

Understanding the psychological contract in apprenticeships and traineeships to improve retention

Erica Smith

UNIVERSITY OF BALLARAT

Arlene Walker

DEAKIN UNIVERSITY

Ros Brennan Kemmis

CHARLES STURT UNIVERSITY



Australian Government

Department of Education, Employment
and Workplace Relations

NATIONAL VOCATIONAL EDUCATION
AND TRAINING RESEARCH AND
EVALUATION PROGRAM

RESEARCH REPORT

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This document should be attributed as Smith, E, Walker, A & Brennan Kemmis, R 2011, *Understanding the psychological contract in apprenticeships and traineeships to improve retention*, NCVER.

This work has been produced by NCVER under the National Vocational Education and Training Research and Evaluation (NVETRE) Program, which is coordinated and managed by NCVER on behalf of the Australian Government and state and territory governments. Funding is provided through the Department of Education, Employment and Workplace Relations.

The NVETRE program is based upon priorities approved by ministers with responsibility for vocational education and training (VET). This research aims to improve policy and practice in the VET sector. For further information about the program go to the NCVER website <<http://www.ncver.edu.au>>. The author/project team was funded to undertake this research via a grant under the NVETRE program. These grants are awarded to organisations through a competitive process, in which NCVER does not participate.

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ISBN 978 1 921955 55 6 web edition

978 1 921955 56 3 print edition

TD/TNC 104.44

Published by NCVER, ABN 87 007 967 311

Level 11, 33 King William Street, Adelaide SA 5000

PO Box 8288 Station Arcade, Adelaide SA 5000, Australia

P +61 8 8230 8400 F +61 8 8212 3436 E ncver@ncver.edu.au W <http://www.ncver.edu.au>

About the research

Understanding the psychological contract in apprenticeships and traineeships to improve retention

Erica Smith, University of Ballarat, Arlene Walker, Deakin University, and Ros Brennan Kemmis, Charles Sturt University

Attrition in apprenticeships and traineeships is an ongoing concern for employers and government alike, with completion standing at around 50% on average. One possible explanation for this high attrition rate is that there is a mismatch between the respective expectations of apprentices/trainees and employers. This research uses the concept of the psychological contract, that is, the perceived mutual obligations between employers and employees of themselves and each other, to test this explanation.

Key messages

- Expectations in apprentice and trainee employment arrangements are similar in most respects to that of other employment relationships.
- Mismatched perceptions of the other parties' obligations are not a major issue, but there are differences in the perceptions of the extent to which obligations are being met.
- Both parties consider the provision of training as the employers' most important obligation, but apprentices and trainees perceive that employers do not always deliver on their training obligations. Specific discrepancies were noted in relation to apprentices and trainees wanting a specific time for training and a wider range of training methods.
- Apprentices who have completed pre-apprenticeships and apprentices and trainees employed by group training organisations have lower expectations and are relatively more satisfied.
- While a mismatch of expectations is not a key factor behind high attrition, the study suggests employers should ensure they have appropriate systems for managing apprentices and trainees across all age ranges and for communicating mutual expectations to all parties.

Tom Karmel
Managing Director, NCVET

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Executive summary

This project examined the psychological contract in apprenticeships and traineeships in Australia. The underlying aim was to see whether the psychological contract has any effects on attrition and retention, since several pieces of previous research have suggested that mismatched expectations provide one reason for apprentices and trainees leaving their jobs. The psychological contract relating to employment comprises the unwritten expectations the parties have of each other: their perceptions of each other's and their own obligations; the relative importance of those obligations; and the extent to which each party feels the obligations have been met.

In most jobs, the psychological contract involves only the employer and the employee, but in apprenticeships and traineeships, other parties are involved: the registered training organisation responsible for the delivery and assessment of the relevant qualification; the Australian Apprenticeships Centre, which sets up the formal contract; and in a little over one in ten cases, a group training organisation (GTO), which employs the apprentice or trainee and places him or her with a host employer.

The research team investigated the topic using three approaches. Firstly, a number of high-level interviews were carried out with individuals representing organisations with a national stake in the apprenticeship and traineeship system. Four separate surveys were then administered in two states:

- random sampling of apprentices and trainees
- random sampling of employers
- later, as a result of stakeholder requests, surveys specifically of apprentices and trainees employed by group training organisations
- group training organisations in their role as employers.

All of these surveys included previously validated scales relating to the obligations of the parties to the employment contract, as well as a purpose-constructed set of 'training obligations' items. During this phase, nine intensive company-based case studies were also undertaken; these involved interviews with company management, apprentices and trainees, and trainers from registered training organisations. Two of the case studies were in group training organisations and included host employer interviews. It should be noted that the research did not include those who had not completed their apprenticeships or traineeships, although employers and stakeholders commented on reasons behind previous non-completions.

The research indicated that overall there was a very high level of agreement on the obligations of the two major parties to the employment contract. In most cases these were the same obligations as exist in any employment contract, but with a much greater emphasis on training as an obligation on both sides. The provision of training was seen as the most important obligation of employers, while serious attention to learning was seen as apprentices' and trainees' most important obligation, second only to attendance and punctuality. The set of training obligations overall rated higher scores than the set of employment obligations.

Both parties reported that employment obligations were met to a large extent (a mean of more than 7.0 out of 10 in the survey for apprentices and trainees), with both parties believing they themselves did better than the other, as is normal in psychological contract literature. 'Fair treatment' and

'resources to do the job' were the least well-met obligations, in the view of apprentices/trainees. Pastoral care, which has been prominent in recent policy discussions, emerged as a factor in the qualitative research, but survey items relating to pastoral care were not regarded by either party as particularly important compared with other obligations.

The training-specific obligations were met better than employment obligations (a mean of 7.7 out of 10 in the survey), with 'specific time for training' and 'a range of training methods' being the least well met. There was however a statistically significant difference between employers and apprentices/trainees relating to how far employers had met the employment obligations to 'provide adequate training'. Other literature suggests that employment rather than training issues are generally the reason for people leaving an apprenticeship or traineeship; our findings suggest that it is not possible to separate employment from training. Training is seen as the major part of the 'deal' of the employment relationship in apprenticeships and traineeships and therefore dissatisfaction with a job could well be related to a lack of effective training.

Older apprentices and trainees felt that their expectations were met to a lower extent than younger apprentices/trainees. This was particularly so for those over the age of 45. Trainees tended on the whole to be less satisfied than apprentices, except for trainees employed by group training organisations and retail trainees. Pre-apprentices tended to have lower expectations of both employment and training obligations, as did those employed by group training organisations. Apprentices employed by group training organisations were more satisfied that their employer had met obligations than other apprentices.

Sometimes it was difficult to establish who was responsible for 'delivering on' the obligations to the apprentice and trainee, and to make sure all parties did the right thing. In companies, senior managers needed to make sure supervisors and other staff were aware of, and adhered to, the obligations. In the group training organisation situation, the organisations themselves needed to work closely with host employers.

Implications emerging from the report include:

- managing expectations, for example, making the mutual obligations known early in the recruitment process and constantly reiterating them
- meeting expectations, for example, setting up systems to handle 'hard promises' such as fair performance appraisals and having a designated person or department to manage apprentices and trainees, as well as performance management systems, which are important for both 'hard' and 'soft' obligations
- improving satisfaction with training, by paying particular attention to the perceived deficient areas of 'specific time for training' and 'a range of training methods'
- paying more attention to mature apprentices and trainees
- acknowledging the psychological contract explicitly; it then becomes much more straightforward for people to make decisions based on realistic expectations and less likely that any party will be disappointed in the outcome.

These implications are discussed in the concluding chapter and suggestions are offered by the researchers about what can be done to increase alignment of expectations.

Context

This research project set out to examine the importance of the psychological contract in apprenticeships and traineeships in Australia and particularly its effects on attrition and retention. Previous research (as discussed below) has identified a number of factors affecting apprentice and trainee satisfaction, and it has been suggested that lack of congruence between the mutual expectations of apprentices and trainees and their employers may be one reason for lack of satisfaction. The notion of the psychological contract provides one way of examining the expectations of the different parties. This relates to unwritten but often powerful aspects of the employment relationship that affect the parties' expectations and satisfaction.

Compared with other employment relationships, apprenticeships and traineeships have additional parties to the psychological contract, most notably registered training organisations and, sometimes, group training organisations; this project also examined the influence of these additional parties. Commonwealth and state governments fund different aspects of apprenticeships and traineeships and maintain a policy interest in the area; state governments maintain databases of apprentices and trainees and their employers which contribute to the national apprenticeship collection maintained by the National Centre for Vocational Education Research (NCVER). Registered training organisations provide the formal qualifications-based training, whether it is based on their premises or at the place of employment. Group training organisations in particular are unusual players in the area of the psychological contract, with their role extending beyond that normally held by labour hire companies, of which they are one type, because of their pastoral care involvement (Hill & Dalley-Tim 2008; Bush & Smith 2007). They employ about 13% of all Australian trade apprentices and in total around 8% of all apprentices and trainees (National Institute of Economic and Industry Research 2010).

The psychological contract

The concept of the psychological contract is based on social exchange theory. The psychological contract consists of the perceived mutual obligations between employees and employers, viewed from the employee's perspective (Rousseau 1990). Employees form expectations about the employment relationship that lead them to believe that certain actions will be reciprocated. However, while many social exchanges involve expectations about behaviours or actions being reciprocated, not all expectations as such are contractual. It is only when employee expectations are based on perceived implicit or explicit promises made by the organisation that a psychological contract is formed. The psychological contract is quite complex; it involves agreement on specific contract terms (mutuality) and on the reciprocal contributions that these terms imply (reciprocity) (Dabos & Rousseau 2004). Rousseau (1990) found two underlying dimensions to the psychological contract: transactional and relational. Transactional obligations are short-term, observable and explicit and have an economic focus. Examples are performance-related pay and career development in exchange for longer working hours and additional responsibilities. Relational obligations, on the other hand, are longer-term and have a socio-emotional focus; they are subjective and implicit in nature, with traits such as hard work and loyalty being exchanged for job security. These two dimensions are sometimes also known as the 'hard' and 'soft' components of the psychological contract. The extent to which expectations are met is vital. This is affected by how far the parties have developed clear and shared understandings (Dabos & Rousseau 2004; Guest & Conway 2002). It can also be affected by difficulties in identifying who in the organisation is responsible for delivering the contributions of the organisation (Guest &

Conway 2000). When an employee perceives a discrepancy between what they believe they were promised by the organisation and what they have in fact received, the employee views this as the organisation's failure to meet the terms of the psychological contract and a contract 'breach' occurs (Turnley & Feldman 1999). The existence of a breach loosens the employee's ties to the organisation and can lead to attrition or, in rare cases, to withdrawal of goodwill.

The notion of the psychological contract helps us to understand the nature of employment relationships, particularly in a tight labour market, where it is important for organisations to be able to motivate and retain workers. In Australia, skill shortages exist in most industries that employ apprentices and trainees. However, the psychological contract, while not, surprisingly, receiving a great deal of attention in the human resource management and organisational psychology literature more generally, has not been utilised in any major research with apprentices and trainees, although the concept was briefly examined in a small-scale project (Smith 2000).

Attrition and retention in apprenticeships and traineeships

Attrition has been identified as a major concern in apprenticeships. Completion rates in apprenticeships and traineeships are around 50%, with apprentice completion rates slightly higher than traineeship rates (Karmel & Misko 2009). As traineeships typically last for only 12 months and apprenticeships for three to four years, the performance of traineeships could therefore be seen as worse than that of apprenticeships. Rates also vary among industry areas (West 2005, in England), with food trades, for example, showing low rates of completion (Stromback & Mahendran 2010). Also of concern is the retention of the apprentices and trainees at the end of their contract of training in permanent jobs with their employers. Some progress has been made in understanding the causes of attrition from apprenticeships and traineeships. Studies in Australia by Karmel and Misko (2009), Cully and Curtain (2001), Callan (2000), and in other countries such as Germany have, for example, found that apprentices leave their contracts of training more often for job-related than training-related reasons. This finding has been reiterated in the Apprenticeships for the 21st Century Expert Panel report (Commonwealth of Australia 2011, p.11). A 2007 study by Misko, Nguyen and Saunders found that over 23% of apprentices identified the need for improved job conditions or treatment of apprentices by employers. Smith (2001) showed that it is not uncommon for apprentices to be employed in organisations with poorly developed training systems and understandings of the importance of training. A mismatch between the literacy and numeracy demands of the job, the training and contract process and the capabilities of the employee have been shown to impact upon progress and retention in apprenticeships and traineeships (Kilpatrick, Falk & Hamilton 2002), with some trades (for example, electrical) having particularly high literacy and numeracy demands. It is possible that these demands are not communicated clearly enough at recruitment. In relation to traineeships, Smith et al. (2009) identified a number of factors that could help to reduce attrition and improve retention in traineeships, both during the traineeship and at the end of it. These included higher-quality on-the-job and off-the-job training, better support from all the parties and signposted movement to higher qualifications and more senior jobs within the company.

