

# Human resource management in Australian registered training organisations

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Research activity 6:  
Examining human resource management in  
VET providers for a changing environment

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

CONSORTIUM RESEARCH PROGRAM





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The views and opinions expressed in this document are those of the author/project team and do not necessarily reflect the views of the Australian Government, state and territory governments or NCVER

## Publisher's note

Additional information relating to this research is available in *Human resource management in Australian registered training organisations: Literature review and discussion starter—Support document*. It can be accessed from NCVER's website <<http://www.ncver.edu.au/publications/2041.html>>.

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# About the research



## *Human resource management in Australian registered training organisations*

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The vocational education and training (VET) sector has an ageing and casualised workforce. Technical and further education (TAFE) institutes and private providers face a further challenge, in that both are attempting to meet client demands for improved flexibility and responsiveness in their services in an increasingly contestable marketplace.

Being able to recruit, reward and retain the right staff with the right skills is particularly important. So is having staff who enjoy what they do and who find their work and workplace rewarding. A high-quality, well-integrated and strategically focused human resource management system is key to organisational success and improved capability.

Nevertheless, private and public providers operate in different environments. In part this is a factor of size, but it is also affected by the relative degree of regulatory control.

### Key messages

For TAFE institutes

- Human resource management is not strategic in TAFE institutes. TAFE institutes need to bring human resource management 'in from the cold' and give human resource managers a place in the most senior executive forums of the organisation.
- Human resource management is a well-established function in TAFE institutes, but it operates within the quite tight constraints imposed by state government human resource management policies. Governments need to relax their grip on human resource policies and procedures.

For private registered training organisations

- Human resource management in private registered training organisations is informal. While this gives private registered training organisations a high degree of flexibility, most of them will have to develop more effective human resource management policies and practices to ensure their successful future growth.
- With the rapid growth in their businesses, private registered training organisations face the challenge of formalising human resource management, but at the same time they need to find ways to avoid excessive bureaucratisation of this function.

Readers interested in this research should also refer to other research from the consortium on building VET provider capability, in particular the work undertaken by Callan and his colleagues, *Approaches for sustaining and building management and leadership capability in vocational education and training providers*, that of Clayton and her colleagues, *Study in difference: Structures and cultures in Australian registered training organisations*, and Hawke, *Making decisions about workforce development in registered training organisations*.

Tom Karmel  
Managing Director, NCVER



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# Executive summary

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This report forms part of a comprehensive research program that has examined issues related to building the organisational capability of vocational education and training (VET) providers. It focuses on the current state of human resource management practice in both public and private registered training organisations (RTOs) in Australia and offers an assessment of the extent to which human resource management plays a truly strategic role in them.

The study method involved four elements:

- ✧ the preparation of a comprehensive literature review and discussion paper
- ✧ a series of interviews with experts drawn from across the VET sector
- ✧ a survey of 60 technical and further education (TAFE) institutes and 618 private training providers
- ✧ a series of seven case studies, comprising four TAFE institutes and three private training providers.

The survey was carried out in late 2006 and the case studies during mid-2007.

This report distinguishes between TAFE institutes and private registered training organisations, but does not intend to compare them explicitly: they have fundamentally different characteristics and modus operandi, although both compete in an increasingly contestable training market. TAFE institutes are typically large, multi-campus, comprehensive and publicly funded training providers. Their approach to human resource management and business strategy resembles that of other large public sector organisations, such as hospitals or universities. Private registered training organisations are typically very small organisations, competing in a well-defined niche of the training market. These organisations display many of the characteristics usually associated with small business operations. Although it is instructive to read the results of the research into these two types of registered training organisation side by side, it cannot be concluded that one is better than the other. The human resource management arrangements found in TAFE institutes and private registered training organisations represent different forms of adaptation to quite different circumstances.

## Human resource management in TAFE institutes

TAFE institutes provide a comprehensive range of training programs to a wide variety of clients. They face an increasingly competitive environment: 61% of the TAFE respondents to the project survey claimed that competitive pressure had increased dramatically in the last five years. The opening-up of the training market to some competition has been coupled with an increasing emphasis on increasing the size and capability of their businesses through fee-for-service activities and meeting the needs of local industry. As a consequence, TAFE institutes have responded strategically by adopting a range of business strategies. The majority of respondents to the survey (51%) claimed that they were using a cost leadership strategy—a strategy based on efficiently servicing and defending an existing client base. Another 35% of TAFE institutes reported they

were pursuing a strategy based on capturing market niches, and a small number on offering new and innovative products to the market.<sup>1</sup>

Human resource management is a well-established operational function in TAFE institutes and is supported by relatively large and well-resourced human resource departments that provide a range of high-quality, traditional human resource services, including: recruitment and selection; performance management; training and staff development; and employee relations. Procedures are usually highly formalised and documented, including having written human resource management and training plans. In some cases the degree of external control by some government agencies on both policy and practice results in highly prescriptive human resource management practices which may limit flexibility. Recruitment and selection procedures often emphasise procedural fairness and qualifications rather than address cultural fit in the organisation. Performance management systems tend to be focused on staff development rather than on performance evaluation. Nevertheless, human resource systems work well, and institutes generally enjoy a good employee relations climate and operate harmoniously with trade unions in a traditionally highly unionised industrial environment.

Human resource departments are headed by a manager who, in most cases, is not part of the institute's senior executive team, and who therefore has no direct input into the high-level processes of strategy-formation. Because of the important role workforce capability plays in assuring organisational capability, human resource management should be a strategic issue for TAFE institutes. However, human resource managers and departments are usually involved in strategy implementation rather than contributing to strategy formation. This situation appears to be gradually changing as senior management groups in TAFE institutes look to human resource managers for more strategic input, although the function is still in a process of transition, from 'people processing' to 'strategic business partner'.

## Future directions for human resource management in TAFE institutes

A number of possible directions with the potential to assist the process of creating a more strategic approach to human resource management in TAFE institutes arise from this study.

- ✧ Give human resource management 'a seat at the table'. Human resource management needs to be acknowledged as a strategic function within TAFE institutes and human resource managers need to report directly to chief executive officers (CEOs) and be given a place on the senior executive teams of institutes.
- ✧ State governments, which currently exercise very strong control over human resource policies and procedures within TAFE institutes, should give TAFE institutes greater autonomy in determining how people are recruited and managed at the institutional level, including greater freedom in relation to enterprise bargaining.
- ✧ Important human resource procedures for areas such as recruitment and selection, performance management and training need to be better aligned with the strategic direction of TAFE institutes. This means emphasising 'hiring for fit' in selection procedures, evaluating staff performance in performance management systems and extending more training opportunities to staff, especially to non-teaching and casual teaching staff, who do not currently receive the same levels of investment in training as managers and permanent staff.

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<sup>1</sup> Porter (1985) has identified three basic generic business strategies: *cost leadership*, which emphasises efficiencies and economies of scale; *differentiation*, which involves the creation of a new product; and *segmentation*, where the organisation concentrates on a few select or niche markets.

## Human resource management in private registered training organisations

Private registered training organisations are usually quite small organisations operating from a single site. As in TAFE institutes, perceptions of the level of competition in the training market are high. Amongst private registered training organisations who responded to the survey, 41% reported that competition had increased dramatically in the last five years. Generally, private registered training organisations have responded to this market pressure by adopting a wide variety of business strategies. About equal proportions of respondents to the survey reported that they had adopted a cost leadership, a differentiation (innovation) or a segmentation (niche market) strategy. Private registered training organisations reported that in the future they were more likely to follow either a cost leadership strategy by consolidating their present market through price or through a segmentation strategy by seeking out future market niches for growth.

Human resource management in private registered training organisations conforms to the informal approaches taken within small business generally. Most private registered training organisations do not employ a human resource specialist or support a human resource department. Human resource management is most often the domain of the CEO (60% of respondents), rather than a corporate services or other manager. The direct control of human resource management by the CEO means that private registered training organisations should have a more strategic focus, but this was not necessarily the case. Nevertheless, informal approaches to human resource management give these organisations the flexibility to develop the new and innovative human resource policies they need to adopt in both the competitive training product and staff labour markets.

Most private registered training organisations recruit and select staff on the basis of their alignment with the values of the organisation ('cultural fit') rather than on qualifications. This emphasis on fit for selection helps private registered training organisations to achieve quite low levels of employee turnover. At the same time evidence from the case studies showed that some private registered training organisations had devised novel retention strategies that allowed them to recruit and retain particularly valued employees—a clear advantage in a tight labour market. On the other hand, other aspects of human resource management are quite undeveloped. Performance management systems, while they cover casual and sessional staff, are very diverse and often ineffective. Levels of training and development for staff, especially for non-teaching staff, can be quite low. But most respondents to the survey reported that they enjoy a very positive employee relations climate and this is a strength on which private registered training organisations can build in the future.

One key issue for private registered training organisations is that their rapid growth may quickly overwhelm their capacity to manage their human resources well. The case studies provided evidence of private registered training organisations facing the challenge of formalising their human resource management in order to cope with business growth.

## Future directions for human resource management in private registered training organisations

This study suggests that the future development of human resource management in private registered training organisations would be enhanced by adoption of the following strategies.

- ✧ An informal approach to human resource management has both advantages and disadvantages for private registered training organisations. It can confer great flexibility in the management of people, allowing them to prosper in a competitive market. However, approaches to performance management and training in private training organisations—often an area of weakness in their current human resource systems—need to be systematised, but not at the expense of flexibility.

✧ The key challenge for many private registered training organisations is dealing with business growth. As organisations grow, their ability to manage people on an informal basis quickly disappears as they confront the need to formalise their approaches to human resource management. This challenge also represents an opportunity to devise human resource management philosophies that combine efficiency and fairness with strategic relevance and integration.

This report is complemented by a comprehensive literature review, which is contained in the support document. It can also be used as a discussion starter of human resource management issues.

# Introduction

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People are the assets on which competitive advantage is built, whether in the public or private sector, whether in the corporate world, or in the world of education. The latest theory on human resource management defines people as an ‘inimitable’ asset (Boxall & Purcell 2003). People and their skills is the one quality that competitor organisations cannot imitate. Thus human resource management and the practices associated with it have become accepted by managers in all types of organisations as amongst the most important strategic levers for ensuring continuing success (Storey 2001). This is true in vocational education and training (VET) as much as in any other sector. In recent years workforce development has become a key feature of the management of registered training organisations in the VET sector.

The traditional emphasis of what used to be called ‘personnel management’ was on the regulation of the management of people in organisations. This regulatory role was reinforced, particularly in Europe and Australia (less so in the United States), by increasing government regulation of employment conditions through legislation concerned with the conduct of industrial relations, discrimination, employment rights, health and safety and other employment conditions. In many organisations today this older notion of personnel administration, with its emphasis on rules and regulation, still holds. Recent research has suggested that this tends to be the model traditionally adopted in the public VET system (Palmieri 2003; McNickle & Cameron 2003).

