

A study in difference: Structures and cultures
in Australian registered training organisations

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Research activity 4:
Assessing the impact of cultures and structures
on individual and organisational capability

*Supporting vocational education and training
providers in building capability for the future*

CONSORTIUM RESEARCH PROGRAM



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Additional information relating to this research is available in *A study in difference: Structures and cultures in Australian registered training organisations—Support document*. It can be accessed from NCVER's website <<http://www.ncver.edu.au/publications/2066.html>>.

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About the research



A study of difference: Structures and cultures in Australian registered training organisations

Berwyn Clayton, Victoria University; Thea Fisher, Canberra Institute of Technology; Roger Harris, University of South Australia; Andrea Bateman, Bateman Giles Pty Ltd; Mike Brown, University of Ballarat

This report presents the findings of a study examining organisational culture and structure in ten Australian registered training organisations (RTOs) and is part of a program of research examining the factors which affect and help build the capability of vocational education and training (VET) providers.

This study found that public providers had initiated extensive and often rapid change in response to external pressures to be more competitive and client-focused. For some, the amount and rapid pace of change had placed considerable strain on their organisations. For smaller private registered training organisations, on the other hand, change tended to be simpler and more incremental.

Key messages

- Building organisational capability relies on the effective alignment of key elements within each registered training organisation. These elements include a clear vision and strategy, effective leadership and management, empowered staff and a workplace culture that encourages collaboration and networking.
- There is general acceptance within registered training organisations that both structural and cultural changes are positive and will be ongoing. However, there is evidence of change fatigue and a desire for a period of structural stability.
- Policy-makers need to carefully assess the potential impact of policies and regulatory arrangements on the sector's providers to ensure that these do not stifle the ability of providers to respond to their clients' needs.
- A lack of autonomy, administrative rather than strategic approaches, and a silo mentality constrain organisational agility, which is most evident in public registered training organisations.

Readers interested in other components of the research program on building VET provider capability, of which this report is part, should visit <http://www.ncver.edu.au>.

Tom Karmel
Managing Director, NCVER

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Executive summary

This report presents the findings of a study examining organisational culture and structure in a range of Australian registered training organisations (RTOs). The research was designed to identify and describe the ways in which cultures and structures shape activities in registered training organisations, while identifying strategies for managing structural and cultural change in order to build organisational capability.

The following questions formed the basis for the research:

- ✧ In what ways and for what purposes are registered training organisations adapting organisational structures to enhance team and organisational capability?
- ✧ To what extent and in what ways do cultures within registered training organisations influence team and organisational capability?

The research included a review of the relevant literature and a scan of organisational documents; 43 interviews and 16 focus groups were also conducted with staff at different levels within seven technical and further education (TAFE) institutes, two private training providers and one enterprise provider.

In all cases, both individual interviewees and work teams revealed a thorough understanding of the imperatives driving change in their registered training organisations. While there were subtle differences in emphases between public and private, large and small, old and new, metropolitan and regional registered training organisations, the key drivers for all of the organisations were similar. They included Australian Government policies, state-based training imperatives to address skill shortages, working within financial constraints, meeting client, community and regional needs and developing the business of the organisations. Senior management within the seven large TAFE institutes and the enterprise registered training organisation agreed that some degree of structural and cultural change was essential if their organisations were to meet these demands.

On the other hand, participants in the large organisations had a different perspective and were far less enthusiastic about the prospect of ongoing structural changes. All described their experience with what could be called chronic structural reshaping over the last five to ten years. All had been involved in partial restructures, or shifts from centralised decision-making to decentralisation and back again. The majority had undergone or were in the process of significant upheavals involving the amalgamation of a number of registered training organisations or complete system-wide 'repositioning'. Often driven in the name of fiscal efficiency, changes had also been used by governments and senior executives in registered training organisations to generate the structural and cultural change needed to meet the emerging demands for greater flexibility and responsiveness. Given the constancy of structural adaptation in TAFE institutes, interviewees at lower levels not surprisingly referred often to what they saw as the negative outcomes of previous organisational change and their sense of 'change fatigue'. In terms of organisational structure, only the two small private registered training organisations in the study remained relatively free from structural change and saw little need for anything but minimal changes in the future.

In describing new structural arrangements, TAFE participants outlined key changes to the bureaucratic structures traditionally exhibited by large public service organisations. For some, organisational charts no longer reflected a hierarchical box-and-line format, but instead used novel

shapes to describe and suggest new ways of working—encouraging the building of external relationships with industry, enterprises and individual clients. Commonly, interviewees noted flattening of hierarchical structures, devolution of decision-making, establishment of teams in various guises, and breaking down faculty and functional unit silos through the encouragement of increased cross-organisational collaboration and networking. Greater communication, both horizontally and vertically, within organisations was described, as was a loosening of the bureaucratic processes governing the day-to-day work of teams and units, leading to increased flexibility in work practices. In addition, registered training organisations were aligning support and teaching staff more closely to enhance services to clients.

Even in the most radical cases of structural change, however, the enhanced structural flexibility needed to be supported by a relatively stable, traditional, bureaucratic, structural core that maintained the best of previous practices. Danger lies in driving structural change too far and too fast.

In terms of organisational culture, people in senior positions articulated broad views of culture within their organisations that were largely shared by those at lower levels. However, scratching the surface frequently revealed cultural disjunctions between senior management and work team levels. The existence of multiple cultures was most readily evident in TAFE institutes, where people spoke of cultures based on vocations, industry, geographic location, history and the concept of ‘them and us’, the latter being an almost inevitable outcome of the diversity of backgrounds and experiences. In the enterprise registered training organisation, multiple cultures were related to different brands with different ways of doing business. While this multiplicity enabled diverse and useful approaches for different functional groups, the presence of multiple cultures was also seen to be a weakness if they became closed cultures, impervious to change and opportunity.

While the smaller registered training organisations in the study remained culturally stable, widespread culture change was a feature of all of the large organisations. There was general acceptance that an overarching culture was needed not only to balance multiple cultures but to provide a strong focus and direction for organisations. A view frequently expressed was that vision, supported by clear strategies and positive attitudes, provided the basis for culture change and that leadership of change needed to come from the top. Newly empowered leaders at various levels in organisations were also perceived to be critical in successful cultural transformation.

Other key facets of cultural change were identified as open and transparent communication, inclusiveness and empowerment, rewards and incentives, and an investment in people. There was also a common view of culture change as not merely moving from one point to another, but as a process of exploring—of creating sustainable change and continuous improvement.

Reflecting the thinking of commentators writing about organisations of the future, senior management acknowledged that future success was dependent upon their registered training organisations being agile, flexible, client-driven and responsive, despite the uncertain times they were facing. They needed to be competitive and businesslike in the business of vocational education and training (VET). In accepting this view, there was recognition among all interviewees that culture and structure were integral to organisational effectiveness—and capability.

Each chief executive interviewed considered that the changes their registered training organisation had undergone had improved their organisation’s capability—some to a greater degree than others. Evidence of this enhanced capability was a focus on more businesslike behaviour, income-generation and meeting key performance measures. Also mentioned was a shift from an overwhelming focus on the operational to the more strategic, and the development of better relationships and enhanced credibility with employers. Furthermore, senior managers spoke of greater flexibility, the breaking-down of rigid bureaucratic processes, improved responsiveness and the building of a culture where risk-taking was supported and in which innovation could flourish. Others noted that, by bringing people with disparate ideas and experiences from across their organisations together, they had not only built better working relationships, they were also able to make more informed educational and business decisions.

Perceptions at lower levels in organisations, however, tended not to be so uniformly positive. Concerns were often expressed about the speed and extent of change and the paucity of good-quality communication about strategies and visions for the future. Despite these negative views, many work teams outlined a range of gains they saw being made with the implementation of change. Benefits included a stronger sense of working as the 'one organisation', closer linkages and more transparent communication between different levels of the registered training organisation, greater interaction between senior managers and the workers, more sharing of ideas across the whole organisation and a lessening of the sense of isolation some work groups had previously experienced. In addition, cross-functional teams had become an established way of working, and the increased empowerment of people at lower levels had generated a more collaborative approach to work. Most work groups clearly articulated a sense of team and a sense of self-worth.

For middle managers, shifts to entrepreneurial activity and more self-managing teams had brought greater autonomy, but also greater responsibility and greater challenges. Charged with the tasks of educational leadership, building the business, managing the budget and allocating resources, many middle managers were struggling with the weight and complexity of their workloads and the changes they were required to implement.

Looking to the future, chief executives generally agreed that the building of organisational capability through cultural and structural change would continue to pose challenges for their organisations. Reconciling cultural goals with reality was cited as a prime example. The test for leaders at all levels was to communicate, discuss and become comfortable with ambiguity and to help people accommodate the inevitable inconsistencies between espoused and lived cultures. Without this, staff are likely to become cynical about the organisation because of what was often seen by those at lower levels as hypocrisy. This is because staff feel that they are asked to work in particular ways, but they are not given the resources, administrative systems and power to do what is being asked of them.

A major challenge posed by structural change was that it would not necessarily enhance performance or build organisational capability in the short term. Opportunities would still need to be provided in the future to enable various parts of organisations to adjust, to ensure further improvements in client focus, flexibility, innovation, entrepreneurship and responsiveness. Senior management of registered training organisation agreed, however, that there was a need for a period of structural stability in which to bed down the broad-ranging changes that had been made in organisations and systems in recent times. By way of balance, there was also general agreement within organisations that a focus on continuous improvement and a commitment to ongoing incremental adaptation were the keys to building their organisational capability.

All registered training organisations in this study are operating in dynamic environments, environments that demand different responses from different organisations in different contexts. With unified cultures, simple structures and clear strategies and visions, the smaller organisations considered they are well placed to face the new demands being placed upon them, without the need for significant change. The diverse and highly complex large registered training organisations acknowledge that multiple cultures will remain a reality, and that history, politics, geography and power relationships are likely to continue to have both positive and negative effects on their culture and structure and, ultimately, their organisational capability. The challenge for leaders within these organisations is to continue to manage and transform cultures, adapt structures, focus on people and create clear linkages between these components and their organisational visions and strategies.

Introduction to the study

Research purpose and questions

The purpose of this research activity within the overall research program of the national research consortium, *Supporting VET providers in building capability*, was to assess the impacts of cultures and structures on the capability of registered training organisations (RTOs). Accordingly, the research was designed to analyse the ways in which organisational cultures and structures shape what is possible within registered training organisations and to identify examples and strategies for managing structural and cultural change. A related purpose was to inform teachers, trainers and managers in these organisations about the outcomes of this research, thus enabling them to develop a more comprehensive understanding of the cultures and structures within their organisations.

Within this context the following research questions were framed to guide this study:

- ✧ In what ways and for what purposes are registered training organisations adapting organisational *structures* to enhance team and organisational capability?
- ✧ To what extent and in what ways do *cultures* within registered training organisations influence team and organisational capability?

Research method and procedure

The complexity of the vocational education and training (VET) sector, together with the marked differences between types of providers and system-based approaches, determined the choice of a qualitative research approach to this study of organisational cultures and structures.

The research methods used were a review of the relevant literature, in-depth semi-structured interviews and focus group interviews. Participant questionnaires were also developed to prepare interviewees. A review of key organisational documents and an analysis of interviewer observations informed the analysis of the research data.

Ten registered training organisations participated in the research. Included were seven technical and further education (TAFE) institutes, one small private provider, an adult and community education (ACE) provider and a large enterprise-based provider. Each registered training organisation was selected because it was an example of one of the many diverse organisations that comprise the VET sector—small and large, metropolitan and regional, geographically dispersed, dual-sector and national in focus. Each was selected to provide an example of the different experiences of cultures and structures in registered training organisations across the sector.

Details of the organisations participating in the study are set out in table 1.

