group training organisation, they operate only in an advisory, as opposed to supervisory, capacity. The group training organisation has received joint policy funding since March 2001. It operates primarily in a large capital city.

Context and possibilities: Who are they servicing?

Company D operates in labour markets involving low-paid workers. An examination of its operations provides insights into how group training arrangements work in a setting with weak occupational traditions concerning labour standards in general and training in particular. Several of the occupations—that is, clerical/administrative workers and protective service officers—are, however, in a state of flux. Within both there are rising levels of occupational formalisation and greater skill requirements expected of workers. In studying its operations, face-to-face interviews were conducted with key group training organisation personnel and with workplace managers, trainers, supervisors and trainees at four sites which hosted trainees. Each of the sites studied revealed both strengths and weaknesses of the group training organisation's operations.

Apprentices and trainees

At the time of interviews Company D had 76 trainees and no apprentices. They came from three distinct feeder groups within the labour market. Arguably, the group with the highest education levels were young women seeking a change from hospitality jobs into, in the words of one young

⁸ There is an industry training advisory board for each industry sector. They usually have one or two full-time employers and are comprised of employer and union representatives. They are funded by Commonwealth and State Governments to provide advice on, and help implement, VET policy. Their primary function today is promoting use of 'industry training packages' which contain, *inter alia*, details of competency standards and guidance as to available training providers. They are expected to get workplaces and enterprises in their areas of coverage to use these packages to guide their training and skill formation activities.

trainee, 'jobs with some kind of future'. Clerical/administrative jobs were regarded as being of this nature. As the same trainee put it: 'everyone should have a basic administrative and computer background ... they are good foundation skills to have.' These workers were generally recruited through advertisements in the press.

The second group were either more mature women seeking a change in the type of work they undertook or single mothers entering work for the first time since having children. They were recruited through a combination of press advertisements and from amongst participants in labour market programs, such as the New Apprenticeship Access Program.

The third group was displaced, unemployed or marginally employed workers from non-English speaking backgrounds. They included Indigenous Australians, as well as Asian, Middle Eastern, southern European and Pacific Island immigrants. They were primarily recruited through the New Apprenticeship Access Program.

All the trainees interviewed indicated they could not afford to study full-time and liked the ability to, in the words of a security trainee, 'work and learn and earn'. Nearly all the trainees interviewed also expressed major concern about their pay rates, which were usually in the range of \$12.60 to \$13.00 per hour, resulting in around \$340 per week after tax. This represented a sizable cut in pay for displaced workers who had previously enjoyed hourly rates of between \$18 and \$25 an hour working as full-time cleaners or, in one case, as a qualified butcher. The ex-hospitality workers also commented on the low pay noting that in their previous jobs they had regularly cleared over \$500 per week. The reduction in pay was often associated with dramatic lifestyle changes. As one clerical/administrative trainee reported: 'I moved home when I took on the traineeship ... because in training you depend on other people.' It is important to note, however, that some mature-aged trainees who had previously been unemployed also reported that they would, in the words of a security trainee, 'like to keep their job for as long as possible ... it's a lot better than the dole'.

Host employers

At the time of interviewing, the group training organisation had nine host employers. Three accounted for the bulk of the placements. The largest was a big security firm that had 40 trainee security guards from this group training organisation alone. The second largest was another security firm that had between 20 and 30 trainees from this group training organisation at any one time. A contract cleaning company had nine mature age trainee cleaners. Six other companies had trainees, including two in clerical/administration and two in theatre operations. They ranged from the Australian Broadcasting Corporation and the Opera House through to smaller property services and real estate organisations.

While all the jobs were low paid, it is important to distinguish between them. Arguably the most stable in terms of hours of work and potential for continuing employment were those offering placements for clerical/administration trainees. These placements were not without their problems. As one of the administrative/clerical trainees bluntly noted: 'the pay sucks'. She and her colleague also noted that trainees had very low status in the workplace. They were expected to perform very routine, 'boring' jobs and were treated in a condescending fashion by several of their co-workers. It was the prospects that were opened up by the traineeship that clearly held these recruits.

