



# Summary Evaluation Report

MEGT Australia Ltd

7 December 2020



Image supplied by MEGT

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## **Inherent Limitations**

This report provides a summary of KPMG's findings during the course of the work undertaken for MEGT Australia Ltd under the terms of the engagement letter dated 2 November 2020. The contents of this summary report and presentation do not represent our conclusive findings, which will only be contained in our final detailed Economic and Social Study report. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

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The findings in this report are based on a qualitative study and the reported results reflect the perceptions of MEGT host employers and trainees but only to the extent of the sample interviewed, being MEGT's approved representative sample of host employers and trainees. Any projection to the wider group of host employers and trainees is subject to the level of bias in the sample selection.

The findings in this report are also based on a survey designed and carried out by MEGT, and provided to KPMG. The reported results reflect the information provided by, and the perceptions of, the sample of Microsoft Trainees and Host Employers surveyed, as approved and surveyed by MEGT. Any projection to a wider group or to the future is subject to the level of bias in the method of sample.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, MEGT management and personnel (including trainees) and MEGT Host Employers consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

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# Overview of the Evaluation

## Context

The Microsoft Traineeship Program **commenced in 2019 and the first cohort of Trainees will graduate in December 2020.**

As of 3 October 2020, there were 119 Trainees and 55 Host Employers participating in the Program, and the Program is continuing to grow.

## Purpose

The purpose of the evaluation is to **assist MEGT to evaluate the outcomes of the Microsoft Traineeship Program** and map MEGT's role and value in the context of the Information Technology (IT) traineeship ecosystem.

This report provides a summary of the initial assessment of the Program's outcomes. The evaluation has been undertaken to **ensure continuous improvements can be made to the Program going forward as it grows.**

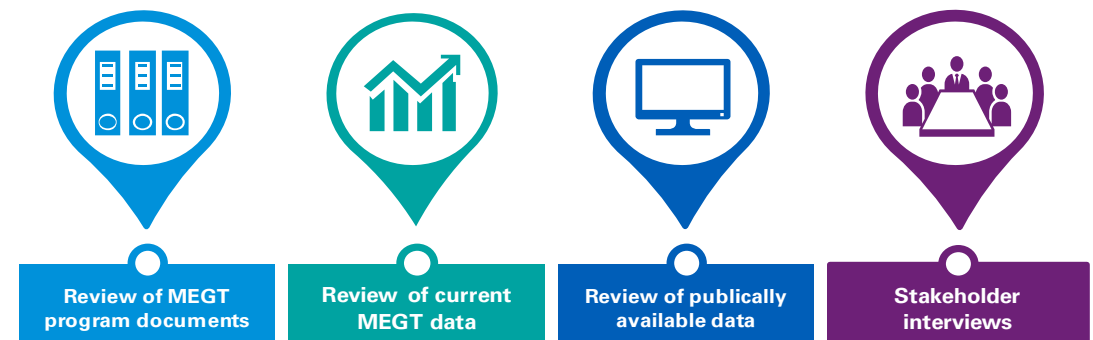
## Evidence Base

The evaluation of the Microsoft Traineeship Program is informed by Program data and information collected by MEGT throughout the 2019-2020 period, including survey data, and by information gathered by KPMG, including through a literature review of publicly available data and interviews with Trainees and Host Employers.

However, given the Program commenced only two years ago, **there are currently data limitations that exist.** For this reason, the currently evaluation is preliminary only.



*Image supplied by MEGT*



# Summary of Evaluation Findings

**Overall, this preliminary evaluation indicates that the Microsoft Traineeship Program is achieving its aims.**

## Outcomes evaluation

A set of evaluation questions were developed to guide evaluation, data collection and analysis into the future. The key evaluation questions that guided the outcome evaluation are:

1. To what extent does the Microsoft Traineeship Program enable pathways into IT careers?
2. To what extent have participants increased their IT skills and knowledge?
3. To what extent does the Microsoft Traineeship Program increase the diversity of the IT workforce?
4. To what extent is the productivity of the workforce increased as a result of the Program?
5. Have there been any other impacts of the Program for Trainees, Host Employers or MEGT?