Table 1 Registered training organisations participating in the study

Organisation	Registered training organisation type	State/territory	Location	Some key features
Capital Careers	Private	ACT	Metropolitan	Very small, focused
A national retailer	Enterprise-based	National	Nation-wide	Geographically dispersed, part of a very large company
North Coast Institute of TAFE	Public	NSW	Regional	Large, geographically dispersed
Swan TAFE	Public	WA	Metropolitan	Large, huge trade component
TAFE SA–Adelaide North	Public	SA	Metropolitan	Large, one of three parts of a single TAFE system
TAFE Tasmania	Public	Tas.	Statewide	Large, geographically dispersed
The Centre	Adult community education	Vic.	Regional	Small
University of Ballarat (TAFE)	Public	Victoria	Regional	Large, dual-sector
Western Institute of TAFE	Public	NSW	Regional	Large, geographically dispersed
Yeronga TAFE ¹	Public	Qld	Metropolitan	Large, large trade component

Note: ¹ At the time this research was being undertaken the Queensland Skills Plan was launched and major changes to the structure of TAFE Queensland were initiated. A new Trade and Technician Skills Institute took over the management of trades training programs, staff and students from TAFE institutes across metropolitan Brisbane. This included Yeronga TAFE, and the staff interviewed for this research were those directly involved in the process of transition from the old organisation to the new. Information provided in this report, therefore, refers to this process of organisational change in the Queensland system.

Informants to the research were drawn from four distinct levels in the various organisational structures: the chief executive officer, senior managers, middle managers (or supervisors) and work teams which reported directly to the middle managers involved in the study. In total, 43 interviews and 16 work team focus groups were conducted.¹

Interview schedules were developed and trialled to ensure that information was gathered in a systematic and consistent way, given that the information was being collected by a team of researchers. Copies of project documents are included in support document 3 (<<http://www.ncver.edu.au/publications/2066.html>>), which accompanies this report; it contains a more extensive section on the research methods used.

Limitations of the study

In choosing a sample of organisations for this research, researchers were very dependent upon organisations being willing to participate. The majority of the registered training organisations included in the study were large TAFE providers in the midst of what is fairly typical in the vocational education and training sector—ongoing changes to structure and personnel. Because of this, a number of the chief executives of these organisations expressed the desire to participate.

In the field, some modifications were made to the research approaches for practical reasons. These changes are described in the methodology section of support document 3 (<<http://www.ncver.edu.au/publications/2066.html>>).

It is important to remember that the sample size of ten providers was not large enough to make wide-scale and generalisable claims. The findings therefore represent a profile of difference, which

¹ Throughout this report, most of the sources (positions and institutions) of quotations have been left in the text in order to provide context for the reader. However, in a few cases, these details have been omitted in order to preserve the anonymity of the individual interviewee.

is only indicative of the broader experience of registered training organisations across the sector. Indeed, the findings relate most closely to the large organisations, as there were only two small providers, and within those larger organisations, to the TAFE providers, as there was only one large, non-TAFE provider.

In addition, this research was largely completed in 2006. Since then changes have continued to occur in the providers studied. Indeed one, TAFE Tasmania, is at present undergoing a major revisioning of its role and purpose, as well as its structures. Changes are also taking place in TAFE SA. Therefore what is reported in the study may not now be entirely correct. Nevertheless, this research is a faithful 'point in time' study from which valuable insights can be drawn. The core conclusions remain viable.

Insights from the literature

Globalisation, technology, increased competition, new economies and new ways of working are challenging organisations to adjust—whether they are business, public service or educational institutions. The challenge for each registered training organisation has been to transform from a large, supply-driven bureaucracy into a leaner, market-focused service industry (Dickie et al. 2004).

That such significant changes could threaten the quality of vocational training and education was a consistent concern voiced during consultations in registered training organisations across Australia at the start of the consortium research program. In a situation where change has been recognised as the status quo (Clayton, Fisher & Hughes 2005), training providers are searching for ways to deal with this change to ensure effective and efficient workforces for the future. Issues surrounding culture and structure are two facets of organisational life that are seen as central to organisational capability and, ultimately, organisational survival.

A number of authors (for example, Martins & Terblanche 2003; Smallwood & Panowyk 2005) have suggested that organisational structure and culture exist in close alignment with overlapping functions, although one is not necessarily a substitute for the other. Together, they provide a focus to enable organisations and individuals to reduce uncertainty, variability and ambiguity, thus providing a framework for acting in a consistent and cohesive manner.

Organisational structure

On the issue of structure, Mintzberg (1979, 1989) describes the influence that environment exerts on the structure of organisations and the way in which they evolve. It is suggested that an organisation's structure is largely determined by the diversity in its environment and that the variety of structures in organisations relates specifically to the degree of complexity and the pace of change they are confronting.

Agility is a critical structural element in achieving organisational effectiveness and efficiency, particularly in environments where the pace and nature of change is considerable (Gunnerson 1997). Agility relates to the capacity of an organisation to operate profitably while adapting to meet the complex needs of a dynamic and competitive environment. Traditional organisational structures are being tested by demands for greater adaptability and flexibility. To meet the challenges of dynamic environments and increasing complexity, organisations or parts of organisations have had to shift from hierarchical, bureaucratic structures to more organic, flatter, matrix or network structures characterised by empowered teams and coordinated by vision or purpose rather than policies and procedures.

Some authors (Miller 1989; McMillan 2002; Senge 1994; Peters 1993) have outlined the critical relationship between structure and strategy. They suggest that an understanding of organisational structure can help the development of a structure much better suited to a desired strategy, and that aligning and realigning structure with core purposes and current environments can significantly influence performance.

Within the literature (Mintzberg 1989; Peters 1993; Drucker 1999) there is also broad recognition that there is no one ideal structure for an organisation, and that a number of different structural

approaches can quite happily co-exist in any one organisation. It is also suggested that structural rejuvenation does not necessarily have to take on the form of wholesale restructure, but opportunities need to be provided for parts of organisations to adjust as needed and in a manner that supports increased flexibility and innovation.

Organisational culture

On the issue of culture, there is again general agreement that understanding culture and viewing organisational life from a cultural perspective are key tools to achieving organisational effectiveness, while manipulating culture in organisations for a ‘quick fix’ is likely to be superficial and ineffective.

A number of writers explain how an understanding of culture in organisations and its relationship with capability and performance could lead to more effective management and leadership. Martin (2002) and Alvesson (2002) have shown how this understanding can offer managers solutions and ideas for everyday interactions, which can eliminate contention and help organisations to increase capability, productivity and even profitability. Schein (1985, 1992, 2004) suggests that understanding how leaders create culture and how culture defines and creates leaders, illuminates leadership—a critical variable in defining success or failure.

Schein (1992) also suggests that identifying and effectively managing the varying cultures that exist within organisations, developing synergies between them and, where possible, preventing them from conflicting with each other are key to organisational effectiveness. He contends that, to improve efficiency, deliver high-quality services and meet the expectations of increasingly sophisticated clients, addressing the management of organisational culture is even more important today than it has previously been.

Organisational capability

Organisational capability is rapidly becoming, if it has not already become, recognised as the key to organisational success. The ferment of change over the past couple of decades has seen considerable restructuring by organisations as they undergo massive cultural change, strive to transform their organisational character and search for competitive advantage. Changes to work and the organisation of work, and especially the advent of the knowledge economy, where ‘mentofacturing’—production dependent on the mind rather than hands and machines (Rifkin & Fulop 1997, p.135)—will increasingly be the norm, have shifted the emphasis from individual competence to organisational capability.

The lack of research on the concept of organisational capability has been well documented in the recent organisational and management literature (for example, Bakhru 2004; Spanos & Prastacos 2004; Sharma 2005). Certainly organisational capability is an elusive concept. O’Regan and Ghobadian (2004, p.295) claim there is ‘no accepted definition of organisational capability’. This has resulted in ‘terminological confusion’ (Spanos & Prastacos 2004, p.31) and ‘a lack of conceptual clarification’ (Hong & Stahle 2005, p.1), and it is not surprising that the proliferation of terms has led to a ‘rather thick terminological haze over the landscape where capability lies’ (Winter quoted in O’Regan & Ghobadian 2004, p.293).

A condensation of definitions is that organisational capability relates to an organisation’s capacity for undertaking, through its employees, a particular productive activity. Organisational capability refers to ‘an organisational ability to perform a co-ordinated task, utilizing organisational resources, for the purpose of achieving a particular end result’ (Helfat 2003, p.1). Furthermore, the factors that contribute to capable organisations include ‘organisational culture and values, business processes and management systems, work organisation and the capability of individual employees’ (Australian National Audit Office, cited in Dickie et al. 2004, p.16).

In the Australian context of VET, organisational capability has been construed in a significant national report as one of three key 'platforms of activity' for the sector, aimed at supporting jurisdictions in their efforts 'to develop high-performing organisations capable of delivering against the agreed objectives of the national strategy, providing VET products and services and meeting the needs and expectations of industry and other clients' (Dickie et al. 2004, p.23). This report concludes that work on building organisational capability has only 'just begun' and suggests 'increasing investment' for it (Dickie et al. 2004, pp.23, 37). In the wider public service arena, the Australian Public Service Commission (2003, p.8) similarly refers to the need for:

... organisational renewal, a dynamic process of capacity building to ensure that organisations are equipped to succeed in a sustained way within a changing operating environment. All agencies need to focus on the organisational renewal process ensuring that it is grounded in a thorough understanding of the changing operating environment and emerging demographics and on a systematic approach to workforce planning.

In this context the national consortium research program focused on structures and cultures and the linkages to the organisational capability of registered training organisations.

Brief overviews of organisational structure, culture and capability from the perspective of prominent writers on each topic are included as fact sheets that support this report (<<http://www.ncver.edu.au/publications/2066.html>>). A more comprehensive coverage of the literature is provided in support document 2: *Structures and cultures: A review of the literature* (<<http://www.ncver.edu.au/publications/2066.html>>).

Defining the terms

The working definitions of key terms used for this project were the following.

Culture at its simplest is staff having clear views and an understanding about what, how and why things are done the way they are done. This means looking at the obvious evidence of culture: behaviour, language, physical surroundings, and traditions. It also means looking at the values and assumptions that underlie this behaviour. Sometimes values and assumptions support behaviour, sometimes they conflict. Culture is a product of a group's history and is a learned set of assumptions based on the history of that group.

Structure is the framework for an organisation's work, in which work is divided up and coordinated, policies and procedures are put in place, and authority relationships are set up. It is communicated in charts, policies, procedures, terms of references, roles and responsibilities, through formal communication and informally in people's behaviour.

The **capability** of an organisation consists of its members' competencies, whether professional, functional, skills-based, social or leadership. It also consists of the organisation's ability to undertake, through its employees, productive activity that is greater than any single contribution. These ultimately affect the business and educational outcomes of an organisation. Culture and structure are two of the factors that impact on organisational capability.

An extensive list of working definitions for additional terms commonly used in discussions of these topics is included as a glossary in *Structures and cultures: A review of the literature* (support document 2 <<http://www.ncver.edu.au/publications/2066.html>>).

Imperatives for change in registered training organisations

Registered training organisations are the centrepiece of the national training system, having responsibility for the provision of vocational education and training programs and services throughout Australia and overseas. They work in a competitive marketplace and need to satisfy the training requirements of a broad range of stakeholders, including governments, industry, communities and individual clients. Operating in a highly diverse, complex and constantly changing environment, staff within these organisations need to understand the imperatives driving key stakeholders so that they might determine how best to restructure or undergo cultural transformation to meet the changing training demands of their various clients.

Drivers of change

Participants in this study analysed both the ways in which their organisations were adjusting to changing demands and the drivers for these changes. Government policies, funding and business imperatives, as well as community and regional concerns, were named as the major interrelated forces for change within the ten participating registered training organisations. Another was the need for all staff to be much more client-focused.

Therefore, while government policies were identified as providing an overall framework for shifts in the way registered training organisations are required to work, other more local factors were also seen to be driving structural and cultural change within these training providers. Each organisation participating in this study was working within financial constraints to address the training needs of their constituencies. With increasing pressure to focus upon individual clients and enterprises, people at all levels within these organisations recognised that they were actively engaged in a business—the business of education and training.

Australian Government policies

The new agenda of the Council of Australian Governments (COAG) was invariably identified as a highly influential factor by the majority of the executives and senior managers in TAFE institutes. They referred to the need for a more flexible and responsive training system, the government's commitment to high-quality training and a more targeted response to skill shortages. Chief executives acknowledged that their organisations were required to become more agile and responsive, as well as adept at working closely with industry. Managers and work teams agreed that they needed to both improve processes for recognising the skills of existing workers and build strategic partnerships with key enterprises in their communities. There was also general recognition that more and more training would need to be delivered in a timely manner in workplaces, if TAFE organisations were to be considered 'agile' and 'responsive'. Concepts such as developing skills for industry, tailored training, working with industry, flexibility, innovation and responsiveness have a strong presence in the strategic plans of the majority of the participating organisations.