The placements offered to security guards differed dramatically. It is important to appreciate that many security guards now work on an 'outsourced' basis. A company wins the contract for security and property services and then supplies the personnel to provide these services. This means the group training organisation trainee is twice removed from the ultimate controller of the workplace. One site that we visited, based at a university, appeared to be one of the more stable workplaces in the industry, with an annual staff turnover rate of less than 1%. The other had a turnover rate considerably higher. Indeed, the training manager reported that in a recent intake of 20 trainees, five had left within two weeks of starting and that this was not unusual. The experiences and reports

from trainees from these two sites differed dramatically. This was especially the case concerning stability and predictability of rosters.

The cleaner traineeships appeared to be the most problematic. The managers who were interviewed reported that they had some problems with the quality of trainees supplied by the group training organisation. This may have arisen because the organisation was still getting to know the clients' needs. This host employer had had at the time only one intake of cleaner trainees. One manager also noted that it may have had something to do with the pay. Trainee cleaners were paid between 25% and 50% less than that paid to many non-trainee cleaners. This insight was shared by many of the cleaners interviewed. They also complained about the quality of the off-the-job training provided by the registered training organisation used by Company D. According to all those interviewed, they learnt their practical cleaning skills from one of their number who was a retrenched cleaner. The official 'trainer' had taught them very little.

The rates of pay for the different traineeships studied are summarised in table 7.

Table 7: Typical pay rate for trainees placed by Company D

Occupation	Standard time hourly rate	Nature of hours and penalty rates
Clerical/administration	About \$12.00	No work out of standard hours
Security guards	Entry level: \$12.86 First increment: \$13.04	About \$15.00 after 6.00 p.m. Saturdays: \$18.92 Sundays: \$25.00
Cleaners	\$12.65	Monday–Friday: 6.00 a.m. – 2.00 p.m. Saturdays: 6.00 a.m. – 5.00 p.m.

Note: This is entry level to the job—it is not a training wage. The group training organisation actively supports arrangements amongst key employers and unions in the industry not to apply the National Training Wages Award to this—a very low wage—industry.

It is important to remember that these rates are not necessarily those that employers pay. Each trainee taken on by an employer comes with a government subsidy. Some host employers, especially in the security industry, have been very tough in their negotiations with the group training organisation to ensure they get their proportion of these benefits. Table 8 at the end of this case study gives an indication of how much an employer can benefit by drawing on government subsidies, especially where they are also the registered training organisation that provides the 'off-the-job' training. The rate paid by an employer to a directly employed trainee is in the range of \$4.53 per hour to \$6.61 per hour.

Capabilities and resources: What roles do they perform?

Structural features

As noted earlier, three of the four full-time staff came from the former Commonwealth Employment Service. This meant it had considerable expertise in matching workers with vacancies, especially in the lower reaches of the labour market. An allied legacy of the Commonwealth Employment Service background was a very distinctive workplace culture. The group training organisation personnel were clearly not instrumental actors in the job market seeking to make a 'quick buck'. They had a social outlook of sympathy and support for disadvantaged job seekers. Because of the group training organisation's close links with an industry training advisory body, all personnel interviewed also had a very good understanding of the nature of VET policies and practices. As such, the group training organisation combined a blend of expertise in labour market operations, a social concern for the disadvantaged and a good understanding of the complex world of VET.

Process features

Mediations

Like all group training organisations, Company D played a critical role in matching potential workers/trainees with actual vacancies. In performing this role they actively screen applicants and vacancies. This was a service that was highly valued by host employers. As one employer of two clerical/administrative trainees noted:

I'd had a couple of goes at recruiting trainees before I turned to [the group training organisation]. On one occasion we advertised in the paper and got 82 applicants for two positions. We processed them as best we could ... we recruited two ... then promptly lost them.

We then sent an email to [the group training organisation] and within a week two very, very good young women turned up. [The group training organisation] worked very well at sorting out applicants. I will not recruit in any other way in the future.

This sentiment was also expressed by the employer taking the largest number of security guard trainees. This employer also had the longest relationship with the group training organisation. Employers with more recent histories reported some teething problems. One of the security companies noted that the initial intake of trainees had included some people who were not well suited for the work, including one who had only recently been the subject of a court order limiting his access to firearms. Subsequent intakes of trainees had improved, and it now appeared that as the group training organisation and the firm got to know each other, the appropriateness of trainees improved. Problems amongst the first intake of cleaning trainees at the property services company were noted earlier and were clearly not solely the fault of the group training organisation.

