

L I T E R A T U R E   R E V I E W   R E P O R T

E X H I B I T   D



report on a **strategic evaluation**  
of reframing the future

DECEMBER 2004



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Further information contact  
Australian National Training Authority  
GPO Box 3120, Brisbane QLD 4001  
Telephone: (07) 3246 2300  
Facsimile: (07) 3246 2490  
Email: [webmanager@anta.gov.au](mailto:webmanager@anta.gov.au)

This report is also available at: <http://www.anta.gov.au>

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## 1. Introduction

Reframing the Future (RTF) commenced in 1997 as an extension of *Framing the Future*. It is a comprehensive program managed by the Australian National Training Authority (ANTA) on behalf of Commonwealth and State and Territory Ministers of Education.

RTF assists Vocational Education and Training (VET) organisations and the people who work in them through funding and advice to develop the capabilities needed to help Australian industry build an internationally competitive workforce.

This literature review is a key element in a strategic evaluation of RTF being carried out by Melbourne-based consulting firm Dench McClean Carlson.

It examines literature relating to the broad and complex issues surrounding the Reframing the Future program. This includes the following areas:

- The policy agenda for the National Training System
- Changes to Vocational Education and Training, its market and its client base
- The capabilities needed now and in the future by the VET workforce and by VET provider organisations
- Conceptions of Workforce Development, Human Resource Development, and Organisational Development.

The literature review builds on the information in *the Enhancing the Capacity of VET Professionals Project Final Report* (Dickie, Eccles, FitzGerald & McDonald, 2004), which involved a detailed meta-analysis of literature relating to the changing nature of VET in Australia and the development needs of Australian VET workforce. It is not intended that this literature review duplicate that work. Rather it intends to extend the information on those aspects relevant to this evaluation.

## 2. The National Agenda – Directions

Australia's National Strategy for Vocational Education and Training 2004–2010 outlines the blueprint for achieving the vision of VET significantly contributing to make Australian businesses internationally competitive, giving Australians world-class skills and knowledge, and building inclusive and sustainable Australian communities.

The Strategy outlines four objectives linked to this vision. These are:

- Industry will have a highly skilled workforce to support strong performance in the global economy.
- Employers and individuals will be at the centre of vocational education and training.
- Communities and regions will be strengthened economically and socially through learning and employment.
- Indigenous Australians will have skills for viable jobs and their learning culture will be shared.

The National Strategy recognises Training Providers (Registered Training Organisations) as one of the four key groups of players in vocational education and training.

The four groups are:

- **Industry**, which defines skills needed for work, and advises on the products and services it requires
- **Training providers** (Registered Training Organisations), which translate skill needs into quality, client-focused training and assessment
- the **Clients of VET**, including businesses, students, apprentices, trainees and people who work, are preparing for work and looking for work, and
- **Training brokers and facilitators**, who act as the intermediaries between vocational education and training and employment.

Within the National Strategy, twelve specific strategies are outlined to achieve the vision and the objectives. These specific strategies are grouped into three subsets, based on the nature of their contribution to the overall task. These categories are Servicing, Building and Improving. The subset Building consists of four specific strategies, one of which relates directly to improving the capability of VET training providers:

### ***Make a sustained investment in TAFE and other Registered Training Organisations***

- *The vocational education and training workforce has the capacity and the skills to provide high quality, client-focused, flexible learning and assessment, in partnership with businesses and other organisations*
- *Registered Training Organisations have the support services, technology, buildings and business systems to provide high quality, client-focused products and services*

The ***Shaping Our Future: Action Plan 2004-2005*** identifies seven areas where ANTA will focus nationally in order to improve VET on behalf of clients, including "developing an agreed approach to VET workforce capability".

In the Action Plan 2004 - 2005, Objective 1 is *Industry will have a skilled workforce to support strong performance in the global economy*. The actions attached to this objective are:

***Priority Action 1: Generate strategies to enable vocational education and training to respond to emerging skill needs for the future world of work.***

Included as one of four sub-points under this priority action is the following:

*"Collaborative strategies to improve the capacity of VET providers to offer more flexible and client-focused approaches to teaching and learning".*

***Priority Action 2: Implement agreed ANTA Ministerial Council recommendations from the high level review of Training Packages for industry, individuals and providers and strengthen teaching and learning outcomes.***

The High Level Review of Training Packages has resoundingly confirmed the "pre-eminent" role of industry in defining work outcomes, that the Training Package model has widespread support, and that the model has the flexibility to serve a large range of broader purposes. The actions from the review confirmed that Training Packages were the 'cornerstone' of an adaptable and responsive VET system and that there would be ongoing improvements to Training Packages and the processes surrounding them, as part of "a new settlement' between ANTA and VET stakeholders.

The High Level Review identified six major areas for action. These include:

***Action 5: Supporting teaching, learning and assessment***

*Mechanisms will be provided to support high quality delivery and assessment under Training Packages and to enhance VET professionalism.*

*A range of collaborative and nationally agreed strategies will be implemented to enhance the quality of teaching and learning.*

One of the benefits to the VET sector that the Actions from the review identify is "enhanced RTO capabilities for Training Package implementation", with one of the immediate priorities identified as "moving on .... bringing about and supporting the necessary changes in the system".

The *Moving On* Report strongly supports additional resources and professional development for individual practitioners, but acknowledges that these will have minimal impact without parallel attention to the 'organisational context" (management, resources, systems and physical space) within which those individuals are working (Schofield & McDonald, 2004, p.28).

Reframing the Future has been the major national program supporting the development of both workforce and organisational capability.

## 3. Reframing The Future

### 3.1 Introduction to Reframing the Future

Reframing the Future has evolved from a program supporting individuals in VET to one which addresses a wide range of workforce development needs.

This section provides an overview of RTF, including the structure of the program and principles on which it is based.

### 3.2 Reframing the Future's Mission

The aim of the original *Framing the Future* (FTF) project, established in 1997 and from which RTF developed in 2001, was to provide staff development and skills acquisition for VET staff involved in implementing the National Training Framework.

A study of the long-term impacts of FTF (Mitchell, 2000) found that those impacts went beyond individual skill development for the length of the project, to improvements in work performance and organisational effectiveness and the development of networks across providers and industries.

The report from a study undertaken by ANTA (Mitchell & Young, 2001) recommended that FTF expand the breadth of its programs beyond staff development. The name of the program was changed to Reframing the Future and its mission was expanded to the following:

*To assist VET practitioners to become highly skilled, and VET organisations to become high performing to enable Australian industry to thrive in the local and global economy.*

The same report provided a framework for the RTF program. This framework strongly influenced the subsequent organisation of the program, including the range and breadth of its sub-programs, guiding principles and indicators of success.

### 3.3 Reframing the Future's Operations

The RTF model incorporates an ongoing strategic planning and management process. This process includes a review of the program's goals, strategies and activities, based on a consideration of external drivers of the National VET System and the service provision available through other professional development and change management programs. (Young & Mitchell, 2002b)

The service which the RTF national project team provides to participants goes beyond the allocation and administration of funds. It also covers the following:

- assisting applicants to develop submissions that are linked to organisational goals, enable learning and organisational outcomes based on sound theory and are of a manageable scope
- maintenance of a statistical database about programs, their progress and contact details
- rapid response information about theoretical models, relevant research and other projects
- mid-term forums for leaders of and other participants in programs under Goals 2 and 4, with programs based on analysis of mid-term reports
- ongoing coaching and mentoring for project leaders
- monitoring progress and assisting project leaders to be flexible in modifying Action Plans in order to achieve outcomes

- assisting project leaders with the development of progress and final reports, based on templates structured to elicit information about process and immediate outcomes and outputs, both intended and unexpected
- the preparation and dissemination of publications that provide examples of good practice, in VET, of building skills and effecting change to support the national training system.

The program is broken down into a set of sub-programs, addressing different capability areas for development. The theoretical underpinnings for each of these areas are based on extensive research.

### **3.4 Reframing the Future's Sub-programs**

The new program's activities were organised under five goals in which there are eight sub-programs, covering the areas of Staff Development; Strategic Management and Change Management; National Training Change Agents; Policy Engagement, Communities of Practice and Networks; and Applying Information and Research. The goals and sub-programs are as follows:

#### **Goal 1**

##### **Sub-program Staff Development**

*To enable VET practitioners to become highly skilled in implementing the national training system.*

#### **Goal 2**

##### **Sub-program 2a Strategic Management and Change Management**

*To enable VET managers to develop new skills in strategy-making and strategy-implementation so their organisations become high-performing in responding to the needs of the national training system.*

##### **Sub-program 2b National Training Change Agents**

*To enable VET practitioners to build their capabilities as change agents within the VET sector, to bring about changes required to implement the national training system.*

#### **Goal 3**

##### **Sub-program 3 Policy Engagement**

*To enable VET personnel and stakeholders to engage in constructive debate about how to continuously improve the NTF based on learning from both practice and theory.*

#### **Goal 4**

##### **Sub-program 4a Communities of Practice**

*To enable VET practitioners to develop communities of practice - reaching across organisations, industries and borders - to better implement the national training system.*

##### **Sub-program 4b - Industry Training Networks**

*To enable VET practitioners to establish innovative and effective networks between industry and providers and other stakeholders, to improve the implementation of the national training system.*

##### **Sub-program 4c - Assessor Networks and Teaching and Learning Networks**

*To enable VET practitioners to establish innovative and effective networks between VET teaching and learning practitioners or assessors, to support the implementation of the national training system.*

#### **Goal 5**

##### **Sub-program Applying Information and Research**

*To enable VET practitioners to develop skills in accessing and applying information and research findings.*

The 2001 ANTA report included measures of success for those activities to be undertaken during 2001-2002. These focused on participating VET organisations and staff being able to meet the needs of customers, conform to ARF arrangements, increases in numbers seeking Recognition of Current Competence services, and increases in the number of partnerships with industry resulting in improved quality of training and assessment services. The measures of success also included increased numbers of VET management staff and casual staff involved in projects and activities and of case studied of participating VET organisations changing their structures and cultures to suit the National Training Framework (Mitchell & Young 2001, p.81).

### **3.5 Reframing the Future's Core Ideas**

The Reframing the Future program is based on a set of Core Ideas, which are clearly articulated in a set of brochures provided, via the program's website, to applicants and participants. These Core Ideas are:

- Innovation and the National Training System
- Networking and the National Training System
- Change Agents and the National Training System
- Communities of Practice and the National Training Framework
- Strategic Management and Change Management and the National Training Framework
- Knowledge Management and the National Training Framework.

These Core Ideas provide a summary of the RTF approach to capability building. Developing strategic capabilities and managing change are important. Individuals can operate as change agents within an organisation. Individuals operating through communities of practice are more effective in facilitating change.

Change agents are described as "anyone involved in initiating or implementing change" (Mitchell & Young, 2004, p.1, VET Practitioners as specialist change agents). An examination of the literature found conflicting information about who can be a change agent: whether one person or a group, an existing manager or staff member, or whether it requires a specialist. The staff of RTF's own examination of a number of its projects concluded that VET practitioners can learn to be change agents. Those in the study have existing skills, however, the study found that increased consciousness of their abilities led to increased confidence in the change agent role.

Communities of practice and networking form an important part of the RTF approach, with a sub-program dedicated to them. Communities of practice are described as "groups of people who share a concern, a set of problems, or a passion for a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis" (Young & Mitchell, 2002a, p.1). Evidence from project reports has indicated that the Communities of Practice established as part of the RTF program have achieved the benefits identified in the literature. These benefits include improved employees' ability to manage change, provided access to new knowledge, fostered a sense of common purpose and added value to professional lives (ibid.).

### 3.6 Reframing the Future's Theoretical Underpinnings

The RTF workbased learning approach models the method that is being promoted by VET to Australian organisations, thus allowing VET provider staff to experience it firsthand. Workbased learning is an umbrella term used to describe a range of structured learning through work, focused on building the capabilities of individuals within the organisation's internal workforce. Described as "a means or vehicle by which staff development is structured and managed", it thus allows for a wide range of specific learning approaches and activities. (Mitchell, Henry & Young, 2001, p.4)

The approach draws on a number of theoretical frameworks, including those associated with adult learning and learning organisations, action learning and other forms of problem-solving and self-managed team work and a range of other learner-centred professional development techniques, including action research, mentoring, coaching and project-based learning.