But in the 1980s and 1990s, a different concept of human resource management began to gain ground (Legge 2001). At the heart of the new approach was the belief that the management of people gives an organisation competitive advantage (Guest 1987). This leads to distinct differences between human resource management and personnel management. Firstly, human resource management is not simply the province of the human resource manager. Line managers play a critical role in human resource management and, in fact, could be argued to be the main organisational exponents of people management (Ulrich 1997). Secondly, human resource management is firmly embedded in business strategy. Unlike the personnel manager, the human resource manager should be part of the top-level strategic team in the organisation, and human resource management plays a key role in the achievement of business success. Thirdly, the shaping of organisational culture is one of the major levers by which effective human resource management can achieve its objectives of a committed workforce (Storey 2001). Thus, human resource management is concerned not only with the formal processes of the management of people but also with all the ways in which the organisational culture is established, reinforced and transmitted.

While many organisations within and outside the VET sector have yet to move wholly to this new model of human resource management, there is no doubt that most organisations are making the transition very quickly. Again, research suggests that registered training organisations are moving this way and are in something of a transitional state. Some of the key elements of the new human resource management that may be observed in the VET sector include:

- ✧ much more careful selection and recruitment
- ✧ higher level of training and staff development
- ✧ extensive use of teamwork
- ✧ better communications between staff and management

- ✧ introduction of performance management
- ✧ encouragement of employee suggestions and innovation.

Contemporary research into the adoption of human resource management by organisations worldwide has shown that the adoption of modern human resource management has not been as straightforward as commentators might believe. The adoption of suites of human resource management practices amongst organisations is limited. Data from the Workplace Employee Relations Survey in the United Kingdom have shown that, while many organisations have adopted some human resource management practices, such as better forms of selection and recruitment or performance management systems, few organisations have adopted the entire suite of practices referred to above. Moreover, even in organisations where there has been a sustained take-up of human resource management practices, they are not really integrated in the strategic sense suggested by the human resource management literature. Thus strategic human resource management is quite rare (Cully et al. 1998; Butler et al. 2004).

It has proved difficult to establish the real impact of the adoption of human resource management on the performance of organisations. Many early studies examined the financial performance of organisations which adopted a number of modern human resource management practices. They concluded that the adoption of human resource management appeared to result in superior performance for organisations (Guthrie 2001). Other researchers were concerned with the impact of the adoption of human resource management practices on workers at an individual level. Guest's work in the United Kingdom, however, has shown that workers seem to enjoy working under a more modern human resource management regime and that the use of human resource management does result in the higher level of employee commitment predicted by the early studies (Guest 2004). Thus, the adoption of human resource management seems to result in better outcomes, both for organisations and individual workers (Ashton & Sung 2002).

In more recent years, attention has switched from the practices constituting human resource management to the broader impact of human resource management and its relationship to the strategy of the organisation. A key element in effective human resource management is its alignment with the strategy of the organisation. Researchers now believe that it is not enough to simply implement a series of 'best practices', but that human resource management needs to be tailored so that it 'fits' with the organisation (Baron & Krepps 1999). In the VET sector this means making sure that human resource management practices fit with one another (for example, not introducing an individual-based performance management scheme into an organisation that runs on teamwork!) and that they align with the strategic position of the registered training organisation. If a registered training organisation competes on the basis of new and innovative programs and modes of delivery, then its recruitment, performance management and staff development system will need to strongly encourage innovative behaviour in staff.

The project investigates the current state of human resource management practice in public and private registered training organisations. Public and private registered training organisations are quite different and operate in quite distinct parts of the training market. In 2006 there were about 70 public registered training organisations in Australia, which account for the great majority of all the publically funded students in the VET system. These registered training organisations are mainly technical and further education (TAFE) institutes, and are typically large training organisations employing many hundreds of teaching and non-teaching staff. They usually comprise a number of sites or campuses and provide a comprehensive range of training programs for individuals and for industry. TAFE institutes are funded by state and territory governments, although in recent years an increasing proportion of government funding has become 'contestable', ensuring they increasingly compete with private registered training organisations.

Private registered training organisations, on the other hand, are typically quite small and specialised. Apart from a small number of large well-established organisations, most private registered training organisations employ ten or fewer staff (Harris, Simons & McCarthy 2006) and operate in

specialised niches of the training market. Private registered training organisations tend to concentrate on those training programs that do not require high levels of investment in facilities and infrastructure, such as business and hospitality. There are over 3000 private registered training organisations in Australia (NCVER 2007). These organisations usually offer a combination of fee-paying and government-funded training programs. Since the introduction of contestable public funding, the numbers of private registered training organisations have grown, and in many areas of the training market they compete very strongly with TAFE institutes.

The differences between public and private registered training organisations are important to this study. Private registered training organisations and TAFE institutes are so different that it is very difficult to directly compare their approaches to human resource management. Thus, this project focuses on describing the state of human resource management in both types of registered training organisations rather than offering a comprehensive comparison of the two.

A full literature review on human resource management practices, which is found in the support document, can be used as a discussion starter for this issue. Using the literature review and this report as a basis, the key issues registered training organisations need to consider in relation to their human resource management practices include the following questions.

- ✧ What are the important human resource management practices that we need to adopt to improve our overall performance?
- ✧ How can human resource practices be integrated so that we obtain the highest possible impact?
- ✧ How can human resource management practices be better integrated into our business strategies?

Again, it is important to note that the research is concerned with two quite different forms of organisations found in the modern training market—TAFE institutes and private registered training organisations. We have made the point earlier that these institutions have adapted quite differently to their respective market circumstances.

This project seeks to establish the current state of human resource management practice in registered training organisations in Australia. The project takes a strategic approach, examining the links between human resource management and the strategy of the organisation. The results of the project will enable us to better understand the development of human resource management in registered training organisations and make sound recommendations about how registered training organisations can benefit from the better management of people.

# Methodology

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## Project method

This project sought to examine the practice of human resource management in registered training organisations, public and private. The project involved three data-collection phases:

- ✧ a series of interviews with experts drawn from across the VET sector
- ✧ a survey of 69 TAFE institutes and a selection of 618 private training providers
- ✧ a series of seven case studies comprising four TAFE institutes and three private registered training organisations.

The project considered both the current state of human resource management in registered training organisations and the links, incipient or otherwise, between human resource management and business strategy.

The research questions for this study were:

- ✧ What is the state of best practice in human resource management in Australia and internationally?
- ✧ To what extent are public and private registered training organisations using a range of human resource management practices and integrating them into their business strategies?
- ✧ What models of human resource management will best fit the requirements of registered training organisations in the future?

Twenty interviews were carried out with a variety of stakeholders and experts in VET during mid-2006. The purpose of the interviews was to identify the key issues in human resource management in the VET sector that could inform the development of the survey instrument and the case study protocol.

The survey was administered in late 2006, after clearance was obtained from the Australian Bureau of Statistics Statistical Clearing House. The survey instrument is reproduced in the appendix. The survey was sent to 69 TAFE institutes and 618 private training providers. Lists for the survey sample were supplied by TAFE Directors Australia and by the Australian Council on Private Education and Training, both of which strongly supported this project. A full breakdown of the response rates for each type of training provider is reproduced in table 1. It is important to note the relatively low response rates from private providers, particularly in light of the diversity of this group.

**Table 1 Response rates by provider type**

Provider type	Frequency	Response rate (%)
TAFE institutes	28	40.6
Community RTOs	13	
Commercial RTOs	64	
Group training organisations	2	
Enterprise RTOs	2	
Industry RTOs	16	
Other	17	
Total private providers	114	18.5
Overall	142	20.6

The survey asked questions in the following areas:

- ✧ general data on the organisation
- ✧ human resource management in the organisation
- ✧ selection and recruitment practices
- ✧ performance management practices
- ✧ training and staff development practices
- ✧ employee relations
- ✧ work organisation
- ✧ business strategy of the organisation.

In all cases the survey was sent to the CEO or director of the registered training organisation. In the case of TAFE institutes, the most common respondent was a human resource manager or equivalent (54%), followed by the institute director or deputy director (38%). For private registered training organisations, the majority of respondents were CEOs (70%) or other non-human resource managers (23%). For private registered training organisations, human resource specialists accounted for only 6% of respondents.

The case studies were undertaken in 2007. Seven organisations were studied using a common protocol, which is reproduced in the appendix. In each organisation the following staff were interviewed:

- ✧ director/CEO
- ✧ human resource manager or equivalent
- ✧ organisation development manager
- ✧ a line manager—departmental head or equivalent
- ✧ focus group of teaching staff
- ✧ focus group of non-teaching staff.

It is important from the outset to understand that the results of the research underline the fundamental differences between TAFE institutes and private registered training organisations in the VET system. TAFE institutes and private registered training organisations are very different forms of organisations and often operate in very different markets. It is, therefore, often not useful to directly compare approaches to human resource management taken in the public and private sectors in VET. This is particularly true when discussing the strategic nature of human resource management.

# Human resource management in TAFE institutes

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It is important in an investigation of the strategic role of human resource management to place this study in the context of the business environment which TAFE institutes face.

The interviewees in the first phase of the project agreed that all registered training organisations were facing an increasingly competitive business environment. This environment was characterised by increased competition between public and private providers and by an increasing emphasis on the recruitment of international students, especially for public providers. The recruitment of international and other fee-paying students was viewed, especially by public providers, as driven by an apparent decrease in funding for the public VET sector in the last decade.

The survey reveals that the vast majority of TAFE institutes perceived a significant increase in the level of competition in the last five years. Ninety-three per cent of TAFE institutes reported an increase in the level of competition, with 61% reporting that competitive pressure had increased dramatically (table 2).

**Table 2 Increase in competitive pressure in last 5 years, TAFE institutes, percentages**

	TAFE institutes
Increased dramatically	61
Increased somewhat	32
Stayed the same	4
Decreased somewhat	4
Decreased dramatically	0

The high level of competitive intensity reported by TAFE institutes may be explained by the nature of competition, such that competitive pressure may be exerted along a number of fronts rather than in a single niche of the market. Thus, the perception of competitive pressure may tend to be higher for TAFE institutes exposed to a range of competitor institutions.

In response to increased competitive pressure, organisations will often engage in strategic planning. The survey asked registered training organisations about their business planning and strategy-setting processes. All of the responding TAFE institutes possessed a business plan. The business strategies of the TAFE institutes tend to be rather short-term in outlook. The most common review period for the business strategy was one year, with only 22% responding that their plan covered a longer period. Seventy-nine per cent of TAFE institutes reviewed their business strategy annually. It is common business practice to review strategy regularly; the case studies revealed that the principles of the business strategy are more long-term. In the public sector, there has been an increasing emphasis on strategic planning for TAFE institutes, with institutes encouraged to take a more active role in the determination of their own business trajectories. Thus at one TAFE institute, the incoming CEO had embarked on a major strategy-planning exercise to re-cast the strategy of the institute in order to make it more responsive to needs of local businesses and the community and to ensure its commercial survival. In the words of the CEO:

Well the first thing that I did was to obviously look at the annual report and then had a look at the growth projections of the economy here. And then I did some research with my

executive team primarily where we went actually out to the businesses that we serve ... and then aligned their answers to what was coming out through policy changes and state government statements. It was very clear then to me that we needed to transform our strategic directions and take our learners and clients into view.

