

Chapter 1: Introduction to the study

Aims and foci of the study

This study focuses on radical organisational change and how this has been, and currently is being led and managed in two Technical and Further Education (TAFE) institutes in regional New South Wales (NSW). These institutes sit within the NSW Department of Education and Training (DET), the largest public provider of education in the southern hemisphere. Collectively, TAFE NSW Institutes comprise the largest provider in the Vocational Education and Training (VET) sector in Australia. Individually they are significant players in the VET system which includes an increasing number of private providers.

Challenges faced by institute managers who have experienced changes in leadership and organisational restructuring are a particular focus of the study. These institutional changes have led to moves from 'closed' or 'top-down' hierarchical organisational structures to 'open', team-based modes of operation, a strategy especially geared to building organisational capacity in a more competitive and rapidly changing external environment. The human resource implications of such shifts, how the change processes are managed, and the means utilised in adapting to changing environments, are of particular interest. Also of interest are strategies that appear to have worked effectively in achieving the desired outcomes.

The impact of the above-mentioned changes on the institutes under examination and the implications for human resource managers, are paid close attention. In such a fast-changing context and where the institutes have been historically embedded in bureaucratic structures, their capacity to adapt rapidly and effectively is limited. For a start, TAFE Institutes are typical public sector organisations in that their size, inherent inflexibility and bureaucratic nature inhibit the speed, consistency and effectiveness of their responses to changing government and business environments. Specifically, they struggle to align functions and processes more effectively across the organisation.

In recent years much interest has been shown in achieving organisational change in the Institutes using teams in place of traditionally structured hierarchies. In the broader context, there has been a rush towards the application of teams and teamwork in many types of work organisations (Wright & Baker, 2000, p.345). The hierarchical and inflexible structures and systems of TAFE NSW have now been challenged to adapt to this kind of change.

Implementing a team approach in a traditional bureaucracy with a strong hierarchical structure has proved to be problematic to say the least.

The role of capable and effective leadership and strategic planning processes in transforming the operational modes of the institutes are also of interest in the study. So too are the role of what TAFE refers to as the 'capability platform' (refer to Chapter 6). What modifications would be required to support future strategic positioning and sustainability, especially those most useful for planning for future change and providing lateral organisational skills to help create expanding spheres of influence and value-added services that satisfy the needs of internal and external clients, are also of particular interest.

A number of themes are introduced in what follows: the nature of the problem addressed; the methodology adopted; the researcher's role; the nature of the field settings chosen; the context in which the institutes under scrutiny are set; definitions of key concepts used; ethical considerations; significance of the study; and finally, an outline of the contents of the thesis chapters.

Nature of the problem

In the context of public sector reform in Australia, the VET sector has been going through rapid and constant change. This sector has needed to adjust to an increasingly competitive environment where private providers, universities, TAFE institutes and schools are competing within the same training and education market.

In today's competitive environment, when the same products and services can be delivered at equal (or lower) prices by a broad range of providers, factors such as quality, value, service or innovation determine the choices of customers. The competitive edge is seen to be no longer found merely in the product but instead, in the approaches to the management of human resources and the strength of customer relationships. Hence, TAFE sees the imperative to harness and develop the intellectual capital within each institute and transform this capital into a significant business driver.

In the TAFE sector, one implication of competition and other market-driven pressures has been the transformation of institutional management structures and cultures in order to develop a more strategic style responsive to client needs. TAFE institutes were previously complacent about student-driven needs and services but now these needs are key drivers of change. Consequently, there has been growing recognition by a number of institutes to think

and plan more rigorously about the people and skills required in the future to build organisational capability and provide better and more effective services.

Ulrich (1998, p.3) stresses the importance of the organisational capabilities required to turn strategy into results and highlights the need for effective human resources (HR) practices. HR practices are said to be the bundle of management investments that create and sustain capability. For example, an innovation capability may come from hiring bright, creative people, rewarding risk taking, communicating the ongoing importance of innovation, reorganising into virtual teams, promoting and developing projects to harness new ideas, and providing effective training for employees in ways that make things happen more quickly and effectively.

Currently for TAFE, removing elements of hierarchy and creating more flexible structures and systems that support the rapid development of both personal and team self-management skills, is seen as the answer to sustaining high level performance. Traditional hierarchies where organisational decision-making and knowledge control reside at the top and is parcelled into segments as it makes its way down to the bottom, is no longer seen as desirable or relevant. Knowledge organisations such as TAFE and universities seek to break down structures and enable people to operate without boundaries. Information and knowledge in this type of organisation spreads in a far less controlled, but far more productive, way. However, such changes in TAFE have demanded high level management skills from institute leaders and their senior management teams.

Ultimate responsibility for these kinds of changes rightly sits with the organisation's leader. However, in public sector organisations such as TAFE, change is politically driven and bureaucratically managed. Hence, TAFE's leaders are less likely to accept responsibility for change other than on a limited and risk-averse basis. While private sector organisations are clear about their objectives in terms of achievement of outcomes from use of resources and return on investment, public sector organisations do not define goals in the same way. They tend to be somewhat vague about their goals, financial outcomes and return on investment.

TAFE NSW has been, and is still, largely protected from the open competitive environment. In this respect, TAFE institutes still operate like 'closed' systems (Morgan, 1997 pp. 33-77) that are inflexible and impervious to outside forces, despite being very much an integral part of a large and changing industry sector. One key issue for institutes in such a changing environment is how to maintain the currency of staff industry skills.

The challenges regional TAFE institutes currently face in order to move their organisation forward are:

- Difficulties in attracting, recruiting and retaining quality staff owing to geographical location, perceptions about the 'bush', casualisation, and job security.
- An ageing workforce. A NSW Audit Office (2008) report shows TAFE NSW has a growing staff age profile amongst its workforce. The report indicates a concentration of mature-aged workers in the 50-54 age range (44%) and the 55-59 age range (36%) at a 'typical' major metropolitan campus (NSW Audit Office 2008, p.2).
- The changing roles of teaching staff. Recent VET training reforms require teachers to fulfil a number of diverse roles including the management of partnerships with industry and the marketing of TAFE NSW products and services. Thus there is a need to conduct an audit of staff skills, qualifications and industry currency and to analyse this data to ensure that the staff have the qualifications, expertise and experience required to meet the Australian Quality Training Framework requirements, and to meet the demands of industry for the effective delivery of programs.
- The need to be more strategic and strengthen the capacity of teachers to meet these requirements, industry demands and to facilitate the effective delivery of courses in the context of rapidly changing environments. The leadership provided can either diminish future outcomes or transform the culture to be more inclusive and customer focused.

How these challenges have been and are being met by management in TAFE institutes in northern NSW and the HR implications of these changes, are the main interest of this study. Accordingly, the key research questions focus on:

1. What have been the major challenges for institutes attempting to adapt to a complex and dynamic competitive environment?
2. What have been the most successful aspects and main human resource consequences of institutes adapting to their contemporary context?
3. What are the main leadership challenges in periods of rapid change and what are the human resource implications?
4. What can be identified as successful strategies in leading change?

5. What are the implications from this study for management of change in TAFE institutes in the future?

Research strategy adopted

Given the key foci of this study – organisational change, the challenges faced by senior management in the move from a top-down to a team-based model of operating and the implications of these changes for personnel in the two TAFE institutes under examination – the research methodology chosen was qualitative by design. A case study approach was adopted, utilising in-depth interviews with key informants, participant observation and documentary analysis as the main data gathering instruments. In-depth data were gathered from key informant interviews with staff in each institute and a number of key experts within the VET sector, and with selected DET and union officials.

As a participant observer at senior management level who was granted open access to the operations of the institutes, I was in an ideal situation to experience and examine in detail the process of change they were undergoing. This privileged ‘insider’ status, along with my role as researcher, is further elaborated in the following section. As a result, my own observations formed an integral part of the data set. Problems of researcher bias and the subjectivity of the methodology are acknowledged, as the study to a large degree revolved around my perceptions and interpretations, actions taken, observations I made internally and my own influence and impact within the particular environment as very much part of leading the change process.

While the integrity of organisational studies from an insider perspective is well justified (Borman 1987; Mouton and Marais 1990; Louis 1992; Brindley 1996; Delauzun and Mollona 1999; Coghlan and Brannick 2001; Coghlan 2003; Morrow 2005; O’Harae 2007), the pitfalls of an insider’s perspective in organisational studies are also well documented (Bogdan 1972; Becker 1993), especially issues of potential bias and the observation process affecting the behaviour of those observed (the ‘Hawthorne Effect’). These are acknowledged and every effort to minimise these dangers was taken, as indicated in greater detail in Chapter 5. On the positive side, as noted above, this approach allowed for a deeper understanding of the dynamics of change through immersion in the context over time, reliance on first-hand information and the high face validity of the data. Greater detail is paid to methodological considerations and the methods chosen for data collection in Chapter 5.

The role of the researcher

The institutes examined in this study offered an exciting opportunity to observe, record and analyse the change process first hand. I was employed at the New England Institute in the middle of 1999 as Human Resource Manager. At this time the institute was going through a major cultural change process which coincided with my growing interest in pursuing a doctoral course of study. As pressure was exerted for cultural change and leadership development, an ideal chance was thus presented for me to research the processes of change from an insider's perspective.

At the beginning of 2002 I changed my employment and moved to the North Coast Institute where I began as Director, People and Organisational Development. I am still the incumbent in this position. This is a senior position which allows immediate access to the decision-making process through attendance at management and executive meetings. The North Coast Institute was also going through a major change process thus providing another ideal opportunity to observe and analyse the change process at first-hand.

During the period from mid 2003 until September 2004 when the majority of data gathering occurred, every opportunity was taken to observe and record the daily life of the institutes and the events which were part of the collective or social reality of the managers and staff. Over this time, a corporate restructure of the Department of Education and Training (DET), the State Government body responsible for TAFE, was also taking place. This provided another opportunity to interview some key senior managers in DET about change in their organisation and the impact of this on TAFE institutes. Following the period of interviewing, incidents specifically pertinent to the events relating to the change process were observed and recorded.

Governed by the rationale that an understanding of the change process is coupled with knowledge of the culture of the institution, as an insider, I was in a fortunate position to gain an in-depth understanding of the internal dynamics of the TAFE institutes. I was a working member, party to all the gossip, innuendo, conflict and a plethora of scenarios that occurred with rapidity throughout the daily operations of the institutes.

It is advanced that only through experiencing, witnessing and recording events, both tangible and intangible, can a grasp of an organisation's culture be realised (Clark 1983). For me, it was only through being a member of the institute's community that I appreciated how and why new ideas failed or succeeded in becoming an accepted part of the 'system'. Being an active participant in the change process presented me with an excellent opportunity to be

closely involved with management and staff efforts and to experience with them their frustrations, disappointments, hopes, joys and achievements. I was able, therefore, to appreciate more intimately the effect of the culture and the processes of change (or no change) and thereby understand why things occurred as they did. In this sense, I was mindful of the remarks by Meek (1984, p.268) concerning the role and goals of the change agent apply to any researcher in this type of study:

It behoves anyone who wishes either to manage or to introduce change into an organisation to understand fully its normative base and the meanings which members attach to the organisation.

Field settings

Because I was in a position to observe first-hand the dynamics of transformative change, the New England and North Coast institutes were obvious choices as field settings for the study. Each of these institutes was attempting to move from a federated model to a devolved faculty structure with a strong focus on teams, but, as it turned out, each handled the restructuring in markedly different ways. This was a situation that demanded further investigation.

New England Institute. This is located in the New England region of North Western NSW and is the smallest of the institutes in TAFE NSW. In 1998 it went through a major structural transformation by replacing its federated campus structure with a faculty model. In 1994-95 the Institute commissioned independent surveys to determine the views and expectations of both customers and employees. The survey results indicated that teachers needed to be more up-to-date with current trends in industry and that they required greater curriculum flexibility in order to better meet the needs of industry. A survey of institute staff provided an insight into the prevailing culture and climate. Staff expressed a desire to move from an internally focused, bureaucratic culture to one which placed greater emphasis on outcomes, performance responsiveness and flexibility.

North Coast Institute. This covers the 700 km northern coastline strip of NSW and has 17 campuses from Great Lakes to Kingscliff. This institute is committed to advancing the sustainability of its region, economically, socially and environmentally. Through its faculty structure and 17 campuses, the institute focuses on providing high quality education and training for individuals, the local community and business. The Institute places great emphasis on innovation and responsiveness, with new flexible approaches (including online learning and workplace training) expanding the scope of services available to meet changing needs.

The Institute has gone through a number of restructures and, in 2000, under the leadership of the current Institute Director, adopted a Strategic Capability Building framework to change management and promote organisational improvement, a strategy which is further detailed in Chapter 6.

Background and context

Entering the twenty first century, VET systems face significant challenges. In the broader context, rapidity of change in these systems has been influenced powerfully by national and international environmental conditions. At the international level, the new world of lower trade barriers, globalisation, internationalisation of major companies, benchmarking of the performances of public and private sector organisations and the new information and communication technologies, has created pressures worldwide for new approaches to skill formation (Schofield, 2000, p.12). At the national level, challenges for change stem largely from shifting economic conditions, workplace reform and the wider environment in which VET operates. Moreover, since the 1980s, the Australian public sector has undergone a series of managerial reforms linked to the New Public Management agenda aimed at achieving cost efficiency, budget accountability and an improved customer focus in service delivery (Dixon, Kourac-Kahabase 1996).

Within this context, TAFE institutes have been put under substantial pressure to change. In particular, as a significant component of Australian public educational systems, the Australian TAFE sector has been affected substantially by reform of the Australian public sector. The NSW TAFE Commission, with particular reference to the institutes, has gone through significant change in the last decade and is expecting more of the same in the future. Political, economic, social, and technological forces have exerted and are still exerting considerable impact on public sector life and work. Over the last couple of decades or so, these pressures have resulted in a corporatisation of the Australian public sector brought about largely by market forces (Meek 2001, pp 33). A new image of managers of public sector organisations has emerged. Commenting on this phenomenon in the United States, Denhardt and Denhardt (2001, cited in Meek 2001, p.1) claim that,

...the New Public Management has championed a vision of public managers as the entrepreneurs of a new, leaner, and increasingly privatised government, emulating not only the practices but also the values of business...

This new business-oriented agenda assumes that efficiency and effectiveness of service delivery will be achieved through the use of private sector management techniques, such as specifying service objectives, competition for customers, performance measurement and decentralisation of decision making. A process of organisational change has accompanied the managerial revolution in the public sector and is oriented towards the development of post-bureaucratic organisational forms. TAFE NSW has been caught up in this new change agenda, where private sector measures have been pursued with relatively limited empirical understanding of organisational culture in the public sector, a phenomenon noted by Sinclair (1991) in the early 1990s.

More motivation for change in the TAFE sector emerged from research carried out in the late 1990s by the Australian National Training Authority (ANTA). This body found a strong correlation to exist between qualifications of the workforce of a country and its competitiveness in the international market (Mills, 1998, pp 7-8), so providing greater incentive for TAFE institutes to move towards a cultural change.

Earlier, the Industry Commission (1996, p.339) had identified the need for change and reported that increasingly, the range and level of skills, and in turn productivity and profitability, can be attained through training. The three particular forces the Commission noted operating were increasing globalisation, widespread technological innovation and pressure on business to customise products and services. The report acknowledged that as the business environment changes, so do the skills and characteristics required of managers.

The report noted too that as enterprises experience change, those most able to adapt to the changing environment, moved away from a structural organisational model towards one that emphasised more behavioural and interpersonal aspects. TAFE Institutes as integral organisations in the post secondary education and training sector were identified as key influencers in this change process. However, it was recognised that if TAFE was to play a lead role in implementing the recommendations for change, then they themselves needed to change and adapt to become more flexible and responsive.

The dominating aspects of the external and internal contexts influencing institutes developing an industry-led, demand-driven, client-focused culture include:

Political

- State and Federal politics;
- Funding bodies – their changes to core and non-core funding;

- Increasing accountabilities e.g. audit/legislative requirements;
- ANTA's (new) financial arrangements;

Economic

- Impact of funding levels;
- Diversifying sources of income;
- Competitive global and local markets;
- Globalisation;
- Quality improvement of products/services to remain competitive;

Social

- Anticipating workforce and community needs (ageing population of the institutes and succession planning);
- Strengthening industry, community and school partnerships;
- Forming new partnerships;
- Changing nature of work;

Technological

- Impact of advances in technology and the impact on client needs and expectations;
- Institute systemic and individual staff ability to manage the constant change;

Organisational

- Management/leadership style;
- Decision-making strategies;
- Information and knowledge management;
- Skills and knowledge building within the institute;
- Flexibility and adaptability to changing needs of all stakeholders; and
- Changing industry needs/diversification of institutes' industry base.

The operating environment of TAFE institutes is further characterised by:

- 159 TAFE NSW Department of Education and Training (DET) human resource (HR) policies;

- 28 Industrial Instruments; and
- 26 pieces of Legislation.

The significant forces for change impacting on the operational level of institutes include:

- New and shifting customer needs and expectations. Customers are expecting and demanding more customised learning and approaches that are faster, cheaper and more effective. Commenting on new organisations (Hammer (1997, p.27) explains,

Customers care nothing for our management structure, our strategic plan or our financial structure. They are interested in only one thing: results, the value we deliver. A customer focus forces an emphasis on results and on fashioning a culture that supports their delivery.

- Changes in the structure of industry and the nature of work are impacting on the product portfolio of TAFE. A significant trend is the actualisation of the workforce.
- Changes in government policy as the ANTA implements strategies to bring about a fully integrated national VET system.
- Shifts in the availability of resources as public sector organisations continue to face tight budgetary pressures and the profile of the TAFE workforce changes.
- Increasing competition from the secondary and higher education sectors, from corporate training using online technologies and from private providers in high value segments of traditional VET markets.
- Changes in the focus of education from one of information acquisition to information management and knowledge creation. Learning is becoming a lifelong challenge.
- Globalisation and e-commerce. TAFE and many of its clients operate in global market. However, VET is not yet considered a major provider of trained labour for this market. In the mental geography of e-commerce, distance has been eliminated. There is only one economy and only one market (Drucker 2002, p.3)

It is important to point out that within any TAFE NSW Institute, many of the people who work there on an operational daily basis have no real interest in the commercial side of the business. It is a very small segment of each Institute that actually generates the commercial income that is essential to the survival of the institute as a whole.

Key concepts used in the study

In this study, *the change process* is not seen as simply a series of linear steps which must be taken; rather a series of strategies and tactics which must reflect the particular culture of the institution. Without the intimate knowledge of culture, its structure, politics and social dynamics an appreciation of the complexity of processes of change cannot be understood by those who wish to implement such change.

Systems thinking played an important part in understanding the complexities of TAFE NSW and the two Institutes. Systems thinking emphasises the interdependence of individuals and teams to optimise the working of the whole, and openness to environmental influences [ref?]. Although it was clear that some staff within the Institutes were not able to view the organisation this way, it is contended that only through systems thinking can a more complete nature of the organisation be understood.

Recognising the organisation as an '*open*' system is one key to understanding TAFE NSW and the institutes featured in this study. Open systems are living systems that adapt to their environment and are highly engaged with their environments. All parts of the organisation are inter-dependent with each other and outside agencies, and their survival depends on a healthy condition. '*Closed*' systems on the other hand, react rather than interact with their environment, tend to be inwardly focussed and their inflexible nature render them difficult to change (Morgan, 1997 pp. 33-77; Owens 1998, pp.9-10).

A paradox uncovered in this study is that the institutes are marked by rigid hierarchical and bureaucratic structures that are not open to environmental influences. In that regard, they are closed systems. On the other hand they are highly dependent on their ability to interact and respond to other organisations, their external customers and the industries and professions their training services support. Hence, the institutes have to engage with the outside world and are (or now need to be) to some extent, '*open*' systems. This dichotomy of being open in some respects and closed in other respects is a pivotal factor in the success or otherwise of change strategies adopted by the two institutes. Thus, understanding the characteristics and functioning of open and closed systems is important to understanding TAFE institutes.

Bureaucratic organisations operate as closed systems. These types reflect Weber's classical model which set out to create an organisational form that could transform most efficiently goals into objective outcomes. These would be achieved via a top-down, and legal-rational, well defined hierarchy of authority (Rebovich and De Lay 1984, p.7; Owens 1998, pp.9-10).

Flexibility and innovation are not features of strict bureaucratic structures, as TAFE institutes readily acknowledged when trying to adapt to numerous and fast-moving outside demands.

The concept of *learning organisations* emphasises that in situations of rapid change only flexible, adaptive, innovative and productive organisations will survive. Learning organisations are those with the ability to tap people's commitment and capacity to learn at all levels in order to adapt to a changing environment (Senge, 1990; Garratt, 1994). This is an accurate description of what the institutes were aiming for while being observed for this research. Their capability relied on their ability to internally review the effectiveness of their systems and processes against the dynamics of the environment and within the parameters of its core competencies, and their capability to respond to future environmental contingencies. Not all the institutes were equally capable.

Self managing work teams is a term defined as 'groups of interdependent individuals that can self manage and self regulate their behaviour on relatively whole tasks' (Cohen and Ledford, 1994, p.13). Self managing teams are described by Beyerlein, et al (2003) as taking responsibility for the outcomes of their work, monitoring and managing their own performance, taking corrective action to improve their performance, actively seeking help when they perform poorly, and offering help to other people or teams for improving overall organisational performance. By adopting and implementing self managed teams, organisations are challenging the hierarchical and functional divisions of the bureaucratic workplace, decentralising decision-making, and creating and maintaining work units that involve a diverse group of employees.

Moving to self managing teams in organisations presents perhaps the most visible challenge to the traditional bureaucratic structures and cultures of the TAFE institutes. In an effort to implement self managing work teams, Institute managers have burdened existing work groups with the directive to organise themselves, make decisions on issues not previously within their scope of responsibility, and act upon those decisions. This new dimension to their work requires the work group members to become familiar with consensus building, execution of mutually agreed decisions and in some cases evaluation of their own performance. All of these are part of a 'team process' integral to being a self-managing team. However, all are unfamiliar to the work group members who are not provided training to equip them with the necessary skills.

Self managing teams is used in the sense that while working in broader government bureaucracy, individuals are empowered to share responsibility for team decision making

about work they are responsible for doing, and each person is aware of the needs of others and takes responsibility for their own actions.

