Trust and the informal communication of training need and demand between VET providers and users

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Abstract

The paper focuses on the processes, and in particular non-market mechanisms, through which training needs are communicated or signalled to VET providers in rural settings. Qualitative data were gathered through interviewing a range of VET providers, employers, community groups and VET clients. A key outcome of the research suggests that ‘trust’, when contextualised within the interactions occurring in rural settings, often leads to the communication of client needs to VET providers. Unlike urban settings that through geographic size and greater demographic distribution tend to separate professional and social networks, ‘the bush’ conflates social and professional networking through regular formal and informal meetings in a variety of workplace, community and social settings, thus creating opportunities for the communication of a range of commercially utilisable knowledges, including VET issues of supply and demand. The glue binding these ‘intellectual spillovers’, ‘non-market mechanisms’ or ‘non-price signals’ is trust. Information gleaned from focus groups, key informants, sites visits and desktop research consistently demonstrated ‘trust’, defined as the micro-observable and mutually accountable reciprocity of needs, as the basis of informal and most formal communications of VET need and demand. The researchers conclude that the dilemma with informal, trust-based communication is its randomness, which mitigates its potential for enhancing VET provider-client relationships and partnerships. A proposed solution to capture the inherent value of informal communication, while recognising the realities of the rural and regional VET marketplace, is to bring together VET providers and clients in a ‘neutral space’ auspiced by a non-VET body such as a purpose constructed local government body; for example the range of bodies created through the Victorian ‘learning towns’ network.

Introduction

The paper focuses on the processes, and in particular non-market mechanisms, through which training needs are communicated or signalled to Vocational Education and Training (VET) providers in the Riverina region of southern New South Wales. It is argued that such ‘non-market’ rural social and professional networks may provide opportunities for commercial VET activity. Qualitative data were gathered through interviewing a range of VET providers, employers, community groups and VET users.

Five questions were asked:

1. How is information about training needs (demand) transmitted to VET providers in rural and regional environments?
2. What is the role of regional and community groups in transmitting training needs to VET providers; and in transmitting information about VET supply back to their communities?
3. How accurate is the information, and how effective is the communication process?
4. How well are different sectors of the VET system integrated into their communities?
5. What are the concrete arrangements that would improve information transfer between VET clients and the VET system in regional communities?

The paper includes a description of the Riverina, a critical overview of the recent relevant literature informing the project, the research methodologies used to gather data, a summary of the key data, and a discussion of key findings and outcomes.

The Riverina

The Riverina is often described as the ‘breadbasket’ of Australia. Annually it produces over A$1 billion in agricultural and horticultural production. This is a significant component of the region’s annual Gross Regional Product of A$4.5 billion. The region is Australia’s largest producer of wine and grows over 65 per cent of NSW’s grape harvest of which greater than 50 per cent is exported. Rice, wheat and canola are significant grain crops and there is also a substantial citrus, apple, stone-fruit, wool, sheep, dairy, beef and fisheries production presence.

In addition to farming, agriculture, viticulture and winemaking the Riverina’s major industry sectors include manufacturing and food processing, softwood forestry/logging and wood/paper product processing, engineering, transport and distribution, human services, research and development, government agencies, tourism, education, and defence training (the Army at Kapooka and the RAAF at Forrest Hill, both adjacent to Wagga Wagga).

Regional infrastructure is well developed. The main north-south highway between Sydney and Melbourne and the main east-west highway between Sydney and Adelaide cross the region, as does the main north-south rail line. Two commercial airlines provide regular services from larger regional towns to Sydney and Melbourne. Major educational facilities include Riverina Institute of TAFE and Charles Sturt University (CSU). In addition to CSU, research and development is well established on a number of NSW Agriculture sites, including the Wagga Wagga Agricultural Institute and the Inland Fisheries Centre at Narrandera (Riverina Regional Development Board, 2006).