In this case the exercise by the CEO produced a new strategic plan for the institute, which has guided the internal development of the organisation as well as its relations with the community and its customers. This emphasis on planning for a market niche is reflected in the results of the survey on the types of business strategies adopted by registered training organisations. Organisations were asked to rank their current business strategies using statements derived from Michael Porter's (1985) work on generic strategies, which has become a standard in the management strategy literature. Porter identified three basic generic business strategies:

- ✧ *Cost leadership*: this strategy emphasises efficiency. By producing high volumes of standardised products, the organisation hopes to take advantage of economies of scale. The product is often a basic no-frills product that can be produced at a fairly low cost and made available to a large customer base.
- ✧ *Differentiation*: differentiation involves creating a product that is perceived to be unique. The unique features or benefits should provide superior value for the customer if this strategy is to be successful.
- ✧ *Segmentation*: in this strategy the organisation concentrates on a few select target markets. It is also called a focus strategy or niche strategy. The organisation typically aims to achieve competitive advantage through effectiveness rather than efficiency. It is most suitable for small organisations, but can be used by larger organisations.

Porter's strategies were adapted for the VET sector and used in the survey by asking respondents which business strategy best described that adopted by their organisation:

- ✧ *Cost leadership*: 'We aim to offer higher-quality programs at the lowest cost for our clients.'
- ✧ *Differentiation*: 'We aim to be different from our competitors by offering imaginative and innovative new programs.'
- ✧ *Segmentation*: 'We focus our business on an identified niche in the markets where we excel.'

In terms of their current strategy, TAFE institutes tend to favour the cost leadership strategy, with 53% selecting this as best describing their current strategy (table 3).

**Table 3 Current and future strategies of TAFE institutes, percentages**

	Cost leadership	Differentiation	Segmentation
Current business strategy	53	12	35
Future growth strategy	25	31	44

However, when it came to selecting business strategies for the future, TAFE institutes tended to favour differentiation and segmentation strategies. Thus TAFE institutes are looking to move away from their traditional cost leadership positions in the market and into innovative new products and new markets to support their future growth, which many see as based on fee-for-service opportunities.

## The human resource management function

TAFE institutes are large and complex institutions. In the survey, the number of employees of the responding TAFE institutes averaged 1012. Of these, 368 (36%) were casual or sessional teachers. All of the TAFE institutes responding to the survey had multiple sites, with 86% responding that they operated on five separate sites or more and 15% on 15 sites or more. The multi-site nature of

the modern TAFE institute presents a significant management challenge, unmatched by any other form of public educational provider.

The human resource management function is well established in TAFE institutes. It supports relatively large and well-resourced human resource departments which have existed for a long period of time. Seventy-five per cent of TAFE institutes responded that human resource management is managed by a specialist human resource manager, with the others giving primary responsibility for human resource management to either the director (18%) or to a corporate services manager (4%). The latter response may reflect some misunderstanding of the question attributing primary responsibility for human resource management to a higher-level manager when a human resource manager/officer may also exist. Nearly all the human resource managers came from a professional background in human resource management, if not always in the VET sector. Thus, human resource management is clearly perceived as a discrete career direction within TAFE institutes.

However, in general, human resource managers do not occupy the most senior management positions in TAFE institutes. Of those TAFE institutes reporting that a human resource manager or equivalent held primary responsibility for human resource management in the institute, 72% reported that the human resource manager reports to another senior manager rather than to the director. In most cases the human resource manager reports to a manager of corporate services or the equivalent. This means that human resource managers are often not represented on the senior executive groups of TAFE institutes. Just over half of the TAFE institutes responded that the human resource manager sits on the senior executive group of the institute. This was also reflected in the case studies, where the human resource manager was only represented on the senior management group in one of the four TAFE institutes studied. The expert interviewees also recognised that this lack of direct representation of human resource management at the most senior levels in TAFE institutes was a problem for the profile of the function. This is not to say that human resource management is not treated as a key issue at senior levels in TAFE institutes, where it is often the stuff of senior management discussion. However, human resource management is often represented as part of another function. Thus, it is viewed through an operational rather than a strategic lens. As one line manager put it to us in a TAFE institute:

The overall approach [to human resource management] is good and fair but it is a department that seeps with policy rather than change. The whole human resource management process is disjointed and confusing.

However, human resource management departments are, as we have said, well established and resourced. All the TAFE institutes responded that they supported relatively large human resource management departments. Sixty-five per cent responded that they supported human resource management departments of more than six people, with 40% claiming that they support human resource management departments with more than ten people. Half of the TAFE institutes have human resource departments that have been in existence for more than ten years, although 20% had only established departments in the last two years. Human resource management is quite formalised in TAFE institutes; nearly 90% of institutes reported that they had a written human resource management plan. The top five operational priorities for human resource management departments in institutes were:

- 1 Recruitment and selection (72%)
- 2 Employee relations (40%)
- 3 Performance management (28%)
- 4 Payroll (16%)
- 5 Organisational structure (16%).

The figures in brackets refer to the percentage of TAFE institutes that placed the priority in first or second place.

The dominance of recruitment and selection issues was also reflected strongly in the expert interviews and case studies, in which TAFE institutes signalled that attracting and retaining staff, especially teaching staff, was an all-consuming human resource priority. As many interviewees highlighted, the TAFE workforce is ageing rapidly, with many TAFE institutes reporting the average age of the teaching workforce at well over 50 years, with some reporting that they employ substantial numbers of staff (albeit often sessional) in their late 60s or 70s.

State superannuation schemes still make it very attractive for staff to retire in their mid-50s, so the demographic crisis is a stark reality for most TAFE institute directors and human resource managers. It is also interesting to note that training does not appear in the top five human resource management functions for TAFE institutes. This is despite the national focus on training and professional development in the last ten years through schemes such as Reframing the Future and LearnScope and the importance attached to training by TAFE institute managers in interviews. Most of the expert interviewees nominated training and professional development as an area of critical importance to TAFE institutes and one in which there had been significant progress in recent years. Nevertheless, training is not a high day-to-day priority for human resource managers at the institute level.

In terms of longer-term and more strategic functions, these were ranked by TAFE institutes as follows:

- 1 Strategic workforce planning (75%)
- 2 Organisational development (50%)
- 3 Leadership development (46%)
- 4 Human resource policy development (21%)
- 5 Talent management (7%)
- 6 Career development (0%).

Again, the figures in brackets refer to the percentage of TAFE institutes that gave these items first or second priority.

The emphasis in this ranking is on the first two functions: workforce planning and organisational development. The other functions were far less highly ranked by respondents. It is interesting to note that, with the exception of leadership development, which is largely focused on managers in TAFE institutes, training-related issues were not ranked highly. Both talent management and career development were most commonly ranked fifth in the listing and were never ranked first by any TAFE institute, confirming the rather lowly place of training and development in both the short- and long-term priorities of TAFE institutes. Again, the lowly placing of training and development at a strategic level was confirmed by the expert interviewees and in the case studies, where it appears that this issue is perhaps the subject of much rhetoric but less practical application.

Finally, TAFE institutes were asked to rank their guiding principles in human resource management. The top five guiding principles for TAFE institutes were:

- 1 Developing a capable workforce (64%)
- 2 Developing a strong organisational culture (59%)
- 3 Encouraging and facilitating organisational change (32%)
- 4 Creating a good employee relations climate (9%)
- 5 Minimising the salary and wages costs of the organisation (9%).

The figures in brackets refer to the percentage of TAFE institutes that placed the priority in first or second place.

This list provides an interesting contrast with the previous listing of priority functions. Here, training and development issues appear to rank most highly, along with the emphasis on organisational change. This may reflect the rhetoric-reality gap identified in the interviews, between human resource practitioners and others who claim that development issues have a priority place in human resource management in TAFE institutes, but whose actual prioritisation of issues is more mundane.

It is also interesting to note that the maintenance of a good employee relations climate is ranked rather low in contrast to its second ranking in terms of day-to-day priorities. We will return to this issue later.

## The operation of human resource management

In this section, we focus on the major operational functions of human resource management in TAFE institutes:

- ✧ selection and recruitment
- ✧ performance management
- ✧ training and staff development
- ✧ employee relations
- ✧ work organisation.

### Selection and recruitment

Generally the level of staff turnover in TAFE institutes appears to be low to medium (between 0 and 10%). Forty-seven per cent of TAFE institutes reported that staff turnover was low (0–5%) and 41%, medium (5–10%). However, the level of turnover varies between different categories of staff. The dividing line seems to be connected to the degree of permanency of employment of staff. Thus, managers and teaching and non-teaching staff on permanent, ongoing employment have low levels of turnover, while teaching and non-teaching staff on fixed-term contracts and casual/sessional teaching staff tend to have medium levels of turnover.

As reported earlier, recruitment and selection is the most important priority area for human resource managers in TAFE institutes. Responsibility for recruitment and selection is generally devolved to line managers, with human resources playing an administrative role. Responsibility for the hiring of teaching and non-teaching staff is usually borne by the appropriate line manager or by general and departmental managers. Recruitment of managers is usually the responsibility of the CEO. In terms of teaching staff, TAFE institutes consistently reported that the most difficult vacancies to fill are those of teachers in the traditional skilled trades—electrical, metals and machining, plumbing and air-conditioning, and carpentry. In most modern organisations, the basis of selection is likely to be a mix of qualifications and alignment with the values of the organisation. In TAFE institutes, selection is based more on the possession of a relevant qualification than on alignment with organisational values. This is particularly true for teaching staff, whether permanent or contract. For managers and non-teaching staff there is more likely to be a balanced approach, but with more emphasis on alignment with organisational values for management staff.

However, the operation of the recruitment and selection function tends to be quite bureaucratic and rule-bound in TAFE institutes. Most of the expert interviewees and those in the case studies reported that more modern techniques of recruitment and selection need to be adopted to ensure that the right people are selected for positions in institutes. In contrast to many organisations in the corporate sector where a variety of assessment techniques are typically used in the selection process, TAFE institutes rely on the panel interview, with an emphasis on uniformity and equity—sometimes extending to the use of standard questions for all applicants, from which the selection panel members are not allowed to depart. This makes the aptitude testing and personality profiling

almost impossible, and there were certainly no instances in the case studies of broader selection methods being used. As one human resource manager put it:

[Recruitment and selection] is government mandated and controlled by the department. It is a very complex, time-consuming and costly exercise and is [in] need of a total overhaul ... We do not use on-line recruitment ethics and our job descriptions are long winded and complex.

## Performance management

Performance management has become one of the hallmarks of modern, performance-oriented human resource management systems. Performance management appears to be almost universal within TAFE institutes, with 96% of respondents to the survey reporting that they operate a performance management system of some form. All groups of employees in TAFE institutes, with the exception of casual and sessional staff, participate in the performance management system. The performance management systems in TAFE institutes appear to conform to the traditional 'annual appraisal' model. This involves:

- ✧ setting agreed work objectives
- ✧ conducting regular annual appraisal meetings
- ✧ linking appraisal to professional development for staff.

However, only about one-third of respondents said that the performance management system results in a rating of the performance of the employee, and the use of more advanced performance management techniques such as 360-degree appraisal and the linking of pay to performance were almost completely absent in the survey responses. Thus the picture that emerges is one of a quite traditional, non-evaluative but development-oriented appraisal system that is linked more strongly to the professional development of employees rather than the assessment of work performance.

