



# HAIRDRESSING & BEAUTY SERVICES

ENVIRONMENTAL SCAN 2011

# 2011



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This document supports the *Service Skills Australia 2011 Environmental Scan*.

For information on trends in other service industries, see our Environmental Scan findings for:

- Community Pharmacy
- Funeral Services
- Retail, Wholesale and Floristry
- Sport, Fitness, Community and Outdoor Recreation
- Tourism, Hospitality and Events.

All of these documents can be viewed and downloaded from our website, [www.serviceskills.com.au](http://www.serviceskills.com.au)

# INTRODUCTION

## THE ROLE OF SERVICE SKILLS AUSTRALIA

Service Skills Australia (SSA) is the Industry Skills Council for the service industries. Skills councils are the recognised national bodies providing advice to government and industry on industry training and skill development needs.

SSA is an independent, not-for-profit body, managed by industry members and funded by the Australian government. The strategic goals of SSA, developed in partnership with the industries, are to:

- develop a culture within the service industries which promotes and enhances the skills development of its workforce
- develop policies, programs and services, including industry training packages, that support industry needs in relation to skills and workforce development
- achieve quality skills outcomes throughout the service industries
- produce quality workforce development information and use industry intelligence to inform decision making.

SSA represents the interests of businesses across sectors, including tourism, hospitality and events; sport, fitness and recreation; and retail, wholesale and personal services.

## OBJECTIVES

This environmental scan provides an industry-specific overview of current and future trends and developments in the hairdressing and beauty industries in relation to workforce development and vocational education and training (VET). Developed in partnership with industry and based on data mostly collected between February and December 2010, the scan reflects key issues and provides information on current and future skill demands, and their context, to inform the continuous improvement of SSA's suite of skills and workforce development strategies, including training packages.



## KEY MESSAGES

SSA’s Environmental Scan 2010 advocated for skill development in the right way and in the right timeframe. Skill development needs to occur in a way that ensures that the right skills are being developed for the job outcome, context of learners, and learners’ work circumstances<sup>1</sup>. These issues are still valid and current.

There is a lack of recognition of the significant contribution that the hairdressing and beauty industries bring to the Australian economy.

This key message from 2010 scan is still current. Policy settings will need to recognise the strong linkages between the service industries and other industrial sectors in order to ensure sustainable workforce, communities and national economy.

**BUSINESSES AND EMPLOYEES IN THESE INDUSTRIES BEAR THE CONSEQUENCE OF A BROAD MISCONCEPTION THAT WORKERS ARE LOW SKILLED**, with a lesser need for support and resourcing to develop skills. Consequences may be seen to include poor funding support, lack of recognition of careers in the industry, and ongoing issues in the quality of training and assessment delivered by some providers.

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## LATEST INDUSTRY INTELLIGENCE

### THE CONTRIBUTION OF THE INDUSTRIES

The hairdressing and beauty industries in Australia are characterised by a substantial number of small and medium-sized owner-operated businesses, with a growing number of franchises emerging. Most businesses are Australian owned, but there is also a small amount of international ownership.

- In mid-2010, hair and beauty industries included more than 24,600 businesses<sup>2</sup>.
- Enterprises which employ less than 20 people account for an estimated 99% of businesses, 90% of industry employment and 86% of total revenue<sup>3</sup>.
- It is anticipated that the hairdressing and beauty industry will generate revenue of \$3,448 million in 2010-11, representing a solid real growth of 3.5% compared with the previous year<sup>4</sup>.

## NATURE OF THE WORKFORCE

In mid-2009:

- the hairdressing and beauty industries employed over 84,000 people, of which approximately 88% were female and 45% worked part time<sup>5</sup>
- the median age of employees in hairdressing was 29 and in beauty 30<sup>6</sup>.

In 2010, SSA engaged Monash University's Centre for the Economics of Education and Training (CEET) to undertake a research project to forecast the labour and skills needs for the service industries for the next five years. The report provides baseline information on the minimum skill requirements to achieve a specific qualification profile for the service industries' workforce in 2015<sup>7</sup>.

In 2015, the service industries are forecast to employ 1.94 million people – an increase of 3.1% from 2009. Of interest to the Wholesale, Retail and Personal Services sector, of which Hairdressing and Beauty are a part, is that overall employment in the sector is forecast to rise by 15,000 by 2015. Furthermore, 73,000 more people will hold qualifications than they did in 2009 and over the same period the number of people without any qualifications is forecast to drop by 58,000. The proportion of people with qualifications will increase from 39% in 2008 to 45% in 2015.

The report estimates that by 2015 the qualification requirements for the WRAPS sector will be 231,000, or 38,000 per year. Around one in every five qualifications will be at degree or higher level and the rest will be at the VET level (62,000 Advanced Diploma / Diploma, 97,000 Certificate III/IV, and 23,000 Certificate I/II).

About 15% of all qualifications requirements for hairdressers are expected to be at Certificate I/II. However, the forecast notes that in many instances the lower level qualifications are a stepping stone to higher level qualifications.

Compared to the rest of the workforce, only a minority of workers in the sector hold qualifications (39 per cent in 2008), but the proportion holding qualifications has been increasing. Hairdressers (76 per cent) were most likely to hold qualifications.

The report notes that hairdressers need a qualification to practice in the vocation and, therefore, those who do not have a qualification or the qualification they hold is at a lower level than that which is necessary, are then most likely to be apprentices<sup>8</sup>.

## RETENTION

Retention of talent is an important focus for the hairdressing and beauty industries. Feedback to SSA indicates that critical to the retention process is harnessing the potential to fully engage employees in the industry.

### **Developing skills is the best retention tool...**

Critically, strategies need to be congruent with the business case. Skill development needs to accommodate the different training needs of different industries.

### **..as well as providing a clear pathway...**

Industry's engagement with the Skills Council indicates that a helpful way of retaining skills in the workplace is by showing employees potential career pathways. In this way employees have a vision of their potential future, employers have a way of supporting discussions on retention and industry more broadly are able to have a strategy to attract and retain skills more broadly.

## SMALL AND MEDIUM ENTERPRISES

There is evidently a range of qualities that successful businesses must have to effectively build and sustain their operations. To a certain extent, big business has the ability to sustain a range of systems and processes to underpin growth and longevity and these must be constantly attended to. Business success is often predicated on an ability to think and work through to a long-term vision rather than a short-term vision.

SSA believes that a key role of government should be to provide advice and support to SMEs to support the development of skills and systems to improve productivity.

Leaders and managers of SMEs fulfil a wide range of roles and so require a variety of skills. The global financial crisis (GFC) highlighted the need for managers to have a greater knowledge and understanding of financial matters, technology, business planning and human resource management. SSA's 2010 Environmental Scan for Hairdressing and Beauty reported industry feedback that strongly supported the need for managers to have a better understanding of the global economy and how it relates to their businesses, and to have financial management skills to understand business processes that maintain profitability<sup>9</sup>; this remains the case in 2011.

The importance of having succession plans in place and the need for succession planning to be included in management training were identified by industry to be important. Effective succession planning reduces the time and expense by employers when continually recruiting, and increases staff motivation through training opportunities and advancement within the business.

