Cashing-In or Selling-Out?

Management Strategy in the Implementation of Traineeships in the Retail Industry

Louise Phillipa Ingersoll  BCom(Hons)

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Finally, to my parents, Bob and Phillipa – without your gift of unconditional love, I would never have had the courage to try. xx Bloss.

Dedicated with love to

*Elma Ingersoll*
*(1918-1994)*

*omni vinci amor*
Statement of Authentication

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or part, for a degree at this or any other institution.

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<td>ITAB</td>
<td>Industry Training Advisory Board</td>
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<td>New Apprenticeship Centre</td>
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<td>SDA</td>
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Abstract

Since the mid 1980s, the Australian VET system has experienced significant reforms in terms of policies and regulatory frameworks, resulting in a system characterised by demand-side requirements that seek to cater to the needs of industry and employers. These reforms were instigated by a perceived change in Australia’s international competitiveness and an overall lack of flexibility that hindered productivity and technological advancements. This thesis draws upon research into the changes in VET policy and the implications for management strategy within the retail industry. It discusses the key elements of the contemporary VET system and outlines the nature and introduction of the National Training Package in Retail. Evidence from case study research into three large Australian retail organisations is presented as a means of contrasting employer experiences in the implementation of retail traineeships. The case studies highlight the different ways the same structural system can be adapted and utilised across different organisations with various degrees of success. In analysing the changes in VET policy and the implications for management strategy in the retail industry it is evident that the outcomes of implementing traineeships will be reliant on the strategic choices made by the employers.
Chapter 1 - Introduction

The purpose of this thesis is to analyse the dynamics of management strategy in relation to the implementation of formal traineeships in the retail industry. Within the discipline of employment relations, this is a significant issue as it requires analysis of internal managerial processes in the context of a broader industrial environment. The implementation of formal traineeships provides an appropriate contemporary context for the analysis of management strategy, because recent reforms to the Australian Vocational Education and Training (VET) system have placed greater emphasis on employer and industry demands, strengthening the role and responsibility of management strategy. Rather than discussing management strategy in the context of traineeships generally, the focus of this thesis is on the retail industry, because this industry has been at the core of these reforms due to the unprecedented introduction of formal traineeships, and as the largest employer of Australian labour reflects a worthwhile area of analysis. The analysis will be centred on case study research into three large, national retail organisations that each implemented formal traineeships between 2000 and 2004.

As the owners of capital, employers play a significant role in the study of work and are an essential actor within any employment relationship. In the contemporary environment, the dynamic nature of business in conjunction with the emergence of neo-liberal political ideology has resulted in an increased emphasis on the role of employers and in particular, management strategy. As a theoretical construct, the concept of management strategy is problematic due to the range of sociological disciplines that incorporate it within their fields of study, and the varying perspectives that underpin any analysis. From radical neo-Marxists and critical management theorists to more unitarist human resource management specialists, the possibilities for interpretation are unending and can therefore complicate the capacity to effectively research the role of management within the world of work.

To reconcile this complexity, the broad framework for analysing management strategy developed by Sisson and Marginson (2003:162) will be utilised throughout the thesis. While the authors stem from an industrial relations perspective, their framework recognises a plurality of interests and is focussed on the contextual
application of a range of elements inherent to management strategy. The authors identify three key areas of analysis:

1. **management as a systems actor** – analyse the environmental context, the rules that bind the system and the stakeholders within the system;

2. **management as a strategic actor** – analyse the choices open, the uncertainties of strategy formulation and the capacity to manipulate both internal and external environments; and

3. **management as an agent of capital** – analyse the economic pressures to contain costs and raise efficiency.

This framework will provide the overarching approach to the analysis of management strategy within this thesis and will be justified in more detail as a component of the literature review in Chapter 2.

Within contemporary employment relations debate skill formation is an area of considerable interest. However, neither industrial relations theorists nor organisational theorists have yet fully anticipated or explored the implications of these developments for employment relationships or enterprise governance, (Kochan, 2000). Within the Australian context, evidence indicates that the restructuring of the economy and workforce have highlighted the importance of skill acquisition as a means towards employment and product market competitiveness (Connell and Burgess, 2001). Since the mid 1980s, the Australian VET system has experienced significant reforms in terms of policies and regulatory frameworks, resulting in a system characterised by demand-side requirements that seek to cater to the needs of industry and employers. Changes include the creation of a national qualifications framework and the introduction of the *New Apprenticeship* system in 1998. Due to this fundamental shift in focus from the traditional supply-side approach to skill formation whereby government ensures the labour market is adequately skilled to a demand-side approach that directly responds to industry requirements, the link between management strategy and the vocational education and training system is an important area of analysis.

In analysing management strategy and the issue of skill formation, the retail industry poses as an important and interesting basis for discussion. Under the guise of the *New Apprenticeship* system, the introduction of traineeships within the Australian retail industry has resulted in an unprecedented formalisation of vocational
Chapter 1 - Introduction

education and training policies and practices for retail organisations. Through changes to public policy and legislation, a system of nationally recognised and accredited qualifications is available for retail employees that purports to be flexible, be value adding for capital and labour alike and aims to encourage skill acquisition across this area of the service sector. Beyond this, the large size of the industry, economic importance and tradition of low skill requirements render the retail industry as an important measure of VET effectiveness. Within Australia, the retail industry employs the largest number of employees in the whole economy at 14.7% (ABS, 2002) and makes up over 7% of Australia’s GDP (ARA, 2003). As the largest employer of Australian labour, retail establishes itself as a worthwhile area of VET analysis.

The key objective of this thesis is to explore the relationship between management strategy and the introduction of traineeships within the retail industry. The central questions this thesis explores relate to the what and why of management strategy and retail traineeships: what is the relationship between organisational strategy and VET implementation?; what choices exist for firms seeking to implement VET?; what role do stakeholders play in the determination of management strategy?; what economic benefit can be gained from engaging in skill formation?; why do organisations participate in VET at all?

In order to answer these questions, the research presented within this thesis will build on an existing body of knowledge by introducing a practical dimension that will explore the impact of VET on key organisations in the retail industry. In view of the recency of the changes to VET in Australia, the current body of knowledge is predominantly theoretical with limited empiricism. In keeping with the exploratory nature of the thesis, the research strategy employs a multiple-case study analysis of three large, national retail organisations.

Overview
Over the last twenty years, the Australian VET system has experienced significant reforms in terms of policies and regulatory frameworks, resulting in a system characterised by complexity and instability. These reforms were instigated by a perceived change in Australia’s international competitiveness and an overall lack of flexibility that hindered productivity and technological advancements. The underlying ethos is that new technology and organisational structures, and
increased competition, require a more skilled workforce (Selby Smith, 2002:23). The major forces for change as identified by the Australian National Training Authority (ANTA) (1998:1) include:

- The growth in global markets accompanied by intensified international competition and the lowering of tariffs in Australia
- The emergence of service and knowledge-based industries as important sources of employment
- Changes in the geographical and regional distribution of employment opportunities
- The impact of new information and communication technologies on the community in general, and on Australian enterprises in particular
- The growth in small business and changes in working arrangements such as increasing part time and casual employment, and the use of outsourcing arrangements and labour hire firms
- Changes in the ways in which work is organised within enterprises such as the use of flatter business structures and an emphasis on teamwork and multi-skilling
- Demographic changes such as the ageing of the population, the ethnic diversity of the population and the feminisation of the labour force
- Social changes such as those brought on by changes in family structures, lifestyles, sources of income and personal aspirations
- Community expectations that all Australians should have opportunities to access education and training
- The continuing need to reduce the level of unemployment
- Increasingly sophisticated consumer expectations about the range and quality of products and services
- Changes in the roles of governments, away from direct service provision to the purchasing of services, with an increased focus on competitive processes and purchasing outputs

As a point of interest, Pickersgill (2001:129) suggests that the final point identified by ANTA is in fact a statement of preferred policy position rather than a definite outcome of globalisation. Even so, it is obvious that Australia has experienced a great deal of social and economic change that has had an enormous impact on how
the VET system needs to operate and adapt to the demands of not only organisations but all stakeholders within the system.

As these changes were taking place, attention turned to the VET sector as a means of addressing globalisation and the technological revolution. Traditionally, VET was viewed as a system of apprenticeships, designed to impart the craft skills needed in industrial labour markets (Gardner & Palmer, 1997:436). Apprenticeships are methods of employment that combine on-the-job training and formal off-the-job training and “involves a set of reciprocal rights and duties between an employer and a trainee” (Gospel, 1994:506). Under the traditional system, the sole providers of the formally taught component of the training were colleges of Technical and Further Education (TAFE). The apprenticeship system barely changed from the turn of the century to the early 1980’s and only catered to a narrow section of the labour market, which was seen as inadequate considering the changing context of work. Criticisms of the traditional system at the time give an indication of the direction reforms since that time have undertaken. Smith (1998:21) has summarised the dominant criticisms as follows:

- VET arrangements for emerging industries were inadequate;
- TAFE was not flexible enough to meet industry’s needs;
- Qualifications were frequently not portable across state boundaries
- There were not enough linkages between education providers;
- Apprenticeship training was old-fashioned and too dependent on time served rather than skills gained;
- Training which took place within companies was not recognised elsewhere
- Training was not always equally accessible to people from minority or equity groups e.g. women, Aboriginal people and people from non-English speaking backgrounds (NESB).

Apart from the social, technological and economic forces at work, the role of the political environment has arguably had the most significant impact on the transformation of VET in Australia. Throughout the 1980s and 1990s, skill, education and training policy settings were restructured and ‘modernised’ in a series of waves that reflected the trajectory of broader political changes (Buchanan, Watson and Briggs, 2004:192). As the contemporary VET system reflects these
changes, it is important to briefly consider the path of VET transformation over this period to enable a better understanding of the broader political context surrounding VET in Australia.

In 1983, the election of the Hawke Labor Government resulted in the creation of the Prices and Incomes ‘Accords’ between the Australian Council of Trade Unions (ACTU) and the federal Government to co-determine a range of economic and social policies. Initially, the issue of skill formation played a ‘secondary role’ (Ewer et al., 1991:10) to the seemingly more important issues of wages and industry restructuring. However, during the mid-1980s, the pivotal Australian Manufacturing Workers’ Union (AMWU) focused on skill formation and workplace restructuring as a new point of intervention to regenerate manufacturing, politicise workers and open up access to career paths for disadvantaged labour market groups (Buchanan et al., 2004:193). The award system was the central workplace training regulatory mechanism (Hampson, 2004: 74), and in conjunction with the ACTU, the AMWU developed a blueprint for award-restructuring that underpinned this ‘productivist strategy’ (Buchanan et al., 2004:193).

Award restructuring was the catalyst for reforms to the training system as the ACTU extended the model of redesigning awards to facilitate skill-based career paths, multi-skilling and labour flexibility to other industries. John Dawkins, the Federal Minister for Education and Training, released a series of reports (1987, 1988, 1989) that culminated in the formation of the National Training Reform Agenda (NTRA). The NTRA aimed to establish a national training market, implement a system of competency based training, and establish a national framework for accreditation and a unified entry level training system (Pickersgill, 2001:130).

Fundamentally, the NTRA consisted of a series of decisions on training reform taken by the Commonwealth, state and territory governments from the mid-1980s to the early 1990’s (Smith, A., 1998:21), however it also represented a shift in policy direction away from the supply perspective to one of demand. Smith, M and Ewer (1995), describe the NTRA as an attempt to maintain nationally consistent outcomes within a training system otherwise characterised by education markets. They note that assumptions exist regarding the nature of training markets in that learning can be traded as a commodity, the supply and price of which can be determined by patterns of demand. Important elements of the NTRA included the establishment of the Australian National Training Authority (ANTA) to coordinate national training
arrangements, the creation of the Australian Standards Framework (ASF) to classify new competency-based skill standards, and the introduction of the Training Guarantee Levy that required firms over a certain size ($200,000 payroll) to allocate 1% of their payroll to certified training that met national standards. Despite these developments the NTRA faced a number of significant challenges arising from the political, industrial and economic environment in which it operated.

By the early 1990s, the pace and nature of economic change along with the change in leadership of the Labor Government (from Hawke to Keating in 1992) combined with growing employer pressure to decentralise the traditional industrial relations system. Hampson (2004:79) argues that this process of decentralisation was in conflict with the centralisation of the embryonic national training system. In 1994, ANTA commissioned the Allen Consulting Group to review the NTRA and the resulting report was ‘scathing’ (Hampson, 2004:80) of the system. Criticisms included that the bureaucratic nature of the system was impeding application, that the objectives were unclear, that business felt a lack of ownership and that the biggest impediment to employers spending on training was wage inflexibility (Allen Consulting Group, 1994:35-37). The key recommendation of the report was that the system needed to become an industry-led system based on the principle of a training market:

Australian policy should develop a training market around direct client relationships between training providers on one hand, and enterprises and individuals on the other – and in which skills held by individuals are publicly recognised and portable to the maximum extent possible (Allen Consulting Group, 1994:iii)

Following employer pressure, the Training Guarantee Levy was abandoned in 1995 (DEETYA, 1996). More importantly, in 1996, the ALP Government lost power enabling the new Liberal Government under John Howard to pursue the path of training liberalisation. With the end of the Accord, the role for unions in training policy was restricted and the new emphasis on an employer-based system emerged:

The ‘left productivist’ focus on skill as the pivot for progressive change floundered amidst the broader influence of neo-liberals upon economic and social policy-making: neo-liberalism ultimately wrested control over skills and training policy, sweeping aside award restructuring and the NTRA in favour of a state-engineered ‘training market’ (Buchanan et al, 2004:193).
Indeed, Pickersgill (2001: 130) argues that the most important shift from a policy perspective has been the shift in the allocation of public resources from the supply to the demand side in VET. Other changes include the creation of a national qualifications framework and the introduction of the New Apprenticeship system in 1998. Chapter 4 contains a full explanation of the contemporary system including all of the stakeholders and regulatory structures in place.

In itself, the notion of ‘skill’ is quite elusive and difficult to define (Lafer, 2004:118). Buchanan et al (2004:188) suggest that the three major components of skill include:

- **Technical**, related to the exercise of labour power, and determined by equipment and productive methods;
- **Behavioural**, related to the subordination aspects of employment relationships, and reflecting the personal qualities of the worker to deal with interpersonal relationships in dependent and subordinated labour; and
- **Cognitive**, related to the level and kind of general education and training undertaken by a population to help it understand and act in the world.

It is important to recognise that as skill is a ‘socially constructed phenomenon’ (Grugulis, Warhurst and Keep, 2004:13), the recognition and role of a particular skill in a workplace setting will depend on the context of the environment in which it is required. Because of this, the determination of what constitutes a skill is both a ‘subjective and an objective phenomenon’ (p. 14) and is strongly related to the expectations and needs of employers. Lafer (2004:118) argues that in this case, skill means nothing more than ‘whatever employers want’. This perspective has strong connotations for the operation of a ‘training market’ that is driven by the demands of employers. With the growing emphasis on behaviours and attitudes of workers, ‘soft skills’ (p. 116) have emerged as the central focus of education and training systems. Arguably, the responsibility for creating or reinforcing desired workplace behaviours has shifted away from the realm of management and onto education and training systems (Grugulis et al, 2004:12) replacing the traditional emphasis on ‘hard’ technical skills and manual dexterity.

If then skill is dictated by ‘what employers want’ and the nature of skill required is dependent on the behaviours and attitudes of workers, it difficult to ascertain how a national VET system designed to operate at the macro level, serves these essentially micro needs. This poses a significant dilemma:
Achievement of what is coming to be defined as the main collective goal of economic policy depends increasingly on actions by private actors who have no necessary incentive to achieve that goal (Crouch, 1997:370).

This dilemma is exacerbated by the realisation that for employers, ‘skills are often a third-order issue’ (Keep and Mayhew, 1999:12) behind first-order issues such as choice of product market and competitive strategy and second-order issues relating to work organisation and job design (Rainbird, Munro and Holly, 2004:91). Therefore, with a VET system designed around employer demand it is important to explore the relationship between management strategy and the issue of skill within an organisational setting.

As a key component of the reforms made to the Australian VET system, New Apprenticeships will form the basis for analysis throughout this thesis. New Apprenticeships can be defined as:

An umbrella term for the new national apprenticeship and traineeship arrangements which came into effect on 1 January 1998. The main characteristics of New Apprenticeships include a contract of training between employer and apprentice or trainee, public funding and support for employers, choice of training provider, a wider range of occupations and industries than previously, competency-based training using national training packages, apprenticeships in schools, and a continued role for group training companies. (Knight & Nestor, 2000:28).

In the Australian context, organisations can participate in the system in a variety of ways under the principle of User Choice. The purpose of User Choice is to make VET more responsive to the needs of industry and employers (ANTA, 2004:12). Options include, employing graduates of courses run by providers of VET; acting as purchasers of training from VET providers; direct interaction by themselves becoming registered providers of VET courses that fit into the national training system; and finally through the use of training processes or products such as competency-based training or national modules (Smith, 1998:17). Subsequently, any changes that are made to the VET system will have a direct impact on the strategic choices available to organisations. Therefore, a review of the contemporary Australian VET system must be undertaken so that an analysis of management strategy and skill formation can take place.

Since the introduction of the New Apprenticeship system the options and choices available to employers have grown considerably in terms of the implementation of formal training arrangements as a result of User Choice. Recently though,
questions have been raised regarding the effectiveness of the new system in terms of quality of skill formation generated, applicability across all industries and the appropriateness of funding arrangements provided for organisations undertaking VET:

The most recent reforms have sought to make entry-level training more flexible so that firms can create training and apprenticeship programs that are more closely tailored to their specific needs. Unfortunately, these efforts have not been wholly successful. While the provision of new forms of entry-level vocational training has expanded, the quality of much of this training remains poor, completion rates remain low and the success of efforts to raise skill levels remains questionable (Schofield 2000; Senate Employment, Workplace Relations, Small Business and Education References Committee 2000). (Cooney, 2003: 60).

Beyond a purely organisational focus, the research also intends to assess the implications that the findings have on the operation of the broader VET system. While it is acknowledged that case study methodology can be limited in its capacity to generalise beyond the confines of the case perimeters, by utilising a multiple-case approach, the capacity to arrive at some general observations will be heightened. Specifically, the research will focus on the relationship between management strategy and the VET system and will attempt to address the following criticism offered by Hampson (2004:87):

Australia demonstrates the disarray in training policy that occurs when training reform is undertaken by a weakened state, along economic liberal lines, in the face of determined opposition from powerful employer groups, influenced by notions of ‘strategic training’. Here, the tendency is for training policy to reflect short-term employer concerns and political expediency, with deleterious consequences – ultimately, the loss of collective public capacity to shape training, the reduction of the latter to mere employment policy, and training’s further degradation to subsidised labour for unscrupulous employers and opportunistic trainers.

In a broad sense, the current VET system has been redesigned to meet the needs of employers and industry, rather than the needs of individuals within the labour market or to meet the needs of the broader societal expectations for skill. Critics suggest that this shift is of detriment to the labour market and exposes the VET system to exploitation by these ‘unscrupulous employers and opportunistic trainers’ (ibid. p87). This thesis will consider these views in the context of the analysis of management strategy and the implementation of traineeships in the retail industry.
Thesis Structure
The research presented in this thesis has been organised into the following chapters:

Chapter 2 – Literature Review
The purpose of this chapter is to identify and analyse theoretical developments in relation to the concept of management strategy as it relates to the contemporary world of work. Utilising an employment relations perspective, the discussion analyses the contributions of both human resource management and industrial relations scholars to demonstrate the complexities inherent to the study of labour management. Beyond this, the chapter narrows the scope of analysis to the area of skill formation and training within organisations on the basis that these areas are of increasing importance to corporate performance and the broader labour market. It will be argued that the decision to train within organisations is reliant on a range of factors associated with organisational strategy, the context of the firm, the purpose of training, the broader environment and the relationship with relevant stakeholders.

In attempting to analyse management strategy it is necessary to narrow the scope of discussion to the study of a particular industry for the purpose of contextual comparison. This chapter considers the characteristics of the retail industry, the development of the National Retail Training Package and the implementation of retail traineeships. This discussion enables an interpretation of the nature of retail employment and an understanding of the issues facing skill formation and training within the retail industry.

Chapter 3 – Methodology
This chapter outlines the research questions derived from the analysis of secondary sources, and discusses the methodological approach taken in regards to primary research undertaken for the purpose of this thesis. To allow for an in-depth analysis of the issues involved in labour management strategy, the case study method has been chosen and will be discussed in more detail throughout this chapter, along with the components of research design and data collection.

Chapter 4 – The Australian Vocational Education and Training (VET) System
When looking at skill formation and development it is necessary to examine the vocational education and training (VET) system that that acts as the framework under which organisations operate. The purpose of this chapter is to explain the
contemporary VET system and to consider the role of stakeholders within the system. As the focus of the thesis is on management strategy, particular attention will be paid to the role for employers within VET.

Chapter 5 – Case 1, DeptCo; Chapter 6 – Case 2, RetailCo; and Chapter 7 – Case 3, CoffeeCo

These chapters offer primary research on three separate organisational case studies as a means of demonstrating the range of choices available to employers who seek to utilise the VET system. The organisations used for analysis in this context have been chosen specifically in regards to their experiences with the implementation of retail traineeships and due to the accessibility of information. All three enterprises are large, national retailers though they operate in slightly different contexts. DeptCo is a major department store that operates as a subsidiary of a larger parent company, RetailCo is a large supermarket operation and CoffeeCo is a franchised retailer of coffee related products. As major employers within the retail industry, DeptCo, RetailCo and CoffeeCo are important stakeholders and an analysis of their policies and practices in relation to traineeships could offer insights as to the true relationship between theory and practice.

Chapter 8 – Research Analysis

This chapter seeks to analyse the findings presented in Chapters 5, 6 and 7, in the context of the research objectives and in comparison with evidence ascertained through the process of secondary research. The case studies presented, highlight the different ways the same structural system can be adapted and utilised across different organisations with various degrees of success. In analysing the changes in VET policy and the implications for organisational strategy in the retail industry, it will be argued that the outcomes of implementing traineeships are reliant on the strategic choices made by the employers.

Chapter 9 - Conclusion

This chapter finalises the discussion and analysis of Chapter 8 by concluding the final arguments of the thesis. A description of the outcomes of the study is presented, together with a discussion of the limitations of the study and the potential for future research.
Summary
This thesis seeks to analyse the contemporary VET system, in particular the introduction of the New Apprenticeship system within the retail industry. As a key component of the system is the demand-side requirements of industry, the experiences of three separate employers will be considered in terms of their decision to utilise retail traineeships, the process of implementation and the outcomes experienced by the organisations to date.

Within the field of employment relations, it is necessary to consider the dynamics of management strategy when analysing employer activity. The following chapter discusses the complexities of analysing management strategy, particularly the management of labour, and attempts to provide a framework for this analysis. The issue of skill and the nature of training within organisations will be highlighted as an important area of contemporary employment relations debate and the discussion will establish the parameters for analysing this component of labour management.
Chapter 2 – Literature Review

Introduction
The purpose of this chapter is to identify and analyse theoretical developments in relation to the concept of management strategy as it relates to the contemporary world of work. The concept of strategy is used in a multitude of disciplines and for a wide variety of purposes resulting in divergent definitions and applications. This chapter begins by analysing the issue of the management of labour from a human resource management perspective. It draws on the work of notable HR scholars such as Beer et al (1984), Fombrun et al (1984), Guest (1991), Storey (1995) and Boxall and Purcell (2003) inter alia, in an attempt to identify the key analytical elements when researching management employment strategy. Beyond this, in acknowledgement of the employment relations approach to this study, the chapter then considers the contributions of those who are embedded in the discipline of industrial relations, including Kochan et al (1986), Gospel (1992), Wright (1995), Buchanan (2001) and Sisson and Marginson (2003). An attempt is then made to arrive at a central approach to analysing the management of labour.

However, labour management in itself is regarded as a very broad topic covering many aspects of the employment relationship. For a thesis of this size it is necessary to narrow the scope of analysis to ensure that an area of labour management can be analysed in an in-depth manner, making the research more valuable. One area of interest evident from literature that requires further research is that of skill and training and development. Kitay and Lansbury (1997) highlight this as an important element of employment relations that requires exploration, considering the global emphasis on technological innovation and international competitiveness. It will be argued that skill formation and training is an important area of employment relations that has become increasingly relevant to management strategy and decision-making within organisations.

The chapter then discusses the retail industry and examines the important elements significant to retail employment that underpin any study placed within the context of this industry. The relationship between retail employment and new apprenticeship participation is explored with the emphasis on skill formation issues within this industry identified in the literature. Finally, a review of relevant studies is conducted that seeks to highlight key findings from previous research within this topic area.
The Human Resource Management Perspective on Management Strategy
A key consideration in the analysis of the management of labour needs to be the nature and issues inherent to the discipline of human resource management. As a discipline, HRM is concerned with the processes and practices regarding the management of labour within a firm. This includes the various functions and systems of labour management (including recruitment, selection, training, performance management) and the administration of these functions. Beyond a fairly pragmatic and procedural basis, HRM is also concerned with the decision-making process and the integration of HR systems at the corporate and strategic level. Over the last twenty years or so, many researchers have analysed the nature of HRM and their contributions to the analysis of management strategy requires exploration.

In terms of the development of HRM, the recognised starting point is arguably the creation of the Harvard Framework by Beer et al. (1984). This landmark approach to the analysis of HRM focused on two key underpinning elements. Firstly, managers are responsible for making decisions in terms of four major policy areas: employee influence; human resource flow; reward systems; and work systems. Secondly, and perhaps more importantly, was the idea that the outcomes of decisions made regarding these policy areas would greatly influence the interests and situations of a range of key stakeholders (such as shareholders, managers, employees, unions) (Kramar, McGraw & Schuler, 1997:56; Deery, Plowman, Walsh and Brown, 2001:33). This approach then views it as the responsibility of management to make decisions about the relationship between the organisation and its employees such as to maximise the organisational outcomes for these stakeholders. Mabey, Salaman and Storey (1998:61) have criticised this approach as being overly unitaristic in nature and that it undermines workforce organisation or collectivist values, seeing them as outcomes of management choices about the key levers affecting workforce-organisation relations. Even so, the importance of the Harvard view is still paramount today as the necessity for analysing the relationships between stakeholders in organisations is arguably a fundamental aspect of researching the world of work and of particular significance to the employment relations model.

In contrast to the Harvard perspective, a competing group of researchers known as the Michigan group were also seeking to develop an understanding the nature of
HRM. Fombrun, Tichy & Devanna (1984) developed specific details on the relationship between strategy, structure and human resource policies. They argued that strategic HRM systems were best designed to support the implementation of corporate strategy and that the “critical management task is to align the formal structure and the HR systems so that they drive the strategic objective of the organisation” (Fombrun et al, 1984:37). Whereas the Harvard group focused on the relationship between stakeholders, the environment and the decision-making process of management, this Michigan perspective considered the structures within an organisation and the capacity for HRM systems to be congruent with overall business objectives. Leece (2003:143) comments on the notion that while Fombrun et al are not generally perceived as being pluralistic, they did recognise the role of the external environment and acknowledged the capacity for big business, labour and government to shape the future. These early models demonstrate that the study of HRM has been grounded in managerialism and the internal decision-making processes within organisations in relation to labour management, however the field is not ignorant or neglectful of the external environment and the role of other actors when analysing the management of labour.

Beyond these early interpretations of HRM, many other notable authors have made significant contributions to the development of the discipline and it is through an analysis of their work that an overview of HRM can be attained. An important component of this analysis is to recognise that the early models did establish the important link between HR policy and practice and the overall performance of the organisation. This linkage is highly significant as it requires close attention to the ways in which HRM influences organisational effectiveness. As a result, the issue of goal-setting in HRM is a key concern for many contributors to the field. However, as Boxall and Purcell (2003:6) note, it has never been easy to define the goals of labour management in a firm. Schuler and Jackson (1987) suggest that through understanding the overriding business strategy of an organisation, the nature of HRM should reflect this corporate purpose. They identified three discrete business strategies that firms might follow: innovation, quality enhancement or cost reduction and argued that depending on the approach chosen, HR decision-making should be aligned with the goals of the firm. Like Schuler and Jackson (1987), Guest (1991) argues that HRM policies need to be aligned with broad business goals to provide the organisation with a competitive advantage through the use of its human resources.
In accordance with both Schuler and Jackson (1987) and Guest (1991), Storey (1995) considers strategic importance of HRM and considers the integration of HRM and corporate decision-making as imperative to organisational viability. The third element relates to the managerial responsibility of HRM, and the necessity for HRM to be utilised by all managers within an organisation and not limited to those with specialised staff authority:

HRM is too important to be left to operational personnel specialists. Line managers are seen as crucial to the effective delivery of HRM policies: conducting team briefings, holding performance appraisal interviews, target setting, encouraging quality circles, managing performance-related pay and so on. (Storey, 1995:7).

However, this expectation of shared managerial responsibility for HRM is not without its problems. The devolution of HRM to the line management level within organisations is a contemporary phenomena that has received significant attention within the discipline (Hall & Torrington, 1998; Ulrich, 1998; Currie & Proctor, 2001). Recent research conducted on the nature of organisational experiences regarding this devolution clearly indicates that if the HR function and line managers are to work in partnership to achieve organisational performance, the former has to be staffed with a minimum number of experienced specialists (Whittaker & Marchington, 2003:259) who have the authority to assist with the range of HR functions (Renwick, 2003:274).

When analysing the management of labour, scholars of HRM advocate the importance of strategic integration between policies that affect employees and the general business strategies of the organisation. This integration is perceived to be crucial for organisations seeking a successful utilisation of labour resources. Significantly, the idea that labour can be perceived as either a cost or an asset to an organisation is fundamental to any analysis of labour management. Boxall and Purcell (2003:8) suggest that the concept of labour productivity (cost-effectiveness) should be a key goal of any organisation:

In ‘macro’ or strategic HRM, cost effectiveness becomes a criterion for the overall system of HRM in the firm. Is the overall combination of HR philosophy, processes policies, programmes and practices creating the human performance desired and is it doing so at a reasonable cost?

Boxall and Purcell (2003:10) note however that labour productivity is aimed for in a given context, such as a particular market or technological environment. Therefore,
as environments change, a key goal in HRM is that of organisational flexibility. In
the short-term, organisations need to deal with fluctuations in labour demand and
numerical and functional flexibility. In the longer-term organisations require a
degree of agility to cope with long-run changes in products, markets and
technologies. How organisations manage to balance these often competing
interests is of interest to any analysis of HRM.