## Economic evaluation

The key evaluation question that guided the economic evaluation is:

1. What is the economic impact of the Program?



The Program enables pathways into IT, with 89% of Trainees responding that they would pursue a career in IT following Program completion.



The Program contributes to an increase in skills and knowledge, with 100% of Trainees interviewed responding that their skills and knowledge have increased as a result of the Program.



Program participants are more diverse than others in the IT industry. Approximately 67% of Trainees are diverse.



The productivity of Trainees is comparable to other employees. 89% of Host Employers believe Trainees are performing at a good or excellent level.



Microsoft Trainees are almost twice as likely to complete their vocational education than other students undertaking a Certificate IV in Information Technology.



Microsoft Trainees are more likely to be employed or in further study than graduates from Information Technology vocational courses overall (85% vs. 51%)



Initial indications show Trainees who complete the Program may earn up to \$75,000 compared to \$48,500 for other graduates of the same TAFE course.



Trainees are an efficient option for Hosts at a cost of approximately \$38,352 per year compared to \$64,700 for university graduates.



Hosts experience reduced staff turnover and reduced recruitment costs. Trainees are 34% less likely to fail to complete the Program than apprentices / trainees overall.

# Scope and background

KPMG was engaged by MEGT to provide an **economic and social study of the Microsoft Traineeship Program**.

The **scope of the engagement** is agreed as follows:

- Develop a **full evaluation framework** to guide future data collection and measurement of the impact of the Microsoft Traineeship program over time;
- **Review publicly available data** and existing MEGT data including Program data, and qualitative survey feedback from Trainees and Host Employers;
- **Identify data gaps** to inform future data collection;
- Undertake a **preliminary evaluation**, appropriate for the existing data and the early stage of the program, based on relevant sub-sections of the evaluation framework;
- Undertake **preliminary stakeholder consultation**; and
- **Quantify** the initial social and economic **benefits** of the program, as identified by the preliminary evaluation.

Scope



Background

MEGT is an Australian not-for-profit organisation which works to **deliver employment, training and education solutions** to employers, students and job seekers.

The Microsoft Traineeship Program aims to **provide Trainees with the skills and knowledge they need to embark upon a career in IT** through a combination of vocational education, on-the-job experience and industry specific training.

Over a two-year period, Trainees undertake:

- Paid work experience with their Host Employer;
- A Certificate IV in Information Technology delivered by RTOs such as TAFE NSW; and
- Online Microsoft certifications delivered by Prodigy Learning as part of the Azure Administrator Certification Track.

The key aims of the Program are to:

1. Increase the **diversity** of IT professionals;
2. Increase **pathways into IT**; and
3. Increase **certifications**.

# Evaluation approach

The approach taken to the outcomes and economic evaluation of the Microsoft Traineeship Program is detailed below.



## Theory of Change

A Theory of Change was developed linking inputs, activities, outputs and outcomes for the Microsoft Traineeship Program. This helped to focus the evaluation on the outcomes of the Program.



## Evaluation framework

An evaluation framework was developed and agreed with MEGT which set out the key evaluation questions and Theory of Change. The evaluation framework is complete and covers all aspects of the Program to measure in a full evaluation.



## Data gaps

Data availability was assessed and data gaps were identified. Given that only some of the data is currently available due to the preliminary nature of the Program, the outcomes and economic evaluation are based on a sub-section of the evaluation framework and are preliminary in nature.



## Outcomes evaluation

The outcomes evaluation included a review of Program documents, primary data collection and stakeholder consultations with Trainees and Host Employers.



## Economic evaluation

A Cost Benefit Analysis was undertaken in line with the agreed framework to understand the economic impact of the Program.



## Reporting

Findings from the preliminary outcomes and economic evaluation were documented in a full evaluation report and summarised into this summary evaluation report.

