



# SUPPORTING VET PROVIDERS in building capability for the future

## Human resource management in registered training organisations by Andrew Smith and Geof Hawke

This research examines the current state of human resource management in both public and private registered training organisations. It also considers how human resource management in these training organisations is changing and whether it is becoming a more central, strategic concern for their business planning.

### Introduction

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. People and their skills are the one thing that competitor organisations cannot imitate. Human resource management (HRM)—and its associated practices—has therefore become accepted by managers in all types of organisations as a crucial strategic lever for ensuring continuing success. This is true in vocational education and training as much as in any other sector. In recent years workforce development has become a key feature of the management of registered training organisations. Human resource management is also changing and is becoming more sophisticated and more strategic. This can be seen as a change from a 'people processing' approach, emphasising the administration of human resources to one which develops the people as a key competitive resource for organisations. This has meant more careful recruitment and selection, better forms of training for staff, the use of performance management systems and new forms of workforce development that give people more responsibility and control.

### Human resource management in registered training organisations

Registered training organisations vary greatly, from large and complex public TAFE institutes, to very small private providers, and it is both unwise and invalid to make direct comparisons between them. They operate in very different contexts and often their human resource management needs are quite different. There is no 'one size fits all' for human resource management in training organisations. The

research showed that the human resource manager usually does not report directly to the chief executive officer/director, especially in TAFE institutes, and usually does not sit on the senior executive team. This means that human resource management is often seen as more operational in function and is not used as strategically as it might be. In small registered training organisations human resource management is much more informal and is usually the responsibility of the executive officer/director, which can be advantageous, as it gives it a more central role in the organisation. However, as the smaller organisations grow, they tend to adopt a more formal approach and eventually establish a human resource department or function.

### Attracting and retaining people

The tight labour market and the ageing of the VET workforce have made recruitment and selection a major priority for all registered training organisations. In large registered training organisations, including TAFE institutes, recruitment and selection are often highly formalised processes with, typically, set lists of questions asked of all candidates and little capacity for follow-up or the use of more advanced selection techniques such as simulations and psychometric testing. The emphasis is on hiring staff with the appropriate qualifications. Small registered training organisations tend to emphasise alignment with the values of the organisation as the most important selection criterion, probably reflecting the small, tight-knit nature of their working environment.

Performance management systems are almost universally applied in registered training organisations. In general, all groups of staff participate in performance management,

## Research activity 6: Examining human resource practices for a changing environment

The research consortium, *Supporting vocational education and training providers in building capability for the future*, comprises researchers from the Centre for Research in Education, Equity and Work at the University of South Australia, the Centre Undertaking Research in Vocational Education at the Canberra Institute of Technology, and the Australian Centre for Organisational, Vocational and Adult Learning at the University of Technology, Sydney. Managed by the National Centre for Vocational Education Research (NCVER), it aims to investigate how training organisations will respond to future changes in VET provision.

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although in TAFE institutes casual staff are not covered by this process—in significant contrast to the private sector, where casual staff are covered. In TAFE institutes performance management is often a relatively new initiative and usually focuses on staff development rather than performance evaluation. In the private sector, performance management tends to be more informal and focused on job performance, with a significant number of organisations linking pay to performance.

Expenditure on training and development for most registered training organisations normally accounts for 0–4% of payroll, which is considered a low-to-medium allocation. More is generally spent on the training of teaching, as distinct from non-teaching, staff. Larger registered training organisations usually possess a formal training and development plan, while only just over half of private providers reported having a training and development plan. Nationally recognised training is widely used in the sector, with most registered training organisations using this form of training for most categories of staff, although it is much more likely to be used for technical and maintenance, administrative and management staff than for teachers. Training and development are accorded relatively low priority by larger registered training organisations, whereas their smaller counterparts tend to rank training and development more highly, on a par with performance management.

## Managing employment in registered training organisations

Employee relations is a key human resource management focus in all registered training organisations, usually ranked second in priority behind recruitment and selection. Union membership across all training organisations is high. In TAFE institutes terms and conditions are usually governed through awards and enterprise agreements, while individual contracts are more common in private registered training organisations.

The focus on employee relations in training organisations appears to pay dividends. The overwhelming majority of organisations enjoy highly cooperative relations between management and employees, with a strong tendency for the climate to have improved in the last three years.

Teamworking is common in registered training organisations, with over 70% using teamwork in their organisations and with most teams having the capacity to make decisions about their work. However, the extent of autonomy enjoyed by these teams is questionable. As a result, levels of work supervision are variable. Work is

usually subject to minimal supervision for managers and for teachers, although the work of non-teaching staff and casual teaching staff tends to be quite closely supervised.

## The prospects for human resource management in registered training organisations

The overwhelming majority of these organisations claims that the level of competition is increasing. But are their human resource management practices strategic? The evidence from this research is mixed. Human resource management is certainly operating in all training organisations and, especially in the larger organisations, appears to be undergoing a transition from a focus on administration and 'people processing' to a more sophisticated, capability-driven function.

The majority of human resource managers argue that the organisation's human resource management practices are supporting the strategic management of their organisations, but they also report that it functions at an operational level within their organisations. In large registered training organisations, especially TAFE institutes, human resource managers rarely sit on the senior executive team. While many registered training organisations want a more strategic approach to human resource management, the research suggests that there is still some way to go, but is likely to be achieved if training organisations implement the following approaches:

- give human resource managers a more strategic role by including them on the senior executive teams of larger training organisations
- employ human resource managers with previous experience in strategic senior executive roles
- make human resource management a key element of the business processes in training organisations
- use less bureaucratic and more sophisticated approaches to recruitment, selection, performance management and training
- build on the positive employee relations climate by introducing more flexible working arrangements.

This overview is based on a forthcoming report. Information about the consortium's program can be found at <http://www.ncver.edu.au/workinprogress/projects/10345.html>. Subscribe to NCVET News at <http://www.ncver.edu.au/newsevents/subscribe.html> to stay informed about when the report will be released.