The final goal domain that Boxall and Purcell (2003:11) discuss is the area of social
legitimacy. They argue that while productivity and flexibility goals are necessary for
profitability and economic survival, they alone are not enough. Organisations are
increasingly being viewed in the context of the society in which they operate.
Waddock (2002:5), notes that as citizens within society businesses must pay
attention to operating policies and practices, to outcomes and implications of
corporate activities, and develop a “living” set of policies, practices and programs
that help a company achieve its vision and values. Recent evidence from the US
indicates that within the new marketplace profits can best be maximised by
embracing, rather than forswearing, social concerns (Daviss, 1999; Stankevich,
2001). This idea of social legitimacy or “corporate citizenship” (Boxall, 1999) is
fundamental to any analysis of contemporary management strategy.

Clearly then, analysing labour management from a human resource management
perspective is particularly complicated and multi-faceted. Over the last twenty
years, many scholars have attempted to identify the fundamental elements inherent
to the discipline. The prescriptive nature of HRM has resulted in many attempts to
determine the ‘right way’ or ‘best’ approach to understanding the discipline. Even
so, it is still possible to locate consistencies and similarities across the various
contributions. The importance of analysing stakeholders, the role of internal and
external environments, the relevance of goal-setting and the strategic integration of
labour management with business performance are all key aspects to any analysis
of human resource management. These issues will now be considered in
comparison to the industrial relations perspective of labour management.

The Industrial Relations Perspective on Management Strategy
In terms of industrial relations, the traditional focus of strategy has been at the
macro-level with priority given to institutions other than individual enterprises and
that management is reactive to these institutions. As an area of industrial relations
research, management strategy has been under-represented in the contemporary
literature. Traditional emphasis on union activity and institutionalised mechanisms for conflict resolution and wage determination continue to dominate debates within the field, resulting in a lack of discussion regarding the management of labour. Even so, there have been some notable contributions to the area of management strategy within the IR discipline. Kochan, Katz and McKersie’s (1986) strategic choice model is used as a basis for analysis, while the work of Gospel (1992), Wright (1995), Buchanan (2001) and Sisson and Marginson (2003) are also considered as significant contributions to the understanding of the determinants of management strategy.

Kochan et al (1986) believe that a more realistic model of industrial relations should recognise the active role played by management in shaping industrial relations. Their research demonstrates that a complex interaction occurs between a demanding competitive environment and the shaping of key business decisions, and that most significantly, this interaction produces options and diversity in industrial relations. This strategic choice model forms the basis for most industrial relations typologies of management strategy as it avoids determinism while maintaining a pluralist perspective.

Apart from the strategic choice model, other theorists have attempted to arrive at frameworks that can be used for the purpose of analysing strategy and the management of labour. Gospel (1992), puts forward a clear framework for this exact purpose, by breaking down labour management into workplace relations, employment relations and industrial relations. Following on from this, it is proposed that when analysing management strategy in these areas, researchers need to consider five key factors: the nature of markets; the structure of the firm; the nature of managerial hierarchy; production technology and the division of labour; and finally, the choices available to management. Importantly, Gospel adds to our understanding of management strategy by highlighting a fundamental area of choice. That is, whether the employer sees labour primarily as a cost to be minimised or a resource to be developed is of considerable importance as it shapes their attitudes and practices (1992:2). Hyman (1987:35), adds complexity to the concept of choice by arguing that management has a contradictory role as a co-ordinator of productive operations while simultaneously being a vehicle for discipline and control. It also needs to be considered that the management of any capitalist enterprise has certain functional imperatives that it must satisfy if the enterprise is to realise profits, accumulate capital and therefore survive (Bray, 1986:145).
Within the Australian context, recent research on management strategy has increased the complexity of this as an area of analysis. Using Gospel's (1992) framework, Wright (1995), approached the issue from a political economy perspective and discovered that changes in employers’ approaches to labour management have occurred in a varied manner over the last century. Significant influencing factors include differences in the strength and militancy of organised labour at the workplace level, differences in employer attitudes and ideology and finally, differences in high-trust and low-trust strategies implemented by organisations. The emphasis of Wright’s work is that when analysing the management of labour, it is necessary to look at the internal dynamics of the organisation in conjunction with the external operating environment of the firm.

The basic premise is that while Australian employers have sought to maximise their control over labour cost and application and make such intangibles more predictable and orderly, such a control imperative has from time to time been thrown off-balance by changes in the broader environment of the firm. These have included both economic and market pressures as well as political and institutional factors. (Wright, 1995:6).

This political economy perspective enables a broad analytical framework when examining labour management strategies. Organisations do not operate within a vacuum, and it is imperative that their actions and choices are considered in relation to the nature of the industry they exist within and the regulatory system that governs their behaviour.

To reconcile this complexity, the broad framework for analysing management strategy developed by Sisson and Marginson (2003:162) will be utilised throughout the thesis. While the authors stem from an industrial relations perspective, their framework recognises a plurality of interests and is focussed on the contextual application of a range of elements inherent to management strategy. The authors identify three key areas of analysis:

1. **management as a systems actor** – analyse the environmental context, the rules that bind the system and the stakeholders within the system;
2. **management as a strategic actor** – analyse the choices open, the uncertainties of strategy formulation and the capacity to manipulate both internal and external environments; and
3. **management as an agent of capital** – analyse the economic pressures to contain costs and raise efficiency.

Expanding on this perspective, Sisson and Marginson (2003:176) argue that management practice differs in predictable ways according to several key variables. They note the importance of the *sector* in which a firm operates as a key determinant of organisational behaviour. Within a given sector, they suggest that workplaces are often constrained by various structural boundaries provided by markets, technology and labour. Also, they suggest that sectoral norms of industrial relations are often developed and that organisations within a sector utilise shared information sources. Understanding the sector or industry in which a firm operates is an important component of analysing labour management.

The second variable that Sisson and Marginson highlight is that of *occupation*. They argue that traditional differences between ‘blue-collar’ and ‘white-collar’ workers has been redrawn to the consideration of ‘managers’ and ‘the managed’. This is particularly significant in service sector work whereby these traditional differences are often blurred. The third variable is that of the *size* of the workplace:

> Size is important in management industrial relations practice because, other things being equal, the larger the organization, the more complex the management task. (Sisson and Marginson, 2003:179).

They suggest that the size of a workplace is positively related to a wide range of IR phenomena, including the necessity for specialised HRM, membership of an employer association, trade union recognition and the use of a wide range of involvement and participation methods.

The next variable for consideration is that of organisational *ownership*. Sisson and Marginson (2003:179) argue that management decision-making is strongly influenced by whether the organisation is privately owned or publicly owned, and if privately owned whether the firm is domestically or foreign owned. Fundamentally, this issue is significant as it deals with the aspect of the purpose of the organisation. If publicly owned then the organisation will most likely not exist for an underlying profit motive but rather exist to serve the society it operates within and set an example as a ‘good’ or ‘model’ employer. Alternatively, if privately owned the organisation will be driven by the goal of profitability, and will need to answer to the owners or shareholders of the firm. The nature of private ownership opens up a
range of issues regarding the influence of values, norms and cultural variances in terms of business practices across nationalities.

The final variable relates to the strategies, structures and styles of management practice. This particularly broad category covers three main areas of differentiation that have important implications for people management (Sisson and Marginson, 2003:180):

- Diversification concerns whether companies are involved in related activities, and the associated degree of integration between different activities;
- Divisionalisation relates to internal structure, which can be primarily territorial or business-based; and
- Strategic style concerns the level at which strategic business decisions are taken, the role of corporate headquarters in business development and the degree to which it stresses ‘numbers-driven’ rather than ‘issue-driven’ planning.

It is argued that these three areas of differentiation, particularly in large organisations, generate differences in the extent to which companies are centralised or decentralised in their overall approach, with consequent implications for their IR policies.

The complexities associated with determining an ideal typology for analysing managerial strategy has been identified within the field. O' Donnell (1995), notes that typologies tend to either underplay the diversity of management attempts to control labour or are inadequate when taken out of their original context. O’ Donnell resolves this by utilising an amalgam of frameworks with Gospel’s (1983) work as the foundation for interpretation. Buchanan (2001) on the other hand, does not select one typology as the basis for analysis but rather has reviewed the literature and identifies recurring conceptual problems. Such problems include the way in which terms are defined, for example, labour and employees are not interchangeable terms, and management and employers should be treated as possibly the same but often different actors. Also, Buchanan criticises recent research for confronting causation before defining the problem empirically and for focusing on sometimes limited and excessively abstract categories.
While these elements assist in the analysis of labour management by highlighting areas of significance, in itself it does not provide a neat conceptual framework. Until Buchanan or any other contemporary theorist comprises an academically sound and formally justified approach to analysing labour management strategy, the work of Kochan et al (1986), Gospel (1992), Wright (1995) and Buchanan (2001) must be utilised in conjunction with the human resource management perspectives.

**Analysing Management Strategy**

When analysing the management of labour, it becomes evident that there is no ‘one way’ or ‘best’ approach to this complex and dynamic process. However, by considering the contributions from both of the disciplines of human resource management and industrial relations, areas of consistency and importance do surface to enable this analysis to take place. Primarily, it is necessary to consider the broader environment in which a firm operates. This includes an analysis of political systems, regulatory frameworks, economic changes, technological advancements, social pressures and the relevant characteristics of the labour market. Beyond this, the specific context in which the organisation operates within is also important to analyse. This considers the industry in which the organisation exists, the involvement of relevant stakeholders, the size of the enterprise, ownership, occupational type utilised and the type of labour required by the organisation.

Apart from analysing the broader environment and organisational context, it is also necessary to consider the internal dynamics of the organisation. This includes a consideration of the organisation’s purpose or philosophy, the process of goal-setting, structures and issues of corporate governance and the relationship between overall business strategy and the integration with labour management policies and processes. Fundamentally, it is essential that labour management be viewed as a key strategic concern for any business and that there is a strong relationship between organisational performance and the strategic utilisation of labour. In saying this, it is important to recognise that the notion of strategy is in itself not always clear-cut and that analysing management strategy is complex and multi-faceted.

Tyson (1997) recognises this complexity and suggests that it is important to consider strategy not as an objective within itself, but rather as a dynamic process that organisations undertake. He argues that strategy is often emergent and subject to modification and change, that strategy formation can take place at various levels
of the organisation, that strategy is not only realised through formal policies or written directives but through the actions of managers and others and that strategy is a description of a future-oriented action which is invariably directed towards change (1997:180). It is also important to recognise the limitations or problems when attempting to analyse the relationship between business strategies and HR strategies. Mabey et al (1998:63-6) suggest that we cannot assume that management is always serious and genuine in its concern to redesign HR structures and systems. Furthermore, even if management is serious and approaches the matter in a logical and consistent manner, it is not necessarily easy to identify the strategic HRM ingredients that generate the desired form of employee behaviour. Beyond this, they also argue that it is far easier to design change in an organisation than to actually achieve it.

Perhaps one way of dealing with some of these complexities is to recognise that organisations have choices available to them in terms of the strategies, policies and practices inherent to labour management. Avoiding a deterministic approach to analysing management strategy is arguably an appropriate research tool as it allows for organisations to be analysed in an open and unpredictable manner. This principal of strategic choice recognises the importance of structures and contexts, yet allows for individual and independent decision-making within organisations.

Fundamentally, analysing management strategy involves three core areas of analysis. Firstly, the environment (both internal and external); secondly, the areas of strategic choice available to managers; and finally, the involvement of stakeholders in the determination, application and evaluation of management strategy.

However, the purpose of the thesis is not to attempt to analyse every aspect of labour management. This in itself, would be a very cumbersome task and particularly difficult to encompass within the confines of a Masters thesis. Therefore, the scope of analysis needs to be narrowed to a more manageable research area. For this purpose, the issue of skill formation and training will be identified as an important area of contemporary labour management and established as a necessary area of employment relations research.
Skill Formation and Training

In their 1996 text *Changing Employment Relations*, Kitay and Lansbury used their own research of six Australian industries in conjunction with comparative international data to identify five key areas of interest: the nature of work organization; skill formation and development; remuneration; job security and staffing patterns; and enterprise governance. While distinct trends can be observed in most of the key areas, an area of particular interest is that of skill formation and development whereby their analysis results in a degree of ambiguity. In summarising their findings, Lansbury and Kitay (1997) indicate that there appears to be no one best way to approach the issue of skill formation. Furthermore, their research highlights the importance of skill formation as they conclude that all countries seem to be searching for ways to encourage, if not require, more firms to increase their commitment to training and to invest more in upgrading workforce skills. These findings present a clear conundrum. On a global scale, organisations are being pushed towards improving their methods and increasing their emphasis on training and skill formation and yet there is no clear universal mechanism in place for achieving this goal.

This view is supported by Kochan (2000) who comments that the nature of the firm as we have known it over most of the twentieth century may also be changing if, as is often suggested, human capital, knowledge and skill have become increasingly important resources within firms. Lansbury and Pickersgill (2002:285) argue that during the past 40 years, ‘human capital’ theory has been integrated into contemporary economic thought and that the significance of an educated and skilled workforce to maintaining and increasing competitiveness at both firm and national levels is now widely accepted. The human capital model is the basis of neoclassical analysis of labour markets, education and economic growth (Quiggen, 1999:130). The main principle that forms the basis for human capital theory is that by participating in tertiary education, individuals will acquire skills and abilities that enable them to perform more effectively, hence more productively within the labour market. As a consequence of this, Codd (1999:1) notes that individuals who gain higher levels of knowledge will contribute indirectly to the competitive prosperity of a knowledge economy and will be rewarded directly by higher levels of personal income. Thus, higher education is seen to be a sound economic investment both for individuals and for the state.
In an organisational context, it can be argued that industrial training represents an investment in human capital in the same way as formal education. Similarly, it is possible to estimate a rate of return to training and it is reasonable to expect that the amount of training undertaken will depend upon its perceived profitability (Norris, 2000: 76). Maglen, Hopkins and Burke (2001:1) support this notion by suggesting that those who employ labour want to be convinced that investing in their personnel through training will strengthen their business by delivering an economic return. However, as Blundell, Dearden, Mechir and Sianesi (1999:4) note in practice, it is very difficult to measure this return. The basis for this difficulty lies in the ability to obtain data on firm productivity, competitiveness and profitability, the problems in identifying empirical counterparts to general and specific training, working out the costs associated with training and the issue of trying to establish causality between training and organisational outcomes.

Considering these difficulties in the measurement of training effectiveness it is perhaps unsurprising that training has not been an area of high priority for many Australian organisations. Kramar, McGraw and Schuler (1997:491) argue that even though most senior managers in Australian organisations claim that training is important to the long-term survival of their business, it appears that the reality of training provision in most enterprises does not reflect this senior management rhetoric and that training appears to be an operational rather than a strategic concern in modern Australian organisations.

Despite these concerns, it needs to be acknowledged that many firms do invest in training and are able to recognise the many benefits associated with the investment in human capital within the firm. Smith (2003:241) suggests that there is more employer training carried out in Australian enterprises than is usually supposed. If organisations see training as a strategic priority then training can be used as a means of addressing skill deficiencies, as a catalyst for change, to give the organisation a competitive edge, to encourage a learning climate, to improve employee motivation and to improve business performance (Mabey et al, 1998:169; Westhead, 1998:187). In this respect, Dawe argues that successful training practices are strategies that provide tangible and intangible benefits for the organisation (2003:6). The importance of organisations investing in training is therefore seen to be crucial to individual employee development, the performance of organisations, the skill formation of the labour market and the overall economic
performance of the state. Analysing the basis for this decision-making process is arguably an essential component of any discussion of skill formation and training.

The decision to train within organisations can be seen to be influenced by a range of factors that will affect the nature of training undertaken, who receives the training and the amount of training on offer. Noe (1999:28) discusses how the characteristics of the organisation will influence training outcomes. The amount and type of training as well as the organisation of the training function are influenced by the organisation’s degree of integration of business units; its global presence; its business conditions; its staffing strategy; its human resource planning; its extent of unionisation; and manager, employee, and human resource staff involvement in training and development. Fundamentally, it is important to analyse the key elements of the organisation as a whole as well as the environment in which it operates.

Beyond this analysis, it is also important that a researcher attempts to identify the underlying basis for the perceived necessity of training implementation within an organisation. Basically, a training program has the capacity to change attitudes, improve knowledge, and/or increase skill (Kirkpatrick, 1994:22), so the implementation of training must have an overall purpose. Smith and Hayton (1999:254), identify a number of reasons why a firm might undertake a training program. These include:

- The improvement of employee performance;
- The improvement of the adaptability and flexibility of the workforce;
- Investments in new technology;
- The adoption of new work practices and moves towards the more sophisticated systems of human resource management;
- Changes in business strategy.

Determining the underlying ethos or purpose of the training is a key element then in understanding the basis of training implementation. Likewise, it is also important to understand the external environment that influences organisational decision-making in regards to training. As previously discussed, the state has a profound interest in the skill formation of the labour market as a clear correlation exists between well-developed high-skilled industries and strong economic performance. The structures of the VET system and the industrial relations environment are key factors in any analysis of organisational training. Analysing the contemporary VET system is in
itself a particularly complicated and multi-faceted task, and will addressed in detail in Chapter 3. This analysis is crucial, as the basis for the thesis is the implementation of formal traineeships as devised under the current system of New Apprenticeships.

In terms of industrial relations, it is important to think of the role of stakeholders and the influence they have in terms of management strategy. Lansbury and Pickersgill (2002:289), offer the following argument on the role of IR systems and institutions in relation to training:

Industrial relations institutions do not act in a deterministic way to create training outcomes. A strong national system of industrial relations which emphasises cooperation and consensus between the social partners does not necessarily achieve a superior outcome in terms of training than a more adversarial one. However, it is likely that there will be a more even distribution of training outcomes under such an approach, particularly if there are comprehensive labour market institutions on which both employers and unions are represented and are able to influence government expenditure on training. Under such a system, there is also more likelihood of a comprehensive approach which emphasises both initial and continuing forms of training.

This clearly indicates the necessity for consideration of the broader industrial context in which an organisation exists within. Arguably an important aspect is the nature of relationships with stakeholders such as employer associations, state training institutions and trade unions. These relationships have an influence over decisions such as training investment (Morris, 2004:272), and research indicates that both the probability of receiving training and the amount of training received are found to have been substantially higher in unionised than in non-unionised workplaces (Green, Machin and Wilkinson, 1999:179). Other important issues include the employment arrangements used by the organisation, remuneration policies, conditions of work and the mechanisms used for regulating the employment relationship.

The final consideration when analysing management decision-making in relation to training refers to the diversity of possible training arrangements available to organisations. Smith and Hayton (1999:259), identify a range of choices available to organisations. These choices include the decision to offer formal versus informal training, external versus internal training or technical skills versus behavioural skills training. The basis for these choices will often depend on the other issues already discussed in this chapter, such as the context of the organisation and the nature of the VET system and what is available to employers. Barret and O’Connell
(2001:649), suggest that the decision to provide general or firm-specific training is dependent on the perceived economic benefit of training and the degree of competition for skilled human resources. They define general training as the type of training that raises productivity by equal amounts in the firm where it is provided and in other firms. In contrast, specific training only raises productivity in the firm providing it. Their central argument is that under certain conditions, these definitions imply that firms will not pay for general training. Subsequently, as an individual’s productivity is raised in other firms, alternative wage offers will increase. To retain the employee, the employer must match those offers, and hence can capture no return to the training investment. Smith (2003:241) supports this by noting that changes to the nature of training suggest that employers are looking to get greater value from their investments in training by decentralising its operation and carrying out training nearer to the point of production.

The decision to train within organisations is reliant on a range of factors associated with organisational strategy, the context of the firm, the purpose of training, the broader environment and the relationship with relevant stakeholders. A model summarising these elements is offered in Diagram 2.1 as a mechanism by which enterprise training can be analysed:

Diagram 2.1 A model of enterprise training

(Smith and Hayton, 1999:263; Smith, 2003:235)
Implementation

The discussion on the general importance of skill formation and training in employment relations highlighted a range of issues inherent to an analysis of this topic. A key factor is the role of the external environment and the structural elements of the formal VET system. As discussed in Chapter 1, the Australian VET system has undergone significant change over the last twenty years and now is dictated by the demands of employers and industry, rather than state-based institutional requirements. However, of importance to stakeholders of the system is the impact these changes have had on skill formation within the Australian labour market and whether the system allows participants (whether they be workers or employers alike) to benefit from the system. Unfortunately, a common perception is that Australia is facing some serious skills shortfalls as a direct result of the contemporary system (Cooney, 2003; Hampson, 2004). As a result, a recent Senate inquiry was undertaken to ascertain the true nature of the current system and the impact of policy and structural changes on a multitude of stakeholders.

The 2003 Senate inquiry *Bridging the skills divide*, highlighted the issue that cuts to public and private sector investment in skills formation, in pursuit of productivity and efficiency gains, have seriously eroded the skills base in many industries and occupations of strategic economic and social significance (2003:xxv). Furthermore, it suggests that Australia needs a new policy agenda for skills formation, supported by an improved information base. In total, the inquiry made 52 recommendations for achieving this new agenda covering the areas of skills shortfalls and future skill needs; skill formation and labour markets; the vocational education and training framework; education and training pathways; and the role of industry and other stakeholders. While it is inappropriate for the scope of this paper to outline all of the recommendations, a summary of some of the key recommendations is included in Table 2.1:

Table 2.1: Senate Inquiry Key Recommendations

<table>
<thead>
<tr>
<th>Rec. 5 (pg 68)</th>
<th>That ANTA, in consultation with stakeholders, should consider developing a set of skill performance indicators in addition to the relevant AQF level to better distinguish between basic, intermediate and higher vocational outcomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rec. 6 (pg 69)</td>
<td>The committee recognises that lack of national consistency in training standards and incentives makes the ideal of nationally portable qualifications difficult to achieve.</td>
</tr>
<tr>
<td>Rec. 8 (pg 71)</td>
<td>To prevent abuse of New Apprenticeships, the committee considers that provisions for a training wage should not apply to existing workers.</td>
</tr>
<tr>
<td>Rec. 13 (pg 78)</td>
<td>That incentives for trade level qualifications and higher level</td>
</tr>
</tbody>
</table>


These recommendations clearly indicate that the changes to the VET system have not resulted in positive outcomes for stakeholders and the skill base of the national labour market. The move to an industry led system based on the principle of user choice, has opened up the system to degrees of exploitation of workers and funding arrangements and broad inconsistencies in the application of training packages across and within industry sectors. To further explore these outcomes, an analysis of the impact of the current VET system of a specific industry, namely the retail industry, will be conducted.

A key area of concern when considering the motives of employers, relates to the costs associated with traineeships and the financial incentives available under the new apprenticeship system. Both the Federal and State Governments offer substantial support to employers seeking to engage in the training of new apprentices. This will be discussed in more detail in Chapter 4, and argued that the wealth of assistance available could possibly act as mechanism for employers wishing to attain cheap labour. In an industry such as retail, this is crucial as labour costs are already low in comparison with the broader labour market.

ANTA (1998) sees this as a fundamental problem whereby the priority given by many enterprises to short-term financial imperatives is at the expense of medium and longer-term skill development imperatives. There is also the possibility that part of the funded training assistance is basically a wage subsidy for low paid workers who in effect receive no employer funded training (Connell & Burgess, 2001:15; Curtain, 2001:115-116). Even so, Dockery et al’s (2001) research into the costs and benefits of New Apprenticeships discovered that the use of trainees did not translate into an improved cost/benefit outcome for employers. This suggests that funding

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Rec. 14 (pg 79)</td>
<td>For training qualifications below AQF Cert III, the full incentive payment should be awarded on completion on demonstration of skill outcomes, as negotiated under the individual training plan.</td>
</tr>
<tr>
<td>Rec. 25 (pg 107)</td>
<td>That the evaluation of ‘user choice’ policy currently underway should include a consideration of the policy’s role within the broader objectives of the new national strategy.</td>
</tr>
<tr>
<td>Rec. 27 (pg 118)</td>
<td>That ANTA’s review of training packages address the full range of concerns about their design and implementation.</td>
</tr>
<tr>
<td>Rec. 52 (pg 203)</td>
<td>The committee also considers ANTA should commission independent research on the full range of strategies that can contribute to increased and more effective and targeted employer investment in training and more equitable access to training for casual and contract workers.</td>
</tr>
</tbody>
</table>
alone is not the main objective of employers utilising traineeships and highlights the importance of in-depth qualitative analysis.

Apart from considering the participants objectives, it is also necessary to appreciate the organisational context in which training takes place. Successful implementation of formalised training programs will, in part, rely on an environment that is conducive to training requirements. Dawe’s (2003) study of 49 large firms, concluded that the three most important factors in successful enterprise training practices include having in place an organisational culture that supports learning, linking training to the major features of a business strategy and ensuring that training was responsive to elements of workplace change. Clearly, the manner in which an organisation approaches training and how it is integrated into organisational systems and processes is a key component of implementation. However, concerns have been raised regarding the delivery of training within enterprises and the apparent lack of expertise of those responsible for the provision of training within firms. Smith et al’s (2002:8) survey of 3400 firms notes the low level of accreditation or understanding of the national standards exhibited by instructors and suggest that few workplace trainers have received much training in how to train and instruct. This raises serious concerns about the quality of enterprise training delivered by workplace trainers. Therefore, it is also imperative when considering implementation to firstly identify whether or not organisations are utilising external providers and if not, whether the internal providers are adequately trained to deliver formal training such as traineeships.

**The Retail Industry**

In analysing the impact and evolution of changes in the VET system, the retail industry poses as an important and interesting basis for discussion. The size of the industry, nature of employment utilised and tradition of low skill requirements render the retail industry as an important measure of VET effectiveness. Key characteristics of the retail industry are outlined below in Table 2.2:
Table 2.2: Notable features of the Retail Industry

<table>
<thead>
<tr>
<th>The Industry</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Highly segmented between the major chains and small business. Chains are</td>
<td>• Low levels of managerial professionalism and a tradition of learning on the</td>
</tr>
<tr>
<td>divided between department stores, supermarkets and specialty retail chains.</td>
<td>job.</td>
</tr>
<tr>
<td>• A high ratio (25%) of employers or self-employed.</td>
<td>• Little reliance of formal qualifications.</td>
</tr>
<tr>
<td>• Relative business stability in chains; high business failure elsewhere.</td>
<td>• Relatively high participation by women in management compared to other</td>
</tr>
<tr>
<td>• Competition driven by price and convenience.</td>
<td>industries, but still under-representation and at store level rather than</td>
</tr>
<tr>
<td></td>
<td>in executive ranks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The workforce</th>
<th>HRM/IR</th>
</tr>
</thead>
<tbody>
<tr>
<td>• High reliance on part-time and casual labour.</td>
<td>• High labour turnover.</td>
</tr>
<tr>
<td>• High proportion of youth employment.</td>
<td>• Highly unionised in some of the larger chains. Dominant single-industry</td>
</tr>
<tr>
<td>• High female participation.</td>
<td>union (SDA) but limited record of industrial activism. Negligible union</td>
</tr>
<tr>
<td></td>
<td>presence in smaller enterprises.</td>
</tr>
<tr>
<td></td>
<td>• Traditionally, industrial relations circumscribed by a highly complex</td>
</tr>
<tr>
<td></td>
<td>state-based award system.</td>
</tr>
<tr>
<td></td>
<td>• Employer representation affected by divisions between the large and</td>
</tr>
<tr>
<td></td>
<td>small firms over such issues as extended trading hours.</td>
</tr>
<tr>
<td></td>
<td>• Adherence to awards and enterprise agreements in the chains; greater</td>
</tr>
<tr>
<td></td>
<td>‘informality’ in the small business sector.</td>
</tr>
<tr>
<td></td>
<td>• Little evidence of sophisticated HRM practices.</td>
</tr>
</tbody>
</table>

(adapted from Bramble, Parry and O’Brien, 1996:85)

As an industry, retail has undergone significant change in recent years. The increase in consumerism within western society and changing customer demands has resulted in the deregulation of trading hours with many retailers operating up to 24 hours per day, seven days per week. This increase in trading hours has had a clear impact on employment arrangements for retail employers as they now rely on flexible work arrangements to adjust the labour supply (Gray and Laidlaw, 2002:211; Mortimer, 2001:88). Thus, the contribution of casual and part-time workers is critical for organisational success in the retail industry. This issue is however, somewhat problematic. Research by Zeytinoglu et al (2004:516) shows that job insecurity, short and split shifts, unpredictability of hours, low wages and benefits in part-time and casual jobs in the retail sector, and the need to juggle multiple jobs to earn a living wage contribute to stress and workplace problems of absenteeism, high
turnover and workplace conflicts. In addition to this reliance on precarious forms of employment, extended trading hours has also increased the number of workers required within the industry, resulting in significant employment growth. Within Australia, the retail industry employs the largest number of employees in the whole economy at 14.7% (ABS, 2002a), with employment rising by over 20% from 1993-2000 (ARA, 2003). In addition to this, retail makes up over 7% of Australia’s GDP and estimates suggest that retail will produce over 22% of new jobs by 2005 (ARA, 2003). As the largest employer of Australian labour, retail establishes itself as a worthwhile area of VET analysis.

While the gender distribution within this industry is reasonably even, at 12.5% for males and 17.4% for females of all workers, the occupational categories within this industry are highly segmented (ABS 2002a; NCVER 1998:3; Boreham, Lafferty, Roan & Whitehouse, 1996:9). Additionally, although the average hours worked in the retail industry in 1998-99 were 30.8 per week, the industry utilises high levels of part time and casual employees, in an effort to control costs and secure competitive advantage (ABS 2000e; Boreham et al 1996:9). The retail industry is also the largest employer of young Australians with around 50% of all young people in the Australian workforce engaged in the retail industry and approximately 29% of the retail workforce are aged between 15 and 20 years (ARA, 2001:4). Together these factors serve to create an industry profile where females and younger workers, often students, dominate the lower occupational levels and the part time, and/or casual areas of this workforce. Considering the retail industry has had a ready source of flexible labour in women and young people (Deery & Mahoney, 1994:336), it is not unreasonable to suggest that as a labour market program, traineeships are not absolutely necessary for ensuring the supply of labour into the industry.