Organisational vision and mission statements from the public providers in this study also demonstrated the close alignment between government policies and the stated goals for each of the registered training organisations (see appendix 1: Organisational visions, missions and values).

Chief executives also made particular note of the importance of meeting their targets under the Commonwealth–state bilateral funding agreement for Skilling Australia’s Workforce. They suggested that their challenge was to work through how they could best identify and deliver training for emerging skill shortages, increase Australian apprenticeship numbers and outcomes, provide additional places for mature-age, Indigenous and young people, and strengthen relationships with industry.

State-based training imperatives

In parallel with Australian Government policy initiatives, participants in TAFE institutes emphasised the important impact that recent state government policies had in driving change within their organisations. Inevitably there was a very strong focus on state-specific skill shortages and the need for registered training organisations to implement new delivery strategies and training services to address skilled labour shortages in the priority areas set out in their state VET plans and bilateral funding agreements with the Australian Government. The extent of change being brought into play by state policy was outlined particularly well through interviewees in Queensland and South Australia.

In Queensland, the discussion paper, *Queensland’s proposed responses to the challenges of skills for jobs and growth* (Queensland Department of Employment and Training 2005) set in train a major reconfiguration of TAFE Queensland, including the development of the new Trade and Technician Skills Institute, which has taken over the management of trades training programs in key skill-shortage areas. It was noted by one senior manager that this was an economic imperative about bringing big business into the state and this meant ‘structuring a training system that suits it’.

Similarly a governmental review in South Australia suggested that there were too many TAFE institutes in what is a relatively small market. The TAFE component of the training market was down to 70% and falling, so there was a requirement to expand business and better meet training needs for state skill shortages. As a consequence, there has been a ‘repositioning’ of public provision of vocational education and training into a ‘one registered training organisation and three institutes’ model under the all-encompassing label of TAFE SA.

Working within financial constraints

Reductions in government funding and the requirement to generate commercial funds were commonly stated as a major reason for change in TAFE institutes in the study. In TAFE Tasmania, the view was expressed that the organisation’s survival was dependent upon the organisation becoming indispensable to industry and enterprises across the state. This strategy, one Campus Leader suggested, was about:

... making us [the registered training organisation] as resilient as possible because we are reliant upon the State Government for our funding and there were times when that was threatened. So, the more independent we could be in terms of our funding, the more resilient we would be as a business.

Staff within both TAFE organisations in New South Wales noted that there had been reductions in government funding and what money they did get ‘had to go a long way’. The degree to which budgetary constraints have driven organisational change was well expressed by an institute director, who commented that recent changes in the organisation had been made through a combination of adjustments to meet both new demands and old structural problems where ‘something was not quite right’. The impetus for a restructure also came as a result of the ‘\$1.7 million that wasn’t given to us that had been the year before’.

Work team focus group discussions also revealed the critical influence of budgets on the way people were now required to work. In each case, work teams had a high level of understanding that all staff, whatever their roles, were required to be much more efficient in the way they delivered their services. More had to be done with less.

Regardless of the difference in size, demands for greater fiscal efficiency were also key drivers for structural change within the non-TAFE providers. Demonstrating what would be an unsurprising focus on enhancing commercial outcomes, one interviewee in the enterprise registered training organisation commented:

Most restructures are based around efficiencies and cost—there's always got to be a more cost-effective way of doing business. You have to keep changing to be competitive in the market.

Developing the business

Participants in each of the registered training organisations in this study identified business imperatives and businesslike behaviour as a significant agent for change in their organisations. The public providers acknowledged the need to be commercially viable, to be competitive, and to be entrepreneurial and innovative in the way they developed relationships with their clients. The language of the interviewees demonstrated the extent to which registered training organisations now see themselves as businesses in the business of education. Terms like 'market-driven', 'can do culture', 'market intelligence' and 'entrepreneurial activity' were commonly used in interviews and focus group discussions.

Leaders in all organisations talked about the need to increase the business and indicated that they had placed considerable responsibility on both teaching and support staff to cultivate new business approaches. Faculty staff in the North Coast Institute had undertaken professional development programs on business literacy, while other registered training organisations had worked on developing relationship-building skills so that people might work more effectively with enterprises and other industry client groups.

One focus group discussion centred on the massive changes that this focus on business had realised in their organisation. Participants noted that they were required to see teaching in a different way and that they now had a changed role—that of a teacher and a business person. This broadening of role and focus was succinctly summarised by a senior manager working with staff of the Queensland Trade and Technician Skills Institute:

... these people don't sound like public servants, but more like business development people or people you would find in innovative organisations. They are more enterprise and entrepreneurial in their focus and approach.

From a somewhat different perspective, changes within the enterprise-based registered training organisation were not only concerned with responding to demands for greater efficiencies but also with bringing training processes and practices into better alignment with the organisation's overarching business strategies.

Meeting community and regional needs

A critical and understandable driver for change for the regional registered training organisations included in this research was the desire to meet more effectively the needs of their local and regional communities. Participants at every level within the University of Ballarat, Western Institute and North Coast Institute spoke of the important role that TAFE played within their respective regions, not only educationally but also socially.

As the most geographically dispersed registered training organisation in New South Wales, the Western Institute maintains a number of very small campuses. The institute director stressed the importance of keeping these places going because 'we have a strong social and moral obligation to deliver programs to those communities'. Financial constraints have demanded that the organisation continue to search for more efficient ways of doing this. Structural changes and flexible approaches to delivery have ensured that any disconnection from the dispersed communities can be restored. The director commented:

Now is the time to re-engage with the communities we serve, and [to] become an integral part of how these communities and industries might improve their social and economic well-being. (Institute Director, Western Institute of TAFE)

Expressing similar views, the senior executive interviewees at the University of Ballarat described how they had encouraged a re-focusing on the local community through training delivery, TAFE–industry relationships, representation on local government committees and increased interaction with schools.

As would be expected, changes at the ACE provider were very much directed at increasing community engagement opportunities in line with the strong adult and community education focus reflected in its organisational vision of ‘Creating opportunities together’ (see appendix 1: Organisational visions, missions and values).

Focusing on the client

In response to national and state-based imperatives for greater emphasis on training for industry and the training needs of enterprises, registered training organisations in the study have continued to make major structural and cultural changes to focus their efforts more upon their clients. As one institute director suggested, the changes implemented in recent times have been designed ‘to suit customers not ourselves’.

Underpinning these changes is the principle that training delivery and other services and products need to be constructed around demand rather than supply. In many of the registered training organisations in the study, work teams and individual teachers commented that they were operating hand-in-hand with industry and enterprises in workplaces across their regions. In Queensland, a senior manager noted that the Trade and Technician Skills Institute staff were ‘working with client groups and industry to establish parameters and investment levels’, allowing training to be tailored to meet specific client needs. Similarly, senior managers in TAFE Tasmania described how their 92 delivery teams had been enabled to act like small business in the way they met the training needs of industry, their regions and the enterprises that were coming to them.

This emphasis on the client constitutes the core of organisational vision, mission and value statements in large and small registered training organisations alike (see appendix 1: Organisational visions, missions and values). The imperative to meet client needs has generated a shift in organisational focus from the internalised and institutionalised view of training delivery to one that is much more outward looking. It has also generated the impetus for adjustments in organisational structure and cultural transformation.

The issue of difference

While the registered training organisations in this study were responding to a similar set of driving forces for change, the approaches they adopted differed from organisation to organisation, from state to state and from provider type to provider type. Differences often reflected the priority placed on the various drivers of change, and these differences were very much shaped by a range of factors in the environment in which each organisation is operating. Differentiation was also influenced by the size of the organisation, its location and the extent to which its component parts are geographically dispersed, the state of the local economy, the amount of competition it faces, the scope and focus of its training delivery and the business or system regulatory requirements by which it is operating.

Because of the inevitable variations in their environments, each registered training organisation in this study was unique in the way it was adjusting to meet new demands. It was in the area of organisational structure where this diversity was most evident.

Structures: Agility and adaptability

A history of structural change

At the time this research was being undertaken, all of the large training providers in the study were either in the process of implementing structural changes or in the process of modifying or bedding down recently implemented organisational reconfigurations. These changes have continued since the research was completed. The shape of Capital Careers alone remained relatively untouched, with just an additional level in the hierarchy being included in the structure to cater for business success and concomitant organisational growth.

Of the larger registered training organisations, some had seen regular although minor shifts and adjustments in structure, while others had undergone structural upheaval—many for the second or third time in a ten-year period. Changes ranged from a number of partial restructures (the enterprise registered training organisation, The Centre), the amalgamation of a number of TAFE colleges (TAFE SA—Adelaide North, Swan TAFE), the joining of TAFE colleges and a university to form a dual-sector organisation (University of Ballarat), various configurations and reconfigurations of campuses and functions (Western Institute of TAFE, North Coast Institute of TAFE), to complete systemic restructures (TAFE SA, TAFE Tasmania, Yeronga TAFE). Initiatives to decentralise and centralise services had regularly caused organisations to engage in some form of structural adjustment, leading one institute director to comment ‘since 1994 there ha[ve] been seven restructures—some internal, some organisational [systemic]. For us, if you don’t have one in two years, something is wrong.’

Invariably, these adaptations have been undertaken to improve efficiency, to remedy what are now seen to be previous structural ‘mistakes’ and/or to develop the organisational agility, flexibility and responsiveness required by the external and internal drivers for change.

Key trends in structural reconfiguration

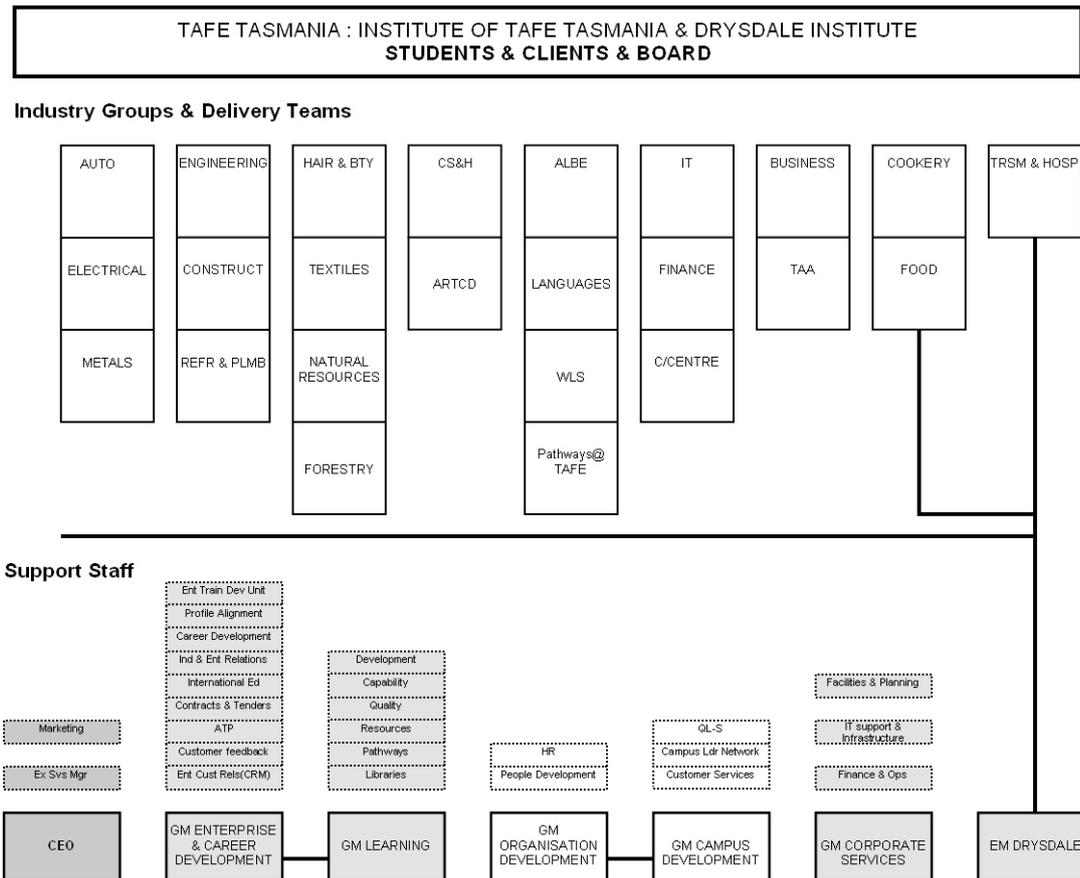
The large public registered training organisations in this study were at various stages of moving from highly traditional, hierarchical and bureaucratic public service structures where power generally resided at the top, to structures that better supported entrepreneurial and innovative activity. In developing new ways of working within registered training organisations, policy-makers and chief executives have adopted a reasonably consistent set of strategies. These include the re- envisioning of organisational charts, the devolution of decision-making, the empowerment of teams and a blending of the best features of traditional bureaucratic structure with greater cross-functional and networked activity within the organisations.

