How owner/managers decide to participate with New Apprenticeships for the first time: A grounded theory approach

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INTRODUCTION

This paper presents work-in-progress findings of a qualitative study into small business decision-making experiences with New Apprenticeships. The problem of small business participation with New Apprenticeships is empirically investigated from an owner/manager and organisational perspective. Using a grounded theory research approach, the study focused on contextual and process elements as well as the action of key players associated with participation - elements that have been largely omitted in previous studies of apprenticeships and traineeships so far. The paper makes three principal contributions. First, drawing on the rich data of twenty-one case studies over three industries: information technology, recreation and childcare, the paper generates a grounded understanding of the decision-making process. Second, the grounded theory adds substantive content to our understanding of the central role played by owner/managers, their organisational context, and the processes they enact. Third, a process model, along with a set of seven propositions portraying the dynamic nature of the process, is advanced.

The overall aim of the study was to broaden and strengthen our understanding of New Apprenticeship participation by emphasising research focussed on the dynamic nature of the participation process. More specifically, efforts were directed towards opening the "black box" and providing a story that explains how and why contextual conditions and participation tactics interacted and worked together to affect participation outcomes. Furthermore, the paper provides an alternate framework within which researchers might address a more complete picture of New Apprenticeship participation. A position is taken conceptualising participation as a *process of organisational innovation*, thereby necessitating an emphasis on the dynamics of introducing something new and the impact this has on individual decision making. In developing this argument, the author has used an examination of social constructionist and innovation theory to define New Apprenticeships as an innovation in training process technology (Rowlands, 1998). This conceptualisation was used to develop a unified framework involving the concepts of technology innovation and decision making to analyse several case studies of training process and organisational innovation. Drawing from these case study analyses and related literature, a number of propositions are developed for consideration.

THE PARTICIPATION PROCESS - SUMMARY OF FINDINGS

In this section I review the nature of New Apprenticeship participation processes in smaller firms in three emerging industries. In Rowlands (1999b), I presented a conception of New Apprenticeship participation as a set of processes, itself intertwined with other decision processes in the firm, and influenced by a dynamic set of contextual elements. In summary, the three interacting processes identified include:

- a. The psychological commitment process: a process of incubation in which managers' commitment to New Apprenticeship development fluctuates with changes in information, contextual conditions and ongoing decisions in other areas. I identified various types of contextual influences on this process that I labelled as informational, sensitising, inhibiting, and impetus elements depending on the timing and nature of their influence on ongoing commitment. Impetus elements are required to set in motion the financial justification process.
- b. **The financial justification process:** the process of investigation and analysis about financial incentives and costs involved for New Apprenticeship participation. In most cases this involves informal justifications emphasising wage/labour costs, potential payroll savings, and the impact of government financial incentives. However, feasibility factors such as resources (time mainly) and fit with current operations are also necessary components of this process. Financial justification is

also influenced by contextual elements like the other two processes and interacts with operational choice and psychological commitment in various ways.

c. The operational choice process: a process of influence involving the selection of trainees and interaction with training providers. This process may itself be facilitated or interrupted by ongoing contextual influences. The information generated by the operational process may affect psychological commitment directly and may also be used in financial justification.

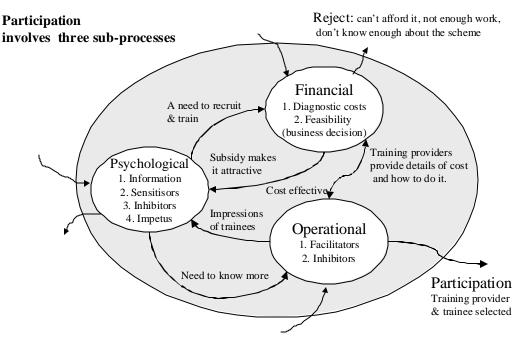
The process represented in Figure 1 provides one way of examining the organisational innovation decision making process around New Apprenticeships. By taking into account the existing firm-level context and owner/managers' intentions for and actions around New Apprenticeships, the nature and origin of the innovation, as well as the consequences of these changes, participation can be anticipated, explained, and understood.

While participating and non-participating firms both 'participated' with New Apprenticeships in some form, their experiences differed significantly. The comparative analysis method of grounded theorising - which allowed contrasting participants and non-participants on a common set of issues (see Table 1) - suggest that these differences can be attributed to variations in the participation process and the idiosyncratic nature of each firm, the organisational context, as well as intentions and actions of key players around the participation process.