## Limitations

There are a number of limitations associated with the preliminary evaluation, explained in full in the detailed report. These include:

- The **preliminary nature of the program** and the relatively small cohort size to date;
- The **lack of observations about post-Trainee program outcomes** meaning the current analysis relies on expectations about pathways rather than actual data;
- Challenges of identifying an **appropriate comparison group** given that candidates who choose to apply to the MEGT Traineeship and are selected for the program are likely to be systematically different to other Australians without post-school qualifications; and
- reliance on previously developed surveys and consultation with a **small sample of stakeholders** which means that any bias in recruitment and selection may impact the insights and conclusions derived.

**This evaluation was undertaken with an understanding of the limitations as a tool to test progress of the program at early stages and refine it as it grows.**

# The Program enables pathways into IT careers

## To what extent does the Microsoft Traineeship Program enable pathways into IT careers?

### Interviews with Trainees found that:

80% of Trainees (n= 4/5) interviewed responded that they would have pursued a career in IT but the **Program has fast-tracked their career**. One Trainee responded that they would not have pursued a career in IT without the Program.

80%

When thinking about the future, 100% of Trainees interviewed (n= 5/5) **want to be employed by their Host Organisation in two years**

100%

When thinking about the future, 100% of Trainees interviewed (n= 5/5) **want to be in the IT field in ten years.**

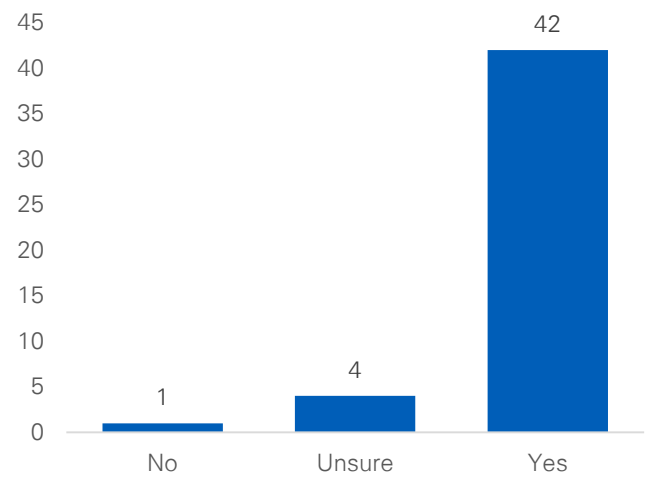
100%

These responses from current Trainees indicate that the Program increases pathways into IT.

### A survey of all Trainees found that:

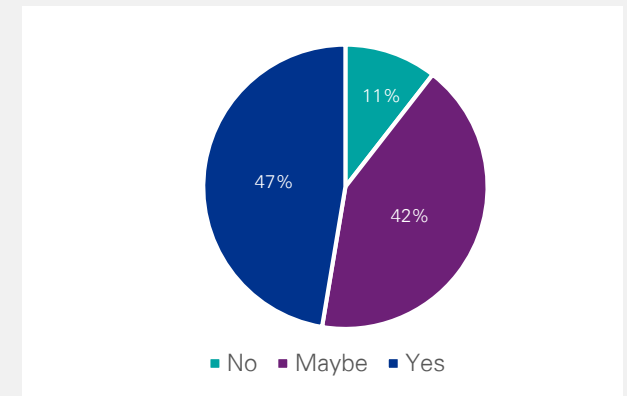
#### Trainees believe that they will pursue a career in IT following the Program

**89%** A large majority of Trainees responded that they **believe they would pursue a career in IT following Program completion** (n=42/47).