Another dimension to this model is the conclusion, based on the literature, that "individual workbased learning can, under certain circumstances, lead to organisational learning and transformative change" (ibid., p.33), the particular circumstances identified as learning which is instrumental, dialogic and self-reflective. i.e. purposeful, work and work-team related and involving critical analysis and review of their own identity and opinions.



**Figure 1: Organisational Work and Performance**

*Representation of the interconnectedness and dynamics between pedagogically-informed Workbased Learning (Action learning Research), Learning Organisation and the Learning and Working/Performance Domains within the Organisation. From Mitchell, Henry & Young, 2001, p.34*

### 3.7 Conclusion

The national team provide ongoing support, assisting project leaders to modify the methodology in the light of changes in circumstances, or new information about already existing circumstances. This service amounts to a centralised mentoring program. RTF's policy engagement and networks subprograms are aimed at providing VET managers and employees with information about new developments, and a means by which VET employees can develop a stronger sense of belonging and commitment to the system within which they work.

## 4. The VET Context

### 4.1 Introduction

The literature describing the changes that have taken place in Vocational Education and Training, both in Australia and overseas, is substantial. VET in Australia has undergone considerable change and reform. There has been much discussion in the literature of the impact of technological changes, globalisation of markets and the ageing of the workforce, on VET, for example. Some areas have received less attention than others. Although the increase in the number of private training providers has been an important change, the amount of research about these organisations and their employees has been minimal.

This section provides an overview of the VET context in Australia. It includes information about changes relating to VET organisations, workers, clients, job roles and the nature of work in VET. This section is by no means comprehensive, but provides the background for later discussion about the capabilities that current and future VET organisations and workers need.

### 4.2 VET Organisations

Organisations which employ the VET workers include:

**TAFE Institutions.** These are the major providers of VET and are largely government funded.

**Other Public Providers.** This group includes other government-funded institutions such as secondary schools, community and agricultural colleges, and universities that are registered to provide VET programs and services.

**Private Providers.** These include commercial providers (business colleges, training consultants), community providers (adult education and community centres), industry providers (skill centres, group training companies), and enterprise providers (in-house training providers). Private Providers make a highly significant contribution to the delivery of training nationally. For example, the proportion of training delivered by Private RTOs in Queensland is estimated at 46% of the States total, with 36% of this funded on a fee-for-service basis and 10% publicly funded (Department of Employment and Training Queensland, 2003)

**Registered Training Organisations.** RTOs are training providers registered by State/Territory authorities under the standards of the Australian Quality Training Framework (AQTF) to deliver training products and services according to a specific scope of activities and to award qualifications within that scope. An individual or group of individuals who are able to satisfy for AQTF registration can become a registered training provider. RTOs include secondary schools, private training colleges, enterprises, adult and community providers, universities, group training companies, and agricultural colleges.

(ANTA, 2004b)

### 4.3 VET Employees

The definitions to describe groups within the VET workforce are those adopted in the 'Enhancing the Capability of the VET Professionals Project: Final Report' (Dickie, FitzGerald & McDonald, 2004, p.79).

*The **VET practitioner** refers to those professionals working within the sector who are responsible for **direct delivery of training or assessment**. This includes lecturers, teachers, trainers and assessors, permanent, full-time, and casual and sessional staff, across schools, ACE, TAFE, private RTOs and enterprises, who are delivering nationally recognised training.*

*The **VET professional** is used to describe a broader group including VET practitioners, together with staff who provide leadership, management and support for learning within RTOs, but whose primary role **is not direct delivery**. This includes heads of school and departments/teaching centres; senior and middle managers; knowledge managers; product, program and resource developers; learning support staff; industry liaison, policy and planning staff.*

*The **VET workforce** describes people in the above two categories, and those people working in 'generic' roles, such as accountants, marketing and maintenance staff."*

### 4.4 Trends & Strategic Issues Affecting the VET Workforce

It is widely acknowledged that the Vocational Education and Training workforce has been affected by strong influences, from both outside and inside. Some of these influences, such as the globalisation of markets and rapid advances in technologies have affected industry and the workforce in general, in Australia and in many other countries. This section examines a number of these trends and influences, including workforce demographics, VET's client base, job roles in VET, the impact of the knowledge economy, workloads, and employment patterns.

#### 4.4.1 The Workforce

In the Australian population overall there has been an increase in part-time work and casualisation, increasing female participation, changing demographics and occupational profile. Globalisation has affected a wide range of industries and occupations and increased the demand for higher skills and knowledge while decreasing the demand for routine production skills (Karmel, 2003). The impact of these forces has differed across various sectors of VET, particularly between public and private training providers.

Although VET professionals are no older than the workforce at large (34% 45 years or older in 2001), VET teachers in TAFE are on average much older (61% aged 45 years or older and 16% are aged 55 years or more (Cully, Blythe, Stanwick & Brooks, 2004, p.69). Although data sources are inadequate and inconsistent, it appears there are ominous signs of a workforce planning crisis in the VET sector (Dickie, Eccles, FitzGerald & McDonald, 2004). This is more the case for TAFE Institutes than it is for private providers.

In the TAFE sector, the ageing of the workforce is accompanied by a growing gap between the older, permanent and qualified teachers and the considerably less qualified non-permanent teachers (Cully, Blythe, Stanwick & Brooks, 2004).

Outside TAFE, the lack of credentials is a key issue. One in three have no post-school qualification and a frightening nine in ten have no formal qualifications in education and training (most VET professionals are involved in direct delivery of training or assessment, but it is not their primary role). More than two thirds of VET professionals have a post-school qualification, mostly in their specialist field. The proportion is higher in TAFE (eight in ten) than it is for other VET professionals (two in three).

Many VET practitioners do not see a career in VET as being for life. This is consistent with other vocations, and has the advantages of new people flowing into the sector bringing new thinking and enthusiasm. The disadvantages are that as good experienced people exit the system, training and development investment in those people is lost and, sometimes, organisational development and cultures are adversely affected.

#### **4.4.2 VET's Clients**

The higher and different expectations of VET clients have been identified as one of the key drivers for change in the VET system (Dickie, FitzGerald & McDonald, 2004, pp. 74-78). Schofield and McDonald (2004) identify a range of clients served by Training Packages: direct clients include individuals, enterprises, employers, government, and local communities; and indirect clients include industry through Industry Skills Councils and other industry training advisory bodies, employer and employee associations. These new client categories also cover groups of much younger clients (aged 15-19) and older clients (45+) as well as the traditional cohort of 19-25 year olds.

This client base is described as more sophisticated, used to choice and with high expectations of quality of products and services, aligned to their personal or business objectives (ibid., p. 17). Accompanying the changes in the client base are changes to the ways in which learning is organised. The learner-centred agenda of the national training system is forcing innovation and change (Mitchell, Clayton, Hedberg & Paine, 2003). VET clients will expect a wider range of teaching and learning options and more learner and work-centred approaches. VET practitioners will be expected to understand the importance of integrating learning and work and be able to work across multiple contexts and sites.

#### **4.4.3 Job Roles in VET**

The new paradigm for VET systems, as identified by the International Labour Office (ILO, 2002) has particular characteristics. It is market and supply driven, emphasises employability, competency standards, life-long and learner-focused learning, integrated education and training, multi-skilling, flexibility in terms of entry and exit points, centralised policy and planning and decentralised program management and delivery, and involves participatory governance. The important social role of VET educational enterprises increases the importance of partnerships and dialogue between multiple stakeholders.

In Australia, changes to VET client demographics, needs and expectations mean that the work of VET practitioners and professionals has become highly diversified. There are now multiple roles for VET workers and they will need to be able to move between a number of these roles. Chappell and Johnson (2003) explain the impact that this has on VET workers' sense of their identity:

*No TAFE teacher, workplace or industry trainer, vocational teacher in schools, human resource development specialist, workplace assessor, facilitator, tutor, training consultant or, indeed, VET researcher would identify themselves as VET practitioners. These groups continue to identify either with their employer or with the institution site in which they work. Rather, the 'new VET practitioner'... refers to a group of practitioners who engage in a variety of educational and training activities which focus on preparing and developing workplace capability but whose work increasingly extends beyond traditional teaching and training roles.*

(Chappell & Johnston 2003, p.8)

VET and HRD professionals are expected to fulfil a number of roles, including learning facilitator, consultant and change agent. The new VET professional has also been described as "learning expert", "learner broker" and "learning environment manager", managing all aspects of learning related activities and sessional staff (Chappell 2000 p.9). They are required to model holistic understanding of professional practice and self-reflection. They need to be able to reflect on both their practices as professional teachers and as vocational experts.

#### **4.4.4 Changes in Teaching and Learning**

Recent research found that quality pedagogical practice in VET is characterised by a learner-centred approach, workplace relevance and flexibility and innovation in use of Training Packages (ANTA, 2004a). This research found that what some VET practitioners are doing well, others are still find challenging and that there is a wide range of areas in which practitioners would benefit from the development of supporting resources. These include adapting Training Packages to individual learners and contexts, learning theories, teaching skills, generic skill development, language and literacy issues, flexible approaches to learning, workbased learning, accessing and modifying learning resources and assessment.

Schofield and McDonald (2004) predict a number of ways in which the organisation of learning will be changed: it will become increasingly workbased, both formal and informal, and will reflect both individual and collective competence, hence more linked to human resource management and business strategies. Learning through work will become increasingly important, and employers and providers will need to make a concerted effort to make work more conducive to learning. With increased cross-industry collaboration there will be a greater need for seamless pathways and cross-sectional linkages, especially through local partnerships and collaborations. It is anticipated that these trends will affect most organisations, those to whom VET provides services and VET organisations themselves.

To meet the future learning needs of its client base, the approach to teaching and learning should become more learner-focused, work-centred and attribute focused (Cullen et al, 2002 and OECD 2003, cited in Chappell, 2003). Naturally, the approach to the development of VET professionals and practitioners should share these attributes. In addition, there are issues of professional development, and the development of professionalism. Teachers need to possess the attributes of the professional; the capacity for self-development and reflective practice. In addition, they need the opportunities and the abilities to both participate in and contribute to their field.

#### **4.4.5 Impact of the Knowledge Economy**

Knowledge workers have been defined as those employed in occupations considered to be white-collar, high-skilled and who perform a set of tasks that involve creating and processing information, for example reading, writing and quantitative tasks (Pont, 2001). It has been predicted that as the dependence on knowledge workers increases, the demand for cognitive and behavioural over technical skills will also increase, and that this will occur across a wide range of employment levels (Schofield & McDonald, 2004, p.9).

Knowledge workers are expected to identify and conceptualise problems and their solutions and to have strategic brokering capabilities. Professionals, upper middle managers and above, and others who create, modify and synthesise knowledge will require four basic skills: abstraction, system thinking, experimentation and collaboration. These high-level skills are related to science and technology but also to the control, management and co-ordination of tasks. Thinking deeply about their organisation and its problems, within the broad context of its relationship with the outside world and society, has been identified as a key attribute of knowledge workers (Andrews, Smith & Henry, 2003).

Implications for VET of the emergence of the knowledge-based economy are complex. Firstly, the knowledge economy requires different skills of workers and managers, who are the students of VET. The continuous change in products, services and in the ways in which they are developed, marketed, produced and delivered, requires students to have not only a sound foundation of those skills, but also the capacity and opportunities for ongoing learning to ensure their skills remain current. New technologies and developments in existing technologies and products necessitate changes in the learning content. The way in which learning itself is developed, marketed, and delivered is affected.

Australian research (Henry 2004) based on case studies of knowledge workers in a range of highly knowledge-based occupations, identified enablers for promoting knowledge work and for establishing a new approach to professional development in VET. These include networks and relationships, socio-technical systems which integrate ICT, and an organisational environment which:

- Provides a sense of identity and relevant work outcomes and career paths
- Fosters intuitive thinking and working
- Allows autonomy to design their own professional development activities
- Provides structures which integrate meaningful professional development with knowledge work, and
- Appreciates the inter-dependence between knowledge work and learning.

These imply that knowledge workers know how to manage their own development. What they need is the environment and the professional development support to enable them to do this.