Another important issue facing the retail industry is that of the dramatic increase in the use of technology. Budd and McCall (2001:499) argue that the changes in scanner use and other retailing changes (for example, store size can increase because of ordering efficiencies), being driven by new technologies may make lower-paid, unskilled workers more productive and may also lessen the skills required across the industry. However, despite the increasing use of technology, the retail industry is still extremely labour intensive (Pringle, 1998:148). The use of this labour is made even more important by the fact that shopfloor workers are the primary interface between the organisation and its customers (Ogbanna and Harris,
2001:1005). The research conducted by Ogbanna and Harris (2001:1021) on performance implications from varying work-oriented cognitions of shopfloor workers showed that store performance was found to vary according to the levels of shopfloor worker motivation, commitment, autonomy and team spirit. As Pringle (1998:148) notes, a key factor in balancing the provision of service against the need to maintain profitability is the ability to contain labour costs. There are also arguments that this necessity for reducing labour costs is inextricably linked to the move to introduce more flexible working time arrangements in service sector industries such as retailing (Deery and Mahoney, 1994:336). Therefore, labour costs are a major source of competitive advantage for employers within the retail industry. This is supported by the fact that in 1996-97 the retail industry had the lowest labour costs of all industries, at $19,758 per annum (ABS 2000e).

A main challenge when analysing the retail industry arises from the diverse nature of businesses that belong to this aspect of the service sector. Retail businesses range from those at the high capital, top end of the market to cost focussed, low capital businesses at the other (Boreham et al, 1996:11). As an example of this it is important to note that while around 96% of retail enterprises employ 20 people or less, by contrast, Coles Myer is the largest single private employer in the country with approximately 165000 employees nationally (ARA 2000b; Mortimer, 2002:66). The industry is therefore comprised of a large number of small businesses employing only a few workers each and a small number of large businesses employing many thousands of workers. Interestingly, due to the geographical dispersion of retail outlets, many of the large enterprises operate the individual sites in a similar manner to those of a small business as each site is often limited in size. Hence, understanding the processes involved with enterprise governance in the retail industry is made complicated by the issue that a small outlet could be independent, part of a franchise or belong to a much larger conglomerate of related businesses. From an employment relations perspective this is significant because even though large enterprises have been chosen for analysis within this thesis, the ability to explore the processes and practices of these organisations is arguably limited by the lack of centrality in terms of their operations and therefore, a potential lack of consistency across the organisations.

The use of precarious forms of employment, increased automation and the prevalence of a small business mentality has had a marked impact on the perception of skill requirement within the retail industry. The retail industry is
generally regarded as requiring low-skilled workers, whereby the skills required are
informal and achieved on the job (Connell and Burgess, 2001:9). In comparison to
other industries, employers in retail trade spend the least amount of net direct
training expenditure on structured training at $127 per employee (ABS 2002b). In
addition to this, as Maglen et al (2001:viii) discovered, it is difficult to find explicit
links between training and productivity in the retail industry. Boreham et al
highlights the differences in training provided to various categories of retail sector
employees. They found managers more likely to receive training than other staff, as
were full-time staff. Surprisingly, casual staff were found more likely than
permanent, part time staff to receive training. These training patterns appear to be
influenced by expectations that few of these workers will make careers within the
industry (Boreham et al 1996:4,11,16).

The perception of a lack of career availability within the retail industry is an important
area for analysis. Research shows that retailers fail to attract good quality
managers and as a career option it is regarded as having negative associations
relative to other career options (Broadbridge, 2003a:298). Hannen (2002:58)
suggests that many graduates believe the retail industry offers low wages, poor
training and a lack of career opportunities, largely due to its status as a first job for
many young people and because of the large number of casual and part-time
workers it employs. However, due to the increase in employment and size of the
industry in recent years and the increasing importance of obtaining a competitive
advantage, retailers are actively seeking skilled, experienced workers to develop
and promote within their organisations. The increasing professionalism of retail
organisations has provided the opportunity for their employees to achieve a career
in retailing (Broadbridge, 2003b:287).

This tradition then of viewing retail as an industry characterised by low-skilled
workers is being superceded by the recognition of the importance of professionalism
and expertise in retail organisations. This has necessitated a new found focus on
career development, skill and training within the retail industry. It is within this
context of a paradigm shift in thinking that requires an examination of the
developments in VET and the introduction of a formal national training package in
retail as a part of the new apprenticeship system within Australia.
New Apprenticeship Participation
Since the inception of the New Apprenticeship system, there has been a steady increase in the numbers of participants in apprenticeships and traineeships across all industries as indicated in table 2.3 below:

Table 2.3: New Apprenticeship Participation ('000), 1996 to 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>In-training</th>
<th>Commencements</th>
<th>Completions</th>
<th>Cancellations/W</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>163.2</td>
<td>89.7</td>
<td>36.5</td>
<td>36.8</td>
</tr>
<tr>
<td>1997</td>
<td>185.5</td>
<td>114.2</td>
<td>51.2</td>
<td>43.4</td>
</tr>
<tr>
<td>1998</td>
<td>216.8</td>
<td>154.9</td>
<td>60.3</td>
<td>54.5</td>
</tr>
<tr>
<td>1999</td>
<td>255.1</td>
<td>198.4</td>
<td>74.3</td>
<td>72.9</td>
</tr>
<tr>
<td>2000</td>
<td>294.9</td>
<td>210.6</td>
<td>84.4</td>
<td>82.1</td>
</tr>
<tr>
<td>2001</td>
<td>329.6</td>
<td>228.5</td>
<td>96.2</td>
<td>92.5</td>
</tr>
<tr>
<td>2002</td>
<td>369.1</td>
<td>266.8</td>
<td>114.4</td>
<td>100.4</td>
</tr>
<tr>
<td>2003</td>
<td>397.1</td>
<td>279.9</td>
<td>126.9</td>
<td>122.6</td>
</tr>
</tbody>
</table>

(NCVER, 2004:2)

Interestingly, in a comparison of industries, the retail industry leads the way in terms of participation within the system. In terms of National Training Packages, Retail represents 11.8% of the in-training participants (2003) and 14.5% of commencements (2003). This constitutes the highest density of overall participation, followed by Business Services [10.6%; 14.6%], and Transport and Distribution [10.2%; 9.4%]. Also, in terms of individual qualifications, the Certificate II in Retail Operations has the most participants with 6.5% of the total number in-training (NCVER, 2004: 10). On the surface, these statistics appear to contradict the ideas expressed earlier regarding the unlikelihood of retail either requiring or participating in the formal VET system. However, this outcome matches the prediction of Campbell (1994) who argued that training wages tend to be used for low pay, low skill jobs characterised by high turnover and easy interchangeability because the special conditions of employment are clearer and the exposure to arbitrary management action seems therefore greater. This increase in training is also supported by Smith’s analysis of recent trends in training and development in Australia where he asserts that that there is more training carried out in Australian enterprises than is usually supposed (2003:241).

However, an increase in training quantity does not necessarily equate with quality of delivery and positive outcomes for stakeholders in the system. In line with these concerns, the relevant retail industry training advisory board (ITAB), National WRAPS recently produced a strategic plan for 2003-2006. Within this strategy, National WRAPS advises that the VET system works towards ensuring appropriate and adequate levels of public funding to support the skill recognition and
development needs of the industry; that partnerships between RTOs and enterprises are built to ensure the cost efficient delivery of training and assessment and the tailoring of skill delivery strategies to meet the real needs of the workplace and that there needs to be a distinct focus on increasing the levels of flexibility and quality of delivery (2003:4). They provide a concise summary of the profile of the retail industry and the key strategic issues facing skill formation and the VET sector within the retail industry (see Table 2.4):

Table 2.4 : Overview of Retail Industry and Issues of Skill Formation

| Employment 2001-02 | • 1.39million  
|                   | • largest employer of youth  
|                   | • high level of casual and part time employment  
|                   | • significant employer of women  
| Forecast rate of empl. growth | • steady  
| Turnover | • $146.183 billion  
| Key trends / issues - forecast | • Industry of small business  
| | • Growth in personal and household good retailing  
| | • Mature industry with strong competition for market share  
| | • More franchised retail outlets  
| | • Growth in technology including smart cards, e-retailing and direct marketing  
| Training Package sectors | • Retail  
| | • Floristry  
| | • Community Pharmacy  
| Strategic issues: skill formation General | • Concern over trend emerging within States & Territories to limit / cap/ quota access to New Apprenticeship funding  
| | • Need top recognise the importance of work-based training  
| | • Need to increase recognition and funding for training for existing workforce – outside New Apprenticeship funding  
| | • Critical importance of providing highly flexible pathways  
| | • Critical importance of flexible and high quality assessment and training delivery  
| | • Industry concern with ensuring fully on the job training is of
In addition to this analysis from National WRAPS, is a recent report on skill shortages in the retail industry prepared by the National Industry Skills Initiative (NISI) Retail Industry Working Group for the Commonwealth Department of Education, Science and Training (DEST) 2003. The Group of retail industry representatives, government and trade unions worked in partnership to identify the critical skills issues facing the industry in the 21st Century. The subsequent Report (2003: v-ix) clearly identifies the key industry and VET system issues facing stakeholders involved in training within retail. The relevant industry concerns covered a range of issues including high attrition in staffing, lack of clarity of employee demographics, recruitment processes, unrealistic career expectations, the image of retailing as a long term career choice and the lack of understanding by employers about training options available to them. Five main issues were identified as barriers to fully utilising the VET system as it currently stands: current practices for recording formal and informal training, national consistency in the national training system, the implementation of User Choice policy, the quality of VET training and issues associated with the VET system being an industry led system. Other main issues include the completion rate of retail New Apprenticeships, the need for more developed middle and senior management skills in retail, and skilling issues for retail employees, including recognition of prior learning (RPL) and funding for further training for existing employees.

Through analysis of quantitative data, it appears that the introduction of retail traineeships has been quite successful considering the relatively high uptake of New Apprenticeship packages in an industry that has traditionally not been involved in the VET sector. However, it is important to also consider the issues facing participants in the system in order to evaluate the likelihood of successful implementation of these training packages in terms of meeting both employer and employee objectives. Cully and Curtain (2001:205-6), suggest that people enter new apprenticeships for a variety of reasons. They argue that trainees expect, in
various degrees, to acquire transferable skills, to be adequately compensated for their labour, and to obtain work on an ongoing basis. On the other hand, employers expect loyalty, dedication and certain standards of productivity on the job. Even so, they acknowledge that trainees might only be interested in gaining permanent employment and that employers may use the probationary period as a device for screening potential employees. Importantly, the basis for undertaking traineeships needs to be examined qualitatively when attempting to analyse the effectiveness of implementation.

Implications of Changes in VET Policy
It is clear from the previous discussion that management has an increased range of strategic choices available in terms of VET as a result of policy reforms. What is unclear, however, is how these choices will be utilised by employers and what the resulting effect will be regarding skill formation and development in Australia. Areas of concern include the issue of quality maintenance and the transferability of skills across the labour market, employment characteristics and financial imperatives, completion rates of users, learning organisations and the unwillingness of employers to commit to long-term strategies. These factors will be discussed in more detail, however a key area of concern exists that will not be discussed as the scope of this paper does not allow it, but still requires acknowledgement. That is, if the VET system is now based on demand rather than supply, how can society ensure access to training is equitable to all of the cross sections of the community. Importantly, what role should employers play in ensuring that sections of the labour market are not disadvantaged. While this remains unanswered for now, this debate is certainly an area of possible future research.

The issue of maintaining quality within VET is raised by the National Centre for Vocational Education and Research’s National research and evaluation strategy – 2001 to 2003 (NCVER, 2000). It points out that as VET reforms have encouraged the growth of VET provision in non-traditional settings, there is a need to understand how quality can be assessed in such settings. In the pursuit of quality, the role of management and leadership at all levels is crucial. If enterprise based training is to be recognised beyond the confines of the firm, how can other stakeholders (including other firms) be guaranteed that the relevant standards have been met. Similarly, can employers be assured that despite the array of different providers in the system, potential employees will have gained their qualifications in an equitable manner. The transferability of skills across the labour market is an issue that is not
necessarily resolved by the creation of a national framework of qualifications. Part of the current problem is the clear lack of qualitative research that exists in this area (Marginson, 1994:22; NCVER, 2001b:4; Connell and Burgess, 2001:20; Pickersgill, 2001:136). The predominance of quantitative research (participation statistics, economic outcomes, etc) is hindering the process of quality assurance. A research program is needed which explores all actions of VET providers in the context of ensuring the maintenance of a high quality VET system.

This lack of qualitative research is of particular significance to the implementation of VET in the retail industry. The issues facing VET within the retail industry are reflective of the nature and demographics of the industry as a whole in addition to the issues facing the broader VET system in Australia. Importantly though, is the acknowledgement from the NISI report that while the industry partners can agree on the significant issues, little is known about the contribution employers are actually making to the system. Recommendation 5 from the report (2003:viii) suggests that currently, there is no accurate information available on the contribution employers in the retail sector make to skills development and training through both structured and unstructured training. Considering the purpose of the shift in the VET system was designed around industry demand and employer involvement through the principle of User Choice, this clearly necessitates contemporary research into employer activity and strategy regarding VET within the retail industry.

The employment characteristics of an organisation play an important role in affecting an enterprise’s propensity to undertake apprentice and trainee training. The work of Ball and Freeland (2001) into the factors affecting the provision of entry-level training by enterprises indicates that stable economic conditions and the ability for expansion are key determinants of managerial strategy. Also, larger firms and firms with a high proportion of full-time staff are more likely to provide apprentice and trainee training. This supports the arguments of Connell and Burgess (2001:1) who suggest that workforce restructuring and the expansion in non-standard employment arrangements are having a negative impact on the VET system. Evidently, organisations that utilise short-term employment strategies are less likely to invest in skill formation and development. ANTA (1998) sees this as a fundamental problem whereby the priority given by many enterprises to short-term financial imperatives is at the expense of medium and longer-term skill development imperatives. Clearly, a dichotomy exists between the desire for employers to have choice within the system and their willingness to actually participate in a meaningful way.
A key area for consideration is the commitment and dependability of employees as stakeholders in the process. Data indicates that in 2000 93% of all new apprentices gained employment in an unsubsidised job three months after completing their new apprenticeships (NCVER, 2001:7). This then heralds the program as a great success and implies that new apprenticeships are superior to TAFE and university programs. However, the report also indicates that completion rates are only at 70% for apprenticeships and for shorter traineeships, this figure is worse at about 60%. Clearly, this indicates that completion and employment are two distinct issues and employers who utilise these programs need to ensure that attention is paid to the basis for this differential. Otherwise, organisations may face substantial losses in terms of investments made into potential employees.

Finally, the formal nature of the VET system may be in stark contrast to the recent idea of a learning organisation. The concept of a learning organisation is used to explore the training opportunities provided in the course of normal business activities, and maximise the chances of developing training as an integrated part of daily organisational life (Gardner & Palmer, 1997:303). Subsequently, this has challenged the prescriptions for separate training and development functions within organisations. In terms of management strategy, regardless of the recent reforms to the VET system, a clear choice may be to opt out of the system entirely. The long-term, pre-planned nature of apprenticeships and traineeships, and the bureaucratic requirements that go with it, could result in employer avoidance despite all of the policy reforms.

Summary
Clearly, analysing management strategy is not a straightforward process. While strategic choice may exist, there is real complexity in understanding the choices made by management in regards to labour. Management is not a homogenous entity and if the dynamics of contemporary employment relationships are to be comprehended, factors influencing these choices must be assessed. Recent research indicates that skill formation and development is an important issue within employment relations as it affects all of the stakeholders and has clear links with ensuring technological advancement and international competitiveness.

Within the Australian context, the VET system has been analysed as it provides the formal framework under which organisations operate. Evidently, the system has
undergone important policy and structural changes over the last decade, which has had significant implications for management strategy. However, research into some of these repercussions is somewhat lacking from the literature and subsequently, the relationship between policy and practice requires further exploration. Fundamentally, dismissing the macro system as flawed does not negate the necessity for micro-analysis and in order to understand the real implications of changes in VET policy on management strategy further in-depth research is required.

The benefits of training across all occupational levels of the retail industry, however, are beginning to be recognised. The Australian Retailers Association (ARA) highlights the future challenges the industry faces including the introduction and use of advanced technology and increasing competitive pressure from other sectors for the public dollar. Productivity and profitability, they advise, can be improved through the training of employees, while additional benefits can also include lower staff turnover, decreased Unfair Dismissal, and Occupational Health and Safety claims (ARA 2000b). For retail employees, participation in training, particularly that which is formally accredited, provides a portable qualification recognised across this large-scale industry and access to ongoing career advancement through higher-level training.

Specifically, retail traineeships have been utilised as an example of industry level changes as established within the introduction of the New Apprenticeship system. While it appears that this has been relatively successful in terms of participation rates, the basis for participation and the ability for effective implementation requires consideration. The objectives of participants, influence of financial imperatives and the organisational context in which training occurs are important issues that must be analysed in the context of the retail industry. As an industry, retail is relatively new to the VET system as it has traditionally relied on low-skilled and marginalised workers. Therefore, from an employment relations perspective, these changes are important as they have led to the interaction of a multitude of stakeholders and significant changes to the strategic choices available to managers and labour alike. Arguably, it is necessary to examine not only the extent to which these changes have occurred but also the basis and impact of such systematic changes.
This chapter has attempted to investigate contemporary research regarding the changes to the Australian VET system and the evolution and impacts of retail traineeships, with the consideration of both qualitative and quantitative findings. The purpose of this analysis is to provide thematic and methodological insights that can be utilised as a basis for in-depth case study research. The following chapter outlines the research questions derived from the analysis of secondary sources, and discusses the methodological approach taken in regards to primary research undertaken for the purpose of this thesis.
Chapter 3 – Methodology

Introduction
The literature review contained in this thesis began with a discussion on the role of management strategy in contemporary employment relations. Through analysis of contributions to this topic from both the fields of human resource management and industrial relations, it became obvious that this debate is multi-faceted and complex. Even so, certain constants could be identified as essential elements for analysis. The role of the broader environment, the context that the organisation exists within and the internal dynamics of the organisation are fundamental to any consideration of management strategy. Also, it is essential that labour management be viewed as a key strategic concern for any business and that there is a strong relationship between organisational performance and the strategic utilisation of labour.

As a broad framework for the analysis of management strategy, the work of Sisson and Marginson (2003:162) will be utilised throughout this thesis:

1. **management as a systems actor** – analyse the environmental context, the rules that bind the system and the stakeholders within the system;
2. **management as a strategic actor** – analyse the choices open, the uncertainties of strategy formulation and the capacity to manipulate both internal and external environments; and
3. **management as an agent of capital** – analyse the economic pressures to contain costs and raise efficiency.

As discussed in Chapter 2 the issues of skill formation and training and development are key concerns within employment relations. Through analysis of literature on these areas it was argued that the importance of organisations investing in training is therefore crucial to individual employee development, the performance of organisations, the skill formation of the labour market and the overall economic performance of the state. The importance of empirical research was established and the purpose of this chapter is to explain and justify the methodological approach undertaken throughout the thesis.

Analysing management as a systems actor necessitates a full discussion on the vocational education and training (VET) system that acts as the framework under
which organisations operate. Analysing the contemporary Australian VET system is crucial, as any changes that are made to the VET system will have a direct impact on the strategic choices available to organisations. In terms of the broader environment, the structures and stakeholders inherent to the Australian VET system will be taken as a constant in terms of the options available to organisations that seek to utilise the system, in particular new apprenticeships.

Throughout Chapter 5, the reforms made to the Australian VET system will be explained with a particular emphasis on the introduction of *New Apprenticeships* (covering both traditional apprenticeships and traineeships) in 1998. As a key element of the *New Apprenticeship* program, employers have access to a range of financial incentives that exist at both the Federal and State levels. In addition to this, employers have the capacity to pay new apprentices a ‘training wage’ that places them on a rate of pay lower than the industry award. As an agent of capital, this system of incentives and training wages are significant to the decision-making processes within organisations regarding the implementation of formal training as a part of their labour management strategy.

As discussed in the literature review, the retail industry is an industry of interest to VET analysis, considering its tradition of employing low-skilled workers in contrast to the recent involvement of the retail industry with the development of the National Training Package in Retail and the subsequent increase in formal training. To this end, the research will be confined to organisations that exist within the context of the retail industry. To allow for an in-depth analysis of the issues involved in labour management strategy, the case study method has been chosen and will be discussed in more detail throughout this chapter. For the purpose of providing a more robust and compelling argument, the research will utilise the experiences of three organisations that have implemented retail traineeships. Each organisation is a large, national retailer that utilised the new apprenticeship system between the years of 2000 and 2004.

The basis for using the case study methodology will now be discussed, along with the components of research design and data collection.
Case Study Methodology

The method of research undertaken for this thesis is based on the case study form of research design. A case study can be defined as the process in which “the researcher explores a single entity or phenomenon bounded by time and activity (a program, event, process, institution, or social group) and collects detailed information by using a variety of data collection procedures during a sustained period of time” (Creswell, 1994:12). As the most popular research method within industrial relations (Kitay and Lansbury, 1998:101; Kelly, 1999:119), the case study allows the researcher to explore the complexities of stakeholder relationships and explain the interaction between theory and practice. Case studies have also become increasingly popular as a method of policy evaluation in the VET sector and the education sector as a whole (Smith, 2000:73). Considering the purpose of this research is to explore the effect of changes in VET policy on management strategy, it is suggested that case study methodology is the most appropriate tool for addressing the research questions to be explored.

Although it is necessary to establish the specific research design constituting this case study, popularity aside, it is just as important to establish fully the basis for conducting a case study in the first place. The reasoning underpinning the choice of case study methodology, lies primarily in the advantages and relevance of this methodology in relation to discussion and the hypothesis already developed. The first advantage is that it allows and creates the ability to formulate, test or falsify an hypothesis. As Wieviorka notes, “a case is an opportunity for relating facts and concepts, reality and hypotheses” (1992:160). Therefore, a case study brings theory and practice together.

The next advantage of using the case study methodology is the ability to utilise various research tools. Plowman (1999:41), highlights the correlation between case studies and the field of industrial relations research as this “enables a somewhat eclectic approach to data collection – historical surveys, interviews, questionnaires, official data, company records, participant observation etc – which permits the researcher to draw up a detailed set of relationships”. The necessity of data triangulation within case study methodology ensures that multiple sources of evidence can be sought and utilised as a mechanism for strengthening analysis. The combined use and interpretation of both primary and secondary sources allows for a rich understanding of the entity being studied. Therefore, as an all-encompassing method, the case study is neither a data collection tactic nor merely a
design feature alone but a comprehensive research strategy (Yin, 2003:14). The manner in which case study information can be researched only serves to widen the scope of analysis and in turn obtain greater levels of reliability and validity. This will be discussed in more detail in under Research Design.

The third advantage of conducting a case study is the ability to fill an established gap in the literature. The fundamental purpose of case study research is that it enables generalisations to be developed that can be applied, ideally, beyond the scope of the case itself (Evans, 1995:81). As discussed in the introduction, skill acquisition and VET policy play an important role within the employment relations environment, and yet there is minimal discussion on the exact way in which it influences management strategy. In terms of VET generally, there is a clear lack of qualitative research that exists in this area (Marginson, 1994:22; NCVER, 2001b:4; Connell and Burgess, 2001:20; Pickersgill, 2001:136). More particularly, a void of qualitative research focusing on VET in the retail industry resulted in the National Industry Skills Initiative Report Retail Industry Report recommended that an investigation of the real contribution to training made by employers in the retail sector was required (NISI, 2003:viii).

To enable a full exploration of the issues prevalent in this relationship, this research offers three separate organisational case studies as a means of demonstrating the range of choices available to employers who seek to utilise the VET system. The organisations used for analysis in this context have been chosen specifically in regards to their experiences with the implementation of retail traineeships and due to the accessibility of information. All three enterprises are large, national retailers though they operate in slightly different contexts. DeptCo is a major department store that operates as a subsidiary of a larger parent company, RetailCo is a large supermarket operations and CoffeeCo is a franchised retailer of coffee related products. As major employers within the retail industry, DeptCo, RetailCo and CoffeeCo are important stakeholders and an analysis of their policies and practices in relation to traineeships could offer insights as to the true relationship between theory and practice. The only way that this can be achieved in a thorough and succinct manner is through the use of case study methodology. Attention needs to be paid to the organisations as individuals, even though they exist within the greater environment. In this respect, case studies provide a rich, in depth appreciation of the nature of key relationships that can be difficult to identify through quantitative analysis.
The final advantage of conducting a case study is that it can be a very flexible research process. Depending on what the research reveals, a case study can be manipulated or changed to suit the direction that the findings take you. As Platt notes, “one way, and a rhetorically very effective way, of reaching a conclusion is to tell the story of how you arrived there yourself. This almost certainly entails showing that you were initially wrong or were surprised by what you discovered” (1992:29). While quantitative methods can also enable new findings to be discovered, they are less malleable than qualitative approaches which hinders their usefulness for exploratory research. In comparison, a case study allows the researcher to be open to new findings and can uncover the many hidden features of the employment relationship (Whipp, 1998:56). It is not merely a mechanism for proving or disproving a hypothesis, but also enables the discovery of original interactions and processes that broadens understanding of relationships between stakeholders. There is also flexibility in the scope of data collection tools available to the researcher.

This flexibility can also be demonstrated in the practicality of conducting case study research. For a Masters Thesis, this type of research is extremely appropriate in view of the time needed for completion and the availability of relevant information. In light of this, it is necessary to limit the scope of the case in terms of space and time (Wieviorka, 1992). Therefore, this case is being considered from a specific angle within a confined space. That is, the focus is on the attempt by DeptCo, RetailCo and CoffeeCo to implement traineeships under the current VET policy guidelines between 2000 and 2004. It is acknowledged that as this is only a short-term perspective, and hence the conclusions gained will only be a representation of the ways of acting or thinking within that relative time-span (Wieviorka, 1992). The Sisson and Marginson (2003:162) model will be utilised as a base for analysis to avoid the difficulties of undertaking a multi-disciplinary perspective that can arise when addressing interactions relating to the world of work, by offering a clear thematic framework.

The disadvantages associated with using the case study method cannot be ignored and are based on two main problems that Haytin (1989:64) identified. The first problem is associated with the lack of objectivity as a scientific product that a case study affords. There are four key issues related to this problem which if ignored can greatly reduce the validity of a case study as research. The main issue is known as
"data control anomaly" which basically refers to the fact that information obtained might be unreliable due to inherent bias or propaganda within the documents and the motivational factors behind their publication. Kitay and Callus (1998) counteract this argument by suggesting that subjectivity is equally important within industrial relations and that in order to consider values and perceptions within social and economic life, methods are required that have the ability to access a range of information sources. At any rate, a balanced perspective will use documents from sources that are either neutral in nature, or biased in a different manner.

Haytin (1994) is also concerned with the reliance of a single case and debates that the lack of representativeness it dictates renders the study useless. For this reason, three complex case studies will be presented ensuring that the study fills a gap in the relevant literature (those being DeptCo, RetailCo and CoffeeCo). As clarified by Kelly (1999:123), a complex case study utilises a firm or workplace as the unit of analysis, but unlike the 'simple' case study there are several foci within the study, such as company documentation, enterprise agreements, as well as outcomes from interviews at different levels of the organisation. Also, the organisations have been chosen carefully and as large employers have a wide influence in the retail industry as a whole.

Another issue relevant to the data control anomaly is the point that the researcher’s theoretical orientation and academic discipline will determine how the information will be perceived and interpreted. This, however, can be attributed to many types of research that involve only one researcher and is potentially unavoidable. The use of the employment relations model can potentially be viewed as overcoming this problem as it relies on a perspective that encompasses two traditionally different disciplines, those of industrial relations and human resource management. As discussed in Chapter 2, the benefit of using an employment relations approach is that allows for a holistic interpretation of work related issues while emphasising the importance of the role of stakeholders and the principle of strategic choice. The final issue is that a case study will lack standardised and codified measurements. Much quantitative research arises from a positivist paradigm that is centred on the search for objective truth, the use of scientific methods, and the systematic measurement of phenomena (Whipp, 1998:52). In the field of sociological research, where qualitative information is not only necessary but also held in high esteem, it is unfair to have expectations of standards of research akin to other sciences. Even so, qualitative responses can be codified if the research involves interviewing a range of...
individuals on separate occasions. This issue will be addressed in the discussion on research design to follow.

The second problem that Haytin (1989) notes is that understanding of the case study is limited to those with first hand knowledge of the case as they could not understand the generalisations to their full significance. Whipp (1998:58) suggests that this problem of generalisation can be compounded by a lack of transparency between the researcher and their subject matter. This can be overcome by including enough descriptive information within the study as a means of explaining the case and its environment and treating the entire research process in a reflexive way. Also, generalisations themselves should be avoided as already discussed in the advantages of conducting a case study.

The case study method of research design has been chosen for this thesis for a variety of reasons. Firstly, it is the most appropriate style of research considering the topic of the hypothesis and the purpose of the research is to explore the relationship between theory and practice. Also, there appears to be a gap in the literature in relation to this interaction, so a detailed and thorough investigation is required if this gap is to be filled. The case study method also suits research in the field of employment relations due to the eclectic use of information and its relevance in terms of time and scope of study. In relation to objectivity, any form of sociological research will have some degree of subjectivity and as long as the researcher is aware of the pitfalls associated with this type of research then they can be minimised.

**Case Study Design**

Now that the basis for using a case study has been established, it is necessary to consider the design of the research to ensure validity and reliability. According to Yin (2003:21), any research design is supposed to represent a logical set of statements and can be judged in terms of quality by applying a series of logical tests. In terms of empirical social research, Yin (33-38) identifies four appropriate tests that should form the basis of case study design. *Construct validity, Internal validity, External validity* and *Reliability* are the key aims of any social science researcher and will form the basis for the design of this case study. By incorporating these tests into the data collection and data analysis phases of the research, the results will offer a more accurate reflection of the relationships, policies and
practices as they relate to the organisations and their attempts to instigate traineeships into their workplaces.

**Construct Validity**

Construct validity refers to the establishment of correct operational measures for the concepts being studied. Investigators must ensure that the issues or changes being explored are relevant to the objectives of the study and that the mechanisms used for analysing these issues are objective and observable. Tactics available to researchers to assist in this process include the use of multiple sources of evidence, in a manner encouraging convergent lines of enquiry, and the development of a chain of evidence that clarifies the steps taken during the research process (Yin, 2003:34). Both of these approaches are relevant during the data collection phases of the research and will be discussed more specifically further on.

**Internal Validity**

Internal validity deals with the establishment of a causal relationship, where certain conditions are shown to lead to other conditions. As such, it is relevant to explanatory or causal studies only and is not of great concern to this study as it is exploratory in nature. However, internal validity cannot be completely ignored as there is a tendency within case study research to make inferences and assumptions from primary evidence attained. These inferences can result from personal biases and can hinder the value of the exploration being undertaken. The subjective nature of qualitative research means that the researcher must be aware of a variety of methodological problems including ethics, artificiality, observer bias and the ability for replication (Sutcliffe, 1999:147). Therefore, it is important to anticipate that if causal relationships are found within the research process that these are fully analysed and not just assumed to be true.