A number of interviewees described full-scale and well-planned processes for changing structure in individual registered training organisations and some of these are outlined in support document 1: *Ways and means of adapting culture and structure: Case studies* (<<http://www.ncver.edu.au/publications/2066.html>>), which provides a series of case studies to assist registered training organisations to understand the impact of culture on their capability. These have been further supplemented by a number of examples drawn from a review of the literature.

Innovative views of structure²

Organisational charts provided the most visible evidence of the diverse ways in which registered training organisation structures were now being viewed in a number of these organisations. While some exhibited the traditional hierarchical box-and-line format, some participants described different shapes to represent new ways of working and thinking. TAFE Tasmania, for example, had turned the traditional organisational chart upside down (figure 1).

Figure 1 TAFE Tasmania organisational chart



This structure, and the reasoning behind it, was explained in the following way:

When you look at the picture of our organisation, you see the top line is our students, our clients and the Board. Then the next layers are our teachers. The hierarchy as it was in the old days sits at the bottom of our structure with the general managers and the CEO—the most accountable people in the organisation, bureaucratically—are right on the bottom ... The reason we went in that direction was to convey a really clear message about what's important—and who's important ... and where the focus is.

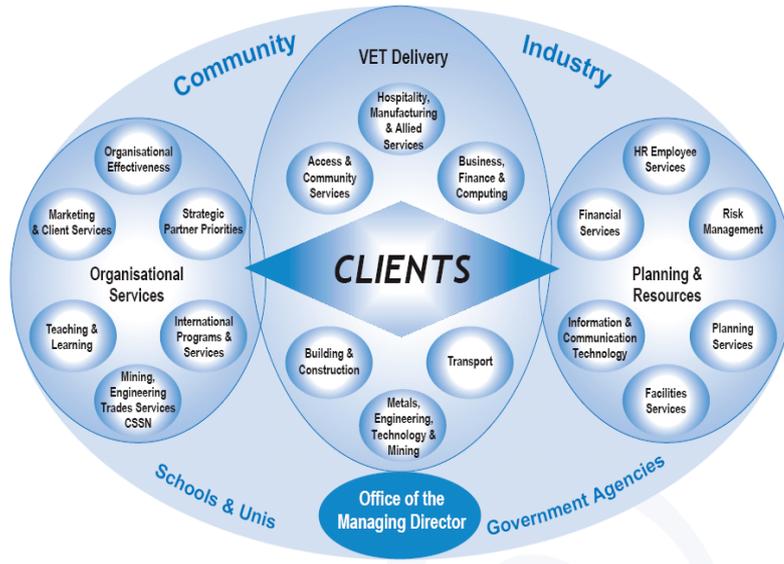
(Senior Manager, TAFE Tasmania)

The Swan TAFE structure (in figure 2) is an ellipse containing a series of balls representing the Education and Training, the Organisational Services, and the Planning and Resources professional teams. For the Managing Director, using balls rather than boxes and lines sends the message that

² It should be noted that the organisational charts included in this section reflect structures that were accurate at the time the information was being gathered. In a number of instances, organisational shapes have continued to be adapted in response to emerging needs.

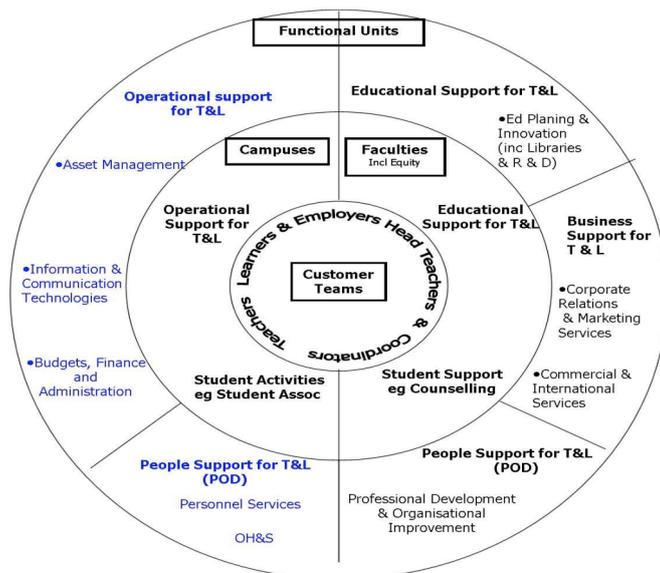
the organisation is ‘flexible, mobile and responsive’. Not only does the chart describe the structure, it is designed to send a clear cultural message as well.

Figure 2 Swan TAFE organisational chart



In a similar vein, the North Coast Institute organisational chart (figure 3) has students, teachers, head teachers and coordinators at the core, surrounded by the functional units clearly focused on the core business—teaching, learning and the client.

Figure 3 North Coast Institute organisational chart



Through their organisational charts these registered training organisations reflect the different ways in which they are working. However, by comparison with the traditional box-and-line charts, these do little to describe how the division of labour is determined, how the policies and procedures are set in place or how authority relationships are established (see section 1 in support document 2: *Structures and cultures: A review of the literature* <<http://www.ncver.edu.au/publications/2066.html>>). And, as with the traditional organisational chart, they do not acknowledge the informal structure resulting from social and political relationships that evolve for diverse reasons within organisations (Hodge et al. 1996; Wang & Ahmed 2002). Rather, these charts represent a distinct re-drawing of the cultural picture for each registered training organisation, emphasising the new thinking and new intent that underpin the structural change that they have undergone.

By way of contrast, one senior manager described the transition from Yeronga TAFE to the Trade and Technicians Skills Institute as ‘part of a mega-change, an evolutionary change’ which is impacting on the entire system across Queensland. The sheer size of the restructuring activity has determined that the final structure will not be in place for a considerable period. More importantly, there was still a degree of uncertainty about what shape the new organisation would take, with the chief executive acknowledging: ‘I’m hesitant to say what it *will* look like. It depends on how it evolves.’

Devolved decision-making: Empowerment, responsibility, accountability

The most common structural change nominated by large public providers was the introduction of teams in various guises. The formation of teams, some authors (Banner 1995; Lorrimar 1999) suggest, provides organisations with the capacity to adjust and respond more flexibly and rapidly to emerging business needs.

The most comprehensive example of this approach is TAFE Tasmania, where (at the time of writing) 92 enterprise delivery teams, each led by a team leader, are responsible for the public provision of ‘responsive, relevant and client-focussed’ education and training services across the state. With an emphasis on ‘enterprise’, this structure was claimed not only to provide a greater degree of flexibility, but also to position the responsibility for servicing the training needs of various businesses with teams of teachers in enterprise workplaces:

The beauty of this structure is that, if you get it right, if you can get the team leaders to a level of capability and the teams to a level of capability, they can make really good decisions within boundaries about how to respond to their clients. (Chief Executive, TAFE Tasmania)

A key to achieving this change was seen to be the ‘de-emphasising of power, emphasising leadership rather than management’ and ‘dealing with under-performance because it is not an option in a team—it’s too important’ (Senior Manager, TAFE Tasmania).

The ‘repositioning’ of TAFE SA initially saw much of the management responsibility pushed upwards, but the chief executive of TAFE SA—Adelaide North was endeavouring to push that responsibility back down by encouraging others at a lower level to take greater responsibility. The philosophy underpinning this approach involved the concept of a ‘team of teams’ with a cabinet-style executive management team at the head. Teams were made up of people drawn together from the various campuses amalgamated in the reconfiguration of TAFE across the state.

The team-based approach at North Coast Institute has been supported by leadership workshops and the development of leadership behaviours. Empowerment of head teachers to manage business units is fundamental to the approach. One middle manager noted that it was about giving people responsibility for their own budgets and their own business and about ‘letting managers manage without someone looking over their shoulder’. A work team confirmed this view, with the suggestion that whoever has the expertise becomes the leader: ‘If they have an idea it is very much encouraged.’ A senior manager commented that decisions are made at all levels of the organisation—‘up from the bottom as well as down from the top, that’s why we get ownership and energy in our culture’. Communication is perceived to be more open and the decisions more transparent.

While the structure of the Trade and Technician Skills Institute was not fully formulated at the time this research was being conducted, the goal was for it to have a team-based structure with a highly entrepreneurial management team. Teams of empowered and ‘creative innovators’ are already working closely with industry groups to achieve highly positive outcomes. They are empowered to build the business in their own discipline areas and the two work teams involved in the study from this institute provided ample evidence of how they were doing that. Work teams spoke of feeling a sense of trust, enthusiasm and support. A contrasting perspective came from a number of middle managers, who suggested that much was talked about in relation to empowerment, but on the ground very little had really changed—delegation was restricted and budgets were controlled. Supporting this view, one senior manager admitted:

They [middle managers] have discretion over certain elements of their operation, but not a team budget due to their lack of experience or unwillingness of senior managers to discuss the complexities of budgets ... communication is not always clear.

(Senior Manager, Yeronga TAFE)

From some senior managers came the view that devolved decision-making allowed them to personally move away from a total focus on operational issues to one that was much more strategic in nature. But consistently chief executives and senior managers spoke of the divide between those who had willingly and quickly accepted the challenge associated with greater autonomy, responsibility and accountability and those who had not. Building the skills and confidence of middle managers and team leaders, therefore, was seen to be a key plank in the professional development programs of the majority of TAFE institutes in this study.

In relation to the two small registered training organisations, Capital Careers considered themselves a team, while The Centre had moved away from teams because of an imbalance in workload and lack of cohesion. Decision-making, as would be expected under these circumstances, remained firmly in the hands of the respective chief executives.

Breaking down the silos, crossing the divides

A theme that was consistently raised by senior managers, particularly in large registered training organisations, was the need to break down the silos or remove the barriers that exist between various parts of their organisations. Cross-functional and cross-organisational activities were seen to be a way of operating more efficiently and generating greater responsiveness to client demands for tailored training. A number of senior managers suggested that, by bringing together disparate people, ideas and experiences from across their organisation, they could not only build better working relationships, but could also make more informed decisions and, in doing so, it was hoped, enhance organisational performance.

Western Institute, for example, was exploring ways to remove some of the ‘complications’ associated with working across faculties, particularly in relation to the management of client relationships. Acknowledging that ‘industry [doesn’t] really need to know we’ve got five faculties’, the idea was to provide a unified institute focus or point of entry for the clients of the organisation. The ‘one institute’ concept was also a strong focus within North Coast Institute.

Similarly, looking at the organisation from the customers’ point of view was a strategy employed in the reconfiguration of TAFE SA, with a key outcome being the integration of educational programs and student services within teams. As a consequence, ‘the structure integrates the educational aspect in everything they do’.

Cross-organisational activities were also seen to be a key strategy in bringing together diverse cultures and ways of working that come with the merging of different institutes into one new organisation. For Swan TAFE—an amalgamation of three TAFE colleges—this process of breaking down silos has involved the establishment of study area networks. These networks enable practitioners, wherever they are delivering, to come together on a regular basis to share resources and undertake professional development activities.

Another example was the dual-sector University of Ballarat, with its marked ‘structural divide’ between vocational education and higher education. Here the two teams that informed this research provided clear evidence of how powerful cross-organisational collaboration could be in overcoming barriers between various parts of the organisation. The information communication technology team, for instance, considered that it had overcome the barriers between ‘them’ and ‘us’, suggesting that their team served as ‘the bridge’ between the different sectoral components of the organisation.

A similar strategy to break down silos was employed in North Coast Institute of TAFE, where organisational improvement teams—a selection of staff from upper and lower levels as well as across the organisation—bring their different perspectives together to improve particular business processes.