Ethical considerations

Because organisational studies such as this pose numerous ethical considerations, every effort was taken to address these. As protecting the privacy of those who participated in the study was of prime concern, in the first instance all direct references which might identify people, places or events have been omitted.

All senior staff, including the institute directors and the Deputy Director TAFE, were informed at the beginning of the research of the researcher's aims and the methods by which data were to be collected. No objections were raised about the nature of the research or the role of the researcher. At no stage was there any attempt to obscure what was being done or what I hoped to achieve. Whenever questions were asked by staff, information was always freely given. However, it is naïve to think that the findings of this type of research will please everyone. Many staff may feel exposed and threatened when their fears, qualms, apprehensions and doubts are presented on the written page for all to see. In particular, two participants were concerned that their comments would identify them, and asked that any statements that would lead to their being identified be removed from the final document. This has been done.

With respect to the ethics of quoting those involved in this kind of research, Stenhouse (1988, p.53) remarks that, '*subjects cannot always see clearly the implications of their consent*'. The objective is to highlight the consequences, often unappreciated and unintended, of the actions of some staff on other staff, the implications of the use of power and its relationship to their well-being, worth and professionalism, the effectiveness of the communication of values, goals and objectives by those in positions of power/authority. More will be discussed on this particular issue in Chapter 5.

In summary, all efforts were made to ensure principles of ethical research were adhered to in relation to informed voluntary consent, the right to privacy, anonymity and confidentiality, and possible harm to participants in accordance with UNE Human Research Ethics requirements.

Significance of the study

The study is deemed to be important for a number of reasons. To begin, in its bid to contribute to further understanding of the dynamics of organisational change in public sector organisations, it identifies successful leadership and change management strategies and

outlines the impact of such change on personnel in these organisations. Arising from the study is particularly useful information for managers of change. This includes the experience of those who have undergone the process of change, examples of best practice from the findings of the study and recommendations that are made as to how organisational change might be managed more effectively within TAFE NSW.

Furthermore, findings from this study have the potential to contribute to many areas of organisational change. These include:

- how organisations and their leaders deal with change;
- what constitutes successful strategies in change management;
- what models of organisations work best in the change process; and
- the impact of change on personnel and how best managers might cope with this

An important practical goal of the study is to share how TAFE institutes used change processes to become more culturally and structurally responsive to market pressures, and how they used particular forms of strategic and change management strategies to bring about desired change. In this sense, the study should have particular value for institute leaders and HR managers, especially as findings highlight successful and best practice modes of operation for managers developing strategies for change and strategic capability in a more competitive environment.

HR managers now have to deal with the altered world of work, modified individual expectations and desires and transforming organisational structures and environments. As my role as HR manager is one of change agent and manager of change, the study highlighted for me how important are creating the right culture for change and, in particular, mapping out how to move from the present culture to the desired one. Other HR managers in similar organisations might well benefit from the insights presented in this study.

For all of those managing TAFE institutes and other organisations in transition significant benefits gained from the study would include:

- Successful strategies used in dealing with ongoing change, complexity, uncertainty and paradox and understanding difficulties faced by management in managing within such an environment.

- Strategies used to retain the best of the old, and to develop new competencies in individual, group and organisational learning and knowledge management while facilitating the critical need to adopt new and diverse mindsets.
- Strategies adopted to enable the institutes within the NSW Public Education to become successful organisations and effective learning entities. The change itself is an opportunity to learn, grow, and develop competitive advantage.
- Strategies used for establishing direction, aligning people to that direction, and motivating and inspiring in order to produce change that develops a stronger organisational learning culture, is crucial to enhancing VET and public education in NSW.

Outline of the thesis chapters

The following chapter, *Chapter 2*, sets the scene for the study by outlining the origins of TAFE NSW and developments of the system up to the present day. Structural and cultural issues that TAFE institutes are now facing are also examined in this chapter.

Chapter 3 analyses ideas from the organisational transformation literature that have a close relationship to the focus of the study. Particular attention is paid to the themes of initiators of change, types of organisational change, barriers to change, restructuring as a response to change and the need for organisational learning. Arising from concepts analysed, a conceptual framework is devised that depicts how organisational change from a top-down model to a flatter, more open structure that supports collaborative work systems and a learning culture might be achieved.

Chapter 4 explores a selective range of leadership theories that have a particular bearing on the focus of the study. The kind of leadership required to enhance organisational capability, to build collaborative work systems and to support the role of teams in managing for the future are of special interest.

The research design and methodological considerations adopted for the study are outlined in *Chapter 5*. Justification for choosing a case study approach as well as the methods of data collection is provided. Information on the nature of the sample selected, details of how interviews were conducted, how the interview data were analysed, and the ethical procedures followed, are also provided in this chapter.

Chapters 6, 7, 8 and 9 present the findings of the study. *Chapter 6* is particularly dedicated to findings from the North Coast Institute, while *Chapter 7* focuses on findings from the New

England Institute. Both chapters outline the attempts of each institute to enact change and provide an assessment of how successful those attempts were.

The key informants from the institutes who were interviewed are given voice in *Chapter 8*. Their perceptions about the restructuring process, how decentralisation of power was managed, the industrial and HR issues arising from changes wrought, leadership challenges arising, and lessons learned, are all canvassed.

Chapter 9 analyses in greater depth key themes arising from the findings. These focus on issues relating to the reluctance of TAFE NSW to allow the institutes to be fully autonomous, challenges for leadership within the organisations, the inherent tension existing between the institutes attempting to be both public service organisations and bodies seeking to adjust to a competitive business environment, the HR implications of change, and strategies that enabled successful transformative change.

Various threads of the study are woven together in the final chapter, *Chapter 10*. The key findings are summarised, implications arising are highlighted, the value of the conceptual framework is assessed, recommendations are made for possible ways forward for TAFE institutes and areas that future researchers might wish to pursue are identified.

Chapter 2: The VET-TAFE Context in New South Wales

Introduction

In setting the context for the study, this chapter provides background information on the VET system in Australia, the development of TAFE NSW in the broader VET context, how the TAFE sector links structurally with the national VET system, the nature of contemporary TAFE NSW, and key issues that human resource practitioners in the VET sector currently needs to address.

Vocational Education and Training (VET) is an international term that describes the development and improvement of skills and knowledge for the specific purpose of developing or extending an individual's capacity for productive work. In Australia VET is defined by a particular sector of education and training. The VET sector is one of three education sectors; the other two being higher education and schools. Although each has its own primary purpose, there is considerable overlap in terms of the courses they provide. VET programs are offered in schools and higher education; and TAFE Institutes offer general education, tertiary preparation courses and even higher education courses such as graduate certificates and graduate diplomas.

However, each sector has its own set of administrative arrangements and qualifications, and in general the three sectors are identified by the institutions which provide the programs. These are illustrated below.

Schools	Primary and secondary Australian Technical Colleges
VET	TAFE Private RTOs Adult and Community Education providers
Higher Education	Universities and private providers

Over the past 120 years vocational and technical education in Australia has been transformed from a narrow range of courses available at a single technical college site in the capital city of each state, to being available in dual-sector universities, TAFE Institutes, private Registered Training Organisations (RTOs), Secondary Schools, Australian Technical Colleges and in workplaces throughout Australia. Its single most identifying

characteristic is its very direct relationship with the world of work. More than 1.7 million students or about 13 percent of the working age population take part in vocational education each year. In 2004 there were 11.3 million subject enrolments throughout Australia (NCVER, 2005).

NSW contributes one third of Australia's GDP and TAFE is one of the key organisations that give the people of NSW the skills to contribute to the economy. Effectively, this means TAFE NSW is a significant contributor to the health of Australia's economy (as identified in recent studies IPART, TAFENSW Futures forum 2006).

However, the changing global economy and the labour market have had, and will continue to have, significant impact on NSW TAFE. About 60 percent of the Australian workforce is employed in industries exposed to global competition. The services and products supplied by skilled trades and other blue collar workers are most exposed to substitution from imports or by new technology and employment growth in these occupations are expected to be limited. Growth in employment is expected to be in the largely in conceptual and technical occupations such as managers, various professionals and associate professionals (Shah and Burke 2003 cited in Cully, M. 2006).

This means there will be significant shifts in the training needs of TAFE clients. The importance to TAFE of understanding and responding to changing customer needs and expectations cannot be over-estimated. There is an increasing demand for service choice and personalisation. TAFE needs to provide a wide range of options for individual customers to select from, so they can develop their own personalised vocational education and training programs. The need for industry to see TAFE as an integral contributor to the success of their businesses is greater than ever.

User choice has always driven increasing responsiveness among registered training organisations. The TAFE institutes in particular have long been conditioned to the Kangan philosophy (1974) of emphasis on the individual and the importance of lifelong education, and over the years have adopted greater significance within the educational structures of Australia. The TAFE institutes have occupied the territory between schooling and higher education with some even labelling themselves as (new) institutes of technology. The shift in focus from supply to demand has created in many cases a tension for such institutions and their staff. Emerging from 'technological ivory towers' and being responsive to industry has been a difficult transition for many, while some have embraced it with enthusiasm, seeing new possibilities (Harris et al, 2005, p.11)

Ainley and Bailey (1997, p. 4), in examining the evolution of further education in England, suggest that this sector has had a lack of status owing to the social class of its clients. In its origins and associations, further education was almost by definition for working-class students. Their education was vocational with the application of learning for practical paid employment being the main objective. Compared with a sixth-form study which offered possibilities of progression to higher education, training for a skilled job at the local 'tech' was always seen as a second-best, an inferior option. This was reflected in the perspectives and priorities of politicians, national and local. Australian experience is much the same as industry and community perceptions of TAFE have been and still continue to be one of the 'local tech' despite the fact they have been reformed numerous times.

Ainley and Bailey 1997, (p. 32) also point out that with so many demands upon further education in the new competitive market for students, the newly independent colleges are struggling to survive. To begin, they are funded in an unpredictable and unreliable manner. Moreover, they are also increasingly being threatened by absorption into higher education. Their future cannot be predicted nor guaranteed. The same could be said about TAFENSW which is competing with private sector, technical colleges and universities where TAFE often picks up the students not achieving at school. Ainley and Bailey also report that new managerialism offered an alternative to the old pyramid of departmental bureaucracy, not only in further education but across all the public services as new corporate models of 'flattened hierarchies' or 'de-layering', as it was known, were imported from the private sector. However, it is important to appreciate that the new structures were not necessarily flatter and non-hierarchical, as was sometimes asserted (Ainley and Bailey 1997, p.50). This scenario resonates with what has happened in TAFE NSW.

The 2005 National Centre for Vocational Education Research (NCVER) study by Harris, Simons and Moore into TAFE practitioners' ways of working with private enterprises explored the roles of TAFE practitioners working with and within private enterprises. It provided analysis of six case studies in Victoria, South Australia and NSW. The authors highlight that policy initiatives such as user choice and training packages have been significant contributors in the move towards a more industry-driven VET system. One of the key consequences of this shift has been greater pressure on industries to provide opportunities for training in the workplace, and having the workplace as a key site for learning. In effect then, vocational learning is increasingly de-institutionalised, and VET practitioners are being increasingly encouraged to 'get out into industry' (Harris et al, 2005 p. 7).

Training reform has fundamentally transformed the orientation of the VET sector from education to business and service (Office of Technical and Further Education 1998), and led to shifts in the role of the VET practitioner along a continuum, from an emphasis on teaching and creating curriculum, more towards entrepreneurial brokering and delivery of competencies within the training packages. Practitioners working in the public VET system are increasingly involved in arrangements where their services are 'sold' to meet a variety of training needs in local industry and in overseas countries.

Given these new directions, VET professionals need different roles and skills. In the new working environment VET professionals face different expectations. They are being asked to work in different ways and to undertake new roles and responsibilities. These new roles are additional to the traditional 'teaching' role and are significantly different in terms of focus, purpose and practice (Chappell & Johnston 2003, pp. 5-8). The role definition of VET practitioners has broadened to encompass consultancy, facilitation, workforce development advising, mentoring and brokerage. This changing environment is demanding highly skilled VET professionals who can draw from a wide range of pedagogical styles, work across different sites, and flexibly deploy different modes of delivery to suit varying learner needs (Chappell & Johnston, 2003; Dickie et al, 2004; Mitchell et al, 2006).

The roles of TAFE practitioners are thus evolving and expanding. They provide valuable support both to managers and to workers, and link enterprises and TAFE. The most valued characteristics that enable TAFE practitioners to be effective in their roles are seen to be their industry background and their ability to fit in with regular work patterns without disrupting the natural flow of work (Harris et al 2005, p.9)

The activity of TAFE teachers working in this new way is not without its challenges. Favero (2003) found that meeting the demands of regulatory compliance, concerns about the provision of transferable skills, reluctance of some employers to release trainees for training, the time taken to travel to workplaces, and concerns about funding are some of the key challenges.

The evolutionary shift from a teaching to consulting focus is further elaborated by Chappell & Johnston (2003). The shift entails a change in who they are and how they relate to employers, on-the-job learners and other stakeholders in the VET system. This is a common feature in commentaries on these new ways of working (Ainley & Bailey, 1997; Farrell, 2000; Chappell, 2001; Seddon, 2000; Chappell & Johnston, 2003). As Chappell & Johnston (2003, p.8) explain,

...education and training practitioners are asked to do things 'differently' in their everyday practices, they are being called on to become different practitioners; that is to have different understandings of their role in education and training, to have different relationships with learners, to conceptualise their professional and vocational knowledge differently, to alter their relationship with their organisation, to change their understanding of who they are in the new education and training landscape. In short, to change their identity at work.

Development of TAFE NSW

Technical education has a much more varied history than 'academic' or 'general' education. Mechanics Institutes, the buildings of which can still be seen in the inner suburbs of the capital cities and the larger regional towns, were an attempt to provide working people with some grounding in science and technology (Smith, & Keating, 2003, p.7) .

The origins of NSW TAFE go back to the Sydney Mechanics School of Arts which was established in 1833 with classes in philosophy and science. In 1878 the Sydney Mechanics School of Arts set up a Working Men's College. This later became known as the Sydney Technical College. The Working Men's College aimed to offer basic education as well as a range of vocational courses to those with limited elementary education who were working long hours as artisans or apprentices so that they were not disadvantaged by having to compete with others in a better position to study (Walsh, 2007).

In 1889, the NSW Government took control from the Board of Technical Education and technical education then became the concern of the Department of Public Instruction. As the Department of Public Instruction had state-wide responsibilities, the system continued to expand and take over education infrastructure until the establishment of a separate Department of Technical Education in 1949.

Two Royal Commissions in 1912 – one into juvenile labour and the other into apprenticeships - became the drivers for increased emphasis on structured trade training. All except two of the existing technical colleges (Sydney and Newcastle) were renamed as 'trade schools'. The range and nature of courses were more closely linked to employment opportunities. However, daytime release of apprentices for study did not improve indenture agreements.

State Governments and their education directors placed increasing emphasis on technical education between 1900 and 1920. After the First World War the Directors of Education in NSW and Victoria supported technical education as a means of improving the industrial

capacity of the country. However, in general, technical education was not significantly expanded until the Great Depression when day classes opened in Sydney and Newcastle.

During the Great Depression unemployment reached alarming levels bringing about significant expansion in technical education. Day and evening classes were offered in a number of commercial subjects such as English, arithmetic, shorthand and typing, accountancy and local government clerkship. These courses mainly served to constructively occupy people as well as providing them with the skills to gain employment.

The next significant period for the expansion of technical education was the period around the Second World War; from 1939 to 1949. In NSW the technical education system trained personnel for the armed services and then retrained them after the end of the Second World War. By the end of 1950 around 50,000 ex-service personnel had been through professional trade and vocational courses. The Second World War also brought about significant change to the focus of training. A large number of women were trained for traditionally male occupations to assist with the war effort. As a result, technical education became an increasingly accepted part of the education system and its status was significantly improved. Finally, with the passing of the Technical Education and NSW University of Technology Act in 1949, the Department of Technical Education was created (Walsh, 2000).

Another effect of the Depression years was to encourage policy makers to think for the first time of the role of the Federal Government in technical education. The experience of two wars and periods of post-war reconstruction also showed how technical education could be provided as a national entity. Still, it was several years before technical education got onto the political agenda.

After decades of neglect, except during periods of emergency, technical educators were becoming increasingly dissatisfied with the lack of recognition of their potential contribution to the education system and the highly inadequate financial assistance from the Federal Government. At the same time there was a significant shift in community opinion which saw room for a more active role for the federal government in many social areas where it had not been previously active. The issues with technical education were exacerbated by the neglected treatment it felt it had experienced at the hands of policy makers largely focussed on the needs of the higher education sector.

The Whitlam Labor government of the 1970s took a different path to the past in matters of political style, policy and institutional innovation in a large number of areas. One of those was vocational education. The Labor government established the Australian Committee on Technical and Further Education (ACOTAFE). This committee was led by Myer Kangan

and its 1974 Report on Needs in Technical and Further Education is to this day remembered as the Kangan Report.

The Kangan Report examined needs and priorities in technical and further education and set out the roles and the mission of what is now known as the TAFE system. The report recognised the importance of technical and further education as an integral part of the nation's education system and saw its primary role as the development of the individual rather than merely the development of skilled manpower. Other themes of the report included the need to provide opportunities for recurrent education to people throughout life, the need to link general and vocational education, the need to create pathways in education and training, the need for flexible delivery, and the need for research and data collection. It made series of recommendations, particularly in relation to funding.

It had taken a long time for technical education to have government attention focussed on it and the processes in achieving this were fragmented and drawn out. Nevertheless, with the implementation of the Kangan report recommendations, a period of twenty years of significant change for the TAFE system commenced.

The Kangan report is arguably the most important milestone in the development of TAFE. For the first time technical education, under its new name 'TAFE' had acquired a status and a charter and its place within the education sector was firmly recognised. Although the philosophy put forward in the Kangan report has recently been criticised as being outdated, the Kangan definition still has not been replaced by anything better. As Ryan (1982 cited in Smith and Keating, 2003, p 9) points out, the Kangan report provided TAFE with an ideology,

...one which dismissed crude distinctions between technical and humane studies, discounted a narrow vocationalism as TAFE's sole charter, asserted its equality of esteem with other educational sectors as well as its distinctive character and especially stressed the role of TAFE in providing access by all to post-secondary education.

Many of the components of the sector recognised by the Kangan were consolidated later in the 1970s by the Commonwealth Whitlam and Fraser governments. Individual opportunity and social improvement became important philosophies and widely used clichés. Acceptance of the Kangan report recommendations also gave TAFE access to Commonwealth funds for both recurrent purposes and for capital works. Without this injection of Commonwealth funding for new buildings, staff development, libraries, curriculum development and research, the transformation of TAFE would have been

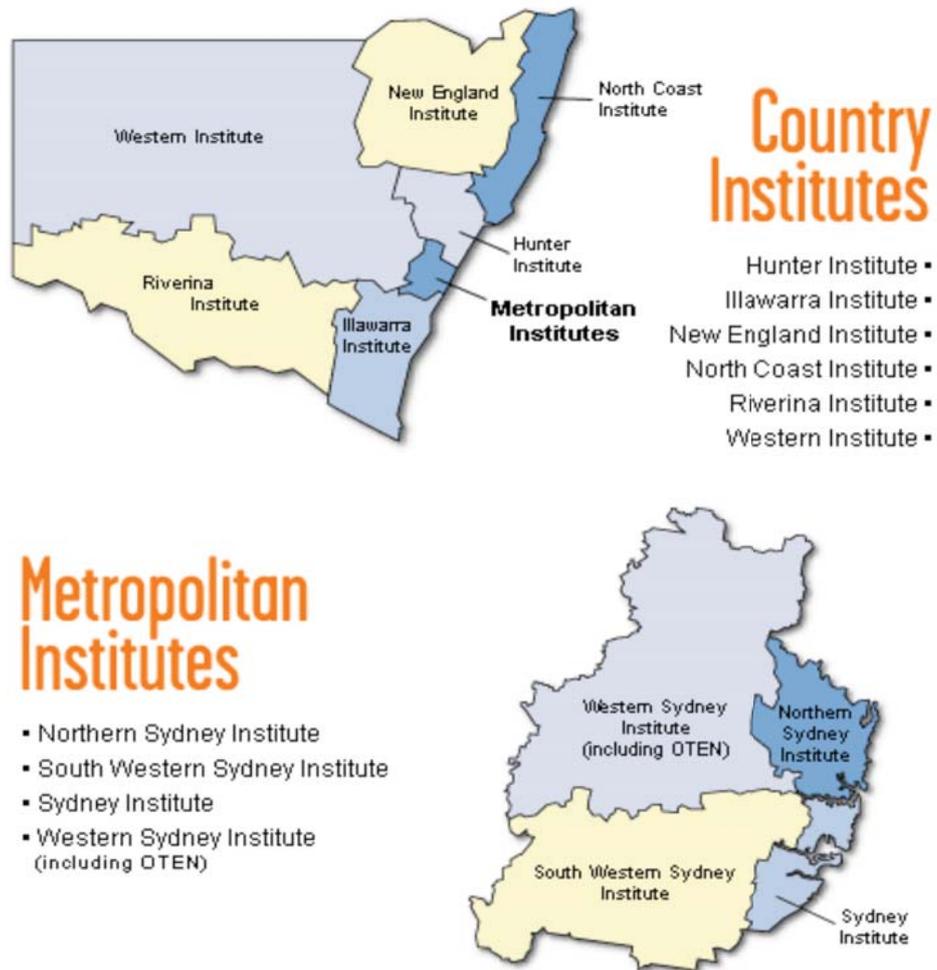
impossible to achieve. The Kangan report was also the driver for the development of a national identity for TAFE. Although TAFE remained the responsibility of State Governments, the injection of Commonwealth funding put TAFE on the national agenda. The establishment of national bodies such as the Australian Commission on Technical and Further Education and later the Commonwealth Tertiary Education Commission led to the development of national TAFE policies and standards (Australian College of Educators, n.d. p.2).

As a consequence of the Kangan report, the period from 1975 to the early 1980s was one of growth for TAFE in NSW and across Australia. However, despite considerably increased funding and expansion TAFE still struggled for recognition of its status as an education sector in its own right. The economic crisis of the mid 1980s was the next driver for government and industry to jointly explore a more comprehensive reform agenda (Smith & Keating, 2003).