This conclusion was supported by the findings of the case studies. In the case studies, performance management systems were universal, but had typically only been included in the recent past; in some cases the system was only in its first full year of operation. Thus performance management appeared to be a fairly new development in TAFE institutes. The professional development focus of performance management was also evident, with institutes reporting that industrial agreements limited the extent to which performance management systems could evaluate the work performance of individual employees; rather they had to be focused only on professional development; hence, the lack of a performance rating, which is common in performance management systems in the corporate sector.

One human resource manager summed up the position of performance management in his institute:

What we have now is a Performance Management Review Program, which at this stage, is purely linked to training and development. But it's more an initial process to commence the discussion between the manager and the individual about what that person does, in the context that it is directly linked to the strategic directions of the institute. It is not linked to reward and recognition at this stage ... that's just a little bit too radical for this organisation as the current culture stands.

## Training and staff development

Training and staff development has been a major area for national activity in the VET sector in recent years. National initiatives such as Reframing the Future and LearnScope have raised the profile of training for VET staff. However, as noted above, in a day-to-day sense, training and staff development did not feature prominently on the list of operational priorities for human resource management in TAFE institutes.

As table 4 shows, most TAFE institutes responded that their expenditure on staff training and development as a percentage of wages and salaries was low to medium (0–4% of payroll).

**Table 4 TAFE institutes reporting levels of expenditure (percentage of payroll) on teaching and non-teaching staff, percentages**

Expenditure	Low (<2%)	Medium (3–4%)	High (>4%)
Teaching staff	46	36	18
Non-teaching staff	61	25	14

This table indicates that not only is the percentage of payroll spent on the training of staff quite modest, but that much less is spent on the training and development of non-teaching as opposed to teaching staff. The focus of training and development in TAFE institutes appears to be on teaching staff rather than other staff. This relatively modest level of training activity and the skewing of training opportunities seem to reinforce the impression gained from the previous examination of the low priority accorded to training by human resource managers.

However, training is quite formalised in TAFE institutes. Eighty-six per cent of TAFE institutes responded that they have a written training and staff development plan. The use of nationally recognised training is widespread, with 89% of respondents to the survey reporting that they use such training for their staff development. However, the use of nationally recognised training is not evenly distributed across occupational groups in TAFE institutes. It is used most commonly for technical/maintenance staff (88%), followed by heads of department (62%), teaching staff (50%) and, in common with the training expenditure figures, only 42% use nationally recognised training for clerical and administrative staff.

## Employee relations

Traditionally, employee relations have been the major focus of human resource management, although there is good evidence in Australia and overseas that this has changed with the declining influence of the trade unions. Nevertheless, the continuing importance of employee relations in TAFE institutes has already been noted in this report: responses to the survey showed that it ranked second in operational priority to recruitment and selection. The continuing high ranking of employee relations as a priority area for human resource managers in TAFE institutes reflects the strength of the education unions generally in Australia and their strong representation at the level of the individual TAFE institute. Overall, 61% of respondents to the survey indicated that union membership was high in their TAFE institutes. However, the reported levels of union density varied between different groups in the workforce. This is summarised in table 5.

**Table 5 TAFE institutes reporting levels of union membership by occupation, percentages**

	Low	Medium	High
Managers	4	11	86
Teaching staff (permanent)	25	61	14
Teaching staff (contract)	14	39	46
Non-teaching staff (permanent)	4	43	54
Non-teaching staff (contract)	0	21	79
Casual/sessional teaching staff	4	8	88
<b>Total</b>	<b>8</b>	<b>31</b>	<b>61</b>

Interestingly, the table shows that TAFE institutes consider that the highest levels of union membership are to be found amongst managers and casual/sessional teaching staff. The level of union membership appears to be lowest amongst the core, permanent teaching workforce. Even amongst contract teaching staff, union membership levels, while higher than the permanent teaching workforce, are lower than either managers or non-teaching staff, with 53% of TAFE institutes reporting that union membership levels for this group were low to medium. Non-teaching staff, whether permanent or contract, have higher levels of union membership than the

teaching staff. The lower level of union membership amongst teaching staff was also reflected in the case studies, where many teaching staff in focus groups reported that they were not union members and they had little to do with the union on a day-to-day basis. The lower levels of union membership amongst teaching staff may reflect the declining national levels of union membership and the diminishing influence of trade unions in workplace matters. The focus groups of teaching staff carried out in the case studies also revealed a low level of union membership. Typical comments from teachers included:

I didn't even know we had one [a union].

I would have thought it was a small union.

Nothing was mentioned to me [when I started]... I had to ask. I mean I'm not a member. I do know some guys that are.

None of us are [sic] union members.

I only know three or four union members.

However, despite the lower levels of union membership amongst the teaching workforce, the influence of the unions is still significant in TAFE institutes. Notwithstanding the previous federal government's push to persuade state training authorities to adopt Australian Workplace Agreements (AWAs) for TAFE staff, the terms and conditions of employment of staff in TAFE institutes are overwhelmingly governed by awards and enterprise agreements. About a third of TAFE institutes reported that they use individual 'common law' employment contracts for management staff, but only one TAFE institute reported using Australian Workplace Agreements (in this case for non-teaching staff).

The employee relations climate in TAFE institutes appears to be generally good. Eighty-five per cent of TAFE institutes reported that the employee relations climate in their institutes was either cooperative or very cooperative, with none responding that the climate was uncooperative. Moreover, the employee relations climate appears to have been improving in recent years, with 54% of TAFE institutes reporting that it had improved significantly or somewhat in the last three years, and only 11% responding that it had deteriorated. This is a very positive result and reveals a generally healthy relationship between unions and management at the TAFE institute level. As one human resources manager put it:

The climate of employee relations in the institute is quite good, even though we're formally in dispute with the AEU at the moment ... We still have a good relationship with the union and I can contact the union at any time and say look, we've got this sort of situation, how do you want to address it? We can address it formally or we can address it informally. So as far as those sorts of things are concerned, we have a good relationship, so that's OK.

## Work organisation

Teamwork has become something of a by-word for modern approaches to the organisation of work. Recent studies of work have shown that teamwork is the most commonly adopted form of innovation in work organisation in modern organisations (Smith et al. 2003). However, the management of teamwork has proved to be problematic, as the concept has been operationalised in many different ways, from simple 'collegial' working together, to the more radical autonomous teams associated with organisations such as Volvo. In this study we used the concept of cross-functional or project teams. These are teams that are established for a definite purpose and may have a finite life span and which, presumably, will enjoy some delegated powers to achieve goals. They are therefore organisational innovations beyond the normal departmental structure and may be confused with team-working in many organisations.

TAFE institutes are no exception to the widespread use of teamwork reported in other studies. Three-quarters of TAFE institutes reported that they use cross-functional or project teams in their organisations. However, the extent of staff involvement in cross-functional and project teams varied considerably. Only 28% of TAFE institutes reported that overall there was a high level of

staff involvement in teams; 72% reported a low-to-medium use of teamwork. Table 6 reports the level of involvement of different groups of staff in teams. Managers were much more likely to be involved in cross-functional and project teams than other categories of staff, with 62% of TAFE institutes reporting that a high proportion of managers were involved in this form of teamwork. Teaching staff are less likely to have a significant involvement with teamwork, with 86% of TAFE institutes reporting that only low-to-medium proportions of teachers (permanent and contract) are involved in cross-functional or project teams. Casual and sessional teachers are very unlikely to be involved in these forms of teamwork, with 79% of TAFE institutes reporting that only a low proportion of these staff would be involved in teams.

**Table 6 Employee groups working in teams (TAFE institutes), percentages**

	Low	Medium	High
Managers	10	29	62
Teaching staff (permanent)	43	43	14
Teaching staff (contract)	52	33	14
Non-teaching staff (permanent)	25	40	35
Non-teaching staff (contract)	35	40	25
Casual/sessional teaching staff	79	5	16

Generally, cross-functional and project teams enjoy a high degree of decision-making discretion in TAFE institutes. Seventy-seven per cent of TAFE institutes reported that these teams enjoy a lot or some ability to make decisions about their work. Individual groups of staff tend to operate with varying degrees of supervisory control, as table 7 shows.

**Table 7 Closeness of staff supervision by different employee groups (TAFE institutes), percentages**

	Very closely supervised	Quite closely supervised	Little supervision	No supervision
Managers	0	18	71	11
Teaching staff (permanent)	4	43	54	0
Teaching staff (contract)	0	46	54	0
Non-teaching staff (permanent)	0	68	32	0
Non-teaching staff (contract)	0	71	29	0
Casual/sessional teaching staff	4	59	37	0

Teaching staff are either quite closely supervised or have little supervision; non-teaching and casual/sessional teaching staff are more likely to be closely supervised.

## Strategic human resource management

As discussed earlier, the subordinate position of human resource managers in TAFE institutes calls into question the degree of strategic influence which they and the function can exert within the organisation. The lack of a specialist human resource manager on the senior executive team of many TAFE institutes means that human resource management will tend to be reactive to strategy-making rather than proactive. This view was reinforced by expert interviewees, who all commented that human resource management was still very operationally focused in TAFE institutes, although there were some variations between institutes and between jurisdictions. As one expert noted, it is the extent to which the human resource manager has a 'seat at the TAFE institute's main decision-making table' that is the key issue. This suggests that the role of the TAFE institute director is critical to the promotion of the strategic role of human resource management.

However, the relatively low profile of human resource management in TAFE institutes does not mean that human resource managers see their role as non-strategic. To a question on the extent to which the human resource manager is involved in the strategic management of the TAFE institute, 81% of TAFE institutes replied that they were fully or substantially involved. However, involvement in strategic management does not necessarily equate with a proactive involvement in strategy formation of the TAFE institute. When asked about the extent to which human resource management is strategic or operational in focus, 75% of TAFE institutes responded that human resource management was partly or totally operational in its focus. Only 25% of TAFE institutes saw human resource management as a highly or mostly strategic function.

This somewhat mixed view on the strategic role of human resource management in TAFE institutes suggests that, while human resource managers might be involved in the strategic management of institutes, their role is likely to be relatively minor—implementing the human resource dimensions of the institute’s business strategy. The structural position of human resource management and the fact that it is perceived to be a largely operational function accord with the views of the expert interviewees that human resource management has not yet established a fully strategic role for itself. Thus, human resource management might be best seen as in a state of transition in TAFE institutes. The case studies teased this issue out in more detail. In the TAFE institutes studied it was clear that there was a gap in perception. Often CEOs and other senior managers (members of the senior executive groups in the institutes) had a more optimistic view of the role and influence of human resource management. For them human resource issues were clearly strategic, but they often considered that human resource departments had not yet made the transition to a fully strategic role—they were catching up with the strategic significance of their remit. Line managers in TAFE institutes often reflected the more operational reality of human resource management on the ground. As one line manager put it:

[Human resource management is] good and fair but it is more a department that deals with policy than with change. The whole human resource management process is disjointed and confusing. It isn’t clear what human resource issues are dealt with by the Human resource department and which are dealt with by education or the Area Manager.

The human resource manager in the same TAFE institute summarised her view:

I am a member of the Executive Management Team where high level human resource management decisions are made. I do present human resource management issues and strategies, but have not been able to make the impact I would like as yet.