#### The majority of Host Employers will or may employ Trainees following the Program

**89%** 89% of Host Employers (n= 17/19) responded that they **would or may employ their Trainee** after Program completion



**89%** 89% of Host Employers (n= 17/19) responded that they **would recommend** the Program to others in the IT industry, which would further increase pathways for Trainees



*"The Program is a very good launch pad for someone who has raw ability and is an alternate pathway for someone to join the ranks of people with other qualifications"*

- Host Employer



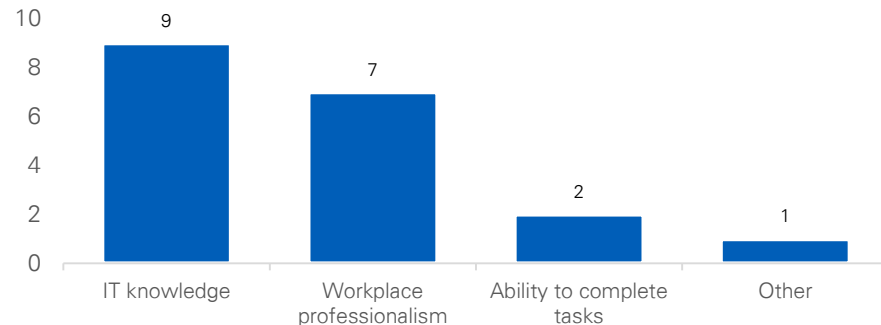
# The Program contributes to an increase in IT skills and knowledge

## To what extent have participants increased their IT skills and knowledge?

**100%** 100% of Trainees interviewed (n= 5/5) said their **skills and knowledge have increased** as a result of the Program

**47%** of Host Employers surveyed (n= 9/19) responded that **'IT knowledge' was the biggest improvement among Trainees over time**

**246** Industry recognised Microsoft Certifications have been obtained by Trainees.

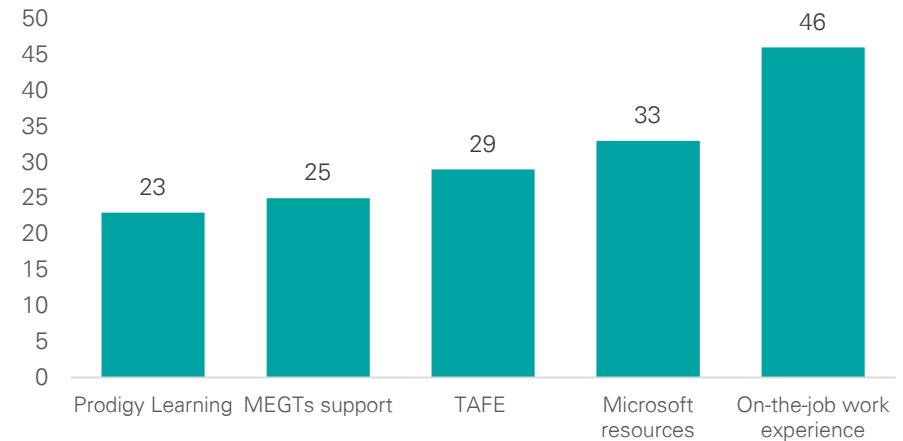


“While the skillset is *“very different to what the organisation might typically look for”*, Trainees bring a can do attitude which is beneficial for increasing their skills and knowledge  
– Host Employer.

### There are opportunities for Trainees to deliver business improvements informed by their learning

One Trainee consulted commented that she has brought her TAFE learnings to her job on three occasions, including in suggesting improvements for her organisation’s processes which she has subsequently implemented.

**98%** 98% of Trainees surveyed (n= 46/47) responded that **on the job experience was the key benefit** of the Program



### There is an opportunity to improve the provision of TAFE learning

**55%** of Trainees surveyed (n= 26/47) responded that **TAFE training was mostly good but could be better.**

**62%** of Trainees surveyed (n= 29/47) highlighted that the **disparity between TAFE learning and on-the-job learning** was a key challenge.

**58%** of Host Employers surveyed (n = 11/19) responded that they were **“neither satisfied nor dissatisfied” with TAFE learning**

This feedback relates to ICT40118, however the new training package, ICT40120, implemented in 2020, is expected to address the issues identified and improve the provision of TAFE learning.