**External Validity**

External validity refers to the ability of the research to be used as a representation within the broader environment that it inhabits. While the exact relationships, processes and practices that exist within the case studies might be unique to the organisations, for the research to be deemed worthwhile, the findings should be generalised to a degree that is useful to other organisations not involved in the research and to the discipline in general (Evans, 1995:80). It is for this reason that not one but three case studies have been chosen for the study. The organisations selected are large in size and utilise a multitude of worksites. However, the policies
and practices of these organisations in relation to their utilisation of the traineeship system are considerably different and represent a range of experiences and outcomes that are relevant across the retail industry.

The main advantage of using multiple-case design is that evidence from multiple cases is often considered more compelling, and the overall study is therefore considered more robust (Herriott and Firestone, 1983 cited in Yin, 2003:46). The potential problem of conducting multiple-case research is that the researcher must ensure there is an overt purpose in conducting the selected cases. These cases must then contribute to the overall theoretical debate in a meaningful and significant manner. The research must also be conducted in a consistent style to ensure the ability for comparative contribution and insight to take place. For this thesis, the approach to multiple-case analysis has adopted the replication mechanism outlined by Yin (2003:47-9) and demonstrated in Diagram 4.1. Therefore, the structure of the research presented will be in the form of three individual case reports (Chapter 6, 7 and 8), followed by a cross-case analysis structured thematically around the research objectives already outlined (Chapter 8). From this, a conclusion will be presented that addresses the initial hypothesis and purpose of the research.

The aim of using multiple-case research is to identify and compare the various processes and practices used by major retail industry employers in the implementation of vocational, education and training to enable a thorough analysis of issues facing participants in the VET system. The use of more than one case can produce greater confidence in the reliability of the findings (Kitay and Callus, 1998:107). The identification of commonalities and differences across the employers’ experiences is hoped to illuminate the relationship between policy and practice.

To further ensure the existence of external validity, the research also includes the input of stakeholders that are separate to the organisations but utilised by either the organisation specifically, or by the industry as a whole. As an essential component of the employment relations perspective, stakeholder analysis is vital in enabling a holistic interpretation of the world of work. Furthermore, the use of stakeholder information has allowed for confirmation of the validity of aspects of evidence attained from primary sources and so has ensured the triangulation of data received.
Reliability
Reliability is concerned with ensuring that the data collected is consistent and as free from errors and biases as is possible. The aim of reliable research is to enable replication of the findings if conducted at a later date by a later investigator (Yin, 2003:38). To this end, the research design has incorporated two key elements. Firstly, a case study database has been used to record all interview material and store all primary documents received during data collection. Secondly, ethical considerations have been incorporated throughout the research. The relationship between ethics and reliability is based on the concept that by following ethical principles throughout the research process, the researcher can potentially claim that their findings are a reflection of accessible material and therefore could be replicated by another researcher. Research ethics refers to the “responsibility that researchers have towards each other, the people who are being researched, and the wider society which supports that research” (Allen & Kellehear, 1993:11). Patton
(1990:376-7), identifies five ethical issues in conducting field research. These dilemmas involve deception, confidentiality, involvement with deviants, the power of participants and the publishing of the findings. Potential problems such as these outlined by Patton, can be prevented and avoided by ensuring confidentiality and privacy where required, using overt methods of research, and by interviewing a wide range of participants regardless of their individual power. The methods of preventing and avoiding ethical problems were incorporated into the research design that was approved formally by the UWS Human Ethics Committee.

Data Collection

Interviews

Primary data collection for this research has come predominantly from semi-structured interviews, supported by an analysis of industry level and organisational documentation. The research interview was chosen as the predominant form of data collection as it is the primary means of accessing the experiences and subjective views of actors (Whipp, 1998:55). Fundamentally, interviews are an essential source of case study evidence because most case studies are about human affairs (Yin, 2003:90). The main advantage of conducting semi-structured interviews is that it allows the interview to follow a set direction while retaining a degree of openness and opportunity for discussion. As the nature of this case study is exploratory research, this approach can be justified. It also provides the chance of obtaining information that is based on opinion as well as fact. This is often the only way in which the reality of a situation can be determined, and adds a richness to the research as it is based on human experience.

The purpose of utilising semi-structured interviews is that it allows for the interview to take a clear direction while also enabling the opportunity for new ideas and experiences to evolve. The researcher has to become adept at shaping questions in response to the interviewees’ replies and ensuring that the discussion remains relevant (Whipp, 1998:54). To ensure that the interviews did not stray from their primary intentions however, base questions were designed in set sequences in order to ensure both a consistent protocol and that the established research goals were met (see Appendices 7, 8 and 9). To overcome the problems of validity associated with interviews as subjective verbal reports, field notes were taken, and findings documented as soon as possible to ensure completeness, accuracy and clarity of data.
Arguably, the success of the interview as a research tool is dependent upon the care which is given to the formulation of the questions (Sutcliffe, 1999:145). The questions were designed to elicit both objective and subjective information in regards to the interviewee’s knowledge and experience of VET in their organisations. Firstly, the questions were used to provide contextual information about the relevant organisations. Information regarding the size of the organisation, the number of trainees, the labour market demographics, number of worksites, business strategy and other essential details were ascertained from the conducting of interviews. Secondly, the questions were designed to explore the organisation’s role in the implementation of retail traineeships. Choices regarding the basis of VET utilisation, the delivery of training, the relationship to other HR processes and the perceived outcomes for participants were identified through the responses received from the interview participants. Finally, the questions sought to gauge the personal views of the participants on the nature of the VET system and their perceptions of the positive and negative aspects of the system. Questions were also drawn as a result of issues raised throughout the literature review of secondary sources, in addition to the analysis of primary documents. Contemporary changes to the VET system also influenced the interview process as elements of the system altered during the time of field research.

A total of fifteen informants participated in the field research for this thesis. Participants were chosen for their expert knowledge, accessibility and willingness to provide insight and information on traineeships within the retail industry. As the focus of the research is aimed at analysing management strategy, eleven of the participants are involved in managing training and human resources at the three organisations studied. The information received from these individuals was used as the main source of evidence pertaining to the strategies, policies and practices of the various organisations. These interviewees were:

- RetailCo – National Manager of Training Programs/ Corporate Office
- RetailCo – Regional Training Manager/ Illawarra
- RetailCo – Regional Training Officer/ Western Sydney
- RetailCo – HR/Training Officer/ Corporate Office
- RetailCo – HR/Training Officer/ Corporate Office
- DeptCo – NSW/ACT Recruitment, Learning & Development Manager
- DeptCo – NSW/ACT Recruitment, Learning & Development Ass. Manager
- DeptCo – Regional Training Officer/ Parramatta
• DeptCo – Regional Training Officer/ Parramatta
• CoffeeCo - National Training Manager/ Head Office
• CoffeeCo – Franchisee/ Windsor and Richmond

The four remaining participants were sourced from the retail industry and the VET sector. The information gained from these informants was used to provide insight into the system supporting the implementation of retail traineeships and to elucidate issues both within the organisations examined and the broader environment. Where appropriate, these sources were of assistance in validating details associated with claims made by various organisation representatives and hence assisted with the triangulation of data. The interviewees were:

• Australian Retailers’ Association – Employee Relations Director
• Shop, Distributive and Allied Employees’ Association – Industrial Officer/Training
• ABEN New Apprenticeship Centre – Manager of Field Operations
• Training Assessor - Private Registered Training Organisation – Training Provider for CoffeeCo/ Sydney, Newcastle, Illawarra

The average length of most interviews was approximately one hour, although a few were shorter due to time constraints. Some interviews were also conducted in the context of a field visit to the organisation. In the cases of RetailCo and CoffeeCo, this access enabled first hand observation of the training facilities utilised by those organisations. All interviewees approached were informed of the research objectives and the nature of research being undertaken. Assurances of anonymity were given to all of the participants, and an undertaking was made to maintain the confidence of commercial information. For this reason, no business names have been used throughout this research. It was hoped that these assurances would encourage interviewees to be more open and forthcoming with information, with the aim of increasing the internal validity of the results.

**Documentation**

The second major source of primary evidence came through the analysis of organisational documents. The importance of document analysis lies in its ability to corroborate and augment evidence from other sources and should play an explicit role in any case study data collection process (Yin, 2003:85-7). Such documentation utilised for this thesis includes enterprise agreements, annual
reports, HR and training policies, employee handbooks, training modules and programs, recruitment guidelines, promotional material, and in the case of DeptCo an internal report analysing the potential use of an external Training Provider. It is important to note that some of the documents analysed are publicly available through contacting the organisation or accessing websites while others are internal company documents that were offered by the participants for the purpose of assisting with the research. In relation to the internal company documents, all assurances were given that the material would be handled with the strictest of confidence.

While the analysis of these documents is fundamental to the research process, it is also important to recognise that relying on documentary evidence is potentially problematic. Ellem (1999:73) suggests that a researcher should approach documents with a degree of scepticism as every document that the researcher encounters is a socially constructed piece in itself, bearing certain values and assumptions. Another problem is that not all documents are made available to researchers (Patmore, 1998:220-221) and that restrictions can be justified on a number of grounds, including the need to ensure information does not get into the hands of rival organisations and the need for individual privacy. With these issues in mind, every attempt has been made to consider the purpose of the documents’ existence, the audience that it was intended for and the nature for which it was intended to be used. It is also recognised that there is a strong likelihood that other forms of documentation exist that were not accessible that could easily contain a wide range of valuable information. Notwithstanding these limitations, the above documentation, when corroborated with the interview data, has provided a wealth of knowledge and information contributing as a result, to a more holistic portrayal of the organisations under investigation.
Summary
Building on the research presented in Chapters 2, this Chapter began by identifying the research framework underpinning the primary research conducted for this thesis:

1. **management as a systems actor** – analyse the environmental context, the rules that bind the system and the stakeholders within the system;
2. **management as a strategic actor** – analyse the choices open, the uncertainties of strategy formulation and the capacity to manipulate both internal and external environments; and
3. **management as an agent of capital** – analyse the economic pressures to contain costs and raise efficiency.

Case study methodology has been chosen as the means by which the research framework will be addressed due to the flexibility it affords and for the capacity to provide detailed, in-depth analysis of the issues involved in the relationship between management strategy and the implementation of VET within organisations. Attention has been paid to the design of the research, in particular the principles of validity and reliability. The importance of accuracy and replication in qualitative research cannot be underestimated and all efforts have been made to ensure that the research conforms to these base principles. Due to the complicated nature of the topic under investigation, the research is going beyond a single case approach and instead utilising the multi-case design method. The use of three cases seeks to demonstrate the range of choices available to employers who utilise retail traineeships and act as a comparison in terms of analysing decision-making, processes and outcomes for organisations. The collection of data undertaken throughout the research has been guided by the process of triangulation, whereby multiple sources of evidence are used to validate the overall experience of a case. Through analysing a range of experiences in a detailed manner, it is hoped that useful conclusions regarding the research questions can be ascertained. Chapter 4 will explain the system of VET in Australia to establish the dynamics of the external environment and the relevant stakeholders, and Chapters 5, 6 and 7 will outline the three organisational case studies conducted for this research.
Chapter 4 – The Australian Vocational Education and Training (VET) System

Introduction
Since the mid 1980s, the Australian Vocational Education and Training (VET) system has experienced significant reforms in terms of policies and regulatory frameworks, resulting in a system characterised by demand-side requirements that seek to cater to the needs of industry and employers. As discussed in Chapter 1, these reforms were instigated by a political shift towards neo-liberalism, and a perceived change in Australia’s international competitiveness due to an employment relations system that lacked flexibility, and hindered productivity and technological advancements. The predominant shift in focus has been a move away from the traditional supply-side approach to skill formation whereby government ensures the labour market is adequately skilled to a demand-side approach that directly responds to industry requirements.

The contemporary VET system has evolved in recent years to accommodate this shift in focus and is comprised of a range of structures and stakeholders that integrate to form the National Training System. While the traditional domain of VET responsibility was state-based, the current approach involves a hybrid structure of federal and state-based regulations and stakeholders that results in a somewhat complicated system. This chapter seeks to dissect the contemporary system to assist the analysis of VET related issues. The key elements discussed include the National Training Framework, the major stakeholders, relevant legislation and awards and the New Apprenticeship system. Where appropriate, the NSW system will be used as an example of state-based VET participation.

National Training Framework
The current system of VET that operates in Australia is known as the National Training Framework (NTF). The NTF is comprised of three core elements: The Australian Quality Training Framework (AQTF) that seeks to assure the quality and consistency of training delivery and assessment; Training Packages that seek to assure the quality, consistency and industry relevance of training products; and the
Australian Qualifications Framework (AQF) that seeks to assure the quality, consistency and portability of education and training outcomes. These three elements will now be discussed in more detail.

**Australian Quality Training Framework (AQTF)**

A major component of the reform process was the introduction of the Australian Quality Training Framework (AQTF) in 2001. This framework was developed by the National Training Quality Council (NTQC) of the ANTA Board in conjunction with States and Territories, the Commonwealth and industry and endorsed by Ministers for vocational education and training on 8 June 2001. The key objective of the AQTF is to provide the basis for a nationally consistent, high quality VET system and is comprised of two sets of nationally agreed standards, those being the Standards for Registered Training Organisations (ANTA, 2005a) and the Standards for State and Territory Registering/Course Accrediting Bodies (ANTA, 2005b). The original Standards from 2001 were reviewed during 2004 and the revised standards took effect from 1 July 2005 (ANTA, 2005c).

The cornerstone of the AQTF is the principle of national recognition (ANTA, 2005d). This comprises two key elements. Firstly, all Registered Training Organisations (RTOs) must be nationally recognised under the AQTF so that an RTO can operate in any state or territory without a further registration process, and secondly, RTOs must recognise and accept AQF qualifications and statements of attainments issued by other RTOs. This enables national portability of qualifications and statements of attainment.

**Training Packages**

Following on from this, one of the key changes has been the introduction of competency-based training (CBT) as the basis for all accredited training in Australia. A competence is an observable, demonstrable skill, process or performance that can be measured and assessed against set standards (Harris et al, 1995), and key competencies reflect generic skills that are believed to be transferable between industries and occupations (Dawe, 2002:18). This approach allows for the enforcement of a more industry-led training system. In addition to this, it is commonly perceived that specified learning outcomes provide better teaching practices and more legitimate forms of assessment (Smith, 1998:25) and that this industry focus will enable the standardisation of courses and training programs. As
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a result, all apprenticeships and traineeships comprise competency-based training and training packages.

Training Packages are sets of nationally endorsed and qualifications developed by industry through national Industry Skills Councils or by enterprises to meet the identified training needs of specific industries or industry sectors. In January 2005, there were 81 endorsed Training Packages, nine of which were enterprise based (DEST, 2005). Training Packages complete a quality assurance process and are endorsed by the National Training Quality Council (NTQC) and placed on the National Training Information Service (NTIS), an electronic database that is accessible over the internet.

Australian Qualifications Framework
The emergence of competency-based training led to the establishment of a national system of standards, qualifications and advisory structures. A key problem of the traditional system was the lack of portability of qualifications between states due to the fragmented nature of the state run approach. In line with the establishment of ANTA was the creation of the Australian Qualifications Framework (AQF) in 1995 (see Table 4.1). This provides a quasi-legal regulatory environment, within which VET institutions now operate in all states and territories (Pickersgill, 2001:132). The AQF provides a single national qualifications framework for all senior secondary, vocational and higher education credentials, including vocational certificates and other qualifications gained from apprenticeships and traineeships. The AQF aims to ensure consistency across the VET sector and enable equitable accreditation of all programs to benefit the key stakeholders.

Table 4.1: Australian Qualifications Framework (AQF)

<table>
<thead>
<tr>
<th>VET sector qualifications</th>
<th>Higher education sector qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate I</td>
<td>Advanced Diploma</td>
</tr>
<tr>
<td>Certificate II</td>
<td>Bachelor degree</td>
</tr>
<tr>
<td>Certificate III</td>
<td>Graduate Certificate</td>
</tr>
<tr>
<td>Certificate IV</td>
<td>Graduate Diploma</td>
</tr>
<tr>
<td>Diploma</td>
<td>Masters degree</td>
</tr>
<tr>
<td>Advanced Diploma</td>
<td>Doctoral degree</td>
</tr>
</tbody>
</table>

Source: (Dawe, 2002:9)
Major Stakeholders in the VET System

The current VET system is a complex structure of stakeholders, each with their own roles and responsibilities from the federal level, through to the various state bodies down to the workplace level involving employers and individual students. Any discussion of the VET system in practice requires an understanding of the various stakeholders so that an interpretation of issues and outcomes can be placed in the context of the system as a whole.

Australian National Training Authority (ANTA)

The National Training Reform Agenda (NTRA) culminated in the formation of the Australian National Training Authority (ANTA) in 1992. ANTA was an Australian Government statutory authority established to provide a national focus for VET. As a result of the Constitution, training and education are the responsibilities of the states so to ensure national consistency within VET it was deemed necessary to form an organisation that can monitor the states’ activities and support an integrated approach to VET.

The development of ANTA was the first step in shifting the VET system away from the traditional supply-side focus to the current emphasis of a system dictated by demand-side requirements, that is, a system that can cater to the needs of employers and industry regardless of the broader labour market requirements. The shift to this workplace focus was driven by three core beliefs (Hawke, 1998 cited in Harris et al 2000:3):

- The system of VET that existed prior to the mid-1980s was not capable of delivering the type of training needed to create a flexible, skilled workforce which could give Australia a competitive advantage in an increasingly globalised economy.

- The nature of the competence required by the workforce to drive Australia’s economic development could best be developed in learning environments where real-world activities could be undertaken.

- The cost of increasing the skill level of the Australian workforce to meet these demands was going to be high. In order to achieve the policy goal of
a more highly skilled workforce while containing costs associated with VET, ways needed to be found to encourage enterprises to invest in training in the workplace that would lead to formal qualifications.

The main functions of ANTA were to administer national programs, develop VET policy and strategy and to oversee the Australian Government funding of the national VET system. However, on 22 October 2004, the Prime Minister announced that ANTA would be abolished and its functions brought into the Department of Education, Science and Training from 1 July 2005. In line with new legislation currently being developed, it has been proposed that a Ministerial Council on Vocational Education will be established to ensure continued harmonisation of a national system of standards, assessment and accreditation with goals agreed in a Commonwealth-State Funding Agreement.

**State and Territory Training Authorities**

Within each State and Territory, a range of authorities exist for the purpose of regulating and administering the VET system. In accordance with the AQTF, any State and Territory authority involved in the evaluation and registration of training organisations, the accreditation of courses, or the assessment of mutual recognition to ensure national effect must follow the Standards for State and Territory Registering/Course Accrediting Bodies (ANTA, 2005b). As an example of the type of bodies utilised across the system, the various functions of the relevant authorities within the NSW system are outlined below in Table 4.2:

<table>
<thead>
<tr>
<th>Title</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW Department of Education and Training (DET)</td>
<td>• Provides a range of VET policies, strategies, programs and services for specific industries and individuals;</td>
</tr>
<tr>
<td></td>
<td>• Administers the NSW apprenticeship and traineeship system and provides recognition services for people wishing to attain formal qualifications.</td>
</tr>
<tr>
<td>NSW Vocational Education and Training Accreditation Board</td>
<td>• Registers and monitors training organisations based in NSW;</td>
</tr>
<tr>
<td></td>
<td>• Accredits VET courses in accordance with national standards;</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>(VETAB)</th>
<th>• Approves training organisations’ delivery of VET to overseas students in NSW.</th>
</tr>
</thead>
</table>
| NSW Board of Vocational Education and Training (BVET) | • Established in 1994 to provide the State Govt and the Minister for Education and Training with strategic advice about the NSW VET system.;  
• The Board, which is appointed by the Minister, oversees policy and planning initiatives and fosters partnerships between key stakeholders in the NSW training system. |


Industry Advisory Bodies
An important feature of the contemporary system is the role that industry plays in the determination of vocational, education and training requirements. Since the inception of the national VET system, industry training advisory bodies (ITABs) have arguably been the key mechanisms for advice and information between industry representatives and the governmental agencies in the system. These advisory bodies have provided a way for industry needs to be identified, communicated, and serviced and they have had primary responsibility for the development and maintenance of Training Packages (ANTA, 2004). Under the initial framework, each industry had its own ITAB that acted on its behalf. As an example of this, within the retail industry the relevant ITAB was the National Wholesale Retail and Personal Services Industry Training Council Ltd (National WRAPS). However, in 2003 the ANTA Board decided to streamline the ITAB structure and establish ten new Industry Skills Councils (ISC) to progressively replace the former industry advisory bodies (DEST, 2005). The two key roles of ISCs is to firstly provide accurate industry intelligence to the VET sector about current and future skill needs and training requirements, and secondly to support the development, implementation and continuous improvement of quality nationally recognised training products and services, including Training Packages.

In terms of the retail industry, the relevant ISC is Service Industries Skills Australia (Service Skills) that has replaced National WRAPS and has incorporated not only wholesale, retail and personal services but also tourism and hospitality and sport and recreation. Service Skills represents approximately 640,000 businesses in
these areas and considers its main roles to include working with these industries to identify skill needs; providing advice and assistance to industry on skill development and engaging with the VET system; providing advice to government on skill issues; and developing and maintaining products that support skill development in the above industry areas. The structure of the council consists of a Board of six directors (two from each industry area) that is responsible for overall management and corporate governance in conjunction with three Industry Advisory Committees (IAC) (representing each industry area) which are designed to advise on all matters relating to their areas of responsibility and coverage and provide industry-specific strategic direction to the Board. The Wholesale, Retail and Personal Services IAC is comprised of 18 industry representatives, ranging from relevant employers, employer associations and a trade union (the SDA). The inclusion of industry advisory bodies whether they be ITABs or ISCs is a major component of the Australian VET system and an important link to the goal of enabling an industry-led system that can ensure that the demands of industry are being met within the system.

New Apprenticeship Centres (NAC)
Established in 1998, alongside the introduction of New Apprenticeships, New Apprenticeship Centres (NAC) act as a conduit between employers and the State or Territory Training Authority in the administration of New Apprenticeships. Funded by the Commonwealth Government, NACs operate from over 500 sites Australia-wide and offer a free service to employers to help them with the sign-up and administration of New Apprenticeships. In summary, NAC services include:

- Providing information on New Apprenticeships options to employers and other interested people;
- Marketing and promoting New Apprenticeships in the local area;
- Administering Commonwealth incentive payments to employers;
- Working with the State/Territory Training Authority to provide an integrated service; and
- Establishing effective relationships with Commonwealth contracted Job Network Members, training providers, schools and other organisations.

Registered Training Organisations (RTO)
In the current VET system, all training providers that seek to issue Australian Qualification Framework (AQF) qualifications and statements of attainment must be registered by a State or Territory Training Authority. Registration is usually granted
for up to five years on the basis that the organisation can demonstrate that they meet the *Standards for Registered Training Organisations* as required under the AQTF. While an organisation that is not registered may offer training or assessment services, only RTOs:

- Can issue qualifications and statements of attainment that are recognised nationally;
- Can use the State and Nationally Recognised Training logos;
- Are listed on the National Training Information Service (NTIS) database;
- Can be approved to provide courses to overseas students studying in Australia and listed on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS); and
- Are eligible to tender for public funding for vocational education and training.

(adapted from [www.vetab.nsw.gov.au](http://www.vetab.nsw.gov.au))

Within the NSW system the total number of NSW registered providers at 30 June 2003 was 792. A breakdown of the numbers and types of providers operating in the system is demonstrated in Table 4.3:

**Table 4.3 Number of RTOs in NSW at 30 June 2003 by type**

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAFE, schools, universities</td>
<td>61</td>
<td>8</td>
</tr>
<tr>
<td>Local government and other government providers</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td>Adult education centres</td>
<td>62</td>
<td>8</td>
</tr>
<tr>
<td>Community access centres</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Industry organisations</td>
<td>60</td>
<td>8</td>
</tr>
<tr>
<td>Enterprise-based organisations</td>
<td>70</td>
<td>9</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Commercial training organisations</td>
<td>455</td>
<td>57</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>792</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: (VETAB, 2003:12)

While this table clearly shows the range of RTOs that exist within the system it also demonstrates how over half (57%) of these RTOs are private commercial training organisations. The sheer number of private RTOs (455 in NSW alone) suggests that the industry of training provision is highly competitive and that the securing of
government tenders and industry partnerships must be necessary for survival. This requirement for competitiveness is supported by qualitative research conducted by Wood (2004) who examined the perceptions of a range of RTO representatives and discovered that in order for RTOs to remain in business, they must go beyond the prescribed *Standards* (ANTA, 2004) and accept responsibility for adopting various roles, including:

- Bridging any training gaps caused by a lack of skill or resources on behalf of the employer;
- Advising, supporting, motivating and mentoring trainees and employers; and
- Monitoring the trainees’ working conditions, including the awareness of responsibilities and requirements, on behalf of both the trainees and the employers. (Wood, 2004:2).

As the deliverers of training within the VET system, RTOs play a crucial role in the quality and consistency of skill acquisition in Australia. While formal mechanisms for the registration, and auditing of this provision exist, due to the large scope of training providers operating in the system it is perhaps unrealistic to expect that unilateral standards of training are being implemented across the board.

**Relevant Legislation and Awards**

Within the VET system, a range of Commonwealth and State Government Acts of Parliament relate to the administration of apprenticeships and traineeships and the training of apprentices and trainees. As the context of the case studies are contained to the NSW jurisdiction, the relevant Acts that exist within the NSW system will be highlighted as they are most relevant to the organisations examined and can be used as an example of State legislation. The relevant Acts include (Table 4.4):
Table 4.4 Relevant Acts of Parliament – NSW and Commonwealth

<table>
<thead>
<tr>
<th>Act</th>
<th>Administration</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship and Traineeship Act 2001</td>
<td>(administered by the NSW Department of Education and Training)</td>
<td>This Act relates directly to the administration of apprenticeships and traineeships in NSW and sets out the roles and responsibilities of the Commissioner for Vocational Training, employers, apprentices and trainees, as well as other bodies involved in the apprenticeship and traineeship system in NSW such as the VTT and group training organisations.</td>
</tr>
<tr>
<td>Vocational Education and Training Accreditation Act 1990</td>
<td>(administered by the NSW Department of Education and Training)</td>
<td>This Act sets out the constitution, roles and functions of the NSW Vocational Education and Training Accreditation Board (VETAB), including those relating to the registration of training organisations and accreditation of courses.</td>
</tr>
<tr>
<td>Board of Vocational Education and Training Act 1994</td>
<td>(administered by the NSW Department of Education and Training)</td>
<td>This Act sets out the constitution, roles and functions of the NSW Board of Vocational Education and Training (BVET), including those relating to the appointment of advisory committees and delegation of authority to other parties.</td>
</tr>
<tr>
<td>Industrial Relations Act 1996</td>
<td>(administered by the NSW Department of Education and Training)</td>
<td>This Act regulates industrial relations in NSW. It provides for a centralised, award-based arbitration system with provision for enterprise bargaining. The Act provides for regulation of industrial matters, including the provision that employers maintain records of time worked by apprentices and/or trainees and the wages they are paid.</td>
</tr>
<tr>
<td>Workplace Relations Act 1996</td>
<td>(administered by the Commonwealth Department of Employment and Workplace Relations)</td>
<td>This legislation provides for Federal awards, certified agreements and Australian Workplace Agreements.</td>
</tr>
<tr>
<td>Occupational Health and Safety Act 2000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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(administered by the NSW WorkCover Authority)
This Act outlines the general health and safety requirements of workplaces in NSW.

**Child Protection (Prohibited Employment) Act 1998**
(administered by the NSW Commission for Children and Young People)
This Act prohibits convicted sex offenders from working with children and young people under 18 years of age and broadens the checking of those who want to work with children and young people.

Source: (adapted from NSW DET, 2002: 43-44).

The relevant awards include (Table 4.5):

Table 4.5 Relevant Awards – NSW and Commonwealth

**Training Wage (State) Award 2002 (NSW)**
(Award Code: 1614)

Objective (Clause 3):
The objective of this award is to assist in the establishment of a system of traineeships which provides approved training in conjunction with employment in order to enhance the skill levels and future employment prospects of trainees, particularly young people, and the long-term unemployed. The system is neither designed nor intended for those who are already trained and job-ready. It is not intended that existing employees shall be displaced from employment by trainees.

**National Training Wage Award 2000 (Cwth)**
(Award Code: AW790899)

Coverage (Clause 5):
This award applies in all states of Australia to trainees covered by federal workplace arrangements. A traineeship (for the purposes of this award) is defined as a system of training which has been approved by the relevant State/Territory Authority.
New Apprenticeship System
Another recent development has been the establishment of the New Apprenticeship system in 1998. Building on previous reforms, this incorporates both apprenticeships and traineeships into a single national system, together with the introduction of new flexibilities including user choice of training providers. Examples of previous changes include the abolition of age restrictions in 1992 to permit people of all ages to participate in the process, the relaxation of the requirement for formal off-the-job training in 1994-95 and the extension of traineeships to programs leading to the equivalent of certificate III, certificate IV or diploma level qualifications in 1995 (NCVER, 2001:4). Under new apprenticeships, structured employment based training, covered by a legally binding employer-employee training agreement, is available in virtually all industries and occupations. Importantly, employers and their apprentices or trainees will be able to put together a structured training program that meets their particular needs, and they are also able to choose the training provider to deliver the relevant program (ANTA, 1998:6). This development is clearly significant in terms of management strategy and the choices that are now available to stakeholders in the VET system.