Leadership and management skills benefit far more than the business bottom line. Human resource management skills are critical to managing workforces with diverse needs and improving their productivity and morale, which in turn can improve individual and social wellbeing and so contribute to socioeconomic mobility and economic growth. To be effective, training for managers in broad areas of finance and human resource requires a long-term approach. Convincing employers that training at Certificate IV and Diploma levels is necessary for relevant existing workers may be a way of starting the process. While this may be relatively easy for large businesses, it will be more difficult for smaller businesses where the employer is also the manager.

### **Enterprise Based Productivity Places Program (EBPPP)**

The returns on investment for training in the service industries are evidenced through the Enterprise Based Productivity Places Program (EBPPP) and delivers returns for the broader economy. Learning adopted by an owner and implemented in their business can have a significant multiplier effect – be it related to productivity, skills utilisation and/or financial return.

In round one of the program, SSA received 1020 funded training places, which included 396 for the WRAPS sector. In round two, SSA received a further 186 places, which gave WRAPS a cumulative total of 456 (38%) places.

SSA promoted the program across its network and highlighted the opportunity for:

- Micro and small business participation
- The inclusion of traditionally non-funded cohorts (owners, self-employed, casuals, part-timers without adequate hours to access traineeships, existing qualifications etc.)
- building sector and geographic capacity
- Identifying and responding to a community of interest i.e. the option for communities/enterprises/associations to identify needs beyond the traditional scope of one Industry Skills Council.
- Driving the relationship between training (and RTOs) and enterprise to generate value-add

EBPPP places employers at the centre of the exercise, where their needs determined responses from the supply side of the equation (RTOs). Additionally, flexibility around eligibility realised a major engagement with business owners who demonstrated their skills to drive productivity and innovation. Learners who are business owners/self-employed have been targeted for return on investment case studies to be submitted upon completion. These case studies will provide an overview of what training and assessment services were delivered, what business needs were addressed and what measurable impact the combination achieved. The results will reinforce the notion that small businesses are a significant contributor to the economy and workforce.

## REGIONAL ASPECTS

While broad conclusions may be made about certain sections of the service industries, it is crucial to the nation's workforce development not to homogenise workforce development responses.

Not unexpectedly, not every national trend is reflected at state level. There are regional variations based on the state of the industries, demographic trends (employment, growth, ageing, migration, etc.) and local economic drivers.

As shown below in Table 1, hairdressing and beauty businesses are predominantly located in direct proportion to population size:

STATE/TERRITORY	PERCENTAGE OF HAIRDRESSING AND BEAUTY SALONS	PERCENTAGE OF POPULATION IN THAT STATE
New South Wales	36%	33%
Victoria	23%	25%
Queensland	20%	20%
South Australia	8%	8%
Western Australia	9%	10%
Tasmania	2%	2%
Northern Territory	1%	1%
ACT	1%	2%

**TABLE 1 HAIRDRESSING AND BEAUTY SALONS IN AUSTRALIA (MID-2007) <sup>10</sup>**

Between 2003 and 2007, the number of hairdressing and beauty businesses increased in Queensland (5.3% average annual growth rate) and Western Australia (5.1% average annual growth rate). Hairdressing and beauty industries had in all states and territories (with the exception of Tasmania) the highest volatility (volatility calculated through total number of entries and exits of businesses as a percentage of the total business count)<sup>11</sup> of any other service industry in SSA's scope. See Table 2 below for details.

STATE/TERRITORY	AVERAGE ANNUAL GROWTH RATE (2003–2007)	VOLATILITY (2006)
Queensland	5.3%	42.5%
Western Australia	5.1%	40.3%
New South Wales	3.8%	38%
South Australia	3%	34.5%
ACT	2.2%	48.7%
Victoria	1.9%	37.7%
Tasmania	1.9%	31.6%
Northern Territory	-2.4%	61.9%

**TABLE 2 GROWTH RATE AND VOLATILITY IN HAIRDRESSING AND BEAUTY**

High volatility can be the result of changes in economic climate and hence changes in profit/loss, forcing companies to close and/or attract new entries. This change requires employers to have the ability to adapt, as well as business management skills to plan and budget and better understand the value of their business, the impacts upon the bottom line, and how well-trained staff can have a positive effect on business growth. Employees need to have good foundation/core skills to maximise their employability in the labour market. Skill development to improve service, marketing and management skills would help businesses remain in the industry and reduce the annual rate of exits.

Differences in regional economies, demographics and socio-economic characteristics bring about different needs for workforce development.

The Northern Territory (NT) encompasses a large number of remote areas. The population of the NT is the youngest of any Australian state or territory, and will continue to be so in the future. In mid 2007 the NT had a median age of 31.1 years, followed by the Australian Capital Territory (ACT) with 34.5. By 2056, the median age in the NT will have only increased to 34.5, while the Australia-wide median age is forecast to be 42.4<sup>12</sup>. Additionally, NT's population is projected to increase by 186,600 people between mid-2007 and 2056, to 401,600 people. This is a significant increase relative to NT's population of 214,900 people in 2007<sup>13</sup>. The effect of an ageing population, as described below, while still noticeable, may not be felt as keenly in the NT compared to other Australian states.

Queensland, with the highest annual growth rate of any hairdressing and beauty business in Australia (between 2003 and 2007), continues to be the most popular destination for Australians moving interstate. The state is projected to experience the largest percentage increase in population between mid-2007 and 2056 of any state or territory, more than doubling the 2007 population of 4.2 million to 8.7 million people by 2056. Of importance for employment in Queensland's hairdressing and beauty industries

is that the state was the major beneficiary of interstate migration in the 20–34 year age group. At the same time, the state recorded the highest number of movers aged 50 years and over<sup>14</sup>.

South Australia, New South Wales and Victoria are experiencing high net overseas migration (NOM). In 2008, NOM was the major component of population growth in South Australia (16,100 persons). Victoria recorded the second greatest gain (67,800 people) after New South Wales (74,300 persons)<sup>15</sup>. For service-related industries, this indicates the need for cultural awareness and an ability to work with different cultures.

Tasmania is forecast to have the fastest ageing population in Australia, which will result in Australia's highest median age of 45.7 in 2056, compared to an Australia-wide median age of 42.4<sup>16</sup>. This trend is mainly based on the fact that Tasmania traditionally experiences a loss to interstate migration in younger age groups and a gain in older age groups<sup>17</sup>. The effects of this ageing population will be felt, and so employers should support the participation of older workers, to not only maintain the skill and experience base but also to better align their workforce with the ageing customer base<sup>18</sup>.

The continuous increase in Western Australia's population, which is projected to more than double between 2007 and 2056, reaching 4.3 million people<sup>19</sup>, will further boost the demand for the service industries. However, this growth rate may not be the same as in past years.

In 2010, the Retail and Personal Services Training Council of Western Australia conducted an extensive survey to gather information for a workforce development strategy. The research found that many employers within small businesses in WA do not see the need, or do not have the knowledge or capacity, to forward plan, especially when it comes to the attraction and retention of staff. The majority of small businesses are owned and managed by one person, by family members or employ fewer than five employees. Planning for these businesses is largely conducted on a day

to day basis and, at best, 12 months is considered long term. The high level of survey responses from employers indicating that training was either not applicable or too expensive was a cause for concern; however employees indicated that a good working environment and good management were more important than training. Also of concern was the fact that only 3.9% of respondents stated that they had employed Indigenous workers, which clearly shows that further promotion of the employment of Indigenous people and funding available through the Indigenous Wage Subsidy Initiative is imperative<sup>20</sup>.