Symons and Simons (2000), Sadler-Smith and Smith (2004) and Bowman, Stanwick and Blythe (2005) suggest that clearer expectations – on both sides – of what is expected in an apprenticeship would help to increase satisfaction and reduce attrition. (Expectations in traineeships, as opposed to apprenticeships, have not yet been researched in a scholarly manner at all.) Accordingly, the issue of expectations, realisation of those expectations, and what happens if they are not met, is a vital one, but this issue has not previously been examined within a theoretical framework. Since the reasons for

leaving have been shown to be generally employment-related rather than training-related, the notion of the psychological contract between employer and employee is an appropriate framework to use.

About this research

The research set out to examine the expectations and perceived obligations of the employer and employee side of the psychological contract. Because of the particular nature of apprenticeships and traineeships, as outlined above, a number of other factors were included:

- the effects of the presence of registered training organisations, group training organisations, and other intermediary bodies
- the specific importance of training obligations
- the importance of literacy and numeracy expectations and demands.

In order to understand the psychological contract, it is important to understand the expectations of both parties (that is, employees and employers) of each other. In the psychological contract literature, most research has focused on the employee side. Part of the reason for this has been the conceptual difficulty of ascertaining who it is that ‘speaks’ for the organisation in the relationship with the employee. It is also likely that researchers would have difficulty in gaining access to organisations where the sensitive issue of mutual expectations was to be researched statistically. However, there have been small-scale studies within organisations that have examined both viewpoints (for example, Dabos & Rousseau 2004). The apprenticeship and traineeship system offers an unusual chance to research both sides of the contract through the state training authority databases, which record apprentices and trainees and employers of apprentices and trainees.

The terms of reference and therefore the research questions expanded somewhat during the life of the project, due to requests from stakeholders. The final version of the research questions was as follows:

- What ‘promises’ form the basis of the psychological contract for apprentices and trainees? How are they weighted and to what extent are they met? Do they vary between the two groups, among industry areas, and by other factors?
- How is the psychological contract developed and ‘remembered’ within industries and workplaces for all parties?
- What impact do registered training organisations, group training organisations and other intermediary organisations have on the psychological contract?
- What tensions arise from different perceptions of the psychological contract and what events can lead to a breach of the contract? What are the consequences of such a breach? What issues might prevent employers fulfilling their side of the contract?
- How can the different stakeholders’ perceptions of the promises involved in the psychological contract for apprentices and trainees be better aligned so that breaches and perceived breaches are less common?

Research method

The research was carried out during 2009–10 and included several stages, which are presented in table 1 with the research question(s) that each primarily addresses. A mixed method was deemed most suitable for the project as we wished to capture both broad data enabling statistical conclusions

to be drawn and detailed data about the reasons behind behaviours and perceptions. The mixed method approach is fast becoming a preferred research method in the social sciences (Cameron 2009) and is one that enables ‘what’, ‘how’ and ‘why’ questions to be answered. A reference group was set up consisting of volunteers from the stakeholder interviewees. The reference group members commented on the data collection instruments and on draft reports.

Table 1 Research methods and the research questions they were designed to address

No.	Phase	Notes	Numbers of responses	Relevant research question(s)
Stakeholders	Telephone and face-to-face interviews with representative stakeholders		12	1 to 5
Survey 1	Survey of random sample of apprentices and trainees from state training authority databases	Due to low numbers of responses, a second wave was sent. Apprentices and trainees employed by GTOs were transferred to Survey 3 responses for analysis	219 from 4000 (2000 + 2000)	1
Survey 2	Survey of random sample of apprentice and trainee employers from state training authority databases	Due to low response rates from employers of trainees, a second wave was sent to employers of trainees only	262 from 2540 (2000 + 540)	1, 4
Survey 3	Survey of apprentices and trainees employed by GTOs	Sent to six volunteer GTOs, of which five participated. GTOs provided assistance with completion	154 from 324 plus 22 transferred from Survey 1 responses	1, 3, 4
Survey 4	Survey of GTOs as employers from Group Training Vic. and Group Training Qld & NT	Reminders emailed to GTOs	30 from 51	1, 3
Case studies	Case studies in companies; interviews with apprentices/trainees, managers, supervisors, RTOs	Included two GTOs. In these, two GTO host employers were included	9	1 to 5

Notes: (i) Phase 3 sample excludes 75 sent to one GTO which did not proceed with the project.
(ii) Survey 2 and Survey 4 returns comprise the actual number of questionnaires returned. Employers were sent separate surveys for their employment of apprentices and of trainees and invited to complete both if they had time; if they did not have time they were asked to answer for the largest group. In Survey 2, 10 employers completed both, meaning that the actual number of employers responding was 252; in Survey 4, 13 completed both, meaning that 17 GTOs responded.
GTO = group training organisation; RTO = registered training organisation.

Advantages and limitations of the methods

The surveys provided data from both employers and employees (apprentices and trainees), enabling comparisons to be made between the two parties. Also comparisons could be made between group training organisation-employed apprentices and trainees and group training organisations and ‘direct’ employers. The surveys did not, however, offer comparisons of employers and employees within the same organisation; it is unlikely that in any one case we received data from apprentices/trainees and their own employer, but we would have no way of knowing if this was the case. Comparisons within organisations were instead provided via the case studies.

There was overall a low response rate to Surveys 1 and 2. Survey 1 and 2 responses were skewed towards certain industry areas: building and construction in particular was over-represented in responses from both employers and employees. Apprentices were over-represented compared with trainees in both employer and employee surveys. The low responses for some groups meant that we were not able to perform all the cross-tabulations we would have wished. The case studies enabled comparison of employer and employee responses within the same organisation. The interviews provided rich data. In addition to conducting interviews, we had intended to administer the survey

instruments to management staff and apprentices/trainees within the case studies. However, gaining access to suitable companies proved so difficult that we did not request this component. The research accessed only those apprentices and trainees who were still employed, not those who had withdrawn from their apprenticeship or traineeship. It could be the case that the concerns of these employees did not reflect all apprentices and trainees; it is not possible to guess this. However, in the survey and case studies the employers were asked to respond for apprentices and trainees in general, and therefore it can be assumed that they had in mind those who did not complete as well as those who did. We also gathered some data from apprentices and trainees in the case studies that related to people they knew who had withdrawn.

More details about the methodology can be found in appendix B to this report.

Qualitative findings

Qualitative data for this project were collected by interviewing a number of high-level stakeholders and by conducting case studies across Australia. This section of the report presents these findings. The qualitative responses provided to the surveys are presented in the section on the survey findings.

High-level stakeholder interviews

Nature of expectations

Several respondents indicated that ‘expectations’ and ‘promises’ were extremely important in the retention of trainees and apprentices but often there was a lack of clarity about these. In particular the age of the apprentices/trainees was an important influence on their levels of understanding about the nature and the demands of the work, unless they had previous experience in the industry or had completed pre-apprenticeships. Induction was thought to be extremely important in clarifying these expectations, but it was said that this was often provided ‘too late’ in the employment cycle.

The respondents believed that both parties to the psychological contract expected the normal conditions in any employment relationship would apply. The apprentices and trainees expected to be treated fairly, to be managed effectively, to be paid on time and to receive feedback on their performance. On the employer side, the expectations included punctuality, commitment, courteousness and honesty. Both parties also expected that learning would take place, and that this was to be achieved through a process of ‘application of learning’ in the workplace. The stakeholders said that employers expected to explicitly ‘teach’ their apprentices and to ‘impart skills’. In some cases employers took on a ‘paternal role’ and expected that the apprentice in particular would be less autonomous and independent than other workers and would therefore need more support.

There was a view among some respondents that traineeships might involve a lower level of expectations and promises because of what were seen as lower levels of commitment and investment on the part of the employer, and lower levels of trainee commitment in terms of a career in the occupation or industry. Some participants felt that traineeships might be less structured and the conscious ‘applied learning’ that characterises apprenticeships may not be as well or as thoroughly organised in a traineeship.

Discrepancies in the understanding of the ‘psychological contract’

Participants discussed a range of ‘discrepant’ understandings of the promises and expectations implicit in the psychological contract. Employers might expect ‘too much’ of a young apprentice or trainee. They might be ‘over critical’ and frustrated with the performance of the employee. They might be focused on a narrow band of skills relevant to the business to the exclusion of the broader range of skills expected by the apprentice/trainee and the registered training organisation. Trainees and apprentices might expect higher and deeper levels of training than were on offer, and they might have unrealistic expectations about the nature of the industry they were entering. They might also expect higher pay rates.

Participants offered a range of views to explain these discrepancies. They suggested that if employers lacked experience in dealing with apprentices and trainees, expectations could easily be ill-matched. This was compounded by the complexities of the regulatory arrangements, and some employers, and apprentices/trainees, found this both overwhelming and confusing. Conversely, the training plan for

the apprentice/trainee might have had 'insufficient input from the RTO or employer' and this might lead to confusion about the types of learning experiences that needed to be created for the apprentice/trainee.

There was a suggestion that, in some companies, the supervisors within the businesses may not have good mentoring or coaching skills and this produced dissatisfaction with the fulfilment of the psychological contract. Induction processes were seen to be critical in providing the apprentices and trainees with both a holistic and particular understanding of their role in the company. A lack of time and effort invested in screening and recruitment processes could mean that expectations did not align. Sound performance management practices could ensure that expectations and promises were reinforced and made practical for the employees and the employers.

Some participants commented on the characteristics of 'Generation Y' and used these to explain discrepancies in expectations and promises. They felt that differences in communication styles, cultural background and expectations and possibly low levels of literacy and numeracy were inbuilt discrepancies that could lead to employer dissatisfaction with the apprentice/trainee. One commented that, increasingly, young people may have had previous work experience and this led to greater expectations. Some respondents felt that apprentices changed a great deal over the period of their apprenticeship and the ability of the employer to cope and adjust to these changes was sometimes questionable. This was not so palpable a problem in traineeships, as the time period involved was shorter.

The participants felt that if either side did not meet expectations and promises the consequences could be a termination of the apprenticeship/traineeship at best, and a case before the state training authority or the ombudsman at worst. An employer who had a 'bad experience' might refuse to participate in any further apprenticeships/traineeships, as they might feel that their time, resources and expertise had been wasted.

Appendix 1c (in the support document) provides a summary in table form of the stakeholders' views about the two parties' expectations of the employer–apprentice/trainee relationship and the major discrepancies between the parties' expectations.

Case study findings

The individual case study reports can be found at appendix 5 in the support document. The case study sites are referred to in this report by their pseudonyms.

What are the promises and expectations of the psychological contract?

There were a number of reciprocal 'promises' between the organisations and the apprentices/trainees. A list of 'promises' (table 2) was derived from conversations with the participants in the case studies. In some cases the participants explicitly stated them; in other cases, the researchers derived them from the analysis of the conversations. This derivation was sometimes necessary with the apprentices and trainees, whose language and disposition to 'talk' about their apprenticeship or traineeship was sometimes quite restricted. The promises were often obliquely referred to and/or embedded in the stories they told and the anecdotes they recounted. It is interesting to consider what proportion of managers and of apprentices/trainees actively mentioned the different 'promises' in the psychological contract. Table 2 is based on the frequency with which participants in the case studies mentioned the same or different promises. The indices were derived from the number of people who mentioned an item, divided by the number of respondents in that category.

Table 2 Employer and employee promises and proportion of interviewees in the two major categories who mentioned them

	Index for managers	Index for apprentices/trainees	Total no. of respondents mentioning the item
Employer promises			
Relevant and appropriate training	0.85	0.50	42
Safe workplace	0.36	0.50	26
Pastoral care/support	0.55	0.25	25
Fair and equitable treatment	0.42	0.32	23
Opportunities to learn through work	0.36	0.32	21
Good/fair wages	0.33	0.28	19
Enculturation of apprentices- values, standards, work ethic, business relationships	0.36	0.18	17
Provision of a mentor/coach/contact inside the organisation	0.30	0.25	17
Provision of a career pathway	0.27	0.28	17
Communicate relevant information	0.33	0.18	16
Explicit feedback- positive and negative	0.27	0.25	16
Offer enough hours/shifts in order to complete the traineeship	0.18	0.25	13
Reward & acknowledge apprentices/trainees who perform well	0.21	0.21	13
Provide post-apprenticeship job opportunities	0.24	0.14	12
Provide workplace support for training	0.15	0.18	10
Tough in their expectations of apprentices/trainees (maintain boundaries)	0.24	0.04	9
Release staff for off the job training	0.06	0.18	7
Provide alternative workplaces, in the case of GTOs	0.12	0.00	4
Apprentice/trainee promises			
Attendance/punctuality/trust/reliability	0.48	0.60	33
Commit to hard work	0.27	0.60	26
Take training seriously and complete assigned work in a timely way	0.39	0.36	23
Be motivated and have a positive attitude	0.36	0.39	23
Demonstrate a willingness to learn	0.30	0.28	18
Abide by OH&S standards at all times	0.27	0.28	17
Communicate if problems arise	0.36	0.18	17
Complete their term of training	0.27	0.25	16
Behave appropriately	0.18	0.36	16
Uphold company name/loyalty	0.24	0.21	14
Stay on after their term	0.15	0.21	11
Ask questions and have a proactive approach	0.21	0.11	10
Be customer-focused	0.12	0.21	10
Maintain appearance and levels of personal hygiene at work and training	0.15	0.14	9
Collaborate with colleagues	0.09	0.11	6
Apply learning in the workplace	0.03	0.18	6
Take on responsibilities as they arise	0.03	0.11	4

The ranking showed that the managers and the apprentices/trainees alike ranked the provision of 'relevant and appropriate training' as the most significant 'promise' on the part of the employer. In discussion of this topic, respondents said that it was important that training was supervised, well planned and monitored either by the workplace supervisor or, in the case of the group training organisations, by the field officers or other staff. There needed to be a variety of experiences for the provision of learning.