The management of knowledge workers, like the management of professionals, has been recognised as requiring different strategies from those needed for managing other workers. Drucker, credited with coining the term "knowledge worker" outlined six major factors that determine knowledge-worker productivity (Drucker, 1999). These are:

1. Focus on the right task
2. Give knowledge workers autonomy
3. Continue innovation as part of the knowledge worker's responsibility
4. Encourage continuous learning, and continuous teaching on the part of the knowledge worker
5. Treat quality of output as important as quantity
6. Value the knowledge worker as an asset rather than a cost.

An analysis of the role of managers of professionals (Mintzberg 1998) concluded that, with professionals, it is the profession itself, not the manager who provides much of the structure and coordination. When standard operating routines are in place in organisations, professionals work largely independently of their colleagues and most professionals require little direct supervision from managers. In fact, covert leadership may be far more important than overt leadership, since leadership "infuses" everything the leader does; i.e. everything the leader does is influenced by the things at the back of his or her mind, for example interpersonal concerns, sensitivities, union contracts. Mintzberg also notes that managing without an intimate understanding of what is being managed is an invitation to disharmony." (Ibid. p.46)

Poell (2004) raises a number of issues in relation to the knowledge economy. What of the 62% of Australians who did not fit knowledge worker definitions? Are all sections of affected organisations involved? Will this limit opportunities for workers to diversify?

VET practitioners are expected to be far more responsive to client needs than they have been in the past, adapting and tailoring learning for more complex learning environments. All these factors demand highly developed knowledge skills. With the increase in the importance of knowledge capital, VET practitioners and their networks will need to constantly updated to keep pace with the needs of industry.

#### **4.4.6 Work Intensification**

Workplace and organisational reforms that have resulted in flatter management structures and increased emphasis on team-work have resulted in job enlargement and enrichment. But they have also led to the highly undesirable outcome of work becoming more intense. Increased market competition that accompanied globalisation and technological advances threatened the longer term profitability of organisations and has increased the work demands on employees beyond sustainable levels. Absence of regulations and limits on working hours lead to stress and 'self-exploitation' (Backstrom, Bjerlov, & Docherty, 2002). Work is becoming more 'unbounded' in time and space with employees taking work home and e-learning conducted in free time. The effects of this unsustainable work intensity include stress, chronic tiredness and burnout.

All relevant literature reviewed by Cully, Blythe, Stanwick and Brooks (2004) reported that work roles have significantly expanded across the VET workforce and that this had resulted in increased stress, time pressure, and decreased retention rates, job satisfaction, and confidence to deal with new work requirements. Work intensification emerged as a common theme across all roles in the VET workforce (Dickie, FitzGerald & McDonald 2004), with increased staff travel, responding to student emails, general administration, increased workloads of managers particularly for head teachers. This has been common across a number of industries. However, in VET it was seen as being further complicated by relatively low salary rates compared to other industries.

Recent research to assess the impact of flexible delivery on human resource practices in four Australian TAFE Institutes (Palmieri, 2003) provides detailed examples. This research found that, in all four Institutes, workloads were increasing in size and complexity and that the stress this caused was exacerbated, for both staff and managers, by industrial agreements and regulatory structures that had not kept pace with changes in practice. All four Institutes had flatter management structures, resulting in both senior and middle managers having a wider span of responsibilities, often encompassing a variety of staff. Staff working away from the Institute, in industry, at home or elsewhere, and the responsibility for the safety of trainees in workplaces, raised health and safety issues. The extra burdens of travel time and costs were of concern. Managers and non-teaching staff needed professional development. The research concluded that the Institutes are making a serious attempt to be fair to their staff as well as providing excellent service to their clients and that teaching staff were creative, dedicated and more highly involved with the teaching and learning process than previously.

#### **4.4.7 Employment Patterns and Contingent Workforce**

Recent research indicates that a large proportion of VET practitioners are employed under contracts that are not full-time, nor permanent. Non-full-time employment varies, between States, from 49% to 78% (Cully, Blythe, Stanwick & Brooks, 2004, p.63). The Australian workforce in general, casual employment, as a percentage of those in paid employed work has increased from 13% in 1982 to 26.4% in 1999 (Karmel & Misko 2004, p.1).

Increases in non-standard employment, multiple career changes and multiple forms of work organisation mean that skills are no longer defined in terms of traditional occupations and career structures. It has been predicted that casualisation and self-employment will grow and, as a consequence of weaker links between employer and employee, career development, training and learning will increasingly become the responsibility of individuals (Schofield & McDonald, 2004).

This change is associated with the emergence of a core-periphery model; a core of usually full-time, permanent and qualified teachers overseeing an increasing number of casuals. Although numbers of males and females in TAFE are about equal and most TAFE teachers work part-time, the majority of males work full-time.

One of the key advantages for organisations of a workforce that is composed of core and contingent labour is flexibility when demand is uncertain (Cartwright, 2003; Connelly & Gallagher, 2004; Matusik & Hill, 1998; Pinker & Larsen, 2003). The benefits of using contingent labour include enabling entrepreneurial growth by providing skilled workers at variable costs (Matusik & Hill, 1998), providing specific knowledge and skills, and bringing in new information and insights. (Cardon, 2003; Foot & Folta, 2002).

Other benefits include knowledge sharing with permanent staff. However, contingent workers many avoid sharing knowledge with permanent colleagues if they feel that this endangers their chances of more permanent employment (Sias, Kramer & Jenkins, 1997). In addition, although contract staff's knowledge may be valuable, it may not be valued (Castaneda, 2003).

Casual workers enjoy few of the benefits of permanent employment, such as training, promotion, work scheduling, management practices, and social integration (Lowery, Simon & Kimberley, 2002; Lawrence & Corwin, 2003). Case studies examining the professional development of VET contract and casual staff providing flexible learning (Stehlik, Simons, Kerkham, Pearce, & Gronold, 2003) found that, although casual staff were involved in delivering flexible and on-line programs, they were rarely involved in designing or developing them. As full-time staff were generally recruited from the ranks of casual staff, this has implications for succession planning. Opportunities for contract and casual staff to undertake relevant professional development were identified. However, "the less attached the staff are to the workforce, the less likely they are to have access to professional development." (ibid. p.3) Opportunities are more likely to go to full-time or permanent staff, because casual staff are only present for the time for which they are paid.

Limited access to opportunities available to permanent or full-time staff is highly likely to be perceived as unfair. Research into the importance of *fair process* in organisational decision making in the knowledge economy (Chan & Mauborgne, 1997), concluded that fair process has a profound influence on attitudes and behaviors critical for high performance. When productivity is dependent on knowledge workers willingly contributing their expertise, their belief that processes have been fair can have a considerable impact in professional and managerial work: people care as much about the fairness of process by which outcomes are achieved as much as by the outcome itself. Managers who believed their company's processes were fair displayed high levels of trust and commitment and those who felt processes were unfair, did not share ideas and were uncooperative.

Two recent publications (Connelly & Gallager, 2004 and Guest, 2004) both provide detailed reviews literature related to flexible employment or contingent work. Guest reports the findings from a particularly relevant study (Tremlett and Collins, 1999) of over 600 workers in the UK Department of Education and Employment who were in temporary employment, fixed-term contracts, casual, or with temporary agencies. They were professional (22%), associate professional/technical (15%), and clerical/secretarial (19%). Sixty-eight percent cited benefits of temporary work, particularly flexibility, choice of work, its role as a stepping stone to more permanent employment and variety (There was little evidence that temporary work was a stepping-stone to permanent employment). Some cited the need for less commitment and pressure, and better work-life balance. Seventy-nine percent cited drawbacks: insecurity, lack of benefits, uncertain wages, being treated differently to permanent workers and the difficulty in building relationships. (Tremlett and Collins, 1999, in Guest, 2004,4). About half said they would accept an offer on their current job on a permanent basis, but 40% said they definitely would not.

Both Connelly and Gallagher and Guest report on a number of studies which examine the relationship of temporary employment, in a wide range of work contexts, to a number of other factors, including employee loyalty, commitment, sense of security, well-being. Overall, the evidence from the research indicates contradictory conclusions. For example, there was no consistent evidence that workers on temporary contracts were less committed and less satisfied than those with permanent status. Guest concludes that much depends on the sample, the organisational context and the wider context in which they are working.

Both Connelly and Gallagher (2004) and Guest (2004) categorise contingent work into four groups. Connelly and Gallagher distinguish four types based on the nature of the employment contract: temporary agency staff, independent contractors, direct hires, and direct hires on seasonal contracts. The last of these two groups best describe VET short-term contract staff.

Guest, based on the work of Marler, Milkovich and Barringer (1998), categorises workers on the basis of two characteristics; skill/knowledge level and degree of preference for temporary work. The four groups are 'boundaryless worker' (high level skills and knowledge and high preference for temporary work), the 'transition worker' (high skill/knowledge and low preference for temporary work), the 'traditional worker' (low skills/knowledge and low preference for temporary work), and the 'permanent temporary', with low skills knowledge and high preference of temporary work. These four categories are represented in the table below.

	<i>High preference for temporary work</i>	<i>Low preference for temporary work</i>
<i>High skills/knowledge</i>	<b>Boundaryless worker</b>	<b>Transition worker</b>
<i>Low skills/knowledge</i>	<b>Permanent temporary worker</b>	<b>Traditional worker</b>

**Table 1: Categories of Contingent Workers**

Based on Marler, Milkovich and Barringer,1998, in Guest 2004.

Both reviews stress that more needs to be known about contract workers, particularly their circumstances and their reasons for undertaking contract employment (Connelly & Gallagher, 2004 and Guest, 2004).

VET practitioners are described as knowledge workers, because of their high skill/knowledge levels and their need to be flexible and innovative in meeting client's needs. This does not necessarily mean that research findings relating to other knowledge workers and boundaryless workers, for example ICT specialists who work on short-term contracts, can be applied to VET practitioners. Currently there is minimal information available about Australian short-term contract VET practitioners, their attributes and their reasons for undertaking temporary contract work. This information is necessary before conclusions can be drawn about the nature of the VET contingent workforce and its needs in terms of development.

#### **4.4.8 Non-teaching VET workers**

The situation for non-teaching staff in VET is as complex. VET professionals, including managers and support staff, need a much broader range of capabilities. They are acting as brokers, consultants, advisors, counsellors, knowledge workers and managers (Dickie, FitzGerald & McDonald, 2004). Trainers and HR staff in enterprises are acting as consultants, mentors, change agents, independent learning evaluators and facilitators.

A study investigating issues relating to professional standing and development in the non-teaching and non-executive VET staff in Victoria (Reed & Reed 2003) found that staff perceived management as crucial in establishing a learning culture, providing access to professional development and demonstrating recognition of achievements. They found access to professional development variable and the quality limited by:

- Over-reliance on TAFE staff for delivery
- Lack of specialised funded training for professionals
- Too much focus on organisational rather than individual needs and
- A lack of networking opportunities.

Apart from lack of management support, other barriers to participation in professional development identified included the following:

- workloads or work responsibilities that could not be readily transferred to others (e.g. student counsellors' case loads)
- Family unfriendly scheduling
- Lack of staff backfill or time release
- Poor recognition of the need for professionals to maintain their industry standing
- Bias towards teaching in professional development programs
- A focus on organisational policies, procedures and systems in professional development programs
- Reliance on internal staff training calendars and
- Reliance on TAFE staff rather than external experts.

Staff also commented that they could see no clear career path outside teaching and that professional development lacked formal planning and co-ordination.

#### **4.4.9 Learning Organisations**

Learning organisations are geared to the needs of their stakeholders and tap the knowledge of their members in the activities and direction-setting of the organisation. Members learn as they do, on an ongoing basis. The way the organisation develops and implements its strategies and systems becomes imbued with this process of ongoing development. Hence, the organisation itself acquires the capacity to be innovative and flexible. This approach assumes that workforce development activities are integrated with, not derived from, the policy, practice and culture of the organisation.