In terms of new user-choice arrangements, there are four generally recognised types of providers of VET beside TAFE. Commercial providers are profit-making organisations that exist with the purpose of offering courses to industry and individuals. Community providers are non-profit organisations that receive government funding or sponsorship and generally cater to specific areas of the labour market, for example, the unemployed or indigenous Australians. Industry providers are organisations that cater to enterprises across an industry and are often linked to employer associations as an extension of their membership services. The final type of new provider is the enterprise where companies can provide their own training program for their own employees, and can develop accredited training and gain registration as training organisations. This ability for enterprises to formally enter the training market is of great significance to our understanding of the contemporary VET system. The opportunity for individualisation, flexibility, competitiveness and recognition has a tremendous impact on the strategic choices available to management and opens up skill formation and development as an integral area of decision-making within organisations.
New Apprenticeship Funding

The funding for post school education and training provided by the Australian Government covers five major areas – a) Funding for VET; b) New Apprenticeships; c) Career Planning; d) Funding for Higher Education; and e) Assistance for post school students including those with special needs. In addition to these administered appropriations, the Government also provides appropriations to the Department of Education, Science and Training (DEST) to administer programmes and develop policies relating to these five main areas. Over the last four years, the total amount funded by the Commonwealth has grown significantly as highlighted in Table 4.6:

<table>
<thead>
<tr>
<th>Year</th>
<th>Administered Expenses Total Actual $'000</th>
<th>Departmental Outputs Total Price $'000</th>
<th>Resourcing Total Actual $'000</th>
<th>Percentage Change (%) of Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>6,764,868</td>
<td>87,788</td>
<td>6,852,656</td>
<td>+ 5.6</td>
</tr>
<tr>
<td>2002-03</td>
<td>6,401,087</td>
<td>85,262</td>
<td>6,486,349</td>
<td>+ 9.5</td>
</tr>
<tr>
<td>2001-02</td>
<td>5,836,548</td>
<td>89,344</td>
<td>5,925,892</td>
<td>+ 3.8</td>
</tr>
<tr>
<td>2000-01</td>
<td>5,606,935</td>
<td>102,721</td>
<td>5,709,656</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

(n/a) = data not available

Sources: (Commonwealth of Australia, 2001:64; 2002:51; 2003:81; 2004:81)

This data demonstrates that the total funding for post school education and training has grown by over one billion dollars during this time. While it would be possible to analyse the changes to funding of all five major areas, perhaps the most relevant analysis for this thesis is that of the changes to New Apprenticeship funding over the four year period. As shown in Table 4.7 (below), funding for New Apprenticeships has grown along with the growth in total funding. However, more important is the fact that New Apprenticeship funding has grown as a proportion of total funding from 7.6% in 2001 to 10.1% in 2004 representing an increase of $250 million of actual funds. This growth highlights the commitment of the Australian Government towards the New Apprenticeship system, arguably at the expense of other areas of post school education and training such as funding for higher education which has
declined from representing 71.3% of the total budget in 2001 to 58.6% of the total budget in 2004 (see Table 4.8 below).

Table 4.7 Commonwealth Funding for New Apprenticeships in relation to Total Funding for Post School Education and Training

<table>
<thead>
<tr>
<th>Year</th>
<th>Administered Expenses Total Actual $’000</th>
<th>New App Expenses Total Actual $’000</th>
<th>New App Expenses of Total Administered Expenses (%)</th>
<th>Percentage Change (%) of Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>6,764,868</td>
<td>685,610</td>
<td>10.1</td>
<td>+ 1.0</td>
</tr>
<tr>
<td>2002-03</td>
<td>6,401,087</td>
<td>586,289</td>
<td>9.1</td>
<td>+ 0.6</td>
</tr>
<tr>
<td>2001-02</td>
<td>5,836,548</td>
<td>493,333</td>
<td>8.5</td>
<td>+ 0.9</td>
</tr>
<tr>
<td>2000-01</td>
<td>5,606,935</td>
<td>428,268</td>
<td>7.6</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

(n/a) = data not available
Sources: (Commonwealth of Australia, 2001:64; 2002:51; 2003:81; 2004:81)

Table 4.8 Commonwealth Funding for Higher Education in relation to Total Funding for Post School Education and Training

<table>
<thead>
<tr>
<th>Year</th>
<th>Administered Expenses Total Actual $’000</th>
<th>Higher Education Expenses Total Actual $’000</th>
<th>Higher Education Expenses of Total Administered Expenses (%)</th>
<th>Percentage Change (%) of Annual Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>6,764,868</td>
<td>3,966,059</td>
<td>58.6</td>
<td>- 3.6</td>
</tr>
<tr>
<td>2002-03</td>
<td>6,401,087</td>
<td>3,979,578</td>
<td>62.2</td>
<td>- 8.3</td>
</tr>
<tr>
<td>2001-02</td>
<td>5,836,548</td>
<td>4,119,828</td>
<td>70.5</td>
<td>- 0.8</td>
</tr>
<tr>
<td>2000-01</td>
<td>5,606,935</td>
<td>3,999,016</td>
<td>71.3</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

(n/a) = data not available
Sources: (Commonwealth of Australia, 2001:64; 2002:51; 2003:81; 2004:81)
New Apprenticeships Incentives Programme (NAIP)

An important component of the New Apprenticeship system is the availability of incentives for employers who participate within the system:

The objective of the New Apprenticeships Incentives Programme is to develop a more skilled Australian workforce that delivers long-term benefits for our nation and our international competitiveness. This is achieved by encouraging employers to open up genuine opportunities for skills-based training of their employees, through provision by the Australian Government of financial incentives to employers who employ and train a New Apprentice (apprentice or trainee). (DEST, 2004)

Apart from having the option of paying trainees a ‘training wage’ that can be adjusted to reflect the amount of time spent in off-the-job training, employers can also receive subsidies that seek to reduce employment costs generally. In NSW, the State Government meets the cost of formal training delivered by Registered Training Organisations (RTO) for new entrant trainees, provides employers with payroll tax rebates, pays workers’ compensation insurance coverage and subsidises the wages of apprentices with disabilities, while the Commonwealth Government offers financial incentives at various points of the training contract, offers additional incentives for those working in ‘disadvantaged’ areas and offers disability incentives (NSW DET, 2002:37).

Of note, is the obvious importance the Australian Government is placing on the availability of funds for employers within the New Apprenticeship system. As indicated in Table 4.9 (below), over the last four years there has been a steady increase in employer funding not only in pure financial terms but more importantly, as a percentage of the overall post school education and training budget. In 2004, almost 8% of the total budget was directed towards employer incentives, an increase of 1.5% over the preceding two years. With over half a billion dollars of Australian tax payers money spent on employer incentives alone in 2004, the way employers are utilising the new apprenticeship system is not just of industrial importance but of social and financial importance as well to the nation as a whole.
Table 4.9 Commonwealth Funding for New Apprenticeships Employer Incentives in relation to Total New Apprenticeship Funding and Total Post School Education and Training Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Employer Incentives</th>
<th>New App Expenses</th>
<th>Employer Incentives of Total New App Expenses (%)</th>
<th>Administered Expenses</th>
<th>Employer Incentives of Total Administered Expenses (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>531,860</td>
<td>685,610</td>
<td>77.5</td>
<td>6,764,868</td>
<td>7.9</td>
</tr>
<tr>
<td>2002-03</td>
<td>454,996</td>
<td>586,289</td>
<td>77.6</td>
<td>6,401,087</td>
<td>7.1</td>
</tr>
<tr>
<td>2001-02</td>
<td>374,688</td>
<td>493,333</td>
<td>76.1</td>
<td>5,836,548</td>
<td>6.4</td>
</tr>
<tr>
<td>2000-01</td>
<td>(n/a) 428,268</td>
<td>(n/a)</td>
<td>(n/a)</td>
<td>5,606,935</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

(n/a) = data not available


Retail Traineeships

The introduction of traineeships within the Australian retail industry has resulted in an unprecedented formalisation of vocational education and training policies and practices for retail organisations. Through changes to public policy and legislation, a system of nationally recognised and accredited qualifications is available for retail employees that purports to be flexible, be value adding for capital and labour alike and aims to encourage skill acquisition across this area of the service sector. From an employment relations perspective, these changes are important as they have led to the interaction of a multitude of stakeholders and significant changes to the strategic choices available to managers.

National Retail Training Package

The development of a National Training Package in Retail was first completed in 1998 with an updated version established in 2002. The revised Retail Training Package (WRR02) was endorsed on 30 January 2002, by the National Training Quality Council. As Training packages are implemented at the state/territory level, it was necessary for each jurisdiction to approve the changes in the form of a Vocational Training Order (VTO). Within NSW, the Commissioner for Vocational Training approved the variation to the existing VTO for the recognised traineeship vocation of Retail Operations under section 6 of the Apprenticeship and Traineeship
Act, 2001, at the request of the NSW Retail Wholesale and Associated Services Industry Training Council Ltd (WRAPS). The review process resulted in a number of changes to the Retail Training Package (Christie, 2002). The significant changes include:

- Revision of the qualifications framework wherein the structure and packaging of the qualifications has been altered to provide greater flexibility of choice through the removal of streams in favour of a greater choice of elective units;
- Deletion of the groupings of units of competency into ‘phases’ within the structure of each qualification. These ‘phases’ of modules were arranged in such a way that completion of ‘phase’ A was a prerequisite to completing ‘phase’ B and so on. Each phase was accompanied by an ‘Integrated Competency Assessment’ thus creating a ‘lock-step’ arrangement for learners.

The ‘phases’ have now been replaced in each qualification by a single core of units plus a wide choice of electives both from within and outside the Retail Training Package. The mandatory Integrated Competency Assessment requirements have been replaced by general recommendations for assessment in a holistic manner. Other key changes introduced in the 2002 version of the Retail Training Package include:

- The title of WRR30197 Certificate III in Retail Operations has been changed to Certificate III in Retail Supervision and a new Certificate III in Retail Operations has been added;
- Update of the units of competency to reflect current industry and technology changes;
- Development of new units of competency in the areas of visual merchandising and consumer demographics;
- Use of the innovative workskills guideline units of competency; and
- Importation of units from the Business Services Training Package, Wholesale Training Package and Assessment and Workplace Training Training Package.
As a result of these changes the current Retail Training Package contains a number of qualifications that aim to enable employees to gain formal recognition for their skills and help them build a career in the retail industry (Table 4.10):

Table 4.10: Retail Training Package (WRR02)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>WRR10102</td>
<td>Certificate I in Retail Operations</td>
</tr>
<tr>
<td>WRR20102</td>
<td>Certificate II in Retail Operations</td>
</tr>
<tr>
<td>WRR30101</td>
<td>Certificate III in Retail Supervision</td>
</tr>
<tr>
<td>WRR30202</td>
<td>Certificate III in Retail Operations</td>
</tr>
<tr>
<td>WRR40102</td>
<td>Certificate IV in Retail Management</td>
</tr>
<tr>
<td>WRR50102</td>
<td>Diploma of Retail Management</td>
</tr>
</tbody>
</table>

The qualifications are based directly on the Retail Competency Standards, which define the range of knowledge and skills that employees need within retail. The Package has been designed by the retail industry for the retail industry and aims to ensure nationally consistent and high quality performance from employees in the retail industry (National WRAPS, 2002). As a key component of the New Apprenticeship system, the Retail Training Package is a landmark development in the formalisation of qualifications and standards available to stakeholders in the retail industry.

Summary
As a result of the National Training Reform Agenda, Australia’s Vocational Education and Training (VET) system looks considerably different to the traditional apprenticeship system that operated up until the mid 1980s. The current system is a complex structure of stakeholders, each with their own roles and responsibilities from the federal level, through to the various state bodies down to the workplace level involving employers and individual students. These changes have been based on two broad overriding principles. Firstly, the system is in the process of becoming a broadly national system to overcome perceived problems of state-based inconsistencies and the portability of qualifications. Secondly, the national VET system must be driven by the needs of business and industry and that it is these needs that should underpin training priorities, policies and delivery. This chapter has taken an explanatory approach to dissecting the elements of the contemporary VET system and it is within this environmental context that organisations participating in the VET system need to respond strategically to best meet their objectives.
Introduction
This chapter discusses the experiences of a national retailer in their attempt to introduce traineeships at one workplace in 2000. The company, DeptCo, introduced a pilot program for the use of retail traineeships at their Burwood Department Store using the newly introduced Training Package in Retail. This case outlines the organisational context and strategy, the pilot program and recruitment campaign, the structure of the traineeship program introduced and the implementation issues and subsequent outcomes. The research was undertaken in 2003 and reflects the experiences and position of the organisation up to that point in time.

Organisational Context and Strategy
DeptCo is a large, national retailer with more than 12000 employees, located across 60 sites. In terms of the retail industry, DeptCo operated in the department store segment of the market and competed with a range of both high-end and more low-end driven competitors. Even though DeptCo falls under a larger parent company, at the time of the traineeship pilot program the organisation was operating as an individual entity, with its own policies and practices in place. At an organisational level, DeptCo underwent significant strategic change in the late 1990’s. In terms of organisation performance the 112 year-old company ‘had been performing under expectations’ (Burbury, 1998:22) and the share price had stabilised in recent years (Evans, 1999: 41). In terms of competition, the traditionally strong and secure market placement of DeptCo was being challenged:

As the retail environment and consumers’ willingness to spend continues to improve, the department stores’ biggest challenge is to get their offering right. They have been hit by increased interest in specialty stores and discount department stores, such as Big W and Target, have prospered (Burbury, 1998:33).

An increase in competition emerged not only from organisations outside of the parent company, but also from subsidiaries operating within the broader parent company. To address this fierce competition and to help contain costs, DeptCo shifted its overall business strategy from being at the upper end of the retail market (and competing with other top-end retailers) to more of a cut-price bargain-basement approach (Manager, Interview, 2003). This approach meant that stores
were redesigned to have maximise floor space and contain more stock, and customer service assistants went from actively promoting goods and engaging with customers to being simply cashiers and stock staff. The purpose of this approach was to rely heavily on the brand of the business to engage customer loyalty while at the same time, reducing costs:

‘It’s saying you trust and respect DeptCo, so here’s a low-cost format with very good value, which is what you need to win this category … the strategy is to really ensure the brand is vibrant and compelling, to bring people back to the brand’ (General Manager of Marketing cited in Schulze, 1998:5)

As a part of this strategy, individual stores were viewed as separate business units and a significant amount of responsibility and control was decentralised to the management team at the site level. This approach resulted in a very flat store structure comprised of essentially just a business management team and store staff whereby decision-making was highly autonomous at the store level with a basic devolution of responsibility to store level (Manager, Interview, 2003). Staff authority existed essentially as support services to ensure some degree of consistency across the organisation, which resulted in very little middle management. This restructuring of the organisational hierarchy was in keeping with the cost-cutting business strategy.

The labour market demographics of DeptCo included a predominantly female workforce comprised mostly of part-time and casual employees, with only approximately 10% of the workforce employed full-time including management. A majority of the part-time and casual workers were perceived as either secondary income earners, full-time students or mothers returning to work. As a result of this, the labour market could be described as semi-skilled as only a small percentage of employees have any form of formal qualifications. This lack of qualifications is not restricted to the ordinary workforce as it was noted that very few managers have any formal qualifications either: ‘most managers rise through the ranks on the basis of experience rather than qualifications’ (NSW/ACT Learning, Recruitment and Development (LRD) Manager, Interview 2003). In terms of labour management, the head office Human Resource Department was streamlined and used more as a consultative resource for the different stores, rather than its previous history as the prime deliverer of HR functions across the whole organisation. It is within the context of this corporate strategy and approach to HR that a traineeship pilot program introduced at the Burwood store in 2000, will be discussed.
Pilot Program and Recruitment Campaign

In late 1999, early 2000 DeptCo refurbished their Burwood store as a result of the refurbishment of the entire Burwood Shopping Centre which was due to reopen in April 2000. The location and timing of this renovation is significant for two main reasons. Firstly, as this process took a number of months, the employees were transferred to other stores. However, by the time the store was ready to reopen, only 10% of them wanted to return to the newly reopened store as many were resettled and believed that another move was too disruptive (Manager, Interview, 2003). By the time the store management realised this, only short time existed for the recruitment of over 400 new employees. Secondly, the close proximity of Burwood (a suburb of Sydney) to Homebush, home of the Sydney 2000 Olympic Games, resulted in a decrease in supply of the local labour market. DeptCo was placed in a position whereby they had to compete not only with the other retailers in the shopping centre, but also with recruitment drive undertaken by the Sydney Organising Committee for the Olympic Games (SOCOG) for the local peripheral labour market.

DeptCo’s recruitment efforts were affected by intense competition, as they were not unique in the location in terms of being attractive in the labour market. Therefore, with approximately 400 staff required, DeptCo embarked on an intensive recruitment campaign. To try to compete, their recruitment strategy was to saturate the market with intensive coverage utilising multiple methods of recruitment sourcing. Methods used included the internet (seek.com), posters, billboards, radio and newspapers (NSW/ACT LRD Manager, Interview, 2003). As an essential component of their recruitment campaign, DeptCo offered traineeships to potential employees (on the application form the candidates could tick a box that asked them whether they were interested in doing a traineeship). During the selection process, candidates were assessed on their suitability as full-time trainees. For those employees who were to become trainees, a number of conditions dictated their eligibility:

- no university degree
- no previous management position in retail
- staff must work a minimum of 15 hours per week
- casuals could not apply

This eligibility list was constructed specifically for the pilot traineeship program. The decision to not take any candidates with higher education qualifications was based
on the belief that these individuals were ‘already educated’ (Assistant Manager, Interview 2003), and that this would defeat the purpose of skilling them. Likewise, the principle of not employing anyone with management experience in retail was based on the belief that these candidates ‘shouldn’t need training’ (Manager, Interview, 2003) and were therefore unsuitable for a position.

The aim was to attract people lacking direction in employment, or who were seeking some opportunity for a career of sorts. Trainees were identified as long-term employees from whom the company would gain skills, commitment and stability from in return (NSW/ACT LRD Manager, interview 2003). The fact that the eligibility list discounted anyone who had successfully completed an education course and those who had already worked in the industry is interesting considering these overall aims. After the recruitment campaign and selection process, 90 trainees were set to start employment by the time the store reopened which was viewed as a successful outcome considering the difficulties previously outlined.

In line with the decentralised structure of DeptCo at the time, the decision to instigate traineeships was the initiative of the Burwood management team, with very little involvement from the HR department. This was the first time DeptCo had offered traineeships to potential employees. In essence, the Burwood reopening was seen as a pilot program for the organisation, the outcomes of which would act as a test case for the future involvement of other DeptCo stores in the formal VET system.

**Structure of Traineeship Program**

The traineeships were designed to go for a two-year period and meet the qualification of Cert IV Retail Operations traineeship. The broad aim was to identify team leaders and those with potential for future management, to go on and complete the Diploma in Retail Management. Regarding the delivery of the training, DeptCo decided not to become a Registered training Organisation (RTO). The reasoning behind this included a lack of time for this process to occur, lack of available resources and a lack of top management support (NSW/ACT LRD Manager, Interview, 2003). As this was only seen as a pilot program, the process of becoming an RTO was unnecessary in consideration of the immediate necessity of the traineeship program to be operational. Also, as HR was viewed as a support mechanism in the context of their corporate strategy, the belief was that the company could outsource any function like this and allow for specialists to come in
and deliver training. As a result, DeptCo needed to utilise the services of a private Training Provider (TP).

In an attempt to make the traineeships as company-specific as possible, the DeptCo Burwood management team selected a TP that was willing to adapt the traineeship modules in accordance with their particular requirements. The management team and TP worked closely together to ensure that the design of the traineeship program was relevant and suitable to the needs of DeptCo and the inexperienced workers (Manager, Interview, 2003). All training was to be provided on-site (no off-site learning) and the modules were to be completed in a self-paced fashion. The TP promised to spend 2hrs a month with the trainees individually to assist them with their modules.

The trainees were employed as trainees under the DeptCo Enterprise Agreement (1999). In terms of wages, interestingly the trainees were not placed on trainee wages but were paid at 100% of the ordinary full-time rate. The basis for this decision stemmed from the perception that considering the depletion of the peripheral labour market at the time, DeptCo would not have been able to compete had they offered lesser wages. This was also reflective of the pay differentials between casual employees and ordinary part-time and full-time employees, in the sense that casuals received a higher hourly rate than ordinary workers and if they offered a ‘training wage’ for the trainees then this would have created a significant deviation in earning capacity and would have restricted the likelihood of willing participants (NSW/ACT LRD Manager, Interview, 2003). In terms of financial incentives, DeptCo was eligible to receive government funding under the formal arrangements established within the New Apprenticeship system.

Implementation and Outcomes
The program began in April 2000 as the newly renovated Burwood store was reopened, however within four months the program had fallen apart and the relationship with the TP was severed. The failure of this program can be understood by analysing a number of key factors. Primarily, the necessary resources for assessing the credibility, validity and performance of both the employees and the TP was completely lacking (Manager, Interview, 2003). The Burwood Management team in place was not necessarily competent at both building a department store and dealing with the HR issues reliant for successful implementation of training programs. At the time of implementation, they were not fully aware of the
complexities involved in running training programs such as formal traineeships. In terms of resources, they did not factor for the range of elements underpinning such programs including the need for assessment, evaluation, feedback, support, learning principles, and the base requirements for running traineeships (NSW/ACT LRD Manager, Interview, 2003). In essence, the management team assumed that once instigated, the program would just run itself without continuous management involvement and interaction with the program and staff.

Also, the TP did not deliver on promises and failed to deliver on set objectives that they had been chosen for. The skills of the trainers were inappropriate and while they indicated that they were experienced in retail it was clear that they did not understand the fundamentals of retail once the training began (Manager, Interview, 2003 and Assistant Manager, Interview, 2003). DeptCo quickly came to the realisation that the cut-throat nature of the training industry and tendering process meant that the TP had over-promised on what they could deliver. The majority of trainees were unhappy and unsatisfied with the system, while most trainees had some degree of contact with TP (not the not the two hours a month as promised) by the four-month mark, some trainees had had no contact whatsoever with the TP and began voicing their complaints to not only the Burwood management team, but also to the Head Office HR Department and to their union, the Shop, Distributive and Allied Employees’ Association (SDA) (NSW/ACT LRD Manager, Interview, 2003 and Manager, Interview, 2003).

In August 2000, the HR Department was brought in to try to resolve the problem as it became clear that the store managers were unable to competently run the traineeship program. Initially, the decision was made to continue with traineeships but try to source a new TP as an interim measure. This proved to be a difficult process as they only had a limited time and were wary of making the same mistakes again (NSW/ACT LRD Manager, Interview, 2003). To assist with this process, the DeptCo NSW/ACT Recruitment, Learning and Development Assistant Manager developed a comparative analysis of three private training providers to attempt to arrive at the best possible choice for the future of their traineeship program. The full comparative analysis of these training providers can be found in Appendix 10 (in accordance with the methodology, the identities of the three training providers remain confidential as with any identifying information provided). This analysis demonstrates that while there is a range of similarities across the three providers (in the categories of printed materials, trainer credentials, attendance at career days
and sign up attendance) and a willingness to perform these tasks, on the arguably more important areas of number of visits per candidate, tailoring course and trainer feedback, the providers appear to have greater differentiation and appear to more non-committal about what they will definitely provide.

In terms of number of visits per candidate, Company X promises “minimum 1 per month – depends on the candidates needs”; Company Y promises “between 10-14 visits per person” over the course of the traineeship but does not specify when these visits take place; and Company Z promises “currently at Burwood, monthly for part-timers and fortnightly for full-timers” but their general rule is “not a definite amount of visits, depends on the trainee, some requiring more than others”. As the lack of contact between the training provider and the trainees was a major problem of the traineeship program, the lack of commitment for this aspect of the training process from the tendered RTO’s clearly forms part of the basis for DeptCo deciding not to continue with the traineeship program. On the whole, DeptCo management perceived the experience with external training providers as being very negative:

‘The experience with the training providers left a sour note in my throat. It’s very cut-throat industry and most would undercut competition through bad-mouthing their practices e.g. telling negative stories that they had heard through the grapevine about unprofessional business practices and attitudes.’ (Interview, Manager, 2003).

In addition to this, the HR Department took over responsibility for administrating the funding arrangements, as DeptCo was yet to receive any funding for the traineeships. This aspect of the process was also perceived as highly problematic due to the bureaucratic nature of the process:

‘The dealings with DET were incredibly bureaucratic with a lot of red tape and no flexibility. We could not see any benefit from the system as the rebates were a nightmare, a complete shemozzle and incredibly problematic. In fact, every time I hear the word traineeship I go into the foetal position.’ (Interview, Assistant Manager, 2003).

However, by the time this was done the DeptCo senior management stepped in and said that the traineeships had to be abandoned and that no traineeships would be offered by any store in the immediate future. Unfortunately, it became evident that the Burwood management team wanted the “prestige and glamour” of the pilot traineeship program but didn’t understand the resources, time, involvement required for successful implementation. The process they began was too superficial
without the required checks and balances or expertise in place. Also, the program was not too difficult to abandon as the employment status, wages, conditions etc of trainees were not adversely affected for either themselves or DeptCo by taking them off the program (ie DeptCo did not have to increase wages or give them more shifts to make up for lost time).

As indicated above, the short-term outcome of the pilot program experience was that DeptCo senior management decided to forego all other attempts at implementing traineeships across the organisation. In 2001 they negotiated a new enterprise agreement with the SDA and did include a Clause (29) on retail traineeships, however this is very brief and only covers payment of trainee wages:

29 RETAIL TRAINEESHIPS

29.1 DeptCo shall comply with the terms of the National Training Wage Award 2000, as varied as though bound by clause 4 of that Award.
29.2 The provision in the national Training Award 2000 in respect of overtime shall be read to mean that the hourly rate of pay for the purposes of calculation of overtime or shift penalties is the hourly rate applicable to the relevant age as prescribed in this Agreement. (DeptCo Enterprise Agreement, 2001:22).

This demonstrates that while the organisation was not completely removing itself from the possibility of offering retail traineeships, the lack of an objective and conditions of employment indicates a lack of support for the traineeship system. This is further highlighted by the information provided to new DeptCo employees which fails to mention the possibility of participating in a traineeship throughout the 36 page Employee Handbook. The Workplace Policy outlined in the handbook covers the areas of Fair Trading; Health & Safety in the Workplace; Promoting Health & Safety; Health & Safety Committee; Health & Safety Representative; Smoke Free Environment; Alcohol & Drugs; Emergency Procedures; Occupational Injury Management & Return to Work; Equal Employment Opportunity; Discrimination; and Harassment (DeptCo Employee Handbook, 2002:11-15) without any mention of training or the possibility of traineeships. Likewise, the information contained about the company under the title Your Future also fails to discuss training possibilities for employees:

A career with DeptCo offers great personal rewards, challenge and excitement. Personal contact with customers, the atmosphere of working in a
team and the satisfaction of seeing immediate results can be appreciated with all levels within the organisation – with a wide range of career options. Every attempt will be made to fill vacancies with suitably qualified or experienced current employees. Succession plans, or internal advertisements placed in “X” or on notice boards are recruitment tools used to source appropriate candidates for internal positions. Vacancies that cannot be filled internally will be advertised externally. (DeptCo Employee Handbook, 2002:8).

Finally, the attitude towards VET and traineeships from DeptCo management, can be best summed up by the NSW/ACT Recruitment, Learning and Development Manager who stated that:

‘The problem with retail is that a lot of the skills don’t really require a traineeship as most skills are easily learnt on the job. Another major problem in retail is the perception that retail is not a career, this needs to be changed for traineeships and VET to be seen as valuable by both employers and employees. At the moment, the common view is that retail employment is short-term or fairly basic employment and does not require a huge demand in formal skills. For those who want a career the best option is to work in retail to get experience and industry specific knowledge but also study at higher education (get a degree) for management and business skills – this approach is more worthwhile than VET.’ (Interview, 2003).

This view on the need for training and skill formation in the retail industry was supported by a representative of the SDA when contacted on this issue:

‘In terms of a complicated VET system, this is not vital within the retail industry. While skills are necessary, it is not rocket science, and at levels below management, formal qualifications are not necessary for employment within the retail industry. There are distinctions between businesses and the nature of retail, in certain areas there is greater demand for expertise, for example, computer sales and these areas require greater training, but being a packer or sales assistant in a supermarket was fairly standard across the industry and that the skills required are fairly basic and can be learnt quite quickly. Traineeships can only go so far and are limited in their usefulness because the vast majority of jobs do not require exhaustive skills. Obviously some broad benefits exist for sustained, long-term training but beyond that it is just not vital’ (SDA Industrial Officer, Interview, 2003).

Summary
In this case study, a large national retail organisation (DeptCo) chose to implement traineeships at one site as a form of pilot program. This decision emanated from the management team of the Burwood store as the organisational strategy of the time was to allow individual stores to operate as separate business units. The store management operated the traineeships without the assistance of the corporate HR unit and relied on the services of a private training provider external to the
organisation. No attempt was made to incorporate this process with either the HR or corporate strategies of the larger organisation, and those responsible for implementation did not have the experience or expertise to manage the process. Within four months of the initial implementation of the program, the traineeship program was deemed to be unsuccessful and the senior management instructed the corporate HR office to take over the program. After initial attempts to salvage the program, including attempts to recruit an alternative training provider, the system was perceived to be unworkable and subsequently dissolved. The failure of the program resulted in the decision to abandon traineeships as a possible mechanism for skilling the DeptCo workforce. Fundamentally, the nature of traineeships as an intense long-term training strategy did not correlate with the corporate strategy of the time that was focused on cost-cutting and appealing to the lower end of the retail market and using employees as mainly cashiers rather than providing full customer service. This case demonstrates a clear mismatch between corporate strategy, HR practice and the utilisation of the formal VET system.
Chapter 6 CASE 2 – RETAILCO

Introduction
This chapter discusses the experiences of a national retailer in relation to the introduction of traineeships across the entire organisation from the period of 2001 to 2004. Operating in the supermarket division of the retail industry, the company, RetailCo, is a Registered Training Organisation and have developed company-specific accredited qualifications in accordance with the Training Package in Retail. This case outlines the organisational context and strategy, the traineeship philosophy, the structure of the traineeship program and the implementation issues and subsequent outcomes. The research was undertaken in 2003 and 2004 and reflects the experiences and position of the organisation up to that point in time.

Organisational Context and Strategy
RetailCo Ltd is a large Australian supermarket chain with over 145000 employees operating more than 1400 stores nationally. In the Australian market of 19.5 million customers, RetailCo has approximately 28% market share, with their main competition holding 22% market share and independent retailers accounting for 50% of the total market (RetailCo Report, 2003:1). In light of this highly competitive market, in August 1999, RetailCo embarked on a new corporate strategy entitled ‘Project Super’ that established a cost efficiency approach throughout the business. Essentially, this approach seeks to improve the organisation’s performance through improving technology, restructuring the business and improving the skills of the workforce. The outcomes of this result in 50% of savings go to customers, and the other 50% is passed on to shareholders in improved dividends (RetailCo Annual Report, 2001:13-21). In its first three years, ‘Project Super’ achieved total cost savings of $1 billion and was forecasting total savings of $5.1 billion over eight years (Lloyd, 2002:54).