Table 2 shows that the promises where the views of the managers and the views of the apprentice/trainee were closely aligned included: the opportunities for good and fair wages; the provision of opportunities to progress; explicit negative and positive feedback; and the provision of a career pathway. The employee 'promises' to attend regularly, be punctual, and demonstrate trust and reliability were those mentioned most often by employers and apprentices/trainees. The promise that reflected the greatest disparity between the two groups related to 'commit to hard work'. Apprentices and trainees felt that this was a highly significant promise, while managers ranked it as being only half as important. The promises that displayed the highest levels of agreement between the two groups included: taking training seriously and completing assigned work in a timely way; being motivated and having a positive attitude; and demonstrating a willingness to learn. It should be noted that a low 'score' does not necessarily mean that other respondents would not have considered an item important if they had been explicitly asked about it.

The promises and expectations are described in psychological contract literature as either 'hard' or 'soft' (Rousseau 1990). 'Hard' promises refer to conditions, pay rates, and work organisation, for instance. 'Soft' promises relate to the social and emotional, relational and cultural dimensions of work such as the levels of commitment, application to work and the tenor of the workplace. There were some differences in the relative emphasis. Managers seemed to focus more on relational, socio-emotional and interpersonal types of promises and expectations, such as loyalty and support. Trainees in particular, but also apprentices, appeared to focus on more concrete, transactional types of promises and expectations, such as pay rates and following procedures.

How is the psychological contract developed in the workplace for all parties?

In some sites, for example, in the group training organisations and the larger companies, the negotiation and development of the psychological contract began before applications for apprenticeships or traineeships were lodged, through websites, literature and school visits. In all the case study sites the expectations of the psychological contract were made explicit from the interview stage and the beginning of employment. This took a number of different forms. The line and human resource managers of the company spoke to all new recruits at induction and explicitly discussed the expectations of the company and of the employee. Group training organisations had additional induction processes. The expectations clearly informed the performance management and probationary processes in the sites where these processes were used.

The explicit communication and reinforcement of expectations was seen as being critical to the fulfilment of the psychological contract. A positive communication style and the existence of an ethos of pastoral care between the supervisors or field officers, if they were part of the company structure, and the apprentice or trainee were consistently supported by the participants across the sites.

In some instances these expectations were provided in a written form. As a manager at SteelCo said:

It stipulates what their obligations are towards us in completing their apprenticeship. [It includes] expectations of when they're off-site and they're wearing a shirt that got B's logo on it and they're representing the company. When an apprentice comes in they can see what's expected.

In PowerCo a similarly effective advertising campaign had been introduced that was linked to the company website. In this way the expectations of the psychological contract were published and read prior to any formal contract for employment being entered into. In RestaurantCo brochures about the traineeships appeared in every restaurant. In some cases the mutual expectations were reinforced through a code of conduct, where the obligations and expectations of the apprentice were reinforced.

When apprentices were placed with host employers by the group training organisations, the hosts were not always explicit about their expectations and promises. These were often conveyed verbally, and it was expected that the apprentice would gradually learn about these informally and by emulating older apprentices or existing workers. There was a strong emphasis on informal mentoring, with varying degrees of success. Companies possibly relied to some extent on the group training organisations to convey the employer expectations.

In many case study sites the psychological contract, and its expressions, changed as the apprenticeship or traineeship progressed. In PowerCo the central apprenticeship body looked after 370 apprentices. There were field officers with a caseload of about 70 apprentices who covered discrete geographical areas. The field officers and the apprentice coordinator monitored apprentice progress extremely carefully and closely. This monitoring of the progress of the psychological contract was also a characteristic of the group training organisations and in a number of the sites where traineeships were being undertaken, for example, in Hospitality and GamingCo, RetailCo and RestaurantCo.

A ranking of the items (table 3) contributing to the development of the psychological contract showed that managers thought that the 'explicit expressions of the psychological contract in written, oral and online forms' contributed most to the development of the psychological contract. Apprentices and trainees considered that training was the most significant factor. The area of greatest discrepancy was in 'performance management', which was significant for managers but it was ranked very insignificantly by the apprentices and trainees. The areas where managers and apprentices and trainees agreed most closely on the factors that impacted on the development of the psychological contract in the workplace were the processes of orientation and induction; interventions and follow-up or the lack of this; the level of prior knowledge; and the level of experience of the apprentice/trainee and the employer. The indices in this table were derived in the same way as for table 2.

Table 3 Factors contributing to the development of the psychological contract and proportion of interviewees in the two major categories who mentioned them

Activities contributing to the development of the psychological contract	Mentioned by managers	Mentioned by apprentices/trainees	Total number of respondents who mentioned the item
	Index	Index	
Explicit expressions of the psychological contract in written, oral and online forms	0.51	0.35	27
Orientation/induction	0.45	0.35	25
Training	0.45	0.35	25
Close supervisions & monitoring of progress	0.48	0.32	25
Influence of parents & schools	0.48	0.32	25
Mentoring and coaching	0.42	0.32	23
Appreciation and acceptance of a developmental approach to the psychological contract	0.45	0.25	22
Influence of peers: co-workers and outside workplace	0.27	0.39	20
Prior knowledge & experience (personal/vicarious) – both sides (employer experience & employee experience)	0.30	0.28	18
Interventions & follow-up	0.30	0.25	17
Selection & screening processes	0.33	0.18	16
Recruitment	0.39	0.11	16
Pre-recruitment activities	0.30	0.14	14
Performance management	0.39	0.04	14
Organisational culture	0.21	0.07	9
Advertising	0.15	0.11	8
Vicarious experience/observations of other apprentices (visibility)	0.15	0.04	6

What impacts do registered training organisations, intermediary organisations and other stakeholders have on the construction of the psychological contract?

The impacts of the registered training organisations, intermediary organisations and other stakeholders on the construction of the psychological contract could be positive or negative. The impacts varied in ‘strength’ depending on the amount of influence that one party could exercise over another. For instance, in PowerCo the Area Operations Manager saw the psychological contract as being a three-way arrangement between the apprentice, the employer and the training organisation. There were also more distant parties to the psychological contract such as industry training advisory boards, government departments and consultative groups within PowerCo. In some cases (for example, the group training organisations and Hospitality and GamingCo) the influence of the Australian Apprenticeships Centre, while legislatively strong, was seen to compromise the terms of the psychological contract by creating confusion and a dispersal of authority. The impacts of the other parties were often interdependent and sometimes not well understood by all the partners in the psychological contract.

Sometimes, parents had an influential role to play in the construction and interpretation of the psychological contract. Parents were often positively encouraged in some cases to be present during the induction and were further encouraged to have contact with the company, enterprise or group training organisation. Apprentices and trainees who went straight from school into an apprenticeship or traineeship often received a great deal of guidance and direction from their parents or other family members. This could have positive or negative outcomes. On the positive side parents could assume an educative role by providing information on the industry into which the young person was moving,

which helped the young person to understand what the expectations and conditions of work were likely to be. On the other hand, parents and family could have a negative impact on the construction of the psychological contract. There were a few reports of inappropriate amounts of parental intervention which were regarded as constraining the young person's development of autonomy and independence in the workplace.

Similarly, friends could influence the construction of the psychological contract in positive or negative ways. One apprentice in BuildingCo said, 'It is a good mate culture on the site'. This was reinforced through the sharing of social events, and this enculturation bred resilience and patience with the work he was expected to do. The influence of the wider peer group was thought to be highly influential in the fulfilment of the psychological contract.

In a number of case study sites, the companies and group training organisations made extensive contact with schools as a recruitment strategy. The media were also influential in the construction of the psychological contract. This influence was most direct in terms of marketing the trades to young people. A number of participants also felt that some negative connotations attached to traineeships could be attributed to the media and some politicians.

The government was identified as being another stakeholder that could influence the psychological contract. The volatility of government policy initiatives could compromise arrangements that were in place and the existence of the psychological contract. Australian Apprenticeship Centres could help to interpret government policies and more generally in explaining and developing appropriate expectations. In some cases these centres were seen as very helpful in this role; in others, less so.

The registered training organisation had a varied impact on the construction of the psychological contract. For example, trainees recruited internally for a traineeship in RestaurantCo considered that the relationship with the training organisation was highly significant and a key feature of their traineeship, while the HR manager saw the relationships with the company and the registered training organisation as being of equal importance.

What helps all parties to fulfil their side of the psychological contract and what prevents it?

In all cases it was the reciprocation of expectations from all parties that enabled the psychological contract to be fulfilled. Clearly this reciprocation was predicated on an understanding of the respective obligations and expectations, supported by practical and developmental strategies on the one hand, and by commitment on the other. There was consensus across the case study sites that careful selection, induction, recruitment, probationary processes and performance management could help all parties to fulfil their respective sides of the psychological contract. These processes took different forms in each of the sites, with some companies devoting a lot more attention and resources to these processes.

In the cases of PowerCo and BuildingCo, for instance, regular quarterly reports were completed on each apprentice by supervisors, workgroup leaders and the apprentices themselves. This process reminded all parties of the level of mutual commitment and ensured that standards of work and the provision of training were regularly checked. Performance management was linked to the idea of 'early intervention' in problems in a large number of sites with both apprentices and trainees. Early intervention took a number of forms and was motivated by the commitment to retaining apprentices and trainees.

Clear, explicit and current information for all the parties to the psychological contract contributed to its fulfilment. When this was supported by parallel information and training for workplace supervisors, as was the case with ElectricalCo, then it was likely that the contract could be more easily fulfilled.

The past experiences of apprentices or trainees helped them to fulfil their side of the psychological bargain. The age of commencement of the traineeship or apprenticeship varied across the sites and there was no clear consensus across the sites about what the 'ideal' age should be. The arguments for and against 'maturity' at the point of commencement focused on developing a balance between chronological maturity and the benefits of this in terms of the fulfilment of the psychological contract, and the need to 'enculturate' apprentices and trainees to the workplace – its ethos and style. Some host employers/employers (for example, in Steel Manufacturing and in the BuildingCo) felt that having younger people was a great advantage. Others preferred mature entrants, whose expectations might be more realistic.

The level of encouragement provided to the apprentices and trainees and the extent to which mistakes could be productively tolerated had an effect on the fulfilment or not of the psychological contract. Apprentices and trainees appreciated the opportunity to communicate openly with managers or supervisors, even if mistakes had been made.

The training wage rates for apprentices and trainees were regarded as a disincentive to the fulfilment of the psychological contract. In many cases above-award wages were paid. In some instances apprentices were provided with financial support such as subsidies for travel to off-the-job training sites and the creation of pathways into subsidised higher levels of study. In some cases the pay rates were the 'cement' that bedded down the psychological contract.

In some sites the size of the company helped with the fulfilment of the psychological contract. Where the company was large (PowerCo, BuildingCo, Hospitality and GamingCo, the group training organisations and RetailCo, for instance), the company could rotate apprentices and trainees between different sites and different learning contexts. This did have some disadvantages. The psychological contract was being fulfilled by a number of people, not all of whom were equivalently committed to the tasks. Differences among managers, for instance, in RestaurantCo and Hospitality and GamingCo, gave rise to a variety of expectations and promises. In this context the branch managers seemed to be very important in interpreting traineeships and their inherent psychological contract responsibilities to employees. These interpretations were sometimes conflicting and in the case where a trainee had a number of managers the terms of the psychological contract could be compromised. This was also the case in the group training organisations.

There were a number of preconditions needed to ensure that all parties fulfilled the psychological contract. These included sound HR procedures for recruitment and performance management, systems of reward, both tangible and intangible, monitoring of training both on the job and off the job, clear lines of communication and early intervention when problems arose. The trainees and apprentices needed to be committed to the work and the learning and surrounded by a range of economic and social support structures. The absence of one, or a combination of these, helpful preconditions could prevent the psychological contract from being fulfilled. It seemed from the group training organisation case studies that it might be more difficult for employers of trainees than those of apprentices to establish these systems; presumably the longevity of experience with the training system was not present with some trainee employers.

What is the impact of a breached versus a fulfilled psychological contract?

In those cases where apprentice or trainee progress was carefully monitored and effort had been put into making employer and employee promises and expectations explicit, there were more opportunities to reinforce the employee fulfilments and more opportunities to redress breaches. This was done in some case studies through a range of early intervention programs. Completion of the traineeship or apprenticeship was the most overt indicator of fulfilment. The converse was also true: non-completion of the qualification or if the trainee or apprentice left was the most extreme indicator of a breached contract.