They have been described in a number of different ways:

*...organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together. (Senge, 1992, p.3)*

*...an organisation that is skilled at creating, acquiring, interpreting, transferring, and retaining knowledge (Gavin, 2000)*

*... a process in which members of an organisation detect error or anomaly and correct it by restructuring organisational theory in action, embedding the results of their inquiry in organisational maps and images (Argyris & Schon, 1978)*

*...a process of inquiry (often in response to errors or anomalies) through which members of an organisation develop shared values and knowledge based on past experiences of themselves and of others (Friedman, Lipshitz & Overmeer, 2001)*

The culture and the systems within organisations can be such that innovative responses to observed or anticipated market shifts can be achieved. The relationship between individual and organisational learning is complex. Central to Senge's concept of the learning organisation is the notion that real learning is not the development of skills but "a fundamental shift or movement of the mind" (Senge, 1992, p.13). Through this kind of learning, people re-create themselves; "we extend our capacity to create, to be part of the generative process" (ibid, 14). This process extends beyond 'adaptive learning', necessary for survival, to the capacity to create.

In a learning environment, because new ways of thinking and acting are being worked out, it is not possible to anticipate the consequences of every intervention. In this context, failures become opportunities to learn, rather than occasions for blame and point-scoring (Chapman, 2004).

*While failure is unacceptable, learning is not possible – with the paradoxical result that failures will continue. (ibid. 71)*

Recent research investigating whether TAFE organisations were "up to the task" and able to model learning organisations and life-long learning was inconclusive (Comley, Arandez, Holden & Kuriata, 2002). However, results indicated that TAFE staff are not risk takers, and that their reluctance is due to a fear of criticism from management.

#### **4.5 Conclusions**

Developments within the Australian VET workforce are very complex and not fully understood. The future skill requirements of the VET student population are difficult to predict. Key factors include:

- Complex structural change in and the dynamics of the labour market
- Changes in government policies and funding
- The economic cycle
- Changing educational levels and
- Changes in labour supply.

Reporting on Australia's future skill requirements and the implications for TAFE Institutes, Karmel concluded "what will really count is the flexibility of individual TAFEs and a good understanding of the local environment" (Karmel, 2003, 14).

## 5. Capabilities – VET Needs

### 5.1 Introduction

The new agenda for the National Training System emphasises the development of an agreed approach to the development of VET workforce capability. This section identifies the capabilities that VET organisations and the employees in those organisations need, based on the changes and strategic issues outlined earlier.

### 5.2 Capabilities VET Workers Need

VET professionals need a particular set of skills. This was one of the findings from a two-year Europrof research project "New forms of education of professionals in VET", involving 16 partners from Institutes and Universities from 14 European countries (Atwell, 1999). The increased focus on life-long learning, changes in work organisation and increased training for the unemployed have broadened the VET professionals' roles. In addition, there is an increase in managing the learning process and the structuring of learning activities, mentoring and facilitating. This study also identified a blurring of the roles of VET and HRD professionals.

The Enhancing the Capabilities of the VET Practitioners Project identified that Australian VET workers require generally similar sets of skills to those identified by the Europrof study. These included Generic Skills, Professional Skills and Leadership Skills (Dickie, Eccles, FitzGerald & McDonald, 2004, p.18). Details of each of these categories are provided in columns 2 to 4 in the Table, below. Column 1 includes capabilities associated with the implementation of the National Training System.

<b>NTS Capabilities</b>	<b>Generic skills</b>	<b>Professional skills</b>	<b>Leadership skills</b>
<i>Implementing the NTF: CB Training and Assessment, TPs</i>	<i>Problem solving</i>	<i>High levels of pedagogical expertise</i>	<i>Strategic change management capabilities</i>
<i>Flexible delivery practice</i>	<i>Adaptability</i>	<i>High levels of current technical and industry expertise</i>	<i>Entrepreneurial skills, a focus on performance and outcomes</i>
<i>Compliance: State, Territory and AQTF requirements</i>	<i>Working in teams</i>	<i>Learner centred;</i>	<i>Human resource development</i>
<i>Working with a broad client base</i>	<i>Self management</i>	<i>Client relationship management</i>	<i>Traditional business management and administration skills</i>
<i>Navigating the VET system.</i>	<i>Client focus</i>	<i>Knowledge creation and management</i>	<i>Ability to challenge and inspire other educators</i>
	<i>Relationship management</i>	<i>Knowledge and expertise in using new technologies</i>	<i>Ability to maintain strong links with communities, industry and regional networks.</i>
	<i>Coaching</i>	<i>Knowledge and expertise in delivering vet system products and services.</i>	
	<i>Mentoring</i>		
	<i>Networking</i>		
	<i>Ability to accommodate identity shifts</i>		
	<i>Moving between roles and organisations</i>		

**Table 2: Capabilities VET Workers Need**

Based on Dickie, FitzGerald & McDonald (2004, 114) & Dickie, Eccles, FitzGerald & McDonald (2004, 18)

In addition, there were particular skills needed by the non-teaching staff. This group includes technical support, librarians, student support staff, counselling and specialist support staff, community liaison and learning materials development staff.

As well as the generic skills required by teaching staff, non-teaching staff need the specialist and technical skills associated with their work, as well as those skills needed to support teaching and other staff, and learners, and in the monitoring of budgets, resources and standards (Dickie, FitzGerald & McDonald, 2004, pp 107-108).

A workforce development program is more than a program which develops individuals or targets particular skill or capability gaps within an organisation. Workforce development involves the systematic development a number of key aspects of the organisations themselves, as well as the members of those organisations.

The next section examines literature relating to the development needs of VET organisations.

### 5.3 Capabilities VET Organisations Need

Based mainly on information from the Business Council of Australia, the Enhancing report states that, in order to deliver agreed national priorities in *Shaping our Future: the National Strategy for VET 2004-2010*, RTOs, and the individuals within in them, will need to have:

- *A clear vision of their purpose, and how (or whether) the services that they offer are distinctive*
- *Values and behaviours which ensure that employment relationships within the organisation are characterised by confidence, trust and commitment of employees*
- *Organisational structures and systems that support a high standard of service delivery.*

(Dickie, Eccles, FitzGerald & McDonald, 2004, p.35)

Schofield and McDonald (2004) state that successful organisations of the future will need to be more agile and adaptable, less hierarchical and increasingly able to organise work through networks and collaborations.

Poell (2004) describes a high-performance organisation, in the ideal world of 2013, as follows:

*An organisation that treats its employees fairly and respects the environment from which it attracts its (knowledge) workers. That uses profit as a means to improve the life of its employees and the environment. That capitalises on the self-managing capacity of its workers not only within tight pre-set boundaries, but also as a means of encouraging actual creativity and innovation.*

(Poell, 2004, p. 4)

These definitions address system-wide transformation, based on a new vision and culture. What many provider organisations need is not just change, but transformation. The capacity to deliver transformation is clearly in the descriptions of the skill sets that the leaders of those organisations will need. (Dickie, FitzGerald & McDonald, 2004)

An analysis of the findings from professional development in VET across Australia (ANTA 1997) found that professional development was not sufficiently appreciated or implemented as a strategic activity. The perceived consequence of this was that it was a high-cost, low-result strategy for change within the training reform agenda, and peripheral to the core activities of VET organisations. The comment was made that, for professional development programs to be successful, a strategic perspective must be adopted by all management levels (ibid. 1997, p.12). The ANTA report concluded that professional development was seen as largely an individual concern. This is echoed in a more recent report that found that most TAFE teachers are making a significant contribution to their own professional development (AEU 2001, p.ix)

A recent study titled *The Changing Role of Staff Development for Teachers and Trainers in VET* (Harris, Simons, Hill, Smith, Pearce, Blakeley, Choy & Snewin, 2000), in which the participants were mainly managers and policy workers/implementers, identified the current staff development challenges almost entirely in terms of compliance with the immediate agenda of the various agencies to which they were accountable (ibid. 2000 p.66). In contrast, they identified the principal staff development challenges for the five to seven years ahead as the development of the individual expertise of the teacher or trainer. The authors comment that it seems unlikely that the level of compliance demands will diminish in the near future.

#### **5.4 Conclusions**

The capabilities that VET organisations will need in order to meet the challenges outlined in *Shaping Our Future* are in many ways similar to those required by most organisations affected by technological change, globalisation of markets and who need to attract and retain knowledge workers.

In addition, large sections of the VET sector are affected by other issues, particularly a workforce that is ageing at a higher rate than the general workforce and in which the polarisation of core and contingency workers has the potential to threaten the quality of service and the well-being of employees in both groups. On the other hand, there is widespread recognition of the nature of these challenges, of the complexity of the situation, and of the effort that will be required to address them. The need for the development of the VET workforce and of VET organisations is now well established.

The next section of this Report outlines some broad approaches to the employee, workforce and organisational development.

## 6. Capability Building Models

### 6.1 Introduction

Human Resource Development (HRD) is a label that has been employed to cover a wide range of activities, configured in a variety of ways. Thought to have originated in the 1960s, the term was originally defined as "an organised learning experience within a given period of time with the objective of producing the possibility of performance improvement" (Nadler, 1968, in Rothwell & Stredwell, 1992). The name is taken by some to imply that the members of an organisation are a resource at that organisation's disposal and, for that reason, some have chosen other, more friendly titles, for example, 'People Management'.

### 6.2 HRD in Organisations

The term HRD covers a range of approaches and it is difficult to find a consistent description or definition. "HRD as a concept, model, approach, discourse or set of practices remains unclear" (Garavan, Heraty & Barnicle, 1999, 169).

Nevertheless, there are some characteristics that reappear throughout the literature. HRD is related to business strategy, is conceptualised as an investment rather than as a business cost, is focused on organisational as well as individual learning, and is linked with other HR strategies, for example recruitment, performance management and succession planning.

Although HRD is linked to organisational strategic objectives, accurately measuring its impact on these objectives has proved difficult. However, the value of HRD to organisations is generally accepted.

Within the diversity of approaches to HRD, three theoretical strands are identifiable:

- Capabilities-driven HRD perspective: an economic theory-based (human capital) view, which focuses on the resources available for an organisation to attain its goals.
- Psychological contract perspective: focuses on the employment relationship between employer and employee.
- Collective learning/learning organisation perspective: rather than the traditional focus on individual learning, this perspective focuses on the organisation as a totality generating, improving and transferring knowledge.

(Garavan et al, 2000, reported in OTTE, 2001, p21)

Some of the key elements of these approaches are summarised on the following table.

	Capabilities-driven perspective	Psychological contract perspective	Collective learning / learning organisation perspective
Key underpinning principles	<p>Business goals are articulated by owners.</p> <p>Strategies are formulated emphasizing organisational outcomes.</p> <p>Behaviour, actions and structures mandated by senior management.</p> <p>Human resources are a critical source of sustained competitive advantage.</p>	<p>Employment relationships consist of a set of unwritten reciprocal expectations.</p> <p>Psychological contracting, a process where expectations are arrived at, consists of perceptions, expectations, beliefs, promises and obligations.</p> <p>Both soft and hard elements may form the basis of the contract.</p>	<p>Organisations have the capacity to learn.</p> <p>Uses collective knowledge to improve performance.</p> <p>Knowledge creation is a process closely linked to the development of organisation members.</p> <p>Learning can consist of single, double or deuterio levels.</p>
Assumptions about the nature of organisation	<p>Goal oriented. Goals determined by owners.</p> <p>Human capital employed to achieve goals.</p>	<p>Pluralist entities.</p> <p>Goals and expectations of organisations and employee may differ.</p>	<p>Open system with learning capacities.</p> <p>Stakeholder oriented entities.</p>
Prerequisites for HRD	<p>Tangible and intangible capabilities defined clearly in strategy and appropriate human resources selected and fitted into jobs/roles.</p>	<p>Fairness and trust in management.</p> <p>Commitment to career development. Capacity to manage the relationship.</p> <p>Willingness to strike a deal.</p>	<p>Integration of development activities with policy, practice and culture of organisation.</p> <p>Identification of learning enhancers and inhibitors.</p> <p>Encouragement of experimentation in learning.</p>
Daily task of HRD	<p>Facilitate the daily execution of strategy by human resources.</p>	<p>Facilitate the creation of positive employee perceptions of their psychological contract.</p>	<p>Facilitate employees to generate and utilise knowledge, establish appropriate networks and engage in double loop learning.</p>

(Based on Garavan et al, 2000, p. 22)

**Table 3: Understanding HRD in Organisations; three theoretical perspectives**

The comparison of these three perspectives helps explain the implications of particular philosophical positions, conscious or otherwise, in terms of the nature of the contract between employer and employee.