This human resource manager, despite being a member of the ‘top team’, felt that the strategic role was still constrained by the operational focus and traction of the function in her TAFE institute. Clearly, human resource management in TAFE institutes is in a process of transition from operational to strategic, but it still has some way to go.

# Human resource management in private registered training organisations

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The sample of private registered training organisations reflected the diversity of the private VET sector. The majority of the respondents, 56%, were commercial private registered training organisations and so the results reported in the survey tend to reflect the arrangements found in these types of providers. The numbers of other private registered training organisations were too small to permit legitimate statistical comparison of results within this sector.

Many of the private registered training organisations were quite young, having been in existence for fewer than five years. These private registered training organisations have grown and prospered with the development in the last 20 years of the private training market, although some of the well-established private registered training organisations have been in existence for much longer. It is estimated that there are about 3000 private registered training organisations now operating in Australia (NCVER 2007).

Most of the private registered training organisations considered that they faced an increasingly competitive market. Table 8 shows that 82% of private registered training organisations felt that the competitive pressures faced by their organisation had increased in the last five years, with 41% feeling that competitive pressure had increased dramatically.

**Table 8 Increase in competitive pressure in last 5 years, private registered training organisations, percentages**

	Private registered training organisations
Increased dramatically	41
Increased somewhat	41
Stayed the same	14
Decreased somewhat	2
Decreased dramatically	1

By comparison with TAFE institutes, private registered training organisations, while clearly experiencing the same increase in competitive pressures, seem to be less likely to rate this increase as ‘dramatic’. This may reflect a higher degree of comfort with a commercially competitive market and the fact that most of these organisations are competing on a single market front—a market niche—rather than providing a comprehensive range of training programs.

Almost all private registered training organisations have a business strategy (92% of the sample), although nine organisations claimed that they had no formal business strategy. Three-quarters of respondents reported that their business is reviewed annually. Table 9 summarises the results in terms of the type of business strategy pursued (see Porter’s categorisation on p.17).

**Table 9 Current and future strategies of private registered training organisations, percentages**

	Cost leadership	Differentiation	Segmentation
Current business strategy	29	38	34
Future growth strategy	41	17	41

There is a reasonably even distribution of strategy types amongst private registered training organisations, although slightly more favour differentiation (that is, creating a product that is perceived to be unique, with the unique features or benefits providing superior value for the customer if this strategy is to be successful) or segmentation (concentration on a few select target/ niche markets).

This suggests that most private registered training organisations are adopting business strategies that seek to differentiate them in the market, either through new and innovative products or through a focus on a niche segment of the market. This clearly emerged in the case studies, where all three private registered training organisations studied were focusing on a defined market segment, and future growth was anticipated in those segments rather than in new segments. In terms of the future growth of private registered training organisations, the survey showed that, while segmentation continued to be an important feature of private registered training organisation thinking about the future, differentiation was less important, and cost leadership (the effective consolidation of market position through price, economies of scale and efficiencies) was likely to become more important strategically in the future. This suggests that, for private registered training organisations, market segmentation was a very important business strategy and likely to be so in the future. Many private registered training organisations may be looking for consolidation or growth within their current market segment rather than considering a move into other niches in the future. This reflects the findings in the case study organisations, which had grown quickly in their market segments in recent years but which were unlikely to move into new market segments as they dealt with the problems that growth brought, in terms of consolidating their operations.

## The human resource management function

Private registered training organisations are far smaller organisations than TAFE institutes. The average number of employees in private registered training organisations responding to the survey was 38, of which 18 (48%) were casual/sessional teachers. Most private registered training organisations are single-site institutions (59%), with only 10% reporting that they operate over five sites or more. Thus the management challenge in private registered training organisations is of a very different scale from that in large and complex TAFE institutes.

In general the model of human resource management prevailing in private registered training organisations resembles that found in small business, and is relatively informal, non-proceduralised and not serviced by specialised human resource management staff. Only 15% of private registered training organisations responded that human resource management was managed by a specialist human resource manager or officer. Human resource management is usually directly controlled by the CEO (60%) or another manager, typically an office or administration manager (21%). More than one human resource specialist is unusual in private registered training organisations. Only 41% of those few private registered training organisations that employed a human resources specialist also employed others in a human resource management department. Where human resources departments do exist, they are normally quite small (fewer than five staff) and they have usually been in existence for five years or fewer. However, human resource management in private registered training organisations is very likely to be represented at the senior management or executive level. This can occur in two ways. In the majority of private registered training organisations where human resource management is the domain of the CEO, this function is naturally directly represented at the most senior level. In those few private registered training organisations where a human resource specialist is employed, the human resource specialist sits on

the senior executive committee in three-quarters of these organisations. Thus, although human resource management may be less formal in private registered training organisations, it tends to enjoy a degree of proximity to senior decision-making in these organisations. In terms of the operational priorities of human resource management in private training organisations, the top five priority areas were:

- 1 Recruitment and selection (56%)
- 2 Training and development of staff (34%)
- 3 Performance management (34%)
- 4 Employee relations (22%)
- 5 Organisational structure (18%).

The figures in brackets refer to the percentage of registered training organisations that placed the priority in first or second place.

Thus recruitment and selection is the major and overwhelming human resource priority for private registered training organisations, reflecting skills shortages and the tight labour market in general. Training is also a high priority, confirming a focus on skills and skills development in private registered training organisations. Employee relations, once the major focus of human resource management in many organisations, is only regarded as a fourth priority on a day-to-day basis, reflecting, with the declining influence of trade unions and the demise of centralised wage fixing, the slippage of employee relations as a major focus for human resource managers in many areas of the economy in recent years. At a strategic level, the five major long-term human resource priorities for private registered training organisations were:

- 1 Organisational development (57%)
- 2 Strategic workforce planning (47%)
- 3 Leadership development (36%)
- 4 Human resource policy development (23%)
- 5 Talent management (22%).

Again, figures in brackets refer to the percentage of registered training organisations that placed the priority in first or second place.

The emphasis on development, both of the organisation and of the leadership, is interesting, and the relatively low priority put on the development of human resource policy reflects the informal nature of human resource management in private registered training organisations. However, despite its informal nature, nearly half (47%) of private training organisations responded that they had a written human resource management plan. So, despite the lack of human resource specialists and human resource departments, many private registered training organisations feel that human resource management is of sufficient strategic importance, such that they keep a formal human resource management plan.

Finally, the principles that guide human resource management in private registered training organisations were, in order:

- 1 Developing a capable workforce (54%)
- 2 Creating a good employee relations climate (55%)
- 3 Developing a strong organisational culture (43%)
- 4 Effectively managing the performance of individuals (24%)
- 5 Minimising the salary and wages costs of the organisation (7%).

The figures in brackets refer to the percentage of registered training organisations that placed the priority in first or second place.

The emphasis on the development of a capable workforce as a guiding principle in human resource management reflects the strategic importance attached by private registered training organisations to organisational development and to workforce planning. The priority placed on creating a good employee relations climate is interesting, given the relatively lower operational priority assigned to employee relations in the list above.

Taking the three priority lists together, it appears that a strong unifying theme for the focus of human resource management in private registered training organisations is the notion of the development of the workforce. Thus recruitment and selection and training of staff are the key operational priorities for human resource management. Organisational development and strategic workforce planning are the long-term priorities, and the development of a capable workforce is the most important guiding principle.

## The operation of human resource management

In this section we explore the operation of the major functional responsibilities of human resource management in private registered training organisations—recruitment and selection, performance management, training and staff development, employee relations and work organisation.

### Recruitment and selection

The level of employee turnover amongst private registered training organisations appears to be very low (see table 10). For all staff turnover, 61% of private registered training organisations responded that they have low turnover (less than 5%) and only 8% reported high levels of turnover (in excess of 10%).

**Table 10 Levels of employee turnover in private registered training organisations, percentages**

	Low (0–5)	Medium (5–10)	High (10+)
Managers	89	8	4
Teaching staff (permanent)	67	26	8
Teaching staff (contract)	64	24	12
Non-teaching staff (permanent)	62	22	16
Non-teaching staff (contract)	65	21	14
Casual/sessional teaching staff	51	30	19
<b>All staff</b>	<b>61</b>	<b>31</b>	<b>8</b>

This result was fairly consistent across all groups of staff, with the exception of managers, where 89% reported low levels of turnover and to a lesser extent casual/sessional staff, where 19% of private registered training organisations reported high turnover.

Nevertheless, despite the remarkably low levels of employee turnover reported in private registered training organisations, recruitment and selection still remains the chief operational focus of human resource management. In keeping with the fact that the responsibility for human resource management tends to lie with the CEO, the CEO most often makes hiring decisions in private registered training organisations. This is almost exclusively the case for managers, with 91% of private registered training organisations reporting that the CEO makes the hiring decision. Between 56 and 48% reported that the CEO takes the hiring decision in relation to teaching staff and non-teaching staff, with the decision otherwise being taken by the departmental manager or line manager. However, the line manager is rarely involved in the hiring decision, with fewer than 10% reporting the line manager taking the hiring decision for teaching and non-teaching staff.

Selection decisions in private registered training organisations are more likely to be based on alignment with the values of the organisation—what is sometimes referred to as ‘cultural fit’—than on qualifications. Around 42% of private registered training organisations reported that they select totally or mostly on alignment with values across all categories of staff; 39% that they use a balance of values alignment and qualifications, while only 19% select mostly or totally according to qualifications. There is some variation between categories of staff. Managers are more likely to be selected mainly on the basis of values alignment (57%), while part-time or casual teaching staff are more likely to be selected on the basis of qualifications. But even in this case, only 29% reported using qualifications as the only basis for hiring part-time teaching staff. The emphasis on values alignment may help to explain the relatively low levels of turnover experienced by private registered training organisations.

## Performance management

Performance management in private registered training organisations is very common, with 84% of respondents indicating that they operated a performance management system. Performance management generally extends to all employees, including casual and sessional staff. The case studies showed that small private registered training organisations employ relatively large numbers of casual and sessional teaching staff. These organisations are quite dependent on casual teaching staff and so it is important that their performance, along with permanent members of the organisation, is assessed. The features of the performance management systems in private registered training organisations included most of the standard features of appraisal systems. Thus the performance management systems generally set work objectives for employees (52% of respondents) and included regular appraisal meetings (49%). However, other features were less common. Thirty-eight per cent reported that performance management was linked to individual professional development plans and 40% reported that the system included performance ratings for staff. However, there was evidence of the use of more advanced performance management techniques. Twenty-three per cent reported that they link pay to performance (33% in the case of management staff) and 14% that they use 360-degree appraisal (24% in the case of management staff).

Performance management systems in private registered training organisations are quite diverse. They are very common but not quite universal. They tend to have been developed in response to the individual needs of the organisation and do not conform to any predetermined pattern. The case study organisations confirmed this variety. In the two commercial providers studied, performance management did not exist as a formal system. Performance management was carried out on an ‘as needs’ basis. But this had led to some staff dissatisfaction over the lack of feedback given to staff. It is likely that, as these two organisations grow, they will need to formalise their human resource processes, including introducing formal performance management systems.

## Training and staff development

Most of the private registered training organisations in the survey reported that their expenditure on training and development of staff was in the low-to-medium bands for both teaching and non-teaching staff. As table 11 shows, expenditure was lower for non-teaching staff, with 56% of private registered training organisations reporting that their expenditure on training of non-teaching staff was low (2% of payroll or less).