In all case study sites, when the psychological contract was understood as being fulfilled or exceeded, the impact was felt in the workplace. Morale and enthusiasm were high. The trainee or apprentice would successfully complete their apprenticeship or traineeship and then progress into the next stage of their working life, either with the same company, or beyond. The company or enterprise would increase their productivity and customer satisfaction, and the workplace would become a more positive and well-informed place. For the apprentices and trainees, a fulfilled psychological contract resulted in individual benefits such as a sense of self-worth, recognition and increased opportunities for employment. Conversely, when either side breached the psychological contract there was the possibility of poor publicity for the company. Financially, a breached contract could lead to dismissal or resignation, and the investment that had been put into the training of the apprentice or trainee was forfeited. In the case of the RestaurantCo, if the trainee decided to suspend the traineeship, he or she could return to being a normal employee; hence the consequences were less severe. In the case of the group training organisations, the impact of a breached contract was also less severe. If either party felt that the contract had been breached, the group training organisation could suggest a move to another site and another employer. This would be supported by a commitment to resolving the problems.

How can mutual expectations be made clearer?

Some participants felt that expectations could be made clearer in the induction process. They also felt that better communication between the parties would encourage the development of clearer expectations on the part of all partners to the psychological contract. A range of practical suggestions was made about how the mutual expectations could be made clearer to all parties. These included strategies such as a handbook for the workplace managers of trainees, better training and induction of staff in agencies such as the Australian Apprenticeships Centre, better induction of trainee managers, workplace experience for registered training organisation staff, and group sessions for all parties involved in the psychological contract and its implementation.

Conclusion and key findings

An analysis of the case studies and the interviews with high-level stakeholders revealed three dimensions to the psychological contract between the parties involved. These dimensions were related to training and learning, employment conditions and the emotional and interpersonal aspects of work. The dimension of training and learning sits outside the usual recognition of 'hard' and 'soft' aspects of the psychological contract, as training expectations could be both hard and soft. Across the nine case study sites there were similar understandings of the reciprocal obligations and promises that had to be fulfilled if the psychological contract was to be kept intact.

The following major points emerged:

- Applicants need to be provided with information about the industry, its ethos and its day-to-day activities to provide clear expectations, which are then more likely to be fulfilled.
- The terms of the psychological contract need to be made explicit and constantly reiterated.
- Reward and recognition of hard work and talented apprentices and trainees on the part of the company are reciprocated with increased motivation and performance on the part of the apprentice or trainee.
- The more integrated and interrelated the activities of the stakeholders (the employer, registered training organisation, group training organisation, for example), the more likely it is that the psychological contract would be fulfilled.
- Apprentices and trainees might find it difficult to understand the role of the stakeholders and might need assistance in relating to them all.
- Early intervention programs are important in addressing minor breaches before they become major.
- Fall-back strategies such as returning an apprentice/trainee to the group training organisation or to normal employment within a company can be helpful.

Findings from surveys

Introduction

In this chapter the main quantitative findings from the surveys are presented and discussed, based on the following research questions:

- What ‘promises’ form the basis of the psychological contract for apprentices and trainees? How are they weighted and to what extent are they met? Do they vary between the two groups, among industry areas, and by other factors?
- What impact do registered training organisations, group training organisations and other intermediary organisations have on the psychological contract?

A summary of expectations about literacy and numeracy demands is also presented. In addition, tables relating to the findings discussed in this chapter are shown in appendix A at the end of this report. These are referred to as table A1, A2 and so on. Other detailed supplementary findings can be found in appendix 3 of the support document.

Survey items and ratings of items

Table 4 shows the employer, employee and training obligations as rated by survey respondents. This table indicates the abbreviated terms for the items, which are used in the discussion and in the tables. We used an 11-point scale to enable maximum discrimination in the findings with the following anchors: 0 = not at all important/not at all met to 10 = extremely important/completely met. Given that 0 represented no importance or an obligation not being met, the extent to which an obligation was perceived to be important or to have been met was therefore actually rated out of 10 (that is, ratings made from 1 to 10). The independent samples t-test statistic with an alpha level set at .05 was used to test whether group differences were significant. The t-test takes account of standard deviations as well as means.

The ‘promises’ that form the basis of the psychological contract for apprentices and trainees

The discussion below relates only to apprentices and trainees employed directly by employers. A brief overview of some effects of group training organisation employment is provided later in this section, and detailed information about group training organisation employment may be found in appendix 3 in the support document.

Employment-related obligations

The mean scores for employer, employee and training obligations for direct employed apprentices and trainees and direct employers of apprentices and trainees were calculated by summing and averaging the individual item ratings. Table 5 summarises the mean ratings of employers and employees in relation to importance and met obligations.

Table 4 Survey items that were rated by respondents

Survey item	Abbreviated item
Employer obligations	
1 Talk with the apprentice/trainee about matters which affect him/her	1 Talk about matters
2 Help the apprentice/trainee develop his/her career	2 Help develop career
3 Be particularly considerate of long-serving employees	3 Long-serving employees
4 Provide the apprentice/trainee with support in personal problems	4 Support for personal problems
5 Provide the apprentice/trainee with the resources required to do his/her work	5 Provide resources
6 Make sure the apprentice/trainee is given a job that he/she likes	6 Job that I like
7 Make sure the apprentice/trainee's performance appraisal is fair	7 Performance appraisal fair
8 Treat the apprentice/trainee the same as everyone else with respect to rules and discipline	8 Treated the same
9 Help the apprentice/trainee gain promotion	9 Help gain promotion
10 Give the apprentice/trainee adequate training for the job	10 Adequate training
11 Allow the apprentice/trainee time off to meet personal/family needs	11 Time off for personal needs
12 Act in a supportive way towards the apprentice/trainee	12 Act in supportive way
Employee obligations	
1 Stay with the employer until the end of the apprenticeship/traineeship	1 Stay with present employer
2 Protect the reputation of the employing company	2 Protect reputation of company
3 Put the interest of the employer first at work	3 Put interests of employer first
4 Be open with the supervisor/employer about things affecting work	4 Be open with supervisor/ employer
5 Always be loyal to the employing company	5 Be loyal to company
6 Do non-required tasks which make the place run more smoothly	6 Do non-required tasks
7 Refuse to support the employer's competitors	7 Refuse to support competitors
8 Spend a minimum of two years with the employer after completion of the apprenticeship/traineeship	8 Spend two years with employer
9 Work more hours than they are contracted to work	9 Work more hours
10 Be willing to accept transfer	10 Willing to accept a transfer
11 Refuse to give outsiders any company information	11 Refuse to give information
12 Become more skilled at work	12 Become more skilled
13 Work well with others	13 Work well with others
14 Put in a full day's work for a full day's pay	14 Put in a full day's work
15 Attend work every day when scheduled	15 Attend work every day
16 Always be punctual for work	16 Always be punctual
Training obligations	
1 An identified person as the apprenticeship/traineeship contact in both the RTO and the company	1 An identified contact
2 Exposure to difference processes/experiences in the job (not just repetitive or low-level work)	2 Different processes/experiences
3 A range of methods of training, both on and off the job	3 Range of training methods
4 Assessment that is not too easy	4 Assessment not too easy
5 Assessment that is not too hard	5 Assessment not too hard
6 Assessment that is regular (i.e. takes place regularly)	6 Regular assessment
7 Assessment that involves written and/or verbal feedback	7 Assessment involving feedback
8 The opportunity to keep learning new things	8 Opportunity to keep learning
9 Specific time set aside for training, not just working	9 Specific time for training
10 Opportunities for the apprentice/trainee to apply what s/he has learned	10 Apply what is learned
11 Opportunities to make mistakes and learn from them	11 Make mistakes and learn

Table 5 Means and independent samples t-test statistics examining differences between employers and employees regarding mean importance and met ratings (direct employment only, not group training organisations)

Scale		Employers			Employees			t-test1
		Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
	Importance of obligations							
1	Employer obligations	8.5	8.4	8.5	8.1	8.2	8.2	2.7*
2	Employee obligations	8.3	8.0	8.2	8.2	8.1	8.2	0.4
3	Training obligations	8.6	8.7	8.7	8.9	8.6	8.8	-1.4
	Met obligations							
1	Employer obligations	8.6	8.4	8.5	7.3	6.7	7.0	7.3*
2	Employee obligations	7.9	7.8	7.9	8.6	8.4	8.5	-4.4*
3	Training obligations	8.5	8.4	8.4	7.8	7.6	7.7	4.1*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all met) to 10 (completely met).

The survey ratings for individual items were then compared. Table A1 (see appendix A) shows that on the whole there was general agreement between employers and apprentices/trainees about the obligations of the employer. Except for the item ‘job that I like’, all of the obligations listed in the survey were considered important by both parties (mean rating of 6.7 or more). In both employer and apprentice/trainee responses, it was considered least important to provide a job that the apprentice/trainee liked. Apprentices were less inclined to attach importance to this employer obligation (mean rating of 5.6). The provision of adequate training, resources to do the job, and treating apprentices/trainees the same as everyone else in terms of employment conditions all attracted mean scores of 9 or more from both parties. Employers attached more importance to their obligations relating to support, rewarding loyalty (‘being particularly considerate of long-serving employees’) and helping with promotion prospects than did apprentices and trainees. Interestingly, there were no items in which the apprentices/trainees thought that the employer obligations were more important than the employers did.

Employers and employees were also asked to note additional employer obligations they considered important. Both groups consistently mentioned additional obligations relating to ‘a safe workplace’ and ‘adequate training/learning opportunities’ (although the latter was one of the listed items). Employers also frequently mentioned additional obligations in relation to pay, such as ‘adequate pay or pay employees on time’. Some apprentices’ and trainees’ responses indicated dissatisfaction, such as ‘proper instruction and guidance’, ‘no double standards’ and ‘treat tool allowances with respect’ (apprentices). Responses to questions about how expectations had changed over time also indicated some dissatisfaction, for example, ‘At first I was being trained and treated well. As time goes on I am being used as a cleaner and not being trained at all’ (apprentice)’. A smaller number of comments about changes were positive: ‘they rely on me more’ (apprentice); ‘it has exceeded my expectations’; and ‘I was granted to use the company’s resources after hours to allow me to complete an assignment’ (trainees).

There were more discrepancies in the respondents’ views about the obligations of the employee, as shown in table A2. Significant differences between the groups were as follows. Employers attached more weight than apprentices/trainees to a cluster of items associated with loyalty to the company. Apprentices/trainees attached more importance than employers to working more hours than contracted and becoming more skilled. Employers and employees were also asked to note additional employee obligations they considered important. Both groups frequently mentioned additional

obligations relating to 'working safely' and 'a positive work attitude', and two apprentices said 'Do my best'.

The quantitative findings showed that, on the whole, the obligations of both parties were met well. Nine out of 12 items scored over 7 in the apprentice/trainee view of their employers' obligations being met, and 13 out of 16 items scored over 7 in the employer view of the apprentice/trainee obligations being met (see tables A3 and A4 respectively). In both cases, in relation to every item, as might be expected, apprentices/trainees and employers each thought they had met their own obligations to a greater extent than the other party did. Employers were more satisfied with the extent to which their apprentices/trainees met their obligations than vice versa, assigning mean scores of 8 or more to nine items.

This implies a reasonable level of satisfaction on both sides; however, two caveats apply. Firstly, apprentices and trainees who were dissatisfied to the extent that they had left were not included in the survey. Secondly, while apprentices/trainees were answering for their own experience, employers were answering 'in general' for apprentices/trainees they had employed. Nevertheless, this finding has some significance.

However, there were more significant differences between employers and employees in terms of the extent to which perceptions of each party's obligations had been met. In terms of perceptions of employer obligations being met, the greatest significant differences between employers' and employees' perceptions were (in descending order) that employers:

- provided adequate training
- gave apprentices and trainees a fair performance appraisal
- treated apprentices and trainees the same as others
- acted supportively
- provided resources to do the job
- were particularly considerate of long-serving employees.

In terms of employee obligations being met, the greatest discrepancies between employers and employees were (in descending order):

- being willing to accept a transfer
- attending work every day
- putting in a full day's work
- doing non-required tasks
- always being punctual.

Are these discrepancies important? In relation to the employer obligations, the three top obligations in terms of employment (adequate training; treated the same; and provide resources), were shared by both parties, but were also deemed by apprentices/trainees to have been met to a much lower extent than employers considered they had met them. Therefore the discrepancy is very important.

In relation to the employee obligations, two of the employee obligations with discrepancies in terms of being met (attend work every day; always be punctual) were rated by both parties in the highest group of 'important' obligations and were also rated by employees as being met to a greater extent than employers thought they had been met. The obligations of putting the interests of the employer

first and loyalty had been rated highly important by employers; however, the apprentices'/trainees' perceptions of the extent to which they had met these obligations were not shared by the employers, with employers met ratings being much lower than those of employees.