Of importance for employers in ACT is that between June 1998 and June 2008, ACT's net interstate migration fluctuated considerably, but declined overall. In 2007–08, the ACT recorded a net loss of 265 persons<sup>21</sup>.

## MACRO-ENVIRONMENT FACTORS

### The changing landscape

Industry would argue that although hairdressing and beauty services are aligned, their differing cultures are distinct.

Demand for hairdressing and beauty salon services is sensitive to changes in household disposable income, fashion and social mores. The industries are highly competitive and competition will remain high as a large number of salons in each local area compete for clients. In addition, the competition for sales of hair and beauty products has increased with a rise in sales by supermarkets, department stores and community pharmacies, as well as by mobile hairdressers and beauty consultants who perform their services at home.

It is anticipated that the industry will generate revenue of \$3.45 billion in 2010-11, representing solid real growth of 3.5% compared with the previous year. Growth in this industry is being positively influenced by solid economic and household disposable income growth, as unemployment continues its gradual decline, but still tempered by more spikes in interest rates to come.

Hairdressing services are expected to account for 85% of total revenue of hairdressing salons. Manicures and beauty treatments account for 5% and retail sales (such as shampoos and styling products) account for the remaining 10%.

It is estimated that about 50% of hairdressers provide basic beauty services, such as eyelash and eyebrow tinting, manicures and hair removal by waxing. A lesser number provide application of make-up, facials, ear piercing and advice on cosmetics. Less than 5% provide body massage, skin treatment with electrical equipment, and pedicures<sup>22</sup>.

While opportunities to work within the hairdressing and beauty industries are mostly in a salon – either as an employee or salon owner – there is a large range of career opportunities available within the industry. Hairdressers, make-up artists and beauty therapists are also employed by magazines, photographic studios, theatre and television companies, cruise ships and health resort accommodation. They can also work as educators for product companies and, with further study

to achieve the required trainer and assessor qualification, can work within the VET sector.

New technologies are also having a significant impact upon the type of treatments offered by the beauty industry, and will continue to do so at a rapid pace. Some of these technologies such as intense pulsed light (IPL) and laser treatments require substantial economic investment. They also require the development of new skills and, perhaps more importantly, the development of substantial knowledge to support the provision of these treatments.

To remain a specialist in their field, salons must be able to provide accurate and up-to-date information to consumers and continually keep abreast with developments in products and new technology whilst reinforcing the underpinning knowledge that sits behind service procedures.

New technologies are creating a demand for faster outcomes and the industry has identified a trend for customers to expect products and services to be delivered in a shorter timeframe. This heightens the need for salons to respond to customer queries efficiently and provide a consistently high level of customer service. Salons may therefore need to review their workforce structures as additional time is needed to manage incoming bookings and queries being made online.

Other technological advancements include the introduction of global keratin and other nanotechnology treatments in the hairdressing industry and the treatment of 'needling' in the beauty industry, which involves the puncturing of the skin. These new services will need to be monitored and managed by the industries, with the skills required to deliver them outlined in future training packages.

There has also been an identified increase in the number of customers opting to purchase hair and beauty products online. This trend is largely attributed to the consumers' desire to save money. Online stores, free from salon overheads, are able to offer lower priced products, which impact upon in-store salon sales. This scenario is forcing salon owners and stockists to review

their commercial contracts, as their once 'salon exclusive' products can now be purchased from other sources. There is also concern within the industry that the unmonitored nature of online sales is placing customers at risk as purchases can be made by people with limited product knowledge. The sale of personal products through auction websites is a further cause for concern as the seller has limited accountability for the product.

Many of the contexts in which beauty professionals work are also increasingly linked to the broader field of health and wellness, including fitness.

Opportunities for beauty professionals include:

- Facilities in hotels and health resorts; an area of rapid growth and provider of extensive employment opportunities for beauty professionals.
- New technologies, which are forging employment links between other professions and health contexts and which reflect the emerging technologies (e.g. IPL and laser), potentially demand more sophisticated skills on the part of the beauty therapist. Many specialist hair reduction organisations now employ registered nurses to provide treatments. In addition, links between beauty therapists and health professionals, such as plastic surgeons, are becoming stronger with more employment opportunities in medical and paramedical contexts, as the line blurs between beauty therapy and cosmetic medicine. It is worth noting that some stakeholders expressed the view during industry consultation that clear distinctions between these areas should remain.
- Further development of complementary health skills in areas such as massage, aromatherapy and reflexology are also potential opportunities to be considered.
- On a smaller scale, beauty professionals also work in film, television and live entertainment, which is an area where greater synergies could be explored.

There has been extensive stakeholder comment about the broadening of the beauty industry and the potential it brings for enhancing career pathways and options. However, it is true to say that some care needs to be taken to ensure that these opportunities are effectively managed in consultation with the health and medical community. In addition, it is important to recognise that while beauty salons are offering an increasing range of services, those offering a traditional range of services probably still account for a large proportion of the industry.

The hairdressing and beauty industries are facing increased pressure from increasing consumer demands. As consumers become more well-informed and expect more value for money, the level of service that is expected from the industries is increasing. Industry feedback suggests that although there has been an increase in salon revenue and demand for service, consumers are lengthening the times between return visits.

The success of each business is reliant on the quality of its staff and businesses increasingly need to ensure that the services they offer distinguish them from their competitors. So it is essential that staff have a thorough knowledge of products and services as well as the required skills to provide a high level of service.

## Ageing population

Population ageing is occurring globally, with a substantial shift in the age structure towards older ages. The median age of Australia's population (36.8 years at June 2009)<sup>23</sup> is projected to increase to between 38.7–40.7 years in 2026 and to between 41.9–45.2 years in 2056<sup>24</sup>.

Australia's population aged 15–64 years, which encompasses much of the working-age population, is projected to decline from 67% in 2004, to between 57–59% in 2051<sup>25</sup>. As labour force growth is forecast to be slower than population growth, participation rate decreases.

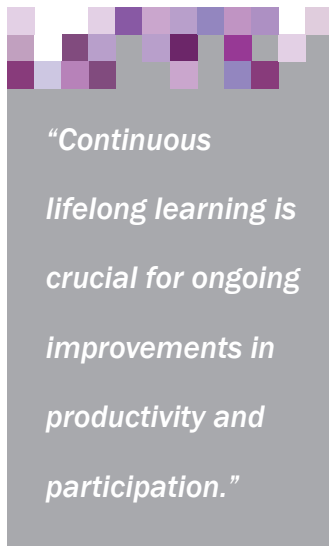
With the reduced youth pool, hairdressing and beauty businesses need to look at other groups as sources of labour. Mature age workers in particular are increasingly valued for their life experiences and preference for part-time work.