Developing hybrid organisational structures

While each of the TAFE institutes had undergone diverse changes to their structures over recent times, the majority retain core elements of traditional bureaucratic structures, particularly those aspects that work well within that framework. However, reconfigurations have seen changes to faculty, functional units and departmental structures, a flattening of vertical hierarchies, a freeing of the locus of control, and devolved decision-making and greater cross-organisational activity. In addition, hierarchical lines of communication have been deliberately broken down to enhance responsiveness and support a culture of innovation and entrepreneurship. Networked or matrix structures (Hunter 2002), which allow greater flexibility, have been blended with traditional components to generate hybrid organisational structures. These new configurations are designed specifically to meet the emerging demands of their dynamic environments.

Challenges of organisational structure

Interviewees recognised that organisational structure posed particular challenges to organisational effectiveness—and capability.

Mintzberg (1979) proposed that the greater the external control of the organisation, the more centralised and formalised its structure was likely to be. The majority of the TAFE institutes in the study were components of state-based systems, with centralised support and overarching policies and procedures governing such matters as financial and human resource management. Therefore one challenge for these organisations was the degree of autonomy that each had over how it manages its own business. While chief executives generally felt well able to generate the changes they needed to make, some aspects associated with decision-making, delegation and utilisation of commercial income were seen to slow or constrain local initiatives for change.

In a similar vein, the challenge for the TAFE component of the University of Ballarat was to navigate and negotiate the complexities of operating in a dual sector with differing governance arrangements and mechanisms for coordinating ways of working.

For the small private provider, Capital Careers, the critical challenge for the future hinges upon the business decision: to grow or not to grow. In its current form this registered training organisation has a typically flat, start-up company structure. Further growth would require the addition of another layer in the structure and a distancing of the company directors from the bottom layer. Another challenge for this registered training organisation related to leadership and succession planning.

A number of chief executives and senior managers articulated the implications of not getting the structural changes immediately right. They emphasised the importance of being prepared to evaluate the outcomes and make modifications and incremental adjustments where and when they were required. This is in line with the views expressed by Hunter (2002), who suggested that existing structural dimensions have to change to better achieve organisational goals. This

preparedness to keep changing, together with the reasoning behind it, needed to be effectively communicated to staff within the organisation to ensure ready acceptance of further changes.

Another critical challenge related to the negative outcomes that invariably become attached to structural change. The chief executive of North Coast Institute offered the following cautionary comment on this issue:

You can spend a lot of time in an organisation playing around with that. But in the end, it's the quality of the relationships and how structures *don't* interfere that [are] really what matters. The changing of structure won't fix anything if the relationships are appalling ... I am ambivalent about structure and its impact on capability. Restructures are distracting, protracted and leave a lot of injury—deep-seated and emotionally.

The extent of such damage was explained in the following way by a work team member from Western Institute who commented:

We all live in the shadow that it could happen again next year. If we go through another restructure and lose more, there's that culture of fear there all the time of not knowing what's going on down the road, rather than being able to develop something that will be in place next year.

Cultures: Unity and diversity

This research was specifically designed not only to explore organisational structures but also to investigate different perspectives and experiences of organisational cultures and sub-cultures within the participating organisations. As the research investigated the diversity of these registered training organisation experiences, the patterns of cultural unity and diversity became apparent.

Different experiences of culture: Teams and managers

In the seven TAFE institutes there was uniformly a disjunction between the experience of organisational culture at the work team level and that at the management level, even in the most unified and harmonious of institutes. Work teams typically saw their team cultures as being student- and community-focused. They were proud of their professionalism, supportiveness and achievements. However, they frequently felt at odds with senior management, who were perceived to be dollar-driven and more concerned with budgets, marketing, processes, targets, audits, compliance, strategic alliances and external environments than with teaching and learning.

Paradoxically, work teams often expressed their greatest strength as having occurred in situations where they had built up their independence in the absence of close management interest or even ‘despite management’.

Senior managers and chief executives clearly articulated broad views of culture in their organisations, which were largely shared by all levels of their organisations. However, in contrast to others within their organisations, the chief executives were indeed more strongly focused on government pressures, commercial necessities and industry demands. They were also focused on barriers to organisational effectiveness such as industrial relations and human resources constraints or the unevenness and slow speed of change throughout organisations.

Cultural disjunctions between the management and work team levels were frequently highlighted. In one institute the chief executive considered he had given staff a voice, while they considered themselves relatively powerless. In another institute work teams and middle managers saw a large cultural divide between different functional units within the registered training organisation—which was not emphasised by the leadership of the organisation. And where senior management called for greater unity of purpose in the institute, work teams simultaneously called for more management engagement.

The TAFE middle managers—typically serving as the link between work teams and the senior levels of the organisations—were not as involved in these cultural disjunctions. They were more involved in the practical expression of culture and culture change. They typically mentioned the ‘them and us’ conflicts in organisations more often than did chief executives, and talked about means to resolve conflicts.

Some unanimity emerged from all levels across the TAFE institutes—although not necessarily within individual institutes. What emerged as general culture-shaping concerns rather than as concerns of a particular level, were:

- ✧ the interdependence of TAFE, industry and community

- ✧ the critical importance of the entrepreneurial, business approach
- ✧ the importance of workforce development through professional development, recruitment or induction
- ✧ the need for rewards and recognition for all staff
- ✧ the complex language of VET, usually considered as a constraint to flexibility and change
- ✧ quality management, empowerment in decision-making, together with critical leadership and openness.

Interviews in non-TAFE registered training organisations presented a more unified view across levels, possibly because they tapped into less diversity of opinion than in TAFE institutes. The small ACE organisation enjoyed the lack of complexity typical of the larger organisations. Thus there tended to be more congruence between the work team and management levels in their perceptions of both their organisation's culture and the pace of culture change.

The large enterprise registered training organisation and the small private provider also expressed more unified views of culture. In the former, the chief executive said that a unified culture was an organisational goal. He referred to methods of working across brand 'silos' for a unified culture, the focus of a new five-year strategy about to be released. In the small private provider, both the work team and joint managing directors expressed similar views about their culture: professional, flexible and people-centred. The two leaders suggested that they themselves represented the culture—and the work team agreed.

Experience of multiple cultures

Lewis (2001) suggested that it is simplistic to see culture as a single entity and to deny the many sub-cultures that often co-exist in one organisation. Interviews at all levels of the seven TAFE organisations visited for this research showed a widespread acceptance of multiple cultures. When asked to describe their organisations' cultures, interviewees used words indicating multiplicity: 'huge', 'diverse', 'complex', 'confused', 'fragmented', 'forming' and 'transitional'.

The multiplicity of cultures was most clearly based on vocational difference: typically the 'tribal' or 'blokey' cultures of trades areas contrasted with the 'soft' cultures of access and equity areas and community studies. Interviewees also spoke of multiple cultures being aligned with disciplines, client groups, industries or faculties—and even with gender. As well, cultural variation was often linked to individuals, their work and work ethics, standards, approaches, personal management and leadership styles, cohorts and age groups.

Frequent references were made to the multiple cultures which contributed to the formation of compartmentalised sectors or 'silos' in organisations. For example, faculties were typical cultural silos. However, interviewees also referred to the idea that cultures cut across each other so that workers could belong to a number of different cultures simultaneously. For example, members of a trade culture in an organisation could also belong to either a dynamic culture or a change-averse culture.

I've never worked anywhere [where] you get so many sub-cultures and so many different views and such difficulty communicating with people. It's the nature of where people come from before they come into TAFE. People are formed before they come here.

(Institute Director, Trade and Technician Skills Institute)

Different types of cultures

A number of types of cultures (or sub-cultures) within TAFE organisations were repeatedly described by informants. These were:

- ✧ *Geographically based cultures*: which appear typical of often widely dispersed campuses of an organisation. Members of these cultures identify with the needs of their local areas more than those of the whole organisation.
- ✧ *Historically influenced cultures*: which appear in organisations where diverse cultures from the past remain as ‘cultural shadows’ in organisations which have undergone large-scale realignments, structural changes and/or amalgamations.
- ✧ *Ethos-based cultures*: which spring from fundamental views on vocational education. For example, a culture may be centred on the view that TAFE is a government service provider working for the public good (whether or not organisation funding is obtained commercially) or, alternatively, on the view that TAFE should, in today’s climate, be increasingly a fee-for-service provider.
- ✧ *Learner-defined cultures*: in which the common belief is that learners are the central focus for TAFE, as distinct from cultures which focus more on industry, community or business needs.
- ✧ *‘Us and them’ cultures*: which develop around a variety of opposing views, for example, the union/non-union divide, or the administration/delivery divide, or between ‘long termers’, who are perceived as stable and as liking the way things used to be, and new staff, who are seen as innovative, excited and enthusiastic.
- ✧ *Strata cultures*: which form around the levels of an organisation or according to different roles and functions in an organisation.

These findings confirm what numerous authors (for example, Schein 2004; Hendriks 2004; Deal & Kennedy 1982) have suggested, that the co-existence of many culture types reflects the highly complex nature of organisations (see section 2: Organisational culture, in support document 2: *Structures and cultures: A review of the literature*, <<http://www.ncver.edu.au/publications/2066.html>>).

Strengths and weaknesses of multiple cultures

In TAFE organisations, multiple cultures were seen as irrelevant to how an organisation was perceived from the outside.

However, many interviewees admitted positive gains in having multiple cultures within organisations. Multiplicity enabled diverse educational approaches appropriate for different vocational areas, different industries and different geographical areas; it provided opportunities for celebrating the achievements of those who do things differently; and it offered the potential for showing what could be done (or what should not be done). One interviewee warned against too little cultural variety, offering a critique of Australian-centric cultures in organisations which enrol thousands of international students.

Some interviewees acknowledged that multiple cultures were only a positive if organisations maintained a healthy competition that supported energy and passion, rather than negative and disruptive competition. Others suggested that the strengths offered by multiplicity could be compromised if the cultures were too far apart.

Yet other interviewees conceded that multiple cultures could readily become a weakness if they were not sustained by good internal process or they became a source of tension. For example, cultures becoming constituencies based on ‘historical baggage’ of power or power maintenance, rather than working on creating a functional and integrated organisation, could harm the organisation. Likewise multiple cultures could be a weakness if they became closed cultures holding onto knowledge and what they had developed, rather than offering opportunities, taking risks and allowing understanding of and movement between cultures.

Views on the need for an overarching culture

Interviewees recognised the existence of overarching organisational cultures in descriptions that were sometimes in positive terms such as ‘professional’, ‘loyal’, ‘can do’ and ‘nimble’, but at other times in negative terms such as ‘change averse’, ‘bureaucratic’ and ‘blokey’. There was general recognition that an overarching culture needed to have critical weight to balance multiple cultures.

The degree of alignment of organisational cultures considered necessary by interviewees, however, varied. Some interviewees were strongly driven by a single vision that excluded multiplicity. Others recognised a need for only a loose overarching culture in an organisation, perhaps even just as ‘a strategic intent that drives the way you do business’. A third view was of a culture that accommodated the diversity of sub-cultures, particularly in environments where sub-cultures emanated from restructures and amalgamations. Chief executives spoke in terms of ‘three family groups in the one household’ or a ‘team of teams’. This latter concept was explained in the following way:

The idea was that we recognise that Adelaide North has come from somewhere: three different institutes, nine different campuses, 25 different program areas—however you want to segment it. We had to acknowledge all those different parts and we had to acknowledge that everyone was part of small teams, big teams, statewide teams, national teams. That has been a really useful tag for us to use—the ‘team of teams’.

(Executive Director, TAFE SA–Adelaide North)

Non-TAFE experiences of cultural unity and diversity

Multiple cultures were also recognised in the non-TAFE organisations in the study. Interviewees from the ACE provider reported multiple cultures similar to those of the large VET providers. Interviewees from the large and multifaceted enterprise registered training organisation reported a set of cultures based on the multiple brands that comprised their organisation, together with a central office culture.

These organisations offered balanced views on the strengths and weaknesses of multiple cultures. They recognised the lack of cohesiveness, tensions and difficulties in communication that multiple cultures brought, but acknowledged the value of having different perspectives that could achieve cost efficiencies. Both had plans for developing an overarching culture which would unify the multiple organisational cultures.

The only organisation in this study that reported no real multiplicity of cultures was the small private training provider, which heavily depended on a unified focus for its success.