For example a capabilities-driven approach, such as a competency-based model, views employees as a source of competitive advantage who are not involved in the setting of organisational goals. Hence, goals, structures and employee behaviour are mandated from the top.

In the *collective learning/learning organisation* approach, the collective knowledge of employees is an essential component in improving organisational performance. These differences have important consequences for the way in which change is managed and for the nature and degree of employee engagement with the strategic goals of their organisation. This, in turn, has a strong influence on the success of innovation and change initiatives in organisations operating in highly competitive markets, or whose clients are operating in highly competitive markets.

Another important dimension is the dislocation that occurs when there is a mismatch between the philosophical position of the employer and that of the employees. This amounts to a clash of cultures within the one organisation. For example, VET professionals and practitioners who are required to adapt learning programs for a range of clients are expected to be flexible and innovative, as would fit within an organisational learning environment. However, their actual working environment is often capabilities driven, which restricts their freedom to respond quickly.

### 6.3 HRD models: US, European and Australian

Human Resource Development (HRD) has traditionally been defined in the context of the individual, the work team, or the organisation. However, there is increasing emphasis in some countries on HRD being defined as a national agenda, broadening the previous focus on what was called manpower planning or human capital investment. National HRD (NHRD) not only includes employment and preparation for employment, but adds to these health, culture, safety, and community (McLean, 2004). Models, definitions and interpretations of HRD should be considered in the light of the development of NHRD.

The definitions of HRD in the US have had a strong influence on definitions around the world. In the US, the definition that has been most influential is the HRD Wheel, developed by McLagan in 1984 and updated in 1989 through the American Society for Training and Development. This influence is strong, despite criticisms of the wheel itself and the research behind it (McLean, G. & McLean, L., 2001). This model describes HRD at the organisational level, not the national level.

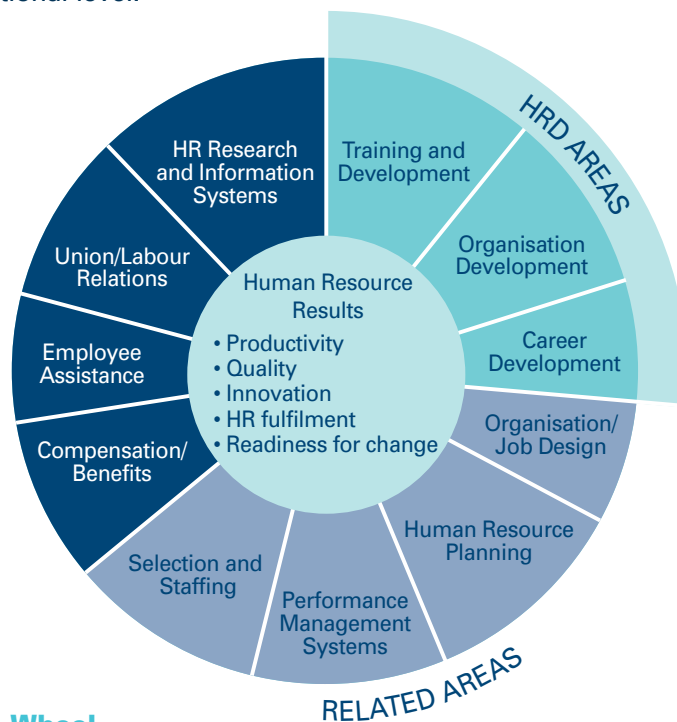


Figure 2: HRD Wheel.

The Wheel includes eleven aspects of human resources: training and development, organisation development, and career development; four areas exclusively Human Resources Management (HRM), and four areas overlapping between HRD and HRM. Rather than seeking one overriding model, the trend in the US is towards theoretically based models dealing with aspects of HRD.

Many Europeans consider HRD to be an American concept, useful for grouping a range of activities, and hence are not interested in pursuing one model. Also, given Europe's diversity, it is difficult to make general statements about HRD across all member countries.

An analysis of the definitions for HRD in various European countries identified the following range:

- *France: the term of 'development social' is often used as a synonym of HRD*
- *Germany: the field corresponding to HRD is marked by a training industry, consultants and personnel specialists*
- *Netherlands: HRD is related to all training and development interventions that are made to create and further develop human expertise within the context of an organisation*
- *Russia: HRD is associated with personnel staffing, selection and training, the focus being on managing the employee pool rather than helping individual employees to develop*
- *UK: key elements of HRD include activities and processes having an impact on organisational and individual learning.*

(McLean, & McLean, 2001)

Despite this variety of approaches in Europe, some trends have been identified.

Many European countries are characterised by strong traditions of apprenticeships and vocational education, involving close collaboration between HRD in companies and vocational education in schools.

This EU model, with the organisation at the centre, represents the relationship between the elements within the organisation and external stakeholders.

Training is often organised according to branches of industry or economic activities.

## Broad field of human resource development in Europe (EHRD)



**Figure 3: European Human Resources Development Model.**

The common point of reference and central framework is the **organisation** (inc. the environment of networks and regions). The coordinates are three major **processes**: work, learning and management; each of these is related to its wider **context**: labour market, education system and business. The outer circle shows the **offers** made by the key actors in the major processes: competencies/skills and knowledge; pedagogical means; incentives.

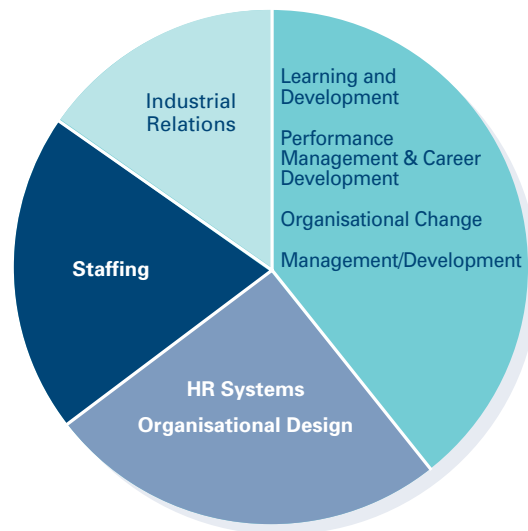
Source: EHRD Portal, <http://www.b.shuttle.de/wifo/ehrd/field.htm>, accessed 19 August 2004, (Editor S. Manning, copyright WIFO)

Strong policies on lifelong learning, transition from school to work, and the use of information and communication technologies have been promoted by the European Union and national governments. In some countries, for example Finland, Ireland and Portugal, there has been very rapid development linked to these policies.

## HRD – An Australian model

In Australia, national approaches to HRD are linked to the National Training System. Recent discussion on HRD at the organisational level has centred on the notion of 'workforce development'. Smith (2004) notes its emergence in Australian organisations, as a broader and more strategic approach to training and development. One of the implications for training providers is increased partnership arrangements with client organisations who are less involved in direct delivery of in-house learning programs.

Smith represents the relationship of the changed role of HRD and its relationship with the overall human resources strategy of organisations in the model below:



**Figure 4: The New HRD**

HRD accounts for 40% of the organisations HR activities

Features represented in this model include an extended role for HRD, a less significant role for industrial relations, a highlighting of the importance of performance management and the recognition that staff selection has become a critical function.

### 6.4 Strategic HRD

During the latter 1990s, in response to a questioning of the value of HR to organisations, "a new mandate" for HR was outlined (Becker, Huselid & Ulrich, 2001; Horwitz, 1999; Phillips & Rothwell, 1997; Ulrich, 1998).

This new mandate included a key role of HR in helping to deliver organisational excellence through HR taking on four roles:

- A partner with both senior and line management, moving planning "from the conference room to the marketplace"
- An expert in the way work is organised and executed
- A champion for employees, representing their concerns and increasing their capabilities and commitment and
- An agent for continuous transformation, improving the organisation's capacity for change.

(Ulrich, 1998).

This strategic approach to HRD was a response to concern that HRD activities were peripheral to organisations' key strategic goals. New definitions made this link directly:

*... a proactive, system-wide intervention, linked to strategic planning and cultural change. This contrasts with the traditional view of training and development as consisting of reactive, piecemeal interventions in response to specific problems.*

(Beer & Spector, in McCracken & Wallace, 2000)

A study across a number of European countries found that organisations with high levels of flexible work practices tended to have a more strategic approach to Human Resource Management (Mayne, Tregaskis & Brewster, 1996). They were more likely to have a HR representative on the board and involved in the development of corporate strategy.

A 'new' model of Strategic HRD, based on empirical research in 129 companies in the United Kingdom (McCracken & Wallace, 2000), included, in addition to links with organisational strategic goals, a strong element of continuous learning. This model incorporated nine characteristics:

1. Integration with organisational missions and goals
2. Strong support from top management
3. Environmental scanning, providing continuous knowledge of the external environment
4. HRD policies and plans, integrated with business plans and policies
5. Line management commitment and involvement
6. The existence of complementary HRM activities
7. An expanded role for the trainer, as innovators and consultants
8. Recognition of corporate culture and the need to match strategy with culture
9. An emphasis on the evaluation of HRD activities in terms of organisational strategy.

This model provides an analysis of approaches to HRD in terms of their maturity as learning organisations, indicating the relationships between HRD and the development and implementation of organisational strategy.

At the least mature level, where an organisation has no learning culture, HRD is seen as fulfilling an ad hoc and reactive role, by providing training support.

At the next level as the organisation is developing a learning culture, the HRD function acquires a consultancy focus. There is systematic implementation of HRD programs, which mainly support, rather than drive, corporate strategy.

In the most mature organisations, those with a strong learning culture, the Strategic HRD function is an active partner in both the shaping and implementation of corporate goals. Details of each level follow.

## **Three Levels of HRD Maturity**

### **Level One: "TRAINING" – NO LEARNING CULTURE**

Ad hoc implementation (reactive supporting role only)

Administration/delivery focus

1. Poor integration with organisational missions and goals
2. Little top management support
3. Little environmental scanning
4. Few HRD plans and policies
5. Little line manager commitment and involvement
6. Lack of complementary HRM activities
7. Lack of expanded trainer role
8. Little recognition of culture
9. Little emphasis on evaluation

Organisation is strategically not very mature in HRD terms.

### **Level Two: "HRD" – DEVELOPING LEARNING CULTURE**

Systematic implementation (mainly reactive supportive role, some shaping)

HRD has Learning consultancy focus.

1. Integration with organisational missions and goals
2. Top management support
3. Environmental scanning
4. HRD plans and policies
5. Line manager commitment and involvement
6. Existence of complementary HRM activities
7. Expanded trainer role
8. Recognition of culture
9. Emphasis on evaluation

Organisation is strategically quite mature in HRD terms.

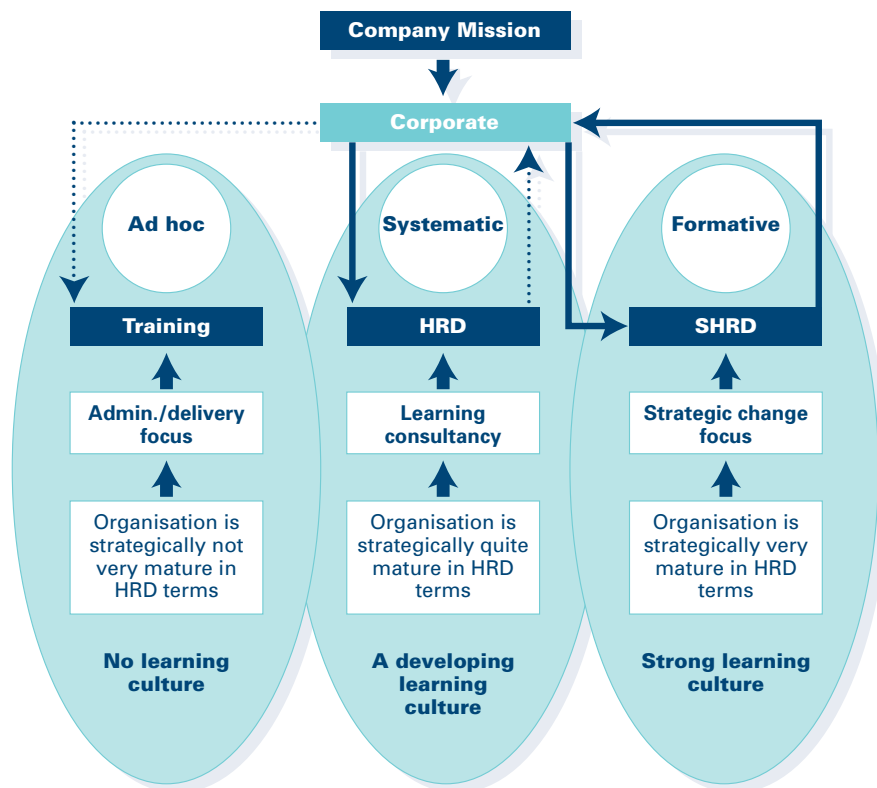
### **Level Three: "STRATEGIC HRD" – STRONG LEARNING CULTURE**

Formation (strong proactive shaping role)

HRD has a strategic change focus

1. Shaping organisational missions and goals
2. Top management leadership
3. Environmental scanning by senior management
4. HRD strategies, plans and policies
5. Strategic partnerships with line management
6. Strategic partnerships with HRM
7. Trainers as operational change consultants
8. Ability to influence corporate culture
9. Emphasis on cost effectiveness evaluation

Organisation is strategically very mature in HRD terms.