In spite of recent hardship through a long period of drought the region remains prosperous. The Riverina’s diverse agricultural, manufacturing and services provision makes it a rich site for researching the relationship between training providers and their users. The researchers have attempted to capture this diversity in their targeted interview schedules.
Literature review

The literature review critically examines the concepts of supply and demand, including non-market market mechanisms, social capital, and recent research on Australian regional VET provision. Each of the areas reviewed provide key conceptual and methodological contexts and tools that inform the paper.

Supply and demand, non-market mechanisms and social capital

In its simplest form a market is where one thing is exchanged for another. In economic theory, markets for goods or services allocate scarce resources through price signals. Price is the means by which buyers and sellers communicate to each other. In competitive markets, competition amongst suppliers leads to the lowest possible price. In a neo-classical world of perfect competition it is therefore the buyers (or the ‘demand side’) who determine the price of a good or service and the market will ‘clear’ when supply and demand balance. In the contemporary training market model the customers and consumers of training (‘industry’ and individuals) represent the ‘demand side’ while providers (TAFE systems and other RTOs) represent the ‘supply side’. Competition amongst suppliers, it is assumed, will lead to the optimum training outputs at the lowest price for consumers.

However, the transmission of information by price signals is only one aspect of social interaction. As anthropologists, sociologists and growth theorists have long pointed out, neither social stability nor economic growth are explicable through neo-classical market theory (eg; Polyani 1945/1975; Rostow, 1990; Romer, 1992, Aspromourgos, 2002) Technically, growth is always ‘endogenous’ (causally outside) neo-classical models of economic growth. Rather, it is the growth of social and intellectual capital that sustains long term social and economic development. And, according to modern growth theories it is non-price based exchanges and interactions that are significant to their development.

Social capital, in the OECD definition adopted by the ABS (2004) and generally shared by recent Australian sociological research (eg; Stone, 2001; Cox, 1995) is considered to be the ‘networks, together with shared norms, values and understandings which facilitate cooperation within or among groups’. In Australia social capital has been a focus of research by Cox (eg;1995) and has been a significant influence on research into regionality. A focus on social capital as vital to community and regional capacity building has also become a significant policy focus in Australia, (eg, DOTARS, 2001; CVCB, 2004) and methodological issues for research have been discussed by Stone (2001) and the ABS (2004).

Although the concept of ‘social capital’ can possibly be found in Tonnies well known 19th century distinction between the spheres of Gemeinshaft (community/communal) and Gesellschaft (the marketplace) its ‘civic’ nature has been emphasised in the English Speaking literature through the work of Putnam starting in the early 1990s (eg: 2003) and it is this approach that has been most influential in Australian sociological discussions, and in the Australian VET literature associated with Ian Falk and his colleagues (eg, Falk and Kirkpatrick, 2000). In the VET literature, and the
more general sociological literature, ‘social capital’ functions to provide the ‘glue’ that binds communities.

The accumulation of these social linkages, when combined with the expansionary effects of knowledge production, produces the drivers of economic and social innovation and development (Rostow, 1990; Giddens, 2000; Romer, 1994). Sometimes called ‘intellectual spill-overs’ (Breschi & Lissoni, 2000) or idea flows unmediated by the market, these mechanisms are considered essential for economic and social progress. Essentially forms of social networking linked to increasing human and social capital as well as community efficacy, non-price exchanges support and sustain the binding social and interpersonal interactions based on community level ‘trust’ that link work and community.

This is particularly evident in regional areas where social and occupational distances are blurred and reduced by geographical proximity, and lead to common participation in a range of non-market forums. These include the well known strong regional emphasis on sporting clubs and activities, but include also a wide range of voluntary community service organisations, most of which have overlapping memberships. Unlike the research literature on social capital formation, this research into community capacity building and provider-user partnerships focuses on the non-market mechanisms that link VET ‘supply’ and ‘demand’ through information exchange amongst organisations that help bind communities.