## Sustainability

Environmental sustainability, such as reducing water and energy use and buying locally grown or produced products, is on the rise among Australians. Companies are being urged to become more environmentally friendly, because customers are looking for companies that incorporate sustainable practices and provide 'green' products and services.

Hairdressing and beauty are making steps to improve the environmental sustainability of their industries. More businesses are dealing with product companies that supply environmentally friendly products (such as low ammonia hair colouring products), and are taking measures to reduce energy and water use and improve waste management.

Given the emergence of more environmentally-conscious consumers, salons are now offering a range of products that either contain natural ingredients or are branded with an environmental theme. For example, hairdressing products with reduced levels of ammonia and beauty products free from parabens or carcinogenic ingredients. Products which can be decanted or mixed in the salons provide a discount option for customers who choose to refill their product containers.



*“Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.”*

## **IDENTIFIED WORKFORCE DEVELOPMENT NEEDS**

### **PEOPLE ARE CRITICAL TO THE HAIRDRESSING AND BEAUTY INDUSTRIES.**

The industries firmly believe that building a highly skilled workforce will deliver a highly productive economy. Continuous lifelong learning is crucial for ongoing improvements in productivity and participation.

The following issues and recommendations regarding workforce development are predicated on the fact that training and skill development need to be relevant to the specific needs of industry.

New beauty products are being developed at a rapid rate, as research provides more information about issues and treatments for such areas as anti-ageing. Industry’s knowledge base is changing to reflect the developments, and as a result there is an ongoing professional development imperative for individuals working in the beauty industry.

The hairdressing and beauty industries share similar challenges in establishing and running a personal services business. The majority of salons are small businesses which tend to compete heavily on price, even though many of the more successful businesses compete on the basis of consistent quality service and high client satisfaction and return rates. Owners and managers are expected to fulfil many roles in an increasingly competitive market.

Many businesses have failed due to significant financial problems caused by a general lack of owner/manager management and marketing skills. Management skills include financial areas such as pricing, cash flow management and cost control, as well as keeping abreast of industry technical developments. Marketing skills include service packaging, merchandising and promotional strategies.

Advice was received that industry leaders and managers need to develop their ‘soft’ management skills to attract and retain their workforce. To increase the creative skill level of their hairdressers they need training to develop their skills in areas such as conflict management and employee engagement, which would include managing the cultural diversity of employees and motivating employees to be more productive and innovative.

Similarly, in response to the needs of the beauty industry, the Diploma for Beauty Salon Management includes imported units that address soft skills in human resource related issues.

Industry feedback has identified a number of skills that the hairdressing and beauty workforce will be required to have in order to meet the expectations of consumers who are increasingly demanding. These include higher level technical skills; higher level customer service and interpersonal skills; the ability to meet the needs of culturally diverse customers (for example, providing services for different skin colours and hair types); knowledge of compliance requirements; increased practical experience and IT skills to update websites and utilise social networking and other technologies for booking management.

The growth of the industries is also dependent on innovative qualified professionals who are constantly developing their design, technical and training skills. The industries seek many ways of further developing skills, which include in-salon training, participation in industry events or through training seminars provided by product manufacturers – which are not only limited to product knowledge and technical training, but extend to areas such as business management, leadership and customer service. Over the last few years, there has been a growing number of salon owners who engage consultants to act as a ‘salon management coach’ or ‘business coach’ as a way of improving their businesses.

While hairdressing is an industry where creative and technical leadership are highly regarded, it is also an industry with a well understood tradition of apprenticeship training that provides for a combination of on and off-the-job learning.

Please refer to Appendix B for further information on the occupations in demand for the hairdressing and beauty industries.

### Institutional delivery

There is much industry discussion concerning the large numbers of international students accessing hairdressing vocational education and training in Australia (see Table 3 below) with very few gaining employment in the industry at the end of the training. Industry feedback indicates that language barriers prevent most international students from operating effectively in a customer service environment such as hairdressing.

	LEVEL OF STUDY	2008	2009	2010
Hairdressing	Certificate II	6	4	2
	Certificate III	3,811	6,473	4,028
	Certificate IV	559	1,625	2,347
	Diploma	3,062	3,765	3,430
Hairdressing total		7,438	11,867	9,807

**TABLE 3 INTERNATIONAL VET STUDENT ENROLMENTS HAIRDRESSING TRAINING PACKAGE (YTD AUGUST 2010)<sup>26</sup>**

SSA understands that a significant number of students in fee-paying colleges undertake a number of service industry qualifications (in this case hairdressing) through an institutional pathway, often with minimal exposure to a real workplace context. Employers are reporting that graduates of institute or wholly classroom-based programs have the equivalent skill depth and breadth to graduates from a program that is based in the workplace (for instance an apprenticeship).

It would appear that a number of providers are not meeting the requirements specified in the Hairdressing Training Package. It has been reported that training facilities often do not meet the recommended standard and that students graduate without getting adequate access to industry application at work or in training. A high volume of enrolments for Certificate II in Hairdressing occur through private registered training organisations (RTOs), which deliver via the institutional-based pathway. Industry feedback has voiced serious concern that a large number of graduates are not work ready and therefore will struggle to find employment within the industry. Consequently, industry has expressed the view that there is a limited role for the qualification in the future.

While vocational training in hairdressing has grown out of traditional apprenticeships, with a model of learning and assessment that often occurs best in the workplace, training for the beauty industry has evolved through institutional training, predominantly via the Diploma of Beauty Therapy.

### Assessment practice

The perception is that there is widespread inconsistency and poor practice in relation to assessment, resulting in the awarding of qualifications which industry views as lacking value. Examples of this include:

- lack of rigour in the interpretation and application of competency standards
- poor attention to industry expectations and requirements in the context of assessment
- lack of industry experience among assessors.

For the beauty industry, issues of privacy impact upon the assessment of intimate treatments. The industry has identified a number of units of competency for which training delivery and assessment in a real workplace are considered inappropriate. This means that significant skills and knowledge areas are best assessed in simulated environments. However, for both the hairdressing and beauty industries it is crucial that in cases where a simulated environment is used, it meets the criteria described in the assessment guidelines section of each training package.

### Quality delivery – industry's contribution

Industry representatives are keen to become more involved in implementation to support the national training system and build the nation's productivity.

In response to ongoing industry concern SSA has already made improvements to the quality of its industry training packages, resulting in more specific units of competency, tighter assessment guidelines, more helpful/detailed resource checklists, and more detailed requirements for assessors.

Further, SSA has implemented two innovations to provide more input into provider recognition processes, which have been very well received.

In the development of its most recent training packages, SSA has produced a User Guide which specifies:

- minimum assessment and learning requirements to achieve qualifications
- required assessor/trainer qualifications and experiences above and beyond those required by regulation
- professional development requirements for trainers and assessors
- requirements around work placement and/or experience
- guidelines for selecting and recruiting students
- minimum equipment and facility requirements for delivery
- minimum recommended duration for delivery of units and/or qualifications.

SSA recommends that auditing and quality processes be made more effective through a more active industry role, including the use of industry advisers. The service industries are ready, willing and able to be more supportive of the national training system.

SSA's commitment to ensuring that the skilling system is able to support productivity growth has been reiterated in a range of projects collectively known as the Right Way.