The model developed here does not imply that New Apprenticeships *per se* cause process variations. Rather, as shown in Figure 1 and described by the seven propositions, it indicates that participation emerges from particular interactions of organisational context, owner/managers' intentions and actions, and the traineeship technology. The research strategy adopted was successful to the extent that it yielded a rich structure of participation related issues clearly relevant from the standpoint of the owner/managers. What is impressive is that the investigation identified some unexpected dynamics of participation from the owner standpoint. For example, the owners were not able to identify the moment of 'commitment' or the main reason for participation; and secondly, owner/managers believed that negotiations with training providers and attempted dealings with government departments were more influential in their 'decision making' than were the characteristics of the traineeship scheme itself.

Figure 1

Research Model: The participation process - a set of three interconnecting sub-processes



Environment consists of impact from Government, Training Providers & Potential Trainees.

DISCUSSION OF FINDINGS AND THEORETICAL IMPLICATIONS

Building on existing research and advancing knowledge about small employer involvement with government training initiatives posed a considerable challenge because a number of conceptual and methodological problems are involved. Three conceptual difficulties and one methodological problem, all of which impede the development of process knowledge in the field of business participation with structured on-the-job training, are addressed below.

- 1. First, the study reveals the need for broad interpretation of the term *participation* with respect to researching Australia's New Apprenticeship system. It suggests that *participation* be conceived as a complex process involving multiple actors with different backgrounds, skills, interests and motivations, all interacting with multiple contextual conditions. A process that begins (in a temporal sense) with the introduction of a new idea for training and skill formation and continues until a trainee is registered and employed by the firm.
- 2. Second, the study presents convincing evidence that the issue of participation can best be conceptualised as a multi-dimensional construct which should take into account social issues, supplier influences (including the process of communication and signalling of a new training initiative), knowledge and learning requirements, as well as business and economic factors.
- 3. Third, it rejects the notion of an owner/manager making an objective 'decision' based on characteristics of the scheme itself involving cost and benefit. Clearly, conditions external to the firm, other ongoing issues within the firm, and owner/manager attitudes are likely to be equally, if not more important, in the 'decision making process' and will impact on the participation outcome in each situation.
- 4. Finally, and most importantly, this study develops a process model of New Apprenticeship participation along with a set of seven theoretical propositions which portray the dynamic nature of the process.

Next, I address and discuss each of these theoretical findings in greater detail.

TOWARD A BROADER DEFINITION OF NEW APPRENTICESHIP PARTICIPATION

A first conceptual dilemma in the conduct of any training initiatives study is related to the definition of the term "participation" itself. This study has shown that it is preferable, from a research standpoint, to adopt a broad definition which reconciles existing views of participation as a technical, economic and managerial activity. Specifically, it recommends that activities related to the 'decision making' process as well as those preoccupations related to the issue of social meaning, organisational change and innovation, relationship marketing, communication strategies, and management of consequences all be considered. The findings of this report add some freshness to the definition adopted in this study by clarifying the nature of the issues and challenges most likely encountered during the participation process. In this light, Table 1 outlines the issues and related challenges encountered in the twenty-one cases which formed the object of this study.

Based on evidence presented in this study, I define New Apprenticeship participation as a complex and dynamic process where owner/managers are likely to face, more likely simultaneously (parallel sub processes) than sequentially, issues such as: (1) accumulating knowledge and information, (2) forming and applying attitudes towards young people in general, (3) viewing young, cheap, trained workers as a form of business survival strategy, (4) defining and confirming cost & benefits, (5) consideration of feasibility and impact on the firm, (6) finding out more about how the scheme works, and (7) selecting the training provider and trainee. Taken all together these issues confirm that the outcomes of the participation process tend to be business related. For instance, they are aimed at saving money, acquiring new skills for the firm, gaining new knowledge, training a worker specifically for a job, forming simple business relationships with training providers, overcoming knowledge barriers, fitting a trainee in with the organisation, and about trialing something new to a firm. The outcomes clearly accord with an economic / business perspective, yet the process of participation is multi-dimensional, involving social meaning, change, innovation and overcoming knowledge barriers.

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Table 1
Issues and Challenges Encountered in the 21 SME Participation Cases

Participation Issues	Examples of Participation Challenges
Psychological: developing a commitment to New Apprenticeships:-	
Acquiring knowledge about how to do it.	 Couldn't find out anything about the scheme from government Negative and pre-conceived ideas about government labour market schemes Newness of the concept Lack of information & mis-information
Attitudes towards young people in general	 Negative attitudes towards young people as workers Willingness to train on the job Giving young people a chance in life Prior experience with government training schemes
Business survival	 Business downturn due to government cutbacks Countering the mobility of the labour market Acquire new skills and diversifying services Overcoming resistance from staff Dealing with government bureaucracy
Financial: cost and financial justification:-	Dealing with government bureauctacy
Defining and confirming cost & benefits	 Finding out about subsidy & training wage arrangements Recruitment – can we afford an additional employee, do we have enough work to do? Saving money – a source of cheap labour
Consideration of feasibility and impact on the firm	 Finding time to train properly on the job Training up someone specifically for the job Resistance to change from existing workers Obtaining the approval of the centre owner Fitting a trainee in with organisational practices
Operational: making choices:-	•
Finding out more about how the scheme worked	 Overcoming knowledge barriers Finding a suitable and registered training provider locally Getting help from training providers Dealing with delays from government departments
Selecting the training provider and trainee(s)	 Forming business relationships with training providers Letting training firms and group training companies handle recruitment Dealing with young people Being influenced by young enthusiastic people