Derived from McCracken & Wallace 2001

**Figure 5. Strategic HRD Model**

This SHRD model focuses on the relationship between the role of the HRD practitioner, HRD activities and the organisation's strategic goals. It provides a representation of how integral HRD is to an organisation and the degree to which an organisation values learning is an integral element in the implementation of change. This model is useful for diagnosing the maturity of the HRD function within an organisation. In addition, the details of the attributes associated with the three maturity levels provide direction for organisations wishing to develop a stronger learning culture.

One important characteristic of this approach is that it involves the HRD function in the strategic process, on an ongoing basis. How an organisation develops its overall strategy strongly influences how it addresses HRD issues and their implementation (Forwood, McClean & Butler, 2001).

Older style classical or "commander" models viewed strategy as a rational and deliberate process, controlled by senior management (Mayne, Tregaskis & Brewster, 1996). Australia has been dominated by the classical approach to strategy: "preoccupied with strategy in its lowest form" (Leah, 1999). A survey of Australian HRM managers, employers and HRM staff (Kane & Palmer, 1995) found that only 43% considered that their organisation's HRM policies and practices were in line with the organisation's strategy and objectives and only 37% believed their HRM practices were closely integrated.

In reality, the business environment is too complex and unpredictable to control and managers must recognise opportunities as they emerge. Strategy is both deliberate and emergent. The deliberate, planned and documented strategy provides guidelines and sets directions. Rather than a documented plan that is rigidly followed, strategy is the pattern of actions and decisions that managers take, guided by the plan. Strategic decisions are made on a day-to-day basis. Having HR and HRD representatives in a position to be involved, not only in the strategy planning process but also in those day-to-day decisions, helps ensure that workforce planning and development issues given full consideration.

A strategic approach to Human Resource Management, without adequate involvement of the HRM representative, can result in a 'commodities' approach to employees, and a negative long-term prospects for the organisations.

In pursuit of often short-term business efficiencies, some organisations developed a 'slash and burn' approach, focusing too much on short-term goals and cutting the workforce without adequate concern for either their longer-term productivity or employees' rights to equity and fairness. "The human cost was too high" (Leah, 1999).

The consequences of this short-term approach to strategic HRM include an increased sense of insecurity and job-dissatisfaction in the workforce. Equity and fairness aside, from the short-term organisational efficiency perspective, this approach results in reduced commitment from employees to the organisation's change agenda.

## 6.5 Organisational Development

This section examines some approaches to organisational development. It is widely accepted that to be competitive, organisations must respond to rapid change, redefining who they are and their reason for being.

Organisational Development (OD) has been defined as:

*...a long-term effort led and supported by top management, to improve an organisation's visioning, empowerment, learning, and problem-solving processes, through an ongoing, collaborative management of organisational culture-with special emphasis on the consultant-facilitator role and the theory and technology of applied behavioural science, including participant action research. (French & Bell 1995)*

Whereas HRD focuses on the personal growth of individuals, OD focuses on development the structures, systems, and processes within the organisation to improve organisational effectiveness. (ASTD, 2004)

In his discussion of why linear approaches to problem solving in the public sector do not work and systems approaches can, Chapman describes systems thinking as "most appropriate when dealing with 'messes': problems... about which there is not clear agreement about what a solution would even look like, let alone how it could be achieved." (Chapman, 2004, 19). The core aspects of systems thinking has been described as "gaining a bigger picture (going up a level of abstraction) and appreciating other people's perspectives" (ibid., 14). The different schools of systems thinking all agree that the best way improve performance in complex systems is to take a range of actions, evaluate the results and learn which works best (ibid., 20)

The systems focus is a central element of the OD approach. Organisational development interventions usually involve strategic planning, systems, leadership development, change management, performance management, improving processes, team building, action research and organisational learning. Underpinning many OD initiatives is the premise that there is no point in expecting high performance from people who work in a system that is inefficient, dysfunctional or de-motivating.

In the 1970s the dominant systematic approaches to improving organisational performance in Europe, North America and Australia were organisational development (OD) and socio-technical systems (STS). Socio-technical systems, as the name implies, were based on detailed analyses of both the social and the technical systems of an organisation. (Dunphy, Griffiths & Benn, 2003) In Japan, Total Quality Management

(TQM), a measurement-based strategy focusing on process improvement and variation reduction, was dominant and spread to other countries, as TQM or under other brand such as Six Sigma. OD, STS and TQM are all approaches used to implement gradual change. All three practices employ worker participation to varying degrees, whether to harness workers' knowledge or increase workers' involvement in decision-making.

Another popular approach to organisational performance management was the use of the Balanced Scorecard. This is a tool used to measure the organisation's performance against strategic goals in term of four perspectives: Customers, Internal Processes, Learning and Growth and Financial.

The different approaches to organisational change, as is to be expected, are based on different conceptualisations of what an organisation is, how it operates in an ideal world, the most appropriate types of interventions and the role of the organisational change agent (Dunphy, Griffith & Benn, 1998).

The Organisational Change and Human Relations approaches view organisations as social networks. They ideally operate as participative work communities in which job satisfaction and morale are high. The role of the change agent is to facilitate the redesigning of social systems.

Socio-Technical Systems view organisations as open and organic. The ideal model of the organisation is democratic community of semi-autonomous work groups, who are involved in continuous learning through participative action research. The change agent in this situation is the technical expert, facilitator and negotiator.

The strategic management approach to organisational change views organisations as competitors. The ideal model is the efficient international competitor, with a workforce that is committed to the organisation's strategic direction. The change agent role in this context is the corporate strategist, with the expert in strategy implementation and in the integration of action programs contributing to that strategy.

The Sustainable Organisation model views organisations as self-renewing systems. Ideally they build long-term economic performance while maintaining sustainable production practices and sustainable work practices.

A table that provides an overview of a number of approaches is provided at Appendix I.

## **6.6 Sustainable Organisations**

In the light of the spectacular demise of some high profile companies, for example Enron, HIH, and One Tel, there has been an increased level of interest in examining how organisations can be sustainable and profitable over the longer term. In 2001 Jim Collins published his book "Good to Great: Why Some Companies Make The Leap and Others Don't" which, as the title indicates, examined companies whose performance was exceptional. 'Exceptional performance' was based on cumulative stock returns over a 15-year period, independent of its industry's performance. Eleven companies were short-listed from the original list of 1,435 Fortune 500 companies. The eleven companies were examined in detail, using a wide range of quantitative and qualitative analysis tools, "from business strategy to corporate culture, from layoffs to leadership style, from financial ratios to management turnover" (Collins, 2001).

Collins claims that his empirical study was commenced with no preconceived theory of organisational development or management, but a desire to identify the factors contributing to sustained economic performance. After examining the data, he was surprised to discover that there were no dramatic or romantic elements to the success of the eleven companies. Rather, long-term vision, people, organisational culture and incremental change emerged as key factors.

In 1999, a project began at Mt. Eliza Business School to identify high performance Australian organisations over the long term and the common characteristics of those organisations.

"Success" was defined using a *balanced scorecard* approach. Organisations had to have been in existence for at least 20 years and to have had more than one CEO in that time (to ensure that the organisation had operated in both good and bad economic cycles and to minimise the possibility that success might be due simply to the original founder/CEO).

The project was aiming to develop an Australian equivalent of the US-based studies of Collins and Porras (*Built to Last, 1994*) and Peters and Waterman (*In Search of Excellence, 1982*).

CEOs of the largest 1000 organisations were interviewed. Financial performance of the shortlisted organisations and documents were examined and key long-serving executives interviewed.

The findings of the team, Graham Hubbard, Delyth Samuel, Simon Heap and Graeme Cocks were published as *The First XI, Winning Organisations in Australia*, in 2002.

The organisations selected follow.

### Winning Organisations In Australia

Organisation	Services / Operations
Brambles	Industrial services
Harvey Norman	Specialist retailer
Lend Lease	Property Developer and Manager
Macquarie Bank	Specialist Banking & Funds Management
National Australia Bank	Retail Bank
Qantas Airways	Airline
Rio Tinto	Resource Explorer, Miner, Developer
Salvation Army	Religious Welfare Agency
Telstra	Telecommunications
Westfield	Shopping Centre Developer
Woolworths	Retailer

Extract from "*The First XI: Winning Organisations in Australia*" Hubbard, Samuel, Heap and Cocks, 2002

**Table 4: Winning Organisations in Australia**

The common characteristics of these organisations were identified as:

- Effective execution
  - delivering results on time and within budget
- Perfect Alignment
  - delivering the same products and services, consistently, over and over
- Adapt rapidly
  - allowing for externally induced changes in the environment and internally induced changes from continuous improvement or innovation
- Clear fuzzy strategy
  - a clear direction, values and culture without being too prescriptive about specifics
- Leadership not leaders
  - few leaders are charismatic, and group leadership action produces the success
- Looking out, looking in
  - both internal and external focus
- Right people, committed and proud
  - emphasis on the *right* people rather than the *best* people
- Manage the downside
  - sound risk management
- Balance everything
  - all of these elements come together at the right time.

The elements were combined the framework as follows.

### The Winning Framework for Organisations in Australia



**Figure 6. Winning Framework**

Extract from “*The First XII: Winning Organisations in Australia*” Hubbard, Samuel, Heap and Cocks, 2002

Sustainable Work Systems theorists propose that work in complex organisations promote sustainability at the individual, group, organisational and community levels (Van Eijnatten, 2000). Sustainable organisations contribute to the upgrading of the skills and knowledge of those within their organisation because it makes good business sense, because they are committed to treating people as of value, and because it contributes to society (Dunphy, Griffiths & Benn, 2003).

Sustainable organisations have increased emphasis on intangible capital: human, social and structural capital. Human capital is the combined knowledge, skill, innovativeness, experience and ability of the company's individual employees. Social capital is the cumulative connections, trust, understandings and shared values that sustain human networks and communities. Structural capital is the hardware, software, databases, organisational structure, patents, trademarks, goodwill and everything else of organisational capability that supports employee productivity (Edvinsson & Malone 1997; Cohen & Prusak, 2001).

In this approach, an organisation is understood by its distribution and flow of information, rather than as a structure. Learning is an essential process for attaining and maintaining sustainability at both the individual and business levels. Dialogue and trust are very important factors contributing to learning in the work context. Developing a sustainable organisation requires the development of an environment in which the participants seek to genuinely understand others' points of view and reflect on and evaluate their own. This makes the development of shared and innovative ways of working and solving of work problems possible.

Some of the key differences between organisations that are driven by compliance or cost, and those motivated by adding value and innovation are represented below.