As a key component of ‘Project Super’, both corporate strategy and HR strategy consider the up-skilling of the workforce as essential to the future success of the organisation. The major difference between RetailCo and its competitors is the skills employees have and the way in which they can offer better customer service (National Training Manager, Interview, 2004). The theory is that if business
improves then this creates employment opportunities and allows for HR to function accordingly. HR strategy is to support the customers shopping experience and is achieved through training and development, and more efficient practices through performance management aimed at reducing turnover. This cost efficiency approach has not resulted in less money for HR within RetailCo, in fact more resources have gone into HR function since the inception of ‘Project Super’:

‘Over the years we haven’t spent as much money on human resource capacity as some other companies, so we have redressed that. We have put about $5 million extra in human resources to enhance our sensitivity, our development of that area. We saw we should be doing better.’ (CEO quoted in Lloyd, 2002:58).

RetailCo is currently the second largest private employer in Australia and are the biggest employer of apprentices in the nation (Manager/Training Programs – Corporate Office, Interview, 2004). The parent company is responsible for strategic direction of the following divisions: supermarkets; liquor stores; department stores; electronic stores; and distribution centres. For the purpose of narrowing the scope of analysis, the discussion on the application of retail traineeships will be confined to the supermarket division which constitutes approximately half of the company’s worksites.

The labour market demographics for RetailCo indicate that the company employs more females than males (approximately 52% / 48% split), with a greater proportion of hours performed by permanent full-time and part-time workers as opposed to casual workers (the company was not prepared to supply firm data to support this claim). Beyond this, the company employs over 1000 store managers and approximately 92% of staff are employed in store sites (rather than distribution centres or central administration offices). RetailCo employs more than 45,000 young people (approx. 32% of the workforce) and have 50,000 employees working in rural areas (approx. 34.5% of the workforce) (National Training Manager, Interview, 2004). In terms of labour management, each division of RetailCo has their own Human Resources team that is responsible for supporting Line Managers in recruitment and selection, performance management, succession and career planning, remuneration, learning and development and employee relations.

The company also has a Corporate Human Resources Department that oversees these divisions and provides strategic direction and advice on the implementation of
corporate-wide policy. Training Design Managers work within each of the Divisions developing training strategies to meet the business needs. A vital part of the team involves the centralised management of traineeship funding and administration to support the employees participating in structured training across all divisions, and the on-going development of competency based training programs (RetailCo News, 2002:13).

**Traineeship Philosophy**

RetailCo perceives the pay off in participating in VET as adding value in terms of skills for employees and gaining their loyalty and retention in return, leading to competitive advantage being attained. The company recognises that the labour market for retail is not unending, (generally the perception of retail is relatively negative for the unemployed), so they need to remunerate competitively and provide educational and VET assistance and opportunities if they are able to recruit the type of labour that fits in with the organisational culture and sets up progression and succession planning for the future.

RetailCo has a particular training and career development philosophy that is available publicly on the company’s website:

> RetailCo is a company that is committed to training and developing its people and providing opportunities for them to achieve their goals and progress their careers. There are many examples within our organisation of people who have started as a casual in our stores and through hard work, dedication and training are now executives within the company. We provide some of the best nationally accredited and recognised training to all of our employees, irrespective of where they work within the company. This offer extends from Service Cashiers at our most remote locations to the most senior executives.

> No matter where employees work within the Company or at what level, there are training and learning opportunities available. Ranging from Certificate (trainee) programs in any of the key functional areas (Supermarkets, Supply Chain, Liquor & Petrol) through to a University Masters degree. There are few companies in Australia that can match our commitment to developing their employees through the use of outstanding training and development programs.

RetailCo believes that VET is vital to create and maintain competitive advantage, that it is strongly aligned with the principles of a learning organization, that within retail an organisation cannot rely on skills being gained elsewhere and that there is a need to do in-house training that involves not just practical exercises but also the theoretical basis for the competencies required by the job and the organization.
Structure of Traineeship Program

The vast bulk of training done across RetailCo is incorporated into a formal program designed in conjunction with the New Apprenticeship system utilising the principles of VET as outlined by the Australian National Training Authority (ANTA). RetailCo has developed qualifications in alignment with the National Training Package in Retail, that are organisation-specific, formally recognised and utilised nationally. The levels developed are:

Cert II in RETAILCO store operations – 1yr duration
Cert III in RETAILCO store operations – 2yr duration
Cert IV in RETAILCO management – 2yr duration
Diploma in RETAILCO Management – 2yr duration

As a component of their traineeship program, RetailCo offers prospective trainees the following explanation of the Certificates II, III and IV (RetailCo, 2003, Internal Documents (a), (b) and (c)):

Certificate II
This entry-level program is an introduction to the retail environment and is the foundation for further advancement within the organisation and other certificate levels. Certificate II consists of self-paced, on the job training, using workbooks plus facilitated off the job training. This certificate is designed for newly inducted employees or people already employed by RetailCo in entry level roles. It is a great first step after finishing school (or even while you are at school), re-entering the workforce or to introduce you to our business and give you a nationally recognised qualification. As you undertake your certificate, you'll gain experience within a specific business of RetailCo e.g. Supermarkets and General Merchandise. This will assist you in gaining an overall understanding of the retail business. This program also lets you choose electives which can help you determine the direction you would like your career to go.

Certificate III
This program helps you develop the skills necessary to take on a supervisory role. The training is a mix of on job and off job modules which aim to broaden your skills whilst still developing the requirements you need to perform your role. Certificate III
is an ideal first step in your career as a Manager with RetailCo. It is designed to prepare you for the challenges of management in your chosen department.

Certificate IV
Certificate IV in RetailCo Management is designed to enhance the management skills of those gained at Certificate III. This 24-month program prepares you to move into management positions within the store or related environments. It consists of self-paced learning and off-job training. Certificate IV will prepare you for management in your chosen specialist area or in general operations. You will learn core management skills and how they can be applied in your day to day work. This course is excellent preparation to progress your career in RetailCo Management.

These qualifications are competency based, with trainees undertaking a qualification according to the skill requirements of the job. Obviously the higher levels are preferable for long-term employees and those seeking promotional and progression opportunities. RetailCo also recognises prior learning (RPL) and this may be taken into consideration. The only training programs that are run apart from the formal processes are those associated with legal issues eg. OHS Fire, First–Aid, Armed Hold-Up and also induction and executive training sessions for higher level managers.

The decision by RetailCo to participate in the formal VET system and go to the extent of creating their own package of organisation-specific qualifications, is not without problems or an incredible degree of investment and corporate support. The traineeship team at RetailCo is comprised of the following employees:

- 4 full time staff administrating paperwork
- 11 full time staff developing and monitoring training material
- 180 full time staff who deliver training across the organisation (Cert IV qualified)
- Plus on occasion various subject matter experts who specialise in different areas.

Even with this amount of staffing, the registration of their own training package is a very lengthy and time-consuming process. It has taken eleven staff eight months to develop competencies, then eight months to formalise the delivery requirements and then six months to register the package with VETAB – overall the process has taken
approximately two years to register their own package (Interview, National Training Manager, 2004).

RetailCo is a Registered Training Organisation (RTO) in all states across the country and at the federal level for a number of years. This involvement is perceived as an absolute necessity for the organisation and underpins the design of their training and development program. The Corporate Learning and Development Department ensures that quality controls are in place to not only meet regulatory requirements but also ensure that consistency exists across the organisation. This validates and allows for easier governance of the processes. Training officers who have received “train the trainer” qualifications, conduct the training in-house at regional head-office locations.

Recruitment of trainees is a very important process as there is not an unlimited amount of resources available to place people on courses. In terms of new recruits, the potential employees are made aware of the possible career path open to them in retail and the opportunities RetailCo provides in terms of VET and formalized training, however it is not a condition of employment. At the selection stage they identify people who show interest but prefer they are employed first so the company can assess suitability. This also allows time for the employees to self-select out if they wish, hence avoiding a waste of resources.

Regarding current employees, RetailCo interviews workers to assess suitability, as again the resources are somewhat limited. The inclusion of ordinary employees in this system is important as it enables experienced workers to gain a qualification, hence recognizing the skills they might already have and acts as a mechanism for improving enthusiasm and morale in the workplace. RetailCo also perceives their casual workforce as a good source of trainees:

‘Casuals will self-select out of their employment reasonably quickly so the ones who remain and seek further employment understand the business and the expectations of full-time work’ (Interview, Regional Training Manager, 2003).

Trainees are paid at the normal award rate even though the company have at their disposal a cheaper pay scale that is vetoed within the enterprise agreement (a fact confirmed through discussion with the SDA – Interview, SDA Industrial Officer, 2003). The basis for this approach is the understanding that as many trainees are
already salaried employees they would not participate if their income was to drop. Also, RetailCo consider this to be a matter of equity, their job is no lesser so why create a two-tier labour market within their own enterprise as this will only lead to division.

Within the enterprise agreement, RetailCo has a fairly substantial clause that pertains specifically to the administration of retail traineeships. Clause 6 National Training Wage Traineeship, contains information regarding Training Conditions [6.4.1-6.4.5(b)], Employment Conditions [6.5.1-6.5.7] and Wages [6.6.1-6.6.3], inter alia. While it is perhaps unnecessary to outline the entirety of this Clause, it is interesting to note that the objective [6.2] is identical to the objective [Clause 3] contained in the Training Wage (State) Award 2002 (NSW) as identified in Table 3.2 Relevant Awards – NSW and Commonwealth. Another point of interest is the final sub-clause 6.7 Commitment to Ongoing Employment which outlines the following commitment from RetailCo regarding employment upon completion of a traineeship:

6.7 Commitment to Ongoing Employment
Upon the successful completion of a Traineeship (new apprenticeship) program and meeting the Company’s performance criteria and competencies, the employee shall be offered ongoing permanent employment with the Company for at least as many hours as they spent on the job (on an average per week basis) during their Traineeship (new apprenticeship).

When offering ongoing employment at the completion of the Traineeship (new apprenticeship) the Company will give consideration to the distance required to be travelled by the employee, however, the Company will retain the right to nominate the location of the store.

Implementation and Outcomes
RetailCo currently have more than 6500 trainees participating in the system across the many areas of their operations, including store management, transport and distribution, making them the biggest employer of New Apprenticeship participants in the nation. RetailCo has seen an increase in retention of staff since inception of VET, skills have lifted across the board and improvements in individual and organisational performance has resulted. As the nature of VET is competency based (i.e. skills, knowledge and attitudes) it goes beyond the traditional notion of
training and skill acquisition to enable a greater learning perspective and assists in development of organisational culture. In 2001, RetailCo, was the recipient of the ‘Retail Industry’ award at the Annual Australian Training Awards (RetailCo News, 2001:21). Sponsored by WRAPS, the award recognised ‘outstanding commitment and excellence in the provision of employee training programs within the Retail Industry’ (National WRAPS, 2002).

The three main reasons why RetailCo is involved in the traineeship system are outlined below (Interview, National Training Manager, 2004):

1. enables us to give qualifications, recognition of prior learning, improves competitiveness and enables us to engage in career profiling and succession planning;

2. the funding is available and provides support for the process – while it is there then we are going to use it, it acts as a sweetener, with so many trainees, collectively the amount is significant; and

3. it’s a good way to streamline training across the organisation – ensure consistency and also why we are frustrated by the current system – meant to be national yet is still state driven which constrains our ability to effectively harmonise our processes.

This final point is a major source of frustration for RetailCo management who perceive the system as being unnecessarily bureaucratic:

‘Even though the system is supposed to be a national system it operates still in the state jurisdiction which means that as a national company we cannot operate effectively across the country – they (the States) have considerable inconsistencies in their approach across the board which is a source of great frustration. The biggest issue is the complexity of paperwork that is involved in running the traineeships in the current system – between the NAC, WRAPS, and DET we are contributing significant resources to the administration of our traineeship program.’ (Interview, National Training Manager, 2004).

RetailCo trainees have approximately 30% non-completion rates which they perceive as while not great, not too bad considering the high uptake of young employees into the traineeship program (Manager/Training Programs – Corporate Office, Interview, 2004). Completion occurs more so at the higher levels than the lower level qualifications which reflects ambition, wage levels, experience and possibly age of those undergoing training. Part of the basis for this trend is the acknowledgement that the self-paced nature of traineeships means that trainees need to be motivated and for their younger workers this is a culture shock as they
are used to school style instruction (Regional Training Manager, Interview, 2003). The system formalises training and the process is highly transferable not just in RetailCo but across divisions of the broader organization, which assists in supporting the principle of creating a diverse workforce.

Through becoming an RTO, not only is it cheaper and easier to run in-house than use external providers, the main benefit is that greater quality controls are in place across the organisation (Regional Training Manager, Interview, 2003). Internal and external audits are carried out as a result of formal registration, and the centralisation of control over the process through the Corporate Learning and Development Department ensures monitoring and evaluation of the system occurs. This also ensures the programs are industry relevant and up-to date with industry standards. In fact, RetailCo is heavily involved in the determination of these industry skills and standards. The General Manager – Human Resources is a member of the Industry Advisory Committee for the Wholesale, Retail and Personal Services division of Service Skills Australia.

This case clearly demonstrates the ability of an organisation to incorporate the VET system into its HR strategy, which in turn, is strongly aligned with the corporate strategy. Even so, it is difficult to attribute the positive organisational performance in recent years (increased profits, share price) to the adoption of VET as establishing a direct link to the bottom line is unclear. Also, there is acknowledgement that the implementation of traineeships at RetailCo is heavily reliant on the continued support from top management, and if this were to change then the future of VET in the company would not necessarily be assured (Manager/Training Programs – Corporate Office, Interview, 2004).

In addition to this, the constraints placed on the organisation by the level of bureaucratic intervention appears to be a significant predictor of future participation by RetailCo in the VET system. Even though the organisation has committed significant resources to the program and considers it a main source of competitive advantage in the industry, the system itself could possibly place a stranglehold on the company and despite the inducements that arise from the current funding arrangements, RetailCo are not willing to commit to a long-term involvement in the system:
Not everyone is happy with us having our own package - the system is trying to reduce the number of training packages so an organisation specific one is seen to be a main source of competition – that we are ‘gaining an unfair advantage in the system’. As we need to re-register every 5 years, and the process is so problematic, I’m unsure if next time round we will either bother or be allowed to do it.’ (Interview, National Training Manager, 2004).

Summary
In this case study, a large national retail organisation (RetailCo) opted to incorporate the VET system holistically across the organisation by designing their own organisation specific qualifications (nationally recognised qualifications in line with the AQF) and offering traineeships to all different types of employees throughout the company. The organisation is a Registered Training Organisation and provides all of the necessary training in-house. This application of the Retail Training Package and the New Apprenticeship system is viewed as an essential component of their corporate strategy and has resulted in RetailCo becoming the largest employer of apprentices and trainees nationally, regardless of industry. The commitment to the use of new apprenticeships throughout the organisation has relied on a significant level of investment (staffing, administrative resources, etc) and a continuous degree of senior management support. Even though the company acknowledges the importance of receiving government funding for this process, the perceived intervention of external VET stakeholders and requirement of excessive bureaucratic paperwork has hampered the implementation and administration of traineeships resulting in the organisation uncertain as to the long-term viability of having their own training package and use of the formal VET system.
Chapter 7 CASE 3 – COFFEECO

Introduction
This chapter discusses the experiences of a national retailer in their use of the formal retail traineeship program as included within the New Apprenticeship system. Operating as a franchised specialised retailer, the company, CoffeeCo, determines overall training policy at the Corporate Head Office level and then devolves the decision to implement traineeships down to the individual franchised sites. This case identifies the Head Office perspective and discusses the experiences of a franchisee who owns two large stores. This case outlines the organisational context and strategy, traineeship implementation and relevant outcomes and future directions. The research was undertaken in 2004 and reflects the experiences and position of the organisation up to that point in time.

Organisational Context and Strategy
With stores in every state and territory, CoffeeCo is Australia’s largest specialty coffee store chain with the company employing approximately 3000 workers across 222 franchised stores nationwide. While the brand name was established in the United States in 1979, in 1996 two Australian businessmen established an independent organisation and bought the franchising rights to the brand name, making CoffeeCo a wholly Australian and privately owned corporation (Company website, 2004). In this respect, the Australian outlets are domestically managed without interference or involvement from any other international operations bearing the same name. As the company is privately owned, gaining financial information regarding the status of the company at the time of the research was not able to be obtained.

As one of the main functions of any CoffeeCo store is to serve coffee, the initial impression of using CoffeeCo as a case study for this thesis was that the organisation was suited more to the Hospitality industry rather than the Retail industry and therefore not particularly relevant to the research. However, upon further investigation, it was discovered that CoffeeCo considers its retail function as a prime basis for the business and places its operations firmly within the retail industry. The company has more than 40 varieties of gourmet coffees available for sale with most stores selling a selection of teas, coffee grinders, coffee and espresso machines, coffee and tea accessories, fine porcelain, and pre-packaged
gifts as well as freshly brewed coffee, espresso-based drinks, iced coffee drinks, pastries and chillers. The company’s vision is as follows:

- To be the most loved and respected coffee company in Australia
- We are respected as the leading specialty coffee retailer
- We deliver the ultimate coffee experience to our customers
- We have a passion for high quality products and outstanding customer service
- We maximise value for all employees, franchisees and shareholders

As a franchising operation, the profit making capacity of the company is reliant on the success of the individual stores as they take a percentage of gross sales. The all-inclusive cost of a franchise ranges between $350,000 and $500,000. This includes store fit-out, equipment, training fees and all other fees and charges. The royalty fee is 6% of gross sales and covers a wide variety of management assistance and operational services provided by CoffeeCo, including (Franchisee Package, 2003:3):

- Coffee and retail seminars and training programs.
- Rigid quality control standards.
- On-going research and development of new products and equipment.
- Establishment and licensing of vendors and distributors.
- Greater buying power.
- Preparation and distribution of updated manuals and training videos.
- Refinement of operational accounting systems and reporting procedures.
- Territory managers assist franchisees with all aspects of daily operations, and ensure proper performance levels and quality standards.

The training that franchisees receive prior to the opening of their stores is run internally through the company’s ‘Coffee University Class’ (National Training Manager, Interview, 2004). This is an intensive six-week session that covers every aspect of operations including purchasing, merchandising, and product knowledge. Training takes place in both the head office (whereby the company has established a fully equipped mock store observed by the researcher) and in-store for hands-on experience. During the Coffee University course, franchisees receive CoffeeCo’s confidential Operations Manual which is a complete guide to store operations. Franchisees are expected to both own and run their store/s and have direct involvement with the labour management process.
‘It is essential that the franchisee become personally involved in all aspects of the business...The demands on you personally can be minimised by your ability to attract, motivate, and retain capable employees.’ (CoffeeCo Franchisee Package, 2004:5).

As a component of their training, franchisees are instructed on all aspects of the employment process. This information includes relevant wages and awards, how to recruit staff, interview templates, occupational, health and safety requirements, discipline procedures (to prevent unfair dismissal), equal employment opportunity principles, and so on, as well as training processes and the existence of traineeships (National Training Manager, Interview, 2004). While the CoffeeCo Head Office is involved in maintaining standards and overall quality across all stores, the decision to utilise the traineeship system is devolved to the individual store managers.

**Traineeship Implementation**

As indicated above, the corporate approach to labour management at CoffeeCo has been based on a system whereby franchisees are trained in employment processes and then left to their own devices once the stores are operational. In terms of traineeships, this approach has resulted in an inconsistent and diverse utilisation of the VET system across the various stores. Of all employees, approximately 15-20% are classified as trainees, however the spread of trainees is not uniform across the stores as some franchisees opt not to use the system at all while others use the system either partially or in some instances completely, ie. all employees are placed on traineeships (National Training Manager, Interview, 2004).

The research presented in this section covers the perspectives of Head Office and a franchisee responsible for two stores on the implementation of retail traineeships within CoffeeCo from 2002 to the beginning of 2004. Additionally, the views of a relevant training provider for CoffeeCo will be presented as further evidence supporting the overall outcomes of the case.

In mid-2004, CoffeeCo introduced a new strategy for the use of traineeships which will be discussed in the next section of the chapter. It is hoped that a discussion on the initial approach undertaken by CoffeeCo from a range of perspectives, will highlight various problems with the system and help explain why the company has chosen to completely alter the way traineeships are implemented across the organisation.
Head Office (HO) Perspective
Prior to mid-2004, CoffeeCo franchisees were advised of the traineeship system as a component of their franchisee training, but the HO did not actively encourage or discourage the use of traineeships. The basis for this approach was twofold. Primarily, they recognised that the current funding arrangements available as incentives for New Apprenticeships are an attractive mechanism available for new business owners seeking to offset some of their start-up costs and subsequent labour costs (National Training Manager, Interview, 2004). This is particularly important in the retail industry where labour costs are a high proportion of overall business costs. So while this is seen as a positive reason for informing franchisees of traineeships, they did not actively encourage the use due to a general dissatisfaction with the way the current system operates. This dissatisfaction is based on a number of factors.

Firstly, CoffeeCo is not a RTO as they perceive the registration process as costly and time-consuming and do not see it as part of their ability to operate profitably (National Training Manager, Interview, 2004). This then means that the company must rely on private training providers to conduct the traineeships. This has been problematic for CoffeeCo, who as a result of many negative experiences, see the RTO system as poorly administrated and that a lot of the training organisations in existence are currently rorting the system:

“Thereir main objective is making a quick buck and they have no interest in the delivery of quality training or improving the labour skills of trainees – their just cowboys.” (National Training Manager, Interview, 2004)

As a result, CoffeeCo avoided endorsing any RTOs as ‘preferred providers’ as they were yet to be satisfied with the quality of training provided by any of the RTOs they dealt with.

The next issue relates to the nature and structure of traineeships. CoffeeCo sees the current system of self-paced independent learning to be of little value. The common perception is that the performance of modules is superficial and that the auditing and quality assurance mechanisms in place are flawed and easily open to exploitation by the trainees and RTOs alike (National Training Manager, Interview, 2004). CoffeeCo would prefer a mixture of on the job and off the job components to
ensure that actual training takes place. The current system has no fool-proof way of ensuring actual training takes place.

The final key factor relates to the nature of skills covered by the traineeships. As the Package stands, CoffeeCo does not see the generic skills contained within it as being particularly beneficial to their specific demands in gaining competitive advantage. The company has attempted to rectify this by developing their own organisational specific modules, however found this to be an incredibly costly and bureaucratic process and abandoned this as a strategy (National Training Manager, Interview, 2004).

CoffeeCo has no set policy on the use of a training wage and do not actively encourage or discourage the use of this mechanism. While they acknowledge that this could be a useful tool for franchisees seeking to reduce labour costs, they also recognise that the use of a training wage has consequences for the workplace culture and the overall business ethos:

‘The problem with a training wage is that it says to other workers that trainees are worth less to the company, when in fact they are valued higher than other workers, this could establish a culture that contradicts the main ethos of our operations, that being the improvement of quality and standards. Also, the owners have strong Christian values and the company wants to have a good corporate image and be an employer of choice, using cheap labour would be in contrast to the philosophy of the owners.’ (Interview, CoffeeCo National Training Manager, 2004).

As traineeships are transferable, the company has no objections if someone comes on board with a partly finished traineeship and seeks to complete it with CoffeeCo. However, there is a strong recognition of the fact that most benefits of traineeships relate to the funding arrangements in place, rather than HR issues such as the reduction in turnover that cannot be attributed to traineeships alone (National Training Manager, Interview, 2004).

Franchisee Perspective
As part of the corporate strategy was to devolve traineeship implementation to the store level, it was necessary to consider the views of a franchisee in regards to this process. The franchisee chosen currently runs two separate sites in the outer Sydney suburbs of Windsor and Richmond and chooses to place all of the employees below store manager level on retail traineeships. Over the two stores, this is a total of 23 trainees, all of whom are aged between 15-25 with one worker
classified as full-time and the rest as permanent part-time (Franchisee, Interview, 2004). In terms of gender mix, 18 are females which corresponds with the general organisational female/male ratio of approximately 70%/30% (National Training Manager, Interview, 2004).

Interestingly, except for the full-time trainee, all of the others are either university students or high-school students. The franchisee identified the employment of university students as a deliberate policy:

“There’s a lot of unemployment around here, but the local uni students [the Hawkesbury Campus of UWS is located in the area] need work and I prefer to have them working here as they often have the range of qualities I’m looking for in an employee.” (Interview, Franchisee, 2004).

Therefore, all of the trainees are experiencing some other form of education at the same time as they undertake their traineeships. For school students this might be relevant to their future career prospects, however it is difficult to see how a retail traineeship will be of benefit to the career of someone engaged in higher education. This ‘double-dipping’ into the education system is a significant aspect of the VET system that is yet to be adequately explored in the literature.

The idea for using traineeships was introduced by CoffeeCo management to the franchisee during her initial training at ‘Coffee University’ (Franchisee, interview, 2004). This included a presentation from an RTO, and range of information about the process of utilising traineeships. It was made clear to the franchisee that the main benefit of the system was the financial incentives available and other elements such as the exemption from workers compensation. The franchisee confirmed that the HO was not really involved in the process and that following the information session it was entirely their decision to make and follow up on (Interview, 2004).

In terms of running the traineeships, the franchisee utilised the services of an RTO who was made available as a result of the presentation mentioned above. The franchisee admitted that the trainees receive very little actual training:

‘The RTO comes out to the stores every 3 or 4 months and sees how they’re going. It’s my job to organise a group meeting and to make sure they bring their manuals to the meeting. Most of the meeting is more paperwork than anything else, the RTO does the admin, I just sign forms and collect the money.’ (Interview, Franchisee, 2004).
In reality, the franchisee also commented that the staff do not really require the two years of part-time training incorporated into the traineeships:

‘After about six weeks of in-house training they’re really ready for the job, if it took two years I’d be bankrupt!’ (Interview, Franchisee, 2004).

All in all, the franchisee acknowledged that the main driving force behind the use of traineeships was not the improvement in skill or the investment in long-term employment but rather the valuable financial benefits available under the new apprenticeship program:

‘The reality is that with the start up costs so high and the tight profit margin in the industry, any financial relief is welcome and if it comes through training so be it, you have to sell a lot of coffee to make money in this business.’ (Interview, Franchisee, 2004).

Despite this financial imperative, the franchisee claimed not to pay trainees the training wage, stating that:

‘The award is already a low wage. I want good workers, and if I’m not prepared to pay them the normal minimum then I have no hope of attracting quality people.’ (Interview, Franchisee, 2004).

On the whole, the franchisee was supportive of the traineeship system but recognised that this support was almost entirely directed towards the financial benefits available and was willing to admit to very little in the way of skill development or business growth (Franchisee, Interview, 2004).

**Training Provider perspective**

In light of the above criticisms of training providers, the training provider responsible for the franchises under examination was interviewed in 2004. Within his RTO, 25 training assessors were responsible for approximately 7000 registered trainees, with each assessor responsible for anywhere between 200 and 300 trainees. Operating in both the retail and hospitality industries, each training assessor would be expected to travel over a large geographical area and cover a range of organisations:

‘One day I’m in Wollongong and the next I’m in Newcastle, I spend half my time on the road and then when I arrive I’m expected to know all the trainees and how they’re progressing etc., it’s almost impossible to do a good job when I’m not sure where I am half the time! We’re supposed to see each trainee...’
eight times a year, but in reality it would be lucky to be half that’ (Interview, 2004).

Beyond these expectations is the constant pressure facing the RTO in terms of funding arrangements and the continuing operation of the organisation:

‘The funding absolutely stinks! Employers never seem to worry about when they will receive their incentive payments and yet our company is owed $600,000 by DET. I’ll be amazed if the company lasts another 6 months’ (Interview, 2004).

In terms of the employer’s role in the training process, the assessor recognised the power that the financial incentives had in the demand for traineeships:

‘It’s a bit of a rort, employers don’t have to anything themselves except take the money. We provide the resources, do the monitoring, understand the theory and all they do is get them to sign on the dotted line’ (Interview, 2004).

On the whole, the training provider criticised the bureaucracy involved in implementing traineeships (particularly the role of the Department of Education and Training), recognised the strong financial inducement for employers involved in the process, and acknowledged that the service provided by himself and his organisation was not in keeping with the standards set by ANTA or by the New Apprenticeship Centres.

Outcomes and Future Direction
As a result of these experiences, CoffeeCo has undergone a significant shift in their approach to the utilisation of the traineeship system. The current strategy CoffeeCo is involved with to overcome this, involves seeking a strategic alliance with a specialised TAFE that can provide the necessary traineeship training on a national basis. CoffeeCo sees the issue of training delivery as of prime importance in the effectiveness of traineeships and the dissatisfaction with the range of private RTOs utilised by the different sites has resulted in this strategic change.

In June 2004, CoffeeCo launched an elite traineeship alliance with TAFE X, offering CoffeeCo Store Managers and Shift Managers a new career opportunity to become ‘Traineeship Trainers’ and instruct new and existing staff in the nationally accredited Certificates II and III in Retail Operations. As the TAFE is based in Melbourne, they have provided office space to representatives from the TAFE in the Sydney HO to ensure they are able to carry out the training effectively. They hope that by
removing the financial imperative for private RTOs from their operations, they will improve the level of traineeships and overall training provided for ordinary employees within CoffeeCo (National Training Manager, Interview, 2004).

Since the launch of the partnership, 75 CoffeeCo stores from the national network of 222 stores have expresses interest in participating in the training program. As at November 2004, in NSW alone there are 120 trainees enrolled in the course, with an additional 187 staff pending to enrol in the next six months. This strategic alliance is very important to CoffeeCo as they see that gaining industry recognised qualifications and properly assessed processes as being something that adds value to the their operations and potentially gives them a strong competitive advantage. This strategy has received full support from the owners of CoffeeCo as evidenced with the following Media release:

‘We decided to partner with TAFE X as they can combine a tailored and personal program with their experience as Australia’s largest government endorsed Specialist Centre for Hospitality, Tourism and Culinary Arts. The structure of the program is synergistic with CoffeeCo’s operational systems as well as industry standards. Through this partnership, we aim to provide our staff with the highest level of training and assessment possible within CoffeeCo’s policies, procedures and guidelines.’ (CoffeeCo Managing Director/Co-Owner, November 17 2004).

Due to the recency of this shift in strategy, it is not possible to assess the outcomes for the company, however it is clear that company now recognises the role of training for all employees as a necessary component of the company’s operations. This strategic alliance establishes a long-term, holistic approach to the use of the traineeship system, marking a significant change in approach by the senior management of CoffeeCo.