The microeconomic reform initiatives commenced to enhance Australia's ability to compete in increasingly globalised markets, were largely geared towards improving work practices in both public and private enterprises. The national reform of vocational education became closely linked to the microeconomic reform agenda due to the need to improve the skills and competitiveness of the workforce.

In 1990 an Act of Parliament replacing the Department of Technical and Further Education with the NSW TAFE Commission was passed. This led in 1992 to the restructure of TAFE colleges into a system of 24 regional networks which were subsequently restructured into 12 Institutes. In 2006 a number of Institutes were merged leaving six regional and 4 metropolitan institutes, and ten in total. Collectively, these 10 Institutes deliver courses at more than 130 metropolitan and regional campuses. Their locations are illustrated in Figure 1 which follows.

Figure 1: Current Country and Metropolitan TAFE Institutes in NSW



The TAFE Commission Act also restructured the pre-existing 24 Schools, which had previously been responsible for curriculum development as well as teacher recruitment, promotion and professional development, into 13 Training Divisions with responsibility for industry liaison and course development. Recruitment, promotion and professional development became the responsibility of the Institutes. The Training Divisions have subsequently been reviewed several times and are now known as Curriculum Centres – a name that more accurately describes their role in the 2000s.

By 1993 NSW TAFE was providing over 40% of the national training effort making it the largest training provider in Australia (NSW VETAB, 1997). In late 1995 TAFE was placed under a newly established Department of Training and Education Coordination (DTEC) together with several State adult education and training organisations such as the Adult Multicultural Education Services (AMES) and Adult and Community Education (ACE) providers. In 1999 DTEC was merged with the Department of School Education (DSE) and

was renamed the Department of Education and Training (DET). Currently, this department oversees primary and secondary schools, AMES, ACE and TAFE.

The restructure into DET resulted in the joining of many of the TAFE and DSE central functions such as finance, planning and staff training, and a significant reduction in staff in those areas. Despite these alterations to the structure of the TAFE hierarchy, the teaching and learning processes and the day to day activities of the teachers have remained largely unaffected (Walsh, 2007).

By the end of the 20th Century TAFE NSW was providing courses to more than 450,000 enrolments through a wide range of flexible study options. Only around 10 per cent of TAFE NSW students are full-time, with a large number studying online or from home or work. Training is organised for specific industries and businesses, and can be conducted on and off the job. TAFE NSW students are mostly employed and from diverse backgrounds. Also, thousands of school students study VET courses as part of their HSC; and thousands of older students study for their HSC through TAFE NSW (www.tafensw.edu.au/about/history.htm).

The predominant current characteristics of TAFE Institutes, their students and staff are:

1. Their programs are:

- Work related. They are targeted predominantly at the operative, trade and paraprofessional occupations and largely competency based.
- Largely determined by industry. The Industry Training Advisory Bodies determine competencies students are expected to acquire. These are listed in Training Packages which are endorsed for national usage by the ANTA. Where Training Packages do not exist TAFE NSW accredits its own courses under delegation from the Vocational Training and Accreditation Board (VETAB) or through the State's Higher Education Accreditation System.

2. TAFE Institutes are:

- Principally serving local and regional markets. They place great emphasis on being accessible rather than exclusive. They are very diverse in terms of field of study and the age range and background of their students and they straddle the university, secondary school and industrial training sectors. This has sometimes meant that TAFE Institutes have not found a clear market position they are truly comfortable with.

3. The Students of TAFE Institutes are:

Predominantly part time. They represent a wide age range from 16-70 with a well balanced gender distribution (50/50) and come from a wide range of social and economic backgrounds with 20 per cent born overseas. Over 2 per cent are indigenous, 4 per cent have a disability and 18 per cent have a language background other than English. The majority of the students however, have parents classified as being involved in clerical, skilled manual and unskilled occupations (NCVER 2005).

4. TAFE teachers are:

- Recruited as much for their industry experience as their educational qualifications; primarily focussed on teaching with a limited involvement in industry consultancy.

Currently, 31% of the workforce has a VET qualification and 18% have university qualifications. In terms of contribution to the skills levels of the workforce and the general population and thus contribution to human capital formation and the productivity of the economy, clearly the role of the VET sector is critical (NCVER 2005).

In the modern economy, job prospects and incomes are closely linked to a person's personal and professional skills. Firms' productivity, competitiveness and profitability are also largely determined by their ability to develop and effectively deploy a skilled workforce.

The recent Independent Pricing and Regulatory Tribunal of NSW review of the State's skill base, 'Upskilling NSW' (IPART 2006), identified the future challenges for the NSW VET system's publicly funded programs over the next 20 years. Of these programs, TAFE NSW is the primary provider. The review identified that the NSW Government needs to recognise TAFE NSW as a key partner in the state's economic development and that at the same time TAFE NSW needs to:

- shift its focus from vocational education and training to the broader concept of 'workforce development', so it that it also helps to ensure the skills it provides are used and applied in the workforce;
- seek opportunities to work with industry to affect change in how labour is used and to foster career development and lifelong learning;
- develop a system-wide entrepreneurial culture within its Institutes; and

- be able to meet the needs of individual learners particularly those who are disengaged from work and education.

(IPART Review, 2006, p. i)

The IPART report (2006, p.v) suggests that positioning TAFE NSW to assist NSW to maintain and further develop a highly skilled workforce and thus achieve better economic outcomes, will require a broader, more sophisticated response than traditional approaches to skills creation. It requires a shift in the focus from vocational education and training to the newer concept of 'workforce development'. The report defines workforce development as meaning the capacity of individuals to participate effectively in the workforce throughout their whole working life, and increasing the capacity of firms to adopt high-performance practices that utilise and support the further development of their employees' skills and value. (2006, p.v) Workforce development would require the VET system to work closely with individual firms, clusters of firms and other partners, to enhance the adoption of practices that result in high performance the identification and implementation of high-value-added and innovative product and service strategies, and the development of new approaches to employee relations, job design and career development.

TAFE NSW, as the major publicly funded VET provider in NSW, will need to take a strong leadership role in re-focussing on workforce development. So this means further changes as it becomes a recognised partner in the state's economic development, seeks opportunities to work with industry to affect changes in using labour more effectively develops a system-wide entrepreneurial culture within the Institutes and puts increased focus on flexibility to meet the individual needs of highly and increasingly diverse clients.

If adopted, the IPART review recommendations would enable much needed and long overdue further reforms that will enable TAFE Institutes to meet the future challenges. The key changes it recommended are:

- adjusting funding arrangements, to enable TAFE institutes to implement strategies for meeting the long-term skill needs of the state and to allow and encourage the development of an entrepreneurial culture;
- providing Institute Directors with more operational flexibility, to ensure TAFE Institutes can remain competitive in the future and to realise the potential for higher levels of productivity, innovation and responsiveness to evolving needs;
- refining planning arrangements, to provide for a single state plan that is linked to the state's regional and economic policies; and

- using performance measurement to drive improved efficiency and effectiveness and increase accountability for publicly funded VET.

TAFE and the national VET system

As already indicated, for TAFE NSW in the decade of the 1990s there were also significant changes in the vocational education and training (VET) sector nationally. In fact, the more recent restructuring of TAFE NSW is largely a response to, and cannot be viewed separately from, the national reforms occurring from 1980s onwards.

In the late 1980s the Australian economy was becoming increasingly more exposed to developments in international markets. In order to be competitive in the international economy, industrial reforms were seen as necessary. In 1987 the Australian Council of Trade Unions published the report, 'Australia Reconstructed', which analysed the implications of the internationalisation of the Australian economy. This report advocated a planned rationalisation and development of the economy to be carried out by business, government and trade unions working together, laying the foundations for the 'accord' between the three parties.

At the same time Federal and State Governments had embarked on a number of reform initiatives to ensure the economy was internationally competitive. The strong linkages between industrial reforms and technical training became more explicit through the award restructuring process. Reform of the industrial relations system in Australia frequently paralleled proposals for vocational education reform.

'Vocational Education and Training' (VET) became the term associated with both the private and public components of the sector, and the national nature of training was strengthened. The National Training Board was set up to maintain and oversee the industry and the competency-based components which had become such important features of the system in the 1980s. The Australian National Training Authority (ANTA) was established in 1992 by the reformist Commonwealth government to provide a national focus for the entire VET sector. The creation of ANTA set the framework for institutionalised innovation at a national level. The New Apprenticeship system and Training Packages were established as innovations responding to the new national strategy and to the changing face of the industry.

Training packages describe the skills required to be employable within a particular industry. The competencies are identified and validated through extensive consultation with

stakeholders within the industry. The group of competencies for that industry are then endorsed by Commonwealth, State and Territory Governments and approved for use throughout Australia.

By the year 2000, and with the Australian Qualifications Framework and the Australian Recognition Framework facilitating a national approach, 'choice' and 'flexibility' had become essential features of the delivery of vocational education.

The Australian Quality Training Framework (AQTF) sets out the standards that all RTOs must comply with and outlines the regulatory arrangements for all States and Territories. This essentially makes it the driving force of the national system; the key mechanism for achieving national consistency and for mutual recognition of the registration and accreditation decisions of States and Territories.

The National VET system involves the interaction of students, employers, the Australian State, Territory and local governments (as both purchasers and providers), and an increasing number of private and Community Training Providers. Students access a diverse range of programs and qualification levels, with course durations varying from a module or unit of competency of a few hours to full courses of up to four years and .advanced diplomas. Types of training range from formal classroom learning to workplace-based learning and may include flexible, self-paced learning and/or online training, often a combination of these.

The main reasons that students participate in VET programs are to:

- Obtain a qualification to enter the labour force;
- Retain or update their capacity to participate in the labour force;
- Develop skills, including general education skills such as literacy and numeracy, to enhance their ability to enter the labour force; and
- Provide a pathway to further tertiary education, including entrance to higher education.

(Steering Committee for the Review of Government Services Provision 2007, p.54)

The Commonwealth's position is that the challenge for Australia is to further strengthen and improve the national training system so that it delivers what Australian businesses, communities and individuals need to build their own personal, and Australia's collective, economic and social prosperity. The Introduction of the new legislation by the Commonwealth government, the Skilling Australia's Workforce Act 2005, frames the government's aims for the national vocational and technical education system. Underpinned by the new legislation, a new agreement of cooperation was signed between

the Australian Government and all State and Territory governments towards the end of 2005 to maintain an effective national training system that delivers high quality nationally consistent training outcomes for industry, communities and individuals.

In 2004 there were 68 publicly funded TAFE Institutes, 518 community education providers and 10 agricultural colleges, and other government providers throughout Australia. There are now in the order of 1300 private training organisations registered to provide vocational and technical education. Within this National VET system, NSW is the largest provider, with 37.9% of all Australian VET qualifications being completed by NSW students in 2004 (NCVER, 2005).

While Australia has been developing institutions for provision of vocational education and training for most of its history, only in the last half of the twentieth century, vocational education has become an issue of national policy. Since then the process of building the Australian Vocational Education system has been closely linked to the way in which Australian Federalism operates. Vocational education has been an ongoing and sometimes contested issue in Commonwealth-State relationships. As Ryan (2002, p.172) comments, the trends have been towards an ever increasing centralism and an overwhelming financial and policy dominance by the Commonwealth.

The Australian VET system is continuing to change to respond to new challenges. Commonwealth and State Governments are adopting ideas and policies that require TAFE Institutes to work in new ways. Change itself is nothing new in VET. What is different now is the pace and extent of change. It is happening rapidly and it is wide-ranging. In these fluid times it can be very hard to keep track of the new ideas and policies and the way they shape the work of TAFE Institutes and their staff.

Contemporary TAFE NSW

In 2003 the NSW Department of Education and (DET) was restructured following release of the report, 'Lifelong Learning – the Future of Public Education' in NSW. This argued for reshaping public education in NSW to create a 'whole-of-life' education provider that is more responsive to community needs. It also proposed that schools and TAFE institutes would continue to provide the same high quality education services as at present, but would further improve those services through the better sharing of expertise and resources.

The Lifelong Learning restructure of 2003 identified the potential to streamline and share corporate services processing across TAFE Institutes and schools in order to address

Government corporate service savings imperatives without reducing core service delivery to the community. It was argued that the State education system needs to be more regionally and community focussed and schools and TAFE institutes need to have the authority to make this happen. Best practice models for cross-sectoral cooperation need to become the norm. Structures, business processes and educational support services need to be transformed to recognise that the support to teaching and learning is core business for all DET and TAFE Staff.

TAFE NSW wore the brunt of the restructure in terms of resource sharing. TAFE Institutes were given responsibility for the provision of shared corporate services for the schools in their regions. The existing HR, Finance, Administration, ICT and Properties units within each Institute had their briefs widened to include responsibility for the schools in their regions. Unfortunately there was not a corresponding expansion of their budgets.

The senior managers within the TAFE Institutes with responsibility for shared corporate services effectively have to serve two very different customers with very different cultures. Schools are typically hierarchical and status based while TAFE has a more customer-oriented focus and devolved decision making.

The support of teaching and learning in TAFE includes those business approaches and support functions that enable individual teaching sections, TAFE institutes and TAFENSW as a whole to respond quickly to commercial opportunities. Such activity is part of the core business of TAFE teaching sections, enabling them to service their industry and communities – as the TAFE charter requires – whilst generating external income to meet demand for growth in mainstream and equity programs for individuals. The commercial income of institutes and the resulting equity balances are critical for TAFE institutes in meeting their targets and delivering the major part of the State Government's commitments under the ANTA agreement. Also, as TAFE is one of the agencies with a capacity to generate significant commercial and international income, changes that undermine these capabilities may have broader implications for the State's budget and delivery of its other commitments.

The TAFE institutes were successful in mounting strong support for maintaining their existing boundaries and core delivery. However, they were less successful in the introducing shared corporate services. Hence 10 regional structures for schools and TAFE institutes were implemented to meet the Government budget imperatives with Regional Directors responsible for schools and Institute Directors responsible for their Institutes. However, the restructuring saw the Institute Directors being also responsible for the

provision and delivery of shared corporate services to schools in their region. As part of shared services, Regional HR Managers, of which this researcher is one, are responsible to the Institute Director for ongoing contemporary HR leadership and practices across TAFE and Schools, aligned to both Departmental and local business goals and objectives.

TAFE Institutes are the key providers of publicly funded VET throughout NSW. TAFE activity consists of core Annual Student Hours (ASH) and non-core commercial ASH. Core VET activities are funded by the Commonwealth and State Governments as direct Treasury allocations while the student administration charges/fees, along with miscellaneous income from a range of diverse sources, are minor allocations. Non-core and commercial activity generates funding from training costs borne by individuals or organisations undertaking commercial activities, from other Government Departments/Agencies, enrolments by temporary visa holders, overseas student fees and TAFE delivered VET in schools.

Over time, there has been a shift to output/outcome based funding. Commonwealth funding is now conditional on States meeting a range of targets. As a result, DET funding has become conditional on meeting all the targets and Institutes are held accountable for outcomes.

From 2007, TAFE NSW Institutes are delivering training services within an entrepreneurial environment based on a purchasing agreement for delivery of publicly funded core ASH with the Deputy Director-General TAFE and Community Education. The performance agreement defines delivery, price and performance outcomes. This has major implications for TAFE Institutes. The purchasing agreement signals significant cultural change by moving institutes from an allocation model to a purchaser provider model. Up until 2007 an allocation model with no responsibility for achievement of outcomes and no sanctions if delivery was not achieved was utilised, whereas now the purchasing agreement puts the responsibility on the Institutes for achievement of outcomes.

Another issue is that the budgets are often not allocated until well into the calendar year. This poses major difficulties in terms of knowing what resources are available. Furthermore, Government funding has been decreasing necessitating greater need for generation of external income to meet the gap.

TAFE Institutes now have to operate as business entities in their own right and openly compete in the training market in line with their goals and strategies associated with their growth and development. This requires a strong business approach to Institute operations including the creation and maximisation of customer related value along the product

development and delivery chain. This need was highlighted particularly in the report by Schofield (2000), *The Next Generation, Report of the Review of Product Research and Development Processes and Policies in TAFE NSW*, and the *Third Generation Implementation Report (2002)* that supported it. To ensure maximised value, future Institute structures will need to reflect a form that will facilitate growth and development and incorporate only those functions required to achieve it.

As reinforced by recent NCVER (2006) research and ANTA's (2003) own strategic directions, VET organisations, including TAFE Institutes, will need to become even higher performing organisations that are driven by demand and market expectations, not supply. TAFE NSW is facing a level of competition it never has faced before, a theme that will be further elaborated in the following chapter. Its customers have higher expectations and they are certainly not afraid to say so.

There has been a move away from a 'one size fits all' approach to developing more customer oriented TAFE. This requires shifting attention away from meeting bureaucratic and organisational needs and focussing on citizens, customers, individuals. Institutes now have to deliver services to their clients with the speed and features they require, and must have the authority and control to meet client expectations.

In this context, TAFE institutes will need to become responsive, flexible and adaptable by focusing on product development and delivery determined by business and market intelligence as a result of a managed relationship with students, local communities and businesses. Flexibility and responsiveness are largely determined by the nature of the self determination and independence of the Institutes and their responsibility for functions that foster nimble and locally relevant business responses. Many of TAFE's business support functions typically have been managed on a whole of TAFE system basis, which has given TAFE considerable advantages in the past. The extent to which these systems enhance or limit institute responsiveness at the present time must be considered if the Institutes are to be positioned to meet the challenges they face.

It must be remembered that unlike schools, TAFE customers are driven by need and choice beyond traditional physical boundaries, purchasing products from TAFE institutes of their own volition and not by compulsion. To be effective in this market-oriented environment, TAFE Institutes must have access to those strategic capacities and capabilities (in terms of people, products, systems and processes) needed to maximise value for the customer and ensure their ongoing satisfaction and custom.

As ANTA (2003, p.10) points out:

RTO's must have the support services, technology, buildings and business systems to provide high quality, client-focused products and services.

This is where contemporary HR management can support the maximisation of value within the Department. In response to market conditions, Regional HR units have become more internally customer focused, more administratively efficient (through the use of benchmarking initiatives) and integrated within Institute systems, and also more strategically positioned - supporting the line management in the achievement of Institute goals.

Since the establishment of regional shared corporate services there has been significant achievement in terms of aligning the school and Institute cultures within regional HR frameworks. However, while human resource managers are clear about their role in terms of strategic leadership in shaping regional cultural change, there is less clarity around their relationship with the DET HR Directorate, particularly in the areas of whole of organisational strategic focus and direction setting.

All TAFE Institutes also have their own identify and culture which directly reflects the demographics of their own region and marketplaces. The Institutes' ability to respond strategically to the needs of its diverse range of customers in a highly competitive environment is contingent upon building the capability of its entire staff and in particular of its teaching sections. As Ulrich (1997) contends, this capability building is maximised when HR works as a strategic partner, change agent, administrative expert and employee champion and is integral to all aspects of operations. In addition, holistic quality improvement and innovation is more than the International Standards Organisation (ISO 1901-2000) compliance. It is a direct enabler of business strategy and goal realisation. Organisational development and improvement have direct linkages with staff, process and system improvements and development. In short, the institutes have cultivated enormous business shifts around increased flexibility, responsiveness, enrolment growth, and income generation and efficiencies as a result of culture change.

Key issues facing human resource practitioners in the VET sector

Market forces, growth, reduced funding, rapid change and other external pressures have impacted particularly on issues of leadership, workplace reform, and the need for flexibility. Leadership development in a systemic manner requires the TAFE sector to adopt a more strategic and corporate approach to organisational development and human resource management. These observations suggest there is not a consistent strategic approach which actually connects leadership development to the broader strategic planning, strategic human resource management, organisational development initiatives and culture shaping activities.

Another issue facing HR managers is one of workforce renewal in the context of an ageing workforce and the potential loss of TAFE Institutes' skill base and critical organisational knowledge in the next three to five years has been identified and talked about through NCVET research and the Institutes themselves. There is no doubt TAFE Institutes must put in place more strategic recruitment programs which find new ways of recruiting and retaining highly skilled replacements, identify innovative ways of working, and establish initiatives to share knowledge between older, more experienced people and new staff. Clayton (Campus Review 2005, p.7) sums up this point by reporting that,

...[m]any senior managers in TAFE organisations are trying to work out how they can encourage a broader range of age groups because they are concerned to achieve a better age balance.

The research by NCVET (2005) into the TAFE manager's perspective (2005) highlights that knowledge loss and skills development are very much at the forefront of people's minds. TAFE managers are concerned that reductions in funding means less targeted technical professional development is available for people while at the same time the institutes are expected to be more flexible and responsive.

In strongly unionised environments, TAFE Institutes need to work hard to find new ways of working that meet individual and organisational needs. The implications of ageing and knowledge loss are serious issues for institutes, policy makers and senior managers and pose a major challenge for HR practitioners.

The Human Resource Management Issues paper released by NCVET (2006 pg 27-29) shows that the VET system faces a number of critical challenges in the future development

of the workforce. Harris et al (2001) found that the major challenges facing the VET sector in terms of workforce development included operating in a competitive market, keeping up to date with and understanding changes in the sector, flexible delivery, working with training packages and using technology. Many of these challenges have been addressed through national programs of staff development such as Framing the Future and its successor, Re-framing the Future, and LearnScope. More generally TAFE Institutes have put in place at the level of their institutes various initiatives in staff development and human resource management to address these challenges.

Clayton et al, (2005) have shown that TAFE managers are acutely aware of the problems associated with the rapid ageing of the workforce and the loss of expertise and knowledge that accompanies this. The NCVET research (2006) found that TAFE institutes are using a variety of methods including careful recruitment and selection, training and knowledge transfer procedures to address the loss of knowledge that is affecting the sector. However, it also concluded that TAFE institutes were, by and large, not aware of the human resource management policies used outside the education sector in the broader business world to address the issue of workforce development.

In relation to the impact of flexible delivery on human resource management in TAFE three researchers (McNicole and Cameron, 2003; Palmieri, 2003) found that:

- Employer relations in TAFE institutes are governed by certified agreements. These agreements are made with the relevant unions and struck at institute, regional or state level.
- There has been a shift towards greater teamwork with the adoption of flexible delivery. The composition of the workforce has changed significantly as TAFE institutes hire more tutors, and workplace trainers to work with clients often off site providing on the job training.
- Increasing flexibility of the workforce through the employment of sessional, part time casual and new types of teaching staff, recruitment and selection has emphasised adaptability and generic skills and the ability to work in team rather than the conventional specialist skills in teaching content areas.
- Performance management is practised in most TAFE institutes and it gradually being brought into alignment with the business plans and strategies of TAFE institutes.