In addition to the usual mediating role of screening, this group training organisation was also very effective in brokering connections between different parts of the training, social and employment policy systems. For example, in dealing with disadvantaged job seekers and getting them into traineeships the group training organisation regularly has to deal with:

- ✧ the Federal Department of Education, Science and Training
- ✧ New Apprenticeship Access Program brokers
- ✧ New Apprentices Centres
- ✧ Centrelink (concerning questions of income support)
- ✧ registered training organisations.

The workplace managers who were interviewed valued this brokerage role immensely. Few had the time to work with any one part of it, let alone the capacity to make the connections between all these agencies. As one from the real estate industry noted: 'I tried to deal with a New Apprentices Centre myself and it nearly drove me mad ... The best thing about the [group training organisation] is that they are an interface between me and the bureaucracy.'

Support

When asked what benefits the group training organisation provided to them, trainees invariably listed a range of activities that essentially boiled down to providing support to new labour entrants. These included: offering the voice of experience when decisions had to be made about choices concerning placements; assistance with acquiring basic skills on such issues as occupational health and safety; and gaining basic licences to operate in fields such as security services. Field staff were especially valued in helping solve problems in the workplace. As one trainee noted: 'I wasn't getting much actual training on the job, so I raised this with [the field officer]. He followed through quickly with local [host] management and the problem was solved.' This kind of support emerged

from the conduct of regular workplace visits during which trainees were asked about how their placements were progressing and the level and regularity of their pay. In addition, as the official employer, group training organisation staff often helped trainees get through credit checks and clarified their employment status to maximise their chances of getting credit cards. For those workers who had previously worked in small business this kind of support was highly valued. One who had been in small business for about six years prior to her traineeship argued that 'small business people need their own traineeship because it's hard to learn on your own. You learn more here because of the support that's provided.'

The group training organisation provided more than support on just work-related matters. It also provides 'pastoral care' in the broadest sense. For example, one core trainee had a falling out with her family when they discovered she was a lesbian. Staff at Company D provided support and advice on how to handle this crisis and helped smooth the water with her host employer. Another trainee fell foul of the law and ended up receiving a community service order. The group training organisation personnel assisted the trainee throughout the court case. These activities were not strictly necessary, but they were vital in keeping these new labour market entrants attached to jobs.

Unlike a number of other group training organisations, this one does not provide for paid down time. Usually they have enough rostered days on so the problem of down time does not emerge. Moreover, where the problem arises, trainees do not expect to be paid. The security and cleaning industries operate on very low margins. The group training organisation argues that it has to accept this environment and do the best it can. According to the company, the profits are just not there to enable it to carry any numbers of trainees experiencing down time.

Constructive impact on the labour market

Company D is playing an active role in helping with the maintenance of some standards in the low-pay labour market and in assisting with the establishment of others. On the question of wages policy, it has actively supported agreements between employers and unions directed at not introducing (or not applying where relevant) the national training wage award in the cleaning and security industries. Company D personnel were of the view that the minimum standards of pay were already very low. Cutting them further would simply making living standards intolerable for trainees.

The group training organisation was also actively contributing to the formalisation of career structures in the labour markets in which it operated. Historically, many low-skilled jobs have been regarded as very elementary. As one employer noted, an old adage about security was: 'all you needed to work in the industry was a car, a mobile phone and a pulse'. Numerous interviewees report that the nature of security work was, however, changing. One trainer in the industry argued that more is now expected of these workers in terms of 'customer service skills, knowledge of the law, conflict management, [occupational health and safety] OHS, supervision skills and working in a control room environment.' One site level manager argued it was no longer useful to think of these people as 'nightwatchmen, door men or gatekeepers—they now need basic computing skills such as Microsoft word and Excel, an understanding of fire prevention systems and chemical management systems.' He went on to argue that part of the problem here lay with employers. According to him, 'slowly the profile [of security work] is being lifted and those who employ security staff need to move with the times ... its not just a matter of issuing uniforms ... they also need to give workers a sense of purpose.'