**Summary**
In this case study, a large national retailer of specialty coffee chose to change their application and use of the traineeship system. As a wholly franchised operation, the company’s initial approach was to be responsible for franchisee training only and devolve the responsibility of implementing traineeships for ordinary workers down to the store level. However, the organisation recognised that this approach resulted in a lack of consistency across the company and that there was no way to monitor training quality and standards throughout the firm. The insights offered by a franchisee who places all of her employees on traineeships confirmed that the system was being used fundamentally for the financial benefits in terms of off-setting...
labour and start-up costs, rather than for any real benefit regarding skill formation or employee development. Recently, the senior management decided to take control of the traineeship system used within CoffeeCo and establish a strategic alliance with a TAFE based in Victoria. This TAFE will be responsible for establishing training modules in line with CoffeeCo’s needs as well as the delivery of training across all of the stores. The aim of this change in approach to try and improve the quality and delivery of training for their employees and demonstrates that at the corporate level a firm is willing to improve these factors of their training system, regardless of the fact that it does not change their direct bottom line or the financial incentives they receive.
Chapter 8 – Research Analysis

Introduction
The preceding chapter outlined the experiences of three national, retail organisations that have utilised the National Training Package in Retail to implement traineeships across a section of their workforce to enable employees to gain formal qualifications. Each case study considered the organisational context and corporate strategy, the basis for utilising retail traineeships, the nature and design of implementation and the perceived outcomes for the organisations. A comparative overview of the key findings is presented in Table 8.1:

Table 8.1 Case Study Comparison – Overview of Key Elements

<table>
<thead>
<tr>
<th>Factor</th>
<th>DeptCo</th>
<th>RetailCo</th>
<th>CoffeeCo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Retail</td>
<td>Retail</td>
<td>Retail</td>
</tr>
<tr>
<td>Ownership</td>
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<td>Australian – Stock exchange</td>
<td>Australian – Privately owned</td>
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<tr>
<td>Location</td>
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<td>National</td>
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<tr>
<td>Total Size</td>
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<td>145000</td>
<td>3000</td>
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<tr>
<td>No. Trainees</td>
<td>90</td>
<td>6500</td>
<td>Approx. 450 -600</td>
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<tr>
<td>Use of National Training Package in Retail</td>
<td>Yes</td>
<td>Yes (developed company specific package)</td>
<td>Yes</td>
</tr>
<tr>
<td>Nature of Traineeship Program</td>
<td>Short-term, Pilot program</td>
<td>Long-term, Company -wide</td>
<td>Shift from Store Based to Company -wide</td>
</tr>
<tr>
<td>RTO Responsible for Training Delivery</td>
<td>Private Provider</td>
<td>RetailCo</td>
<td>Private Provider</td>
</tr>
<tr>
<td>Use of the Training Wage</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
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<td>Industrial Arrangement</td>
<td>Federal Certified Agreement</td>
<td>Federal Certified Agreement</td>
<td>State Awards</td>
</tr>
<tr>
<td>Responsibility for Traineeship Implementation</td>
<td>Store Managers</td>
<td>Corporate Office</td>
<td>Franchisee Discretion</td>
</tr>
<tr>
<td>Receive Incentives</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Completion Rates</td>
<td>0%</td>
<td>70%</td>
<td>N/A</td>
</tr>
<tr>
<td>Continuing with Traineeships?</td>
<td>No</td>
<td>Yes (in the process of re-registering training package)</td>
<td>Yes (developed a strategic alliance with a specialist TAFE)</td>
</tr>
</tbody>
</table>
The purpose of this chapter is to analyse these findings in the context of the framework developed earlier in terms of the role of management strategy and the implementation of traineeships:

1. **management as a systems actor** – analyse the environmental context, the rules that bind the system and the stakeholders within the system;
2. **management as a strategic actor** – analyse the choices open, the uncertainties of strategy formulation and the capacity to manipulate both internal and external environments; and
3. **management as an agent of capital** – analyse the economic pressures to contain costs and raise efficiency. (Sisson and Marginson, 2003:162)

Each of these areas of analysis will now form the basis for an examination of management strategy and the implementation of traineeships in the retail industry in light of the literature review (Chapter 2), the contemporary VET system (Chapter 4) and the three case studies presented (Chapters 5, 6 and 7).

**Management as a Systems Actor**

The external operating environment of a firm is key area of analysis when examining the dynamics of management strategy. Wright (1995:6) suggests that economic and market pressures as well as political and institutional factors significantly impacts the prerogatives of employers in the process of labour management. In regards to training, Lansbury and Pickersgill (2002:289) argue that an environment that supports cooperation and consensus between the relevant social partners will result in a system that delivers an even distribution of training outcomes across the system. In consideration of these perspectives, the research will be analysed in the context of the broader VET system, the interaction with stakeholders and the labour market issues prevalent to the retail industry.

**Broader VET environment**

Throughout the 1980s and 1990s, skill, education and training policy settings were restructured and ‘modernised’ in a series of waves that reflected the trajectory of broader political changes (Buchanan et al, 2004:192) creating a ‘training market’ along the lines of a neo-liberal political agenda (ibid p193). Pickersgill (2001: 130) argues that the most important shift from a policy perspective has been the shift in the allocation of public resources from the supply to the demand side in VET. This focus on an employer-led ‘training market’ has created a system where skill means
nothing more than ‘what employers want’ (Lafer, 2004:118) and skill formation has transformed into the notion of ‘strategic training’ (Hampson, 2004:87). The principle of User Choice that underpins the new system is designed to allow flexibility for employers so they can adapt the system to their organisational and industrial needs.

In terms of participation in the formal VET system, one of the strongest areas of commonality across the cases was the frustration and disappointment that managers displayed in relation to the practical workings of the system. Despite the increased emphasis on managerial demands as the focus of the system, many participants commented on the complex, bureaucratic nature of the system and that from their perspective, government still had the clear upper-hand. This was exacerbated by the duality of the system between State and Federal government agencies and by the constant changes to the rules and procedures dictating the mechanisms underpinning the systems’ structures.

As the organisation that utilises the principle of User Choice to most effect, RetailCo demonstrated a surprising degree of disappointment with the system. Considering they have utilised the system to full effect in terms of becoming an RTO, creating their own formal training qualifications and are a representative on the Industry Advisory Committee of Service Skills Australia, it could be assumed that this participation reflects a satisfaction with the system. However, the National Training Manager expressed clear frustration with the wider perception that this involvement was giving them ‘an unfair advantage in the system’ and that the ‘perception is that they say they are listening to industry but actually the system is very much dictated by government policy and bureaucracy’. RetailCo also noted the expense of undertaking this involvement and debated whether it was really ‘worth the investment’ (Interviews, 2004).

In comparison, both DeptCo and CoffeCo were less involved in the overall VET system but similarly demonstrated both confusion and frustration with the way in which it operates. Again, both organisations commented on the bureaucratic nature of the system and that the investment required to fully utilise the User Choice arrangements was beyond their capabilities. This last point is indicative of the perception that formal training is very costly, and as large, financially sound enterprises this poses as an important issue in the context of an industry that is dominated by small business. The financial elements of traineeship implementation will be analysed further in the section management as an agent of capital.
In regards to the necessity for a formalisation of skill formation in the retail industry, the cases garnered a mixed response. While some participants argued that formal traineeships were an absolute necessity within the industry, others considered traineeships to be unnecessary in the context of skills required for gainful employment in retail organisations. Arguments that retail employment required a broad range of skills including communication skills, customer service skill, OHS knowledge, stock handling and cash control mechanisms (RetailCo Managers, CoffeeCo Head Office and CoffeeCo Training Provider), contrasted significantly with the views that retail work was ‘not rocket science’ (SDA Official, 2004), that ‘everything you need to know can be learnt on the job’ (DeptCo HR Manager, 2004) and that ‘if an employee can’t function after six weeks then they’re useless to me’ (CoffeeCo Franchisee, 2004). This differentiation in philosophy is significant in the broader context of commitment and holistic involvement in the VET system and will be explored further under management as a strategic actor.

Consensus was obtained however on the issue of quality control within the VET system and in particular, the lack of perceived consistency and maintenance across the various institutions and structures. One of the driving forces behind RetailCo becoming an RTO was the belief that this would actually improve quality and that through internal management systems they could ensure consistency across the organisation in terms of training delivery. While it needs to be acknowledged that this perception could easily be seen as corporate rhetoric, it does still demonstrate a lack of faith in the external system. As for DeptCo and CoffeeCo, each of these organisations rely on external providers for traineeship delivery and each case clearly indicated a perception of failure regarding the quality controls inherent to the VET system. Of particular interest is the fact that these views were expressed overtly during the research process. While it may be perceived as shifting of blame for negative outcomes, it is still an acknowledgment of the poor quality of training conducted in these organisations. This can be further explained through an analysis of the interaction with stakeholders during the process of traineeship implementation.

*Interaction with stakeholders*

When analysing management strategy, the importance of stakeholder interaction was clearly identified within the literature (Kramer *et al*, 1997; Deery *et al*, 2001; Sisson and Marginson, 2003). As a key component of the employment relationship,
the roles and responsibilities of external bodies and institutions can significantly impact the context of labour management within an organisation. In regards to training, stakeholders such as state training institutions, trade unions and employer associations have the capacity to influence expenditure and investment in this area (Lansbury and Pickersgill, 2002:289; Morris, 2004:272). As discussed in Chapter 4, the current Australian VET system has a broad range of stakeholders including government departments, industry skills councils, new apprenticeship centres, and registered training organisations that need to interact with employers when formal traineeships are implemented. This interaction will now be discussed in relation to the influence on management strategy across the three case studies.

In the case of DeptCo, the overall interaction with external stakeholders was fundamentally negative. As the traineeship program was a pilot program, they relied on a private training provider to deliver the training modules to the trainees. However, the training provider failed to deliver on what they had promised, resulting in a collapse of the training program. The nature of the training provider industry was described as ‘cut-throat’ and the experience of dealing with external providers was identified as a major reason why the company did not utilise traineeships again. This was compounded by the difficulties the management had in terms of dealing with the NSW Department of Education and Training in the administration of traineeships, whereby the system was described as a ‘shemozzle’ with ‘too much red tape’ (HR Manager and Assistant Manager, 2004).

As RetailCo acts as their own RTO and dedicates specific staff to the administration of traineeships, their interaction with external stakeholders is focused more closely on their involvement at the industry level. As already discussed, their role in the broader system is tenuous due to the competitive interests within the system and perceived lack of flexibility that exists. Of prime concern is the duality of the VET system and the differentiation that exists between the Federal system and the various State systems in place. As each State system is dictated by separate State Acts, the organisation feels that this makes the process of implementation unnecessarily complex, as the location of stores will dictate the conditions underpinning the traineeships and their subsequent administration.

In the case of CoffeeCo, the nature of interaction differed according to the perspectives of the National Training Manager (Head Office) and the Franchisee. While the Franchisee indicated few problems with either the administration of funding arrangements or the actions of the training provider, this contrasted
markedly with the Head Office perspective, whereby the organisation decided to sever ties with individual training providers and instead, develop a strategic alliance with a TAFE to deliver training across the entirety of the company. This will be explored further in the section on *management as a strategic actor*.

Interestingly, the role of traditional industrial relations actors, namely trade unions and employer associations, was barely noticeable across the case studies. Each managerial participant was asked about the roles of either the SDA (trade union) or the ARA (employer association) in terms of traineeship implementation and the general response was along the lines of ‘no involvement’. Not one managerial participant identified any real issue with either actor in the context of traineeship implementation, indicating a clear lack of involvement by these actors in the training process. Representatives from these institutions were interviewed for the purpose of this study, and their lack of knowledge and insight in terms of traineeship implementation was indicative of this lack of involvement. While the contribution of these traditional stakeholders may have been limited, the labour market and employment issues inherent to the retail industry is a significant area of influence, and will now be examined in more detail.

*Retail industry labour market*

In terms of the overall decision to undertake training, organisations need to consider not only the broader VET system and the interaction with stakeholders, but also the dynamics of the labour market. Barret and O’Connell (2001:649) suggest that the degree of competition for skilled human resources is a key determinant of this area of decision-making. For firms operating in the retail industry, there are significant labour market and employment issues that require attention. The industry is extremely labour intensive (Pringle, 1998:148), flexible work arrangements are required to adjust the labour supply (Gray and Laidlaw, 2002:211; Mortimer, 2001:88) making employment insecure and unpredictable (Zeytinoğlu, 2004:516), lower-paid and unskilled workers are perceived as more productive (Budd and McCall, 2001:499) and the perception exists that retail industry employment lacks career availability and options (Broadbridge, 2003a:298; Hannen, 2002:58).

These factors result in an interesting industry profile. While the lack of skill requirement and flexibility of employment arrangements opens up the industry to a broad section of the labour market, the poor pay and conditions on offer limits the scope to those who do not seek either a career or longer-term employment. From
an organisational view this is problematic as the labour intensity makes it financially impractical to increase remuneration, but the negative view of employment limits the quality of workers not only at the ‘shop-level’ but also within the ranks of management.

In the cases presented, these issues were prevalent across all of the organisations examined. Each of the managerial participants commented on the difficulties associated with recruiting for retail employment, with a particular emphasis on the lack of career aspirants for retail. Even so, they also recognised that due to the labour intensity and varying operational requirements, it was not feasible to offer higher wages and improved conditions. Interestingly, the role of traineeships within the retail industry was generally seen as a means of bridging this gap between the contextual operational demands for labour and the qualities of the general labour supply.

For DeptCo, the use of traineeships was a deliberate tool to overcome the shortage of labour supply at the time of the pilot program. The need to recruit a large number of staff in a short time frame was made more problematic by the shortage of the local labour supply. This was a result of increased competition due to the redevelopment of the local shopping centre and the close proximity to the site of the 2000 Olympic Games. Traineeships were perceived as a means of gaining competitive advantage while minimising the associated labour costs. Without these particular labour market pressures, it is unlikely that the program would ever have been initiated.

At RetailCo, the use of traineeships is also seen as a means of gaining competitive advantage in regards to the outlined labour market pressures. The company has invested significant resources into its traineeship system and uses the system as a platform for career aspirants seeking managerial roles. Traineeships are promoted through the company’s website and by store-based promotional material (posters, brochures, etc.), and are marketed to groups covering a broad range of labour market demographics. As this investment is significant in terms of resources, labour costs, branding and overall marketing, it can be argued that the labour market pressures are a major factor in the utilisation of traineeships at RetailCo.

For CoffeeCo, the role of labour market factors is less prevalent than at either of the other two organisations. From the head office perspective, the company was in the
process of changing its traineeship system more out of problems associated with the provision of training than the impact on labour supply and demand. Even so, the franchisee recognised that it was difficult to recruit from the local labour market where the stores were situated, and that the majority of workers were university students. As all of the workers are trainees, this presents an important issue of labour market ‘double-dipping’ in terms of education and training. Fundamentally, workers are receiving two forms of publicly-assisted skill formation at the same time and unless they anticipate having multiple careers at once, then it could be argued that a portion of this investment will be wasted. Considering the known difficulties associated with retail as a career, it is reasonable to assume that the retail traineeships will be the aspect of education and training least likely to be used.

However, despite the similarities in labour supply and demand issues, differentiation did exist in terms of the types of workers eligible for the traineeships across the firms. DeptCo restricted their trainees to new, full time workers with no retail experience. RetailCo, on the other hand, encourages experienced employees and casuals to take up traineeships. This approach by RetailCo enables the process to be more inclusive and allows for some predictive capability in determining the suitability of trainees prior to their enrolment. In the case of CoffeeCo, the corporate view is that trainees are open to anyone, and in the stores analysed, all of the staff were on traineeships from the time their employment commenced. This demonstrates that even with similar labour market pressures, choice still exists for companies in the determination of the segments of the labour market to be targeted.

Management as a Strategic Actor
As discussed in Chapter 2, when analysing the management of labour it is essential to consider not only the broader environment, but also the internal dynamics of the organisation. Using the Kochan et al. (1986) principle of strategic choice in conjunction with the Boxall and Purcell (2003) idea that the study of strategic HRM is centred on this very principle, it is essential to examine the internal dynamics of the organisations researched by considering on separate areas of strategic choice. These include the internal dynamics of traineeship implementation, the motivation for traineeship implementation and the choices regarding traineeship delivery.
**Internal Dynamics of Traineeship Implementation**

In terms of overall approach DeptCo chose to implement traineeships at one site as a form of pilot program. The decision to implement this program was made by the store managers without assistance from the corporate HR department or the senior management of the firm. This approach contradicts the work of Storey (1995) who suggests that managerial responsibility is a key element of effective HRM and that all managers (line authority, staff authority and senior management) need to take a cohesive and holistic approach to the implementation of HR programs. At the time, the corporate strategy was to streamline the organisation, and sought to cut costs across the organisation by emphasising a bargain-basement approach across their operations. In line with this corporate view, staff were perceived as cost to be minimised rather than as a resource to be developed and were utilised as a factor of production through the simplification of duties as cashier and stock staff. The decision to invest in a traineeship program in this corporate context contradicts the goals of the organisation and highlights the lack of strategic integration (Guest, 1991) at this worksite. Fundamentally, no attempt was made to incorporate this process with either the other HR or corporate strategies of the larger organisation, and those responsible for implementation did not have the experience or expertise to manage the process. The failure of the program resulted in the decision to abandon traineeships as a possible mechanism for skilling the DeptCo workforce.

By comparison, RetailCo opted to incorporate the traineeship system holistically across the entire organisation. The decision to implement traineeships is viewed as an essential component of their corporate strategy and the organisation has committed significant resources to this process. The management of the traineeship program is centrally organised through their Corporate Learning Department and responsibility for training is devolved to qualified workplace trainers. As the organisation is very large, regional training centres have been established to ensure this devolution is monitored for quality control and overall consistency. RetailCo has developed concrete policies and procedures for the administration of their traineeship program and use these as guidelines for all organisational participants. The decision to participate in the VET system has been top-down driven and is based on the corporate belief that a skilled workforce will enable the organisation to gain competitive advantage. This approach of strategic integration is in accordance with many HR theorists (Fombrun et al, 1984; Schuler and Jackson, 1987; Guest, 1991; Storey, 1995; Boxall and Purcell, 2003) who argue that the success of HR programs is reliant on a clear integration with overall corporate strategy. However,
it is clear from this example that in terms of skill formation it is necessary for type and nature of the corporate strategy to also be analysed to ensure that it compliments the level of investment needed when participating in such a manner.

In the case of CoffeeCo, the decision to implement traineeships was completely devolved to the franchised store level, with little involvement from the corporate office. The corporate office recognised that the funding opportunities available for their franchisees was a fantastic way to off-set labour costs, so merely acted as a conduit of information regarding the retail traineeship system. At a store level, this was perpetuated as the initial setting-up costs of the franchises are very high and as a labour-intensive operation the capacity to be reimbursed for utilising traineeships was perceived as an effective cost minimisation strategy. Individual franchisees were responsible for selecting the training provider and deciding the type and number of employees for participation. This approach resulted in a disjointed and inconsistent corporate utilisation of the traineeship system. At a corporate level this was deemed to be unsatisfactory and the decision was made to develop a strategic alliance with a national TAFE to conduct and control the traineeships. Fundamentally, this resulted in a centralisation of traineeship administration and a more holistic approach to the overall implementation. This shift in approach highlights the dynamic nature of strategy and supports the views of Tyson (1997) who argues that strategy is a future-oriented action which is invariably directed towards change.

From a consideration of these three cases it appears that the decision to implement traineeships can be made at a range of managerial levels within an organisation. For DeptCo, the decision to begin a pilot program was made by the store managers without involvement from either Corporate HR or senior management; for RetailCo the decision to utilise traineeships is generated from the Corporate Department and is supported by regional training managers; and for CoffeeCo the Head Office informs franchisees of the traineeship system but fundamentally devolves the choice down to the franchisees themselves. This demonstrates a degree of flexibility in the system, however perhaps of greater significance is the underlying motivation for traineeship utilisation.
Motivation for Traineeship Implementation

At DeptCo, the store managers were motivated by two key elements. Firstly, they wanted the ‘prestige and glamour’ of taking the initiative and introducing traineeships for the first time at RetailCo, in the hope that this would set them apart from other store managers. Secondly, the traineeships were perceived as a useful recruitment tool for supplying the workforce in a tight labour market. As almost a quarter of their workforce were employed as trainees, it is arguable that this was a successful recruitment tool, an element of the traineeship system that is relatively ignored by the contemporary literature. This motivation is quite different to both of the other cases. At RetailCo, the use of traineeships is fundamentally linked to the corporate strategy and is regarded as an essential component of their operations across the entirety of the organisation. The distinct purpose of the traineeship system is to upskill the workforce so the company can obtain competitive advantage. Also, it is seen that for longer serving employees, this provides an excellent opportunity to gain formal recognition for their skills and abilities. This compares to CoffeeCo, where it is quite clear that the motivation at the store level is based on the financial incentives available and the desire to off-set labour costs is the key driver of traineeship use. It is also important to note that the motivation of the Head Office has altered, from a position of somewhat indifference to one whereby they have taken a degree of control in the process and formed a strategic alliance with a TAFE provider.

Traineeship delivery

Another key area of interest relates to the delivery of training and the decision of whether to become a Registered Training Organisation. In Smith et al’s (2002) survey of 3400 firms, they identified concerns about the quality of training delivery within enterprises and suggested that few workplace trainers fully understood the national standards and were not appropriately accredited. On this basis, it could be argued that the utilisation of external training providers was preferable than internal training delivery. However, the case studies demonstrate that this is not always the case. DeptCo felt that it was not worth the investment of becoming an RTO and opted to utilise the services of a private training provider. This decision was imperative to the failure of the pilot program as the provider did not fully meet their obligations in the delivery of services. In contrast, RetailCo did become an RTO and perceive this as an essential component of their VET program. Through recognised internal delivery, RetailCo is able to monitor and control the process of delivery while maintaining industry standards and external quality requirements. This ensures that
the trainees are confident in the relevance of the training received as it meets both industry and organisational needs. By comparison, CoffeeCo recognised the problems inherent to outsourcing the delivery of training and made a strategic choice to establish an alliance with highly regarded TAFE institution to conduct all of their accredited training in close conjunction with their internal training department.

On the whole, this discussion highlights the complexities involved in analysing the relationship between corporate strategy, HR strategy and the decision to implement traineeships. Fundamentally, it is important to consider the layers of managerial responsibility and to recognise that the decision can be based on a range of motivating factors. Understanding decision-making within organisations involves more than just presenting the opportunity for choice, the internal dynamics of an organisation in conjunction with the external pressures of the broader environment must be taken into consideration. Of distinct concern are the economic pressures facing managers today, and as an agent of capital, the influence of financial imperatives is an important factor in the analysis of management strategy.

**Management as an Agent of Capital**

As an agent of capital, management is concerned with treating the workforce as a factor of production and must have primary regard to the costs associated with the employment process (Sisson and Marginson, 2003:161). As the Cases involved three private sector retail employers, the overall profitability of these organisations is of paramount importance to their overall survival in an industry that is highly competitive. In terms of training and development, the issue of cost is significant as discussed in the literature review. The key issues include the need for perceived profitability from training (Norris, 2000:76), the belief that investing in training will deliver an economic return (Maglen *et al*, 2001:1) and the understanding that in practice, it can be quite difficult to measure this return (Blundell *et al*, 1999:4).

In consideration of these issues, the analysis of the contemporary VET system in Australia (Chapter 4) outlined the range of monetary incentives incorporated into the process of *New Apprenticeship* participation. Fundamentally, organisations can benefit financially in three ways. Firstly, they can receive direct funding ($4400 per trainee on completion) for employing trainees; secondly, they can offset a variety of labour costs associated with ordinary employment (e.g. workers compensation relief, payroll tax reductions); and finally, they can pay their employees a ‘training
wage’ that set at a lower rate than ordinary employment. As a key element of the traineeship system and as an important area of management concern, the issue of training costs and financial incentives will now be discussed in light of the three Case studies.

Financial Incentives
The financial incentives provided by both State and Federal Governments for the use of New Apprenticeship traineeships are considerable (for full details see Appendices 4, 5 and 6). The purpose of these incentives is to encourage employers to ‘open up genuine opportunities for skill-based training of their employees’ (DEST, 2004) as a means of counteracting the perceived expenses associated with the provision of training programs. For employers in the retail industry, it could be easily argued that these incentives are necessary due to the high-level of labour utilisation and the relatively low-skill nature of the work, making formal training somewhat unnecessary (Connell & Burgess, 2001:9). This is magnified by the research of Maglan et al (2001), who discovered that it is difficult to find explicit links between training and productivity in the retail industry.

In the three cases examined, the overall perception of the incentives was that they were indeed necessary for traineeships to exist in the retail industry. The National Training Manager for RetailCo described the incentive scheme as a ‘sweetener’ and doubted whether they would have got involved with the system if the incentives did not exist. This view was supported by the CoffeeCo participants who each thought it was a vital element of the system, with the training provider describing it all as ‘a bit of a rort’. Within DeptCo, the participants again recognised the importance of the incentives, even though in terms of the pilot program they never actually received the incentives from the government. From the interviews conducted for this study, not one participant disputed the need for financial incentives as an element of the New Apprenticeship system. In terms of the elements underpinning retail industry employment and the dynamics of the labour market discussed earlier, this is an important point. While the relevant labour market pressures might encourage the adoption of traineeships, the added bonus of financial incentives is still necessary for the utilisation to take place. From this it can be argued that labour market pressures alone are not enough to motivate retail employers to undertake formal training.
Training Wage

Another important area of choice involves the decision to pay trainees as ordinary workers or place them on a ‘training wage’. In all three cases, the organisations opted for the payment of wages for trainees in alignment with ordinary workers. This contradicts the view of Cully and Curtain (2001:205) that most apprentices and trainees under the New Apprenticeship system are paid a ‘training wage’. They argue that this payment is to compensate the employer for the anticipated lower productive capacity of the trainee during training and is one of the benefits of utilising the traineeship system.

In analysing the reasons why the organisations fail to take advantage of these lower wages, it is interesting to note that the organisations offer similar justifications. The first factor is based on the realisation that as the retail industry already has relatively low wages, an extension of this would only hamper their ability to recruit competent labour. The reality is that the training wage would act as a major disincentive for employment within the industry, particularly when casual rates of pay are considerably more valuable when compared to the training wage. Secondly, the companies note the unwillingness to set up wage systems that may appear to be inequitable across the organisation. Paying workers less due to their status as trainees is arguably appropriate in industrial sectors that demand a highly skilled workforce, however in retail, the perception is that this would only act as a penalty for participating in training and again would result in an inability to attract participants.

Cost/Benefit Analysis of Traineeship Utilisation

As discussed in the literature review, the overall cost-effectiveness of labour management practices is an essential component of employer strategy. For capitalist enterprises, functional imperatives must exist in order for the enterprise to realise profits, accumulate capital and fundamentally, survive (Bray, 1986:145). Therefore, labour productivity should be a key goal of any organisation (Boxall & Purcell, 2003:8). In terms of traineeship utilisation, some authors (Connell & Burgess, 2001; Curtain, 2001) have suggested that the current system of financial incentives and training wages result in a highly cost-effective labour process at the expense of the workers involved. The underlying assumption is that traineeships are at a minimum, a useful tool for organisations seeking to maximise the return on investment for employing labour, and are potentially a tool for the exploitation of workers.
However, in the cases examined within this study, it becomes quite clear that the use of traineeships does not guarantee a cost-effective outcome for employers. For DeptCo, the costs associated with the running of the traineeship pilot program were so excessive that it was a prime reason why the management team discontinued the program. For RetailCo, the investment in traineeships is enormous. Costs include the labour costs associated with the staffing of RTO accreditation and qualification processes, administrative support for the 6500 trainees, labour costs of the trainers themselves and the capital costs of supplying training facilities. While the financial incentives offset this to a degree, for a multimillion dollar company, the money made from utilising traineeships (in a pure financial sense) is negligible. For CoffeeCo, both the franchisee and the National Training Manager recognised the financial benefits of using the available incentives to offset labour costs. While this was a prime motivator for the use of traineeships, the pure financial gain alone was not a strong enough motivator to continue with the ad hoc approach to traineeship utilisation that previously prevailed. Importantly, these findings support the research of Dockery et al (2001), who discovered that the use of trainees under the New Apprenticeship system did not translate into an improved cost/benefit outcome for employers.

Summary
This Chapter has analysed the research findings emanating from the three case studies in relation to the influence and impact on management strategy and the implementation of retail traineeships. The Sisson and Marginson (2003:162) framework for analysing management strategy was used as an overarching base for this analysis to take place. Management as a systems actor considered the role of the broader VET environment, the interaction with stakeholders and the issues prevalent to employment and the labour market in the context of the retail industry. Management as a strategic actor considered the principle of strategic choice and the application of this principle in light of the internal dynamics of implementation, the motivation for implementation and the choices involved with the delivery of traineeships. Finally, management was analysed as an agent of capital in terms of the economic considerations relevant to implementation, including the roles of financial incentives and training wages, and the cost-effectiveness of traineeship utilisation.
Each of these areas analysed the primary research in relation to arguments and issues outlined in the literature review, and covered a broad spectrum of areas including labour management, skill formation and training, and retail industry employment. The results demonstrated a range of perspectives and outcomes that both supported and at times, refuted contemporary thinking on these topics. The contribution that these results make to employment relations debate will now be presented in Chapter 9 – Conclusion, as it will offer an overview of the findings, possibilities for future research and thesis summary.
Chapter 9 - Conclusion

Overview of Findings
The previous Chapter analysed the research findings in relation to the literature review and the discussion of the elements of the contemporary Australian VET system. The three case studies were compared and contrasted as a means of generating evidence to support an exploration of the role of management strategy in the implementation of formal traineeships in the retail industry. From this analysis, a number of arguments can be presented in the context of this topic area.

Firstly, these results highlight the importance of the external environment. Organisations do not act in a vacuum and management strategy will, in part, depend on the structures and dynamics of the broader employment relations system in which they operate. Despite reforms to the Australian VET system that emphasise employer and industry demands, based on the principle of User Choice, the cases clearly demonstrate that in practice, regulation and government institutions are very much involved in the process of traineeship implementation. Not only were government structures seen as overtly bureaucratic, but also prohibitive in the implementation process. While it could be argued that government intervention is necessary in the broader context of skill formation, the cases indicate that it is the placement of this intervention that is of concern. Instead of being focused on quality controls and the portability and consistency of training outcomes, the cases highlight a strong emphasis on the technicalities involved in the administration of traineeships. While the notion of ‘red tape’ is not uncommon to discussion on government processes, it is not a dominant issue in the literature on traineeships, and is therefore, a significant finding.