Capacity building concentrates on VET sector users, but places them within a wider social context in which the price mechanism as the basis of information exchange as exemplified by ideal competitive markets rarely affects individual or community decision making regarding VET participation.

Studies in regional VET provision

The paper also builds on recent research on Australian regional VET provision and distils from it selected key themes and notes the commonalities and differences of their research methodologies. This has been undertaken to position the authors’ research within this wider framework and to suggest research ‘gaps’ and how they might be addressed.

The four selected regionally focused projects are Clayton, Blom, Bateman and Carden’s study (2004) about implementing training packages, Seddon and Billett’s (2004), and Stokes Stacey and Lake’s (2006) studies about capacity building, and Allison, Gorringe and Lacey’s study (2006) about building learning communities.

Selected key themes

Community efficacy and sustainability

The studies examined share a key research theme of identifying the vocational and education influences that may contribute to community efficacy and sustainability - the continued well-being and longevity of regional populations. Clayton et al (2004) focus on identifying formal and informal community stakeholder partnerships, connections and networks contributing to effective training delivery. A network
mapping exercise identified, for example, strong provider connections with local government, large industries and employers, but not secondary schools. The outcomes of these community-based connections, they argue, may assist in compensating training resourcing and supply deficits in a climate of ‘thin markets’ (pp. 31-35).

Seddon and Billett’s study (2004) identifies social partnerships as a crucial element for facilitating community efficacy and sustainability. They argue that community capacity building may be achieved through the purposeful collective negotiation of partner interests and expectations, the development of resource and support structures, the recognition of volunteer contributions, and the concise specification of partnership outcomes (p. 5). They distinguish two different forms of partnership. First, ‘community partnerships’ formed through existing localised networks more often than not brought together to focus on specific regional issues, and ‘enacted social partnerships’ established by groups external to the community, for example government departments but also focusing on significant regional issues (p. 15). Significantly, both partnerships are regarded, through the social mechanisms of trust and trustworthiness, as able to contribute equally and productively to community efficacy and sustainability (p. 28).

Similarly, Stokes, Stacey and Lake’s study (2006), though concentrating specifically on regional VET and school partnerships, share with Seddon and Billett a commitment to the efficacy of locally constituted partnerships contributing to regionally appropriate vocational outcomes and consequent community capacity building and sustainability (p. 7). They emphasise that to be effective this ‘community cluster’ approach must be driven by the community rather than the VET program. This promotes community ownership and engagement in the partnership process (p. 10).

Allison, Gorringe and Lacey’s study (2006) connects with the literature relating to social capital, or ‘the network of relationships within a society that are built on trust, reciprocity and loyalty, and which can improve the efficiency of society by aiding coordinated action (p. 5).’ Closely related to the previous three studies and their concentration on capacity building and social partnerships, Allison et al extend the social capital argument to explain the creation of ‘learning communities’ as sites of best practice vocational education provider and stakeholder partnerships. They criticise regional VET providers for not fully engaging with their communities and their tendency to privilege large over small business provision (p. 7). Like Seddon and Billett (2004) they identify also the importance trust in sustaining informal and often voluntary participation in community partnerships (p. 23).

Provider privileging

VET research tends to privilege vocational education providers over end-users and other stakeholders. This does not deny the significance researchers place on stakeholder roles as training users and contributors to regional partnerships, community sustainability and social capital formation but recognises that stakeholder groups tend to be insinuated into projects through training provider mediation. This may create a false sense of seamless connection between providers and their communities and overlooks the contribution to research of potential user and
enterprise ‘VET outliers’ who have yet to connect with the sector, or connect in ways outside existing community partnerships and networks.