Sentiments of a similar nature were expressed by security industry trainees. Their placements were seen as potentially being the beginning of careers that could extend into the police service or correctional services. One trainee was thinking in terms of moving on from her certificate II and III and ultimately on to a Master in Security Management in the United States. She looked forward to taking on increasing challenges and reported that she 'rather liked the admin side—prefer it to the guardian side. I'm a thinker and find admin more challenging.' Another trainee regarded the traineeship as important for people like herself and her children:

I can't afford to send all my kids to uni ... apprenticeships are very important ... lots of jobs require apprenticeships and don't have them ... they open access to new lines of work ... it could be a way of breaking down a divided workforce.

Similar sentiments were expressed by clerical trainees. They found that their traineeship through the group training organisation opened up doors that had previously been closed. They regarded their traineeship as merely the first step on the road to more demanding forms of (and better paid) white collar work.

It needs to be noted, however, that no cleaning trainees felt this way. As one mature age trainee put it: 'I would not advise anyone to be a cleaner ... not an easy job for the money ... sometimes there is too much work.' And another noted: 'This very hard job ... when we go home it a lot of pain ... your work clothes stink ... need to change clothes to go home.' No cleaning trainee saw any prospects for future advancement in the industry. The best they hoped for was a rise in the hourly rate and more hours of work. When asked what was the best part of their job, three of the trainees involved in a group interview agreed: 'having work mates and talking to each other.'

Impacts and motivations

Nature of their philosophy

Company D operated on very thin margins and was an extremely lean operation. There were no slick mission statements. There was, however, a very distinct philosophy informing its operation evident in its practice. One of the key ingredients of this was what could be described as 'a best of the old Commonwealth Employment Service ethos'; that is, a commitment to looking after the most disadvantaged in the labour market, but in a way that was also fair to employers. This was evident in both their pastoral care activities and their screening practices. Several workplace managers commented that Company D was more conscientious than others they dealt with. As one put it, the group training organisation 'works to provide a service of advice and support and safety net and comfort zone' for the trainees. He enjoyed the evolving relationship between his worksite and the group training organisation. Another employer, more hardnosed in outlook, made the following observation when asked what he thought the group training organisation's philosophy was:

they are a business wishing to make money ... they have a strategy to make money. How do they treat trainees? They treat them very well. [The group training organisation] has a very high completion rate. They are smaller than most and provide close support—provide better support—than me who has a lot larger number of direct trainees in [the host company].

Dimension of difference

Position in the labour market

Company D deals with low-paid workers and low-paid jobs. It makes special efforts to draw those currently outside the labour force into paid employment through labour market programs. It has a particular interest in marginalised women and displaced older, non-Anglo workers. As one women security trainee, who had previously only ever seen herself as mother, put it: 'before joining [the group training organisation] I was stuck in a rut and never felt like I wanted to move on ... I'm much happier now ... feel like I'm going somewhere.'

The group training organisation's positioning with respect to vacancies was slightly different. There were two different types of vacancy: those which were entry points to careers, with prospects for advancement, and those which were simply jobs with not even the remotest link to a career path. Trainees and employers were much happier in sites that offered the first type of vacancy. One security workplace in particular was striking in its commitment to giving people a new start in the labour market. This had as much to do with the commitment and compassion of the local

supervisor as it did with anything the group training organisation or the parent organisation did. The supervisor had a very strong sense of decency. As he put it: 'Just because they are not well paid does not mean they do not deserve respect.' He also recognised that often new labour market entrants needed a little guidance in learning to respect both themselves and their colleagues:

A couple of trainees were inclined to be abrupt and seemingly rude. But really what they needed was gentle guidance in small graces—necessary social graces [that help a workplace run smoothly] ... these are only little things but they are really important ... its all part of your working life ... ways of speaking and dress and presentation and ways of doing things ... you're a salesman and need to present well.'

On one reading this could be seen as a condescending employer talking about the need for a docile but polite workforce. It was not meant in this sense. It was meant not in terms of subordinating workers to management will, but rather it meant giving people the capacity to get on with each other—a capacity which several trainees had not acquired prior to this placement.