**Table 11 Private registered training organisations reporting levels of expenditure (percentage of payroll) on teaching and non-teaching staff, percentages**

	Low (<2)	Medium (3–4)	High (>4)
Teaching staff	45	43	13
Non-teaching staff	56	38	7

Most of the private registered training organisations, 58%, reported that their expenditure on training and development had grown in the last three years, with 37% responding that expenditure had stayed the same. The training programs provided by private registered training organisations are very diverse indeed, but tend to be commonly associated either with the preparation and delivery of training such as the Certificate IV in Training and Assessment or specific training in professional content areas.

The operation of training reflects the relatively informal nature of human resource management in private registered training organisations generally, with just over half (55%) of private registered training organisations reporting that they maintained a written training and development plan. This is quite a high figure when compared with the relatively small number of private registered training organisations (15%) that reported that they employ a human resource management specialist, but compares well with the number who reported that they also have a written human resource management plan (47%). Many private registered training organisations (45%) support the training and development of their staff through the provision of study leave and other forms of help.

Nearly three-quarters of private registered training organisations (73%) reported that they use nationally recognised training for their staff. This training is used mostly for technical and maintenance staff (80%), senior managers (43%) and administrative and clerical staff (40%). Only 36% of these organisations reported using nationally recognised training for the training of teachers. Of the nationally recognised training programs used by private registered training organisations, the Certificate IV in Assessment and Workplace Training and its successor, the Certificate IV in Training and Assessment, were by far the most commonly quoted examples. The second most common nationally recognised training program was the Front-line Manager suite of certificates and diplomas, followed by a host of occupation-specific training courses.

## Employee relations

The case studies appeared to have very low levels of unionisation. However, the survey showed that many staff in private registered training organisations are members of unions. The level of union density can be gauged from table 12, which shows the proportion of private registered training organisations reporting high, medium and low levels of union membership across the different groups of employees.

**Table 12 Private registered training organisations reporting levels of union membership by category of staff, percentages**

	Low	Medium	High
Managers	9	6	85
Teaching staff (permanent)	8	9	83
Teaching staff (contract)	7	4	89
Non-teaching staff (permanent)	9	7	84
Non-teaching staff (contract)	8	5	87
Casual/sessional teaching staff	7	2	91

Table 12 reveals an astonishingly high level of union membership across all categories of staff. However, as the case studies showed, while union membership may be high, there is no suggestion of workplace union organisation. In the case studies, managers occasionally said that they had to deal with external union officials but that there was no union representative at the workplace and there was unlikely to ever be any formal workplace organisation. To all intents and purposes, private registered training organisations do not deal with unions regularly and work in an industrial environment that is largely free of union intervention. The lack of union organisation in the workplace is reflected in the prevalence of individual contracts as a means of administering the terms and conditions of employees in private registered training organisations. Although Australian Workplace Agreements are used very infrequently, over 60% of private registered training

organisations reported using individual ('common law') employment contracts for managers, 55% for casual/sessional teaching staff, and nearly 50% for permanent teaching staff. Fewer than 10% of private registered training organisations reported using Australian Workplace Agreements for any categories of staff and fewer than 14% reported using Enterprise Agreements. Clearly, individual contracts are the most common form of employment agreement in private registered training organisations and give these organisations the flexibility they feel they need.

The climate of industrial relations was generally very good. Ninety-four per cent of private registered training organisations reported that relations between managers and employees in their organisations were either very cooperative (66%) or cooperative (28%). Virtually no private registered training organisations reported poor employee relations. These providers report that this very positive employee relations climate has been in existence for some time and is increasing. Fifty-six per cent of private registered training organisations reported that employee relations had improved over the last three years and 36% that it had stayed the same. Only 8% of private registered training organisations reported that the climate of employee relations had deteriorated.

Again, this positive climate of relations between managers and employees was confirmed in the case studies, where there was considerable evidence of employers taking measures to enhance employee relations through the use of human resource management policies to support their staff. One good example of this was in a rapidly growing organisation that serviced the retail sector nationally and which recruited women with children as teaching staff. The organisation had developed a very flexible model of employment to allow women to take time off as needed to care for children and to work hours which accorded with school finishing times and holidays etc. in order to keep good staff. This type of policy had a significantly positive impact on employee relations in that organisation.

## Work organisation

According to the survey, the use of teamwork is quite widespread amongst private registered training organisations. The survey tested not for simple work teams but for the use of more sophisticated teamwork arrangements, such as cross-functional and project teams. Nearly three-quarters (72%) of private registered training organisations responded that they use cross-functional or project teams. This is a high level of use of sophisticated team-working practices. Private registered training organisations also reported a high level of involvement by staff at different levels in cross-functional and project teams (table 13).

**Table 13 Private registered training organisations reporting levels of involvement by staff in team-working, percentages**

	Low	Medium	High
Managers	1	19	79
Teaching staff (permanent)	8	42	50
Teaching staff (contract)	22	35	43
Non-teaching staff (permanent)	5	58	38
Non-teaching staff (contract)	19	43	38
Casual/sessional teaching staff	50	22	28

For most categories of staff, private registered training organisations reported a medium-to-high level of involvement in cross-functional and project teams. For managers, the proportion involved in team-working is high, with nearly 80% reporting a high level of involvement of these staff. Nearly 60% report a high level of involvement of non-teaching contract staff, and 50% reported a high involvement of permanent teaching staff. The exception to this picture of relatively high involvement in team-working is for casual/sessional teaching staff, where 50% of private registered training organisations report only a low level of involvement. Almost all (97%) private registered training organisations report that they give cross-functional and project teams discretion to make

decisions about their work, with 52% reporting that they give them a lot of discretion. On a day-to-day basis, the level of autonomy accorded to staff rose, depending on the category of employee (table 14).

**Table 14 Closeness of staff supervision by different employee groups (private registered training organisations), percentages**

	Very closely supervised	Quite closely supervised	Little supervision	No supervision
Managers	8	19	62	12
Teaching staff (permanent)	10	40	48	1
Teaching staff (contract)	11	53	34	3
Non-teaching staff (permanent)	14	44	41	1
Non-teaching staff (contract)	13	53	31	3
Casual/sessional teaching staff	16	60	24	0

Nearly three-quarters (74%) of private registered training organisations reported that managers operate with little or no supervision. Nearly 50% reported that permanent teaching staff also work with little or no supervision. However, contract and casual/sessional teaching staff operate under closer supervision, with 64% of private registered training organisations reporting that contract teaching staff operate under quite close or very close supervision and 76% reporting that casual/sessional teaching staff operate under quite close or very close supervision. Non-teaching staff tend to be more closely supervised than teaching staff.

Thus, work organisation within private registered training organisations appears to favour the use of sophisticated teamwork, with a relatively high degree of discretion afforded to staff in teams and on a day-to-day operating basis. This rather relaxed level of management control was also evident in the case study organisations. A high degree of trust seemed to exist between juniors and employees in all these organisations, flowing from the small and informal nature of the organisations and the very positive employee relations climates they enjoyed.

## Strategic human resource management

As discussed earlier, human resource management in private registered training organisations is a relatively informal affair. The existence of human resource specialists is relatively rare and the existence of specialised human resource departments rarer still. As a result, human resource management is controlled through the CEO in most of the private registered training organisations that replied to the survey. This was also borne out in the case studies, where no organisation employed a human resource specialist and human resource management was under the complete control of the CEO. However, as we also noted earlier, this can mean that human resource management has a ‘seat at the strategic table’ in a way that has tended to elude human resource managers in TAFE institutes. Even amongst those private registered training organisations that employ a human resource specialist, this person usually reports to the CEO and sits on the strategic executive of the organisation rather than reporting to another subordinate manager. Private registered training organisations reported that, where a human resource specialist is employed, they are fully or substantially involved in the strategic management of the organisation in 76% of cases; 57% reported that human resource management is operational in its orientation in their organisations and a further 31% that human resource management is only partly strategic. Thus, even in private registered training organisations that support a human resource specialist, human resource management as a function is still largely considered operational, that is, implementing strategy rather than playing a major role in formulating strategy.

This also appears to be the case in private registered training organisations where, as demonstrated in the case studies, the CEO controls human resource management. In these three organisations,

although human resource management was seen to be critical to the future success of the organisations, it was not a major factor in creating business strategy. However, the informal nature of human resource management in private registered training organisations did allow some organisations to use human resource management as part of a successful competitive strategy. The example of the private registered training organisation specialising in retail training, quoted below, is a good example of this in practice. However, growth, particularly if it is rapid, can threaten the viability of human resource management practices that have been successful in the past.

The small retail registered training organisation, the subject of one of the case studies, had been founded by two women with children at home. The organisation had undergone a major growth spurt in its home state. The owners of the business had deliberately recruited young women with children by offering them support in working arrangements to allow them to work and care for children. This had proved to be a very successful human resource strategy for attracting capable and committed workers who wished to stay with the organisation. However, at the time of research the organisation was undergoing another growth spurt, this time into other states.

The increasing size of the organisation meant that the owners had become compelled to hire professional managers to run the business while they stepped back from day-to-day management. The human resource strategy was also under threat from this growth. The owners were also hiring a human resource specialist as they realised that the informal human resource practices that had served the organisation so well in the past might not work with workers located interstate whom they could not supervise closely. Thus, it appears that the informality and flexibility of human resource management in the small organisation, which enables many private registered training organisations to use human resource management quite strategically, will tend to disappear as more of these organisations face the business realities of growth. In these cases, private registered training organisations will have to cope with increasing formalisation of human resource management and a potential loss of flexibility—problems with which TAFE institutes have had to grapple over many years.

# Conclusion

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This project set out to investigate the state of human resource management practice and policy in registered training organisations, both public and private. The literature on general human resource management in recent years has emphasised the move away from old, process-driven models of personnel administration to new, more strategic models of human resource management as a 'business partner' in the organisation.

This project has attempted to assess the degree to which this transformation in human resource management has also taken place in the VET sector. Is human resource management in registered training organisations in Australia still stuck in the bureaucratic past or has it moved with the times to become a strategic business partner to TAFE institutes and private registered training organisations? The answer from this project is clearly, no. There is no doubt that a process of transition is underway, but progress is slow. The destination seems to be increasingly clear to many senior managers and others in the sector but, facing their different challenges, neither TAFE institutes nor private registered training organisations have yet implemented a truly strategic form of human resource management.

## Human resource management in TAFE institutes

TAFE institutes are distinguished by having a well-established human resource management function, one which is relatively formalised, with an emphasis on written, formal human resource plans. TAFE institutes support fairly large human resource departments, headed up by human resource managers, and which provide a comprehensive human resource service to institutes. These include all the major human resource functions—recruitment and selection; performance management; training and development; employee relations; and job design and work organisation. Thus, within TAFE institutes human resource management is an accepted part of the management landscape.

But the research showed that, although human resource management is well established in TAFE institutes, its functional effectiveness is often constrained by institutional and external factors that loom large in the TAFE system, with recruitment and selection overwhelmingly the highest priority for human resource managers in institutes. The recruitment and selection process in TAFE institutes is very professional, involving the use of well-written job descriptions, a comprehensive recruitment strategy and panel interviews as the major means of selection. However, evidence from the case studies suggested that often the process is constrained. The role of line managers may not be clear in the process, with human resource departments keen to devolve more responsibility for selection to managers.