RECONCILING AN ECONOMIC CONCEPTUALISATION OF THE PROBLEM

A second prickly issue when studying government training initiatives participation is in establishing an accepted conceptualisation of the problem itself. There is no consensus on The problem and how it is defined and conceptualised. Cuban (1997) raised the issue of how problems are defined and who does the framing because in this instance, we have another Federal program - New Apprenticeships - being promoted as a reform (or solution) to a problem defined by policy makers and experts. The problem then, according to Cuban is not an objective rendering of a situation, but is socially constructed. Rather than dwell on how the problem has been framed and which institutions do the defining, this paper argues that there are other key perspectives, or 'ways of seeing' that have been absent from the examination of New Apprenticeships so far.

This study reinforces the adoption of a multi-dimensional view of New Apprenticeship participation where both outcomes and process criteria are considered. Importantly, this study supports those who have advocated the consideration of multiple issues (Hommen, 1997). For instance, participation with trainees as evidenced in Table 1 is seen to be a mix of issues and a dynamic process.

The findings discussed in Rowlands (1998) suggest that, based on the evidence in the work-place training / apprenticeship literature, they reflect the fact that differences in intentions, processes, and contexts around the participation with New Apprenticeships have been largely overlooked by research that seeks invariant outcomes from training expenditure. The framework proposed here is different from existing frameworks on enterprise and apprenticeship training (c.f. Hayton et al, 1996; Dockery et al, 1997; Burns, 1999), which tend to share three characteristics: (1) they consist of causal models, based on the deterministic assumptions of either a technological or organizational imperative (Markus & Robey: 1988), and hence discount the importance of human intentions and action in shaping the adoption and use of technology; (2) they are variance models (Markus and Robey, 1988), and hence do not adequately capture the contextual and processual issues that are fundamental to examining organizational change (Pettigrew, 1990); and (3) they focus primarily on factors of economic cost & benefit, and hence do not examine, over time, the dynamics and interplay of social influences, business context, and individual owner/manager action.

In this particular study, it was made clear that a sociological perspective approaching participation as a multi-dimensional construct locally defined by the owner/managers represents a more realistic approach than more common attempts to find objective criteria such as training or economic benefits. In short, this research studies the process of participation from the viewpoint of the owner/manager.

PARTICIPATION DECISION MAKING CRITERIA

The third prickly conceptual issue is related to the notion of identifying a clear set of objective reasons for participation decision making. As stressed earlier in Rowlands (1999a), training participation research has resulted mainly in a set of managerial prescriptions which, taken altogether constitute the "ideal" training participation scenario. This study presents twenty-one independent New Apprenticeship participation cases which strongly support the contention that the notion of an objective rational decision making process, in this context, does not apply.

My research has, in fact, proceeded initially not from decision so much as action, for example, *The Participation* with New Apprenticeships for the first time. I assumed decision - that some identifiable moment of commitment inevitably preceded action. In other words, if an owner/manager of a SME *did* something, he/she must have previously *decided* to do so. Surprisingly, the search for the seminal decision did not prove fruitful, and could not be identified.

The important conclusion, is that *decision* is an artificial construct, a psychological one that imputes commitment to action. For individuals, as I have previously reported (Rowlands, 1999b), in many of the non-participating cases commitment to the concept does not necessarily precede action; and conversely, among participants, whatever commitment to the concept of New Apprenticeships that preceded participation (action) can be vague and confusing (and difficult to isolate and describe). Furthermore, not only are 'decisions' difficult to pin down in practice, but that the attempt to do so distorts our perceptions of how action really occurs in organisations (Langley *et al*, 1995).

As a consequence, this paper argues that researchers interested in studying New Apprenticeship participation cannot use preconceived or *a priori* decision making constructs or criteria. At best, they can use some of the established dimensions of decision making such as those used in this report e.g., the issues, challenges, and outcomes listed in Table 1 to probe key informants.