The findings suggest that in relation to employer obligations, training, fair treatment and the provision of adequate resources to do the job are areas which need most attention. They were all rated as the most important obligations by both employers and employees but the perceptions of being met differed significantly between the parties. However, it is important to point out that, although the discrepancies were great, the apprentices/trainees gave each a 'met' score of at least 7.5. In addition, trainees gave a lower rating than apprentices to employers on the 'training' and 'resources' items.

With relation to employee obligations, perhaps the major finding was the extent to which employers valued a cluster of items around employee loyalty, which were rated as less important by the apprentices/trainees, and which employers considered apprentices and trainees did not meet well.

Training-related obligations

Having established that the data relating to general employer obligations show an apparent discrepancy in perceptions of training performance in apprenticeships and traineeships, it becomes important to look at the items specifically about training obligations. What is it about training that leads to perceptions that training obligations are not being met as well as they might be? Note that questions were only asked about the employer training obligations, not employee obligations.

It also needs to be noted here that in these questions we did not specify who was responsible for each item. Therefore any deficiencies identified could be the 'fault' of the employer, the training organisation, another party or a combination of more than one party. In the question relating specifically to training, employers and apprentices/trainees alike rated all the obligations as important, with scores of 7.9 or higher out of 10, as shown in table A5 in appendix A. Apprentices/trainees rated the following significantly higher in importance than employers did (in descending order of significant difference):

- specific time for training
- learning from mistakes
- opportunity to keep learning
- range of training methods.

Apprentices, trainees, employers of apprentices and employers of trainees all gave different ratings to the various training-related items. In qualitative comments, members of both groups (employers and employees) added an additional obligation of 'relevant raining', and several employers made comments about perceived deficiencies on the part of registered training organisations'.

Table A6 shows that, similar to the employment obligations, employers thought they met the training obligations better than the apprentices/trainees thought they did and, in seven out of 11 instances, the difference in perceptions was significant. On average, the discrepancy between the perceptions of the parties about the extent to which training obligations were met (based on the whole range of training obligation items) was actually less than for employer obligations, being 0.7 for training obligations as opposed to 1.5 for employer obligations. Therefore the important question becomes which of the training obligations carries the major differences.

The items in the specific training obligations questions were based on the literature about apprentice/trainee training with several drawn from the recent study by Smith et al. (2009) on traineeships. The most significant differences between employers and apprentices/trainees in their perceptions of how well the obligations had been met (in descending order of significance) were as follows:

- specific time for training
- opportunity to apply what is learned
- exposure to different processes/experiences
- range of training methods
- opportunity to keep learning.

In all instances employers rated these training obligations as being met to a greater extent than did employees, while employees rated these obligations as being more important than employers did. This indicates a significant breach of the psychological contract. In addition, the obligations 'opportunity to keep learning' and 'opportunity to apply what is learnt' were rated by both parties as the most important training obligations (mean of 9.1 or more out of 10).

We turn now to a comparison between apprentices and trainees, and between employers of apprentices and employers of trainees, in perceptions of the training obligations being met. In most items employers of trainees, on average, had a lower rating of the extent to which they met their training obligations than employers of apprentices. The biggest gap was in 'specific time for training' and the gap was lowest in the items relating to assessment (average difference of 0.1). The responses of apprentices/trainees themselves mirrored these findings, but generally with more exaggerated differences between the apprentices and trainees, especially on the items 'specific time for training', 'range of training methods' and 'learning from mistakes'. Compared with apprentices, trainees were more satisfied with the extent to which the employer obligations for assessment had been met on three of the assessment-related items (and equally satisfied on the other).

Comparison by different groups

The survey findings indicated that, in most instances, the mean importance and met obligations ratings of apprentices and trainees across the six industry groups (see table B2 in appendix B) were similar. When differences were found, it was difficult to draw any valid conclusions due to small group sizes. The ratings of trainees in retail regarding met employer and training obligations were higher than those of apprentices and trainees in any other industry groups. Manufacturing apprentices were the least satisfied among traditional apprentices with the extent to which training obligations were met, with hospitality apprentices the most satisfied. But the numbers in these cells were quite low.

Comparisons by age group provided more interesting findings. While the mean ratings regarding importance of obligations for apprentices and trainees in the three age groups (15–19; 20–24; and 25+) were similar, there were some differences in the extent to which obligations were perceived to have been met. The mean ratings of met employer and training obligations for apprentices and trainees in the youngest age group were higher than the mean ratings of apprentices and trainees in the other two age groups. The mean ratings of met employer obligations for older apprentices and trainees (25+ age group) were lower than the ratings of any other group, suggesting greater perceived breach of employer obligations.

There appear to be some slight effects of having undertaken pre-apprenticeships; about a fifth of the survey sample had been pre-apprentices. The ex-pre-apprentices had lower perceptions of both training

and employer obligations on average. They had slightly high perceptions of their own obligations and of the necessity to complete their apprenticeship, but less of an obligation to stay with the employer after completion. Further details can be found in appendix 3 in the support document.

What impact do registered training organisations, group training organisations and other intermediary organisations have on the psychological contract?

An important specific finding about group training organisations emerged from the surveys. In general, employment by a group training organisation seemed to mean that apprentices' / trainees' expectations of employers' obligations (employment and training) were lower than those of directly employed apprentices and trainees (see table A7). The extent to which apprentices and trainees thought that the employer obligations had been met was, conversely, much higher for apprentices / trainees employed by group training organisations; there was a significant difference for both employment obligations and training obligations. There was no real overall difference in relation to employee obligations. An important difference between apprentices and trainees was that trainees employed by group training organisations thought that training obligations had been met to a greater extent than did similarly employed apprentices (and considerably higher than direct-employed trainees); they also rated training obligations more highly than did apprentices employed by group training organisations. They also seemed more conscious of employee obligations, rating them more highly and considering they met them better.

Trainees employed by group training organisations were actually the most satisfied of all four groups (direct-employed apprentices, direct-employed trainees, apprentices employed by group training organisations and trainees similarly employed) in terms of perceptions of obligations being met. These findings indicate that group training organisations perform a valuable function, particularly for trainees, in setting up realistic expectations that are perceived to be met; in effect, they assist in aligning the expectations of employers and employees. Well over half of group training organisation employees and all but one group training organisation employer thought that being employed by a group training organisation provided a different experience. In qualitative comments, the word 'support' was used by many group training organisations and the word 'security' was used by many group training organisation-employed apprentices and trainees. One of the latter said 'Someone is always looking out for you'. There were, however a few negative comments, for example, 'Group training makes you blend in with the crowd and you get no individual support'.

More detailed findings about group training organisations are available in appendix 3 of the support document.

Findings about literacy and numeracy demands

Expectations about literacy and numeracy issues were examined in the study as concern has been expressed that some apprentices and trainees may experience difficulty and fail to complete because the literacy and numeracy demands of the training and/or the work are greater than expected (Industry Skills Councils 2011). As shown in tables A8 and A9, the surveys found that both direct and group training organisation employers perceived greater difficulties than employees did. This is consistent with findings by O'Neill and Gish (2001). On a scale of 1 to 5, the mean of employers' responses to questions relating to the difficulties that their apprentices and trainees experienced was around 2.5 on all items, whereas the mean of apprentices' and trainees' responses was around 2 on

most items. Trainees generally expected and found less difficulty than apprentices; group training organisations expected and found the apprentices/trainees to have more difficulty than direct employers did. It is difficult to draw any firm conclusions from these data, particularly as our case study employers did not report any significant literacy and numeracy issues. It could be that employers were correct in their concerns and apprentices/trainees did not see the extent to which literacy/numeracy issues were affecting them, or it could be that employers have an overly pessimistic view of the issue. A small number of qualitative comments were also made in this section. With relation to the contract, some apprentices and trainees complained that the contract was read to them and did not have a chance to read it carefully; however, one trainee said that ‘it was pretty well explained’. Employers also seemed somewhat exasperated with the complexity of the contract: ‘too much political jargon to take in’. One employer said ‘Not many can read well!’ Some employers seemed to leave it to the registered training organisation or indicated that the registered training organisation should be more involved. The comments about training indicated a few difficulties, with some apprentices explaining that little literacy or numeracy support was available at the registered training organisation. A few employers stated that, for example, ‘the ability of young people to write, spell and add is appalling’.

Summary of survey findings

In summary, the surveys found that:

- Employers and employees rated similar employer, employee and training obligations as being the most and least important and as being met most and least often.
- There were perceived differences between employers and employees about the extent to which obligations were met. Each group rated the extent to which they met their own obligations significantly higher than the comparison group.
- Compared with employees, employers rated employer obligations as being more important and also rated employer and training obligations as being met to a greater extent.
- Training obligations were perceived by both employers and employees as being the most important obligations overall.
- The overall mean ratings of met employer, employee and training obligations for employers and employees suggest that the psychological contract is being met relatively well for both parties.
- Some differences in perceptions of the psychological contract appeared to be related to the age of the apprentice or trainee and the nature of the employer. The psychological contract appeared to be met to a greater extent for younger employees and for group training organisation employees.
- With regards to employee literacy and numeracy demands, employers expected and perceived significantly greater difficulty with literacy and numeracy demands, compared with employees.
- Group training organisation employers and group training organisation apprentices and trainees generally believed that being employed by a group training organisation provides a more positive experience for employees than being employed directly by a company.

Conclusions and implications

In this section, the data from the stakeholder interviews, the four surveys and the case studies are consolidated, and some implications are discussed.

Overview of findings

What promises form the basis of the psychological contract?

The data show that in most respects the obligations and promises contained within an apprenticeship or traineeship employment relationship are, on both sides, similar to those of any job and that there is a generally high agreement between the parties on the perceived obligations. However, there is a clear finding that the provision of training is seen as the most important obligation of employers. On the employee side, serious attention to learning is second only to attendance and punctuality. An emphasis on training is hardly surprising in apprenticeships and traineeships. Part of the 'deal' of being an apprentice/trainee and of employing one is that adequate training is provided and that the apprentice/trainee takes training seriously and puts effort into learning. The general view in the literature that people leave because of employment rather than training issues is therefore complicated by the fact that, in apprenticeships and traineeships, training is seen as an integral part of employment. Each phase of the project reflected this fact. It is also of interest to note that apprentices and trainees did not have particularly high expectations of a 'job that they liked', suggesting that they might, at the outset, be willing to trade immediate satisfaction for a long-term outcome.

An interesting discrepancy between the survey and case study phases is that in the case study there were a great many mentions of pastoral care by employers, while in the survey, 'providing support with personal problems' was rated low by employers and apprentices alike. This suggests that possibly employers do provide such care but may feel they are not obliged to, and hence did not rate it overly highly in the survey.

Table 6 summarises the main findings on the eight most important components of the psychological contract in relation to employer obligations. The findings from the survey are presented separately from those from the case studies. It should be remembered that we were using predetermined items in the surveys, whereas in the case studies the list grew organically from the interviewees' responses. The top eight are used, as there is a natural break in the survey data after eight. For both data sources, the components are divided into 'hard' and soft' components (Rousseau 1990). 'Hard' components are taken to be those which can be introduced by simple procedures or measurable behaviour. As mentioned earlier, the case studies indicated that employers were somewhat more likely to see 'soft' components as more important, while apprentices/trainees were somewhat more likely to value 'hard' components.

Table 6 Top eight obligations of employers, using data from surveys and from case studies (count of number of mentions), in order of reported employer perception of importance

Survey data		Case study data	
Hard promises	Soft promises	Hard promises	Soft promises
Adequate training	Treat the same as others	Relevant & appropriate training	Pastoral care/support
Provide resources to do the job	Act in supportive way	Safe workplace	Fair & equitable treatment
Fair performance appraisal	Help develop career	Communication of relevant information	Opportunities to learn through work
Reward long-serving employees	Talk about matters	Good/fair wages	Enculturation to company values etc.

Notes: (i) In the survey, employers and employees had the same top eight.
(ii) In the case studies apprentices/trainees mentioned provision of a career pathway, provision of a mentor or coach, and the provision of explicit feedback in their top eight. They did not include enculturation to company values or communicate relevant information.

Table 7 performs the same function for the apprentice/trainee obligations.

Table 7 Top eight obligations of apprentices/trainees, using data from surveys and from case studies (count of number of mentions), in order of reported employer perception of importance

Survey data		Case study data	
Hard promises	Soft promises	Hard promises	Soft
Attend work every day	Work well with others	Attendance/punctuality/reliability	Be motivated and positive
Always be punctual	Protect reputation of company	Take training seriously	Communicate if problems arise
Put in a full day's work	Be open with supervisor/ employer	Abide by OHS standards	Be willing to learn
Become more skilled	Be loyal to company	Complete the term of training	Commit to hard work

Notes: (i) In the survey, employers and employees had the same top eight.
(ii) In the case studies, apprentices/trainees rated behave appropriately in their top eight and did not include communicate if problems arise.

