

Analysis of Industry Training Organisations' 2006-2008 Profiles

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***INDUSTRY
TRAINING
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LEADING A SKILLED FUTURE

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Foreword

Industry Training Organisations (ITOs) have a significant and growing role to play in facilitating and influencing tertiary education and training for their industries. In order to better understand the direction of Industry Training, the Industry Training Federation (ITF) has prepared this analysis of ITO 2006-08 profiles.

Analysis of ITO profiles provides us with evidence on the range of current and planned activities across ITOs. It tells us that ITOs are increasingly influencing the whole sector to ensure the skill needs of industry are met. The collaborative arrangements in the paper are examples of innovations that could become more widespread.



Darel Hall
Executive Director

Introduction

Profiles are prepared by Industry Training Organisations to inform government and stakeholders of their strategic direction. In the Education Act, it is stipulated that profiles are to be prepared by tertiary education organisations (TEOs) annually and are to outline:

- their 3 year operating plan and proposed activities;
- objectives and performance measures;
- activities that they receive or seek to receive funding for from the Tertiary Education Commission (Tertiary Education Commission); and
- the basis upon which they seek or receive funding from the TEC.¹

Through their profiles, ITOs are required to demonstrate how they are, and plan on, contributing to the government's goals as outlined in the Tertiary Education Strategy and Statements of Tertiary Education Priorities. While organisations are required to *discuss* funding in their profiles, profiles are not currently linked to funding, and therefore there are some ITOs who believe they are not much more than a compliance exercise. The government in its 2006 tertiary education reforms has indicated that profiles are likely to become funding agreements in the future.

This document draws together the themes of the 2006-08 ITO profiles to inform the Industry Training Federation's thinking about the future direction of Industry Training across industries.

¹ Education Act 1989, Part 13A – Tertiary Education Commission, Profiles 159W, What is a Profile?

Executive summary

Examining Industry Training Organisations' (ITOs') 2006-08 profiles provides the Industry Training Federation with an opportunity to explore where ITOs have been, and where they intend going in the future. This helps us develop our understanding of where Industry Training is heading and where the commonalities and divergences are. For example, the majority of ITOs are looking to continue to grow, through actively exploring ways of increasing their level of reach in their industries (and in new industries) and improving and expanding their services.

Industry demand and ITO leadership

The majority of ITO profiles talked about increasing demand for training in their industries, either in response to economic and job growth or for reskilling of the existing workforce in response to the changing nature of work.

ITOs illustrated their in-depth understanding of the factors that could impact on the future of their industries as part of the ITO leadership role. The majority of ITOs were in the process of formalising their understanding of skill demand and supply in their industry, and developing strategies to respond to these demands. A number already had leadership initiatives in place. Research was an important part of leadership for many ITOs.

Collaboration and adapting to change

There are indications in ITO profiles of increasing sophistication in their collaborative activities with other ITOs and tertiary education providers (TEPs). ITOs are also taking a more active interest in education provision beyond that which they purchase, with some working on ensuring secondary education, pre-employment and higher education meets the needs of their industries. Improving the performance and responsiveness of their services is an ongoing concern for ITOs, and part of this relates to responding to the increasing complexity of work. ITOs are developing processes for ensuring specific groups access, achieve and progress, and for continually improving qualifications and the quality of learning.

Methodology

The ITF received 28 profiles from ITOs (of a possible 38) and has picked out information that relates to the following topics:

- Industry training demand
- Sector engagement/leadership
- Collaboration with ITOs and TEPs
- Management and advanced training
- Literacy, numeracy and schools
- Equity initiatives
- Quality/Qualifications

ITOs are required to show in their profiles how they are contributing to the government's goals for tertiary education. The analysis could have been based on the 6 strategies of the Tertiary Education Strategy (TES) and the themes of the latest Statement of Tertiary Education Priorities (STEP). However, the topics above are more focused on the current roles and interests of ITOs and are therefore more appropriate to the ITF's purposes. There is some overlap between the government's tertiary education strategic documents and the topics, and this is illustrated in the table below:

