

Executive Summary of the Investigation Report on Selected Issues Concerning the Provision of Retraining Courses by the Employees Retraining Board

Background

In July 1999, this Office noted a newspaper report about a pilot tailor-made shoe-making operator course organised jointly by the Clothing Industry Training Authority, the Employees Retraining Board (ERB) and a shoe-making company. The report alleged that retrainees learnt little from the course and that practical training was merely a form of cheap labour. The incident raised public concern over the role of the Board and the quality and usefulness of such retraining courses. The Ombudsman therefore decided, in the public interest, to conduct a direct investigation into the subject matter under Section 7(1)(a)(ii) of The Ombudsman Ordinance.

Purpose and Ambit of the Investigation

2. The purpose of this direct investigation was to conduct an overview of the mechanism through which ERB discharges its statutory functions over the provision of retraining courses, to evaluate how effectively it discharged these functions and to assess the need for improvement measures.

3. The investigation sought to examine -

- (a) the organisation and functions of ERB, its committees and sub-committees as well as its Executive Office;
- (b) the mechanism through which ERB, its committees and sub-committees as well as its Executive Office discharged their respective duties related to course administration and development;
- (c) specific course administration and development issues pertaining to and

arising from the July 1999 press report; and

- (d) relevant improvement measures taken or to be taken by ERB.

The Organisation and Functions of ERB and its Executive Office

4. ERB was set up by statute in 1992 to implement the Employees Retraining Scheme. The Scheme aims at providing retraining to eligible workers to assist them in acquiring on new or enhanced skills to equip them to adjust to changes in the economic environment. ERB offers retraining courses in full-time, half-day and evening mode. The more than 160 types of courses offered can be broadly classified into job-search skills courses, general skills courses, job-specific skills courses and tailor-made courses (TMCs). These are delivered by a number of training bodies (TBs) over a network of more than 135 retraining centres throughout the territory.

5. The operations of TBs are monitored by the Course Development Committee (CDC) of ERB, which is also responsible for formulating and reviewing the overall direction and development strategy of retraining programmes, establishing performance indicators and reviewing their overall effectiveness. A Course Vetting Sub-committee (CVSC) assists CDC in monitoring the effectiveness of individual retraining programmes, and is vested with the authority to approve admission of new TBs and running of new retraining courses.

6. The ERB Executive Office is the executive arm of the Board. It has some 52 full-time salaried staff headed by an Executive Director.

Mechanism for Course Administration and Development

7. New retraining courses are planned and developed jointly by ERB, TBs, relevant trade/employer associations, professional bodies and trade unions. According to the Course Approval Procedures drawn up by CDC, the TB which plans to offer a new course is required to submit a detailed course proposal and budget for vetting by the ERB Executive Office in accordance with a set of vetting criteria laid down by CDC. After vetting, the Executive Office will submit its findings and recommendations to CVSC for consideration. New courses approved by CVSC are all run on a pilot basis initially. ERB Executive Office will report on the performance of the pilot course to CVSC which will then review its effectiveness and

decide whether similar courses should be held again. When CVSC is satisfied with the performance and effectiveness of the course, it would delegate to the Executive Director and his deputies the authority to approve applications for running subsequent similar courses.

8. The course proposal and budget for retraining courses as approved by CVSC are to be followed. Any subsequent changes have to be considered and approved by the ERB Executive Office or CVSC in advance. Due to resource constraints, the ERB Executive Office does not normally conduct course inspection for the purpose of monitoring course delivery and/or course performance. It does pay visits to retraining centres for the purpose of monitoring their course administration in general and conducting investigation on complaints received. The inspecting officer will complete a site visit report which will be copied to relevant ERB officers for information and/or necessary follow-up actions.

9. Course evaluation is carried out at four levels : the retrainees, employers, TBs, ERB Executive Office and ERB. Retrainees are requested to complete a course evaluation form at the end of the course for the purpose of assessing different aspects of the course, such as course contents, training facilities and standard of instruction, etc. TBs and the ERB Executive Office also conduct ad hoc surveys to obtain employers' feedback on the performance of graduate retrainees and the effectiveness of the retraining courses. TBs are required to report to the ERB Executive Office course performance statistics and compile a summary of retrainees' evaluation after the completion of the course. ERB Executive Office monitors course performance statistics on a routine basis. At the highest level, ERB (CVSC/CDC) evaluates course performance and training effectiveness of TBs on a quarterly and annual bases.

10. CDC has developed a set of performance indicators for assessing overall course performance in terms of cost efficiency, course effectiveness and satisfaction of stakeholders. These performance indicators include –

- (a) capacity utilisation rate, attendance rate and unit cost for measuring cost efficiency;
- (b) placement and retention rates as well as the passing rate of end-of-course assessment/examination or skills test for measuring course effectiveness; and

- (c) results of opinion surveys on retrainees, employers and the public for measuring the degree of satisfaction of major stakeholders.