- There have been moves to measure work performance in a variety of work settings as staff more frequently work outside the institute.
- Professional development has been an area of major change in human resource management in TAFE institutes. This has been the result of national programs such as Re-framing the Future and LearnScope which have had the implementation of the national training system and flexible delivery as their main focus.
- These developments are changing the nature of work for the TAFE teachers.
- Job design has changed with the move to flexible delivery. Job specifications have become more open, emphasising generic skills and the need to adapt duties to the needs of clients. A particular concern with the increase in flexible delivery has been the negotiation of workloads of staff.
- The changes in human resource management practices in recent years indicate that human resource management in TAFE system is moving quickly from a centralised bureaucratic “personnel” model to more locally-negotiated and flexible human resource management model. With issues of performance management, professional development and recruitment becoming more important to human resource managers in TAFE institutes the move has been towards more capability driven model of human resource management.

The TAFE sector is in a state of transition in human resource management. Centralised structures remain in place in many areas. Centralised human resource management structures have tended to take a personnel administration orientation rather than a modern human resource management orientation. So the emphasis in human resource management has traditionally been on employee relations and the development of agreed and centralised personnel policies that govern the terms and conditions for staff in the sector. McNickle and Cameron (2003) and Palmieri (2003) highlight that TAFE institutes are gradually taking more control of human resource management at the institute level and introducing greater flexibility into the management and development of people.

As observed by Smith (2006 p.2), the key elements of the new human resource management in VET sector include:

- much more careful selection and recruitment;
- high level of training and staff development;
- team working;
- better communications between staff and management;

- extensive use of teamwork;
- introduction of performance management; and
- encouragement of employee suggestions and innovation.

Policy interventions and initiatives that require compliance have considerable influence on management and leadership within VET sector. The variability and uncertainty of the policy environment where new initiatives appear regularly create particular pressures for TAFE HR managers, as is increasing uncertainty over the reliability of government funding.

Excerpts from Section 3 of Human Capital Reform: a report by the Council of Australian Governments (COAG) National Initiative Working Group which was released in February 2006, suggest that:

- A common concern of Australian business is the limited focus on current VET system on generic (employability) skills that are relevant across occupational groups.
- Skills development should involve more coherent links between schools, VET and higher education sectors.
- Informed choice for individuals and businesses would be enhanced by a more systematic approach to information provision throughout the VET system. This could include better information on careers advice, workforce planning and provider performance.

Summary

This chapter has highlighted the significant transformation undergone by the technical education system in Australia and NSW over the last 120 years. The VET sector faced significant challenges in establishing its identity and place in the overall education system. The various and often fragmented reforms have been driven by broader social and economic forces and shaped strongly by Commonwealth-State interrelationships.

The two World Wars and the Great Depression played a significant role in the expansion of technical education. However, it was largely the Whitlam Labor Government's drive to provide access to post-secondary education for a larger portion of the population and the recommendations of the Kangan report, which saw technical education acquire its status and have a recognised place in the education sector. The injection of Commonwealth funding and the establishment of the Australian Committee on Technical and Further

Education (ACOTAFE) were also significant in development of national policies and standards.

The microeconomic reform initiatives of the late 1980s highlighted the need for a more skilled and competitive workforce and provided a strong impetus for technical education. The establishment of ANTA in 1992 provided a national focus for the VET sector and set the framework for institutional change at the national level. The new Apprenticeship System and Training Packages based on clearly defined competencies were established.

By 2000 the AQTF had been developed setting out the standards and regulatory arrangements for all states and territories, as a key mechanism for achieving national consistency.

Today, the TAFE NSW provides a wide range of courses to a diverse group of students. Programs are largely competency based and work related, delivered through Training Packages endorsed by ANTA. Students of TAFE NSW are predominantly part time, with 50/50 gender split, and from a wide range of social and economic backgrounds. Teachers are recruited as much for their industry experience as their educational qualifications.

It seems throughout the various restructuring initiatives in relation to the technical and school education system in NSW, TAFE NSW has been affected significantly more than the school education system. The TAFE Institutes were given the responsibility for the delivery of shared corporate services to schools in their region without any adjustments to their budgets. The necessity to generate more income due to decreasing government allocations has meant the adoption of more commercial approaches. Both the state and national reform directives have required the TAFE institutes to become higher performing organisations driven by demand and market expectations.

Market forces growth, reduced funding, rapid change and other external pressures have impacted particularly on issues of leadership, workplace reform, and the need for flexibility. This creates a range of challenges for human resource practices in the VET sector, including more careful recruitment, high level of training, better teamwork, better communications and introduction of performance management.

Via a review of the pertinent literature, the following chapter examines more broadly challenges facing organisations undergoing transformational change. The factors impacting on the TAFE NSW Institutes causing them to respond by reshaping their internal structures are a major focus, as is the development of a conceptual framework that attempts to

illustrate how organisations can transform from top-down hierarchies to 'flatter', more open, flexible and adaptive systems.

Chapter 3: Organisational transformation and the VET sector

Introduction

Given the rapidly changing environment in which TAFE institutes have been operating of late, significant changes in their structure, focus and direction have occurred. For a start, radical new structural arrangements aimed to facilitate the new directions have emerged and new mindsets and training at all levels of personnel have needed to be developed. While some new directions have been welcomed, not all changes have been met with favourable responses.

Much of the literature on organisational change, while extensive, often portrays the term too superficially or simplistically. It is argued here that organisational change is a very complex issue, as it involves a shift in the status quo which, in turn, affects the structure, culture and resources of the organisation in transition (Härtel et al 2007, p.67). Radical change (as opposed to planned, unplanned or incremental change), as was experienced in the TAFE institutes under scrutiny in this study, typically involves a major shift from the status quo by restructuring which impacts particularly forcefully on the role of HR managers as well as inducing high levels of insecurity in all members of the organisation. Restructuring, as we have already seen, is usually aimed at increasing efficiencies, adapting to changing market demands and maintaining a market edge (Härtel et al (2007, p.69).

The ability of TAFE institutions to transform their traditional hierarchical structures into more open and flexible systems and adjust readily to the rapidity of changing environmental demands depends on many factors, not least of which are what institutional barriers to change exist and how effectively change is managed. With these considerations in mind, the literature reviewed in this chapter concentrates mainly on the themes of why organisations need to change (what initiates change), types of organisational change, major barriers to change, restructuring as a response to change and theoretical constructs related to organisational transformation that aims to create more 'open', adaptable and flexible systems. Arising from the literature reviewed, a conceptual framework is developed that integrates concepts from various theories that are particularly pertinent to transformative change, the key focus of the study.

Initiators of change

The increased focus on the external environment as opposed to the internal environment in terms of VET products and services highlighted a number of key influences on leadership and management, initiators of change with which the TAFE institutes must contend. Mulcahy (2003, p 6) identifies seven key forces which are:

- *The changing work environment:* 'People are working harder and stress levels are rising'.
- *The changing policy environment:* 'One person (is) employed full time now working...(on) Commonwealth Government compliance issues, tax issues, paperwork issues, forms, all of these kind of things'.
- *Increased administrative responsibilities:* 'We've got checklists for just about everything that exists'.
- *Reduced government funding:* 'You have this vision for where your organisation is likely to be with absolutely no certain that there will be any funding support for that'.
- *Increased expectations regarding corporate connections/industry links:* 'You have got to have the sort of attitude of wanting to work with industry'.
- *Increasing use of technology and e-commerce:* 'Reusable learning objects is one of the newer kinds of directions in online learning'
- *Increasing expectation in relation to links with other sectors, agencies and organisations:* for example, universities, schools, adult community education providers: 'We have a lot more relationships with other training providers in alliances'.

Many reasons exist as to why organisations need to change. These include customer demand, competitive pressures, challenges of growth (especially in global markets), market trends, technological developments, government initiatives, reduced funding and demands for greater accountability. Some changes in educational fields in the past thirty years such as the emergence of the knowledge-based society, globalisation, emphasis on lifelong learning and learning pathways have been so significant and so pervasive that many terms used to describe and respond to them have now entered into common parlance (Schofield, 2000, p.4).

Many of the reasons for change mentioned above initiated change in the VET sector of NSW and, as a result, TAFE institutions have undergone significant structural and cultural transformation. In the broader context, the main stimuli for change in the VET sector of late include:

- Public sector reform;
- The move from state regulation to market competition;
- The impact of globalisation;
- Changing government policies at state and national levels;
- Declining recurrent State funding;
- Technological advances; and
- An ageing workforce.

Public sector reform

Australia, as elsewhere, is witnessing a continuing corporatisation of the public sector brought about by the replacement of principles and values of democratic government with those of managerialism and market discipline (Meek, 2001, p.33). These developments are accompanied by the trend towards the deregulation of industry and the commercialisation and privatisation of key government assets. According to Viljoen (2003), deregulation has effectively blurred the distinction between public and private sectors, resulting in a fundamental rethinking of the nature of public sector activities. It is in this context that the hierarchical structure and systems of TAFE NSW are being challenged to change and transform into something more fluid and responsive.

The move in the 1990s to align public sector institutions with business corporations largely reflected the Australian Government's neo-liberal economic, New Public Management (NPM) agenda that regarded the business model as superior in terms of assuring greater efficiency and accountability, and more effective in managing financial and human resources.

The political, economic, societal and technological shifts of the past two decades and their impact upon public sector organisations through the development of the New Public Management thrust with its adaptation of private sector concepts of efficiency and responsiveness, has added to the expectations of public sector managers to get most out of the resources available to them, and to be more accountable for organisational performance (Osborne and Brown 2005).

During the 1970s and 1980s, management reforms were seen as offering a mechanism for overcoming the deficiencies of the traditional bureaucratic model of public sector and for developing an alternative management framework more suited to the increasingly competitive global economic environment (Metcalf and Richards, 1992; Osborne and Gaebler, 1992, Hughes, 1994;). Meek (2001 p.46) provides a comprehensive review of public sector reform and draws attention to the fact that criticism of the direction of public sector reform in Australia should not obscure the necessity for change, that an inward looking public service protected by tenure and rank is entirely unsuited for the modern world of global economic competition, and that there is nothing inherently wrong with making the public sector more efficient, responsive, accountable and flexible.

In his introduction Meek (2001,p.xvi) points that, “...*institutions do not simply respond to pressures and directives arising from their external environment, but actively participate in shaping the environment in which they must function...*” He adds that, “*the New Public Management has championed a vision of public managers as the entrepreneurs of a new, leaner, and increasingly privatised government, emulating not only the practices but also the values of business*”. Like others, Meek assumes that efficiency and effectiveness of service delivery will be achieved through the use of private sector management techniques, such as specifying service objectives and competition for customers, performance, and de-centralisation of decision making and the use of markets to deliver services.

The adoption of strategic management, analysis, choice and implementation in the public sector is subject to a number of influences not faced in the private sector. Viljoen (2003, p.29) puts it simply by saying:

Public sector organisations or departments seldom have a clear link between their level of performance and the budget they receive. This tends to encourage a focus on efficiency (“let’s do things right’) rather than effectiveness (“let’s do the right things’) because being effective may be very costly, will not attract a greater level of funding and is more likely to be subject to public criticism and political pressure.

Another aspect of environmental change that has impacted significantly on all areas of the economy is the trend towards the deregulation of industry and the commercialisation and privatisation of key government assets. According to Viljoen (2003) deregulation has effectively blurred the distinction between public and private sectors resulting in a fundamental rethinking of the nature of public sector activities.

In a word, the key drivers behind the public sector reform process have been a desire for smaller government, improved efficiency and effectiveness, improved responsiveness, a reduction in government expenditure and improved accountability. Whether these have been achieved has yet to be established.

From state regulation to competitive market

Moving from the principle of state ownership to one of market competition has meant a significant shift in TAFE operations. It is only since the early 1990s that TAFE institutes have had to acknowledge they are no longer the sole providers of vocational education and training. Since then, the number of competitors in the VET sector has increased, as has the business acumen of those competitors. Aligned with this phenomenon was a new client focus marked by increasing 'customer' expectations. According to Drucker (2002, p.7), '[t]he purpose of a business is to create and keep customers'. This is a notion that TAFE NSW never had to consider until the 1990s. Prior to then, TAFE was where people went to gain vocational skills and/or qualifications. There was no VET sector, no choice of provider and vocational qualifications were not considered a product to be marketed and sold. Being market driven was a completely new idea for TAFE NSW Institutes. With a long history of being a monopoly, to be thrust into a competitive environment was a significant challenge. For customers (students and their employers) to have the power of choice was an entirely foreign concept.

Dangers are inherent in such competitive market situations and the warning sounded by Ainley and Bailey (1997, p.32) regarding what has happened to many English further education colleges as a result of competition for students, needs to be heeded. As already noted in the preceding chapter, many of these colleges are struggling to survive or are being threatened with absorption into the higher education sector.

Mulcahy (2003, p.19) also points out that the pressures for increases in resource efficiency have been greater in the TAFE sector than in schools, a situation which creates for TAFE institutes particular pressure to behave in more entrepreneurial and outward looking ways. Strong emphasis has thus been placed on the development of individuals and management teams as key elements of organisational success.

In highly competitive markets survival becomes a key factor. The TAFE institutes needed to be aware that organisations which survive and thrive combine their knowledge of industry trends, technologies, emerging consumer trends and developments in competitive intelligence well enough to challenge internal thinking about

the needs of the customer of the future. Organisations capable of doing so position themselves to look ahead and create new markets, products and services of which customers have not even dreamed. TAFE institutes in the early 1990s thus had a long way to go.

In 1995 the Australian Government commissioned a report to address issues related to Australian industry's lack of competitiveness in the increasingly competitive global marketplace. The report, *Task Force Research*, provided a blueprint for change in leadership and management development for Australian industry and the post school education and training sectors. It clearly identified three forces that were shaping the world markets and the nature of the enterprises that were competing in them. These forces were increasing globalisation, widespread technological innovation and pressure on business to customise products and services. The report acknowledged that, as the business environment changes, so do the skills and characteristics required of those employees (managers) who are best positioned to interpret and influence future changes.

The report noted that as enterprises experienced change in the lead up to the twenty first century, those most able to adapt to the changing environment moved away from a structural organisational model towards one that emphasised more behavioural and interpersonal aspects of strategy (*Task Force Report 1995*, p.185-214). The report also noted that a new type of small to medium enterprise (SME) had emerged which was more agile and creative than larger companies. These new enterprises successfully compete using flexibility, speed and innovation. However, their managers require excellent technical expertise and management ability. The Task Force research and consultations demonstrated that in response to these shifts the whole paradigm of management had already changed dramatically bringing with it a new set of organisational requirements. Table 1 illustrates these shifts in thinking and practice. It would be an interesting exercise to analyse what other shifts have occurred in the decade or so since the Task Force presented its findings.

Table 1: 'Old' and 'new' paradigms of management

New Paradigm (mid 1990s)	Old Paradigm
Organisation learning	Organisation discipline
Virtuous circles	Vicious circles
Flexible organisations	Inflexible organisations
Management leaders	Management administrators
Open communication	Distorted communication
Markets	Hierarchies
Product development driven by core competencies	Product development driven by strategic business units
Strategic learning capacities are widespread	Strategic learning occurs at the apex of the organisation
Assumption that most employees are trustworthy	Assumption that most employees are untrustworthy
Most employees are empowered	Most employees are disempowered
Local knowledge of all employees is critical to success and creativity creates its own prerogative	Local knowledge of all employees must be disciplined by managerial prerogative

Source: Task Force Research: University of Western Sydney 1995

From the mid 1990s enterprises, training providers and educational institutions around the world had begun implementing a wide range of innovations aimed to develop managers with the new skills. Investigating management development in Australia led the Task Force (p.xii) to a disturbing conclusion that:

It appeared incontrovertible that Australian enterprises, training providers and educational institutions were not moving quickly enough to address the new paradigm of management. Many of their counterparts overseas, and especially the leaders in various fields of industry and education, were changing more rapidly and more extensively, and would be better prepared for the next century.

The new management paradigm outlined by the Task Force meshes well with what Hartel et al (2007, p.77) define as a 'soft HRM approach' which 'focuses on gaining employee commitment through flexibility and adaptability rather than authoritarian management control'. These ideas will be elaborated further in the analytical framework developed for this study which appears later in this chapter.

The impact of globalisation

The advent of information technology and the digital revolution transformed the world into a global marketplace where ideas, services, and goods became available everywhere at the same time. This development put the power of choice into the hands of customers, changing the terms of competition forever (Kanter, 1995, p.36). Creating consistently better value for customers became important. Doing so required the discipline of systematically obtaining relevant external information from them and acting on this information to stimulate necessary change in organisation providers (Stace, 2001, p.56).

In terms of developing global capability, Kanter (1998) suggests that the greatest challenge for large corporations was to 'learn to dance', denoting the need for strategic and operational agility. 'Thinking big' and 'learning to dance' are two powerful, albeit optimistic, images of the type of strategic challenge and type of response required for public and private organisations to create economic wealth together with the social benefits which can flow from sound economies.

It is also suggested by observers of organisations, that to succeed in this new global era, companies need abundant stocks of human resource global assets – concepts, competence, and connections – which derive from investment in innovation, education, and collaboration (Kanter 1989a, p.20. Kanter (1989a, p.20) goes on to argue that 'winning the new game',

...requires faster action, more creative maneuvering, more flexibility, and closer partnerships with employees and customers than typical in the traditional corporate bureaucracy. It requires more agile, nimble management that pursues opportunity without being bogged down by cumbersome structures or weighty procedures that impede action. Corporate giants, in short, must learn to dance.

It must be said, however, that Kanter's description of a 'winning' organisation was, and still is, far removed from the reality of TAFE NSW. Being agile and 'dancing' are terms almost contradictory to this highly structured organisation.

Changing government policies at national and state level

Further to what was noted in Chapter 2, on June 30, 2005 the National Training System Policy Framework was replaced with new Commonwealth legislation; the Skilling of Australian Workforce Act 2005. This resulted in ANTA ceasing to operate and the Commonwealth linking its funding arrangements with those of the States to the National Agenda.

The national User Choice Policy was originally agreed in 1997. The NSW approach to user choice and the training market has been to introduce competition in training provision where it is sustainable and where it is strategic. The Statement of User Choice Policy (MINCO, 2003) defined user choice as 'the flow of public funds to individual training providers which reflects the choice of individual training provider made by the client.'

Funding of RTOs for training delivered under user choice arrangements has not been without its challenges. Since the development of the NSW User Choice Policy Guidelines in 1998, state obligations under the 2006-2008 Skilling Australia Workforce Agreement have included an increase in user choice budget and expenditure by at least 5% without increasing current funding arrangements (DOC 07 47578 – NSW TAFE Commission Board papers, Sept 2007).

Technological advances

Because the pace of change has sped up in the Internet age to Internet time, it is necessary for individuals and organisations to accept that this has now become the expected pace. For those who remember times when change was not so rapid, the acceleration of change is challenging to say the least. As a result, a key issue for managers and change agents is how to lead change so that, rather than being destructive and demoralising, change becomes an energising force.

The extensive research by Stace and Dunphy (2001, p.4) suggest that because the environments faced by contemporary organisations are constantly reformulating, speed, dexterity and flexibility are vital if organisations are to move forward progressively to become high performing organizations. They explain:

Inside the organisation, hierarchies have been removed, predictable career paths have gone, new networks of suppliers, subcontractors and consultants have confounded the once simple concept of 'employee', and e-commerce is challenging our core notions of what an organisation is. It is not just an economic revolution, it is a social revolution. We can never return to the highly regulated world of work we once knew. The only way is ahead into the unknown, beyond the boundaries. Initiating change, responding to change, planning change and implementing change have become a way of life in successful organizations.

(Stace and Dunphy 2001, p.4)

As already indicated, there are now more competitors in the VET sector than there were in the 1970s when TAFE NSW was formed. There is also more information available about those competitors and about the VET market which is now global. As Gates (1999, p.3) claims, the winners will be the VET providers who develop a world-class digital nervous system so that information can easily flow through their companies for maximum and constant learning. He stresses that, '*How you gather, manage, and use information will determine whether you win or lose.*'

Impact of an ageing workforce

The implications of an ageing workforce for all organisations cannot be ignored in this discussion as the 'baby boomers' are now reaching retirement age (ABS March 2000). Recent research into the development of a leadership program for CEOs and senior managers in Australian TAFE institutions indicates the real prospect that, as they retire, there will be few people who have the appropriate knowledge and skills to replace them (Craig,2000). The findings of the Snapshots Survey into leadership by the TAFE Directors' Association (TDA) and ANTA support these claims.

Clayton, Fisher and Hughes (2005) identified that Australia's TAFE Institutes have an ageing teaching workforce, whose impending departure endangers the institutes' skills bases. Retaining, developing and renewing TAFE institutes' organisation capability will involve the retention of key mature teaching staff through appropriate incentives and arrangements. More commitment is needed to identify strategies that will help share the critical knowledge that is otherwise lost as highly experienced teachers leave. TAFE institutes need to draw upon similar experiences and processes used in other sectors and organisations to maintain their skills base.

There has been a significant change in workforce demographics in all industries. Organisations are finding that their staff can generally be characterised as two groups: (a) older people who define their identity through their work, and (b) the next generation who are changing their work values but have yet to succeed in changing their work experience. Although each group has different views of work and different motivation for participating, they have one important thing in common. For both, there is a significant discrepancy between what they say they want in life and current work practices. Both indicate they want to spend more time with their families, they want more leisure time, while in fact they are finding themselves working longer hours and under increasing stress.

Of particular significance is the fact that the majority of TAFE NSW leaders are anticipating retirement. Although they appear to be working conscientiously towards changing the organisation, it could be argued that there is no strong motivation for them to hurry that process. As for the leaders who will take over from them, these are yet to be identified. Certainly there are none on the near horizon, a situation that gives rise to concerns about the long term strategies for change, survival and growth.

Implications of these workforce changes for TAFE institutes are that they need to develop new and reviewed human resource management policies, including succession planning, job design, recruitment, selection, initial teacher education, work organisation, and personnel policies. Failure to do so will bring about increased turnover and failure to recruit and retain desirable staff.

Types of organisational change

All organisational change involves a shift in the status quo. Because this often involves periods of disruption, uncertainty, dislocation and the need for restructuring, it is important to differentiate common types of organisational change and what is involved in effecting changes in each of these types. The most common forms of change discussed in the literature of particular relevance to this study are those of planned change, unplanned change, incremental change and radical change.