On the whole, the perceived important obligations are similar among the parties, particularly in relation to the apprentice/trainee obligations. However, the order of importance was different, as is described in the detailed findings of the surveys and case studies. The two major differences between the case study data and the survey data are the emphasis on safety and communication (from both parties). It is interesting that these items are missing from the scale recommended by Hutton and Cummins (1997), and they should certainly be included in any future study of the psychological contract in apprenticeships and traineeships.

To what extent are the promises met?

Considering the high level of agreement between the parties in both major phases of the study, it is clear that mismatched expectations are not, in general, a major issue. Rather, we need to focus on the extent to which expectations are met. Again this discussion needs to start with a reminder that the data show that not only were there perceived to be high levels of obligations, but also that obligations were perceived to have been met to a very high extent. On the whole, the suite of training obligations (the responsibility for which were not apportioned to any one party such as employer or registered training organisation) were perceived by apprentices and trainees to have been met slightly better than those of general employment obligations (a mean of 7.7 as opposed to 7.0).

Examination of the detailed items about training shows that the obligations least met, from the employee point of view, were 'specific time for training' and 'a range of training methods'; trainees in particular thought these had been met less often than others. Employers did not rate these items as highly as apprentices/trainees did. Items on which there was agreement on importance, the

'opportunity to apply what was learned' and 'exposure to different processes and experiences' were also considered by apprentices and trainees not to have been very well met. Meeting these obligations relies on organising work to enable learning and could be regarded as more difficult for employers than arranging a specific time for training and a range of training methods, particularly for smaller companies.

Apart from training, the key less-met obligations of employers were treating their apprentices and trainees fairly, and providing resources to do the job. The less-met obligations of apprentice/trainees revolved around putting more in than was required, but they were not rated as important obligations by either party.

There were some differences among different groups. While traineeships were on the whole somewhat more problematic than apprenticeships, the finding that group training organisation-employed trainees had more realistic expectations and had their expectations better met than any other group of apprentices and trainees is very positive. It suggests that these organisations are compensating for the lack of experience of employers with trainees in an effective and productive way, through appropriate infrastructure and processes, and that traineeships can be as effective as apprenticeships. This is at odds with some stakeholders' views on traineeships. Overall, assessment is perceived to be better addressed in traineeships than in apprenticeships, a matter deserving of more investigation. Older apprentices/trainees were comparatively less satisfied that employers had met their obligations. There were no outstanding differences among industry areas in terms of met obligations.

How do these findings compare with other studies?

There have been no other studies of apprentices and trainees but two other studies have used a similar instrument. Hutton and Cummins (1997) first developed the instrument for a study of career development professionals. Their study looked only at the importance of obligations (both employer and employee) from the employee point of view. The same scale was applied to a group of nurses who were commencing full-time work following their training (Piper 2010). When compared with the findings of these two studies, it seemed that apprentices and trainees had expected more support than career development professionals but also believed their obligations were greater than these professionals did. Apprentices' and trainees' expectations (apart from those employed by group training organisations) were met to a lesser extent than nursing professionals.

How is the psychological contract developed?

The case studies and stakeholder interviews showed that recruitment, selection, induction and performance management processes were important for the development and consolidation of the psychological contract. The earlier in the recruitment process (for example, on company websites or in brochures) that expectations were made clear, the better. This extended to information sessions undertaken by companies in schools. The case studies showed that other activities were also important: mentoring, reinforcement during training, input from parents and friends, observation of others' experiences in the workplace, and previous knowledge of the workplace or the job. The data suggest that the psychological contract should be made as explicit as possible. Strictly speaking, it could be argued that, when the terms of the contract are written down, they no longer form part of the psychological contract because they then form part of the common law employment relationship. However, the written documentation concerning expectations represents a different level of formality from 'official' documents, which are often written in inaccessible language. About half of the managers in the case studies referred to the psychological contract as being developmental: in effect,

more was put into it as time went on. Consideration of appropriate timing and method of communication for the introduction of new expectations was important.

The case studies demonstrated that field officers were shown to be valuable in the development and embedding of the psychological contract. They were most visible in group training organisations, where there were staff employed by the organisation specifically to work with employers and apprentices/trainees alike. They were familiar on a day-to-day basis with the consequences of misaligned expectations and therefore worked with both parties to align expectations, to 'hose down' unrealistic expectations and to assist with the meeting of expectations. In large companies there were people with similar roles; for example, PowerCo employed an apprentice field officer in each of its geographical regions. These field officers worked with supervisors of apprentices to ensure they were 'doing the right thing' and that they reported honestly on any issues with apprentices' progress. Field officers both in group training organisations and in companies helped to address the vexed issue in the psychological contract literature: 'Who delivers on the company's promises?' (Guest & Conway 2000).

Familiarity with the apprentice/trainee system and with what works/does not work was also important. Again, group training organisations and large companies have this as an advantage; the survey showed that a majority of apprentice employers and a sizeable minority of trainee employers recruited apprentices and trainees less often than once a year. Over 90% of the former recruited fewer than five apprentices a year and three-quarters of the latter recruited fewer than five trainees a year. Familiarity with the system was often gained partly through experience as a learner. As traineeships have only been in existence for 25 years, it might be expected that there would not be the same levels of experience with the system.

Some of the stakeholder and case study interviewees stated that they felt that employers and/or workplace supervisors might be unfamiliar with the needs of 'Generation Y' or more generally with the particular needs of younger employees. However (46% of apprentices and well over half of the trainees in the survey were aged 25 or over), it is possible that this issue might be overstated. The age proportions in our study are in line with national figures for commencements of trainees but our participant group was older than the commencing national cohort for apprentices (Commonwealth of Australia 2011, p.120). Since our surveys found that older apprentices/trainees were less satisfied than their younger counterparts, it is hard to sustain an argument that employers are unable to understand young people.

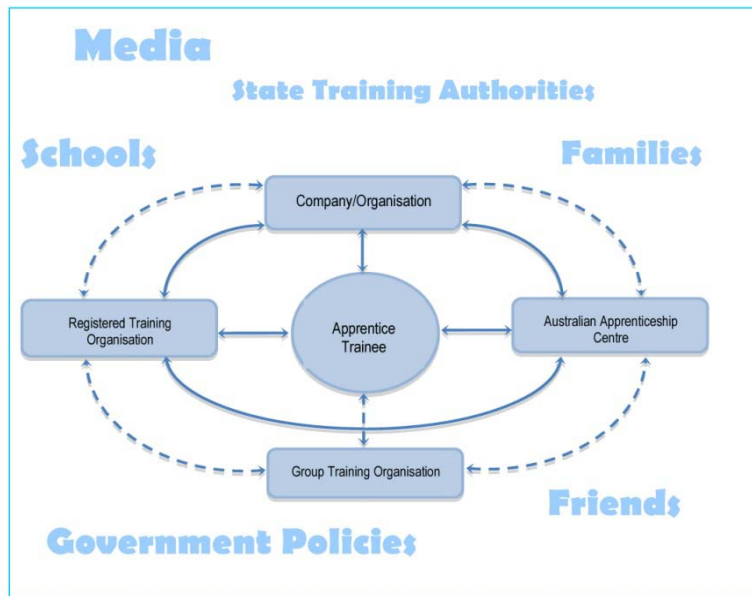
The impact of other parties

Figure 1 provides an illustration of the relationships among the immediate parties to the psychological contract. This figure illustrates the complexity of the psychological contract in an apprenticeship/traineeship compared with an ordinary employment relationship, in which only the relationship between the employer and the employee exists. In figure 1 it can be seen that the apprentice/trainee has a direct relationship with the registered training organisation and the Australian Apprenticeships Centre as well as with the employer, and in some cases also with a group training organisation.

These arrangements are set up, of course, to help the apprenticeship/traineeship succeed, but figure 1 reminds us that it also makes for a very complex relationship that might be quite difficult for people, particularly those with limited life experience, to navigate. The dotted line around the edge of figure 1 signifies the relationships that the parties have among themselves and which do not directly involve the apprentice/trainee. These relationships relate partly to a particular apprentice/trainee, but in addition, and importantly, the parties have interactions that are nothing to do with the apprentice/trainee, although ultimately these interactions might affect that person materially. It

needs to be noted that we did not directly research Australian Apprenticeships Centres in this study, although they were mentioned in many of the case studies. As well as these immediate relationships, other factors and people affect the psychological contract. These are shown in the background of figure 1 and were mentioned by many participants, although we did not explicitly research them.

Figure 1 The interdependent relationships between apprentices/trainees and their employers, registered training organisations, Australian Apprenticeships Centres and group training organisations



The complex nature of the parties to the psychological contract is a two-edged sword. While each party has a valuable role to play, and one party may ‘rescue’ an apprentice/trainee where another fails to do so, there is also a danger of one of the parties letting down the others. In the group training organisation situation, this is most easily expressed in the way in which group training organisations monitor the performance of their host companies, entering sometimes into formal contracts with them about the hosts’ responsibilities. Employers similarly kept a close eye on their registered training organisations and, to a lesser extent, on Australian Apprenticeships Centres.

Earlier we discussed some positive findings from the case studies about group training organisations. An important specific finding about group training organisations emerged from the surveys. In general, employment by a group training organisation seemed to mean that apprentices’/trainees’ expectations of employers’ obligations (employment and training) were lower compared with directly employed apprentices and trainees. Furthermore, the extent to which apprentices and trainees thought that the employer obligations had been met was much higher for this group.

There was no real overall difference in relation to employee obligations, although an important difference between apprentices and trainees was that trainees employed by group training organisations thought that training obligations had been met to a greater extent than did apprentices employed by group training organisations (and considerably higher than direct-employed trainees); they also rated training obligations more highly than did similarly employed apprentices. Trainees employed by group training organisations were actually the ‘happiest’ of all four groups in terms of perceptions of obligations being met.

All of these findings indicate that group training organisations perform a valuable function, particularly for trainees, in setting up realistic expectations that are perceived to be met; in effect they assist in aligning expectations of employers and employees.

Breaches of the contract

The case studies, survey and stakeholder interviews showed that the different parties agreed that the major indicator of alignment of the different parties' expectations was the successful completion of the apprenticeship or traineeship. To this end, some employers and all group training organisations put extensive effort into monitoring the progress of their apprentices and trainees to address difficulties that arose. These efforts were also seen to raise morale, productivity and quality in the workplace. A 'breached' psychological contract, expressed in large discrepancies between the parties in terms of obligations being met, led to the apprentice or trainee being disciplined or even dismissed, or resigning, and the possibility of adverse publicity for the company or group training organisation, or the souring of relationships between the employer, the Australian Apprenticeships Centre and/or the group training organisation. An employer might decide not to engage another apprentice or trainee; an apprentice/trainee might decide not to enrol in another apprenticeship or traineeship and might advise his/her friends or relatives against undertaking one.

Policy and practice implications

Managing expectations

While expectations appear to be reasonably well aligned between employers and employees, some of the methods used by the case study employers could be more widely adopted. In particular an emphasis on mutual obligations can be included in literature and marketing materials, from the pre-recruitment phase through recruitment to induction and on through performance management. Constant reinforcement of the mutual expectations is necessary to ensure that everybody is aware of what is required and expected.

Group training organisations are particularly adept at managing expectations and this is demonstrated clearly in the survey data about trainees. These organisations supplement employer materials and induction with their own, thus ensuring that apprentices and trainees are as well informed as possible. Their broad experience of successful and unsuccessful employment relationships enable their staff to pronounce with authority to both apprentices/trainees and host employers on what to expect. However, since group training organisations service only around 12% of apprenticeships and traineeships, there is a gap in provision for the remaining 88% of apprentices and trainees. Some of the latter are employed by well-organised large employers, but many are not. Pre-apprenticeships appear to have some effect on expectations; the survey data showed that ex-pre-apprentices had slightly lower expectations than the average of their employer and of their training, and slightly higher expectations of themselves. They were more satisfied than the average that obligations had been met. While these differences were slight, they provide some evidence for expanding the availability of pre-apprenticeships to more occupations.

Meeting expectations

The 'hard' promises by each party (see tables 6 and 7) are relatively more easily met than the 'soft' promises. Training, performance management and safety systems, resources for apprentices and trainees to do the job, fair wages, communication systems, and systems for special consideration for long-serving apprentices/trainees can be set up in a structural manner at a company level. The

soft promises are more difficult to manage and require cooperation from all levels of staff within an enterprise.

A designated person or department to manage apprentices and trainees is important for both hard and soft promises. While this person does not necessarily have the responsibility for the delivery of the psychological contract, he, she or they can monitor the relationship between the apprentice/trainee and the company and intervene if there are difficulties. He/she can also work with those who do deliver the psychological contract, for example, department supervisors. Regular appraisal systems are very important and provide the opportunity for regular communication of the problems, which emerged as important in this study

Avoiding breach

How can breaches of the psychological contract be avoided? The research indicates that each party (employer and employee) needs to invest in the relationship and that if any of these investments were lacking, then the contract is more likely to be breached.

On the employer side the investments are:

- active and continuous learning about the management of apprentices and trainees
- sound human resource management procedures, including extensive information available to would-be applicants
- rewards and recognition for good performance
- clear lines of communication
- attention to on- and off-the-job training
- early intervention strategies for 'at risk' apprentices and trainees.