# Program participants are more diverse than the IT industry

## To what extent does the Microsoft Traineeship Program increase the diversity of the IT workforce?

**39%** At present, 39% of **Trainees are women** against MEGT's target of 50%

**4%** Approximately 4% of **Trainees are Indigenous** against a target of 8%

**10%** Approximately 10% of **Trainees have a disability** against a target of 10%

**67%** When including youth at risk and non-English speaking background participants plus the above, **approximately 67% of Trainees are diverse.**

**Age is also a differentiator** of Trainees from employees in the IT industry. 40% of Trainees interviewed (n = 2/5) felt that they were significantly younger than other staff, while one Host Employer commented that Trainees are more diverse, as they could be mature age students compared to graduate employees.



39% of 119 MTP Trainees are female<sup>1</sup>

**Two Trainees consulted (n= 2/5) commented that they were among the first women to join their teams.** For example, one Employer had four women in a team of 30 people.

One of the Trainees noted that they had seen a noticeable increase in the diversity of the team since joining, including more women being recruited.

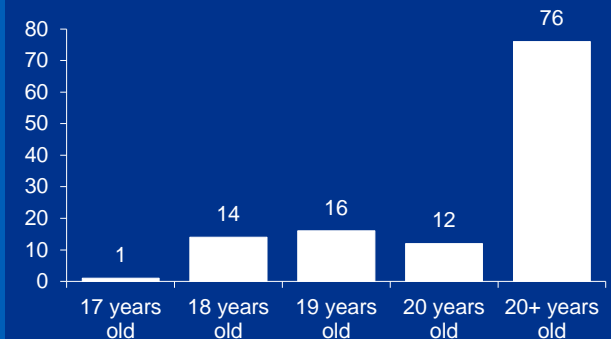
They commented that **increased diversity is beneficial as it provides different approaches to work which may complement others.**



Which is **10% higher** than the proportion of women in Australia's IT workforce<sup>2</sup>



And **significantly higher** than the proportion of women domestic enrolments in IT courses in 2017<sup>3</sup>



### Host Employers consulted feel that they get a different cross-section of individuals than they would from graduate programs.

*The Program is "not about productivity or economic measures so much but about giving someone a go and doing the right thing to help them to launch their career" – Host Employer*

[1]: MEGT Program data, 2020

[2]: Deloitte Access Economics, 2020, *ACS Australia's Digital Pulse: Unlocking the potential of Australia's technology workforce.*

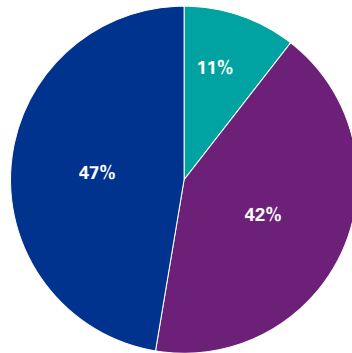
[3]: Workplace Gender Equality Agency, 2019, 'Higher education enrolments and graduate labour market statistics', available at: <https://www.wgea.gov.au/data/fact-sheets/higher-education-enrolments-and-graduate-labour-market-statistics>.

# The productivity of Trainees is comparable to other employees

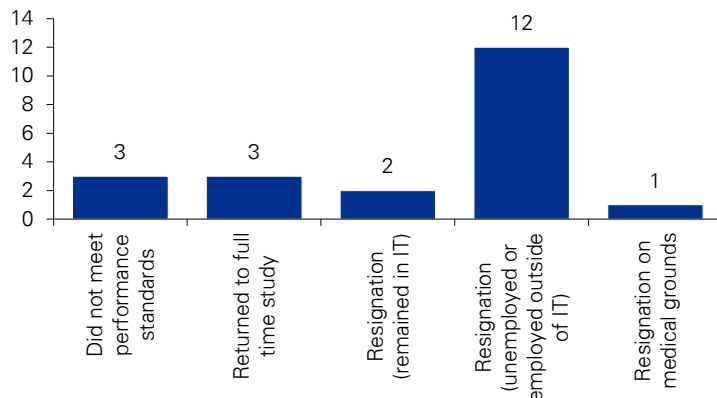
## To what extent is the productivity of the workforce increased as a result of the Program?