Similarly, in relation to performance management, it was clear from the research that performance management systems were almost universally used for all groups of staff in TAFE institutes, with the exception of casual/sessional teachers. However, the systems had often been put in place only recently and the focus was on development rather than on performance evaluation. While development is an important focus for all performance management systems, the lack of focus on performance evaluation may inhibit TAFE institutes from using the system to improve individual performance in the long run.

These issues associated with human resource management within TAFE institutes may be partly explained by the constraints placed on TAFE institutes by the industrial environment in which they operate. TAFE institutes enjoy good relations between staff and management, with 85% of institutes reporting a cooperative or very cooperative employee relations climate. Terms and conditions are usually determined through a collective bargaining process at the institute level. This is usually the forum for managers to make changes to the operations of human resource policies that may not be working to the best advantage of TAFE institutes. However, the case study TAFE institutes reported unanimously that the process of enterprise bargaining is very constrained. The bargaining positions of managers in TAFE institutes are subject to the control of the state training authorities and unions operating at the state level, which makes it extremely difficult for managers to adapt their bargaining positions to local circumstances. This degree of centralised control, which is present in all states and territories—although the degree of control may vary—can only reduce the flexibility of managers for moving their human resource systems towards a more strategic and less operational focus.

The underlying principles behind the human resource policies that govern TAFE institutes are focused on procedural fairness. This is a very important principle, but a move towards more strategic integration of human resource management will also demand a focus on performance through greater flexibility of the workforce. In many ways the focus on flexibility and performance is already evident in TAFE institutes in their emphasis on the role of organisational development and change management. But there is some way to go before it can be claimed that human resource management plays a fully strategic role in TAFE institutes.

A critical element here must be the level of flexibility that TAFE institute directors and local management teams enjoy in configuring human resource management policies to suit the business circumstances of the institute. Strong centralised control over the bargaining process exerted through state training authorities works against local autonomy and effectively deprives TAFE institute directors and their managers of the ability to develop a human resources architecture that maximises the future performance of the institute. The further development of strategic human resource management in institutes must involve the relaxation of centralised control over bargaining and policy development to give institutes the necessary freedom.

## Human resource management in private registered training organisations

As we noted at the beginning of this report, the world of the private registered training organisation is very different from that of the TAFE institute. This difference extends to the ways in which the two types of training providers conduct their human resource management. Human resource management in the typical private registered training organisation (if there is such a body) is informal and non-proceduralised. It reflects the small-business nature of many private registered training organisations.

With the exception of some of the larger private registered training organisations (only 15% of respondents to the survey), human resource management in these organisations is usually controlled directly by the CEO rather than by a human resource specialist. This means that human resource management often reflects the idiosyncrasies of the CEO. But, direct control by the CEO does not mean the simple operationalisation of the private hobby horse/s of the CEO. Nearly half of the private registered training organisations in the survey have a formal, written human resource plan and a formal written training plan. This suggests that human resource management is becoming steadily more formalised and proceduralised in these organisations. Of course, the advantage of a relatively informal approach to human resource management is that it offers private registered training organisations a great degree of flexibility when it comes to employment conditions. The extensive use of individual employment contracts allows private registered training organisations to build flexible working conditions into their human resource management in a way

far more difficult for organisations in a more industrialised environment. A key to the level of flexibility enjoyed by these organisations is the trust evident in the employee relations climate. This is often typical of smaller organisations, where a high degree of ‘unitarism’ (the convergence of the interests of the employer with the employee) characterises employee relations.

A critical issue however for private registered training organisations who enjoy this degree of flexibility in human resource management is growth. Many of these organisations are experiencing rapid growth as they successfully compete in particular niches of the training market. But growth brings the need for a more professional, less personal approach to management, including the need for a more formal approach to human resource management.

In some ways the issues facing human resource management in private registered training organisations are mirror images of those in TAFE institutes. In many cases the development of human resource policies in private organisations has reflected the organisation’s unique characteristics, as well as its founder, and this has often led to an emphasis on workforce flexibility. Thus flexible hours, the use of individual employment contracts and a (slightly) greater emphasis on casualisation has, by delivering a significant degree of workforce flexibility, served many fast-growing private registered training organisations well. However, in some cases flexibility may have come at the cost of equity and procedural fairness. As private registered training organisations become more commercially successful and grow, CEOs and their managers will have to face the need to formalise human resource management and build in stronger principles of equity and fairness in order to attract and retain their high-quality employees. The trick will be to do this in a way that does not sacrifice the flexibilities on which they have built their successes. There is potential in the private sector for successful private registered training organisations to develop new and innovative approaches to human resource management that incorporate both flexibility and equity principles.

## Some overall messages

Although direct comparison of TAFE institutes and private registered training organisations is neither useful nor desirable, some similarities may be observed. In neither case has human resource management reached a truly strategic position. In TAFE institutes, human resource management still displays very much an operational orientation, and its development into a strategic partner is constrained both by the traditions of this function in the sector and the institutional context in which it operates. In private registered training organisations, human resource management has yet to reach a critical level of capacity. Although talk of ‘culture change’ and ‘change management’ is common in both public and private registered training organisations, the reality is that human resource management is still focused primarily on administration—the processing of people rather than the creation of successful organisational cultures. In some cases, especially in TAFE institutes, CEOs have established alternative, quasi-human resource management departments, such as ‘organisational development’, to address the issue of culture outside the remit of the human resource department. But this simply fragments what should be a unified human resource strategy.

In both cases, human resource management is in a process of transformation. In TAFE institutes this transition is a slow and irregular movement along a continuum that Walton (1985) famously described as ‘from control to commitment’. However, there is a long way to go before human resource management is accepted as a strategic partner in the running of TAFE institutes. Private registered training organisations face a different and, in some ways, opposite challenge. As private registered training organisations become successful and grow, the flexibility that goes with an informal approach to human resources in small organisations is likely to be lost. The need to formalise human resource management may stifle the human resource advantage enjoyed by many private registered training organisations—it will need to be formalised to enable the function to ‘skip a generation’ and become a full strategic partner in the business. In both cases the transition will make interesting viewing.

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# Support document details

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Additional information relating to this research is available in *Human resource management in Australian registered training organisations: Literature review and discussion starter—Support document*. It can be accessed from NCVER's website <<http://www.ncver.edu.au/publications/2041.html>>.

Appendix:  
Survey and case study protocol

# Human resource practices in vocational and technical education

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*This survey takes approximately 25 minutes to complete.*

## GENERAL INSTRUCTIONS

The questions in this survey relate to human resource management practices in your organisation. We know that TAFE institutes and other registered training organisations are complex, often multi-site and sometimes part of larger organisations. Please answer for the registered training organisation part of the organisation and for the registered training organisation as whole, not just a single site.

This questionnaire should be completed by the TAFE Director/CEO or the manager responsible for human resource management.

The questionnaire consists of eight short sections: 1) General data on your organisation, 2) Human resource management in your organisation, 3) Selection and recruitment, 4) Performance management, 5) Training and staff development, 6) Employee relations, 7) Work organisation and 8) Business strategy.

Please attempt to answer all questions. **Note**, questions appear on both sides of the pages of this questionnaire. The survey adheres to strict respondent **anonymity** as no unique identifying organisation information is requested from the survey.

Australian Government Statistical Clearing House Approval Number 01870-01

Please mail the completed survey in the return envelope provided by **31<sup>st</sup> October 2006**.

Charles Sturt University's Ethics in Human Research Committee has approved this study.

I understand that if I have any complaints or concerns about this research I can contact:

**Executive Officer  
Ethics in Human Research Committee  
Academic Secretariat  
Charles Sturt University  
Private Mail Bag 29  
Bathurst NSW 2795**  
Phone: (02) 6338 4628  
Fax: (02) 6338 4194

The return of the questionnaire is reasonably taken as an indication of voluntary consent to participate.

THANK YOU FOR YOUR  
COOPERATION

## A. General data on your organisation

1. What is your job title?
2. How many staff are employed in your total organisation? *(Please fill in the boxes as accurately as possible)*

Managers	
Teaching staff <i>(permanent, ongoing)</i>	
Teaching staff <i>(contract, fixed term)</i>	
Non-teaching staff <i>(permanent, ongoing)</i>	
Non-teaching staff <i>(contract, fixed term)</i>	
Casual/sessional teaching staff	

How many sites/campuses are operated by your organisation?

4. How would you describe your organisation? *(Please tick only one box)*

TAFE institute  Community registered training organisation

Commercial registered training organisation (for profit)  Group Training Organisation also an registered training organisation

Enterprise registered training organisation  Other (please specify)

Industry registered training organisation

***For the rest of this survey we use the term registered training organisation to refer to both TAFE institutes and other types of registered training organisation***

5. How many years has this organisation been operating as an registered training organisation?

1-4 years  5-9 years  11 years +

6. Approximately what percentage of staff are in the following age categories?

Under 20 years ..... 20-34 years ..... 35-44 years .....

45-54 years ..... 55 years and over .....

7. In the last 5 years the competitive pressure faced by my organisation has: *(Please tick one box)*

increased dramatically  increased somewhat  stayed the same

decreased somewhat  decreased dramatically

## B. Human resource management in your organisation

8. Who is primarily responsible for human resource management policy and strategy in the registered training organisation? *(Please tick the box)*

An organisation development/ human resource manager/officer

The Director/CEO

A corporate services manager

Other manager

If you ticked “**An organisation development/human resource manager/officer**”, carry on to **Question 9**. If not, got to **Question 19**.

9. What is the title of the OD/HR manager/officer?

10. To whom does the OD/HR manager/officer report in the organisation?

11. How long (years) has the position of OD/HR manager/officer existed in the organisation? *(Please tick one box)*

2 years or less       2-5 years       6-10 years       More than 10 years

12. What qualifications does the OD/HR manager/officer possess?

13. What were the previous 2 positions held by the OD/HR manager/officer?

Position	Years in position

14. Does the OD/HR manager/officer sit on the senior executive management group of the organisation?    Yes  No

15. To what extent is the OD/HR manager/officer involved in the strategic management of the organisation? *(Please tick one box)*

Fully involved in formulating and implementing organisational strategy

Substantially involved in implementing organisational strategy

Some involvement in organisational strategy

No involvement with organisational strategy

Don't know

16. Does the organisation have an OD/HR department? Yes  No

If you answered “No” to the last question go to **Question 18**.

If “Yes”, how many staff are employed in the department?