For apprentices and trainees the investments are:

- commitment to the work
- commitment to learning
- active use of the available support services.

A fall-back strategy seems to be a useful one: if an apprentice/trainee is not succeeding for whatever reason, he or she could be placed with another employer (in the case of group training organisations) or could be returned to a non-apprentice/trainee position within the company. This strategy was only mentioned by a few employers in the research, however, but warrants further research.

Improving satisfaction with training

While acknowledging the production pressures incumbent upon businesses and the special needs of remote employers, attention to the perceived deficient areas of 'specific time for training' and 'a range of training methods' are items that in fact can be reasonably easily addressed by procedural means. They are clearly more of an issue in on-the-job apprenticeships and traineeships than those which involve training at a registered training organisation, suggesting that a major policy need is the encouragement of off-the-job training. Off-the-job training clearly provides specific time for training and also ensures at least some variety in training methods. In the case studies we came across instances where companies had previously tried on-the-job traineeships and had moved to the inclusion of off-the-job training to their satisfaction. As mentioned above, organising work to allow

for learning is more difficult and once again is more easily achieved by larger companies and those working with group training organisations.

Differences among industry areas in survey responses indicate that some areas (administration, communication and finance and manufacturing) are not satisfying their apprentices' and trainees' expectations of training as much as others (notably, retail and hospitality).

Paying more attention to mature apprentices/trainees

The fact that mature apprentices/trainees felt that their expectations had been met to a lower extent than their younger counterparts may be because they enter with higher expectations – the respondents aged 45 and over had considerably higher scores for perceived employers and training obligations. It is also possible – and indeed this emerged reasonably clearly in the case studies – that apprentice management systems in particular are based around a young cohort and that they may need adjustment for an older and more experienced group of employees.

Acknowledging the psychological contract explicitly

It seems evident that greater explicit attention to the psychological contract is an important need. If all parties are more aware that there are perceived obligations and what these are, then it becomes much more straightforward for people to make decisions based on realistic expectations and less likely that any party will be disappointed in the outcome. As discussed, a major feature of the psychological contract is the large number of parties to the contract and thus the need to raise awareness of the importance of understanding everybody's obligations to each other in relation to each apprentice and trainee. There is, in effect, a supplementary psychological contract among the other players to which more attention should be paid. This behind-the-scenes activity should also be made explicit to apprentices and trainees so that they appreciate how much work is done to support them.

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Appendix A: Data tables

Table A1 Means and independent t-test statistics examining differences between employers and employees regarding importance of employer obligations (direct employment only, not group training organisations)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 Talk about matters	8.9	8.7	8.8	8.7	8.7	8.7	1.0
2 Help develop career	9.1	8.6	8.9	9.0	8.3	8.7	1.2
3 Long-serving employees	8.8	8.3	8.6	8.2	8.3	8.2	2.8*
4 Support for personal problems	7.6	7.8	7.7	6.7	6.8	6.7	4.4*
5 Provide resources	9.1	8.9	9.1	9.0	8.9	9.0	0.7
6 Job that I like	6.4	6.7	6.5	5.6	6.7	6.0	2.0*
7 Performance appraisal fair	9.0	8.9	9.0	8.5	8.7	8.6	2.7*
8 Treated the same	9.3	9.1	9.3	9.2	9.4	9.2	0.1
9 Help gain promotion	7.9	7.8	7.9	7.1	7.3	7.2	3.0*
10 Adequate training	9.4	9.2	9.3	9.3	9.2	9.3	0.8
11 Time off for personal needs	7.8	7.8	7.8	7.9	7.8	7.8	-0.3
12 Act in supportive way	8.9	9.0	9.0	8.3	8.6	8.4	3.4*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all important) to 10 (extremely important).

Table A2 Means and independent t-test statistics examining differences between employers and employees regarding importance of employee obligations (direct employment only, not GTOs)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 Stay with present employer	8.9	8.6	8.8	8.5	8.9	8.7	0.8
2 Protect reputation of company	9.3	9.1	9.2	8.9	8.8	8.8	2.7*
3 Put interests of employer first	8.7	8.3	8.6	8.1	8.4	8.2	2.5*
4 Be open with supervisor/employer	9.2	9.0	9.1	8.6	9.0	8.8	2.6*
5 Be loyal to company	9.0	8.9	9.0	8.7	8.7	8.7	2.0*
6 Do non-required tasks	8.3	8.2	8.3	8.5	8.5	8.5	-1.6
7 Refuse to support competitors	7.4	6.8	7.2	7.2	6.6	7.0	0.6
8 Spend two years with employer	6.8	5.7	6.4	6.6	5.2	6.1	1.2
9 Work more hours	5.5	4.6	5.2	6.8	5.5	6.3	-4.1*
10 Willing to accept a transfer	5.3	5.2	5.2	6.0	5.4	5.8	-1.8
11 Refuse to give information	8.3	7.7	8.1	7.5	8.0	7.7	1.6
12 Become more skilled	9.2	8.9	9.1	9.4	9.2	9.3	-2.2*
13 Work well with others	9.3	9.3	9.3	9.3	9.3	9.3	-0.4
14 Put in a full day's work	9.3	9.1	9.2	9.3	9.6	9.4	-1.2
15 Attend work every day	9.4	9.2	9.4	9.4	9.4	9.4	-0.7
16 Always be punctual	9.5	9.4	9.4	9.5	9.6	9.5	-1.3

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all important) to 10 (extremely important).

Table A3 Means and independent t-test statistics examining differences between employers and employees regarding extent to which employer obligations were met (direct employment only, not GTOs)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 Talk about matters	8.6	8.7	8.6	7.4	7.1	7.3	6.3*
2 Help develop career	8.8	8.2	8.6	7.6	6.8	7.3	6.1*
3 Long-serving employees	8.8	8.5	8.7	7.2	7.0	7.1	7.0*
4 Support for personal problems	7.9	7.7	7.8	6.9	6.5	6.7	4.6*
5 Provide resources	9.1	8.9	9.0	8.0	7.0	7.6	7.0*
6 Job that I like	6.9	7.2	7.0	6.3	6.1	6.2	3.0*
7 Performance appraisal fair	8.9	9.0	8.9	7.4	7.2	7.3	7.9*
8 Treated the same	9.3	9.3	9.2	7.6	7.7	7.6	7.7*
9 Help gain promotion	7.9	7.8	7.9	6.5	5.4	6.1	6.5*
10 Adequate training	9.2	9.1	9.1	7.7	7.2	7.5	8.4*
11 Time off for personal needs	8.2	8.2	8.2	8.0	6.9	7.6	2.5*
12 Act in supportive way	9.0	9.0	9.0	7.5	7.3	7.4	7.5*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all met) to 10 (completely met).

Table A4 Means and independent t-test statistics examining differences between employers and employees regarding extent to which employee obligations were met obligations (direct employment only, not GTOs)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 Stay with present employer	8.6	8.0	8.4	9.4	9.0	9.2	-4.7*
2 Protect reputation of company	8.6	8.6	8.5	9.3	9.0	9.2	-5.1*
3 Put interests of employer first	7.7	7.9	7.8	8.9	8.8	8.9	-6.8*
4 Be open with supervisor/employer	8.0	8.1	8.0	8.7	9.0	8.8	-5.0*
5 Be loyal to company	8.0	8.3	8.1	9.0	9.1	9.1	-6.1*
6 Do non-required tasks	7.3	7.7	7.4	9.0	9.2	9.1	-10.0*
7 Refuse to support competitors	7.7	7.6	7.6	8.2	7.7	8.0	-1.3
8 Spend two years with employer 2							
9 Work more hours	6.5	6.3	6.4	8.7	7.7	8.3	-7.6*
10 Willing to accept a transfer	6.1	6.5	6.2	2.0	2.0	2.0	18.0*
11 Refuse to give information	7.8	7.9	7.9	8.3	8.4	8.3	-2.1*
12 Become more skilled	8.4	8.4	8.4	9.3	9.4	9.3	-7.0*
13 Work well with others	8.7	8.8	8.7	9.5	9.5	9.5	-7.3*
14 Put in a full day's work	8.1	8.2	8.2	9.5	9.5	9.5	-10.1*
15 Attend work every day	8.1	8.1	8.1	9.6	9.6	9.6	-10.6*
16 Always be punctual	8.2	8.2	8.2	9.6	9.5	9.5	-9.9*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; 2 This item was not deemed relevant at this stage of the apprenticeship/traineeship for met obligations and was excluded from the employee survey; * significant at $p < .05$; Item response range: 0 (not at all met) to 10 (completely met).

Table A5 Means and independent t-test statistics examining differences between employers and employees regarding importance of training obligations (direct employment only, not GTOs)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 An identified contact	8.6	8.7	8.6	8.4	8.3	8.4	1.2
2 Different processes/experiences	9.1	9.0	9.0	9.3	8.7	9.1	-0.3
3 Range of training methods	9.0	8.5	8.8	9.2	8.8	9.1	-2.1*
4 Assessment not too easy	8.5	8.5	8.5	8.4	8.1	8.3	1.3
5 Assessment not too hard	7.8	8.0	7.9	8.0	8.2	8.0	-0.7
6 Regular assessment	8.5	8.7	8.6	8.6	8.4	8.5	0.5
7 Assessment involving feedback	8.4	8.7	8.5	8.6	8.5	8.6	-0.8
8 Opportunity to keep learning	9.1	9.0	9.1	9.4	9.2	9.3	-2.3*
9 Specific time for training	8.5	8.6	8.5	9.1	8.9	9.0	-3.3*
10 Apply what is learned	9.0	9.1	9.1	9.3	9.0	9.2	-1.0
11 Make mistakes and learn	8.6	8.7	8.7	9.1	9.7	9.0	-2.5*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all important) to 10 (extremely important).

Table A6 Means and independent t-test statistics examining differences between employers and employees regarding extent to which training obligations were met (direct employment only, not GTOs)

Item	Employers			Employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 An identified contact	8.6	8.5	8.5	8.2	8.5	8.3	1.2
2 Different processes/experiences	8.9	8.7	8.8	8.0	7.6	7.9	4.7*
3 Range of training methods	8.6	8.3	8.5	7.8	7.0	7.5	4.4*
4 Assessment not too easy	8.3	8.0	8.2	7.7	7.7	7.7	2.2*
5 Assessment not too hard	8.1	8.0	8.1	7.7	7.8	7.7	1.6
6 Regular assessment	8.0	8.0	8.0	7.7	7.9	7.8	1.3
7 Assessment involving feedback	8.1	8.2	8.2	7.6	8.0	7.8	1.9
8 Opportunity to keep learning	8.8	8.5	8.7	8.1	7.6	7.9	4.0*
9 Specific time for training	8.6	8.1	8.4	7.6	6.2	7.1	5.3*
10 Apply what is learned	8.9	8.7	8.8	8.1	7.5	7.9	4.9*
11 Make mistakes and learn	8.6	8.5	8.5	8.2	7.5	8.0	2.9*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; * significant at $p < .05$; Item response range: 0 (not at all met) to 10 (completely met).

Table A7 Means and independent samples t-test statistics examining differences between direct and GTO employed apprentices and trainees regarding mean importance and met ratings

Scale	Direct employed			GTO employed			t-test1	
	Apps	Trnees	Total direct	Apps	Trnees	Total GTO		
Importance of obligations								
1	Employer obligations	8.1	8.2	8.2	8.0	7.8	8.0	1.2
2	Employee obligations	8.2	8.1	8.2	8.2	8.4	8.2	-0.3
3	Training obligations	8.9	8.6	8.8	8.4	9.0	8.5	2.2*
Met obligations								
1	Employer obligations	7.3	6.7	7.0	7.8	7.8	7.8	-3.1*
2	Employee obligations	8.6	8.4	8.5	8.3	8.8	8.4	0.7
3	Training obligations	7.8	7.6	7.7	8.2	8.6	8.3	-3.0*

Notes: Apps = apprentices; Trnees = trainees; Tot Direct = total direct employed employees; Tot GTO = total GTO employed employees; 1 Group differences t-test comparing total direct employed employees with total GTO employed employees; * significant at $p < .05$; Item response range: 0 (not at all met) to 10 (completely met).