**89%** 89% of Host Employers (n=17/19) responded that **Trainees are performing well or above average.**

- Poor, they're performing at a sub-standard level and improvements must be made
- Average, they're performing at a good level but improvements could be made
- Excellent, they're performing better than expected



**3%** Only 3% of Trainees **exit the program** due to issues with their **performance**



### It is challenging to compare Trainee capability to others

All Trainees interviewed (n= 5/5) commented that it was **difficult to compare their capabilities against their colleagues** who had multiple years of experience in the IT field and further education

Trainees **acknowledge that they need development** to reach the level of output of their colleagues. Trainees believe that they are currently 20 – 40% less efficient than their colleagues.

Most Trainees acknowledge that they would **achieve capability uplift over the Program.**

Trainees commented that **the benefits of the Program depend on individual goals.**

“The **structure of the Program is an advantage**, including the selection of candidates and formal Program which gives organisations some confidence that there is **mutual obligation** of all parties to come out with the intended outcome” – Host Employer

“**[it takes] a bit more time to on-board Trainees** due to their “rawness” but **they have come up to speed quickly**” – Host Employer

“This Program has allowed me to **develop my skills in IT through certifications** as well as on the job experience. These **skills will be something I use throughout my career** as the foundation and will push me to excel further than ever dreamed possible before” – Microsoft Trainee

# Overall, the Program has positively impacted Trainees and Hosts

## Have there been any other impacts of the Program for Trainees, Host Employers or MEGT?

### Host Employer impacts

- The Program enhances the organisation's relationship with Microsoft;
- Managers have upskilled their mentoring and coaching skills; and
- Employees have developed a greater understanding as a result of the education undertaken by Trainees.

### Trainee impacts

- There is a social element of the Program, as Trainees have met other Trainees in different organisations. One Trainee commented that it was a good way to meet people when they moved to a new state.
- One Trainee returned to their high school to do an interview about the Program, which resulted in another girl joining the Program.

“The greatest benefit [of the Program] is that [Trainees] can bring freshness and enthusiasm ” – Host Employer

“The Program helps to enhance our relationship with Microsoft by adding a different dimension to the relationship ” – Host Employer

“Through the Program, [Employers are] leveraging talent pools that the organisation was not previously leveraging ” – Host Employer

“Having someone else that has a new perspective on something and has enthusiasm and desire to learn – is really infectious and breeds such a wonderful culture” – Host Employer

“There was a little bit of hesitation at first but [the Program has] now been embraced and people have added ‘Trainee mentor’ to their job description” – Host Employer



Image supplied by MEGT

# Economic impacts

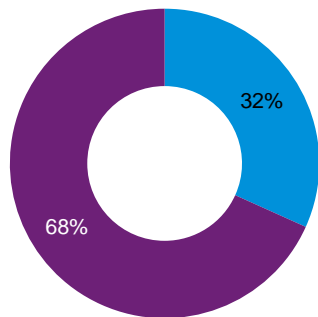
## What is the economic impact of the Program?

**\$2.5** Each dollar invested into the Microsoft Traineeship Program generates a benefit of more than **\$2.50** (\$2.52). This represents the ratio between the total benefits and costs of the Program, in comparison to the Base Case.

The findings from the economic evaluation demonstrate that the benefits of the Microsoft Traineeship Program outweigh the costs. Trainees, Employers and the wider community experience substantial economic and social returns as a result of the Program.

### \$9.6 million

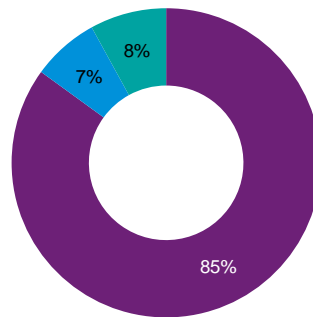
The **estimated net benefit** associated with the MTP over a 10-year span. This represents the difference between the benefits experienced by Trainees and Hosts, and the total Program costs.



- Benefits to Employers
- Benefits to Trainees

### \$ 96,000 per Trainee

The **cost per Trainee** over the 10-year evaluation period, accrued by Employers, Microsoft, and state/territory and federal government (in the form of subsidies for vocational education).