Effective outcomes of training and assessment are inextricably linked to the quality of these core components of the VET system. Through the Right Way, SSA provides industry recognition of facilities, trainers, assessors and learning resources. Participants in this industry recognition system must adhere to standards and provide evidence of quality through an application and assessment process operated by SSA and its network of agencies. Through this program, SSA aims to:

- Ensure and recognise the provision of quality training and assessment by registered training organisations (RTOs)
- Build the capability of trainers and assessors who work in the service industries
- Promote the development of, and recognise, effective learning resources which align to training package content
- Achieve quality skills outcomes throughout the service industries<sup>27</sup>.

### Completion rates

Completion rates as an exclusive measure of effectiveness continue to be a critical concern to the service industries. Industry overall, and the service industries in particular, believe that they have been unnecessarily disadvantaged by use of completion rates as a measure of success of industry training. This situation remains a concern as there is a strong need for the development of nationally-consistent data collection tools that more accurately measure and evaluate course completion and non-completion rates.

In response to these concerns, SSA has commissioned JMA Analytics to undertake a research project to determine if the current assumptions about the reasons for non-completions are correct and to mount a case for a more consistent and accurate national measurement system. The project considers what non-completion data is currently being collected in VET, what non-completion data isn't being collected that should be, and aims to find out what is the preferred structure, frequency and collection methodology for data on non-completions. A broad range of reasons why students do not complete programs is being collected including: relationship with employer, personal barriers, quality of provider and interest in the job role.

Early findings from this research project indicate that the two primary categories of issues in relation to the current data collection tool for completion rates (The Australian Vocational Education and Training Management Information Statistical Standard, or AVETMISS) are:

1. the potential for significant inaccuracies in the statistics reported (e.g. no universal student identifier), and
2. the need for some alternative future approaches that do not automatically interpret qualification non-completion as a negative outcome (e.g. some students may never intend to complete a program, rather only certain aspects).

Importantly, this project does not set out to argue that completion rates *shouldn't* be measured, nor is it arguing that low completion rates are okay, nor is it trying to avoid the issue of improving quality delivery. What it is trying to do is argue for a better understanding of the issue and a better way of measuring the effectiveness of the system. Qualifications are an important outcome for education systems and our investigation into this issue is driven by an appreciation that 'life is not linear' and that contemporary measurement systems should accommodate this reality.

The complete findings of this research project, *Evaluation Frameworks for VET*, are due to be published in March 2011.

## VET in schools

Industry feedback to SSA indicated problems around the delivery of vocational education and training in schools (VETiS). Industry has reported concerns regarding hairdressing qualifications that are delivered in school-based settings with high school teachers rather than VET teachers, and strongly believes that full hairdressing qualifications should not be delivered in schools. However, it should be noted that any school offering Certificate II in Hairdressing must have a qualified hairdresser to deliver it.

Feedback further suggested that typical delivery of VETiS does not achieve required industry outcomes and, often in school environments, VET training requirements are in competition with a fundamentally different pedagogical approach than that required by VET. Furthermore, inconsistency of VETiS practice and delivery across the states and territories makes delivery difficult for those providers and employers who employ across state borders.

Vocational Education and Training in Schools (VETiS) is seen as critical area for action due to the involvement of a significant number of Australian students and the recent rapid growth of VETiS programs. While there has been huge growth in the participation numbers, there is increasing concern about the quality of VETiS delivery and particularly, lack of employment outcomes.

Demographics, economic growth, competitiveness and increased skill requirements are creating even greater demand for skilled youth in Australia. Today's younger generations have more opportunities and therefore have become 'cherry pickers', which has consequences for the service industries as they are often seen as a short term, second-rate career choice.

Working with industry, SSA has worked to address these issues through its VETiS project in 2010, which includes the development of an industry position paper and 'rules of engagement' for the service industries. Further it aims to develop 'resource ready' tools to assist VETiS delivery, as well as case studies that reflect what is occurring in industry.

A literature search and review highlighted the variety of interpretations of the term VETiS; each state or territory system locates VET in a different curricular context. The major concern is the inconsistency between VETiS, both within a jurisdiction as well as across Australia. Currently there are no common standards around approval, regulation, resourcing, administration, delivery and monitoring of VETiS.

Consultations occurred across the country over a period of four months to gather critical information on industry position and best practice example of VETiS.

The industry consultation process found:

- Key stakeholders in VETiS have such fundamental differences in what they consider is the purpose and expected outcomes that some wish to walk away or ignore this nationally critical skilling opportunity.
- Quality issues (not just limited to VETiS) were a key component of consultations. There is massive variability (excellent to indefensible) in VETiS modules across Australia.
- Many stakeholders expressed a desire for clear and explicit guidelines.
- The diversity across the services industries requires different VETiS pathways, industry engagement, links to regulation, award conditions considerations and workplace engagement, such that VETiS must be considered on an individual industry sector (training package) basis.
- There was a consistent strong industry message about VETiS focused on job skills.

Given the imperatives and importance of VETiS, the services industries need to take a strategic, pragmatic and holistic approach to VETiS in order to maintain their share of youth employees recruited via VETiS pathways and ensure they can meet future workforce needs<sup>28</sup>.

## CURRENT IMPACT OF TRAINING PACKAGES

As may be seen in Figure 1 below, the majority of enrolments in WRH06 Hairdressing Training Package in 2009 were for Certificate III in Hairdressing.

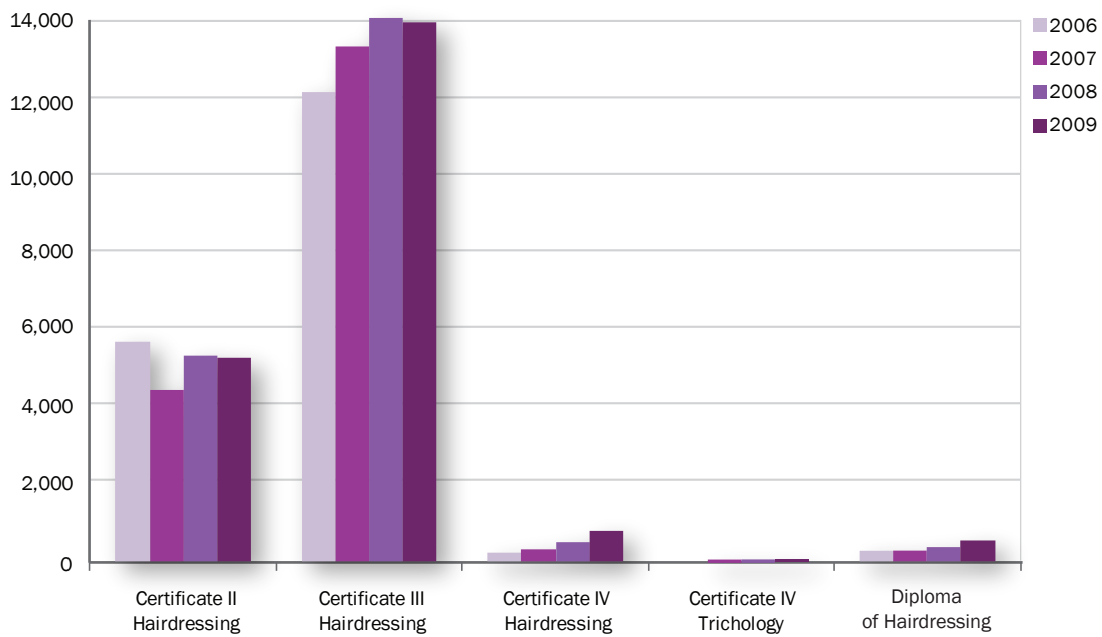


FIGURE 1 VOCATIONAL COURSE ENROLMENTS IN HAIRDRESSING QUALIFICATIONS (2006-2009)