In summary then, approaching and defining *participation* as a multi-dimensional and dynamic construct locally defined by owner/managers represents a more realistic approach than more common attempts to find objective decision making criteria such as the alleged training benefits, reasons of economic cost and benefit, or specific characteristics of a firm. Indeed, all twenty-one cases had similar characteristics. The research design specifically chose firms of similar size, industry, location and age. In addition, all cases had initially unfavourable contextual conditions surrounding the participation process such as: the concept was new to most, and very few had experience with formal on-the-job training schemes. Therefore, it appears that owner/managers are likely to have to cope with a certain number of challenges and unfavourable conditions in all situations. Notwithstanding, approximately half the projects examined were 'successful' participants, the other half rejected

participation. But how do certain firms, exhibiting similar characteristics in terms of size, industry, location and age, and all experiencing similar unfavourable conditions, differ in their participation? Answers to this question are provided in the following section.

DYNAMIC NATURE OF THE PARTICIPATION PROCESS

As stated in the first section, this study set out to generate a process model that captured the dynamics of the participation process. A lack of established grounded theory necessitated the generation of a number of new perspectives and empirical insights adding to the existing body of knowledge in the field of industry involvement and government sponsored work-place based training schemes. Indeed, the theoretical propositions developed in this study define a preliminary set of laws of interaction among issues and between issues and participation outcomes.

I conclude this section by presenting the theoretical model (see Figure 1) and its set of propositions below.

Proposition #1 Social Construction

First, a social constructionist view of the world takes as the analytic unit the individual embedded in a social context e.g. the owner/manager of a small firm. In line with this theoretical perspective, the participation process involving New Apprenticeships within small firms is represented as a dynamic process where owner/managers socially construct a positive attitude toward new apprentices, anticipate and overcome the challenges ahead, and recognise the presence of and capitalise on business opportunities (Proposition 1).

Proposition #2 Non-structured decision making

Second, evidence from the cases supports the general contention that there is no distinct participation decision, but rather participation with New Apprenticeships represents a non-structured decision making process (Proposition 2). As described earlier in this paper and summarised in Table 1, taking on a trainee for the first time is not an objective decision made by a single person evaluating the individual merits of the scheme. The full understanding of the process requires placing traineeships in their organisational and environmental context, with the process influenced by events outside the control of the firm.

Proposition #3 Participation involves a set of three inter-locking processes

Third, multiple examples in the cases provide support for the related contention that participation does not follow a strictly sequential decision making process as implied in some of the literature. For instance, New Apprenticeship participation involves several interacting sub-processes (Proposition 3), different in nature that need to be distinguished from each other. These processes are themselves intertwined with other decision processes of the firm, and influenced by a dynamic set of contextual elements that interact with one another over time. Proposition 3 also suggests that a better representation of the process is as a set of three parallel, partially iterative, and interlocking processes.

Proposition #4 Knowledge barriers

Fourth, knowledge (or conversely lack of knowledge) about New Apprenticeships is a key facilitator or inhibiting element in the process (Proposition 4). As an organisational innovation, New Apprenticeships require some measure of organisational learning if they are to be adopted. For participation to occur, the employer must absorb a daunting changing lexicon, new training techniques and on-the-job assessment procedures. The perceived complexity of obtaining technical knowledge or know-how in these areas represents a significant knowledge barrier to achieving an overall understanding of the benefits of participation.

Proposition #5 Suppliers of Training as Mediating Institutions

Fifth, evidence from cases support the related contention that overcoming the knowledge burden on would be participants leading to a successful participation outcome is more likely if supported and facilitated by mediating institutions such as suppliers of training or group training companies (Proposition 5).

As an indication of this phenomenon, the efforts of training providers in being able to step-in and provide information and demonstrate know how about the scheme were significant factors in the formation of a simple but effective training partnership with each participating small firm.

Proposition #6 Positive Psychological Commitment

Sixth, a psychological commitment to hiring young workers and a positive predisposition towards training is essential and precedes participation; otherwise the process terminates and does not proceed beyond the initial idea or proposal stage. (Proposition 6). The findings confirm that owner/manager's beliefs regarding a course of action are mainly influenced by the process by which managers develop a psychological commitment to one or more facets of the scheme. As a first indication of this phenomenon, the decision to participate by Case #1 and Case #21 were influenced by the 'enthusiasm shown by the young kids'. Conversely, as another example, the process leading to rejecting a trainee in Case #2 was strongly influenced by experiences of a trainee in a previous employment.

Proposition #7 Financial Considerations & Need to Recruit

Seventh, financial considerations such as profit seeking and government financial incentives are highly influential (Proposition 7). The report acknowledges that cost and benefit are important factors, but not the sole factors that come into play in the decision making process.

CONCLUDING COMMENTS

In conclusion, I have argued that New Apprenticeship participation can be viewed as a socio-technical process and thus can be more fully understood as such. I have proposed a broader definition of participation by clarifying the issue as a multi-dimensional construct, by demystifying the notion of an "objective" decision making process, and by developing a set of theoretical propositions describing the nature of the participation process. Any study involving the uptake of government training initiatives is a worthy arena in my view, and I hope this paper will provide a baseline from which to proceed further with the study of New Apprenticeship participation.

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