Table A8 Means and independent samples t-tests examining differences between employers and employees regarding literacy and numeracy expectations and perceived actual difficulty (direct employment only, not GTOs)

Item	Employers			Employees			t-test1	
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE		
1	Difficulty reading contract	2.3a	2.2b	2.2	1.8c	1.8d	1.8	4.0*
2	Difficulty understanding contract	2.4a	2.3b	2.3	1.9c	1.9d	1.9	4.1*
3	Expected difficulty of training regarding reading and writing	2.5	2.5	2.5	2.1	2.1	2.1	4.3*
4	Expected difficulty of training regarding maths and calculations	2.7	2.5	2.6	2.5	2.0	2.3	2.7*
5	Actual difficulty of training regarding reading and writing	2.6	2.6	2.6	1.8	1.7	1.7	8.7*
6	Actual difficulty of training regarding maths and calculations	2.8	2.6	2.7	2.0	1.6	1.9	8.6*
7	Expected difficulty of daily work regarding reading and writing	2.2	2.2	2.2	1.8	1.7	1.7	5.4*
8	Expected difficulty of daily work regarding maths and calculations	2.3	2.2	2.3	2.1	1.8	2.0	3.5*
9	Actual difficulty of daily work regarding reading and writing	2.4	2.4	2.4	1.6	1.6	1.6	8.8*
10	Actual difficulty of daily work regarding maths and calculations	2.6	2.4	2.5	1.8	1.6	1.7	8.5*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; a 17 (10%) direct employers of apprentices indicated that apprentices employed through their company did not read their apprenticeship contract and a further 42 (25%) did not know whether or not apprentices read their contract upon commencement of their apprenticeship; b 8 (9%) direct employers of trainees indicated that trainees employed through their company did not read their traineeship contract and 26 (28%) did not know whether or not trainees read their traineeship contract upon commencement of their traineeship; c 14 (10%) direct employed apprentices indicated they did not read their apprenticeship contract prior to commencing their apprenticeship; d 6 (7%) direct employed trainees indicated they did not read their traineeship contract prior to commencing their traineeship; Item response range: 1 (not at all difficult) to 5 (extremely difficult); * $p < .05$.

Table A9 Means and independent samples t-tests examining differences between GTO employers and employees regarding literacy and numeracy expectations and perceived actual difficulty

Item	GTO employers			GTO employees			t-test1
	Apps	Trnees	Tot ER	Apps	Trnees	Tot EE	
1 Difficulty reading contract	2.7a	2.5b	2.6	1.8c	1.6d	1.8	4.3*
2 Difficulty understanding contract	2.9a	2.7b	2.8	1.9c	1.7d	1.9	4.4*
3 Expected difficulty of training regarding reading and writing	2.7	2.7	2.7	2.2	2.0	2.1	3.6*
4 Expected difficulty of training regarding maths and calculations	3.2	2.7	3.0	2.6	2.1	2.5	3.6*
5 Actual difficulty of training regarding reading and writing	2.8	2.8	2.8	1.9	1.8	1.9	4.9*
6 Actual difficulty of training regarding maths and calculations	3.2	2.9	3.1	2.3	1.5	2.1	7.2*
7 Expected difficulty of daily work regarding reading and writing	2.4	2.4	2.4	1.9	2.0	1.9	2.6*
8 Expected difficulty of daily work regarding maths and calculations	2.7	2.3	2.5	2.3	2.1	2.2	2.0*
9 Actual difficulty of daily work regarding reading and writing	2.7	2.8	2.7	1.7	1.6	1.7	6.0*
10 Actual difficulty of daily work regarding maths and calculations	3.1	2.8	3.0	2.0	1.7	1.9	7.5*

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees; 1 Group differences t-test comparing total employers with total employees; a 4 (23%) GTO employers of apprentices indicated that apprentices employed through their company did not read their apprenticeship contract and 11 (65%) did not know whether or not apprentices read their apprenticeship contract; b 2 (15%) GTO employers of trainees stated their trainees did not read their traineeship contract and 9 (69%) did not know whether or not their trainees read their traineeship contract; c 15 (11%) GTO employed apprentices did not read their apprenticeship contract; d 4 (10%) GTO employed trainees indicated they did not read their traineeship contract; Item response range: 1 (not at all difficult) to 5 (extremely difficult); * p < .05.

Appendix B: Methodology

Stakeholder interviews

To provide the perspectives of those who deal with traineeships and apprenticeships at a national and/or high-level policy and practice level, 12 individuals from eight key organisations and a public registered training organisation and a private registered training organisation were interviewed at an early stage of the project. Appendix 1a in the support document lists the interview questions and appendix 1b in the support document provides a summary in table form of the stakeholders' positions and organisations. As the interviews were semi-structured, some questions differed. All of those interviewed worked in organisations that were intimately involved with the apprenticeship/traineeship system, either at a national level or at a state level. Some had also been directly involved in teaching apprentices/trainees and others had once been apprentices themselves. Stakeholder themes were used to help inform the development of the survey instruments and case study protocols and to assist with selection of case study sites.

Quantitative research

The survey research was carried out almost entirely in Queensland and Victoria, the reason being that these two responded to invitations to participate. As table 1 indicates, four separate surveys were carried out. Employee surveys were completed by direct employed and group training organisation-employed apprentices and trainees, and direct employers and group training organisation employers of apprentices and trainees completed an employer survey. The survey instruments can be found at appendices 2a–2d in the support document. The survey items were focused on collecting information about the perceived obligations on both sides of the employment relationship and how well they had been met; these scales were adapted from an Australian instrument (Hutton & Cummins 1997). We also developed our own scales for training obligations. A great deal of demographic information and information about the nature of the job and the workplace was also collected, to allow for cross-tab analysis. There were some differences in the surveys designed for the direct employment relationship and for the group training organisation situation, that is, between surveys 1 and 3 and between surveys 2 and 4. In the case of the apprentice/trainee survey, the differences were minor. In the case of the employer survey, the differences were greater, as in the latter we covered obligations of the host employer separately from obligations of the group training organisation.

The number of employers and apprentices/trainees ('employees') who responded to the survey in each category is shown below in table B1.

Table B1 Survey responses according to direct and GTO employment category

Survey category	Employers				Employees			
	Apps	Trnees	Tot ER	Response rate	Apps	Trnees	Tot EE	Response rate
Direct employment	169	93	262	10.40%	141	78	219	6.35%
GTO employment	17	13	30	33.00%	138	38	176	49.38%

Notes: Apps = apprentices; Trnees = trainees; Tot ER = total employers; Tot EE = total employees.

Data for apprentices and trainees and direct employers of apprentices and trainees were collected in two waves of mail surveys, using randomised entries from the state training authority databases.

Group training organisation employers, drawn from Group Training Victoria and Queensland's state databases, also completed and returned a mail survey, sent in one wave. Group training organisation employee data was collected using two methods. The first wave was via the initial apprentice and trainee mailed survey. To improve overall response rates, a second wave of group training organisation employee data was collected via five volunteer group training organisation employers who agreed to administer the survey to group training organisation employees on site and return completed surveys directly to the researchers. The group training organisation-employed apprentices and trainees from the initial survey were then transferred to this group of responses.

Questions in the surveys were identical in most sections to allow comparisons but there were also some notable differences. Group training organisation employees rated the obligation items in relation to the 'host company', while the ratings of direct employed apprentices and trainees related to the 'employing company'. Group training organisation employers rated employer and employee obligations to both the group training organisation and the host employer. These employers were also asked some additional open-ended questions, such as noting observed differences in how apprentices and trainees were treated by their host employers, the group training organisation and the registered training organisation.

Profile of respondents

Apprentices and trainees

- *Age:* 37% aged 15–19; 30.9% aged 20–24; 26.3% 25–44; 5.8% 45 +. Our group training organisation-employed respondents were younger than our direct-employed respondents.
- *Gender:* 71.1% male; 28.9% female, with similar distribution for group training organisation-employed and direct-employed.
- *Work location:* 42.9% capital city; 41.6% regional city; 14.3% small town; 1.2% remote. Group training organisation respondents were more likely to be in a regional city than direct-employed apprentices/trainees.
- *Employment status:* 83.2% full-time; 14.0% part-time; 2.8% casual, with similar distribution for group training organisation-employed and direct-employed.
- *Organisation size:* 39.2% small single site; 17.3% medium single site; 8.4% large single site; 31.3% multi-site. Distribution of group training organisation apprentices/trainees was more evenly distributed among the types.

Employers

- *Work location:* 49.8% capital city; 36.8% regional city; 11.1% small town; 2.3% remote. Group training organisations were much more likely to be in regional cities than capital cities.
- *Organisation size:* 64.7% small single site; 13.5% medium single site; 2.8% large single site; 18.7% multi-site. Employers of trainees were twice as likely as employers of apprentices to have multiple sites, and were larger on the whole. We did not ask group training organisations about company size.
- *By state:* we received more direct-employer responses from Victoria than Queensland. For direct employers of apprentices and trainees (n = 262), Victoria's share was 64.5% of the apprentices and 53.8% of the trainees. For group training organisation employer responses (n = 30), the share was reversed, with 53% of the group training organisation employers of apprentices and 6.5% of the

group training organisation employers of trainees coming from Queensland. We did not ask apprentices and trainees which state they were from.

- *By industry:* because numbers were quite low we created six major groupings: BC (building and construction); ACF (Administration, communications and finance); RH (retail and hospitality); Manuf (manufacturing) and HPC (health, personal and community); and Other. Table B2 shows how our respondent apprentices/trainees and employers were distributed among these groups. Group training organisation-employed apprentices and trainees and group training organisation employers are not included in this table as the questions they were asked were slightly different, making comparison difficult.

Table B2 Distribution of respondents among industry groupings (directly employed apprentices and trainees and direct employers only)

Industry grouping	Apprentices %	Trainees %	Total employees %	Employers of apprentices	Employers of trainees	Total employers
BC	44.0	2.6	29.2	40.2	7.7	30.0
ACF	3.5	21.8	10.0	1.2	15.4	6.0
RH	7.1	28.2	14.6	7.1	18.7	10.8
Manuf	22.7	11.5	18.7	33.7	16.5	27.6
HPC	5.0	15.4	8.7	2.4	22.0	9.2
Other	17.7	20.5	18.7	15.4	19.7	16.4

Further details about the sample follow. There were few school-based apprentices (9%) and trainees (5.2%) within the sample; the majority of these were apprentices employed through a group training organisation (14% of all group training organisation-employed apprentices). A large majority of apprentices (81.5%) were working towards a certificate III qualification. In contrast, trainees were working towards certificate II (16.5%), certificate III (61%) and certificate IV (21%). A third of all apprentices (32%) and half of trainees (53%) had worked with their present employer prior to starting their apprenticeship or traineeship, with time spent with the employer before taking up the contract of training ranging from six months to two years. Apprentices mostly received formal training provided by the registered training organisation via off-the-job block release (42%), followed by off-the-job day release (29%). A small proportion of apprentices (14%) received only on-the-job training with some formal training sessions. In contrast, a little more than half of all trainees (58%) received only on-the-job training with some formal training sessions, while 28% received on-the-job training with no formal training sessions.

Case studies

Case studies were carried out in late 2010 in nine organisations across Australia: seven companies and two group training organisations. Two case studies were in regional areas, with the remainder in capital cities. Several of the companies had statewide or national operations. Table B3 lists the sites and categorises them according to their industry area and functions. Pseudonyms have been used.

We sought to interview in each case study at least a senior line manager, an HR or training manager or field officer in the case of group training organisations, a supervisor (or host employer in the case of group training organisations) and at least two apprentices and/or trainees. Case study protocols can be found at appendix 4 in the support document. In total, interviews were carried out with 67 participants across the nine case study sites; 31 of these were with apprentices/trainees. The

interviews were conducted in a range of settings and wherever possible visits to different work sites were arranged. The interviewees consented to the taping of the conversations and these were then transcribed and analysed according to the following six themes: the promises of the psychological contract; how the psychological contract is developed; the impact of stakeholders on the construction of the psychological contract; what helps and prohibits fulfilment of the psychological contract; the impact of a fulfilled versus a breached psychological contract; and how mutual expectations can be made clearer. Some case studies provided more data than others, and hence feature more heavily in the analysis.

Table B3 Case study sites and their characteristics

Company pseudonym	Apprentices	Trainees	Industry area	State
BuildingCo	X		Building & construction	WA
Electrical RailCo	X		Construction/electrical	Vic.
Hospitality and GamingCo	X	X	Hospitality, gaming & horticulture	ACT
PowerCo	X		Electricity generation	QLD
RetailCo		X	Retail	Vic.
RestaurantCo		X	Fast food	QLD
Steel ManufacturingCo	X		Engineering, manufacturing	QLD
Regional GTO	X	X	126 different vocations	NSW
Electro GTO	X	X	Traditional trades, business	Vic.

Data analysis

We were using predetermined items in the surveys, whereas in the case studies the list grew organically from the interviewees' responses. The data were analysed in the following ways. Data from each survey were analysed separately and comparisons were also made among the surveys for some survey items. Analysis of apprentice/trainee responses was also undertaken by: apprentice versus trainee responses, industry area, age group of apprentice/trainee and whether they had been pre-apprentices. Case study data were analysed thematically and used to respond to each research question; in addition a statistical analysis was undertaken of respondents who mentioned particular items to enable a raw comparison between different types of respondents. The findings from each stage were then drawn together to answer the research questions.

Support document details

Additional information relating to this research is available in *Understanding the psychological contract in apprenticeships and traineeships to improve retention: support document*. It can be accessed from NCVET's website <<http://www.ncver.edu.au/publications/2432.html>>.



National Centre for Vocational Education Research Ltd
Level 11, 33 King William Street, Adelaide, South Australia
PO Box 8288, Station Arcade, SA 5000 Australia
Telephone +61 8 8230 8400 Facsimile +61 8 8212 3436
Website www.ncver.edu.au Email ncver@ncver.edu.au