ITF analysis	Tertiary Strategy and STEP alignment
Industry Training demand	strategy 4 TES, 2.1, 2.2 2.3 STEP
Collaboration with ITOs and TEPs	strategy 1 TES, 4.1, 1.2 STEP
Management and advanced training	strategy 4 TES, 2, 1.4 STEP
Literacy, numeracy and schools	strategy 3 TES, 2.4, 3.4 STEP
Equity initiatives	strategies 2 & 5 TES, 2.6, 2.7, 3.1, 3.2 STEP
Sector engagement/leadership	strategies 1, 4 & 6 TES, 1.2, 1.4, 2, 4.2 STEP
Quality/qualifications	strategy 1 TES, 1.4, 3.1, 4.1 STEP

Information for the topics was also arranged by discussion, evidence base, initiatives, success measures, and future activity.

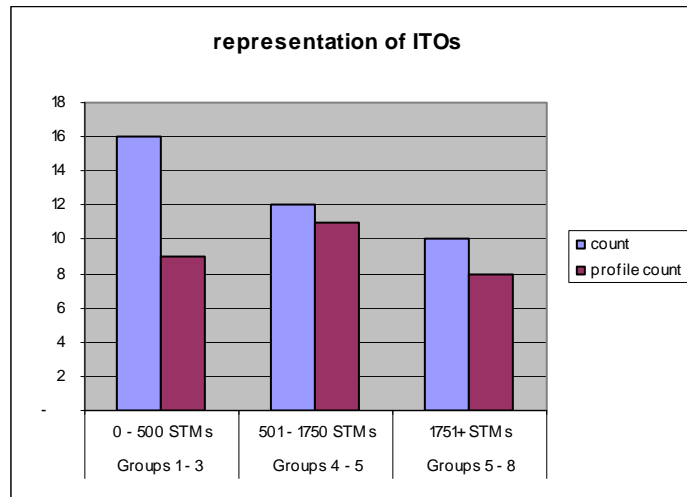
The analysis tries to draw out areas which have been given weight by ITOs, rather than categorise everything each ITO mentions in their profile. In saying this, while ITOs are not required to demonstrate commitment to all 6 of the tertiary education strategies, there is a sense that they have found it prudent to do so. Because of this, it is sometimes difficult to tell how core to the business each initiative is.

What are the characteristics of the 28 ITOs examined?

The 28 ITO profiles examined represent 74% of ITOs, and 77% of the total allocation of STMs.

By number of ITOs, small ITOs were underrepresented on the whole, with the profile ITOs only representing 56% of all small ITOs (excluding those who do not receive STMs). Medium and large ITOs were overrepresented at 92% and 80% respectively.

While they have 77% of the total number of STMs, the profile ITOs succeeded in accessing 88% of new STMs available in 2006.



The sample is therefore weighted towards medium and, to a lesser extent, large ITOs, and ITOs that are growing.

Approximately 65% of profile ITOs operate mainly in the primary/manufacturing/construction sectors, and 35% mainly in service and related sectors.² This is broadly representative of sector involvement in industry training.

² It is difficult to align ITOs exactly with industry classifications.

Profiles analysis by topic

Industry Training demand

Growth to meet the skill needs of industry was a significant theme for the majority of ITOs, with 93% seeking to increase their funding in 2006.³ As a result, much of the text in ITOs' profiles provided supporting evidence for the need for additional funding. Employment growth was the most common reason given by ITOs for needing to increase the number of places (68% citing this), which in many cases resulted in industry demand for training exceeding the ability of the ITO to supply. 61% of ITOs were over delivering on contracted STMs⁴, some by up to 60%.

