



SUPPORTING VET PROVIDERS in building capability for the future

A study in difference: Structure and culture in registered training organisations by Berwyn Clayton, Thea Fisher, Roger Harris, Andrea Bateman and Mike Brown

This overview examines the ways in which registered training organisations are adapting their structures and transforming their cultures in response to demands for more flexible, innovative and responsive training provision.

Introduction

Structure and culture are critical elements in organisational capability. An effective alignment of structure and culture provides a means for getting people to work together to reach strategic goals and achieve an organisation's vision. By understanding structure and culture, organisations are better able to manage uncertainty in the face of ever-changing markets and business conditions. Confronted by a highly dynamic environment, many registered training organisations in the VET sector are transforming their structures to enable them to better meet the training demands of diverse clients. Cultures are also being reinvigorated to improve customer service and quality of provision as well as levels of innovation and entrepreneurship, which are being espoused as core values of the organisation in their vision or mission statements. In response to calls for improved responsiveness to the needs of key stakeholders and greater flexibility in the delivery of services, registered training organisations are adopting a much more businesslike approach to the provision of education and training. Our research has investigated the cultures and structures of registered training organisations through a series of interviews and ten case studies involving public, private, community and enterprise-based providers.

Structural adjustment

Each organisation in this study, like others in the sector, is operating in a dynamic environment driven by different external and internal imperatives. The one common element is that all have recently undergone, or are in the

process of undergoing, some form of structural change. Partial restructures, shifts from centralised decision-making to decentralisation, amalgamations and complete system-wide upheavals have all been undertaken in the name of greater efficiency, flexibility and responsiveness.

For TAFE institutes, the key changes have been to the traditional bureaucratic structures generally characteristic of public service organisations. Instead of the hierarchical box-and-line format, organisational charts now display different shapes to support new ways of working—flattened structures, devolution of decision-making, the establishment of teams and the breaking-down of functional and faculty silos through increased cross-organisational activity and networking. Along with increased horizontal and vertical communication, there is a freeing-up of some of the bureaucratic processes that govern people's work. Aligning support and teaching staff more closely to enhance client service is also a common approach.

These structural changes have had very beneficial effects for some registered training organisations. For others and their staff, feelings of change fatigue, arising from multiple and often significant changes over relatively short periods, have arisen. Some doubt that the structural changes have had more than a cosmetic effect.

Cultural transformation

The existence and acceptance of multiple cultures is most evident in large registered training organisations where cultures are based on vocational difference, on industry, on geographic location, on history or on brands. This multiplicity is valuable in meeting the needs of diverse

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

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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clients, but multiple cultures are a weakness where they become cultures that are resistant to change and prevent the ready exploitation of opportunities. An overarching culture, therefore, is considered necessary for balancing multiple cultures. This requires a clear overall vision which is widely shared throughout the organisation, a sound strategy for changing cultures and positive attitudes across the whole organisation, all of which must come from sound leadership at the top. Importantly, cultural transformation is not merely concerned with moving from one point to another, but is a process of exploring—of creating sustainable change and continuous improvement. Equally importantly, the cultural changes sought need to have a reality that matches their rhetoric. For example, if a culture of devolved team-based decision-making is the objective, then the teams need to be given and to accept the critical responsibilities and powers needed to make those decisions.

Enhancing organisational capability

The major impacts of changes to structure and culture are driven by the need for more businesslike behaviours, increased income-generation and the achievement of key performance measures. There has also been a shift in focus—from the operational to the strategic, and to improved credibility and relationships with industry. Further, the removal of various rigid bureaucratic processes has enhanced organisational flexibility. A number of organisations have also gone some way to building a culture where risk-taking is supported and innovation can flourish.

More transparent communication, the breaking-down of silos, greater sharing of ideas and resources across the organisation result in a stronger sense of working in the 'one organisation' and are seen to be positive by those at lower levels in organisations. For many, the implementation of teams and cross-functional activities as an established way of working have empowered individual staff and teams and has generated more internal collaboration.

While these changes are significant, they demand increased responsibility and pose challenges, particularly for those who are charged with building the business, managing the budget, allocating the resources and leading the team. These are the middle managers in registered training organisations. To help them perform as effectively as possible, they need to be supported from the top and receive appropriate professional development. They, too, need to network with other middle managers as well as work productively with those who report to them. This can be very difficult in a large geographically dispersed organisation, where staying in touch, communicating, having a finger on the pulse and influencing what is happening can be very challenging.

Where to from here?

Structural and cultural change has encouraged the development of new ways of thinking and working, but the change has not been uniform, either within or across training providers. The need for ongoing change is broadly acknowledged as beneficial and essential for the continued building of organisational capability. However, the pace of change may be slowed in some organisations if issues relating to autonomy, delegation and decision-making, the utilisation of commercial income, centralised human resource management practices and industrial relations agreements are not addressed. Change fatigue, the gap between espoused and lived cultures, issues associated with team and individual empowerment, and the mismatch between strategy, structure, culture and people management are also key challenges that must be addressed in the near future.

While there is no one right approach to structural and cultural change, there are a number of elements essential to the process. These include communicating a clear and understandable vision, developing a future-focused strategy, getting the right people in the right positions, and placing an emphasis on leadership and leadership development. Equally important are transparent communication; the alignment of people, systems and structures; collaboration empowerment and inclusiveness; and the provision of appropriate rewards and recognition for staff.

Finally, since people are central to organisational capability now and in the future, building the skills and knowledge of the workforce through a full range of professional development activities is of paramount importance. While formalised professional development is certainly important, it is possibly even more crucial for providers to emphasise ways of working which incorporate opportunities to learn and develop, while developing the organisational cultures which encourage people to learn through their work. This comprehensive and holistic approach will ensure that providers are not only effective in providing learning for others but that they are ensuring an effective learning culture. What makes an effective learning culture is explored in research activity 5.

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 *NCVER News* at <http://www.ncver.edu.au/newsevents/subscribe.html> to stay informed about when the report will be released.