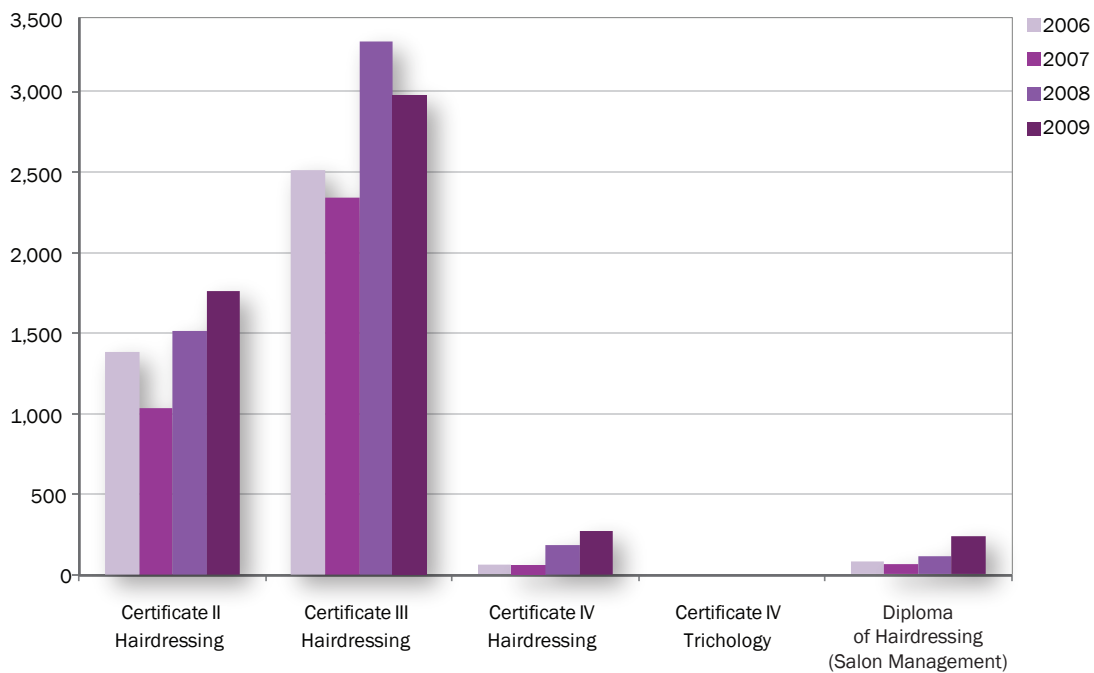
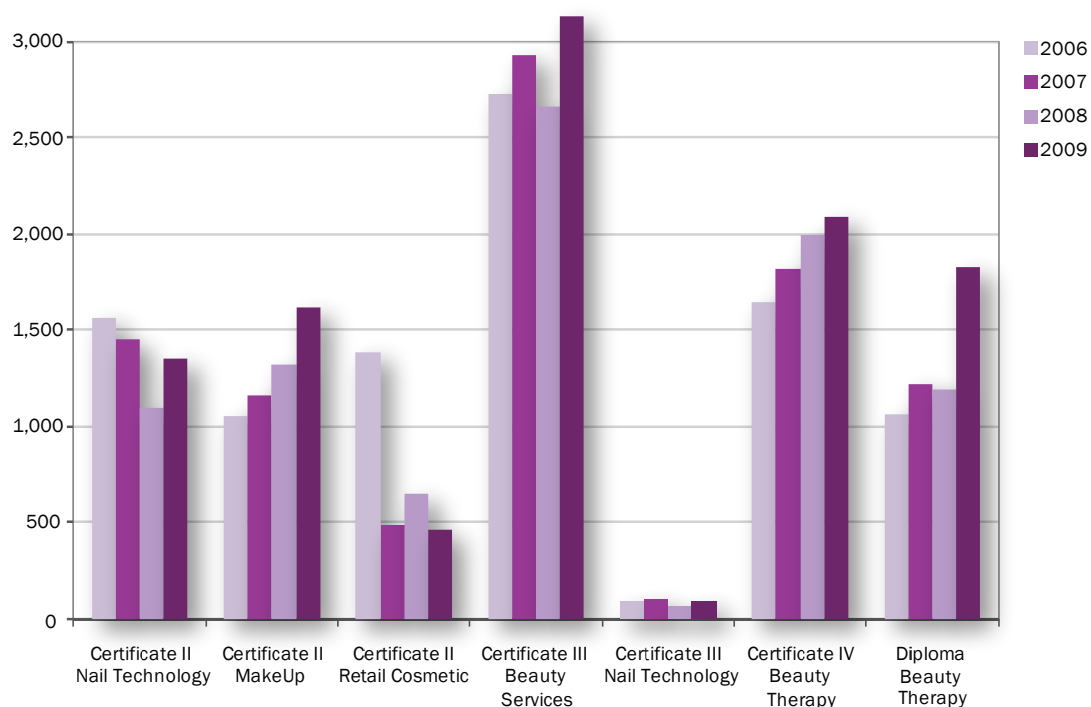


FIGURE 2 VOCATIONAL COURSE COMPLETIONS IN HAIRDRESSING QUALIFICATIONS (2006-2009)

SSA is very concerned about the high levels of enrolments at Certificate II level in Hairdressing. We have consistently advised that there are extremely limited job outcomes at this level, yet it seems that at least some State Training Authorities (STAs) continue to encourage enrolments in this qualification.

The highest compound annual growth rate in enrolments between 2006 and 2009 was in Certificate IV in Hairdressing and Diploma of Hairdressing Salon Management, albeit from a small starting point.