Compliance	Cost efficiency	Value added / Innovation efficiency
<p>Characteristics:</p> <ul style="list-style-type: none"> <li>■ Industrial relations emphasis on awards, legal arrangements, formal negotiations</li> </ul>	<p>Characteristics:</p> <ul style="list-style-type: none"> <li>■ Early capability development often subjected to cost cutting in times of crisis</li> <li>■ Downsizing for realignment</li> <li>■ Core values focus on short-to medium-term profitability and returns on investment</li> </ul>	<p>Characteristics:</p> <ul style="list-style-type: none"> <li>■ Capability enhancement</li> <li>■ Integration of sustainability programs at all levels of the organisation</li> <li>■ Value added and flexibility enhancement are linked to long-term financial goals</li> </ul>
<p>Aims:</p> <ul style="list-style-type: none"> <li>■ Survival, 'license to operate'</li> </ul>	<p>Aims:</p> <ul style="list-style-type: none"> <li>■ Utilise resources to maximise financial returns from resources</li> </ul>	<p>Aims:</p> <ul style="list-style-type: none"> <li>■ Increasing emphasis on employee rewards</li> <li>■ Capability building</li> <li>■ Adding value, cost minimisation (without damaging capabilities and flexibility)</li> </ul>

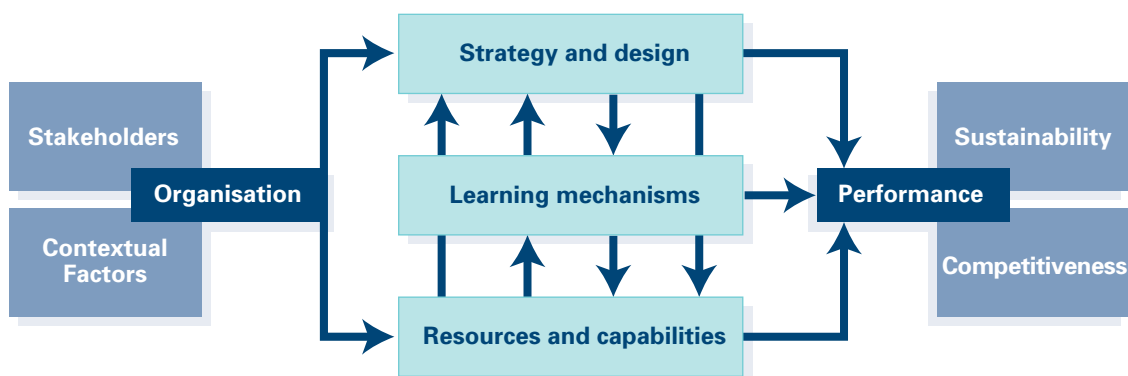
**Table 5: Human Sustainability Orientation (Dunphy, Griffiths & Benn, 2003, 158)**

Shani and Docherty (2003) provide a framework for combining full utilisation of personnel with optimal and sustainable business performance. The basic assumptions underpinning this approach are:

1. *The development and utilisation of human capital requires exploring and thinking through specific organisational design choices of structures and processes*
2. *The most effective business strategies and work designs are developed and implemented when employees are involved directly in the redesign process, and*
3. *Achieving sustainability – of continuous competitive economic performance and continuous development of human potential – requires ongoing investment in both the full utilisation and the regeneration of human resources. (Shani & Docherty, 2003, 4)*

The relationships between organisational learning and strategy and sustainability is represented in a framework in which learning mechanisms are a vital link.

These learning mechanisms are comprehensive and include "formalised structures, policies, guidelines, management and reward systems, methods, tools and routines, systems, information and communications technology (ICT) applications, work organisation, allocation of resources, authority and responsibility, and even the physical workspaces that have been designed, formulated, and ratified in order to promote and facilitate learning in the organisation". (ibid. 5). In essence, the learning mechanisms are the 'ways things are done' in the organisation, including the way people communicate with each other through what they say and do.



Strategy, learning mechanisms and sustainability (Shani and Docherty, 2003, p.15)

**Table 6: Strategy, Learning Mechanisms and Sustainability**

In this approach, learning is inherent to the activities of the organisation

In organisations implementing learning organisation principles and practices, individuals working through the issues of organisation design are actively involved in work place dialogue and self-reflection. Self-organisation, dealing with identity, information and relationships, results in patterns of behaviour at the system level, leading to the development of organisational memory and learning.

It requires members to be active participants, not only in the work itself, but also in communication and feedback processes. It also requires members to be able to understand and appreciate other ways of understanding, to identify with and to develop trust in the organisation. Without these, the commitment and flexibility required to achieve innovation and long-term profitability are unlikely to exist.

This model provides an explanation of how action learning processes involving self-reflection and self-management, as do the work-based learning approaches supported by Reframing the Future, can contribute to the development of organisations which are innovative, flexible and hence able to respond positively to rapid change over the long term.

### **Sustainability Phase Model**

The Sustainability Phase model (Dunphy, Griffiths & Benn, 2003) provides a comprehensive model of the development through which organisations progress in order to achieve both human and ecological sustainability. Because this literature review is concerned with HRD and organisational development issues, only the human sustainability will be focused on here.

The model consists of six phases, each describing the progressive development of organisations along a continuum to corporate sustainability. These six phases are:

1. Rejection
2. Non-responsiveness
3. Compliance
4. Efficiency
5. Strategic proactivity
6. The sustaining corporation

Detailed outlines of the human sustainability characteristics at each phase are presented at Appendix II.

As well as outlining the stages on the path to sustainability, Dunphy, Griffiths and Benn (2003) provide alternate approaches to the implementation of change: one incremental and the other transformational, providing examples of Australian organisations which have employed one or other approach. In addition, they provide steps for moving from each step to the next.

This Sustainability Phase model was based on current models in the ecological and management literature and on the authors' own extensive organisational experience and research. However, it does not appear that, as yet, the developmental pathway recommended has been empirically tested.

### **6.7 Conclusions**

OD approaches to change management have the distinct advantage that they fully acknowledge the context in which work and learning take place. They directly address the systemic issues surrounding problems. Changes to work design and new learning are integrated with changes to the overall system. OD approaches have evolved and the issues of unsustainable strategic goals and work intensification resulting from earlier approaches which focused high productivity through increased work complexity have been addressed. OD approaches which incorporate the principles of sustainable work systems address both long-term economic performance of the enterprise and sustainable work arrangements for employees.

## 7. Developing Workforce Capability

### 7.1 Introduction

Workforce development has been defined as:

*...those activities which increase the capacity of individuals to participate effectively in the workforce throughout their whole working life and which increase the capacity of firms to adopt high-performance work practices that support their employees to develop the full range of their potential skills and value.<sup>1</sup>*

(Schofield, 2003)

The workforce development model has implications for the role of VET employees. Smith (2004) notes the following definition by Noonan (2003).

*The workforce development model involves an extension of VET as it is currently conceived to encompass all of the processes and structures by which workers can develop their skills and capabilities, and a better integration of formal and informal learning, not a shift away from recognised to informal learning.* (Noonan, 2003, p 4)

Learning is becoming more intertwined with work and the role of the VET practitioner is becoming more like that of the Human Resource Development (HRD) professional, involved not only with skills but also with many other aspects of the employees' development within their employer organisation.

This section addresses the issue of workforce development and provides an outline of the attributes required of development programs if they are to assist VET employees and organisations to meet the goals the National Training System.

### 7.2 Encouraging Commitment and Innovation

As well as the capabilities of the individuals within the organisation, the term "workforce capability" includes those of the organisation itself; its culture, values, business processes and management systems and work organisation. To be flexible, organisations need individuals who are proactive, flexible and able to increase the level of innovation (Dunphy, Griffiths & Benn, 2003). The development of organisational capability enables the organisation to reshape and reposition itself in order to take advantage of strategic opportunities and market shifts.

A study into innovation in VET teaching and learning found that innovation is supported when VET practitioners consciously adopt new roles (e.g. learning manager, facilitator, mediator, broker or strategist) and when they draw on some or all of four areas of their professional expertise: vocational skills, adult learning and teaching skills, VET sector specific skills and their generic personal skills, or when they use of variety of teaching and learning strategies (Mitchell, Clayton, Hedberg & Paine, 2003). Innovation can be fostered by RTO management responding strategically to external pressures and by the development of a flexible organisational culture. The findings from this research indicate that professional judgement, excised in conjunction with other stakeholders is central to innovation in VET practice.

The issue of employee commitment, particularly among casual staff in a highly casualised workforce, is important to organisational performance. Committed employees are more reliable and perform better (Lowery, Simon & Kimberley, 2002).

<sup>1</sup> This definition draws heavily on that in UK Cabinet Office (2001) 'In Demand. Adult skills in the 21st century', A Performance and Innovation Unit Report, [www.cabinet-office.gov.uk/innovation](http://www.cabinet-office.gov.uk/innovation)

Research into the importance of fair process in organisational decision making in the knowledge economy (Chan-Kim & Mauborgne 1997) concluded that fair process has a profound influence on attitudes and behaviours critical to high performance. When productivity is dependent on knowledge workers willingly contributing their expertise, their belief that processes have been fair can have a considerable impact in professional and managerial work. People care as much about the fairness of process by which outcomes are achieved as much as by the outcome itself. Chan and Mauborgne found a direct link between processes, attitudes and behaviour. Managers who believed their company's processes were fair displayed high levels of trust and commitment and those who felt processes were unfair, did not share ideas and were uncooperative

Employees' perceptions of the extent to which their employer was keeping their side of the employment contract had a significant effect on the employees' behaviour. A large study in the United Kingdom (Coyle-Shapiro & Kessler 2000), examining the content and state of psychological contracts between public servants and their employers concluded that the majority of employees were experiencing contract breach. The perceptions of both employees and employers were found to be strikingly similar. Employees were redressing the balance in what they saw as an unfair relationship by reducing their commitment to and their willingness to engage with the organisation.

### **7.3 Workforce Development Program Attributes**

As well as including the broad range of capabilities required by the diversity of VET workers (see Table 1 on page.20), a workforce development program would need to incorporate those attributes which would result in the high standard of learning required to meet the goals in *Shaping Our Future* and to develop flexible and committed practitioners, professionals and other workers. The attributes of such a program are summarised below.

#### **DEVELOPING INDIVIDUALS**

**To assist VET in meeting the goals in *Shaping Our Future*, a Workforce Development program would need to provide development for individuals which:**

- Includes the range of generic, professional and leadership capabilities that individuals in the VET workforce require
- Includes high quality learning products and services
- Is designed to suit the diversity of employees, in regards to employment status, learning needs, job categories and levels, and availability
- Integrates learning with meaningful work
- Acknowledges the changing roles of VET practitioners and professionals

Based on Dickie, FitzGerald & McDonald (2004); Dunphy, Griffiths & Benn (2003); Shani & Docherty (2003, p. 124); Schofield & McDonald (2004)

A Workforce Development program that would support VET organisations as they face the challenges ahead would encourage them to be visionary, strategic, flexible and innovative, and to interlink work and change with learning. There will be a great emphasis on working collaboratively, within and across organisations and industries.

To ensure long-term performance, the retention and the commitment of quality staff who can keep pace with change and respond to changing client needs is crucial.

The attributes of a workforce development program which would support VET organisations are listed below.

### **DEVELOPING ORGANISATIONS**

To assist VET in meeting the goals in *Shaping Our Future*, a Workforce Development program would need to support organisations to develop the following:

- A clear and strategic vision
- Values and behaviours to ensure the confidence, trust and commitment of employees
- Organisational structures and systems to support a high standard of delivery
- Strong customer focus and demand driven approach
- Market intelligence and a rapid response to emerging markets
- Emphasis on flexibility, adaptability and innovation
- Intellectual and social capital used to strategic advantage through innovation
- Programs to recruit the best talent
- Programs to develop high levels of competence in individuals and groups
- Learning designed around key organisational processes
- Performance management linked to strategic goals
- Strategies in place so that the organisation is less vulnerable to the loss of key individuals
- Reflective inquiry as integral to learning around key processes
- Organisational learning mechanisms compatible with the organisation
- Workforce skills mix and diversity seen as integral and important aspects of strategies
- Flexible workplace practices are strong features of workplace culture and contribute to work/life balance
- Organisation views itself as a member of the community, contributing to community betterment

Based on Dickie, FitzGerald & McDonald (2004); Dunphy, Griffiths & Benn (2003); Shani & Docherty (2003, p. 124); Schofield & McDonald (2004)

### **7.4 Sustainable Workforce Capability**

The *Enhancing the Capability of the VET Professional Project Final Report* (Dickie, FitzGerald & McDonald, 2004) identified, from the literature, suggested capabilities involved in a best practice approach to workforce development and planning.