For ITOs intending to grow where there was no significant change in employment in their industries, three possible reasons were given:

- a need for upskilling in the industry;
- extended reach of the ITO through new qualifications/access to new parts of the industry; and
- seeking/achieved extended coverage for new industries

The need for upskilling was mentioned by many ITOs as a significant driver and this often related to the changing nature of work. Three ITOs were working on responding to the introduction of new government regulatory requirements in their industries (licensing/registration) that require alignment of qualifications with new regulations, as well as a combination of on-job training and recognition of current competency. Technological change and the need for a different skill mix (which may include IT, business or people skills), were important for other ITOs. One ITO mentioned that employees in their industry had lower levels of qualifications than the New Zealand workforce as a whole, and were looking to redress this.

13 ITOs had explored, were seeking to, or had already extended their coverage. For many this involved bringing in relatively small sectors that were at the margins of their current industry coverage areas. A couple had pursued amalgamation with ITOs in related industries (though these had not gone through), and one was seeking to add a new sector that is currently not served by industry training.

³ One was looking to retain the same number of learners, and one was reducing the number in light of increasing numbers of Modern Apprenticeships in their industry.

⁴ STM stands for Standard Training Measure – this is the unit of funding for industry training which is roughly comparable with the Equivalent Full Time Student (EFTS), the unit of funding for tertiary education providers.

ITOs drew on research undertaken by Department of Labour and Statistics New Zealand on skill shortages, specially commissioned econometric and survey based research, and industry sources (formal research, anecdotal evidence, letters of support) to support their claims.

Sector engagement/skills leadership

The ITO leadership role is about influencing outcomes for industry through skill development and training. Through profiles, ITOs illustrated their understanding of the particular challenges their industries face. The majority of ITOs were focused on formalising their understanding of industry issues through research, consultation, and strategy development, indicating that many ITOs are still working on developing their particular approach to skills leadership. Around half mentioned work on specific initiatives and activities aimed at fulfilling the leadership role.

As well as discussing the particular pressures facing individual industries and sectors, many of the issues outlined by ITOs are experienced across groups of industries or across the New Zealand economy. Industry expansion (domestic and exports) linked to the recent period of economic growth was mentioned by a third of ITOs, and this was often linked to skill and labour shortages. The construction boom was also mentioned by several ITOs as continuing to have an impact on the number of skilled people required.

Technological change was mentioned as changing training needs for around 50% of ITOs. This was sometimes accompanied by increased capital investment in the industry, or a need to improve productivity. Customer demand for higher quality services was important for a quarter of ITOs, in particular in more service oriented industries.

Almost half of the profiles talked in one way or another about developing a learning culture within their industries. For some this related to a relatively low level of qualified people in their industries, for others it was about supporting the development of the kinds of workplace environments that more effectively attract and retain staff, leading to improvements in productivity.

Challenges that affected some ITOs more than others included:

- predominance or growth in the number of part time employees or volunteers;
- geographically dispersed industry(ies);
- significant number of the industry's workforce near retirement age

Government initiatives, such as the introduction to new regulations and a focus on particular sectors of the economy were mentioned as requiring responses for a number of ITOs. For others, the discussion focused around working in

partnership with organisations such as industry associations and registration bodies to identify and respond to current and future skill needs.

Collaboration with tertiary education organisations

ITOs are moving beyond traditional off-job provider relationships in their collaborative activities with other parts of the tertiary education sector. 15 ITOs mentioned their relationships with off job training providers, but for many this goes beyond a traditional purchaser role. Some ITOs are working on having a more strategic relationship with providers, exploring new ways of ensuring quality and relevance (e.g. development of a provider quality mark, pursuing tripartite relationships between provider, ITO and employer) and taking an interest in how provision beyond industry training is meeting the needs of their industries (eg pre-employment, higher education).

Seven ITOs mentioned formal relationships with universities. This is mainly focused on providing pathways for their learners into diploma and degree qualifications, though research was mentioned by two ITOs as another area of collaboration. This was also an area mentioned by a number of ITOs where they planned to do more work in the future.