Changing and transmitting culture

Widespread culture change, which had taken place or that was taking place and would continue, was a feature of all the registered training organisations visited. The changes were generally expressed in terms of the overarching organisational cultures. In the enterprise registered training organisation and private provider, culture change was part of a response to maintaining business success or dealing with business growth. The means for culture change particularly emphasised the ‘osmosis’ model—embedding a desired culture in staff meetings, formal training or even in the manipulation of the physical environment. Leadership was considered particularly important in transmission of culture, for example, through role modelling or induction.

From a TAFE perspective, several institutes were unifying their cultures after sweeping restructures, several were moving from student-focused to employer-and-enterprise-focused cultures, one was replacing a command-and-control culture with one of devolved authority, and others were moving to bring multiple cultures more strongly under a unified overarching organisational culture.

Within the scope of such change, frequently reported cultural shifts included:

- ✧ a recommitment to teaching and learning as core business and in particular to student-centred learning
- ✧ a reaffirmation of the need to support local communities—the traditional social role of TAFE
- ✧ the adoption of a business approach to education and training
- ✧ a change from ‘passive’ environments to ‘can do’ environments reliant on entrepreneurship, innovation and risk-taking
- ✧ the introduction of activities that:
 - ◆ broke down barriers between support and teaching staff and between organisational ‘silos’
 - ◆ valued transparency to build trust
 - ◆ built leadership and business literacy
 - ◆ built teamwork and cross-organisational activities to develop inclusiveness
 - ◆ extended ownership of and empowerment in change.

Many interviewees described full-scale planned processes of changing and transmitting culture, and some of these are outlined in the cases included in support document 1: *Ways and means of adapting culture and structure: Case studies* (<<http://www.ncver.edu.au/publications/2066.html>>).

A frequently expressed view was that vision (a clear organisational direction) supported by positive attitudes and open communication provided the basis for culture change processes. Many interviewees also recognised that leadership of such change needed to come from the top, even while other leaders from within organisations were being empowered. There was also a view of culture change as not merely moving from one point to another, but as a process of exploring—of creating sustainable change and continuous improvement.

The means for achieving this change included a range of methods of communication and documentation of a vision (balancing electronic and face-to-face approaches), information processes that were open and honest rather than manipulative, and language that emphasised the culture being fostered, for example, the use of business language rather than ‘educationese’.

The involvement of people was central, whether in sequences of meetings, consultations, road shows and cross-organisation opportunities to meet, or in establishing teams. Interviewees also spoke of attempts to achieve ownership of change and empower staff by devolving decision-making and breaking down cultural taboos.

Core underpinnings to culture change that were repeatedly highlighted at all levels were recruitment, staff selection and professional development, together with experiential learning and re-education, especially in finance and leadership skills.

Challenges of organisational culture

Interviewees recognised that organisational culture posed challenges to organisational effectiveness—and capability. For example, reconciling cultural goals with reality was cited as a prime challenge. One interviewee described the ‘inevitable’ gap between espoused and lived cultures. On any one day people could point to behaviours that were not consistent with the culture being espoused. The challenge for an organisation was to communicate, discuss and become comfortable with ambiguity and in this way to help people to live with the inconsistency between espoused and lived cultures, rather than seeing it as hypocritical and hence becoming cynical about the organisation.

Achieving some sort of cultural balance was also a prime concern, whether this was balancing the strengths of multiple cultures with the destructive effects of ‘us and them’, or balancing multiple cultures within a unifying culture. The particular balance between a unity of culture and the

diversity of culture was an expression of the individuality of each registered training organisation and a measure of the effectiveness of the way all levels of the organisation met this particular organisational challenge. This focus on individuality confirms the views of Dunphy and Stace (1992): that there is no instant recipe for cultural change and any approach to transforming culture must take into account an organisation's unique environment and circumstances.

Structure, culture and capability

Interrelationship between structure and culture

The literature suggests that organisational structure and culture exist in close alignment and have overlapping functions, and this was confirmed in this research. Interviewees when speaking of structural change often identified aspects of cultural change, and the converse was also the case. Interviewees often used the terms interchangeably or drew clear connections between them. For example, a number of people commented that changes in structure were inevitably accompanied by cultural change, while efforts to transform culture often required some modification of structure to achieve the desired organisational change. There was general acceptance that structure and culture are very closely interrelated.

As to which one should drive change within a registered training organisation, one chief executive suggested:

I think we have to have a kernel of culture—you have to know the culture you want even if it doesn't exist. But I think you probably have to do them both at the same time ... Structural change probably starts first because if you identify that your structure is not aligned with your business, you do that. Then you think, how do I change the culture to get that mindset we need? (Institute Director, Trade and Technician Skills Institute)

Impacts on organisational capability

The research sought opinions from interviewees on their perceptions of the effect that cultural and/or structural change had on the capability of their organisation. Within registered training organisations and also across levels within these organisations, the link between cultural and/or structural change and capability was almost universally accepted. However, perceptions of the relative effects—either positive or negative—of cultural or structural change on capability varied considerably. For some participants, the cultural or structural changes were too recent and they recognised that there was still 'a way to go yet' before they could draw conclusions about impact.

The view from the top

All chief executives considered that the cultural or structural change that their organisation had undergone had impacted positively on their organisation's capability. Some went as far as to comment that the effect of change on capability made them 'far more capable' (Western Institute) or indeed that the impact was 'significant' (TAFE Tasmania).

Chief executives within public providers tended to talk in terms of income generation, performance and meeting key performance measures. However, a number also referred to better connections, with their visions and strategy being 'significantly closer to employers' and 'having greater credibility with employers', or being 'recognised by industry and communities as providing appropriate education and training to them'. One chief executive noted that there are two aspects to capability—meeting key performance measures and 'shifting behaviours' (Swan TAFE).

There was also a particularly strong association made between the people who comprised the organisations and organisational capability. Comments centred on building the right team, getting the right people up to speed and ensuring that professional development was directed at building the competencies needed for the future. With a business focus in mind, one leader spoke of developing strong entrepreneurial teams (TAFE Tasmania), while another identified the central importance of celebration rituals to ‘get people to genuinely feel pride that they are part of the winning team’ (North Coast Institute). The critical link between the registered training organisation workforce and the capability of the organisation for the future was well expressed by the following:

We have to be more attractive to both our clients and people who want to come and work for us [and] I don’t think we have actually realised that challenge until now ... TAFE is like the Titanic—it is hard to turn around, the iceberg is here, so our capability, we now realise, is reliant on our human resources. (Senior Manager, Swan TAFE)

The non-TAFE chief executives tended to view cultural and/or structural change and its impact on capability in a very positive light. They referred more to capability in terms of efficiencies and responsiveness and speed of decision-making (Capital Careers), as well as enhanced performance, with an emphasis on increasing the ‘personal responsibility’ of individuals (The Centre).

Senior managers across the TAFE institutes also recognised and accepted the link between cultural and/or structural change and organisational capability, but responses were mixed in terms of degree of impact, as well as whether it had exerted a positive or negative effect on capability.

One senior manager in a TAFE institute that had undergone significant structural change (TAFE SA–Adelaide North) acknowledged that the TAFE sector had experienced a falling market share and that the structural change had provided them with ‘strategic grunt’. Others noted that the changes they had experienced had increased industry responsiveness to such an extent that:

We actually fight above our weight in terms of fee-for-service and industry training ... [and it was] a significant cultural shift that we could have a role outside of our region. (Senior Manager, University of Ballarat)

Perceptions, however, were not necessarily uniform within an organisation. Two senior managers considered that a cultural shift for the organisation had helped it to become more flexible and responsive, while another suggested ‘the feedback is that we can’t service customers as efficiently as we used to do ... we now have to re-establish relationships with some industries’.

Middle managers and work teams

Middle management in TAFE institutes and managers in the other registered training organisations were also less consistent in their views about the impact of cultural and structural change on capability.

In a positive vein, one middle manager commented:

People [now] know what their jobs are, we’ve got really good avenues for support, we know who the support people are, we’ve got to where the directions are getting clearer, and the way of doing things is clearer, and people are getting on with that. (North Coast Institute)

Others expressing positive views on the impact on their capability spoke of the value of communities of practice, of teams, of ‘better connections with customers’ and of being much more responsive to employer needs.

A number at the middle manager level, by contrast, challenged whether productivity had increased to any great degree, and some even claimed that their organisation was ‘going backwards in terms of business response’. Concerns were expressed with regard to the speed of change that was required, while others spoke about continuous structural change and ‘change fatigue’.

For the non-TAFE registered training organisations, the middle managers in one organisation considered that the change had made the organisation ‘more capable of delivering a wider range of programs’; however, they cautioned that the organisation ‘could lose focus’ (The Centre). Change in

this organisation had meant that managers had more flexibility and that there was an environment of ‘space for ideas’ and greater flexibility across needs and programs. Managers in the enterprise registered training organisation considered that the structural change had meant that different sections were bringing their processes and procedures into alignment, and that reliability across similar programs was greatly enhanced.

Although work teams were not directly asked whether their organisation’s capability had improved because of cultural or structural change, many offered their views on the impact of change. One teacher commented that, after structural change, there was an ‘us ... we are all together ... before it was them and us’ and ‘there is more sharing of information ... and a better working relationship’ (Western Institute). This sense of sharing and the positive aspects of working in teams were common themes reiterated in other registered training organisation work teams. However, some teams also mentioned change fatigue and expressed concerns about the effectiveness of recent changes, with comments about the lack of high-quality information and blockages in the communication process between those at the top and those at the lower levels within organisations.

Although the majority of interviewees indicated that they considered that organisational capability had been improved by the implementation of structural and cultural change, chief executives and senior managers acknowledged that the spread of change was not always even through their registered training organisations or the outcomes beneficial for all groupings within the organisation.

Overall, very few chief executives or senior managers discussed ways of strategically planning and measuring capability. In fact, one senior manager expressed concerns about the issue by suggesting the following about the organisation:

We don’t have a genuinely strategic approach to how we manage organisational capability, with all that that entails, to position ourselves if we are required to exploit in a rigorous way (as opposed to an ad hoc way) a new or emergent market.

Visions of future structural and cultural change

The research also sought the opinions of interviewees regarding what further structural or cultural changes would be needed in the near future to build the capability of their organisation or work group. Again, not surprisingly, responses varied between senior management, middle management and work teams.

The view from the top

The majority of chief executives acknowledged the importance of continually adjusting to meet the demands of an ever-changing environment. Change was seen as a fact of organisational life—something that ‘we don’t have any choice about’ (Senior Manager, Western Institute). Adjustments to structure were seen to be beneficial and essential, and processes for initiating change needed to be built into systems, processes and the overarching culture of organisations. For example, the structure of TAFE Tasmania was not seen as static, but one that would be adapted when required to meet the ‘white water’ of change in which the organisation is constantly working. On the other hand, one chief executive acknowledged the inevitability of change, but warned of the damaging effects of change fatigue and of simply initiating change for change’s sake.

Chief executives and senior managers accepted that the future success of their organisations was dependent upon the talents and energy of their people. Thus there was a need to continue to build teams and to build work collegiality. Some interviewees spoke of structured and strategic recruitment processes to build the organisational team, while one TAFE leader referred to staff attrition as a major means of restructuring the workforce.

On a more positive note, one informant argued:

When you empower people, put decision-making down there, when you encourage innovation, and give them resources to respond to their customers ... and put the right people into management positions to support and encourage it right through ... the future is in good hands. (Former Chief Executive, North Coast Institute)

Senior managers' comments often related to the introduction of greater flexibilities into the workforce to enable staff retention and the management of teacher shortages. Another senior manager envisaged that a wish list for the future culture and structure in his organisation would include transparent decision-making, managers who are visible, and where poor performance is managed and good performance is recognised. A sense of belonging and staff feeling a part of their organisation with a shared vision and identity were themes expressed by other senior managers.

Effective leadership was also commonly linked to future success by executive teams within TAFE institutes in the study. This thinking was best summarised by an interviewee who suggested: 'we need to get ourselves right and make sure that the way we behave towards people and the way we work with people in this organisation engenders their trust and respect' (Senior Manager, TAFE Tasmania).

Addressing the skill development needs of middle managers and team leaders was also seen to be critical for the future success of registered training organisations.