These were:

- Match workforce capability to employment trends and skill needs (at both national and organisational level)
- Shape recruitment, retention and retraining strategies and initiatives to meet strategic and organisational objectives
- Understand the motivation of current and prospective staff for entering, staying and leaving the VET workforce
- Match initial training and professional development strategies and implementation to broad strategic objectives (at the national, State and RTO level)
- Match job design and employment agreements to the current and future work performed by VET practitioners and professionals, while balancing the interests of employees and employer organisations
- Provide a balance of tangible and intangible rewards to attract and retain staff, drawing on the identified motivations and aspirations of the current and prospective workforce
- Employ recruitment and development strategies to address succession planning and retention issues, including to ensure a new generation of leaders and managers is available to VET RTOs
- Incorporate strategies for managing and disseminating knowledge and information, including soft knowledge, within RTOs and across training, client and partner organisations
- Build in evaluation measures that clearly demonstrate the return on investment from workforce development and management activity, including impact on client and staff satisfaction. (Dickie, FitzGerald & McDonald, 2004, 118).

These are key capabilities of an effective workforce development and planning system, but they do not in themselves constitute such a system. In addition, these capabilities would be manifested in different ways at organisational and system-wide levels. In the Australian VET context, how workforce development and planning programs and initiatives mesh between the national and organisational levels is important to their acceptance and ultimate success.

## **7.5. Conclusions**

An approach to the planning and development of workforce capability needs to be integrated and the various elements based on a consistent notion of the employer/employee relationship or contract, the nature of the organisation and how it innovates and renews itself, and the employees' role in that process.

Without this underpinning, there is the risk of inconsistency and hence confusion in the expectations and the behaviour of individuals within the organisation. Also, day-to-day decision making is hindered. Day-to-day decisions cannot always be based on procedures associated with particular initiatives, for example, retention strategies or performance management procedures. Managers and employees, particularly those who are expected to be flexible and innovative, also need common understandings on which they can base everyday, on-the-run decisions. The alternatives are bureaucracy or inconsistency.

If an RTO intends its senior managers will determine its strategic goals, without the involvement of other employees, and that the function of HR is to deploy those employees as resources in support of those strategic goals, the level of understanding of and commitment, by those employees, is at risk.

## 8. Implications

VET practitioners have lived through relentless change over the past decade and a half. Some have adapted well but many feel burnt-out or change-weary. Given the pace of technological change and the demands of global markets, change will remain the norm.

To prosper in environment characterised by rapid change and global competition, organisations need to be visionary, strategic, demand driven, customer focused, and able to attract and retain high quality practitioners and professionals. In the knowledge economy, workforce development needs to be integrated with the organisations' immediate strategic goals, as well as with their longer-term vision.

The reforms to the National Training System, including Training Packages and New Apprenticeships, require RTOs to be highly responsive to the needs of employers and learners, i.e. flexible, innovative and adaptable. Implementation of *Shaping Our Future: Australia's National Strategy for Vocational Education and Training 2004-2010* requires VET providers and their employees to be highly flexible and innovative. Successful implementation of the strategy will increase the need for VET workers to develop social capital, form productive teams, networks and communities of practice. They will need to be self-managing and self-reflective.

*Reframing the Future* has provided a national program of staff development which has focused on the development of strategic management and change management, networking and communities of practice, policy engagement and the dissemination of research information, as well as on the development of individuals. RTF's approach involves the development of project Action Plans linked to both National Training Framework and to the host organisation's strategic goals. RTF allows for a range of learning approaches, with a particular focus on workbased learning which integrates learning with work activities. These features, and the emphasis on action learning strategies, are consistent with approaches identified in the current literature as suitable for learning organisations seeking to improve their performance in a complex, ever-changing environment.

To enable flexibility and innovation, organisational strategy needs to be both planned and emergent, providing managers with direction while allowing them the capacity to respond quickly to changes and opportunities. Involvement of HRD representatives in both the strategic planning and the ongoing decision making process helps ensure that the necessary workforce is not just in place, but engaged in their work and committed to their employer organisation.

Over-emphasis on short-term strategic goals can destroy long-term profitability, burn-out some workers and cause others to seek a better employer. Innovative organisations need committed employees and learning is integral to work. Employees need the permission, resources and the skills to learn through their work.

The workforce development strategy to support *Shaping Our Future* must be able to provide the full range of required capabilities to the increasingly diverse VET provider organisations and the VET workforce, at levels that will ensure they are able to fulfil the goals outlined in the National Strategy.

### Disclaimer

Information and advice contained in this document is provided in good faith and reflects our considered professional judgement, but Dench McClean Carlson, its officers, consultants and agents will not be responsible to any person who relies on the information or advice for any inaccuracies or omissions contained therein.

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## Appendix I: Dunphy & Griffiths (1998) Summary of Major Historic Approaches to Change

Approach to change	Basic Metaphor	Diagnostic System	Ideal Model	Intervention strategies	Change Agent role
Bureaucratic	Organisations as machines	Task-focused structural analysis (hierarchy, positions, status, delegation, rules, jobs descriptions)	Efficient, repetitive operations with predictable outcomes	Expert analysis, task redesign to ensure efficiency, selection and basic technical training, all introduced by authoritative command	Authoritative manager and/or technical expert
Human Relations and OD	Organisations as networks of interpersonal relationships and cohesive groups	A person-focused analysis of the social system	A participative, organically evolving community of endeavour with high morale and job satisfaction	Initiation of a process of self-diagnosis, task redesign to ensure work motivation and satisfaction, team development, conflict resolution and interpersonal skills training	Facilitator of the process of redesign of human relations and workplace organisation
Socio-Technical Systems	Organisations as organic open systems	Socio-Technical Systems analysis combined with participant redesign and work systems	A representative democratic community composed of semi-autonomous work groups with the ability to learn continuously through participative action research	Participative action research and workplace redesign around socio-technical principles	Technical expert, facilitator, negotiator
Total Quality	Organisations as continuous process improvement systems	TOC/TQM methods of analysis	Focus on continuous improvement in order to reduce variations and enhance product reliability and customer satisfaction	Use of TQ circles or groups to harness employee knowledge and equip employees with the tools to make improvements. Change driven by management from the top down	Expert and teacher of knowledge relating to techniques of quality improvement. The expert empowers others.

Approach to change	Basic Metaphor	Diagnostic System	Ideal Model	Intervention strategies	Change Agent role
Strategic	Organisations as purposive competitors	Strategic analysis of the environment and of other key contingent factors	A highly efficient organisation, meeting international productivity and profitability benchmarks for the industry, with a committed workforce supporting the organisation's strategic direction	Environmental scanning, including competitor analysis, strategic redirection and repositioning, design and implementation of integrated organizational change and HRM programs	Corporate strategist, technical expert in strategy implementation, integrator of varying strategic action programs
Sustainability	An organic, self-renewing biological system (such as a rainforest or a coral reef)	A strategic analysis of the organisation's total environment, including the relevant ecological systems, focusing on environmental renewal and regeneration that will support continuous organizational development; analysis of the technological and human capabilities needed for a synergistic relationship with the future environment of the organisation	An organisation actively building its capability to use environmental resources to contribute to economic prosperity, ecological renewal and human fulfillment	Environmental scanning (economic, political, technological and ecological); development of sustainability strategies; selection and development of strategically relevant corporate capabilities; development of communities of practice around these capabilities, particularly the capabilities for effectively implementing corporate change	Three main roles: (i) Executive role – strategic change, including stewardship of human capabilities and ecological resources; (ii) Human Resource manager role – responsibility for building and maintaining corporate capabilities and sustaining communities of practice; (iii) change practitioner role – ‘hands-on’ responsibility for working with managers and employees at all levels to facilitate the implementation of strategic change.

## Appendix II: Human Sustainability Characteristics by Phase

<p><b>Phase 1.</b> <b>Rejection</b></p>	<p><b>Human Sustainability 1 (HS1)</b></p> <ul style="list-style-type: none"> <li>■ Employees and subcontractors a resource to be exploited.</li> <li>■ OHS features ignored or paid 'lip-service'.</li> <li>■ Disadvantages systematically exploited</li> <li>■ Force, threats of force and abuse are used to maintain compliance</li> <li>■ Training costs are kept to a minimum.</li> <li>■ Expenditure on professional development is avoided.</li> <li>■ No responsibility for the health, welfare and future career prospects of its employees nor for the community.</li> <li>■ No responsibility for the community.</li> <li>■ Community concerns are rejected outright.</li> </ul>
<p><b>Phase 2.</b> <b>Non-responsiveness</b></p>	<p><b>Human Sustainability 2 (HS2)</b></p> <ul style="list-style-type: none"> <li>■ Financial and technological factors dominate business strategies</li> <li>■ Most aspects of HR management excluded</li> <li>■ "Industrial relations' (IR) or 'employee relations' (ER) strategies</li> <li>■ 'labour' viewed as a cost to be minimalized. Apart from cost</li> <li>■ IR/ER strategies directed at minimalization and developing a compliant workforce</li> <li>■ The training agenda, if there is one, centres on technical and supervisory training</li> <li>■ Broader HR strategies and policies are ignored</li> <li>■ Issues of wider social responsibility and community concern are ignored</li> </ul>
<p><b>Phase 3.</b> <b>Compliance</b></p>	<p><b>Human Sustainability 3 (HS3)</b></p> <ul style="list-style-type: none"> <li>■ Financial and technological factors still dominate business strategies</li> <li>■ Senior management view the firm as a 'decent employer'</li> <li>■ In IR, emphasis on compliance, legal requirements in industrial relations, safety, workplace standards and so on.</li> <li>■ HR functions such as training, IR, OD, TQM) instituted but there is little integration.</li> <li>■ Basically a policy of benevolent paternalism, with expectations of employee loyalty</li> <li>■ Community concerns addressed only when the company faces risk of prosecution or negative publicity may damage the financial bottom line</li> <li>■ Compliance is undertaken mainly as a risk-reduction exercise.</li> </ul>

<p><b>Phase 4.</b> <b>Efficiency</b></p>	<p><b>Human Sustainability 4 (HS4)</b></p> <ul style="list-style-type: none"> <li>■ Systematic attempt to integrate HR functions into a coherent system to reduce costs and increase efficiency.</li> <li>■ People are a significant source of expenditure to be used as productively as possible. Technical and supervisory training is augmented with human relations training.</li> <li>■ may institute programmes of teamwork around significant business functions</li> <li>■ generally pursues a value adding rather than exclusively cost reduction strategy</li> <li>■ Careful calculation of cost-benefit ratios for human resource expenditure</li> <li>■ Community projects undertaken where funds available and where a cost benefit demonstrated.</li> </ul>
<p><b>Phase 5.</b> <b>Strategic Proactivity</b></p>	<p><b>Human Sustainability 5 (HS5)</b></p> <ul style="list-style-type: none"> <li>■ Workforce skills mix and diversity seen as integral and vitally important aspects of strategies.</li> <li>■ Intellectual and social capital used to strategic advantage through innovation</li> <li>■ Programmes to recruit the best talent and develop high levels of competence in individuals and groups</li> <li>■ Skills are systematized to form the basis of corporate competencies so that the organization is less vulnerable to the loss of key individuals.</li> <li>■ Emphasis on innovation and speed of response to emerging markets.</li> <li>■ Flexible workplace practices are strong features of workplace culture and contribute to work/life balance</li> <li>■ Communities affected are taken into account and initiatives to address any adverse impacts integrated into corporate strategy.</li> <li>■ Corporation views itself as a member of the community, contributing to community betterment by offering sponsorship or employee time</li> </ul>
<p><b>Phase 6.</b> <b>The sustaining corporation</b></p>	<p><b>Human Sustainability 6 (HS6)</b></p> <ul style="list-style-type: none"> <li>■ Organization contributes to the renewal and upgrading human knowledge and skill formation in the community and society generally</li> <li>■ Organization is a strong promoter of equal opportunity, workplace diversity and work-life balance as workplace principles</li> <li>■ Adopts a strong and clearly defined corporate ethical position</li> <li>■ Seeks to influence key participants in the industry and in society to pursue human welfare, equitable and just social practices and the fulfillment of human potential of all.</li> <li>■ People are seen as valuable in their own right.</li> </ul>