Collaboration between ITOs takes a number of forms. Two formal ITO consortia were mentioned by a number of ITOs – CAPITA (construction - related) and Niche Manufacturing. These groups provided ITOs with an opportunity to work together. CAPITA focuses on approaches to working with schools and with Maori and Pasifika engagement strategies, while Niche Manufacturing focuses on research and ITO leadership. Beyond this, ITOs often form their own groupings to work on areas of common interest, for example around qualification and resource development or competitive manufacturing. A number of ITOs mentioned involvement in the ITF. Groups focused on Quality, Secondary policy, Research and Communications are increasing providing opportunities for ITOs to work together on common issues.

Many ITOs are looking for ways to extend collaboration to include new groups, focused on getting the best results for their industries.

Management and advanced training

The majority of ITOs mentioned management and/or advanced training in their profiles. However, the level of ITO involvement in management or advanced training varied from highlighting it as an industry need, to the development and arrangement for and delivery of qualifications through Industry Training, to developing relationships with tertiary education providers in order to meet management skill needs through the Student Component system.

The development of business skills for managers was identified as an area of priority by several ITOs, and this was often related to a high proportion of employers and self employed people in their industries. There were a variety of ways of addressing this, including developing management qualifications and collaborating with other tertiary education organisations. Providing support for small businesses was identified by three ITOs as a particular focus.

Advanced qualifications and training was also mentioned in over half the profiles, with some looking to increase the number of trainees at higher levels of the framework. A number of ITOs were working with tertiary education providers to develop effective pathways from their qualifications to diplomas and degrees.

Literacy, numeracy and schools

As well as finding ways to meet industry needs at higher levels, many ITOs are exploring literacy and numeracy, and their relationships with schools. This was seen as part of their leadership role, providing learning pathways for people in their industries from school to university.

Literacy and numeracy was mentioned by 26 ITOs, with three noting that their industries had relatively high levels of literacy and numeracy, and the rest identifying literacy as a need that required addressing in order to improve business performance. Around 60% of ITOs were working on addressing literacy and numeracy issues in their industry, through initiatives such as:

- incorporating literacy and numeracy in their qualifications;
- developing more user friendly learning materials;
- assisting businesses to undertaking literacy needs analysis; and
- working with specialist providers (such as Workbase) on meeting workplace literacy needs.

Nine ITOs had or were in the process of researching literacy and numeracy issues in their industries. Ten were planning further work, such as developing a literacy and numeracy strategy for their ITO.

ITOs work with schools on a number of levels. Just over a third of ITOs mention involvement with the Gateway programme as the key way they connect with schools. This may take the form of promotion of the programme or support for the delivery of ITO qualifications. Several ITOs mentioned working with CAPITA on the development of a foundation level construction qualification for schools. Other work with schools included promotion of industries, clarifying literacy and numeracy requirements for school-leavers wanting to enter work, and support for teachers in specific subject areas (e.g. developing learning resources).

Equity initiatives

“Equity initiatives” is used here to describe the work that ITOs are doing to ensure specific groups are well served by industry training. In the main the discussion will focus on Maori, Pasifika and women. However, the needs of migrants, older workers and younger workers are also identified by some ITOs as needing specific attention. While increasing training participation of specific groups is part of ITOs’ equity initiatives, there are other aspects, such as improving achievement and progression, development of inclusive qualifications and training materials and arrangements that allow all groups to have input into ITO decision making.

All ITOs mentioned a focus on meeting the needs of under-represented groups in industry training in one form or another, and one of the reasons identified for this was the tight labour market requiring industries to look beyond their traditional recruitment pool in order to meet skill shortages.

The way most frequently mentioned by ITOs was increasing access and participation for Pasifika, and to a lesser extent for Maori.⁵ ITOs were working on a number of different strategies aimed at increasing participation and removing barriers, such as identifying and addressing literacy and numeracy issues, working with schools, working through the Modern Apprenticeships programme and profiling of Maori and Pasifika learners in promotional materials. Often coupled with this was a focus on retention, achievement and the development higher level skills (e.g. management).