Clayton et al (2004) identified focus group participants from a range of training package stakeholders, all of which were connected to the VET sector Technical and Further Education (TAFE), private providers, secondary schools, adult and community education providers, local government, New Apprenticeship Centres, and employers, among others (p. 13). Seddon and Billett (2004) identified forty partnerships on the basis of their linkages to VET provision (pp. 8-9). Allison et al (2006) selected twelve case study regions ‘to identify how the VET sector might engage more widely in the economic and social development of regions’ (p. 14). The regions were selected for their diverse economic, landscape, social and vocational education profiles but included VET provision as a common theme. Stokes et al (2006) selected seven high school sites across Australia based on the selection criteria of community and business involvement in leadership and management of site based vocational programs, a proven record of school, community and business partnerships, regular communication between program stakeholders, documentation of program success, the development of local policy to guide the program or partnership, a wider community focus, and community recognition of the school’s community focus (pp. 18-19).

Implications for the study

The authors built on the methodologies and conclusions offered by the four outlined studies. Focus groups, individual interviews, observational visits, a review of relevant literature and desk top research have all been utilised. However, the following two additional insights have been developed or adopted as further contributions to current regional VET research best practice.

We have made use of a single regional site in order to develop an in-depth profile of community and VET provider interaction. Focus groups, one-on-one and small group interviews with local government officers, public and private vocational education providers, schools, business advisory groups, primary producers and voluntary community groups we believe give a complex and detailed picture of a region unavailable to research conducted in multiple regional sites; Allison, Gorringe and Lacey (2006, p. 19), for example, remark that had ‘we more time to collect the regional data, then more extensive interviewing, incorporating local councillors, chambers of commerce, industry organisations and amore thorough discussion with catchment authorities might have been pursued.’ Based on this and similar observations the project has attempted to provide this additional analytical depth as a way to supplement and extend recent excellent research in the field. While not making particular claims of generalisability to other sites, the researchers believe particular issues and conclusions identified in the project have applicability to other similar rural and regional locations.

Drawing from the previous research mentioned above we have made use of public and private providers and VET partnership groups to identifying key informants from industry and other groups. However, we recognise also the existence of VET outliers and have sought their views. VET outliers typically include those not involved directly with VET providers or community partnerships but may do so in the future; for example school leavers and the parents of school leavers. VET outliers may have had recent poor experience with providers and are currently disengaged; for example, small employers, the unemployed or disadvantaged. The challenge of accessing VET
outliers was tackled through organising focus groups drawn from voluntary community groups not directly connected with the VET sector but consisting of members who engage often or occasionally; for example facilitating participation for others, perhaps children or employees. While a full range of VET outliers were not contactable we believe we have collected enough data to recognise their contribution to understanding the complexities of regional VET provision.

**Research methods**

The research focuses on one regional area as a case study site (Stake, 2005, pp. 459-460). Data were gathered through group process methods (focus group) and semi-structured Key Informant and group interviews (Denzin and Lincoln, 2005, p. 648; Foley and Valenzuela, 2005, p. 223). In addition to discussion of ‘non-market mechanisms’ and their operation within vocational education contexts within a defined rural area, a critical assessment of recent rural and regional vocational education literature provided a project context and research rationale. Further desktop research and site visits provided publicly accessible data on a range of training providers and users.

Data gathered through case studies, focus groups, key informants, industry and VET provider site visits and desktop research were workshoped by the researchers and analysed and coded in a series of matrices. The process identified emergent themes and sub-themes. The analyses followed a ‘constant comparison’ cycle drawn from grounded theory (Strauss and Corben, 1990) that ascribes significance to data as they are progressively and comparatively abstracted and reduced through synthesis, incremental coding and ‘data saturation’ (Sarantakos, 2001, pp. 202-205). A synthesis based on the resulting ‘data spiral’ (Leedy and Ormond, 2001, pp. 160-161) informs the project’s narrated outcomes.

Denzin and Lincoln (2005) describe this data triangulation process as an alternative to the tradition validation process: ‘The combination of multiple methodological processes, empirical materials, perspectives, and observers in a single study is best understood, then, as a strategy that adds rigor, breadth, complexity, richness and depth to an inquiry’ (p. 5).