11. To facilitate monitoring, ERB has chosen the capacity utilisation, attendance and placement rates as the key performance indicators and set out corresponding target achievement rates for each of them. Should performance fall short of the target rates, the ERB Executive Office will request the TBs concerned to provide explanations and suggest remedial actions.

Administration and Development of TMCs

12. TMCs are flexibly designed to meet the specific manpower requirements of eligible employers who usually undertake to employ a certain proportion of graduate retrainees (usually 80%). In addition to pre-employment training, some TMCs also incorporate a period of post-employment on-the-job training (OJT) for retrainees to acquire practical job skills and working experience. OJT allowance and wages are provided to retrainees.

13. TBs which proposed new TMCs are required to provide to ERB additional information on the job nature, number of vacancies, pay and conditions of service of graduate retrainees, etc. If OJT is also proposed, further relevant information is submitted. CDC has also laid down the criteria for vetting OJT schemes.

14. In order to examine the process by which retraining courses are developed, vetted, approved, monitored and evaluated by ERB, this Office has conducted detailed studies into three TMCs - two related to shoe-making and one related to soya-bean products manufacturing. One of these courses was related to the press report mentioned in para. 1.

Improvement Measures

15. In the light of the press report of July 1999, ERB has reviewed the conduct of TMCs and has adopted improvement measures since November 1999 to -

- (a) compile and distribute for the reference of TBs a set of detailed guidelines for conducting and monitoring TMCs;

- (b) draw up a Memorandum of Understanding specifying the respective rights and obligations of ERB, TBs and the sponsoring employers concerned in the delivery of the TMCs and related OJT schemes. The Memorandum of Understanding should be formally agreed and signed by these parties before the commencement of the courses;
- (c) improve the mechanism for the reporting, monitoring and evaluation of TMCs;
- (d) conduct regular site visits to TMC training venues and to better document the findings from these visits to facilitate subsequent course evaluation;
- (e) strengthen the soft skills training in TMCs in order to improve the working attitude of retrainees; and to
- (f) conduct retention surveys on all TMCs.

Observations and Opinions

16. The Ombudsman has made the following observations and opinions with regard to this investigation -

Course Development and Vetting

- (a) Course proposals for TMCs generally contain little details of the OJT schemes to enable an effective monitoring and evaluation of their performance.
- (b) There was no standard application forms and guidance notes for use by TBs in applying for OJT schemes.

Course Approval and Review

- (c) The ERB Executive Office has, contrary to the requirements laid down in the Course Approval Procedures, given approval for the conduct of the second tailor-made shoe-making operator course ahead of the then

VMSC's review of the performance of the pilot course (Note : VMSC had been renamed as CVSC).

- (d) The review and monitoring of pilot retraining courses by CVSC have been generally inadequate.
- (e) Although it has been laid down in the Course Approval Procedures that prior approval in writing by ERB must be obtained for all subsequent changes to approved course proposal and budget, this Office has noted incidence where this requirement has not been observed.

Course Monitoring

- (f) ERB inspecting officers who paid visits to the factory where the first tailor-made shoe-making operator courses was conducted had failed to detect at an early stage operational problems there, such as deficiency in the physical set-up and the lack of supporting staff. These problems had somehow affected the smooth delivery of the course.
- (g) The course inspection scheme, as revealed in the course of the investigation, did not require ERB Executive Office to conduct course inspection visits unless complaints were received or irregularities were reported.
- (h) ERB inspecting officers were not provided with checklists or guidelines/instructions on what to look for during the inspection visits, thus affecting the usefulness of such visits.

Course Evaluation

- (i) Some discrepancies were detected in the calculation of the capacity utilisation rate, placement rates and retention rates of the sample TMCs submitted to this Office.
- (j) The various placement and retention rates have not been clearly defined to reflect an accurate and objective picture of the post-training employment situations of graduate retrainees. In the tailor-made soya-bean products worker course, we noted that 10 out of the 17 placed retrainees resigned

after the first day of OJT but yet they were still counted as having been successfully placed.

