

Labour pains?

Richard Cooney and Michael Long take a closer look at innovative training activities.

Most sectors of the Australian economy have been affected to a greater or lesser extent by shortages of appropriately skilled labour, from the more traditional skilled trades areas in construction, manufacturing and mining to the skilled service occupations in hospitality and personal services.

This article examines new and emergent strategies used by some Australian employers experimenting with new ways to deal with skills shortages, strategies centring on the development of co-operative training activities with partner firms to upgrade employee skills.

These employers are linking up with various business partners to share local resources and these co-operative activities supply training activities much

valued by both managers and employees. Currently, such joint training is organised independently through the informal activities of firms themselves but there is scope to develop new kinds of intermediaries in the training market that can facilitate network formation, build relationships between firms and broker commonly needed training services.

With some innovative policy and new thinking, Australian firms can find ways to address their skill development needs without simply relying on government to expand the supply of training places.

We identify the obstacles and the benefits of this approach to dealing with skill shortages.

Employers can act directly to upskill their existing workforce to fill skilled vacancies. This approach has a number of attractions for employers including: retaining long serving and valued staff providing career opportunities for employees, and developing skilled employees who already have a detailed knowledge of company systems and work procedures.

Despite these advantages, many employers choose not to take the upskilling route because they lack the

Meeting business needs

Skills are like infrastructure – it can take years to run down and then years to rebuild... so we must not expect simple or quick solutions and we must support 457 visas for skills immigration as a pragmatic way to address shortages... better to import workers, than to export the jobs and associated benefits.”

So says Phillip Bullock, Chair of Skills Australia, an expert and independent advisory body set up as part of the Australian Government’s Skilling Australia

for the Future policy to provide advice on current and future demand for skills and investment of public funds in training. Skills Australia was created by Deputy Prime Minister Julia Gillard on 17 April 2008. Other members of the board include from Monash University, Professor Gerald Burke, President of the ACTU Sharan Burrow, Chairman of the Independent Pricing and Regulatory Tribunal of NSW, Dr Michael Keating AC, Deputy Director General TAFE and

Community Education, Marie Persson, Chief Executive of the Australian Industry Group, Heather Ridout and Executive Vice President Enterprise Capability, Keith Spence.

Bullock, who brings his industry background to the VET sector, says that the most effective innovation in the skills area is best handled close to the client.

“Let me start with the premise that industry approaches skills as part of a broader ‘holistic’ planning process. An enterprise is primarily concerned with achieving its business objectives. To do this it will identify a range of

internal resources to provide training or supervision of trainees.

Employers might consider training in co-operation with other firms. In Germany and France, membership of local chambers of commerce is compulsory, industry training levies are compulsory and so there is a much higher level of inter-firm co-operation in training. Australia has a more voluntary training system and so the incidence of co-operation is lower, but recent research undertaken at Monash University suggests that there are real benefits for employers to co-operate in training and that perhaps greater awareness of these benefits would stimulate more employers to train co-operatively.

In a number of projects conducted through the *Centre for the Economics of Education and Training* at Monash we found that employers were reasonably happy with the experience of joint training which provided a higher quality experience at a lower cost. There are two types of joint training undertaken by Australian firms: co-operative training supplied by the firm and co-operative training supplied by training market intermediaries.

The benefits of co-operation in training reported by firms participating in our survey of training practice included business benefits as well as benefits to the training and skill development effort of the firm.

Firms engaging in co-operative training say that it helps to extend relationships with business partners,

gives them a greater knowledge of trends in training and of their business partners' training practices. As well as the business benefits of co-operation in training there were also benefits for the training effort of the firm. Co-operation in training helped managers to address specific training needs, give trainees a

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greater breadth of experience and a higher quality of training. Respondents saw co-operation in training as a good way to address shortages of skilled labour, to reduce the cost of training and to provide more highly specialised forms of technical training.