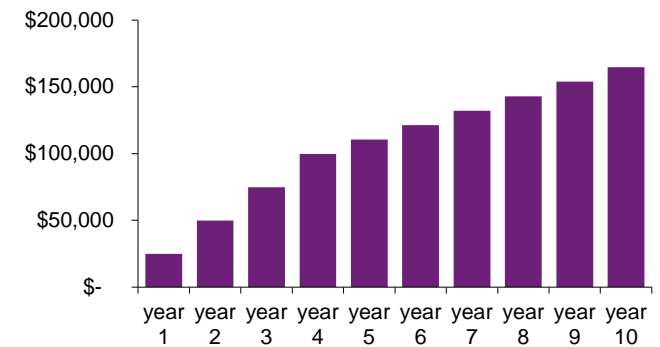


- Cost to Employers
- Cost to Microsoft
- Cost to Government

### \$ 165,000 per Trainee

The present value of **total wage earnings for Trainees** was estimated to be \$50,000 more than the Base Case during the Traineeship and \$115,000 higher than the base case in the eight years following.

**Cumulative Additional Income earned by Trainees**



Note: this is the marginal earnings of Trainees compared to the Base Case which takes into account the distribution of people in work, vocational and tertiary education and post-education pathways across the 10-year period.

# Economic impacts

## Benefits to Trainees

### Microsoft Trainees are more likely to complete their vocational education

Microsoft Trainees are almost twice as likely to complete their vocational education than students undertaking a Certificate IV in Information Technology (75% vs. 39.1%) and 58% more likely than students undertaking vocational IT qualifications overall (75% vs. 47.4%)

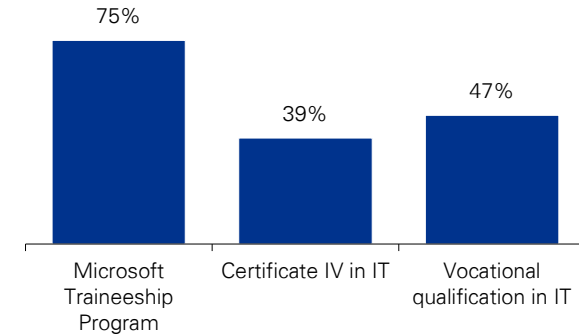
### Microsoft Trainees are more likely to transition into employment or further study

After completing the Program, Microsoft Trainees are more likely to be employed or in further study than graduates from Information Technology vocational courses overall (85% vs. 78.2%)

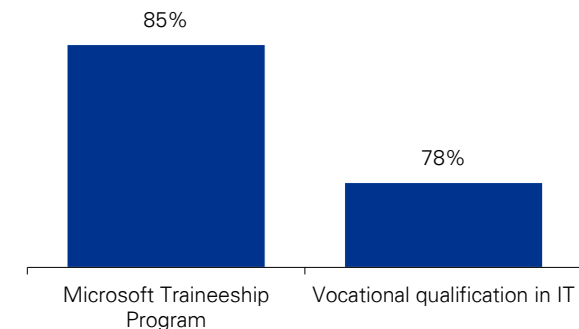
### Microsoft Trainees receive higher graduate salaries

Upon completion of their Traineeship, Microsoft Trainees may earn up to \$75,000, compared with \$48,550 for graduates of a Certificate IV in Information Technology who do not have a traineeship, and \$65,000 for graduates of an undergraduate computing and information systems degree.

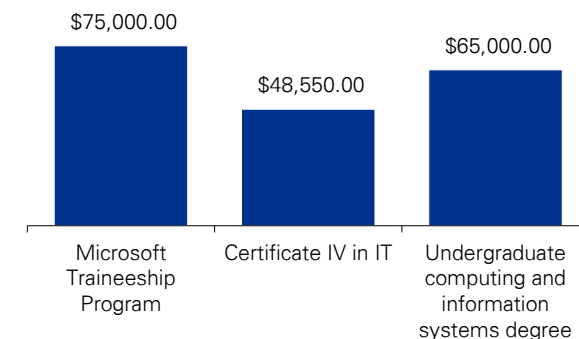
### Completion Rates



### Employed or in further study



### Graduate salaries



# Economic impacts

## Benefits to Host Employers

### Hosts experience a net benefit of approximately \$6,000 per Trainee

Over the 10-year evaluation period, Hosts incur costs of approximately \$85,000 and benefits of \$91,000 per Trainee. This is separate to the work output Trainees produce.