Interviewees in the three non-TAFE organisations offered similar responses to those of the TAFE chief executives. In terms of future capability, some considered that their teams should embrace change, whereas another was not looking for further structural change in the near future.

Middle managers and work teams

TAFE middle managers were, overall, less positive in their aspirations for their organisations in the future. Some echoed the opinion that there should be no change for the sake of change, while others thought that more structural and cultural change was required to move their organisation forward. Responses from these groups varied, depending on how advanced their registered training organisations were in implementing significant structural change. Those who were in the midst of restructuring, in particular, emphasised the need for effective communication and an ability to 'get on with the job' as key issues for the near future. Where there had been some passage of time since major changes had been made, people made more reference to the bedding-down of these changes.

Another key theme for this grouping was the need to focus on developing registered training organisations that could meet customer needs, and different strategies were offered as a means to this end. Middle managers spoke of an enhanced customer focus, greater innovation in delivery, better communication, improved succession planning, a focus on people, compassion, rewards and recognition, structural consistency and sensibility.

Others wanted a flatter structure with increased accountability, allowing greater responsibility lower in the organisation, or what they termed 'real empowerment'. This latter comment came from people in a number of organisations where the locus of control had been pushed down to lower levels in the organisation, so clearly some headway was still to be made in the future—a factor acknowledged by senior management in their collective calls for enhanced leadership training and support for middle managers and team leaders.

Work teams were able as a group to articulate an organisation that they aspired to in the future. Many provided lists of attributes which reflected closely those suggested by one of the work teams in the University of Ballarat. These included:

- ✧ a stronger sense of all working in the one organisation
- ✧ cross-functional teams as a way of working
- ✧ closer linkages and open communication between the different levels of the organisation

- ✧ greater interaction between management and workers
- ✧ a breaking-down of the sense of isolation and encouraging the sharing of ideas across the whole organisation
- ✧ greater autonomy for people at lower levels, and a more collaborative approach to work
- ✧ acknowledgement of individual skills sets.

In summary, work teams articulated a sense of team, a sense of self-worth and being valued and recognised for good performance.

Conclusion

This research was designed to analyse the ways in which organisational structures and cultures shape what is possible within registered training organisations and to identify examples and strategies for managing structural and cultural change. The intention was to inform teachers, trainers and managers in registered training organisations of the outcomes of this research, thus enabling them to develop a more comprehensive understanding of the structures and cultures within their organisations.

Organisational capability—a commitment to change

The ten training providers in this study exemplify the diverse and complex organisations that make up the vocational education and training sector in Australia. Like those in other industries, these organisations are grappling with demands from government, industry, business, communities and individuals for greater flexibility and responsiveness in the delivery of products and services. As with other registered training organisations in the sector, these training providers are engaged to varying degrees in a cycle of ongoing change, adapting in response to the various imperatives impacting upon them in a highly dynamic environment. With a strong commitment to meeting the challenges they are facing, all but the smallest registered training organisation are undergoing quite substantial structural and cultural change.

Culturally, the major shifts have been towards a more businesslike, entrepreneurial, innovative and client-focused approach to the business of vocational education and training. For the TAFE institutes in particular the challenge is to balance their emphasis on public service with the practices of fee-for-service.

The literature suggests that there is no one right structure for an organisation, nor would there appear to be one right approach to tackling structural reconfiguration and cultural transformation. While there are common aspects in the adaptations being made across these registered training organisations, particularly with regard to enhanced collaboration and teamwork, the approaches taken have differed because of the unique environments in which they operate. Size, location and the degree of autonomy that chief executives have in initiating change have also been influential in generating different strategies to achieve organisational transformation.

While organisational capability is rapidly becoming recognised as an important key to organisational success, what it means in practical terms is still unclear. While much has been written about it, the lack of research on the concept is well documented in the literature (see Harris 2007). If there is some general consensus on the concept, it is that organisations differ in fundamental ways, as each has its own cluster of resources, and there is unevenness and a degree of inertia or resistance to change, with some organisations appearing particularly difficult to transform (Rifkin & Fulop 1997, p.135). Bakhru (2004, p.327) also draws attention to the fact that the race to build capabilities is not an equal race, as different organisations that are facing changing operating environments bring with them pre-existing histories and resources. In the face of much restructuring and amalgamation and the geographical distribution of campuses, this is a particularly salient point when considering the organisational capability of Australian registered training organisations.

What this research has done, both in its review of the literature and its examination of ten registered training organisations, has been to provide insights into the elements that may comprise organisational capability—those elements that VET leaders need to analyse in their own organisations. However, knowledge of such factors is one thing; understanding how they are to be configured in any particular context is a different matter, for not only do these registered training organisations differ markedly in quantum of resources, they also vary considerably in such significant areas as histories, geographies, environments, psyches, structures and cultures. Thus, the effectiveness of registered training organisations depends on more than the resources within them. The crucial aspect is how the component parts are woven together in particular configurations to suit particular environments.

This research cannot be prescriptive on alignment, since it can be only within the bailiwick of the leaders of each registered training organisation to determine how these elements can be configured for their particular organisation in its own particular context. That is a difficult task, especially in times of continual change, for any potential ‘answer’ to this complex issue of configuration depends on a range of factors (for example, timing, history and environment) and is unique to each registered training organisation.

This is the challenge for VET providers in Australia. The concept of organisational capability raises the critical issue of whether any particular registered training organisation contains a particular group of staff (management, teaching and support) with the requisite resources (essentially the knowledge and skills) and sociocultural configuration to perform value-adding activities.

Ongoing challenges

In implementing future strategies for building organisational capability, it is important that policy-makers and registered training organisation leaders grapple with and address some of those challenges with the potential to slow the progress of organisational change. In this study, such challenges at the systemic level centred on the following areas.

✧ *Organisational autonomy, delegation and decision-making*

Over-regulation can constrain organisational capability and flexibility. A significant factor highlighted in this research was the degree of autonomy that each provider had in managing its day-to-day business. While most leaders felt able to initiate the changes they considered necessary within their organisations, aspects associated with decision-making and delegation, overarching human resource management policies, and generation and utilisation of commercial income were identified as constraining or slowing local initiatives for change or innovative practice.

Given the great diversity in registered training organisations across Australia, policy-makers must expect a diversity of provider responses in the implementation of policy and regulation. It is important that policy-makers assess the potential impact of policies and regulatory arrangements on the various providers in the sector and take account of provider size and type to ensure that they do not constrain the range of responses necessary for addressing the needs of diverse clients.

✧ *Industrial relations*

Respondents in this study considered that current industrial relations frameworks and processes are too restrictive and need to be changed to reflect better the reality of the new environment in which registered training organisations are required to work. Tensions between the demands for flexibility and responsiveness and the requirements of industrial agreements were evident. For public providers, it is time to question some of the old certainties and take a new look at industrial relations practices. Some open debate and creative thinking about industrial relations may unlock new opportunities for registered training organisations to address more effectively the building of their capability.

At the level of individual registered training organisations, the challenges centre on the following areas.

- ✧ *Promotion of a clear understanding of the nature of change and change management at all levels in the organisation, and overcoming forms of staff resistance to ongoing change or adaptation*

People at different levels within providers spoke of the barriers that existed between various parts of their organisations. This research indicates that there is a need to develop, particularly in middle-level managers, a greater level of understanding of structural and cultural change and the skills required to manage it effectively. Cross-organisational activities and cross-functional project teams, which bring together diverse experience and expertise, were ways in which some organisations were raising awareness of change and overcoming resistance to change and change fatigue.

- ✧ *Disjunctures between the espoused culture and the lived culture*

Organisational capability is seen to be greatly enhanced in providers that have developed the climate, culture and structure that encourage innovation, a 'can do' mentality and permit the making of (and supports the learning from) mistakes. One of the most common disconnections identified in this study was between top-level vision and middle/lower-level understanding of and commitment to that vision. In some providers, there was a gap between the stated aims of the organisation and the reality of the practice. The challenge for registered training organisation leaders, therefore, is to communicate, discuss and help people understand the inevitable inconsistencies that occur between vision and practice in organisations.

- ✧ *Mismatches between the rhetoric and the reality of change in relation to the extent of individual and team empowerment and autonomy*

Organisational capability is built by developing individual and team autonomy and responsibility. Individual empowerment and a sense of ownership are critical factors for innovation, as is the development of an environment that encourages diverse thinking and individual initiative. This research, however, suggests that the degree of autonomy enjoyed by many teams within providers is variable and is a factor that can restrict the potential for innovative thinking and acting among groups of practitioners.

- ✧ *The roles and functions of middle managers and how best to develop and nurture these managers*

Middle managers are clearly in a position to play a major role in initiating change and introducing innovation in registered training organisations, but many talented people do not want to take on this role because there is little perceived reward. This research revealed that the position is seen as burdensome and complex, because its dual focus on education and business creates considerable tension. Leaders need to give consideration to the re-conceptualisation of the function so that the most talented staff are willing to take on the challenge of this critical role.

- ✧ *The balance between the operational and the strategic for managers at all levels*

This research suggests that human resource management and other decision-making tends to be overly focused at the operational level. Internal policies and procedures that inhibit flexibility relate to such areas as recruitment, selection, performance management, professional development, and compliance and audit. More sophisticated approaches, including a reduction in paperwork and the use of technologies to streamline processes, would assist in refocusing attention on the core business of teaching and learning and high-quality client outcomes.

- ✧ *Disconnects between strategy, structure, culture and people management*

The close alignment of individual development and organisational vision, strategy and business goals lies at the very heart of organisational capability. Building capability depends on each provider's ability to integrate, combine and reconfigure existing knowledge, skills and resources to arrive at the higher-order capabilities that will accommodate rapidly changing contexts.

✧ *Succession planning*

Given the ageing of the VET workforce, the issue of succession planning is becoming a critical one for the sector. In particular, there is a need to develop existing and future educational leaders across the sector. Given current and future challenges facing providers, such identification and development of leaders is of high priority. Good leadership is crucial to building organisational capability and effecting organisational change.

✧ *For small registered training organisations, issues relating to growth*

Small providers face the issue of whether to grow as they become more successful, or stay as they are and focus on what they do well. For example, as the smaller providers grow, they tend to adopt more formal approaches to management activities, human resource practices and other organisational practices. As small organisations they have the capacity to be highly responsive and flexible. But rapidly growing small providers—successful as small providers—need to be wary of losing their flexibility as they respond to the pressures of increasing size and complexity.

Essential elements in structural and cultural change

Several different types of structural change have been outlined in this report. Some change has been imposed ‘from above’—by state governments or by host enterprises—and this represents a level of systemic change which any single organisation would be unlikely to have the authority to achieve. In these cases, chief executives are often working within constraints that would not necessarily apply if they were in full control of the structural change concerned. In contrast, chief executives have a fuller ‘ownership’ of internally driven change and can use this very directly as a vehicle to change and/or influence their organisation’s culture.

Similarly, this report highlights the considerable differences between registered training organisations in the extent to which they need to manage overarching cultures. The following examples are presented.

- ✧ Enterprise-based providers are subject to the overarching culture of their parent enterprise, which can be brand-based, national or even global.
- ✧ Some TAFE institutes are subject to the overarching culture and structural frameworks determined by the relevant TAFE system (for example, TAFE NSW), or may even be synonymous with the state TAFE system (for example, TAFE Tasmania).
- ✧ TAFE institutes operating in dual-sector settings are often greatly influenced by the overarching culture and structural arrangements of the university (for example, within the University of Ballarat).
- ✧ Stand-alone TAFE institutes with greater levels of autonomy have more capacity to influence their culture, as do small community or private providers, although variations in the size of these organisations present further layers of complexity.

Such differences mean that there are varying degrees of control associated with an overarching culture, and this readily accounts for variations in perceptions of importance of providers’ alignment with overarching cultures. All of these distinctions and their effects could not be articulated fully in this report, based as it was on only ten widely divergent registered training organisations. However, there is a need for these to be more clearly researched in a larger study specifically focused on the relationships of providers to their wider environments.

While it is evident that there is no single correct approach to building organisational capability through structural and cultural change, nor single correct structure or culture, this study has been able to articulate several elements which are essential to any such process. These elements, derived directly from analysis of the providers participating in this research, as well as from other case examples located in the research literature (see support document 1: *Ways and means of adapting culture*

and structure: *Case studies*, <<http://www.ncver.edu.au/publications/2066.html>>), include the following elements.