- (k) ERB has required TBs to conduct retention surveys on all TMCs since November 1999. However, retention surveys on other full-time placement-tied retraining courses are only conducted on an ad hoc basis. Furthermore, very limited information was collected during these retention surveys. This has undermined the usefulness of the retention surveys.
- (l) ERB has only published a few loosely defined placement rates in its Annual Reports.
- (m) Other performance indicators collected by ERB have not been published in its Annual Reports.
- (n) ERB has only maintained and monitored the overall placement results of graduate retrainees of full-time retraining courses but has not published and monitored more specific placement rates such as those relating to specific trades/industries relevant to the retraining received.
- (o) Key performance indicators and target achievement rates for monitoring the performance of OJT schemes are not available.
- (p) As TBs are only required to submit statistical summaries of retrainees' evaluation, retrainees' evaluation and feedback is not systematically analysed.
- (q) Sponsoring employers' feedback on the performance of TMCs and related OJT schemes are only collected in a casual way. There is no mechanism in ERB that allows employers' feedback on the TMCs and related OJT schemes to be systematically collected, analysed and evaluated for the purpose of course evaluation and improvement.
- (r) There are inadequacies in the design of the TMC evaluation report form and the reporting system itself which may have reduced its usefulness in course evaluation by TBs. Filling instructions or notes on how to complete the evaluation report are not available for reference by TBs.

- (s) Only those TBs which have conducted TMCs are required to submit to ERB a detailed course evaluation report. For other retraining courses, TBs are only required to report course performance statistics and statistical summaries of the retrainees' evaluation to ERB. Such an evaluation system is not considered comprehensive enough.
- (t) TB staff may not be fully conversant with the guidelines and procedures involved in course evaluation.

Conclusions

17. In summary, this Office concludes that -

- (a) there is evidence suggesting that the mechanism and procedures laid down for course approval and review of pilot retraining courses have not been followed;
- (b) there are inadequacies in the existing mechanism and procedures through which ERB and its Executive Office discharge their course administration and development functions, in particular those related to the monitoring and evaluation of retraining courses; and
- (c) there are still problems relating to the development and administration of TMCs and OJT schemes which warrant further attention by ERB and its Executive Office, despite the introduction of some improvement measures in November 1999.

Recommendations

18. Having regard to the observations and opinions set out in para. 16, The Ombudsman has made the following 20 recommendations for the consideration of ERB -

Course Development and Vetting

- (a) ERB should require TBs to submit, in consultation with the sponsoring

employers, details of the proposed OJT schemes to facilitate the vetting and subsequent monitoring and evaluation of these schemes;

- (b) ERB should devise standardised application form and guidance notes for use by TBs when applying for OJT schemes;

Course Approval and Review

- (c) ERB should urgently review and rectify the apparent inconsistency in the Course Approval Procedures in respect of the approving authority for running subsequent classes of pilot retraining courses;
- (d) ERB should ensure compliance with established procedures laid down for CVSC's review of pilot retraining courses and subsequent delegation of approving authority to the Executive Director and his deputies;
- (e) ERB should ensure compliance with established procedures for making changes to approved course proposals and budgets;

Course Monitoring

- (f) ERB should maintain closer contact with TBs, sponsoring trade associations and employers on the administration of TMCs and OJT schemes and step up its monitoring of these courses;
- (g) ERB should, in order to uphold the quality of its retraining courses, step up its course inspection programme and devise systematic course inspection strategies and schemes for different types of retraining courses and TBs;
- (h) ERB should draw up appropriate guidelines, instructions and checklists to assist ERB's inspecting officers in carrying out their duties. The format of the site visit reports should be refined to provide clear guidance to inspecting officers;

Course Evaluation

Performance Indicators

- (i) ERB should review the definitions and methods of calculations of the performance indicators to remove discrepancies in calculation;
- (j) ERB should review and refine the definitions of the various placement and retention rates to present a more accurate and objective picture of the post-training employment situation of its graduate retrainees;
- (k) To facilitate an in-depth assessment of the longer-term effectiveness of the Employees Retraining Scheme and the formulation of retraining policies, ERB should extend the coverage of retention surveys to all full-time placement-tied retraining courses with a view to collecting more detailed information on the post-placement employment situation of its graduate retrainees;
- (l) ERB should publish more specific placement rates in its Annual Reports and clearly define the different placement rates used therein;
- (m) ERB should further improve transparency and accountability by publishing more performance indicators in its Annual Reports;

Key Performance Indicators and Target Achievement Rates

- (n) To better evaluate the performance of different types of full-time retraining courses, ERB should set out clear target achievement rates for other placement rates which are applicable to these courses;
- (o) ERB should devise key performance indicators and corresponding target achievement rates for OJT schemes to facilitate objective evaluation of the performance and effectiveness of these schemes;

Course Evaluations by Retrainees, Employers and TBs

- (p) ERB should draw up for TBs appropriate guidelines and instructions on how to conduct systematic analysis and evaluation of retrainees' feedback on retraining courses in order to enhance the usefulness of such evaluation;
- (q) ERB should draw up for TBs a set of more elaborate mechanism and

procedures conducive to the systematic collection, analysis and evaluation of sponsoring employers' feedback on TMCs and OJT schemes;

- (r) ERB should review and revise the format of the TMC evaluation report and issue adequate instructions/ notes to aid its completion;
- (s) ERB should improve the effectiveness of the course evaluation process by devising a scheme which requires TBs to submit comprehensive course evaluation reports on all types of retraining courses and not just on TMCs; and
- (t) ERB should improve the effectiveness of the course evaluation process by providing adequate training/briefing to relevant TB staff so that they are fully conversant with the guidelines and procedures involved in the process.