Planned change typically involves a deliberate and structured means of shifting the status quo of organisations. Most large-scale change efforts need to be planned in order that resources to achieve the desired change – whether human, financial or technical – are harnessed and readily available. *Unplanned change* occurs where change is not anticipated and the procedures and resources needed may not be readily available.

Implications for HRM managers in this situation are they need to act swiftly to get plans into place (Härtel et al 2007, p.67).

Incremental change typically refers to a series of small, cumulative changes that occur on a regular and ongoing basis over time. Many of these changes are barely noticeable. *Radical change*, on the other hand, occurs organisation-wide, and is characterised by being typically innovative, planned, disruptive, top-down and intentional. It requires that employees depart radically from the status quo and embrace the new order (Härtel et al 2007, p.68). This kind of change, the kind that occurred in TAFE, demands a high order of leadership expertise.

Restructuring as a response to change

Restructuring organisations is not a new response to change. Limerick (1993, p. 203) cites the following from Gaius Petronius, a Roman satirist of the first century AD:

We trained hard... but it seemed every time we were beginning to form up into teams, we would be reorganized. I was to learn later in life that we tend to meet any new situation in life by reorganizing; and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency and demoralization...

The view that restructuring is a response to the environment implies that changes in structure must occur to improve organisational effectiveness. But when an organisation responds to external demands, it usually does so because it can no longer control its external environment. In this sense, the question posed by Robbins and Barnwell (1998, p.291) is apposite:

When is the environment likely to be an overpowering constraint in the structural decision? When opportunities in the organisation's environment are scarce or limited, and when there is minimal degree of organisational slack.

For whatever reason organisations change, restructuring is taken here to mean the realignment that occurs in order to increase organisational capacity and efficiencies, and to enable the organisation to adapt to and enter changing markets. It is probably the most common form of organisational change in the 21st century urged on largely by turbulent environmental pressures, fierce competition and globalisation which have forced organisations into adopting more innovative and efficient methods to ensure financial

viability and competitive edge (Härtel et al 2007, p.68-69). Such change tends to increase instability and unpredictability within the organisation, has marked implications for the role of HRM managers.

Mitchell & Young (2001) propose that to become high-performing, VET organisations need to develop a responsive culture and an appropriate structure, which requires the use of both change management and strategic management strategies. This approach implies that those leading change in a turbulent environment must be able to integrate both hard, strategic approaches for survival with softer measures to ensure 'a responsive culture' and employee commitment. These skills are seen to be needed to respond to the range of organisational challenges facing senior VET/TAFE managers. The challenges include the ability to: function effectively in a competitive training market; initiate and maintain training arrangements with industry; develop competence in marketing to overseas students; retain tenured staff to meet new training demands; appropriately manage seasonal/casual staff; and change directions where necessary to meet market requirements.

One of the key issues on the human resources agenda of organisations undergoing restructuring is employee management and the building of commitment and trust within a highly diverse workforce. The Victorian TAFE Association report (2002, p 18) points out that:

We are facing a workforce that has fundamentally lost its trust in management through the downsizing period. Many in fact are actually scared. But, on the other hand, we're also facing an increasing professionalised workforce where, despite the unemployment, there are dramatic areas of short supply of intelligent, trained, competent professionals. So that group, for example, is extremely independent, is driving up its own value by moving around, and there is greater competition for resources in that area. That's very different from the part of the workforce that is relatively less skilled and fearful of losing a job. The professionals aren't fearful; they can get another job tomorrow.

Barriers and resistance to change

There are any number of restraining forces that act as barriers resisting organisational change. These include both structural and cultural elements; particularly lack of resources (human, technical and financial), fear of change, managerial resistance, an oppositional

organisational culture or the simple lack of the will to change. On the other hand, the driving force of the need to survive in a new environment demands that resistance must be reduced and managed effectively. In this situation, it is pointed out that employees need to be made aware of the need to change and accept, even drive or own it (Härtel 2007, p.69).

A particular challenge faced by TAFE institutes is attempting in the new competitive environment to shift from an authoritarian, top-down structure to a team-based mode of operation marked by shared authority and decision-making aimed at building organisational capacity and efficiency in a more competitive environment. Such a radical move means a need to change from a 'closed' system of operating that is resistant to change to an 'open' system that is responsive to and reacts with its wider environment (Morgan 1997).

Despite the fact that the environment in which they operated had changed from a relatively closed system in the 1970s to an open system among many competing organisations in the 2000s, TAFE NSW Institutes were still traditionally structured, hierarchical organisations that operated as closed systems at this point in time. TAFE NSW Directors acknowledged that their Institutes needed to change from closed to open organisations in order to survive and compete in this new environment. In recent times they accepted the idea that a team-based management approach would allow them to adapt to the new VET environment. Attempting such a structural as well as a cultural shift met with considerable barriers.

Shifting from an individual-focussed, 'command and control' operation to one based on empowerment using work teams frightens some managers. These managers believe that the decision making necessary for achieving and maintaining performance at the desired level must remain in their hands to avoid errors and that the people doing the actual work must be carefully watched and motivated. To such managers, the idea of self-management or empowerment means loss of control and lower levels of performance. They will therefore resist the transition to team-based organising and may even work actively to sabotage it. Collaboration seems dangerous to them because it requires trusting others.

At the other end of the continuum is a group of managers who believe in the potential of the people whose work they oversee. Such managers embrace the use of empowered teams and recognise them as the form of organising that aligns with their own values. These managers champion empowerment, collaboration and teams, a theme that will be revisited in the ensuing chapter.

The significant environmental changes experienced by the vocational education sector introduced during the 1990s coincided with their institute directors being awarded increased authority. In simple terms they were, for the first time, given an annual budget and a target of student contact hours to be generated. How this was to be achieved was at their discretion.

These changes in authority, coupled with the fiscal and environmental changes outlined in the earlier section of this chapter, generated considerable angst for senior management and initially, adaptation was slow. Reasons for the slowness to change and the uncertainty experienced by directors working in a more fluid system with less rigid structures are addressed in part by Robbins and Barnwell (1998, p.274) who explain that, *'bureaucracies reward stability and adherence to the rules... they are rarely set up or managed to constantly monitor their environment and to respond quickly to changes.'*

Moreover, the management hierarchy within TAFE NSW is well embedded. The institute director, who reports to the assistant director general TAFE, is the 'leader' of his or her institute. Administration is divided into three broad bands: educational delivery, functional units and campus administration and management. While there are slight variances in the management structures of the institutes they remain fundamentally the same, particularly in their reporting lines and the degree to which there are clearly defined responsibilities.

In his criticism of the inability of formalised bureaucracies to adapt readily to change, Robbins and Barnwell (2002, p.11) proposes that these institutions create insecurities in those in authority that lead to what has been called *'bureaupathic'* behaviour. Decision makers in human resources throughout the organisation adhere to rules to protect themselves from making errors, and invest time creating additional rules. Such dependence on time becomes the main focus of behaviour, leading to un-adaptive and unimaginative behaviour.

The well documented and inflexible nature of bureaucratic forms has already been highlighted. Research on public organisations reveals a common set of characteristics including the presence of a system of rational rules and procedures, structured hierarchies, formalised decision making processes and advancement based on administrative expertise (Bozeman, 1979). These characteristics closely accord with Weber's (1948) legal-rational model of bureaucracy depicted as hierarchical, rule enforcing, impersonal in the application of laws and constituted by members with specialised technical knowledge of rules and procedures. In other words, it is rational

because it is designed to achieve certain goals and legal because the authority is exercised by a system of rules and procedures (Pugh, 1996, p.7).

Weber (1948) identified a number of characteristics of the ideal bureaucracy that are relevant to this study.

- Labour is divided into units of functional expertise where tasks and responsibilities are well defined. The organisation defines its goals, which are then separated to the relevant units most capable of achieving them.
- Authority is organised hierarchically, the scalar principle, with authority flowing in a direct path from the top to the bottom of the organisation (Owens 1998, p.72). Delegation to make decisions and to use organisational resources is dependent on the level of the position. This creates a very clear line of command.
- High formalisation where rules and procedures for regulating behaviour and ensuring consistency are well documented.
- Employment decisions – recruitment and promotion are made on merit against a well-defined set of criteria. Provision is made for employees to make appeals against management decisions.
- Career pathways available for employees and in return for commitment to the organisation there is tenure of employment salaries, determined by rank.

Weber (1948) believed that because of its highly efficient system of coordination and control, bureaucracy technically was the most efficient structure available. However, he was not without his doubts about bureaucracy. He was concerned about how the organisation would cope with change and realised that its organisational efficiency could also hinder its capacity to respond to change.

As the organisational structure in which TAFE NSW Institutes operate is Weberian in character, attempts to change to cooperative team efforts mostly fall into the category of cosmetic empowerment. The shift from a 'command and control' to fully empowered teams and flexible work environments requires a long term commitment and business strategy that facilitates unlearning of learned behaviours. This in turn requires expert leadership and effective HR management, especially as command and control as a change leadership style destroys virtually any chance of success in nine out of ten transformational change efforts (Anderson and Ackerman, 2002). Yet many respondents in this study were comfortable describing the authority structure of TAFE NSW in terms of command and control.

Like Weber, Viljoen (2003, p.339) points out that the root cause of the inability of many organisations to respond effectively to changing business needs is based on the principles of management first espoused by Fayol (1949) and applied since the industrial revolution. They are:

- Functional specialisation – prevents the holistic perspective necessary for effective business solutions and creates inter-functional conflicts.
- Authority – everyone in an organisation is either superior or subordinate to others (this creates the illusion that those at the top are more important than those lower down when this may not be so).
- Unity of command – each person must have only one supervisor (this creates multi-layered hierarchies unable to respond to change effectively).

These principles can have a devastating negative impact on organisational effectiveness. Viljoen (2003, p.340) summarises Savage's (1990) approach to management attempts to overcome this problem as:

...[a]cceptance of ambiguity in strategic management – it is necessary to move away from a linear approach to management so that it is possible to foresee all necessary courses of action ahead of time, to allocate the work to various functions, and then to monitor and control what is done to ensure the right output is achieved. The speed of change in the environment and the ambiguity associated with many external trends and issues limits the value of this approach.

Learning to accept new ways of thinking was (and still is) not easy. The new agenda for the TAFE sector which needed a change of mindset (a psychological and cultural shift) was outlined by Schofield (2000, p.12):

TAFE NSW Institutes were forced to reconsider their role and accept a new way of thinking. In particular, they had to recognise they were part of a new service industry known as the VET sector and that training and assessment were commodities or products. To do this, they had to define what their product actually was.

The need is for the product system to support TAFE's vision to become a catalyst for regional and economic progress, equitably shared. As different communities, economies, industries, enterprises, occupations

and learners respond in different ways to economic and social pressures, a 'one size-fits all' model of training product is no longer viable.

In this context there is a need for leaders and managers of change in the TAFE sector who need to adopt new ways of thinking and who are aware of the barriers likely to impede change. Organisational learning is a concept that has been suggested by a number of scholars to encourage new ways of thinking and acting.

The need for organisational learning

Organisational learning is viewed as a critical element in any organisation's success as human resources are seen as the most valuable asset, especially knowledge workers (Drucker 1999). Marsick and Watkins (1999, p.206) state that if all organisations do not learn, they will not survive. They go on to add that learning organisations demand proactive interventions to generate, capture, store, share and use learning at the systems level in order to create innovative products and services.

For the purposes of this study organisational learning is taken broadly to mean the process by which knowledge is gained, transferred and used within the organisation. This involves the acquisition of knowledge and know-how, information distribution, information interpretation and the development and use of organisational memory. Organisational learning is viewed as particularly important in competitive environments where improving performance and customer satisfaction in rapidly changing environments are key goals (Härtel et al 2007, p. 98). In this sense, learning organisations can be viewed as living, open systems (Morgan 1997, p.43).

A key theorist whose work informed the open systems metaphor was von Bertalanffy (cited in Morgan 1997, p 40-41) who summarises key principles of living, open systems as follows:

- The modelling of the open system after organisms;
- The idea of homeostasis or self-regulation towards a steady state;
- The notion of entropy, that is the tendency to 'deteriorate and run down';
- The essential focus on interrelationships among structure, function, differentiation and integration;

- Requisite variety, which states that 'internal regulatory mechanisms of a system must be as diverse as the environment with which it is trying to deal';
- Equi-finality, that is 'in an open system there may be many different ways of arriving at a given end state'; and
- System evolution; that is, systems can evolve if they can 'move to more complex forms of differentiation and integration, and greater variety'.

In the open system model the activity and the learning of one person or work group affects that of others; they are mutually interdependent. It is like the human body with its myriad of interdependent parts. Similarly there needs to be strong interdependency between what happens in the teaching, management and support units within the operating environment of TAFE, which all needs to be responsive to changing community and industry needs and can be impacted with decisions taken centrally or by government policy.

Senge's (1990) seminal idea of the learning organisation is one that resonates with open systems. The need for a learning organisation model in a dynamic and changing business environment is very real. According to Senge (1990, p 4), *'The organisation that will truly excel in the future will be an organisation that discovers how to tap people's commitment and capacity to learn at all levels...'* This implies the ability to be flexible.

Senge goes on to add that the mastery of certain disciplines is vital in a learning organisation as it distinguishes learning organisations from traditional 'controlling organisations'. He outlines five 'basic disciplines' essential to a learning organisation.

- **Systems thinking** – emphasizing the interdependence of individuals and teams to optimise the working of the whole, and openness to environmental influences.
- **Personal mastery** – personal and professional development of individuals is important to the organisation's success.
- **Mental models** – identifying embedded assumptions about how things work and sharing, assessing and revising these.
- **Shared visions/goals** – these have more impact if they are widely shared and "owned" by members of the organisation.
- **Team learning** – working together to improve processes which in turn will provide better quality products and services.

(Senge 1990, p 6)

Ideas suggested by Garratt (1994; 2000) on the need for organisational learning have some currency when considering the context of this study. Garratt (1994), like Senge, views the learning organisational model as one of the key approaches to building organisational capacity. Augmenting the work of Senge (1990), he identifies three characteristics that learning organisations have. These are:

1. A three-level hierarchy of policy/strategy/operations
2. A double loop of learning which allows multiple feedback from information flows, direction-giving, and the monitoring of changes in the external and internal environments
3. A means of processing and integrating these information flows by positioning the direction-givers at the centre of the organisation's learning.

(Garratt 1994, p.61)

Garratt goes on to argue that the three level hierarchy is necessary but not sufficient. Hierarchy of course could well exist as a formidable barrier for organisations in periods of rapid change. Therefore second-order change and double loop learning are seen to be essential as a static and top-down approach will not allow sufficient feedback for an organisation to learn. For a 'learning climate' to develop the minimum conditions he sees are:

- People at all levels of the organisation should be encouraged to learn regularly and rigorously from their work and to feed back such learning to other parts of the organisation which could use them.
- Systems need to be set up to ensure that the learning is moved to those parts of the organisation which need it.
- Learning must valued and rewarded in the organisation.

The organisation is seen to continuously transform itself through the application of its learning, led by the attitudes and behaviours of its directors (Garratt 1994, p 59).

In later work Garratt (2000) notes that by failing to balance effectiveness with efficiency, many organisations lose their ability to control and develop their organisational capabilities. He argues that effective and efficient enterprises must possess strategic thinking capacity, and the ability to implement strategies through systematic and co-operative feedback which lead to continuous learning at operational level. However, most organisations are not even close to that. Direction givers do not know and are often not able to measure whether there is sufficient organisational capability available.

According to Garratt, short-circuits at this critical interface between strategy and implementation will block the organisation's ability to learn and develop. If this process is repeated, then it will become a habit, and such habits lead eventually to incapable organisations and corporate collapse. Incapable organisations are unable to adapt to changes in their external and internal environments – they under-perform, become incapable of effective delivery, staff fail to focus their energy, avoid risks and blame others, the emotional climate becomes soured, and learning ceases. (Garratt 2000, p. x)

In relation to integration of organisations models and mindsets are said to be needed which allow everyone in an organisation to understand better their place in the total flow of work through the organisation, and their role in learning to do this work more effectively and efficiently. Building on his earlier work of 1994, Garratt (2000, p.145) considers the ideas behind the design of learning organisation are:

- The double loop of learning connecting the external and internal worlds of the organisation;
- The business brain processing the learning from the double loop and forming the forum of continuing dialogue and debate within the organisation;
- The process of continuous critical review to inform that debate; and
- The emotional climate to encourage such learning and debate

Managing organisational transformation

It is widely accepted by organisational analysts that the process of change in organisations is not a natural one. The natural tendency is for an organisation to institutionalise its successful behaviours of the past (Viljoen 2003 pp.27-29), a phenomenon that certainly proved to be the case in one of the institutions examined in this study. Managers are considerably challenged by the questions of how to transform organisational rigidity and resistance to change and what leadership style/s to adopt in the process.

There are numerous interpretations of change management in the literature, some of which have much more applicability to this study than others. Those of Mitchell (2002), Viljoen (2003), Hayes (2002) and Burnes (2000) are seen to have particular value. Within the context of VET it is appropriate to consider change management as the process of modifying or transforming organisations in order to maintain or improve their effectiveness (Hayes 2002, p.22). This definition encourages a focus on bringing about change within more than one organisation. TAFE NSW is in fact, a collective of

autonomous institutes, each of which, despite the same environmental pressures, have encountered different modes of transformation.

In the context of the VET sector, change management is defined by Mitchell (2002, p. 6) as the deliberate use of strategies to manage change within an organisation to suit the particular organisation's context and the type of change required. Mitchell concludes that change management requires VET managers to use a mix of wisdom, judgement, sensitivity, patience and flexibility, a wise statement given the radical nature of what occurred in the sector.

Burnes (2000, p.297) suggests that change is not a specialist activity driven by an expert, but an important part of every manager's role. Burnes further suggests that the drawback with this position is that it deflects attention from the specialist skills needed to manage change, whether this is done by a manager or by a change agent. For change processes to be successful Burnes argues that the organisation needs to be able to utilise the expertise of a specialist change agent. Where this does not exist change efforts have floundered and lost direction (Burnes 2000, p. 297).

It is contended here that any change agent needs to engage both strategic measures as well as a human relations approach if the desired change is to be successful. A key part of the human relations approach is managing organisational culture, the 'invisible force' in the organisation, the values and norms shared by the dominant coalitions which shape decisions and are deeply embedded in the life and work of the organisation. The next chapter will show that the tasks of establishing direction, aligning people to that direction, then motivating and inspiring in order to produce change to enhance the organisation, have become more important and more complex.

Burnes (2000, p. 297) suggest further that, whatever approach is taken to change;

...it has to be managed; someone has to take responsibility for ensuring that change takes place. Whether this person is a team leader, facilitator, coach or even a dictator, there is usually one individual who bears the responsibility for being the change agent

Bruce (2000 p.7) suggests that managing change can be divided into two functions. The first is the development and implementation of shared strategies to build strong business in the attractive industries of the future, a process which centres on 'strategic thinking'. The second function is the development of the organisational capabilities to allow the strategy to be implemented. This recognises that the change agent cannot implement the strategy

personally, but needs to ensure that the appropriate organisational capabilities are being developed, so that new strategic directions can be realistically pursued. In reality the role of a leader is to find pathways to the future.

The role of strategic management

While there is no one, accepted definition of strategy of change, a common theme in the literature is that strategy involves making choices about future directions, customers to focus on, which products to offer, resources available and which activities to perform in order to meet the targets set. Thus strategy making is a dynamic, ongoing activity requiring a range of skills, ideally drawing on both the planned approach to strategy formation and the intuitive, unplanned approach.

In broad terms, strategic management is taken here to mean the management of the interface between the organisation and its external environment. It is differentiated from all other areas of management by virtue of the fact that it concerns the interface between *all* elements of the external environment and *all* internal elements as characteristics of an organisation. Essentially it is the process of managing organisational resources (human, financial and technical) and driven by deliberate planning, foresight and rational analysis (Härtel et al 2007, p.11). Ideally it involves linking strategic goals with available resources in order to improve performance. Part of this strategic process involves human resource management which incorporates developing standards, policies and a corporate culture that fits the organisational objectives (Härtel et al 2007, p.11).

Mulcahy (2003, p.7) describes how policy interventions and initiatives that require compliance have a considerable influence on management and the need for strategic leadership within VET providers. The mutability and uncertainty of the policy environment where new initiatives appear regularly create pressure for TAFE institutes. A clear trend discernible in response to this pressure is increased adoption of strategic management processes in VET providers. Strategy concepts can be seen as an attempt to build key private sector practices into the operation of the public sector.

Extensive research by Stace and Dunphy (2001) implies the need for strategic planning because the environments faced by contemporary organisations are constantly reformulating. They go on to add that inside many organisations,

...hierarchies have been removed, predictable career paths have gone, new networks of suppliers, subcontractors and consultants have confounded the once simple concept of 'employee', and e-commerce is

challenging our core notions of what an organisation is. It is not just an economic revolution, it is a social revolution. We can never return to the highly regulated world of work we once knew. The only way is ahead into the unknown, beyond the boundaries. Initiating change, responding to change, planning change and implementing change have become a way of life in successful organisations.

(Stace and Dunphy, 2001, p. 4)

Strategic management is affected not only by complex external environments and changing client demands; it is also affected by the complexities of the internal aspects of the organisation. Viljoen (2003, p.27) underlines this need for organisations skills, resources, culture and other features:

A great deal of the complexity of strategic management derives from the need to understand all aspects of the organisation within the context of multivariate and turbulent environments.

Managing the interface between an organisation and its external environment requires management to have a full understanding of both internal and external factors (Porter, 1980, 1998), and to develop achievable and realistic goals that are closely linked to a resource base that will enable the goals to be realised. It is seen to be essential that management takes account of all these elements when developing a strategy – ignoring any one could result in difficulties for the organisation.

While the points on the importance of strategic management are taken, an important question to pose is *how* do organisations change? Some commentators such as Viljoen (2003, p.19) certainly see strategic planning and management as the answer to enable an organisation to meet the challenges of a constantly changing environment. But it is argued here that the best of plans can meet with dire failure if certain conditions are not met. First, without a close link between what changes are desired and the resources necessary to implement these, any planned shift in direction is doomed to failure, no matter how well constructed the plans are. Next, if the human relations dimension of strategic planning is ignored, efforts are likely to be futile. And such planning could well have a negative impact on human resources if expectations are raised by suggesting goals that may not be able to be realised.