Over a third of ITOs mentioned engaging with Maori and/or Pasifika communities to develop a better understanding of their aspirations (e.g. through consultation on qualification development), or to involve them in ITO decision making (e.g. governance representation). Six ITOs mentioned participation in CAPITA group projects aimed at engaging with Maori and Pasifika communities. Just under a third were working on developing culturally inclusive qualifications and training materials in order to better meet the training needs of Maori, Pasifika and women.

Women are under-represented in industry training in general⁶, and improving their participation was a priority for a quarter of profile ITOs. Because women are under-represented in the industries served by a large number of ITOs, (primary/manufacturing and construction industries are overrepresented in industry training, while services and financial sectors are underrepresented) the strategy for several was to extend their coverage to areas where women are more highly represented.

⁵ For many ITOs, Maori are already participating in training in greater proportions than their representation in the workforce, which is reflected in the national Maori industry training participation rate.

⁶ Rachel Curson et al (ITF, 2004) *Women in Industry Training 2000-2003*

Just over third mentioned research, evaluation and monitoring as an important component of identifying and meeting the needs of specific groups.

Quality and qualifications

Most ITOs talked about improving quality through qualification development and review and through credit and qualification achievement. These are seen as core parts of the ITOs' business. Credit and qualifications completions are an accountability measure for funding purposes, but it is difficult to interpret what the results mean across ITOs, because the types of learning and size of qualifications are so different, and the quality of data collection varies.

ITOs talked about working on ways to improve learning outcomes, and to provide more flexible responses that meet the changing needs of workplaces and learners. Around half were developing new qualifications or reviewing them, in response to either adding new sectors, to changing technology or to cater for higher levels of the framework. Three ITOs were configuring their qualifications in ways that articulate clear learning/career pathways. Other initiatives included investigation of e-learning, development of training resources, articulating best practice, and exploring generic skills. Two ITOs mentioned a focus on maintaining quality while meeting increased demand for learning, and several were also undertaking research to inform quality improvements.

Aligning training with business practices was also mentioned. Three were pursuing aligning their qualifications with new licensing or registration requirements, and two had processes in place to formalise in-house training arrangements. Four ITOs were working across international jurisdictions on qualifications. For one ITO, this involved arranging for the delivery of their qualifications in Pacific nations.

Industry Training Federation publications

The following reports can be downloaded from the Industry Training Federation website: www.itf.org.nz. To order hard copies, email: research@itf.org.nz.

ITO leadership series:

Industry Training Federation, April 2006, *Research to support the ITOs' leadership role: Analysis of economic and social environment, Summary*

New Zealand Institute of Economic report to the Industry Training Federation, December 2005, *Research to support the ITOs' leadership role: Analysis of economic and social environment*

New Zealand Institute of Economic report to the Industry Training Federation, December 2005, *Research to support the ITOs' leadership role: Handbook on conducting skills-related research*

Other research:

Toni Fraser, ITF: November 2005, *Small Businesses and Industry Training: Individualised approaches that work*

Rachel Curson, ITF: February 2005, *Maori and Industry Training: Recent Trends*

Nicolas Green, ITF: December 2004, *Auckland and Industry Training*

Nicolas Green, ITF: November 2004, *Collectively representing employees in Industry Training: Experience and Issues*

Rachel Curson, ITF: June 2004, *Completion Issues in Industry Training and Effective Learning in the Workplace*

Rachel Curson, Nicholas Green and Darel Hall, ITF: April 2004, *Women in Industry Training 2000-2003*

Nicholas Green, Chris Hipkins, Paul Williams and Carrie Murdoch, ITF: January 2003, *A Brief History of Government Funding for Industry Training 1989-2002*