**Findings**

Based on the data collected the authors answered the research questions as follows:¹

1. How is information about training needs (demand) transmitted to VET providers in rural and regional environments?

   - Formal VET provider and client partnerships and the communication networks established within them remain an effective process for discussing course demand and supply issues; for example, within the wine and citrus fruit industries.

¹ The summary data will be elaborated upon in the conference presentation. Additional descriptive statistical data will also be included.
• Institutional membership of regional and local organisations such as Chambers of Commerce and regional development boards provide forums for the informal and formal sharing of VET program demand and supply issues and challenges.

• Limited use is made of regional statistical data to build profiles of program demand and supply.

• Individual inquiries from potential students signals course demand, the aggregated data from which is used to develop program responses.

• Requests from small, medium and large employers are noted and used for current and anticipated course development.

• Informal interpersonal communication based on longstanding and trustworthy professional relationships between particular education and enterprise staff members is used to inform program supply choices.

• Decisions by providers are often made on traditional course supply, existing staff and equipment considerations rather than researched need or responses to demand.

2. What is the role of regional and community groups in transmitting training needs to VET providers; and in transmitting information about VET supply back to their communities?

• Regional groups such as city or town council business advisory committees and Chambers of Commerce advise training providers or respond to their requests about new industries moving into the region and their potential demand for training programs; for example Wagga Wagga City Council’s Commercial Response Unit, Business Enterprise Centres.

• Similarly, the same groups also advise existing and new industries moving into the region of contacts and programs within regional training providers.

3. How accurate is the information, and how effective is the communication process?

• Data from local and regional advisory groups is accurate; most are well connected to professional and education and training providers and have formal and informal mechanisms in place to receive appropriate information.

• Some data communicated from regional and community groups remains anecdotal; for example, informal communication, educated guesses, and so on.

4. How well are different sectors of VET system integrated into their communities?

• Private and public VET providers are well integrated into their communities through institutional partnerships, individual membership of community groups, effective marketing strategies, open days, trade days etc.

• The research suggests that further formal opportunities for inter-organisational cooperation would lead to more detailed and accurate exchange of information about vocational needs.

5. What are the concrete arrangements that would improve information transfer between VET clients and the VET system in regional communities?
• Both large and small enterprises should be regularly consulted by VET providers regarding their training requirements. This could take the form of ‘Industry’, ‘Employer’ or ‘Trade’ days that encourage provider and client interaction, or consist of enterprise site visits.

• VET providers, in consultation with local, state and federal government departments assemble the best available statistics on local training demand for distribution to local VET users. This could take the form of regular seminars, purpose-built websites or local newsletters.

• VET providers should form community based courses’ reference groups for assessing local relevance. Membership could consist of large and small employers, employer groups, indigenous groups, VET students and local government.

• VET providers should encourage staff members to participate in community service groups and professional associations, thus encouraging social networking and potential and actual VET client awareness and confidence. VET providers might make such participation an aspect of staff performance management.

• VET clients should regularly invite VET providers to their premises to provide ‘VET update’ sessions.

• VET client formal network groups should encourage visits by local VET providers for information updates.

Discussion and conclusion

In many ways the paper’s main conclusion points to the obvious: when people interact in a manner that conflates social and profession networking through regular formal and informal meetings in a variety of workplace, community and social settings opportunities may be created for the communication of a range of commercially utilisable knowledge, including VET issues of supply and demand. Though these interactions occur in both urban and rural and regional settings it appears from the research that ‘in the bush’ relatively smaller population centres produce a greater concentration of professional and employer networks within a limited demographic space, in spite of the geographic distances often separating them.