Significance can also be found in the role of the labour market and in particular, the nature of employment requirements for retail employers. The common perception is that the retail industry has an unending supply of labour due to the low-skill requirements and accessibility of employment opportunities. As a labour intensive industry, this results in low wages and relatively poor working conditions. However, the cases clearly demonstrated that this scenario is somewhat problematic for employers and the labour management process in the retail industry. These conditions result in high labour turnover, poor commitment, and an unwillingness for working in retail to be perceived as a viable career path. Within this context, formal
traineeships were seen as a viable tool to overcome these labour market barriers and allow for an emphasis on skill formation, without compromising the cost-effectiveness of labour utilisation. While the necessity for formal skill formation in the retail industry was a debatable topic across the participants, the consensus on the capacity for traineeships to overcome these labour market limitations, was an important finding.

The role of stakeholder interaction was another key issue in the analysis of management strategy. While the importance of stakeholders is widely acknowledged in the employment relations arena, the cases demonstrated some clear consistencies in the dynamics of stakeholder involvement in the implementation of retail traineeships. Each case identified the excessively bureaucratic nature of government agencies, the intense competitiveness of private training providers and the cut-throat nature of the VET system generally. Surprisingly, each case also highlighted the lack of involvement from the other traditional employment relations actors, namely the employer association (ARA) and the relevant trade union (SDA). While it was beyond the scope of this study to analyse this further, it is a potential area for future research. On the whole, the cases supported the literature in terms of the importance of stakeholder interaction, but also demonstrated that the involvement of particular stakeholders is not always as predicted.

Secondly, the findings demonstrated the significance of management as a strategic actor in the implementation of retail traineeships. The principle of strategic choice, as discussed in both human resource management and industrial relations debates, in the analysis of labour management was shown to be of paramount importance to the process of decision-making across the three case studies. While the external principle of *User Choice* for the VET system could be seen as a structural determinant for the capacity for choice to exist, when the cases were analysed, the actual basis for decision-making was far more dependent on a range of elements reflecting the internal dynamics of managerial processes.

These elements include the importance of corporate strategy and the general business climate, the divisionalisation of store structures and the locus of managerial power, the organisational cultures and traditions, and fundamentally, the philosophies and beliefs of individual managers. It was through analysis of these elements that the motivation to implement traineeships could be fully explored and basis for differentiation across and within the case studies could be adequately
ascertained. While the limitations of case study methodology prevents general assertions about the precise nature of managerial decision-making, these cases demonstrate that the motivations of managers do play a significant role in the determination of strategy and in the case of retail traineeship implementation, have a marked impact on the processes and outcomes within the system.

Finally, the findings highlight the importance of management as an agent of capital and the necessity for cost-effective labour management strategies. This is a major issue in the implementation of traineeships as the financial inducements provided by both and state and federal governments are substantial. Within the retail industry, this is exacerbated by the high level of labour intensity and the various labour market pressures described earlier. Subsequently, a dominant perspective in the literature is that employers can use the VET system, in particular the New Apprenticeship program, as a means of profiting from trainees without assurance of a societal pay-off in the form of worthwhile skill attainment. To this end, Hampson (2004:87) described employers as ‘unscrupulous’ in their attempt to profit from the system.

However, in relation to the financial imperatives associated with traineeships, the findings did not fully support this dominant perspective. While each case acknowledged the necessity for financial incentives, not one of the organisations studied actually took advantage of cheaper labour rates in the form of the ‘training wage’. The reasoning behind this ranged from equity and ethical bases, to more pragmatic considerations about the capacity to recruit in an industry where wages were already perceived as quite low. Similarly, the cost-effectiveness of traineeship utilisation was not guaranteed as the process of implementation realistically requires a significant investment from the organisation. While these findings may be reflective of the retail industry generally, or possibly just the unique organisations researched, they still demonstrate that management strategy is not always as predicted. Simply labelling employers as ‘unscrupulous’ is overly simplistic and fails to recognise the complex reality of contemporary management strategy.

Overall, these findings demonstrate the complexity in analysing management strategy. While the external environment may dictate the structures of the system within which an employment relationship exists, it cannot predict the strategic choices made by organisations during the labour management process. These choices are influenced by a range of variables emanating from both the internal and
external environments, along with the individual capacity to make decisions based on personal beliefs and values. In terms of management strategy and the implementation of retail traineeships, this results in processes and outcomes that can both support and contradict the arguments within contemporary literature.

Possibilities for Future Research
The research conducted for this thesis has focused on the issue of management strategy and the implementation of retail traineeships. However, in considering the realm of VET research and the importance of skill in the contemporary world of work, a wide range of possibilities exist for other areas of exploration and analysis. In terms of the implementation of retail traineeships it would be of interest to consider the perspectives of a range of stakeholders. Specifically, the experiences of trainees themselves would arguably pose as an interesting and important area of research. Likewise, the views and perceptions of training providers, industry representatives and government authorities could form the sound basis for study in this area. While certain stakeholders were consulted as a component of this research, it was merely in the capacity as supportive evidence to assist with the triangulation of data, and not as a stand-alone base for analysis in itself.

Beyond the specific area of retail traineeships, scope also exists for research to be conducted in other industries regarding the effect of the introduction of new apprenticeships. Indeed, it is possible that this research forms the basis for a larger study looking at industry comparisons of VET experiences and outcomes. In addition to this, possibilities exist for research to go beyond a narrow timeframe of analysis and consider longitudinal changes and the broader impact on the skill of the Australian labour market. Beyond this, the focus of future research could be extended to consider international VET systems in an attempt to make comparisons on a more global scale.

Thesis Summary
In the context of a neo-liberal political environment, the role of management strategy has become a dominant element in the dynamics of the employment relationship. In particular, the Australian VET system has experienced a marked shift in focus away from an institutional supply-side structure, to one where employer demands dictate the grounds for skill formation and training. Skill formation and development is an important issue within employment relations as it affects all of the stakeholders and
has clear links with ensuring technological advancement and international competitiveness.

Within the Australian context, the VET system has been analysed as it provides the formal framework under which organisations operate. Specifically, retail traineeships have been utilised as an example of industry level changes as established within the introduction of the New Apprenticeship system. While it appears that this has been relatively successful in terms of participation rates, the basis for participation and the ability for effective implementation requires consideration. The objectives of participants, influence of financial imperatives and the organisational context in which training occurs are important issues that must be analysed in the context of the retail industry. As an industry, retail is relatively new to the VET system as it has traditionally relied on low-skilled and marginalised workers. Therefore, from an employment relations perspective, these changes are important as they have led to the interaction of a multitude of stakeholders and significant changes to the strategic choices available to managers and labour alike.

In analysing the changes in VET policy and the implications for organisational strategy in the retail industry it is evident that the outcomes of implementing traineeships will be reliant on the strategic choices made by the employers. The case studies presented, highlight the different ways the same structural system can be adapted and utilised across different organisations with various degrees of success. It is clear that the current system is flawed in terms of improving skill formation, quality assurance of training programs and ensuring industry involvement and satisfaction with the current demand-side focus and utilisation of the User Choice principle.

Fundamentally, this issue is of national importance. On July 8 2003, the Prime Minister, John Howard made the following statement:

“The Commonwealth Government is determined to ensure that the vocational education and training system continues to provide benefits to employers and to those in training, and in doing so contribute to ongoing employment growth, and further economic opportunities. The Commonwealth Government has committed $2.8 billion over four years to support the New Apprenticeship system, and to provide for continuing growth in the scheme.”

As discussed previously in Chapter 4, the federal government is spending a growing proportion of the tax-payer funded education and training budget on the New
Apprenticeship system on the basis that it benefits the economy. From the cases studied, it is difficult to explain how the system is benefiting employers let alone workers and the broader society. In an era of globalisation and increasing pressures for international competitiveness, the importance of a well-trained and skilled labour market is essential for the survival of the Australian economy. Simply giving employers money for signing on trainees, without consideration of the necessity for the skills demanded, and without the necessary quality controls in place to ensure the skills are obtained, is mere folly. While the situation of Australia's skill-base has certainly improved statistically since 1998, when the surface is scratched it is undeniable that the current VET system, particularly the New Apprenticeship system, is fundamentally flawed.
Primary Sources

Documentation:


Interviews:
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CoffeeCo – Franchisee/ Windsor and Richmond (2004), March 19.
CoffeeCo - National Training Manager/ Head Office (2004), March 18.
DeptCo – Regional Training Officer/ Parramatta (2004), August 31.
DeptCo – Regional Training Officer/ Parramatta (2005), April 22.
RetailCo – HR/Training Officer/ Corporate Office (2004), August 3.
RetailCo – HR/Training Officer/ Corporate Office (2004), August 17.
RetailCo – Regional Training Manager/ Illawarra (2004), June 24.
RetailCo – Regional Training Officer/ Western Sydney (2004), June 10.
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Australian Bureau of Statistics, (2003), Retail Trade Australia, ABS Catalogue No. 8501.0.


Australian National Training Authority (ANTA) (2005d), *AQTF Overview*, ANTA, Melbourne.


Commonwealth of Australia (2001) DETYA 2001-2002 Budget: Individuals achieve relevant skills and learning outcomes from post school education and training (Output 2.2), Canberra: AGP.

Commonwealth of Australia (2002) DETYA 2002-2003 Budget: Individuals achieve relevant skills and learning outcomes from post school education and training (Output 2.2), Canberra: AGP.


NCVER (2000a), *Competency-based training in Australia: Research at a glance*, National Centre for Vocational Education and Research.


The Senate (2003), *Bridging the skills divide*, Employment, Workplace Relations and Education References Committee, Commonwealth of Australia.


Appendix 1 – The Standards for Registered Training Organisations under the Australian Quality Training Framework (AQTF) (ANTA, 2005a: 11-21)

1. **Systems for quality training and assessment**
   The RTO has systems in place to plan for and provide quality training and assessment across all of its operations.

2. **Compliance with Commonwealth, State/Territory legislation and regulatory requirements**
   The RTO ensures that compliance with Commonwealth, State/Territory legislation and regulatory requirements relevant to its operations is integrated into its policies and procedures and that compliance is maintained.

3. **Effective financial management procedures**
   The RTO has effective financial management procedures in place.

4. **Effective administrative and records management procedures**
   The RTO has effective administrative and records management procedures in place.

5. **Recognition of qualifications issues by other RTOs**
   The RTO recognises the AQF qualifications and Statements of Attainment issued by any other RTO.

6. **Access and equity and client service**
   The RTO applies access and equity principles and provides timely and appropriate information, advice and support services which assist clients to identify and achieve their desired outcome.

7. **The competence of RTO staff**
   Each member of the RTO’s staff who is involved in training, assessment or client service is competent for the functions they perform.

8. **RTO assessments**
   The RTO’s assessments meet the requirements of the endorsed components of Training Packages and the outcomes specified in accredited courses within the scope of its registration.

9. **Learning and assessment strategies**
   The RTO identifies, negotiates, plans and implements appropriate learning and assessment strategies to meet the needs of each of its clients.
10. **Issuing AQF qualifications and Statements of Attainment**
   The RTO issues AQF qualifications and Statements of Attainment that meet the requirements of the AQF Implementation Handbook and the endorsed Training Packages and accredited courses within the scope of its registration.

11. **Use of national and State/Territory logos**
    The RTO complies with the requirements for the use of national and State/Territory logos.

12. **Ethical marketing and advertising**
    The RTO’s marketing and advertising of training and assessment products and services is ethical.
Appendices

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Appendix 2 – NSW Apprenticeship and Traineeship Act 2001 No 80

Part 2  Apprenticeships and traineeships

Division 2  Establishment of apprenticeships and traineeships

Section 13  Duties of employers under apprenticeships and traineeships:

(1) The employer of an apprentice or trainee must, in accordance with the relevant training plan, take all reasonable steps:

(a) to enable the apprentice or trainee to receive the work-based component of the required training, in particular by providing all necessary facilities and opportunities to acquire the competencies of the vocation concerned, and

(b) to enable the apprentice or trainee to obtain an appropriate qualification for that vocation, in particular:

(i) by releasing the apprentice or trainee as required for attendance at the relevant registered training organisation, and

(ii) by liaising with the relevant registered training organisation in relation to the apprentice’s or trainee’s attendance and participation in the training provided by the relevant registered training organisation.

(2) The employer of an apprentice or trainee must discharge his or her obligations under the apprenticeship or traineeship as an employer of the apprentice or trainee.

Section 17  Conditions of training and employment for persons employed as apprentices and trainees:

An employer that employs a person as an apprentice or trainee in a recognised trade vocation or recognised traineeship vocation:

(a) must provide work-based training in accordance with the relevant vocational training order for that vocation, and

(b) must employ the person under conditions no less favourable than those set by the provisions of the relevant industrial award or agreement,

whether or not an apprenticeship or traineeship has been established for the apprentice or trainee.
Appendix 3 – Training Plans Overview

The NSW Apprenticeship and Traineeship Act 2001 requires a training plan endorsed by a Registered Training Organisation (RTO) to accompany an application to establish a training contract.

<table>
<thead>
<tr>
<th>RTOs are:</th>
<th>TRAINEESHIPS</th>
<th>APPRENTICES HIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time</td>
<td>Part-time</td>
</tr>
<tr>
<td></td>
<td>New entrant</td>
<td>Existing worker</td>
</tr>
<tr>
<td>To develop the Training Plan Summary for NACs to attach to the application to establish an Apprenticeship/Traineeship for approval by DET.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>To develop and maintain a Full Training Plan for NACs to attach to the application to establish an Apprenticeship/Traineeship for approval by DET.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>To develop and maintain a Full Training Plan. (A Full Training Plan will be developed, and a copy provided to the employer and apprentice/trainee within 6 weeks of commencement of training by the RTO for a term of up to and including 12 months, or within 12 weeks of such commencement of training for a term of more than 12 months.) The Training Plan is an auditable document under Standard 9.3viii of the AQTF.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>To provide copies of Full Training Plan to employer and apprentice/trainee.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>To submit a Full Training Plan to Industry Programs when claiming initial payment for ATTP when the delivery mode is:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institution based</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Distance education</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Enterprise as RTO</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Flexible - work-based</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
**Appendix 4 – Summary of the Australian Government New Apprenticeships Incentives Programme From 1 July 2004 (DEST, 2004)**

<table>
<thead>
<tr>
<th>New Apprenticeships</th>
<th>The objective of the New Apprenticeships Incentives Programme is to develop a more skilled Australian workforce that delivers long-term benefits for our nation and our international competitiveness. This is achieved by encouraging employers to open up genuine opportunities for skills-based training of their employees, through provision by the Australian Government of financial incentives to employers who employ and train a New Apprentice (apprentice or trainee).</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Apprenticeships Centres</td>
<td>New Apprenticeships Centres provide a free service to employers and New Apprentices. For more information or assistance, you should contact a New Apprenticeships Centre in your region. Contact details can be obtained by calling 1800 639 629 or visiting <a href="http://www.newapprenticeships.gov.au">www.newapprenticeships.gov.au</a></td>
</tr>
<tr>
<td>Waiting periods</td>
<td>There is a three month waiting period before an employer can apply for an Australian Government Commencement Incentive for a New Apprentice. The Apprenticeship/Traineeship Training Contract must be formally approved. The New Apprentice must still be employed by the same employer and must have commenced training in accordance with the approved Training Program. The employer should submit a claim to the New Apprenticeships Centre at the end of the three month waiting period, and within the required time limit. Further information on waiting periods and time limits can be obtained from your New Apprenticeships Centre.</td>
</tr>
<tr>
<td>Australian Government Incentives</td>
<td>The following summarises the Australian Government New Apprenticeships Incentives regime for all New Apprentices (apprentices and trainees). Payment of incentives will be subject to employers and their New Apprentices satisfying eligibility criteria as set out in the Australian Government <em>New Apprenticeships Incentives Programme Guidelines</em>. Australian Government New Apprenticeships Incentives amounts are inclusive of GST. Contact your New Apprenticeships Centre for further information on Australian Government Incentives.</td>
</tr>
<tr>
<td>Standard Commencement</td>
<td>$1,375 incentive for an employer who commences a New Apprentice in Certificate II training; or $1,650 incentive for an employer who commences a New Apprentice in Certificate III or IV training.</td>
</tr>
<tr>
<td>Women in Non-Traditional Trades – Special Commencement</td>
<td>$1,100 special incentive for an employer who commences a woman in an eligible Certificate II to IV level New Apprenticeship in a declared non-traditional occupation.</td>
</tr>
<tr>
<td>Group Training – Additional</td>
<td>$550 additional incentive for Group Training Organisations for each Certificate II to IV level New Apprenticeship</td>
</tr>
<tr>
<td>Segment</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Commencement</strong></td>
<td>commencement.</td>
</tr>
<tr>
<td><strong>Sporting Operations</strong></td>
<td>$1,650 additional incentive for an employer who commences an eligible New Apprentice in an approved Sporting Operations Certificate II qualification.</td>
</tr>
<tr>
<td>– <strong>Additional Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>$1,210 special incentive for an employer who employs a New Apprentice in an eligible innovation training package qualification at the Certificate III or IV level.</td>
</tr>
<tr>
<td>– <strong>Special Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>School Based New Apprenticeships</strong></td>
<td>$825 additional incentive for an employer who employs a New Apprentice in an endorsed School Based New Apprenticeship at Certificate II to IV level.</td>
</tr>
<tr>
<td>– <strong>Additional Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Rural and Regional Skill Shortages</strong></td>
<td>$1,100 special incentive for Rural and Regional New Apprenticeships where the New Apprentice commences Certificate III or IV training in an occupation identified as a skill shortage in a non-metropolitan area.</td>
</tr>
<tr>
<td>– <strong>Special Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Declared Drought Areas</strong></td>
<td>$1,650 additional incentive for employers of eligible Certificate II New Apprentices who are employed by an employer who has a current Exceptional Circumstances Drought Area certificate.</td>
</tr>
<tr>
<td>– <strong>Additional Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Mature Aged Worker</strong></td>
<td>$825 special incentive for an employer who commences an eligible Certificate II to IV level New Apprentice who is a disadvantaged person aged 45 years or more. Contact your New Apprenticeships Centre for further information.</td>
</tr>
<tr>
<td>– <strong>Special Commencement</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Standard Recommencement</strong></td>
<td>$825 incentive for employers recommencing out-of-trade Certificate III or IV New Apprentices.</td>
</tr>
<tr>
<td><strong>School Based New Apprenticeship Retention</strong></td>
<td>$825 for an employer who continues to employ a Certificate II to IV level School Based New Apprentice after the student has completed Year 12.</td>
</tr>
<tr>
<td><strong>Standard Completion</strong></td>
<td>$2,750 incentive for employers of New Apprentices who successfully complete Certificate III or IV. The New Apprentice must have been employed as a New Apprentice by that employer for at least 3 calendar months before completion.</td>
</tr>
<tr>
<td><strong>Group Training – Special Completion</strong></td>
<td>$1,100 additional incentive for Group Training Organisations for each Certificate II New Apprenticeship completion.</td>
</tr>
<tr>
<td><strong>Sporting Operations – Special Completion</strong></td>
<td>$1,650 special incentive for an employer of an eligible New Apprentice who completes an approved Sporting Operations Certificate II qualification.</td>
</tr>
<tr>
<td><strong>Declared Drought Areas – Special Completion</strong></td>
<td>$1,650 special incentive for employers on the successful completion of eligible Certificate II New Apprentices who attracted a Declared Drought Areas additional commencement incentive.</td>
</tr>
</tbody>
</table>
Mature Aged Worker – Special Completion

$825 special incentive for an employer on the successful completion of a Certificate II to IV level New Apprentice who attracted a Mature Aged Worker special commencement incentive.

Assistance for New Apprentices with a Disability

The Disabled New Apprentice Wage Support Programme provides additional assistance to eligible employers who recruit a Certificate II to IV level New Apprentice with a disability. Assistance may include a wage support payment, tutorial, interpreter and mentor services. Assistance may also be available for leasing or purchasing essential equipment or modifying the workplace to accommodate a New Apprentice with a disability. More information is available from your New Apprenticeships Centre.

Living Away From Home Allowance (LAFHA)

New Apprentices may be eligible for up to twelve months of LAFHA at the first year rate of $77.17 per week and a further twelve months assistance at the second year rate of $38.59 if the Certificate II to IV level New Apprentice had to move away from the parental/guardian home to commence or remain in a New Apprenticeship or is homeless. Your New Apprenticeships Centre can provide more information on LAFHA and the appropriate application form.
Appendices

Appendix 5 - NSW Apprenticeship and Traineeship Financial Incentives

What financial assistance is available to employers of apprentices and new entrant trainees from the NSW Government?

The NSW Government:

- meets the cost of apprenticeship and new entrant traineeship training delivered by Registered Training Organisations if training is approved
- rebates in full, when applicable, payroll tax paid for each new entrant trainee employed. (Rebates are only available to employers who exceed the pay-roll tax threshold, which is currently $600,000). Rebate claim forms (VT75) for employers are available from State Training Centres
- provides exemptions from payroll tax for the wages of apprentices – see table below for details.

Note: NSW pay-roll tax rates are applicable as follows:

<table>
<thead>
<tr>
<th>Tax year</th>
<th>Threshold</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/07/2002-30/06/2003</td>
<td>$600,000</td>
<td>6.0%</td>
</tr>
<tr>
<td>01/07/2001-30/06/2002</td>
<td>$600,000</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

- pays the workers’ compensation insurance premium for each approved new entrant trainee employed. Employers, however, remain responsible for the management of workers’ compensation in the workplace, including the rehabilitation of injured trainees
- subsidises the wages of apprentices with disabilities employed by NSW Government departments and statutory authorities under the NSW Apprenticeship Program for People with Disabilities.

Changes to NSW Government Apprenticeship and Traineeship incentives in 2003/2004 Budget

The NSW Treasurer announced in his budget speech on 24 June 2003 the following changes to current NSW Government incentive measures for traineeships.

1. PAYROLL TAX – EXEMPTION FOR NEW ENTRANT TRAINEES

From 1 January 2004, the Government will replace the new entrant trainee Payroll Tax Rebate Scheme with a payroll tax exemption. Under the Payroll Tax Rebate Scheme, employers are eligible for a rebate of payroll tax paid in respect of new entrant trainees. From 1 July 2002, apprentices’ wages have been totally exempt from payroll tax. From 1 January 2004, it is proposed that both apprentices’ and trainees’ wages will be totally exempt from payroll tax.

2. PROPOSED WORKERS COMPENSATION INSURANCE CHANGES - TO CURRENT PREMIUM PAYMENT ARRANGEMENTS FOR TRAINEES

From 1 January next year employers of trainees will be required to pay their workers’ compensation premiums, putting trainees and apprentices on the same footing.

The proposed changes require amendments to current legislation governing the above incentives.
Appendices

Appendix 6 - Payroll Tax and Workers Compensation Insurance Assistance
(for Apprentices/New Entrant Trainees)

<table>
<thead>
<tr>
<th></th>
<th>Payroll Tax Rebate/Exemption</th>
<th>Workers Compensation Premium Assistance</th>
<th>Other financial incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>A full rebate for payroll tax* is provided for new entrant trainees. (Claims can be lodged once only and within 18 months of completion or cancellation.)</td>
<td>The NSW Department of Education and Training has a policy with the Government Insurance Office which covers each approved new entrant trainee employed. Employers, however, remain responsible for the management of Workers Compensation in the workplace including the rehabilitation of injured employees. Note: Apprentices are not covered under this policy. They require coverage under their employer’s workers compensation insurance policy.</td>
<td>The Apprenticeship Program for People with Disabilities - subsidises wages of apprentices with disabilities employed by NSW government agencies. It complements DAWS covering the remainder of the salary not covered by the DEST payment.</td>
</tr>
<tr>
<td></td>
<td>A full exemption from payroll tax is available for apprentices (see Note below). All trainees and apprentices employed by Group Training Companies registered in NSW are fully exempt from payroll tax. * Note: All wages paid to an employee who is an apprentice within the meaning of the Apprenticeship and Traineeship Act 2001 are fully exempt. The full exemption applies to wages paid or payable to an employee where the employer and the employee have entered into an apprenticeship contract, including contracts entered into before 1 July 2002.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Apprenticeship Program for People with Disabilities - subsidises wages of apprentices with disabilities employed by NSW government agencies. It complements DAWS covering the remainder of the salary not covered by the DEST payment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Rural and Regional Wage Subsidy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Under the to NSW Public Sector Traineeship Strategy, $5000 is available to NSW public sector employers in rural and certain regional areas who engage new entrant trainees.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 7 – Interview Schedule A

Applicable for government departments or agencies

1. What are the governments’ objectives in promoting VET?

2. What is your department/agencies role in the implementation of VET?

3. What has been the impact of VET in the retail industry in terms of:
   a. skill development?
   b. industry performance?
   c. retention rates?
   d. organisational satisfaction?

4. How does this compare to other industries?

5. What do you regard as the major impediments to the implementation of VET?

6. What do you consider to be the major improvements as a result of changes in the VET system?

7. Which other agencies/departments/stakeholders do you need to interact with (if any)?

8. Is the interaction with other stakeholders effective?

9. What impact did the changes in VET policy have on your department/agencies structure and purpose within the system?

10. Do you consider your department/agency to play a significant role in the successful implementation of VET in the retail industry?

11. How do you perceive your department/agencies role will change as the VET system continues to evolve?

12. What do you think is the long-term future of VET in the retail industry?
Appendix 8 – Interview Schedule B

Applicable for industry bodies

1. What do you perceive to be the governments’ objectives in promoting VET?

2. What is your organisations role in the implementation of VET?

3. What has been the impact of VET in the retail industry in terms of:
   a. skill development?
   b. industry performance?
   c. retention rates?
   d. organisational satisfaction?

4. How does this compare to other industries?

5. Do you consider VET to be vital within the retail industry?

6. What do you regard as the major impediments to the implementation of VET?

7. What do you consider to be the major improvements as a result of changes in the VET system?

8. Which other agencies/departments/stakeholders do you need to interact with (if any)?

9. Is the interaction with other stakeholders effective?

10. What impact did the changes in the VET system have on the policy and practice within your organisation?

11. How do these changes affect your organisational strategy?

12. Do you consider your organisation to play a significant role in the successful implementation of VET in the retail industry?

13. How do you perceive your organisation’s role will change as the VET system continues to evolve?

14. If given the opportunity for consultation, what changes do you perceive as necessary (if any) are required to improve the current system?

15. What do you think is the long-term future of VET in the retail industry?
Appendix 9 – Interview Schedule C

Applicable for organisations within the retail industry

1. What is your organisation's overall business strategy?

2. How large is the organisation (number of employees)?

3. What is the geographical dispersion of your operations (number and locations of retail outlets)?

4. What are the typical labour market demographics of your employees?

5. What is your organisational structure?

6. What do you perceive to be the government's objectives in promoting VET?

7. What is your organisation's role in the implementation of VET?

8. What has been the impact of VET in the retail industry in terms of:
   a. skill development?
   b. industry performance?
   c. retention rates?
   d. organisational satisfaction?

9. Has VET imparted upon the following HR strategies in your organisation:
   a. performance management
   b. recruitment and selection
   c. training and development
   d. remuneration
   e. occupational health and safety
   f. diversity management
   If so, how?

10. Do you consider VET to be vital within the retail industry?

11. What do you regard as the major impediments to the implementation of VET?

12. What do you consider to be the major improvements as a result of changes in the VET system?

13. Which other agencies/departments/stakeholders do you need to interact with (if any)?

14. Is the interaction with other stakeholders effective?

15. What impact did the changes in the VET system have on the policy and practice within your organisation?

16. How do these changes affect your organisational strategy?

17. Do you consider your organisation to play a significant role in the successful implementation of VET in the retail industry?
18. Do you think that traineeships are a form of cheap labour? Is this their prime attraction to you?

19. Do you consider the current funding arrangements to be appropriate?

20. If given the opportunity for consultation, what changes do you perceive as necessary (if any) are required to improve the current system?

21. What do you think is the long-term future of VET in the retail industry?
### Appendix 10 – Comparative Traineeship Analysis – DeptCo (Internal Company Document) 2000

<table>
<thead>
<tr>
<th>Questions/Criteria</th>
<th>Company X</th>
<th>Company Y</th>
<th>Company Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. visits per candidate (including regional stores)</td>
<td>Min. 1 per month (including regionals) One assessor per store</td>
<td>Between 10-14 visits per person</td>
<td>No definite amount of visits Monthly for part-timers and fortnightly for full-timers</td>
</tr>
<tr>
<td>2. Percentage of administrative support</td>
<td>Depends on number of trainees Provide spreadsheets</td>
<td>80% support for administration support in the 20% that we need to do as a company</td>
<td>Allocation of a resource that would do all the paperwork</td>
</tr>
<tr>
<td>3. Written testimonials</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>4. Tailoring Course (Who, Cost, Time, Updates, willingness to share material with other provider)</td>
<td>State Manager would tailor course to our needs and share info 24hrs to tailor a course Confidentiality agreement</td>
<td>Team of designers will work with us to tailor course 4-6weeks turn around $500-$1500 for updates after first year</td>
<td>Would not be willing to share materials</td>
</tr>
<tr>
<td>5. Printed materials</td>
<td>At the Providers Cost</td>
<td>At the Providers Cost</td>
<td>Unknown</td>
</tr>
<tr>
<td>6. Trainer credentials</td>
<td>Certificate IV Min. 3yrs experience</td>
<td>Certificate IV Min. 6yrs experience</td>
<td>Certificate IV ‘Considerable’ experience</td>
</tr>
<tr>
<td>7. Other state coverage</td>
<td>NSW, Melbourne and Adelaide</td>
<td>NSW, QLD and VIC</td>
<td>NSW and VIC</td>
</tr>
<tr>
<td>8. Trainer feedback</td>
<td>Trainers report to our supervisors Ask supervisors opinions about competencies</td>
<td>Personalised reports Exception reports regarding outstanding or difficult trainees</td>
<td>Ongoing Discussion groups Formal meetings with management team</td>
</tr>
<tr>
<td>9. Attendance at open days &amp; Induction</td>
<td>Would attend open days and induction</td>
<td>Would attend open days and induction</td>
<td>Would attend open days and induction</td>
</tr>
<tr>
<td>10. Sign up attendance</td>
<td>Will offer assistance in sign up drives</td>
<td>Will offer assistance in sign up drives</td>
<td>Will offer assistance in sign up drives</td>
</tr>
<tr>
<td>11. Key contacts</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
</tbody>
</table>