It is important to note that just because a workplace offers the possibility for advancement does not necessarily mean it offers good on-the-job training. The other workplace offering prospects for advancement operated in the real estate sector. This had a number of staff who only gave trainees mundane work and had little or no time to provide on-the-job training. Evidently it is the nature of both the external and the internal labour market that shapes the quality of a training experience. Location in a wider labour market structure offering some prospects for advancement (for example clerical/administrative work) does not of itself guarantee quality training day to day. More significantly, workplaces which offer little prospect for advancement also seemed to offer little in the way of quality of on-the-job training. Clearly, group training organisations need to engage with both desirable external and internal labour market settings; that is, placements which offer advancement in the long run as well as well-resourced arrangements for on-the-job training day to day. Finding such placement is, however, difficult—especially amongst low-paid vacancies.

Reliance on a 'vocational' tradition

Company D operated in parts of the labour market with very weak vocational traditions. Cleaning, security and clerical jobs have, historically, never been very clearly defined in an occupational sense. Occupational licencing is starting to change this a little amongst security guards. And clearly amongst clerical workers there are implicit career paths, heading up to the position of personal assistants to executives in larger workplaces and organisations. Such structures appear to be limited, if non-existent, for cleaners. Despite the weakness of vocational traditions, a legacy of the 'Commonwealth Employment Service ethos' informing the group training organisation resulted in a practical commitment to nurturing 'good workers' in 'decent jobs'. While it may be hard to get a strong sense of identity with these occupations, it is possible to have a sense of decency, fairness and respect. This was something the group training organisation was actively trying to cultivate alongside assisting with the development of nascent formalised occupational structures where they were emerging.

It is important to note, however, that amongst some enterprises there was a distinct 'anti-vocational' sentiment at work. One employer who was interviewed was openly hostile to trade notions of skills and instead preferred the official 'VET model' of competence. As the training manager of a large security firm put it:

we need to create in the VET system a new understanding of traineeships and get beyond the apprenticeship mindset ... the bureaucratic and education system is built on the apprenticeship model but it's a different game now.

This respondent did not have in mind the nurturing of a new ethos based on the best of the old Commonwealth Employment Service approach either. Clearly the struggle for redefining skills down-market has some way to go before a consensus emerges on what 'skill' means for some of the labour market's most vulnerable and poorly paid workers.

Assessment

This group training organisation is run by dedicated people working in a tough labour market. Unlike several of the organisations studied it had few supports available both in terms of building on vocational tradition or being able to draw on a local sense of community identity. Arguably the greatest ‘cultural’ asset it had was the legacy of the best of the old Commonwealth Employment Service culture—a kind of practical compassion guiding labour market intervention.

It is impossible to make an overall assessment about the operation of this group training organisation without giving considerable weight to the fact that it operates in the labour market for low-paid workers. This imposes major challenges in terms of what needs to be *achieved*; that is, placing disadvantaged job seekers in employment. It also imposes a major limitation on what is *achievable* because of the nature of the vacancies that are filled. This is because many low-paid jobs offer limited prospects for development or advancement.

Company D worked best when it filled vacancies that offered something long term to workers. It was less successful, according to both trainees and employers, where it placed people in jobs that offered limited future prospects. This finding highlights that group training organisation success is not just a matter of institutional design and operation or of creating more jobs. Rather, the key challenge for skills and work in the future is to improve the character of the vacancies available.

This conclusion has major implications for thinking about how the growth of group training should be managed in the future. One of the more perceptive workplace managers interviewed noted the importance of maintaining the quality and not just increasing the quantity of workplace-based training placement delivered through group training in the future. His observations are worth quoting in full, as they give a practical workplace perspective on a complex problem:

Just a couple of matters I thought of following on from our chat yesterday which may or may not be of interest to you.

Firstly, if as has been suggested that the training company concept is growing in popularity it should be ensured that the focus on recruitment is quality and not quantity. All too often we see these new initiatives come into being and once it becomes apparent that there is a sizeable income stream to be generated, the focus changes. In consequence of this the credibility of the concept becomes compromised.

Secondly, of equal importance is the need to ensure that the placement of those on traineeships is done with companies who have a demonstrated commitment to the scheme and who have suitable programmes in place that complement not only the concept of the traineeship but also are able in varying ways to help in the fulfilment of the goals and aspirations of the trainee.