Some theoretical considerations

While multiple models of human resource management exist, two stand out as being particularly pertinent to the focus of this study. These are the opposing concepts of 'soft HRM' and 'hard HRM' as portrayed by Garratt (2000) and Härtel et al (2007). Hard HRM is closely aligned to Macgregor's Theory X which rejects the notions of the classical organisation theorists like Frederick Taylor and Max Weber where workers are seen as a resource to be used and management is seen as responsible for directing, controlling and changing people to assure their compliance and fit with the needs of the organisation (Rebovich and De Lay 1984, p.17).

Soft HRM on the other hand, is closely aligned to Macgregor's (human relations) Theory Y which focuses on the importance of enabling people in the organisation to develop their potential. It sees that people are not passive or resistant to change but motivated and capable of developing and assuming responsibility (Rebovich and De Lay 1984, p.17).

Macgregor's view, developed more than fifty years after Weber's classical model of bureaucracy emerged, was completely opposed to that of the classical theorists. Rather than considering the needs of the organisation as being paramount in determining the structure and relying on enforcement and control for motivation, Macgregor argued that the needs of the individual were just as important. In fact, ignoring these needs could cause serious damage to the individual and society (Harmon and Mayer 1986, p.199).

Macgregor, interested in the assumptions held by management about human behaviour, explained his two opposing theoretical positions of Theory X and Theory Y thus:

Theory X assumes that the average worker:

- dislikes work so therefore must be coerced, threatened, supervised and directed;
- will not seek responsibility or use initiative; and
- values job security over other factors and has little ambition.

In contrast Theory Y assumes that workers:

- will view work, if it is satisfying, as acceptable as play;
- if committed to the objectives of the organisation will exercise initiative, self direction and control;
- will seek responsibility; and

- value the opportunity to make decisions and contribute to the organisation.

These assumptions give rise to the behaviour characterised by commitment to mutually shared objectives, high levels of trust, respect, collaborative approaches and authentic open relationships (Owens 1998, p.37).

While he argued that bureaucratic organisations were only able to satisfy lower level human needs, Macgregor was interested in looking at how an organisation could meet higher level human needs. He generalised that satisfying needs motivates human behaviour –as one level is satisfied another appears in its place. He believed that the higher order needs could only be satisfied by adopting Theory Y assumptions, the central principle of which is integration; the creation of conditions such that the members of the organisation can achieve their own goals by directing their energies towards the success of the enterprise. Integration requires the organisation and individuals to work closely together to discover new ways of organising and directing human effort, participative management and organisational democracy. Developing these conditions naturally poses a great challenge for management as Pugh (1971, p.317) acknowledges, what he refers to as ‘an invitation to innovation’.

According to Harmon and Mayer (1986, p. 212), management practices that conform to Theory Y include:

- Delegation of authority and decentralisation of functions;
- Increased worker participation in making managerial decisions;
- Conducting performance appraisals against criteria set by workers; and
- Enlarging jobs to allow workers to use their creative potential.

The views of both theories have significance for the NSW TAFE Commission and the New England and North Coast TAFE institutes in question. In line with Theory X, the Commission consist of the institutes, central corporate units and six educational divisions. Like all government instrumentalities it is organised on bureaucratic lines and displays its characteristics. Hierarchies are well defined. The Institute Director, who reports to the Assistant Director General TAFE, is the ‘leader’ of the institute. Administration is divided into three broad bands; educational delivery, functional units and campus administration and management. While there are slight variances in the management structures of the institutes they remain the same in some ways. In their reporting lines there is a degree of clearly defined responsibilities and reporting lines.

Rewards and delegation are linked to rank positions and positions descriptions are rigorously analysed and assessed against externally set criteria, which then determines the rank and salary of the position within the organisation.

Policies and procedures cover the scope of the organisation's activities. All are prepared centrally; new policies are printed in the weekly gazette, and all are available on the intranet. Likewise all forms are standardised and available on the intranet. This is attributable to both the bureaucratic structures plus the application of Total Quality Management strategies.

Creating successful organisational transformation: towards a conceptual framework

It is clear from the research-based evidence reviewed that effective organisational change depends on the change agents' knowledge of the external and internal environments, learning (and unlearning) new strategies to cope with these, and building a positive culture that ensures human energy and emotions are harnessed and valued. Developing a team-based organisation or collaborative work system requires acquisition of new competencies by all members of the organisation. If collaborative activity is not valued and modelled by top management, it will not be valued and practised at lower levels. Thus moving from a hierarchical system marked by clearly differentiated roles to a collaborative work system, implies that training and re-skilling will be necessary for employees at *all* levels of the organisation.

Grazier (2002) picks up the point of the need for training in the second of what he sees as the three basic elements in creating successful change:

- desire to change – most humans will not change their beliefs, habits, or behaviours unless they are motivated to do so. Most will not change, even if change is for the better, unless there is some compelling reason.
- ability to change – if the motivation for change exists, then people will need some assistance developing the skills to change.
- permission to change – when a change is personal, people only have to give themselves permission to change. But when the change is in an organisational context, permission must be granted by those in power.

While the training element appears a necessary feature of any successful change strategy, Grazier's ideas on the three elements necessary for successful change, while

good in theory, clearly lack the 'how to' dimension given that bringing about successful change is such a challenging and complex exercise. Change is very difficult, particularly for hierarchical bureaucracies like TAFE NSW. This is because hierarchies teach dependency from an early age and thrive on people who follow the 'rules' like a machine. They tend to create professional 'victims' who always need someone else to tell them what to do (Donovan, 2001). Learned helplessness and dependency built by traditional structures and systems, is probably the biggest performance barrier in workplaces today. Donovan suggests that making the transition is difficult because the victim mindset fears change, yet the move to self managed work teams and performance based rewards is all about radical change.

As identified earlier, Garratt (2000) suggests there are two fundamental aspects of organisations, both crucial in creating a capable organisation. First, there is a 'hard' side to any organisation. In the executive thinking process this operates at the level of logic, rationality and structure. The 'hard' side provides direction-givers and managers with reasonable level of certainty about the likely consequences of their use of scarce resources and this allows them to plan to achieve their purpose and targets. It also gives them sources of formal power over those they employ. 'Hard' side allows the *efficiency* of the organisation to be measured, usually through financial results, and is often considered the only way in which its performance can be assessed.

Second, there is a 'soft' side to organisations which comprises human energies, emotions and learning which is continuous and motivating. These elements are rarely measured. They are in fact quantifiable, but because most directors and managers think of them as intangible and are not aware of their impact, these elements are rarely assessed on a regular and rigorous basis, and are frequently discounted as 'proper' measures of business results. Yet they affect dramatically organisational *effectiveness* – the external perception of the organisation by its customers, suppliers and other stakeholders (Garratt, 2000, pp. x-xi).

The challenge in terms of developing organisational capability is to create recognition that organisations are key *human* institutions – networks of people working towards a common purpose through systems and culture which they have helped to create, and which continues to evolve. If this can be achieved, then bureaucracy has its rightful place as an option in the range of human institutions. The development of large-scale organisational bureaucracies has enabled huge numbers of people to work within precisely defined rules of what they can, and cannot, do to administer massive organisations and to take consistent decisions. Bureaucracies can be highly inflexible,

and in fast-changing times they have received increasingly bad press. Bureaucracies are now often stereotyped as mindless and heartless machines within them. But they are just one of a range of organisational forms- from the power centred chaos to the totally people-centred collegiality (Garratt 2000, p. 20)

Garratt (2000, p.130) states that in a fast-changing world a key organisational capability is the speed at which an enterprise can learn to change. If the organisation is to survive and develop changes in the external environment in terms of customer needs, competitor positioning, political policies, physical environmental laws and economic and societal trends, it needs an agile and flexible response under the leadership of those with the expertise to manage change effectively.

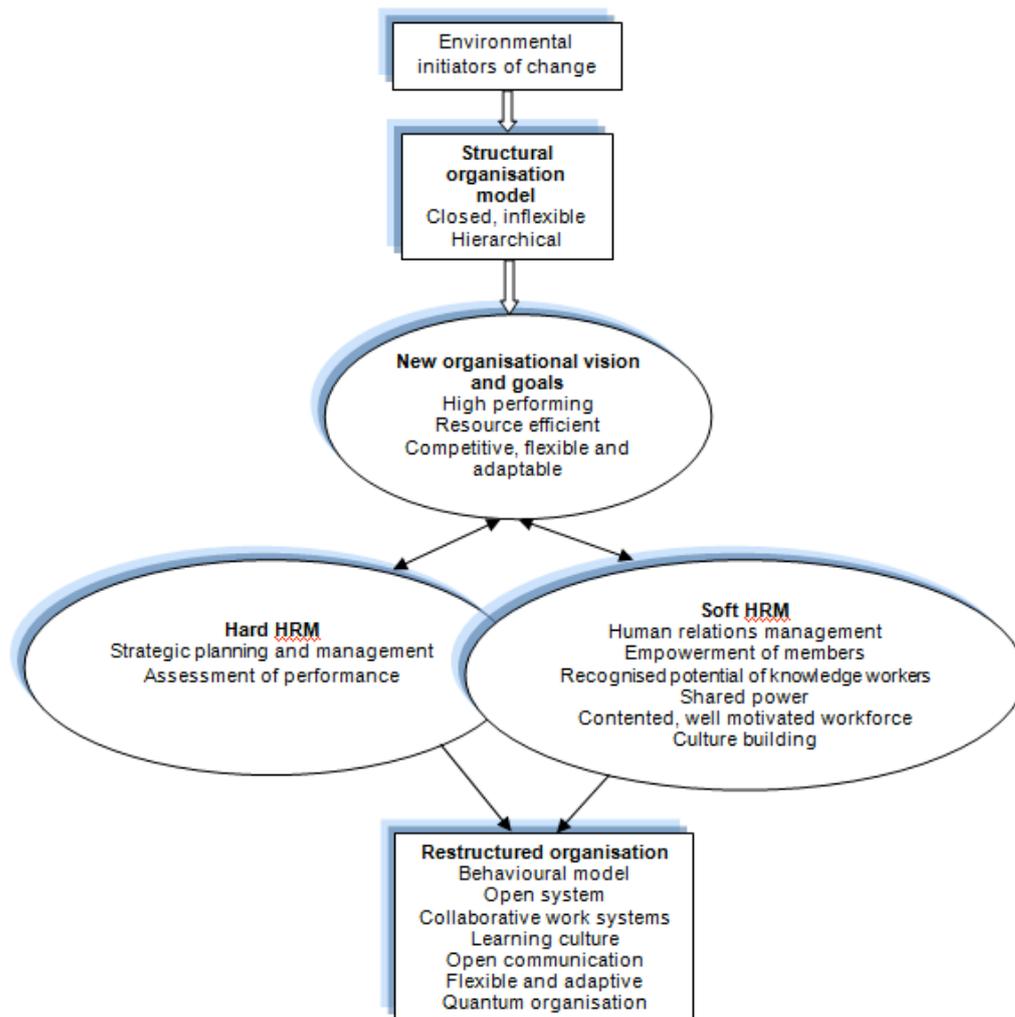
Youngblood (2000) highlights that companies prospering today are called the 'quantum organisations' and seem to thrive at the edge of chaos. They develop new ways of thinking and working and are producing results that are a quantum leap ahead. These companies recognise that the source of performance breakthroughs lies in developing key cultural capabilities that will make their companies competitively 'fit' for today's economy.

Furthermore he suggests that quantum organisations share five-cultural capabilities. These are: renewal, alignment, adaptability, relationships and inspiration. By focussing on one of these capabilities – alignment – a better understanding can be gained of the differences in thinking and behaviours required of leaders. Alignment is when everyone and everything is working toward the same outcome. It sounds simple enough to create, but research indicates that alignment is a rare quality. In part, this results from the illusion of positional authority. Leaders in general have been lulled into thinking that setting goals and giving directions to subordinates is all that is required. It is not surprising that so many executives wonder, *why doesn't anybody ever do what I tell them to do?*

Building on the concepts of Macgregor (Rebovich and De Lay 1984), Harmon and Mayer (1986), Morgan (1997, Garratt (2000), Youngblood (2000) and Härtel et al (2007) as outlined from the literature, a conceptual framework has been developed that integrates a number of their ideas relevant to organisational change. The framework as outlined in Figure 2 below, depicts diagrammatically how effective organisational change from closed, hierarchical systems to open, collaborative systems might be achieved. The diagram begins with the influence of initiators of change on hierarchical, structural models of organisation. The new vision and goals of high performance, resource

efficiency and competitive advantage are seen to both influence and be influenced by hard (e.g. strategic management) and soft HRM strategies (e.g. the human and cultural dimensions). Integration of both these strategies is seen as important in the transformation process.

Figure 2
Moving from a closed to an open system: an integrated model of organisational transformation



Adapted from Härtel et al 2007, p.64, 'Integration of hard HRM and soft HRM into the strategic management process'

It is argued that if the new organisational goals as specified are to be achieved, a stronger soft HRM approach needs to be applied. Hence, the hard HRM approach is allotted a lesser mention, only incorporating the two important aspects of strategic planning/management and assessment of performance. The 'control and command' style exemplified in Theory X is not considered a strategy that would win the hearts and

minds of organisational members. The variable of effective leadership of change, while not mentioned in the framework here, is given special attention in the following chapter.

Summary

Discussion in this chapter has ranged over a number of themes pertinent to the focus of this study – from environmental pressures initiating organisational change to the development of a conceptual framework that attempts to capture the essential elements of creating successful organisational transformation.

Initiators of organisational change analysed are those of reforms in the public sector, market forces, globalisation, changing government policies, the digital revolution and an ageing workforce. These have all impacted forcefully on the nature and direction of technical education institutes in NSW and more widely in the sector.

Types of organisational change are important to differentiate as a basis for understanding how change is responded to in organisations. TAFE NSW has undergone radical organisational change, which is compared with planned, unplanned and incremental change. Rapid change is seen as an unavoidable fact of contemporary life and how organisations like TAFE institutes respond to such change demands attention. In this case, a radical restructuring of the institutes occurred in order to increase efficiencies and meet new market demands.

The bureaucratic organisational structure that demanded to be radically changed was developed in the 1970s when the pace of change was less rapid and more predictable than it is today. The 1970s was a period when TAFE NSW was the only significant provider of vocational education and training and there was no VET sector with private provider competitors. Hence, TAFE NSW was designed as a closed system oblivious to the changes that would occur in its operating environment during the 1980s and 1990s. But despite the restructuring into team-based modes of operating that has occurred, it is argued that TAFE NSW is still largely characterised as a hierarchical bureaucracy with a classic top-down management structure. This of course provides a natural barrier to change.

Another aspect analysed in this chapter pertinent to organisational transformation is that of resistance to change. The main sticking points identified are rigid structures, a 'command and control' mentality, oppositional cultures, lack of resources or simply, a lack of the will to change. Effective managers need to be aware of such barriers which, if

not managed effectively, are most likely to stifle change and create greater angst and disorder.

Managers of change need not only to be able to identify barriers and sensitively manage resistance to change, but they need to adopt new ways of thinking about present and future organisational operations. In this context, organisational learning is one way that is suggested for organisations to move forward. The ideas of Garrett (1994; 2000) and Senge (1990) are seen as particularly enlightening in this aspect.

Strategic management is also seen as a means for organisations to address changing environmental conditions and plan for the future. But a note of warning is sounded here. If strategic management is to succeed, close links between what changes are desired and the resources necessary to implement these (financial, human and technical) must be forged, the human relations dimension must not be ignored and goals must be realistic if members' expectations are not to be raised to unreasonable levels.

Finally, theoretical considerations are explored, especially those of the classical organisational theorists which Macgregor labelled Theory X and those of the human relations school which he labelled Theory Y (Rebovich and De Lay 1984). The concepts of 'hard HRM' and 'soft HRM' as well as open and closed systems of organisation are also discussed and a conceptual framework is constructed that attempts to show how organisational change from closed, hierarchical systems to open, collaborative systems might be achieved.

These themes are augmented in the next chapter with a discussion of leadership for transformation. This chapter focuses primarily on the kinds of leadership that would be appropriate if radical readjustments such as the TAFE Institutes have experienced, are to be successful.

Chapter 4: Leading Organisational Transformation

Introduction

Given the present volatile and highly competitive operating environment for the VET sector in Australia, the past couple of decades have seen considerable realignments in institutions as they undergo massive structural and cultural change, strive to transform their organisational character and search for competitive advantage. Research indicates that, on average, organisations undergo major change every three to five years (CIPD 2006, p.1). Given such a state of flux, leaders are continually seeking ways to make their organisations more effective, adaptive and relevant. Unfortunately, and not surprisingly, not all leaders have demonstrated a strong understanding of ways to enable these outcomes to materialise effectively. What has become more clear is that effective planning and implementation of change does not just happen but needs to be *led* and effectively (Scott 2007, p. 8). It is not surprising then, that increasing priority in the last two decades has been placed on leadership development, especially how to put necessary change into practice.

Real challenges facing modern leaders of organisational change are to find appropriate ways of seeing, understanding, and shaping the situations they have to deal with (Morgan 1997, p. 348) and to gain the commitment of their personnel, both during and following implementation of the changes (CIPD 2006, p.1). This is no small task given that organisations are living organisms rather than machines and do not readily change their fundamental ways of operating. The successful change manager, especially in situations involving radical organisational transformation, needs to draw upon a range of highly specialised leadership skills.

Modern theories of leadership in the literature abound with ideas about the special qualities leaders of change need and a vast array of theories of leadership are offered, possibly more than in any other area of social and behavioural sciences (Callan, Mitchell, Clayton and Smith, 2007, p 14). Most theories concentrate on the qualities and personalities of leaders themselves and the behaviour deemed necessary to be an 'effective' leader. Other theories however, expand the notion of leadership as an aspect of the individual to concepts such as 'distributed' or shared leadership, leadership as a 'meta capability' across the organisation, and leadership as a means of dealing with

complexity and building human and organisational capital. Theories concentrating on leadership for facilitating organisational learning and transforming organisations are also prevalent. While some of these theories are clearly closely related to leading radical change, others are more generic in their approach.

This chapter explores and assesses a selective range of different leadership theories that have a particular bearing on the focus of this study. The discussion then turns to the kind of leadership required to deal with building collaborative work systems and leading research training organisations (RTOs) like TAFE NSW, for the future.

Leadership theories related to organisational change

Innovative leadership

Innovative leadership is seen by many observers to be crucial in guiding organisations in times of environmental uncertainty and rapid change. Innovative leaders have been depicted in numerous ways by different observers. Some see that innovative leaders are those who resist (or shake up) the status quo and bring to their role unconventional thoughts, ideas, inventions, discoveries and experiences, fear stagnation rather than taking risks and work to counter entrenched conservatism. These qualities do not imply good leadership, but rather leaders who possess these characteristics tend to gather followers as a result of their initiative, inspiration, drive and vision of what is possible (but not always practicable). Others, like Thomas (2006, p.1) are more rational in interpreting innovative leaders as those who have the drive and vision to map new ways of moving forward by mapping out an innovative strategy for their organisation. Both interpretations suggest elements of energy, inspiration, intolerance of complacency, creativity, motivation, vision, welcoming change and a thirst for discovery.

Viljoen (2003 p.27-29) argues that organisations need leadership that resists conservatism and manages proactively and innovatively in order to counter the trend of institutionalising successful behaviours of the past, which, he says, leads to traditional thinking, conservatism and lack of creativity. He suggests the following principles to stimulate innovation:

- *Flatten the organisational structure to promote the flow of ideas up and down the hierarchy.*
- *Avoid creating a hypercritical structure. Innovative ideas are fragile – they need to be supported not shredded.*

- *Establish a set of known and common criteria by which to evaluate all ideas. This will prevent subjectivity, preference and preconception driving the innovation process.*
- *Encourage experimentation at all levels of the organisation. Innovation is not the sole preserve of senior managers – treat all employees as though they have a valuable contribution to make.*
- *Do not punish ‘mistakes’. An organisation that makes no mistakes is probably not trying anything innovative.*

Some of these ideas mesh well with the concepts underpinning organisational learning that was discussed in the last chapter, especially the ideas of experimenting and learning from mistakes (360 degree learning).

The leader/enabler: leading for the future

Changes in organisational environments impact markedly on the role of managers in facilitating future directions and managing human resources. A prerequisite for the shift from ‘managing the present’ to ‘leading for the future’ is claimed to be a clear and dispassionate view of the challenges confronting the organisation and the opportunities available to it (Bruce, 2000, p.13). The kind and style of leadership needed would need to be noticeably different to current models.

One model suggested by the Boston Consulting Group (1995) suggests that the typical manager of the twenty first century would need to become the ‘leader/enabler’. Table 2 below shows how the envisaged leader/enabler of 2010 evolves from the autocratic, paternal leader of the 1970s working in a stable environment, to the ‘communicator’ of the present period working in a more turbulent and stressful environment. And finally, the 2010 period sees the emergence of the ‘leader/enabler’ – a delegator with a more varied professional background working in a rapidly changing environment, a phenomenon which of course is already in train.

Table 2: Emergence of the Manager as Leader/Enabler

1970	Today	2010
The Autocrat	The Communicator	The Leader/Enabler
<ul style="list-style-type: none"> • Male • Anglo-Celt, British or Australian citizenship. • Started as message boy, rose through ranks. All management training on-the-job • Very local focus, possibly one Australian state. Has travelled once, to England. • Established competitors, cartels • Paternal view of workforce • Stable environment. Relatively low stress, home to see kids most nights, long term position 	<ul style="list-style-type: none"> • Male • Anglo-Celt, Australian citizenship • Graduate, possibly postgraduate qualification. Career in corporate centre. Product of internal management development program • Expanding focus, travels regularly to Asia, United States of America, Europe. • Recently deregulated marketplace, rapidly changing competitors • Sees workforce as stakeholder in business, working hard on communication and information sharing. • Turbulent environment. High stress, long hours, fears burnout. 	<ul style="list-style-type: none"> • Male or female • Wide range of ethnicities, citizenships. • Graduate, probably MBA or AMP as well. Wide ranging career, many placements. Product of major development program including placements. • Global focus, travels regularly. Has lived in two or more countries. • Managers in both regulated and deregulated economies • Manages workforces in several countries. Shares information and delegates heavily. • Environment typified by rapid change. Limited term appointment, high pressure, results driven.