Firms engaging in co-operative training were often leaders in their sector, they were profitable and in a strong business position in competitive markets. They were exporters who had growing employment and they placed some importance on the development of employee skills as a source of competitive advantage. Co-operating firms were thus not simply those look-

strategies and then the resources it needs to achieve those strategies," he says.

"The best results are realised when training providers work in partnership with enterprises to achieve outcomes that meet business needs.

"The time to complete apprenticeships is shortening. In July this year the National Centre for Vocational Education Research reported that in 2007, over a quarter (28 per cent) of all trade apprentices completed their training in two years or less. In 1997, around one in six (17 per cent) completed a trade apprenticeship

in two years or less. This can only be good news for the businesses that employ them," Bullock says.

"The introduction of the Productivity Places Program is a positive commitment from the Federal Government to help ease the shortfall of skilled workers. The challenge is to maximise usage of these places."

SKILLS AUSTRALIA'S APPROACH Skills Australia believes that the fundamental objective of a national training system is the adequate supply of skills and qualifications and that these skills are useful and used.

This body suggests the training system will achieve these outcomes if:

- It is industry led and demand driven, responding flexibly to current and emerging needs of industries, firms and individuals
- It provides for optimum workforce participation and supports social inclusion by targeting the needs of job seekers, potential job seekers and those existing employees whose future employment, and industry's productive capacity, is at risk without refreshing their skills

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ing for low-cost training, but were rather firms seeking to take advantage of the associational economy to enhance and improve their training effort. They were exploring and exploiting new ways of doing business, including new ways of providing training for the skill development of their existing employees.

CO-OPERATIVE TRAINING

Firms that engage in co-operative training arrangements do so to provide a wide range of training. Training for new technology, new products and new work methods was significant, but equally, training for employee upskilling and new entrants to skilled occupations was also provided co-operatively.

The main obstacle to expanding co-operative training was its perceived unavailability. Many managers currently not engaged in these activities cited a lack of suitable partner firms or time to seek out partner firms as a reason for undertaking stand-alone training, while others reported a lack of knowledge about joint training as a barrier to co-operation.

The vast majority of firms said that they received no external support for their co-operative training activities and most co-operative training arrangements were made through informal liaison of human resources staff or by one of the partners taking responsibility for training delivery.

Benefits for firms from co-operative training activities include strengthening links with business part-

ners and skill development improving the competitive position of the firm.

TRAINING MARKET INTERMEDIARIES

Firms can hand over responsibility for organising training to training market intermediaries. These intermediaries source and/or deliver suitable training packages, and/or act as matchmakers between firms. The role of such intermediaries is underdeveloped in Australia with most training providers focussing mainly on the direct delivery of courses. One of the supply side innovations that Australian governments could consider is funding network development by training market intermediaries. Australian governments already fund intermediaries to supply initial vocational training, such as New Apprenticeship Centres, and there may be a case for funding similar intermediary organisations for skill upgrading.

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To view this academic paper in full, see www.mbr.monash.edu.au.

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- There is a national training market, where qualifications are common and recognised across the country
- It fosters an entrepreneurial training culture, based on workforce planning that supports and encourages innovation and productivity through a combination of devolution of decision making and contestable funding
- It delivers high quality education outcomes for users of the system
- The system is accountable and responsive.

WHAT SKILLS AUSTRALIA IS DOING

Productivity Places Program: The Government has asked Skills Australia to provide guidance on the allocation of the additional 645,000 training places. To ensure this advice is comprehensive, the body is working with Industry Skills Councils (ISCs), which represent the industry's voice, to conduct forums around Australia.

Governance and Architecture:

Skills Australia has produced a discussion paper – 'Future Governance Arrangements for

the National Training System' – to canvass stakeholder views on the governance framework. Feedback will be included in recommendations to the Minister for Education, Employment and Workplace Relations and provided in the lead up to determinations by the Council of Australian Governments on new models of industry and government co-operation.

Download the discussion paper and provide your comments and views to Skills Australia at www.skillsaustralia.gov.au.