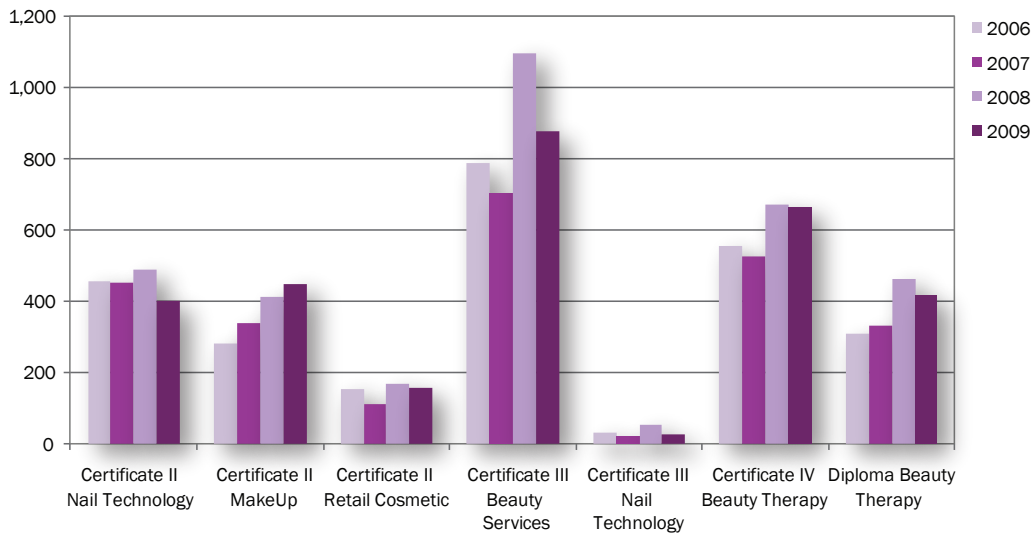
The Certificate IV in Hairdressing is still predominantly delivered in most states and territories as additional part-time training to be undertaken outside of the workplace. Participation is frequently initiated and paid for by the candidate. These may be factors in the choice by many candidates of Certificate IV in selecting units as skills set in areas where they have a particular interest. The Certificate IV is not well understood by many employers, most of whom tend not to be directly involved in this additional learning. The industry has a widespread lack of understanding of the VET system with regard to accessing training places and funding (other than apprenticeships) where available<sup>29</sup>.



**FIGURE 3 VOCATIONAL COURSE ENROLMENTS IN BEAUTY QUALIFICATIONS (2006-2009)**

As may be seen in Figure 3 above, most enrolments in WRB04 Beauty Training Package in 2009 were in Certificate III in Beauty Services, however there are limited job outcomes at this level. Most of the actual job opportunities in this industry are as beauty therapists (Certificate IV or Diploma) or nail technicians (Certificate II). Again, it is of concern to SSA that some RTOs choose to deliver the quick and cheap qualifications rather than those that lead to real employment opportunities, with little thought for the long term prospects of their students. They are seemingly encouraged in this approach by at least some STAs.

Between 2006 and 2009 the highest compound annual growth rate was in Certificate IV in Beauty Therapy. This is mainly based on the fact that with the endorsement of WRB04 Beauty Training Package, Certificate IV in Beauty Therapy became an apprenticeship in NSW; in other states a traineeship.



**FIGURE 4 VOCATIONAL COURSE COMPLETIONS IN BEAUTY QUALIFICATIONS (2006-2009)**

## FUTURE DIRECTIONS FOR ENDORSED COMPONENTS OF TRAINING PACKAGES

For detailed information on the continuous improvement of the hairdressing and beauty training packages, refer to Appendix A.

### BEAUTY

The WRB04 Beauty Training Package has been reviewed with the revised SIB10 Beauty Training Package endorsed by the National Quality Council in September 2010.

The qualifications framework for this reviewed Training Package consists of the following seven qualifications, with one qualification deleted and two new qualifications added in response to an industry need for management skills and high level technical skills.

- Certificate II in Nail Technology
- Certificate II in Retail Make-Up and Skin Care (combination of two previous qualifications)
- Certificate III in Beauty Services
- Certificate IV in Beauty Therapy
- Diploma of Beauty Therapy
- Diploma of Salon Management (new qualification)
- Vocational Graduate Certificate in Intense Pulsed Light and Laser Hair Reduction (new qualification)

The revised training package also contains an increased number of units to address emerging trends within the beauty industry. These include intimate waxing for females and males, cosmetic tanning, micro-dermabrasion, personal services management and the associated skills for the use of intense pulsed light and lasers for hair reduction.

#### Sustainability skills

The proposed draft training package includes sustainability skills from the perspective of both individual tasks and management. The three components of sustainability skills (environmental, economic and social) have been integrated into individual units across all functional areas as appropriate.

### HAIRDRESSING

In 2010, SSA continued its review of WRH06 Hairdressing Training Package. The nature of the hairdressing industry means that the entry point to the sector is at the Certificate III trade qualification level, which includes technical and communication. There is strong support in industry for the Certificate III qualification with the key issue being the quality and effectiveness of training associated with the trade qualification.

Industry uses the apprenticeship pathway as its benchmark, as it allows for the full range of hairdressing skills and knowledge to be developed over time. It is for this reason that industry believes that the 'short' delivery duration of a number of institutionally delivered programs is a key factor in their inability to produce salon-ready graduates.

Many employers believe that the concept of 'accelerated' or 'fast track' training is diminishing the development of communication and integrated skills in apprenticeship training.

The higher level qualifications were designed to provide advanced technical and business management/ leadership skills. However, while the statistics show that enrolments and completions are increasing slightly, there is still little take-up of these qualifications. One of the reasons for this low take-up may be industry's lack of understanding of the VET system and accessing available training places and funding.. The low take-up of full qualifications provides opportunities for innovative RTOs with the capacity to work flexibly with employers, manufacturers and individuals, to recognise existing skills and knowledge developed via any of these modes, and offer training to address skill gaps.

## APPENDIX A – REPORT OF CONTINUOUS IMPROVEMENT OF SIB10 BEAUTY TRAINING PACKAGE

TRAINING PACKAGE	SIB10 BEAUTY TRAINING PACKAGE / WHR06 HAIRDRESSING TRAINING PACKAGE			
BRIEF SUMMARY OF CHANGE	INDUSTRY IMPERATIVES/ RATIONALE FOR CHANGE	DATE SUBMITTED TO NQC SECRETARIAT	DATE ENDORSED BY NQC/or ISC UPGRADE	DATE MADE PUBLIC THROUGH NTIS
<p>Service Skills Australia commenced the continuous improvement of WRB04 Beauty Training Package in 2008. This project is reviewing revised competency standards to ensure that the skills and knowledge identified in the training package reflect what is required by industry to meet job outcomes. The report into the continuous improvement of WRB04 Beauty Training Package was released in March 2008. By December 2008, Service Skills Australia had received feedback on additional areas that were further covered in a discussion paper. This discussion paper was developed to explore new technologies and national standards.</p> <p>At the end of 2009, Service Skills Australia has consulted on the first draft of units and qualifications, and validated a second draft. The second draft included 54 units of competency, with the inclusion of 16 new units.</p> <p>The proposed qualifications framework consists of seven qualifications, with two deleted qualifications and two new qualifications:</p> <ul style="list-style-type: none"> <li>• Certificate II in Nail Technology</li> <li>• Certificate II in Retail Make-Up and Skin Care</li> <li>• Certificate III in Beauty Services</li> <li>• Certificate IV in Beauty Therapy</li> <li>• Diploma of Beauty Therapy</li> <li>• Diploma of Salon Management</li> <li>• Vocational Graduate Certificate in Intense Pulsed Light and Laser Hair Removal</li> </ul>	<p>WRB04 Beauty Training Package was last reviewed and endorsed in 2004. Since this time industry has evolved, with new technologies and demand for higher quality products and services. The current review project will explore and analyse current and future trends in the industry to ensure that the training package reflects them and meets industry skill needs.</p>	<p>April 2010</p>		