Source: Task Force Research: Boston Consulting Group 1995.

A leader for the future is thus seen to be one possessing more formal education, a global perspective, wider managerial experience, an outcomes-driven mentality and the ability to share decision making and delegate widely, attributes which presumably enable them to cope with rapid change and improve organisational performance. The Task Force (1995, p,xi) concludes that if the senior manager of 2010 was to have a profile as shown in the preceding table, the seeds of change and the imperatives of the new paradigm have to be inculcated into the generation of managers who are undertaking postgraduate education and/or holding junior management positions currently. The argument provided for this is that many of these managers would reach senior levels by 2010 and their knowledge and skills would determine the competitiveness of the enterprises they work for.

Distributed leadership

The concept of distributed or distributive leadership, an idea that has become a particularly popular concept in the context of school leadership (Bennett et al 2003), like the 'leader/enabler' model, moves away from the idea of autocratic or 'top down' leadership by suggesting a form (or forms) of shared or delegated leadership. The underlying principles are twofold: commitment and willingness of leaders at all levels is needed to distribute decision making in order to empower and assist others to contribute their knowledge and expertise in the process of improving an institution's performance; and collective effort is more valuable than individual effort.

One of the emerging themes in the literature is that leadership is not only the responsibility of those who occupy senior positions (more particularly the executive level), but also of all those undertaking supervisory functions in the organisation. In contrast to the traditional model of top-down, command and control leadership, the emerging view is that leadership is dispersed through team-based interdependencies, fluid, multi-directional social interactions and networks of influence, and especially so in high performance organisations. This has significant implications for middle managers in organisations who often face multiple pressures and demands from above, below and horizontally. Stace (2001) would argue however, that *strategic* leadership must come from the senior executive, an idea that will be discussed a little later in the chapter.

The concept of distributed leadership clearly has no one agreed upon definition, nor indeed a single descriptor (e.g. terms such as dispersed, diffused, devolved, participatory, inclusive and collective are commonly used). Bennet et al (2003) also claim that those definitions of this concept that are available can be quite different from

each other, not only in the way they are expressed but also in their essence. Some of these definitions, explicitly and/or implicitly resemble democratic notions such as collegiality. Others emphasise characteristics such as shared decision making and interacting networks of collectives in non-hierarchical structures.

Gronn (2002, cited in Bennett et al 2003, p.7) helps to clarify the concept somewhat by explaining that distributed leadership is simply *a group or network of interacting individuals* who engage in concerted action. These networks of people within the organisation share their initiative and expertise with the aim of enhancing organisational capability and performance. Gronn sees that people work together in such a way that the outcome is a form of collective energy which is greater than the sum of their individual actions. He also suggests that distributed leadership implies *openness of the boundaries of leadership* by widening the basis for decision making, an action that would result in creating a 'flatter' administrative structure. However, this interpretation omits to suggest how wide that boundary should be set. This is a significant omission when considering the dynamics of very complex organisations such as TAFE. Another concern is that openness of the boundaries of leadership assumes that individuals at various levels of the organisation will possess a wide range of distinct, relevant and useful perspectives and capabilities. Such a situation would certainly not be true for many organisations.

Related to openness of leadership boundaries, a final meaning ascribed to distributed leadership by Gronn is that expertise is distributed across the many, not the few. Bennett et al (2003, p.7) explain how this would work:

If [expertise is] brought together it is possible to build a concerted dynamic which represents more than the sum of the individual contributors. Those with relevant skills in a particular context may establish initiatives, but others will then adopt, adapt and improve them if there is a mutually trusting and supportive culture.

This would see that in a world of fluid organisational boundaries, alliances and networks, the process of leading change would appear to depend on influence rather than authority, on relationship management rather than edicts, and on human rather than technical expertise. These are all challenges for entrenched bureaucracies such as are found in TAFE NSW.

While these forms of distributed leadership are more likely to have obvious benefits in simpler organisational forms such as schools, the model would appear to have limited

use in heavily bureaucratised, complex organisations such as TAFE institutions, especially those undergoing radical change. Shared or devolved leadership would seem more appropriate in more stable or less turbulent organisational environments where democratic forms of governance are more the norm. However, some of the ideas about networks and alliances and building trusting and supportive cultures are no doubt of value.

Leadership of complex systems

Much has been published of late about the way that complexity science, combined with knowledge from the cognitive sciences, is transforming the field of leadership (Snowden and Boone 2007, p.71; Hazy 2006) and the new ways that it can inform leadership and its role in organisations. Complexity theory explains the science of complex interacting systems and how the nature of interaction and adaptation in such systems influence how organisations change and innovate. It focuses leadership efforts particularly on behaviours that enable organisational effectiveness, as opposed to determining or guiding effectiveness. In this sense, complexity science broadens the concept of leadership from perspectives that are largely behavioural-based (e.g., human relations models) to include processes for managing dynamic systems and the relations between them.

According to Snowden and Boone (2007, p.71), complexity theory has the following attributes:

- *Large numbers of interacting elements;*
- *Interactions are non-linear and minor changes can produce major disruptions;*
- *The system is dynamic – the whole is greater than the sum of the parts and solutions emerge from circumstances and cannot be imposed;*
- *The past history is integrated with the present;*
- *External conditions ensure that the system is not always ordered and predictable;*
- *Unlike ordered systems which constrain their agents, or chaotic systems where there are no constraints, in complex systems the agents and the system constrain each other.*

Hazy's (2006) research points out that if leadership is considered as emerging from among multiple players in an organisation rather than an individual or even a dual arrangement, then leadership needs to be seen within the organisation independent of individuals. In other words, leadership should be observed not only in the individuals, but

also in how they are connected into organisational capabilities. If then complexity leadership constructs are to be meaningful for developing organisational capabilities, leadership must be viewed as a 'meta-capability' that connects and organises disparate individuals into a complex adaptive system.

It is argued by Surie and Hazy (2006, p.18) that three leadership types characterise the formulations in which this meta-capability is expressed within complex adaptive systems as they adapt to environmental pressures: *generative leadership* which fosters choice, actions and communications for generating a variety of capabilities; *convergent leadership* which directs the dynamics of organisational interactions towards efficient and effective configurations once an approach is selected; and *unifying leadership* which helps to hold the system together and maintains its overall dynamics.

In periods of rapid organisational change in complex systems, complexity theory would seem to have much to commend it by offering a broader conception of leadership (meta-capability). The ideas of leadership *enabling* and *coordinating* effort of a range of individuals rather than directing them, concepts closely aligned with the leader/enable model discussed earlier, is also appealing in this context.

A 'New Science' of leadership: transforming mechanistic systems

The traditional mechanistic model of organisational leadership is increasingly becoming viewed as a barrier to productivity, innovation, and sustainability. The work of Margaret Wheatley (1992) is seminal when considering models that address these barriers. 'New Science', a term applied by Wheatley, is seen to offer an alternative to conceptualising leadership theory and practice. It provides leaders with the knowledge and wherewithal needed to transform well entrenched hierarchical and mechanistic human resource management practices into open, participative learning systems that enable adaptation to new environments. In this sense, New Science can be seen as a subset of systems theory, stressing as it does that effective and sustainable living systems which possess the ability to learn, change, adapt, and evolve, need to rely on cooperative and interdependent networks for their survival (Wheatley 1999, 2005).

In developing her new style of leadership, Wheatley (1999) draws on recent paradigm shifts in science (from single-species management to ecosystem management to conservation biology) and physics as models for how leadership needs to be transformed to create dynamic and competitive organisations that can successfully compete in a rapidly changing world. She suggests that in periods of turbulence or

chaos, organisational leaders need a fundamental shift in their thinking in order to seek order rather than control. Order is inherent in living systems even though their natural process is to pass through stages of chaos in order to improve themselves and people naturally seek to make their conditions orderly and coherent. Even a small change can disturb order, create disequilibrium and result in chaos throughout a system.

While Wheatley's quest for order in living systems is understandable and indeed necessary for effective change, she implies, implicitly or explicitly, that chaos is necessary for change and regeneration to occur. She claims for example that, 'The destruction created by chaos, is necessary for creation of anything new', 'under proper conditions, the system in disequilibrium will respond and evolve to a new improved order' and 'organisations cannot become more fit in their present environments unless leaders are willing to risk the perils of the path through chaos, which leads to knowledge, growth, order and regeneration' (Wheatley 1999, p. 119). Surely this claim is contestable, given the number of other initiators of organisational change (see Chapter 3) and that effective leaders are supposed to be avoiding, not creating, chaos in their organisations. Leading the path through chaos may well be necessary for some leaders of change, a role that demands tremendous resolve, resilience and leadership skills, not to mention the capacity to gain ongoing support for workplace learning. Given such needs, Wheatley (1999, p.131) implies that what are needed are leaders who could easily be described as facilitators or enablers, as opposed to top-down command and control managers:

In this chaotic world, we need leaders. But we don't want bosses. We need leaders to help us develop clear identity that lights the dark moments of confusion... [we] need leaders to support us...

She further argues that efforts to maintain control prevent learning and shut down any natural life-enhancing processes of responding and improving. Further, insecure leaders often become suspicious of periods of chaos and confusion, withdraw to their comfort zones, suppress unpleasant information and create rigid structures in an effort to maintain control. Some adopt the defensive 'circle the wagons' mentality which short-circuits learning and improvement processes that lead to success and excellence. Leaders who react this way stop the organisation from learning and responding and regenerating itself, ultimately forcing it back into the status quo. It should be noted that in Wheatley's model, once again the importance of organisational learning comes to the fore.

Wheatley (1999, p.77) contends that participation in organisational change is not optional; however people are to be 'invited' into the process. While being involved in the process, they will be figuring out the new processes and building new relationships and interdependencies within the organisation. Each person creates his or her own version of reality and if they can see themselves in the 'new' future, they are more likely to support the change. Directives are not necessarily effective in achieving change as everyone reacts differently. It is the leader's responsibility to increase the level of interaction and connectedness in order to generate solutions from within the organisation. The most effective and adaptive organisations are generally composed of individuals that are valued, given responsibility for outcomes, rewarded for positive outcomes, and encouraged to self-organise in order to accomplish specific tasks. Effective leaders will encourage these qualities in their employees and will create a work atmosphere that allows individuals to succeed.

This New Science model of leadership developed by Wheatley counters the conventional command and control leadership paradigm, which is so familiar with those who have used or experienced it first-hand. Instead, it allows for ideas to be freely exchanged among stakeholders of a system, and encourages the growth of dynamic learning organisations. In this case, the leadership model has great currency, particularly in situations where organisations are undergoing radical and often turbulent change. What is questioned, however, is that chaos is a necessary part of all organisational transformation.

Leadership to enhance human and organisational capital

Changes to work and the organisation of work have tended to shift the emphasis from individual competence to organisational capability, or at least, for the former to be subsumed within the latter. Effective leadership in developing organisational capability and creating a culture of performance is viewed as one of the most important keys to organisational success and the leadership challenge of attaining this kind of organisational capacity is seen by some observers to lie in ensuring that the whole is more than the sum of its parts (Ulrich, 1999, p.82; Bennett et al 2003, p.7; Snowden and Boone 2007, p.71). Individuals as parts bring their skills and commitment to an organisation in the form of human capital and without talented people committed to using their talents to benefit the organisation, the business of the organisation will generally fail. Taylor's (2003) research in the UK illustrates that employee skills and providing

greater opportunity to use those skills make a very positive impact on organisational capacity building.

One of the ways to understand organisational capacity that leaders need to heed is, as Helfat (2003, p.1) explains, the ability of an organisation 'to perform a co-ordinated task, utilizing organisational resources, for the purpose of achieving a particular end result.' The leadership challenge of building of this capacity is expressed by Haertsch (2003, p.1) as the ability to combine human capital (people skills, knowledge and commitment), social capital (relationships between people) and organisational capital (what the whole organisation does beyond the talents of individual members) and align them such that each supports the others.

Leaders attempting to enhance the capability and performance of their organisations are urged to highlight the critical importance of openness, transparency, two-way communication and creating partnerships or networks within organisations in order to allow the organisation to cope with increasing levels of complexity (National Centre for Partnership and Performance 2006, p, 6). The most fundamental attribute of creating partnerships is seen as its ability to link people, ideas and structures to achieve change with mutually beneficial outcomes. Partnership and participation deliver a culture of change: a new mindset which accepts that there is a common agenda, shared goals, shared responsibilities, a shared fate and shared outcomes or benefits. In turn, this creates the basis for ongoing change and improvement. Although it is intangible, the mindset created through partnership is the critical foundation for most of the improvements delivered (National Centre for Partnership and Performance, 2006, p.6). The ideas of harnessing skills, collective activity and creating partnerships resonate with many of the concepts of complexity science and the New Science of leadership discussed earlier.

Other strategies for developing organisational capability that leaders of change need to be aware of are suggested by the Nous Group (2006). Four key organisational capability improvement services noted are: organisational design (aligning structure, systems, capabilities and culture); HR strategies (devising people engagement strategies that deliver on the strategic imperatives of an organisation); information management (designing knowledge information and ICT strategies to solve technology based challenges); and creating organisational change (facilitating such change through developing capabilities of individuals and the organisation).

Cultural capital is also seen as a crucial element for leaders to heed, especially in managing the important symbolic side of the organisation. They need to understand what cultural norms and traditions have helped shape their organisation and what kind of leadership is required to help create, manage and work with culture. Attempting to destroy it when they believe it to be dysfunctional is extremely difficult, if not impossible.

Like all social entities, organisations possess a symbolic dimension, a culture that, unlike institutional structures, cannot be visibly or diagrammatically depicted, but only inferred from the values and expectations of those who reside there. In other words, culture is not easily decoded, embedded as it is in the thinking and actions of community. It is embodied in the traditions, myths, values and expectations that are peculiar to the occupational life and work of its members. The cultural traits are historically transmitted, cumulative, deeply embedded and not easy to turn off at will. The 'thicker' the culture, the more potent is the culture's influence and the more difficult will it be to change it (Harman 2002, p.97).

Managing organisational culture is an important aspect of leading organisational change and building organisational capability. Culture is complex concept and is characterised in various ways. Morgan (1986) emphasises the multifaceted nature of culture and subcultures and its resistance to change and over manipulation. Schein (1997, p.10) depicts organisational culture as 'the accumulated shared learning of a given group, covering behavioural, emotional, and cognitive elements of the group members' total psychological functioning'. First, culture reflects shared learning; second the manifestations of that learning are stable; and third, culture is a force that integrates disparate elements into a whole.

However, Schein's interpretation lacks analytical bite where oppositional sub cultures exist that have the potential to create conflict and disintegration. Managing cultural capital and cultural conflict sensitively is therefore a must for leaders who wish to manage change effectively and build their organisation's capability without destroying its soul.

As in many organisations, within TAFE NSW are many talented people. However, the organisation seems unable to harness its individual talents in order to build up organisational, social and cultural capital. Because of these inhibitions, a new breed of leaders needs to emerge; leaders whose fundamental role will be to lead change, innovate, build collective networks, uphold and protect supportive culture, and shape and create contexts in which appropriate forms of self organisation can occur. That is,

they will be responsible for 'defining the attractor' as Morgan (1997, p.267) explains so succinctly.

Transformational leadership

A dominant school of thought on leadership supports the transformational model with its focus on change and the leader's direct impact on the motivation and performance of individual employees. According to Bennis (1994), transformational leadership is characterised by a leader's ability to align, create and empower, i.e., leaders transform organisations by aligning human and other resources, creating an organisational culture that fosters the free expression of ideas and empowering others to contribute to the betterment of the organisation.

While never put forward as a complete theory of leadership, the transformational approach is emerging as a preferred model in many organisations undergoing change, as it focuses upon the significant role that leaders play in promoting both personal and organisational change as well as the role they play in assisting employees to meet and exceed expectations about performance (Callan 2005, p.7).

Effective transformational leaders are said to be able to build positive psychological states and emotional capital among their employees (Seligman 2002). More emotionally intelligent leaders and managers who are transformational in their style, are envisaged as more able to switch styles (that is authoritative, democratic, affiliative and coaching) as a result of their higher levels of self-awareness, their ability to read a situation, and their adaptability (Goleman 1995, 1998, 2000). While there is continued controversy about definitions of emotional intelligence, according to Goleman (2000) emotionally intelligent leaders manage themselves and their relationships effectively.

In managing complexity and change as transformational leaders, Callan et al (2007, p.17), found from their research that an overarching challenge is getting individuals to cope with change and the increasing complexity of their environments. Their respondents perceived the role of leaders to be about giving a sense of direction to the organisation, setting and appealing vision for the future, getting staff agreed about the need to change and rewarding staff as the needed changes occurred. The demands associated with change or further change, were challenging ones for managers, and often occurred in difficult circumstances.

Transformational leadership is seen by many observers as the most appropriate model for training organisations. A recent study into approaches for sustaining and building

management and leadership capability in VET providers by Callan, Mitchell, Clayton and Smith (2007) focuses on the VET workforce and organisational capability issues including teaching and learning, the career development of VET practitioners, the cultures and structures of VET providers and human resource management practices as well as approaches to decision-making. Importantly, the authors highlight that senior managers and leaders have embraced the concept of transformational leadership, a style they see as most appropriate in dealing with the challenges facing training organisations today. This style helps them to define organisational goals and desired outcomes and share the journey to achieving them by working collaboratively with others both within and outside their organisations. It suggests the need for better and more focussed development of the management and leadership talent within the sector.

There is much in the leadership literature that points to vision as a key characteristic of transformational leaders. Creating new systems are seen to begin well when an organisation has a change agent whose leader not only sees the need for major change but establishes a vision for the way ahead. Gonger, Spreitzer, and Lawler III (1999, p.87) put it this way:

...leadership must begin by establishing a sense of urgency and then creating and communicating a focused vision. With vision in place, then the leader can turn to implementation by empowering others to act and by creating short-term wins.

Likewise, Miles (2002, p.15) points out that successful transformational leaders:

- *Know how to create and sustain the enormous amount of energy required to launch and accelerate transformation. Everyone in the organisation not only understands the new direction and the need for it, but is also effectively engaged and substantially supportive of it.*
- *Use vision to lead. Transformational change, in contrast with incremental change, requires projection into a dimly lit future. It involves the creation of goals that stretch the organisation beyond its current comprehension and capabilities.*
- *Have a total system perspective. This seeks to boldly move the organisation from an initial state to a vision state, through the simultaneous articulation of all major elements of the whole organisation.*
- *Embed change is a systemic implementation process. The total system approach to change and the magnitude of change implied requires a sustained process of*

organisational learning and an orderly orchestration of all of the pieces in order to make a safe passage to the vision state.

Research by Gonger (2002) indicates the unique qualities of transformational leaders in a 'metazoic organisation':

- *Vision – a clear sense of purposefulness in accomplishing shared “dreams” (results-oriented).*
- *Charisma – arousing and elevating enthusiasm in others.*
- *Symbolism – fostering shared symbols, meanings and images powerful enough to induce enthusiasm and commitment.*
- *Empowerment – mentoring, structurally aligning resources, sharing responsibilities, creating a good working environment, and intrinsically challenging work.*
- *Intellectual Stimulation – knowledge, shared creativity and problem solving*
- *Integrity and Trust – assuring behaviour exemplifies the ideals and course of vision.*

The vision should be widely known both horizontally and vertically and the leader should be prepared to 'walk the talk'. As Kotter (1995, p.64) explains, '*Nothing undermines change more than behaviour by important individuals that is inconsistent with their words*'.

In relation to an organisation's capability to transform itself, Callan (2005, p.7) points out that leadership is required not only at the top, but also at different levels of organisations today, in order for them to stay innovative and competitive. Goleman (2000) augments this perception by arguing that leaders need many different styles of leading, and the more styles a leader exhibits the better. He adds that emotionally intelligent leaders are more able to switch styles due to their higher levels of self-awareness, ability to read a situation, and adaptability. Transformational leaders in particular establish more intellectually stimulating workplaces that in turn also foster more openness, creativity and willingness by their employees to challenge the status quo.

Level 5 leaders

The literature keeps stressing that good leaders know what works for them, are willing to admit to their human strengths and weaknesses, and are often guided by strong levels of intuition and emotional intelligence, humility, quiet determination and willingness to

take the blame when things go decidedly wrong. These attributes reflect the concept of 'Level 5 Leadership' as outlined by Collins (2001, p.22). Level 5 leaders 'build enduring greatness through a paradoxical blending of personal humility and professional will' Collins (2001, p.29). Collins sees that this is the type of leader

...who best succeeds in leading a good company to greatness. These leaders put people before strategy. They create a culture of discipline, and when you have disciplined people, you don't need hierarchy.

Level 5 leadership can be thought of as a continuum – at one end of the spectrum is the highly capable individual who makes productive contributions through talent, knowledge, skills and good work habits, while at the other end is the effective leader who catalyses commitment to a compelling vision and stimulates the group to high performance standards. Collins (2001) points out the altruistic qualities of Level 5 leaders. He sees that they possess high levels of altruism in that they channel their ego needs away from themselves and into a larger goal of building a great company. It is not that level 5 leaders have no ego or self-interest. Indeed they are incredibly ambitious – but their ambition is first and foremost for the organisation, not for themselves.

Leadership attributes framework

Ulrich's (1999, p.6) summary of leadership attribute frameworks has four key elements which would be applicable to any organisation undergoing transformation. Effective leadership requires acquiring knowledge and demonstrating behaviour in each of the four categories of the framework. Ulrich (1999, p. 6) suggests that effective leaders of change:

- **Set direction** - Leaders position their firms for and toward the future. Anticipating the future involves predicting and juggling numerous influences – among them, customers, technology, regulators, competitors, investors and suppliers.

Leaders who set direction know and do at least three things: understand external events, focus on the future, and turn vision into action.

- **Mobilise individual commitment** – turn vision into accomplishments by engaging others. Leaders translate future aspirations into the day-to-day behaviours and actions required of each employee. Employees thus engaged become committed to meshing their actions with organisational goals, and they are dedicated to investing their mind, heart, and soul to organisational pursuits.

- **Engender organisational capability** - Leaders build not only individual commitment but also organisational capability. Organisational capability refers to the processes, practices, and activities that create value for the organisation. They need the ability to translate organisational direction into directives, vision into practice, and purpose into process.
- **Demonstrate personal character** – as Bennet (2003, p.9) states: *'leadership is really a matter of character. The process of becoming a leader is no different than the process of becoming a fully integrated, healthy human being'*.