### Hosts experience reduced staff wages

Hosts incur an average Trainee wage of \$38,352 per year, rather than \$64,700 per year for an undergraduate university graduate, for the duration of the Program.

### Hosts experience reduced staff turnover

Hosts experience a reduced staff attrition rate, with Trainees 34% less likely to not complete the Program than apprentices/trainees overall (15% vs. 44%).

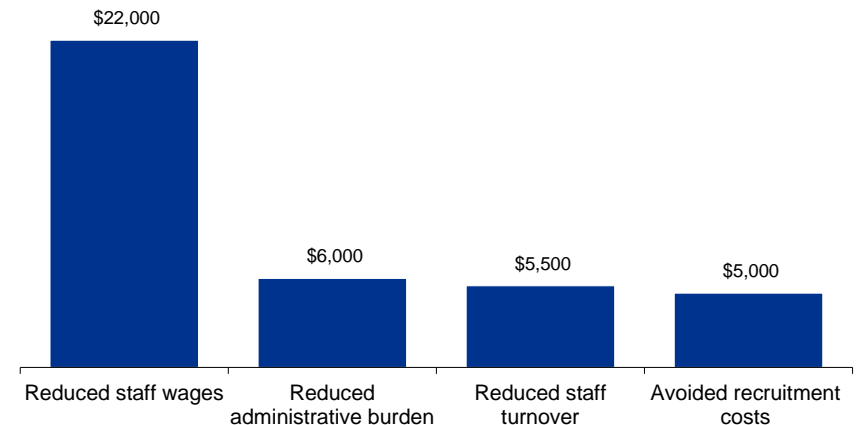
### Hosts experience reduced administration costs

By working with MEGT, Hosts avoid the administrative burden of hiring and managing Trainees and undertaking payroll tasks, resulting in a saving of \$6,494 per Trainee per year.

### Hosts experience reduced recruitment costs

Hosts have the opportunity to hire Trainees at the completion of the Program without incurring any conversion fees, and avoiding recruitment costs of up to \$9,772 to hire an entry-level staff member.

Benefits per Trainee (over the 10 year evaluation period)



### Trainees also enhance the diversity of Host Employers

Turnover in diverse organisations is 25 per cent lower than in non-diverse organisations. Diversity therefore avoids recruitment costs.


### Case Study: University Graduate Employment Programs<sup>1</sup>

A 2019 survey of 111 Australian graduate employers found that employers retain, on average:

- 94 per cent of graduates in the first year;
- 58 per cent of graduates after 3 years; and
- 43 per cent of graduates after 5 years.

[1]: Australian Association of Graduate Employers, 2019 Employer Survey.

# Additional feedback from host employers on their experiences



**Feedback from employers provided directly to MEGT about their experiences of Trainees and the MTP overall supports the findings of the KPMG evaluation**

*Image supplied by MEGT*



# 2020 Program Graduates

**Additional feedback from Host Employers collected by MEGT supports the findings of this evaluation. One example of the feedback provided is below.**



“We hope to provide our trainees with a place to grow, a place to learn and to be able to develop such that they become an integral part of our team and we can also learn from them.

What we think we will get from them is almost a beginner’s mindset, fresh perspective, fresh energy and ideas that will keep us connected to the latest development and training, connection to our partners and just in general the presence of a different mindset.”

Kelly Wilkes, Head of People & Culture at MOQ with Microsoft trainee Eliza



Contact us:

**Elizabeth Clark**

Director

**T:** +61 2 9455 9161

**E:** eclark1@kpmg.com.au

**KPMG.com.au**



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