TRAINING PACKAGE	SIB10 BEAUTY TRAINING PACKAGE / WHR06 HAIRDRESSING TRAINING PACKAGE			
BRIEF SUMMARY OF CHANGE	INDUSTRY IMPERATIVES/ RATIONALE FOR CHANGE	DATE SUBMITTED TO NQC SECRETARIAT	DATE ENDORSED BY NQC/or ISC UPGRADE	DATE MADE PUBLIC THROUGH NTIS
<p><b>Continuous Improvement to WRH06</b></p> <p>In 2010 two versions of WRH06 were released to comply with NQC's flexibility rules by 31 December 2010. Version 21 which was released on 30/6/10 contained the following changes:</p> <ul style="list-style-type: none"> <li>The unit WRHCS207A Develop hairdressing industry knowledge is removed from the core and added to the elective group of this qualification. Elective list broadened to include selection from other Training Packages and accredited courses.</li> <li>Version 2.2 which was released on 28 February 2010 contained the following changes: The elective lists for the following qualifications have been broadened to include selection from other Training Packages and accredited courses: <ul style="list-style-type: none"> <li>WRH40109 Certificate IV in Hairdressing</li> <li>WRH40209 Certificate IV in Trichology</li> <li>WRH50109 Diploma of Hairdressing Salon Management</li> </ul> </li> </ul> <p>The continuous improvement of the WRH06 continued into 2009.</p> <p>The Recommended Action report which contained a summary of the feedback and findings gathered through the scoping stage from November 2009 to mid February 2010 was approved by the Hairdressing Project Reference Committee on 16 March. The report includes 16 recommended actions to be undertaken toward the improvement of the training package.</p> <p>The proposed qualifications includes:</p> <ul style="list-style-type: none"> <li>the revised Certificates II, III and IV in Hairdressing,</li> <li>the Diploma of Salon Management which has been imported from the SIB10 Beauty Training Package and</li> <li>a new Vocational Graduate Certificate in Hairdressing Creative Leadership.</li> </ul> <p>The proposed Vocational Graduate Certificate in Hairdressing reflects the roles of creative or artistic directors who work for larger hairdressing organisation or a hairdressing product company or independently as a freelance session stylist and provide technical and creative leadership, training and support to colleagues and the industry at large, at a national or international level.</p> <p>Seventeen new units have been developed for the revised training package, and include nine new technical leadership units for the higher level qualifications that describe a range of specialised complex technical, creative, design, conceptual and leadership skills.</p> <p>It is expected that the revised Hairdressing Training Package will submitted for endorsement early 2011.</p>	<p>The purpose of these version updates was to ensure that the National Quality Council flexibility directives were addressed within the WRH06 Hairdressing Training Package. Gaps in sustainability are addressed in the revised training package</p>	<p>N/A</p>		

## APPENDIX B – HAIRDRESSING AND BEAUTY OCCUPATIONS IN DEMAND

ANZSCO CODE	OCCUPATION	TRAINING PACKAGE QUALIFICATION	JUSTIFICATION/EVIDENCE
451111	Beautician	Certificate III in Beauty Services	Factors such as the growing affluence of the population, especially among women, have led to many people having greater levels of discretionary income and a desire to spend more of it on their personal appearance and wellbeing. The ageing of the population also encourages some to expend more in these areas. As a result of these factors, there is a steeply growing need for beauty services.
451111	Beauty therapist	Certificate IV in Beauty Therapy Diploma of Beauty Therapy	
451111	Nail Technician	Certificate II in Nail Technology	
391111	Hairdresser	Certificate III in Hairdressing Certificate IV in Hairdressing Diploma of Hairdressing Salon Management	Hairdressing has been formally recognised as one of the 'skill shortage professions' by the federal government and is listed on the Migration Occupations in Demand List (MODL).  As with the occupations in the row above, factors such as the growing affluence of the population, especially among women, have led to many people having greater levels of discretionary income and a desire to spend more of it on their personal appearance and wellbeing. The ageing of the population also encourages some to expend more in these areas. As a result of these factors, there is a steeply growing need for hairdressing services.

## ENDNOTES

- 1 Service Skills Australia, Environmental Scan 2009
- 2 IBISWorld Hairdressing and Beauty Salons in Australia Q9526, October 2010
- 3 IBISWorld Hairdressing and Beauty Salons in Australia Q9526, October 2010
- 4 IBISWorld Hairdressing and Beauty Salons in Australia Q9526, October 2010
- 5 ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, August 2009, table 6291.0.55.003 E15\_AUG06 - Employed persons by Sex, Industry (ANZSIC06), State, Status in Employment; part time is defined as working less than 35 hours per week in all jobs and can be permanent or casual
- 6 IBIS World, Hairdressing and Beauty Salons in Australia: Q9526, October 2010
- 7 Please note that this forecast uses occupations to define the scope of the service industries workforce, whereas this Environmental Scan uses industries to define the scope and therefore includes occupations such as accountants, IT specialists etc.
- 8 Centre for the Economics of Education and Training, on behalf of Service Skills Australia 'Forecasts of labour and skills requirements in the service industries, 2010-2015, October 2010
- 9 Service Skills Australia, Hairdressing and Beauty Environmental Scan 2010
- 10 ABS 8165.0 Counts of Australian Businesses, including entries and exits, June 2003 to June 2007, please see endnote 1 for details. SSA is of the view that these figures are likely to be under-represented. Due to changes in the output of this ABS release from October 2010, it is no longer possible to present data at an Industry Subdivision level.
- 11 ABS 8165.0 Counts of Australian Businesses, including entries and exits, June 2003 to June 2007
- 12 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 13 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 14 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 15 ABS 3101.0 Australian Demographic Statistics, Dec 2008
- 16 ABS 3222.0 Population Projections, Australia, 2006 to 2101, Series B
- 17 ABS 3412.0 Migration Australia, 2006-07
- 18 ABS 3412.0 Migration Australia, 2006-07
- 19 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 20 WA RAPS Industry Workforce Development Plan, July 2010
- 21 ABS 3412.0 Migration, Australia, 2007-08
- 22 IbisWorld, Hairdressing and Beauty Salons in Australia, October 2010
- 23 ABS 3235.0 Population by Age and Sex, Regions of Australia, 2009
- 24 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 25 ABS 3222.0 Population Projections, Australia, 2006 to 2101
- 26 Australian Education International, International Student Enrolments in the VET sector by broad and detailed field of education and level of study
- 27 For further information on the Right Way, please refer to <http://www.serviceskills.com.au/rightway>
- 28 Service Industries VET in Schools project progress report, October 2010, prepared for Service Skills Australia by Service Skills South Australia
- 29 NCVET Vocational Course enrolment and completions 2005-2008; information collected by NCVET encompasses TAFE institutes, some universities, secondary schools offering VET, industry organisations, Adult Migrant Education Scheme providers, private enterprises in receipt of government funding for training, agricultural colleges, community education providers and other government providers, but no private training organisations which do not receive government funding; NCVET Australian vocational education and training statistics: SSA is aware that data from public providers only describes part of the picture and is not a robust reflection of all training engagement. However, currently, data from private providers is not publicly available. Please note that this data was downloaded in July 2010 and may be amended over time.





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