Responses Received from ERB

19. ERB originally accepted the conclusions and recommendations made in paras. 17 and 18 except the conclusion at para. 17(a) and the recommendations at paras. 18(i), (j), (n) and (s). On the conclusion at para. 17(a), ERB maintained that the Course Approval Procedures did **not** apply to TMCs which had to be organised quickly and flexibly to meet employers' specific manpower needs and were normally offered on an ad hoc basis. It was for this reason that the ERB Executive Office had given approval for the conduct of the second tailor-made shoe-making course ahead of the then VMSC's review of the pilot course.

20. On rejecting the recommendation at para. 18(i), ERB maintained, inter alia, that one of the discrepancies found by this Office in the calculation of the performance indicators were due to an inadvertent mistake in calculation committed by one of its staff and were not related to definitions and methods of calculation. On the recommendation at para. 18(j) which had been partially accepted, ERB argued that its definition of placement was appropriate as it was commonly adopted by other organisations, e.g. the Labour Department. Its placement rate was calculated on the basis of substantiated jobs supported by details of employers and the mode of employment. On the recommendation at para. 18(n) which had also been partially accepted, ERB argued that whether or not retrainees accepted employment in the

trades/industries for which they had been trained was a matter of their personal choices and was subject to many external factors beyond the control of the TBs concerned. It was therefore inappropriate for ERB to require TBs to achieve, on top of the overall placement rate, a specified placement target for job-specific skills courses held by them. On the recommendation at para. 18(s) which had been accepted with reservation, ERB insisted that the present arrangements for course evaluation had already reflected the effectiveness of the courses and did not consider it necessary nor manageable to require TBs to submit comprehensive course evaluation reports on all types of full-time courses.

Final Remarks

21. The Ombudsman notes that the observations described in para. 16(d) concerning the inadequacy of CVSC's review of pilot retraining courses are not confined to TMCs. This Office believes that CVSC's review of pilot courses is a function which is as important as its vetting and approval of applications for new courses. The Ombudsman therefore sees no reason for amending or withdrawing the conclusion at para. 17(a).

22. On the recommendation at para. 18(i), while ERB maintained that one of the discrepancies were the result of an inadvertent mistake in calculation by its staff, it did not explain the reason for the other discrepancies found by this Office. As they were probably related to unclear instructions on definitions and methods of calculation, this Office is prepared to amend the wording of this recommendation to read "ERB should review *and refine the instructions on* the definitions and methods of calculation of the performance indicators to *avoid creating* discrepancies in calculation".

23. On the recommendation at para. 18(j), this Office understands that ERB has included in its definition of placement employment secured through the efforts of the retrainees and self-employment while the Labour Department has not. It is therefore difficult to draw an analogy. Nevertheless, we consider it illogical and unacceptable that the graduate retrainees who had resigned after the first day of OJT should still be counted as having been successfully placed. In recommending ERB to set in its definition of placement minimum requirements on duration of employment and hours of work per week, our intention is to screen out extreme cases so as to minimise any distortion.

24. On the recommendation at para. 18(n), we believe that our suggestion for ERB to introduce more key performance indicators and target achievement rates for full-time job-specific skills courses and TMCs would enable it to better assess the effectiveness of these courses in helping graduate retrainees secure employment relevant to the retraining received. These new indicators and achievement rates may not necessarily be used to monitor the effectiveness of the TBs concerned, otherwise we would have suggested that ERB should require TBs to achieve specified placement rates relating to the trades or employers for which the courses were designed. This is not our intention.

25. On the recommendation at para. 18(s), this Office would stress the need for ERB to devise an appropriate scheme and roll out the programme by stages, with due regard to the manpower situation of TBs. We are pleased to note that the ERB Executive Office has since increased its frequency of quality assurance visits to TBs, organised "focus groups" seminars and planned for a major user opinion survey to better solicit feedback on retraining courses.

26. After noting our responses to its initial reservations over four of our recommendations as mentioned above, ERB has finally agreed to accept all of our recommendations. In this connection, The Ombudsman is pleased to note that the ERB Executive Office will set up a Task Force to oversee the implementation of the recommendations after approval by ERB. In fact, many of the recommendations have been or are being implemented. The Ombudsman would like to be kept informed by ERB of progress on the implementation of the recommendations, and any major changes in policy and practice in the provision of retraining courses relevant to this investigation. Lastly, The Ombudsman would like to express appreciation to the co-operation and assistance rendered by ERB throughout the course of this investigation.

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