If as we said yesterday that a large proportion of the trainees are taken from the ranks of the long-term unemployed, then they need to be placed with an organisation that continues to not only maintain but boost their self-confidence if successful integration back into the workforce is to be achieved.

These insights highlight that concerns with quality experiences for trainees as well as for employers are not merely the preserve of isolated academics providing ivory tower studies of the labour market. Rather they are also concerns shared by people who have practical responsibilities—like delivering security services on a daily basis.

Table 8: Indicative net costs to employers of trainee security guards

Benefit/cost to employer	Details	Sub-totals
If we assume typical security guard traineeship:		
30 hours per week x \$12.86 per hour	\$385.80 per week	\$12 345.60
8-month traineeship		
Benefits to the employer for taking on the trainee:		
initial placement payment	\$1 375	
progress payment	\$1 375	
completion payment	\$1 675	
Benefits as RTO	\$1 500 approx	
Concessions for workers' compensation and payroll tax	\$2 000 approx	
Total benefits		\$4 345.60
Net cost		\$8 000 approx
Hourly rate is calculated by estimating total hours:		
30 hours x 4 weeks per month x 8 months	960 hours	
=> actual hourly rate		\$4.53 (or \$6.61 if the workers' compensation and payroll tax concessions are not included)

Note: RTO—registered training organisation

Appendix 5: Fieldwork protocols

Protocols: Group training management

Core organisational data

- 1 Year of establishment
- 2 Do you operate another business activity?
- 3 Number of staff, f/time and p/time as at?
- 4 Number of new apprentices as at
- 5 Number of trades apprentices as at
- 6 Number of trainees as at
- 7 What three apprenticeships are most apprentices in as at?
- 8 What three traineeships are most trainees in as at?
- 9 Number of host employers as at
- 10 Size of host employers as at
- 11 Do you have a policy of rotation?
- 12 Which new apprentices are experiencing down time? (ie industries)
- 13 Are new apprentices experiencing more downtime than trades apprentices or trainees?
- 14 What do you do if you can't find a host? (for several days, for several weeks)?
- 15 How do you promote new apprenticeships in the community?
- 16 What screening procedures do you use for new apprentices?
- 17 What are the main reasons for new apprentices not finishing training contracts?
- 18 What are the typical difficulties that new apprentices have with hosts?
- 19 What are the typical difficulties a host has with new apprentices?
- 20 Is there a provision for external counselling?

Protocol

Group training management and field officers

- 1 What are the key features of the labour market in the region—where are the skill shortages, demand versus supply?
- 2 How has this changed in the region over the last 10 years?
- 3 How has the GT responded?
- 4 What impact have training packages, funding support and recognition criteria had on the scheme?
- 5 What is the philosophy of the GT? Has the philosophy changed over time?

- 6 What are the key goals of the GT?
- 7 Are there constraints on achieving those goals? What are they?
- 8 What can be done to remove those constraints?
- 9 What are the key elements in your success? [history, support, staff, size, community, location, industry etc.]
- 10 How do you measure your success?
- 11 Do you think the successes of the scheme transferable into other industries and regions?
- 12 What would you like the GT to look like in five years time?
- 13 What do you think it will look like in five years time?

Host employers

- 1 How long have you used a GT?
- 2 Why did you decide to use the GT?
- 3 What have been the major changes in employment for your organisation in the last ten years? (shortages, stability, numbers etc.)
- 4 How does the GT scheme assist with these issues?
- 5 What are the strengths and weaknesses of using the scheme?
- 6 If there is anything you could change about the scheme what would it be?
- 7 What steps do you take if there are problems?
- 8 Have you been approached by the GT about problems?
- 9 Have you ever used other GTs?
- 10 Do you think you will be using the scheme in five years time?

Apprentices

- 1 Why did you decide to become an apprentice?
- 2 What does the GT do to help?
- 3 What are the positive and negative things about the apprenticeship?
- 4 Have you had problems and what role has the GT played?
- 5 Would you advise friends or relatives do an apprenticeship with the GT?
- 6 If you could change anything about the scheme what would it be?
- 7 What do you see yourself doing in five years time?
- 8 What would you most like to be doing in five years time?



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