2 or fewer  2-5  6-10  10 or more

17. How long (*years*) has the OD/HR management department existed in the organisation?  
(Please tick one box)

2 years or less  3-5 years  6-10 years  more than 10 years

18. Human resource management can be seen as “strategic” – directly related to the business strategy of an organisation – or “operational” – concerned with day to day administration of people issues. To what extent is human resource management strategic or operational in this organisation? (*1 = most important*)

highly strategic  mostly strategic  part strategic/part operational

mostly operational  totally operational

19. Please rank the **operational** functions of HR management in order of their importance to the organisation (*1 = most important etc*):

recruitment & selection	<input type="text"/>	performance management (eg. appraisal system)	<input type="text"/>
OH&S	<input type="text"/>	payroll	<input type="text"/>
organisational structure	<input type="text"/>	diversity and EEO	<input type="text"/>
training/staff development	<input type="text"/>	employee relations	<input type="text"/>
health & well-being	<input type="text"/>	other	<input type="text"/>

**Comments:**

20. If “no” HR Manager or department, which manager in the institution is responsible for each of these functions?

recruitment & selection	performance management
OH&S	payroll
organisational structure	diversity and EEO
training/staff development	employee relations
health & well-being	

21. Do you outsource any of these HR functions? If so, which? *(Tick all that apply)*

recruitment & selection	<input type="checkbox"/>	performance management	<input type="checkbox"/>
OH&S	<input type="checkbox"/>	pay	<input type="checkbox"/>
organisational structure	<input type="checkbox"/>	training/staff development	<input type="checkbox"/>
career development	<input type="checkbox"/>	health & well-being	<input type="checkbox"/>
employee relations	<input type="checkbox"/>		

22. Please rank the **strategic** functions of human resource management in order of their importance to the organisation. *(1 = most important etc)*

leadership development	<input type="text"/>	HR policy development	<input type="text"/>
strategic workforce planning	<input type="text"/>	organisation development	<input type="text"/>
career development	<input type="text"/>	talent management	<input type="text"/>

**Comments:**

23. Does your organisation have a written human resource management plan?

Yes  No

If you answer is “No” for this questions, go to **Question 25**.

24. To what extent does the human resource management plan inform the business strategy of the organisation?

very much  a lot  average  to some extent  not at all

25. Which of the following statements best describes your guiding principles in human resource management? (*Rank order **the top three** starting with 1 for most important and so on*)

Creating a good employee relations climate

Minimising the salary and wages costs of the organisation

Developing a capable workforce

Encouraging and facilitating organisational change

Effectively managing the performance of individuals

Providing good rewards and remuneration

Developing a strong organisational culture

Other (please specify)

### C. Selection and recruitment

26. What is the level of employee turnover per annum?

	Low (0-5%)	Medium (5-10%)	High (10%+)
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**All staff**

27. Who is responsible for making hiring decisions for different groups for employees?

	Director/ CEO	General Dept Manager	Line Manager for the Position	HR rep
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Teaching staff ( <i>temporary, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28. What are the top three areas of skills shortages by occupation or discipline for **teaching** staff? (*Rank order with 1= most difficult to recruit etc*)

- 1.
- 2.
- 3.

29. What are the top three areas of skills shortages by occupation or discipline for **non-teaching** staff? (*Rank order with 1= most difficult to recruit etc*)

- 1.
- 2.
- 3.

30. To what extent do you recruit primarily on the basis of alignment with the values of the organisation (i.e. the extent to which the person “fits” with the organisation) as opposed to trade or educational qualifications?

	Totally on values alignment	Mostly values alignment	Balance	Mostly qualifications	Totally on qualifications
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff: ( <i>permanent ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## D. Performance Management

31. Do you operate a formal performance management or review system for employees (eg regular staff appraisals etc)?

Yes  No

If you answer is “No” for this question, go to Question 25.

32. Which groups of employees participate?

	Yes	No
Managers	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>

33. Describe the basic features of the performance management or review system. (*Place a tick in the appropriate boxes for each group of staff*)

	Setting agreed work objectives	Regular appraisal meeting	Rating of staff performance	Linked to professional development plan	360 degree appraisal	Pay linked to performance
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Any comments:**

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## E. Training and staff development

34. Approximately how much was spent on training and staff development activities in the last 12 months for **teaching** staff as a % of gross wages and salaries for teaching staff?

Low (2 % or less)  Medium (3-4%)  High (5% +)

35. Approximately how much was spent on training and staff development activities in the last 12 months for **non-teaching** staff as a % of gross wages and salaries for non-teaching staff?

Low (2 % or less)  Medium (3-4%)  High (5% +)

36. In the last 3 years this organisation's investment in training and staff development has:

grown significantly  grown somewhat  stayed the same   
declined somewhat  declined significantly

37. The main reason for an increase is:

38. The main reason for a decrease is:

39. What were the top three training programs in which this organisation invested in the last 12 months? (*Rank order 1 = top*)

1.

2.

3.

40. Does this organisation have a written training and staff development plan?

Yes  No

41. Does the organisation develop individual training and staff development plans for the following categories of staff? (*Tick for each group of staff*)

	Yes	No
Managers	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>

42. Do you use nationally recognised training for training of employees? (*e.g. Cert II in IT for IT staff*). Yes  No

If your answer is **“No”** to this question, **go to Question 45.**

43. What are the top three nationally recognised qualifications you use for training your staff? (*Rank order from 1 = most important*).

- 1.
- 2.
- 3.

44. For which groups do you use Nationally Recognised Training?

- |   |                          |                             |                          |
|---|--------------------------|-----------------------------|--------------------------|
| Senior managers                           | <input type="checkbox"/> | Technical/maintenance staff | <input type="checkbox"/> |
| Heads of department                       | <input type="checkbox"/> | Casual teachers             | <input type="checkbox"/> |
| Teachers ( <i>permanent or contract</i> ) | <input type="checkbox"/> | Other staff                 | <input type="checkbox"/> |
| Admin/clerical staff                      | <input type="checkbox"/> |                             |                          |

45. Does this organisation provide support (such as study leave etc) for staff undertaking training and staff development (including university qualifications) unrelated to their immediate performance needs?

Yes  Sometimes  No

If **“Sometimes”**, explain under about circumstances.

## F. Employee Relations

46. In your estimate what is the level of unionisation of different groups in the workforce?

	High	Medium	Low
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

47. How are the conditions of different groups of staff governed? *(Please tick more than one box for each group on staff if appropriate)*

	Award	Enterprise Agreement	Australian Workplace Agreement	Other Individual Contract
Managers				
Teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>(permanent, ongoing)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff				
<i>(contract, fixed term)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff				
<i>(permanent, ongoing)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff				
<i>(contract, fixed term)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

48. In general, how would you characterise relations between managers and staff in this organisation? *(Tick one box)*

very cooperative	<input type="checkbox"/>	cooperative	<input type="checkbox"/>
average	<input type="checkbox"/>	uncooperative	<input type="checkbox"/>
very uncooperative	<input type="checkbox"/>	don't know	<input type="checkbox"/>

49. In the last 3 years relations between managers and staff have: *(Tick one box)*

significantly improved	<input type="checkbox"/>	improved somewhat	<input type="checkbox"/>
stayed the same	<input type="checkbox"/>	deteriorated somewhat	<input type="checkbox"/>
significantly deteriorated	<input type="checkbox"/>	don't know	<input type="checkbox"/>

## G. Work organisation

50. Does this organisation use teamwork? By teams we mean cross-functional or project teams rather than normal department structures.

Yes  No.

If "No", go to **Question 53**.

51. What proportion of different groups of staff work in cross-functional teams?

	High	Medium	Low
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

52. To what extent do these teams have the ability to make decisions about their work?  
(Tick one box)

a lot       some       little       very little       none at all

53. How closely is the work of different groups of staff supervised? (Please tick one box for each staff group)

	Very closely supervised	Quite closely supervised	Little supervision	No supervision
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>permanent, ongoing</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-teaching staff ( <i>contract, fixed term</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Casual/sessional teaching staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## H. Business Strategy

54. Does your organisation have a formal business strategy?

Yes  No.

If your answer is “No” to this question, go to Question 59.

55. Is the business strategy formally reviewed periodically? If so, how often?

annually       every 2 years       3-5 years

56. Which managers have the most input into formulating the business strategy?
57. Which of the following statements best describes the business strategy of your organisation? (*Rank order from 1 = best description*)
- We aim to offer high quality programs at the lowest cost for our clients*
  - We aim to be different from our competitors by offering imaginative and innovative new programs*
  - We focus our business on an identified niche in the market where we excel.*
58. Which of the following statements best describes your approach to growing the business? (*Rank order from 1 = best description*)
- We grow by offering our standard programs to clients on a value for money basis*
  - We grow by constantly changing our programs and developing new markets for our innovative products*
  - We grow by rapidly responding to new market opportunities.*
59. Have you adopted a formal quality assurance system for the organisation (apart from the AQTF)?
- Yes  No
- If "Yes" briefly describe the system.

<p>Please provide an estimate of the time taken to complete this survey: _____ minutes</p>
--

Please return this survey in the envelope provided by **31<sup>st</sup> October** to:

**Professor Andrew Smith  
School of Commerce  
Charles Sturt University  
Locked Bag 588  
Wagga Wagga NSW 2678**

**THANK YOU FOR COMPLETING THIS SURVEY**

# Human resource management in registered training organisations

## Case Study Protocol

### Director/CEO

1. What is your overall philosophy and approach to human resource management?
2. How do you implement that philosophy on a day to day basis?
3. What are the most important elements of human resource management to you in this organisation?
4. How closely is human resource management tied to the business strategy of this organisation?
5. How does this work – what are the mechanisms for ensuring that human resource management is strategic here?
6. What national or state human resource management programs has the institute been involved with?
7. How effective have they been?
8. How do you see human resource management evolving in this organisation in the future?
9. What specific human resource management initiatives would you want to see implemented?

## Human resource manager

1. What is your overall philosophy and approach to human resource management?
2. How do you implement that philosophy on a day to day basis?
3. How is human resource management set up in this organisation – what are the structures?
4. What are the most important elements of human resource management in this organisation?
5. How does the organisation approach:
  - ✧ Recruitment and selection
  - ✧ Performance management
  - ✧ Training and staff development
  - ✧ Employee relations
6. How has work organisation been structured in this organisation – e.g. use of teamwork, level of supervision etc?
7. How closely is human resource management tied to the business strategy of this organisation?
8. How does this work – what are the mechanisms for ensuring that human resource management is strategic here?
9. What national or state human resource management programs has the institute been involved with?
10. How effective have they been?

11. How do you see human resource management evolving in this organisation in the future?
12. What specific human resource management initiatives would you want to see implemented?

### **Line or departmental manager**

1. What is your view of the overall approach to human resource management in this organisation?
2. How effective is human resource management in this organisation?
3. What sort of service do you get from the human resource management department?
4. Does human resource management help or hinder you in your job?
5. Comment on:
  - ✧ Recruitment and selection
  - ✧ Performance management
  - ✧ Training and staff development
  - ✧ Employee relations
6. How could human resource management be more effective in this organisation?
7. What changes would you like to see in human resource management?

### **Focus groups of teachers and non-teaching staff**

1. What is your general view of human resource management in this organisation?

2. Does this organisation treat you well and fairly in terms of human resource management?
  
3. What have been your experiences of:
  - ✧ Recruitment and selection
  - ✧ Performance management
  - ✧ Training and staff development
  - ✧ Employee relations
  
4. How is work organised here. Could it be done better?
  
5. What could be done better in terms of human resource management in this organisation?



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The consortium, *Supporting vocational education and training providers in building capability for the future*, comprises leading vocational education and training researchers from across Australia. Its program of research aims to investigate the vocational education and training workforce, its capability and professional practice development. Research funding is awarded to organisations via a competitive grants process.

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