According to modern economic growth theory this social and professional co-mingling may include individual or collective interactions that influence another individual or group without the exchange of money. Sometimes called ‘intellectual spillovers’ or information flows unmediated by the market (Breschi and Lissoni, 2000), these non-market mechanisms are considered mandatory for economic progress (Glaeser, 2000). Essentially a form of social networking linked to increasing human and social capital (Falk and Kirkpatrick, 2000) as well as community efficacy, non-market mechanisms are the binding social and interpersonal interactions linking work and community, and made more transparent in rural and regional settings.

The glue binding these intellectual spillovers or ‘non-price signals’ is trust. Information gleaned from focus groups, key informants, site visits and desktop research consistently demonstrated trust, defined as the micro-observable and mutually accountable reciprocity of needs, as the basis of informal and most formal communications of VET need and demand. This was particularly evident in the informal contact between employers and providers – a known provider staff member,
usually with trade or discipline-based expertise, was targeted for information about course supply or capacity to meet their needs. Similarly, employers may contact trusted sources in schools or the community for suitable trainees within their industries.

The dilemma with informal and trust-based communication, though effective, is its randomness. This situation, combined with regional VET providers’ wariness of working cooperatively with competitors because of market considerations, including the disclosure of commercially sensitive material, may potentially lead to poorer training and employment outcomes for employers and trainees alike. A task, then, remains for regional communities, the VET sector and its stakeholders to harness or formalise the networking possibilities of trust-based capacity building and bring together all stakeholders for mutual community benefit. In a limited way some of the region’s government funded business promotion bodies have mediated training access through advice given to existing and new enterprises, and trainees.

Greater success in bringing together communities, VET providers, employers and trainees for mutual benefit has been enjoyed in Victoria within its regionally based ‘learning towns’ experiment, based on similar programs in the United Kingdom. According to Wong (2004) the challenge of assembling competing providers and their local and regional communities can largely be overcome by placing all parties together in a ‘neutral space’, or independent site managed, facilitated or mediated by local government, which is entrusted with managing a community-based group to provide information and access to potential clients. Wong’s study of Geelong, Victoria, is an excellent example of this process. Within specific organisational contexts, Etienne Wenger has appropriated this idea as ‘communities of practice’, or ‘groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis’ (Wenger, 2002, p. 4). Within the project, this captures the essence of what is meant and intended by community-based social capital and capacity building (Falk and Kilpatrick, 2000, p. 87), yet acknowledging also the realities of ‘the bottom line’ of VET provider and enterprise markets (Anderson, 2005).

The research has been undertaken in full acknowledgement of recent excellent research in the field (for example, Allison, Gorringe and Lacey, 2006; Stokes, Stacey and Lake, 2006; Clayton, Blom, Bateman and Carden 2004; Seddon and Billett, 2004; and Billett and Hayes, 2004). In building on the field the researchers believe they have added to the pool of available research methodologies. First, they have confirmed the advantages of undertaking one detailed case study as a research focus, in this case of a single region. Unlike studies undertaking research in multiple regional sites the single site enables researchers to explore an area in depth and therefore gain additional detailed insights into regional practices. Second, the researchers have confirmed the value of multiple methodological approaches through utilising the insights gained from statistical analysis. Statistical approaches to assessing regional VET supply and demand provides a use model for practitioners and a further data triangulation tool for researchers. Third, the researchers have introduced the concept of the ‘VET outlier’, or marginalised VET sector participants not directly or currently involved with VET providers or community partnerships, and difficult to access through conventional ‘snowballing’ or ‘drilling down’ interview techniques. VET outliers may have had recent poor experience with providers and are currently disengaged; for example, small employers, the unemployed or disadvantaged. The challenge of accessing VET outliers was tackled through accessing focus groups drawn from voluntary community groups not directly connected with the VET sector but consisting of members who engage often or occasionally.
In conclusion, the paper is offered as an introduction to researching the field of non-market mechanisms as a mode of signalling training needs to VET providers. The case study of the Riverina as a single instance of regional VET supply and demand challenges is necessarily limited in its capacity to make confident generalisations to other regions. However, it is offered as a model for future larger studies that may extend the insights gained.

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