- ❖ *Vision*: developing and communicating a strong vision that people at all levels of the organisation can understand and to which they can commit (important for all the organisations).
- ❖ *Strategy*: developing a clear, future-focused mission and a strategy based on continuous improvement that defines the key goals of the organisation within its particular context, and also aligning strategy with structure, culture and people to maximise the attainment of these goals, including a clear understanding of change management processes (important for all the organisations).
- ❖ *People*: placing the right people in the right positions, investing in their development, removing barriers to their interactions and providing them with support (important for all sizes of organisation, but particularly for the small ones because of the fewer employee numbers involved and the consequent greater risk in not having the ‘right’ person in the ‘right’ position).
- ❖ *Leadership*: placing an emphasis on the development of leaders at all levels of the organisation and fostering leaders who are comfortable with uncertainty, devolved decision-making, risk-taking and responsibility (important for all the organisations—see the consortium’s work undertaken by Callan et al. 2007, <<http://www.ncver.edu.au/publications/1802.html>>).
- ❖ *Communication*: ensuring people understand what is happening through open, transparent communication and the fostering of knowledge-sharing, both internally and externally (particularly important for the larger organisations because of their multiple layers and often dispersed physical locations).
- ❖ *Management*: aligning people, systems and structures to break down bureaucratic process and encouraging innovative ways of managing, especially using technology (particularly important for the larger organisations, given their potential for procedures and sub-structures to become overly bureaucratic).
- ❖ *Teamwork*: reshaping structures to minimise barriers to collaboration and fostering opportunities for integrated activities which can utilise the combined skills of disparate clusters of talented individuals (more important for larger organisations because of the multiplicity of employee groupings, since the small organisations are often able to operate as a single team).
- ❖ *Collaboration and networking*: building relationships with key stakeholders such as industry and the community (important for all the organisations—see the consortium’s work undertaken by Mitchell et al. 2006, <<http://www.ncver.edu.au/publications/1710.html>>).
- ❖ *Efficiency*: developing a business approach to the generation and utilisation of commercial income (important for all the organisations).
- ❖ *Empowerment*: devolving decision-making to capitalise on the abilities of people regardless of level, while also expecting accountability (important for all the organisations).
- ❖ *Inclusiveness*: inviting staff at all levels and categories to participate in the change process, and using the language of inclusion (‘we’ and ‘us’) to encourage pride in and commitment to the organisation (particularly important for the larger organisations because of the multiple groups of employees needing to be engaged and thus the greater likelihood of disjunctures occurring in the change process).
- ❖ *Rewards and recognition*: openly acknowledging and celebrating success, generating pride and goodwill (important for all the organisations).
- ❖ *Professional development*: building skills and knowledge through a variety of means such as formal programs, return to industry, communities of practice, mentoring, coaching and networking, including critical practice and effective learning through work (important for all the organisations—see the consortium’s work undertaken by Chappell and Hawke 2008, <<http://www.ncver.edu.au/publications/2062.html>>).

The registered training organisation of the future

There is general consensus in the literature (Tushman & O'Reilly 1996; Hunter 2002; Snow, Mathews & Miles 1999) that the organisation of the future will need to be capable of continuing with day-to-day business while undergoing incremental change. Such change will be directed at making organisations fast reacting, flexible, client-driven, innovative, entrepreneurial, and infinitely adaptable and responsive, despite uncertain times. This research found that the majority of people within the registered training organisations in this study understand the importance of developing these attributes and many are planning strategies to achieve them. A few—the innovators and early adopters—are well on the way to building the environment in which these important organisational attributes will flourish.

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Appendix 1: Organisational visions, missions and values

The outward demonstration of the espoused culture of an organisation is generally set out in key organisational documents as vision, mission and value statements. A mission statement defines the key purpose of the organisation, which needs to be easily understood and communicated, since, as Hodge, Anthony and Gales (1996) suggest, it is critically important in establishing the overarching culture of the organisation. A vision statement provides employees with a collective framework or framing concept that helps 'give form to the often abstract future that lies ahead' (<<http://www.balancedscorecard.biz/Glossary.html>>). Values propositions outline behavioural expectations for both employees and clients of the organisation.

While examination of organisational documents or websites accessed during this study was not in depth, a brief analysis reveals a degree of consistency in these outward demonstrations of overarching espoused cultures in the participating organisations. In all documents there is a clear link to national and state-based imperatives for vocational education and training and a commitment to the building of organisational capability. For example, vision statements invariably include terms such as 'leadership in training', 'centre of excellence' and 'foremost provider of quality vocational education and training'. Mission statements uniformly address quality training, service excellence, responsiveness and the promotion of learning for individuals, organisations, the community and industry. Professionalism, customer service, client focus, quality, honesty, respect, equity and integrity are identified as key values by the majority of the registered training organisations in this study.

The vision, mission and values statements for nine of the ten organisations in the study follow. At the time when material was being collected for this research, the Queensland Skills Plan was launched and major changes to TAFE Queensland were initiated. A new Trade and Technician Skills Institute took over management of trades training programs, staff and students from TAFE institutes in metropolitan Brisbane. As the organisation participating in this research, Yeronga TAFE was part of this restructuring process, so excerpts from institute documents have not been included. Statements on mission, vision and values for the new Trade and Technician Skills Institute (trading as SkillTech Australia) had yet to be developed when this research was being conducted and therefore are not included in this appendix.

TAFE SA Adelaide North

Vision	Mission	Values
<p>As part of a vibrant integrated TAFE SA system, TAFE SA–Adelaide North will be a leader in the development of South Australia’s workforce and community.</p> <p>Through consultation with learners, industry and community we will ensure our teaching methodologies, learning environments and services are inclusive, innovative and flexible.</p> <p>Our focus on valuing, developing and empowering our staff will enhance our capacity to provide relevant, high-quality vocational education and training.</p>	<p>TAFE SA–Adelaide North offers excellence in vocational education and training locally, across the state, nationally and globally, and exists to empower individuals, engage communities and develop skills for industry.</p> <p>We achieve this by:</p> <ul style="list-style-type: none"> ▪ Developing life-long learners planning for diversity ▪ Collaborating with the community, industry and government ▪ Utilising innovative and flexible learning and assessment methodologies, technologies, resources and systems ▪ Creating industry-focused workforce development pathways and partnerships <p>Developing our staff in ways which prepare them for our organisation’s future challenges</p>	<p>Our core values:</p> <ul style="list-style-type: none"> ▪ Trust, honesty and accountability ▪ Continuous learning ▪ Customer service ▪ Quality ▪ Innovation <p>TAFE SA–Adelaide North as part of DFEEST³:</p> <ul style="list-style-type: none"> ▪ Is committed to continuous learning at all levels and to high-quality teaching services ▪ Believes that our goals will be achieved through innovation and a commitment to quality. We recognise that these values will flourish when stakeholders are free to challenge prevailing views in a climate of creative tension ▪ Must be driven by a commitment to customer service for internal and external customers. We will be an outward looking organisation which is sensitive to the environment in which we operate ▪ Recognises that every activity must bring benefits which represent real value and an effective return on investment ▪ Strives for a high level of transparency and openness in a culture which values a ‘can-do’ approach ▪ Embraces the changes which are inherent in changing community demographics and in the changing demands of employers and employees in the State ▪ Values rewarding and safe jobs for its employees which allow personal growth and work/life balance ▪ Is committed to sustainable solutions which will preserve the natural environment ▪ Will acknowledge superior performance in whatever manner is appropriate and available and will continually strive to increase levels of productivity

³ Department of Further Education, Employment, Science and Technology, Government of South Australia

Capital Careers

Vision	Mission	Values
Not stated	To be the leading private provider of training and assessment services in the ACT and surrounding region	<ul style="list-style-type: none"> ▪ Provide a supportive and inclusive service to clients ▪ Treat people with respect and as individuals ▪ Give value for money ▪ Be honest and fair in our business dealings ▪ Deliver a professional service ▪ Have some FUN!

North Coast Institute of TAFE

Purpose	Our values in action	Success outcomes
Providing personalised vocational education and training to build prosperity, sustainability and innovation	<ul style="list-style-type: none"> ▪ Being passionate about learning and innovation ▪ Striving to provide access and choice ▪ Employing great people to build a great business ▪ Collaborating in the interests of customers ▪ Delivering quality services ethically and sustainably ▪ Partnering for the benefit of our region 	<ul style="list-style-type: none"> ▪ Customers first ▪ Jobs, career opportunities, skills and qualifications for learners ▪ Workforce development and business improvement for employers ▪ Socio-economic and cultural capacity for communities ▪ Responsible stewardship of our resources

Swan TAFE

Vision	Mission	Values
To be recognised as a foremost provider of quality vocational education and training	To be the training provider of choice delivering quality education and training that assists individuals and communities to achieve their goals	<p>Customer Service – we will provide services that are:</p> <ul style="list-style-type: none"> ▪ Friendly and courteous ▪ Prompt and responsive ▪ Equitable ▪ Professional, efficient and ethical <p>Innovation – we will support entrepreneurship and creativity to nurture a culture of sustained improvement</p> <p>Sustainability – we will work to protect the environment, promote social advancement and contribute to economic prosperity</p> <p>Quality – we will provide the products and services that our clients want, when they want them, where they want them and in the way they want them</p> <p>Integrity – we will conduct our business in an ethical, open and honest manner that treats our clients and colleagues with respect and understanding</p> <p>Diversity – we will recognize and build on the strength and understanding that comes from working with and for, people from different backgrounds, circumstances and life experiences</p>

The Centre

Vision	Mission	Values
Creating opportunities together	People will choose The Centre for high-quality learning and community engagement opportunities to achieve personal and professional growth.	Not stated

TAFE Tasmania

Vision	Mission	Values
TAFE Tasmania will transform its delivery of vocational education and training, achieving the agility required to make it a centre of excellence in skills development for Tasmanian enterprises and a provider of choice for learners seeking work-ready and workforce aligned outcomes	<p>The Tasmanian community needs a responsive VET system and employers, in particular, need TAFE Tasmania to be both enterprise-driven and aligned to future skills demands. The full potential of TAFE Tasmania's exceptional staff expertise, intellectual property, infrastructure, and systems, will be completely tapped for the benefit of Tasmanian enterprises. We will actively seek out and listen to what employers and their employees need to meet their workplace skills demands. Our mission is for TAFE Tasmania to be:</p> <p>Working with industry, developing skilled Tasmanian for competitive enterprises.</p> <p>This will ensure that TAFE Tasmania is a catalyst for more skills development, including higher-level, and workplace productivity for the benefit of the Tasmanian community.</p>	Objectives: In responding to our mission in 05/06–07/08, TAFE Tasmania has two key objectives; firstly, to ensure that our training meets the needs of our enterprise clients, as reflected by our market share and quality performance indicators, and secondly, to ensure that the level, mix and delivery of our career courses aligns to the state's economic and skill development needs.

The University of Ballarat

Vision	Mission	Values
To be a regional University of international standing, highly regarded by those we serve	To promote the growth and well-being of individuals, organisations and communities in our part of Australia, and beyond, through education, training, research and partnerships	<p>In undertaking our work at UB, we value:</p> <ul style="list-style-type: none"> ▪ Effort and excellence ▪ Integrity ▪ Service to one another and to our communities ▪ Learning throughout life ▪ Promotion of diversity ▪ Purposeful change <p>Informed by the values underpinning its endeavours, UB will achieve its mission, vision and goals through the commitment and performance of its staff and students, and through effective governance and management practice</p>

Western Institute of TAFE

Vision	Mission	Values
TAFE NSW – Western Institute, where people want to work and learn	Western Institute's mission is to provide vocational education and training that enhances the productivity of the workforce and supports a sustainable development of the Western NSW region	Western Institute promotes four key values: <ul style="list-style-type: none">▪ Openness▪ Respect for others▪ Trust▪ Professionalism and innovation in management practice

Support document details

Additional information relating to this research is available in three support documents and five fact sheets, all of which can be accessed from NCVER's website: <<http://www.ncver.edu.au/publications/2066.html>>. The three support documents are:

- ✧ Support document 1: *Ways and means of adapting culture and structure: Case studies*
- ✧ Support document 2: *Structures and cultures: A review of the literature*
- ✧ Support document 3: *A study in difference: Structures and cultures in registered training organisations*, which contains additional detail about the methodology employed in the research.



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