The ability to lead strategically is seen as another attribute in the framework. Stace (2001, p. 154) argues that effective change is led strategically, *and led by executives* (my emphasis). He goes on to add that without strategic executive leadership, organisational change is chaotic, lacks direction and is simply reactive to environmental pressures rather than becoming an active force in shaping the environment. He goes on to add that effective leaders of organisational transitions are people-centred, personable, inspirational and skilled at information communication and negotiation. They typically move freely around their organisation, emphasising relatively informal contact with employees at all levels. Culture arises from the shared experiences of organisational members, so there may also be an emphasis on providing new shared experiences and vision which generate high levels of commitment and new attitudes consistent with the direction of the change program (Stace, 2001, p. 165). While it may be true that executives in many cases need to provide the overall strategic direction of an organisation, other observers argue that effective strategic leadership of change can be shared or diffused as noted earlier (e.g., Bennett et al, 2003). It would pay leaders of change to sort out what appear to be contradictory messages from the organisational analysts!

Building shared experiences and vision is taken up also by Senge (1990, p.9) who starts from the position that if any one idea about leadership has inspired organisations for thousands of years, *'it is the capacity to hold a shared picture of the future we seek to create'*. Such vision, he argues, has the power to be uplifting and to encourage experimentation and innovation.

High levels of emotional intelligence are another attribute ascribed to the framework. According to Goleman (1998), emotionally intelligent leaders manage themselves and their relationship effectively. They display sets of behaviours that demonstrate:

... [s]elf awareness, self management, social awareness and social skills such as communication, change catalyst, team work and conflict management.

Organisationally, these show up in the messages leaders send; in the role models leaders embody; and in the formal practices, processes, structure and culture of the organisations.

Leading towards collaborative work systems

New ways of organising and building human capital are emerging with one significant new practice being the use of collaborative work systems. Collaborative work systems are seen to provide one of the key competency areas that organisations can focus on for building vitality and excellence, including competitive and collaborative advantage. Every day, people come together to make decisions, solve problems, invent new products and services, build key relationships, and plan futures. The effectiveness of those gatherings and the effectiveness of the systems that emerge from them will depend greatly on the collaborative capacity that has been built in their organisations (Beyerlein, et al 2003).

Beyerlein (2003, p.1) understands that collaborative work systems include the creation of team-based organisations:

Collaborative work systems are those in which a conscious effort has been made to create and institutionalise values and practices that enable individuals and groups to effectively work together to achieve strategic goals and business results.

Beyerlein, (2003, p.8) goes on to claim that the keys to a successful and sustainable transformation to team-based organising and effective collaborative work systems include a focus on context, the alignment of systems, and a leadership change, but it also includes teams with a balance of accountability, responsibility, authority, and empowerment. It is a challenge to do all these things well; the option is failure.

Organisations that invest in team-based systems are seen by some observers to do so in order to generate innovative practices that will give them a competitive edge. High performing teams require investment in training and other support systems to gain the skills they need, as well as to create and maintain an environment conducive to their success (Frances Kennedy, 2000, p.1). A particular challenge for change agents is how

to make resource allocation decisions in an environment of political and financial imperatives to maximise team effectiveness, demonstrating return on investment.

Many organisations vocalise support for teamwork and collaboration. However, collaborative work systems are distinguished by intentional efforts to embed the organisation with work processes and cultural mechanisms that enable and reinforce collaboration. Team-based organisations and self-managing organisations are specific examples of collaborative systems.

Collaboration is seen as a way to build intellectual and social capital and team collaboration is seen to add value by enabling synergies to emerge when the hurdles to collaboration have been minimised in the processes and structures of the organisation (reference?). Collaboration can also become a source of strategic advantage. As Sussland (2001, p.189) claims, the talents and experiences of team members represent valuable assets for the organisation by focussing on development of human capital which results in a more intelligent organisation, one that is more adaptive and more able to acquire, process and act on information.

Kanter (2005) argues that integral to building a winning organisational culture, accountability, collaboration and initiative are needed by leaders and managers in large measures. He notes that collaboration involves teamwork, but it doesn't necessarily mean people are doing everything in teams. It means people can count on each other to provide what is needed to get something done. Initiative means that people don't wait to be told what to do. They find problems, and they solve them. They approach a situation with in assumption that they can make a difference, and they have channels and tool that encourage them to innovate or make improvements.

A rationale for focussing on teams rather than individual employees derives from the proposition posed by Susman (1976, p.183) that,

...a group can more effectively allocate its resources when and where required to deal with its total variance in work conditions than can an aggregate of individuals, each of whom is assigned a portion of variance.

The outcome of this kind of collective activity is seen to be a highly flexible organisation that has the ability to learn and focus on solutions and continuous improvement. Most practitioners view the team-based phenomenon as the most important ingredient to improve productivity, creativity, quality and efficiency in an organisation faced by a need for rapid information exchange and response to customer needs (Susman, 1976).

The common practice for traditional organisations is to select employees on the basis of their technical skills but successful collective environments require a steady influx of people with the capability and skills to work in teams. Thus more emphasis in recruitment practices is now being placed by some organisations on interpersonal skills and problem solving skills. It is considered that it is easier to teach the technical skills after the other skills are established. While it is important that leaders should be concerned about whether their employees have the technical skills needed to get their work done, at another level, leaders need also to be concerned about employees' social know how or how they work together, as part of their overall employee capability. Working together focuses less on technical knowhow and more on interpersonal skills and sensitivity to how work gets done.

Consistent with this position, the skills required for high performing VET practitioners to work successfully in a team environment have been worked out, explicitly or otherwise, to include the following:

- *Flexibility;*
- *Conflict Management;*
- *Giving and receiving feedback;*
- *Problem analysis;*
- *Decision making;*
- *Initiation;*
- *Facilitation;*
- *Persuasion;*
- *Oral Communication;*
- *Analysis and critical thinking; and*
- *Ability to deal with ambiguity.*

As already noted, TAFE NSW institutes, like many other public and private organisations such as Qantas, Johnson & Johnson and Telstra, are now moving towards implementing teams where collaborative effort is seen as a key to performing more effectively a wide variety of critical organisational functions, and bringing separately operating groups together. Lorrimar (1999) studied work teams and teamwork in Australian TAFE Institutes and noted how many are re-shaping their structures to better meet the ever-changing and complex demands they are facing. Moving away from the negative aspects of bureaucracy, the institutes are implementing team approaches to help in the delivery of vocational education. Lorrimar (1999, p.16) warns however, that '*structural changes are not enough to make system gains. Imposing work teams as an organisation structure rather than empowering them to facilitate change can reverse system gains.*'

Limerick and Cunnington (1998) provide extensive case studies in support of their argument that organisations that can bring autonomous units together that are able to provide a quick response to discontinuous change. They go on to describe the challenges to this approach including:

- *moving from independent competitive strategies to competitive, collaborative strategies;*
- *moving from integrated hierarchical structures to loosely coupled organisational networks (from Weick 1976); and*
- *moving to participative teamwork from a culture of collaborative individualism.*

Overcoming these challenges is said to rely on real empowerment of all participants. Block (1993), who sees teams as the basis for empowerment, describes the difference between what he calls 'cosmetic empowerment' and 'authentic empowerment' as significant. He sees cosmetic empowerment as:

- *Top down vision setting that attempts to enrol the rest of the organisation after the fact*
- *The assignment of a managing group to enforce teamwork through new performance appraisals, recognition systems and internal consultation*
- *Where the 'management-worker split remains*
- *The direction and control remains within a senior group*
- *The selective sharing of information continues.*

'Authentic empowerment' (Block 1993, p.36) on the other hand, has the following distinguishing characteristics:

- *The top defines the need and the units of work defining their own vision.*
- *All education processes are unique and owned by the teams.*
- *Teams measure their own quality.*
- *Teams design their own work.*
- *Teams are close to their customers and the management-worker demarcation is extinguished.*
- *Management is a 'task not a job title'.*
- *All information is fully disclosed.*

As work becomes more complex, the synergy of a team and the linking of teams with each other into networks is seen as essential to achieving performance goals. However, leaders need to be aware that teamwork needs to be managed well if the desired

outcomes are to be achieved. A particular warning they need to heed is that in spite of years of research and practice, at least half of the teams and team initiatives of the last decade or so seem to have failed (Beyerlein, 2003, p.3). They apparently fell short of achieving their goals and reaching their full potential. A study by the Human Resources Planning Society on a hundred Fortune 500 team-based companies found that 80% of their respondents had trouble evaluating the team's work (Eisman, 1995).

One of the major causes of team failure is claimed to be lack of organisational support (Donovan 1998; Kotter 1999; Beyerlein, 2003). Actually, very few authors have written about the failures of work teams (Hitchcock & Willard, 1995; Robbins & Finley, 2000). However, a number of causes of team failures have been identified by Beyerlein (1997a, 1997b), which include the following.

- *Team implementations cannot be adopted from other organisations, they must be adapted. That is, instead of importing an implementation and design process as a whole, it must be tailored to the new site.*
- *Teams must be introduced for the sake of performance improvements, not because teams are a fad being used in other noteworthy companies and not just to increase employee satisfaction.*
- *Teams will not survive if they are isolated islands of structural change; they must be linked with other teams and receive appropriate resources from support systems.*
- *Major change initiatives, including the redesign to a team-based system must be institutionalised and not depend on a single champion, because when that champion leaves, the efforts build on his/her vision, enthusiasm, and expertise will erode back to the prior structure, possibly with backlash in employee attitudes.*
- *A key part of institutionalisation of the change is obtaining the buy-in of top management; typically, their backgrounds do not enable their appreciation of team structures and processes – they have excelled at working in competitive ways for too long, so lack of top support leads to abandoning the initiative without careful analysis of the long-term costs and benefits involved.*
- *Becoming an effective team contributor typically depends on development of significant new competencies, and that requires a great deal of learning – formal training, informal coaching, and so forth; some organisations are unwilling to take the time away from work to provide the learning opportunities, so capability development is stifled.*
- *Achieving new peak levels of performance by team requires time for developing teamwork and the new norms that support it; organisations that rush to achieve peaks become impatient and decide teams were the wrong choice.*
- *Leadership requires new meanings and manifestations for teams to work at peak levels. For example, supervisors transitioning into team coaches must make radical changes in their style of interaction, and team members must take on leadership responsibilities.*

Items on this list represent both factors within the team itself (micro level) and outside of the team (macro level, contextual, environmental).

If organisations are keen to get teams working effectively rather than discarding the idea, implications are that they need to set up mechanisms to support team effort. Analysis of the literature identifies eight critical organisational systems that support effective teams:

1. Information Systems which represent the ways that organisations can respond to the information processing and knowledge gathering needs of teams.
2. Rewards Systems which represent ways teams are paid or recognised for their efforts.
3. Integration Systems which represent tools or methods that facilitate coordination efforts between team members or between teams.
4. Performance Review Systems which measure individual and team effort.
5. Group design Systems which are aspects of organisational structure and inputs from the team including team composition, team location and team resources.
6. Training Systems which refers to employee professional development.
7. Direct Supervisor Support Systems which represent ways that direct supervisors show support for team concept, formally and informally.
8. Manager and Executive Support Systems which represent ways that executive show support for the team concept.

Sometimes resistance of managers and employees to change to work teams create considerable barriers to change. What are the main reasons why this is so? Donovan's (1999, p.19) extensive research reports that the major reasons managers resist is because they fear:

- Loss of power and authority and hence, a total loss of control;
- Giving up specialised knowledge to others;
- Having to learn new skills to coach rather than manage;
- Moving out of their comfort zones;
- Loss of status and social standing;
- Not receiving the right support from above;
- Managers not being trustworthy;
- Personal lack of skills to handle change; and
- Lack of openness and transparency.

A critical challenge for leaders would appear to be then, that teams do not need managers but they do need to ensure that every function required to operate their business is well managed.

Organisations that are seen to be successful in making the transition to a more team-based approach have champions of collaboration at the top levels of the organisation. However, not all top management teams are consistent in their support of a team-based approach, and in fact, not all top management teams even model effective collaborative behaviour themselves, as Beyerlein (2003, p.118) notes.

Leading research training organisations for the future

Mitchell's (2003, p.5) research report shows Registered Training Organisations (RTOs) in the VET sector need to continually undertake strategy-making, as the external environment for most RTOs is constantly changing and, to some extent, is turbulent. Faced with the uncertainty of what the future will bring and given the impossibility of predicting all trends and developments, effective RTOs tap into the explicitly and tacit knowledge of a range of their managers. They also use a range of planning strategies and models to develop strategies, as there is no one best model for developing strategy. The methodology will vary from one RTO to the next, depending on their idiosyncratic range of capabilities, environment, goals and challenges.

Mitchell (2003) also found that effective RTOs preferred the emergent approach to change management, which views change as a continuous, unpredictable process. Many of these used Kotter's (1996) or a modification of his eight-step model for change. Another option chosen was to use a mixture of planned and emergent change management models to meet different change management needs within the one organisation. By selecting appropriate change management approaches, it is possible for RTOs to change entrenched cultures; for instance, to change silos of staff into collaborative networks.

From the literature reviewed on leadership for change, it is clear that leading RTOs for the future involves leaders understanding that the values and belief systems that worked for traditional, hierarchical organisations are seen to be counterproductive for teamwork and collaboration. It is also clear that what is needed is an organisational culture that supports participation, innovation and creativity and rapid learning. Those who lead, manage, and steer change initiatives to team-based systems need to assess organisational readiness, develop a vision for change, create an effective design and guide the implementation of that design, actively communicate with those involved in the

change, and model collaboration and teaming themselves (ACIRT, 2004). Leaders for the future need to be aware that empowering all employees to participate in the management of the organisation via collaborative work teams, needs to depend in part on adopting an open system or learning system approach.

The literature also makes clear that leading team-based organisations requires a different approach to all the processes underlying human resources, since the primary unit of focus shifts from the individual to the team. The emphasis shifts to the team, its construction, motivation, performance, and improvement. Individual selection, motivation, performance and improvement all remain important, but as a general rule of thumb, they can no longer be pursued in ways that would be to the detriment of the overall team. Pascale (1990, p.88) illustrates by explaining that the chains of old mindsets must be broken if leaders are 'to grapple successfully with the task of managing adaptive organisations'.

As RTOs, the TAFE NSW institutes will need to adopt learning organisation strategies as a means of encouraging what Morgan (1997) refers to as double loop learning. This particular learning encourages questioning matters that relate to reality constructs – how an organisation views its identity. 'To learn and change they must be prepared to challenge and change the basic rules of the game at both the strategic and operational levels' (Morgan, 1997, p.93). Team learning, according to Senge (1990, p.226) builds on personal mastery and shared vision by requiring '*the process of aligning and developing the capacities of a team to create the results its members truly desire*'. When teams learn together, Senge suggests, not only can there be good results for the organisation; members will grow more rapidly than could have occurred otherwise.

Summary

The literature reviewed in this chapter indicates that effective leadership is a key ingredient in any change management process, probably the most important aspect. Also indicated is that because leading change calls for leadership capacity that must rely on application of specialised knowledge and skills, leadership development is necessary, especially for those with little or no experience in leading radical organisational change.

While some of the weaknesses of the theories reviewed relating to organisational transformation have been noted, a number of insightful ideas and concepts have emerged that are worthy of mention. Considered to be particularly insightful and

pertinent to the focus of this study regarding change, adaptability and looking to the future, are the following concepts of leadership selected from the categories reviewed:

- Innovative leadership in its bid to shake off entrenched conservatism and establish a flatter organisational structure;
- The leader/enabler who is highly educated, adopts a global perspective, has a vision of future needs, shares decision making and delegates widely;
- Distributed leadership inasmuch as it moves away from the traditional top-down mode of operating to supportive networks and collective activity;
- Leading complex systems underscored by the principles of complexity science that connects and organises disparate parts into a complex, adaptive system;
- New Science leadership that provides leaders with the vision, knowledge and skills to transform deeply embedded hierarchies into open, participative learning systems that enable adaptation to new environments;
- Transformational leadership that aligns human and other resources and has the vision to create an organisational culture that fosters free expression of ideas and empowers others to contribute to building organisational capability; and
- Level 5 leaders who are visionary, intuitive and determined and create disciplined people who will have no need of hierarchy.

It is interesting and probably not surprising that many of the themes from the theories reviewed on leading organisational transformations overlap. Of particular interest are the following concepts which surface clearly: top-down, paternal, command and control styles are not appropriate in a turbulent, chaotic climate; strategic vision is a much needed attribute; collective work systems underpinned by the principle that the whole is greater than the sum of the parts should be practised; human, intellectual and cultural capital need to be developed if organisational capability is to be achieved; and organisational needs should override any personal desires of the leader.

Common themes arising from the discussion on the leadership knowledge and skills required for enhancing organisational capability, building collaborative work systems and guiding registered training organisations into the future, are the following: team-based systems that foster collaborative effort appear to develop higher levels of organisational intellectual, social and cultural capital; in order to avoid failure, team-based collectives need to be supported with systems that allow learning to take place and improved performance to result; organisational learning strategies need to be given full rein; and

last, but by no means least, organisational culture needs to be recognised and built on and culture conflict need to be managed sensitively.

The following chapter moves on to describe the methodological framework adopted for this study and the methods used to gather and analyse data. It also outlines the ethical considerations associated with the research and how these were addressed.

Chapter 5: Research Strategy Adopted

Introduction

Given that the integrity and validity of any research rests on applying tight methodology that uses credible data collection and data analysis techniques, the decision about which research strategy to adopt for this study was taken with great care. This was not just a question of deciding what methods to use but also about knowing what principles should guide the decision and why other methods available were not deemed to be appropriate.

The major methodological challenge was to match closely the central issues the research set out to study with the method needed to collect the information required. Selection of research strategy was guided by the basic principle that the nature of the problem being investigated and the research questions being addressed precede the choice of methodology (Leedy and Ormrod 2005, p. 139). As a consequence and given that the focus of the study was essentially on the *process* of transformative organisational change, the *perceptions* of personnel *experiencing* the change and the major challenges posed for them in terms of leadership required and the human resource consequences of change, it was considered most appropriate to adopt a qualitative, naturalistic approach.

Essentially, the study sought to understand and attempt to interpret the process of change, how it was managed and the challenges faced by leaders and managers in two regional TAFE NSW Institutes that at the time of the study were undergoing radical, transformational change. The focus was specifically on the processes and strategies of management used in shifting the institutes from their inflexible top down systems of operating to flatter, team-based systems and the impact of these changes on personnel and HR managers, not on the validity of the decisions they made or the consequent restructuring issues that arose. For these reasons, a qualitative case study approach was adopted using multiple methods of data collection and allowing for a much deeper analysis.

Ideal for a case study approach was the fact that that each institute examined was complex, somewhat idiosyncratic and comprised dynamic 'bounded systems' (Stake 2005) in which the managers were key players. As it worked out, each of these 'systems' created quite contrasting ways of dealing with change, a situation of great interest to me as the researcher, especially as comparisons could be made between the institutes. Moreover, the

fact that I as the researcher was granted (and already had) access to the inner doings of the institutes, provided an immediate advantage.

In keeping with case the study approach, much time was spent in the field mining the many sources of data. Several months were spent at the two institutes over the period from 2000 to 2004. Throughout this four year period of data collection, many people were interviewed, countless meetings were attended, much material was analysed and daily observations and recordings were made. These did not simply relate to the framework of the process of change itself, but also to the daily routines and individual and group interactions.

The validity of the findings of the case studies could be challenged because of my 'insider' status as the researcher. However, organisational studies in the social sciences and management are replete with rigorous studies from insider perspectives where the authors took great pains to remain detached and overcome potential researcher bias (Borman 1987; Mouton and Marais 1990; Louis 1992; Brindley 1996; Delauzun and Mollona 1999; Coghlan and Brannick 2001; Coghlan 2003; Morrow 2005; O'Harae 2007). Likewise, in this study great pains were taken to address the potential problem of researcher bias, a point that will be taken up in greater detail later when discussing my participant observer status.

The themes covered in this chapter focus on the nature of the methodology adopted (the research design, methods selected and justification for their choice), the sample, data collection techniques, the methods of reporting data and ethical concerns confronted in the study along with the processes adopted to address these. Finally, a brief commentary is provided on how the responses of participants impacted on me as the researcher.

Research design

Choice of Qualitative Case Study Method

Essentially, a case study is an in-depth investigation of a socio-cultural, 'bounded' system carried out in a field setting, using multiple techniques of gathering information in order to construct meaning. Any case study is based on the premise that what is being studied is typical of a class of events, groups or individuals. Such a study has the potential to generate rich, subjective data that can aid in the development of theory and working hypotheses that can be empirically tested (Borg and Gall 1989, p.402).

The value of case studies is extensively documented, especially their ability 'to place action and events in context' (Prosser 1995, p.2; Yin 2003, p.4) and to obtain 'thick description' (Geertz, 1973) of the social reality that is being examined. In essence, case study method

offered the chance to explore, in-depth, complex phenomena in their natural setting that had not hitherto been well understood or documented. Choosing a case study strategy was particularly important in that it offered a multi-method approach to data collection. Using multiple methods has the advantage of allowing for triangulation of data, a strategy that adds rigor, breadth and depth to any investigation (Denzin & Lincoln 1998, p. 4). Triangulation allows for crosschecking specific data items from a variety of viewpoints in order to make judgements about 'truth', 'validity' and 'reality' (Schostak 2002, p.85). The techniques employed to gather data certainly provided the opportunity to weave a rich tapestry from the outcomes of observations, conversations, interviews and other sources of data tapped.

Other reasons for the choice of case study method were that:

- as the research was conducted in real-life situations, it required a holistic approach (Yin 1994, p. 15, Burns 1995, p. 313) where existing theory was inadequate (Eisenhardt 1989);
- case studies are perceived to be the preferred strategy for situations addressing the "how", "why" and "what" questions (Lichtman and Taylor 1993, Yin 1994 p.7; Bouma 1993, p.89; Burns 1995, p.313);
- working hypotheses that are able to be empirically tested can be generated through case study research; and
- case studies have the potential to stimulate ideas about different ways of viewing reality and for throwing up issues or problems that could be pursued by future researchers

These reasons of course do not imply that case studies are without their problems for researchers. These need to be acknowledged.

Limitations of Case Studies

The main limitations of case studies are said to be that they never really *prove* anything, they are not ideal for making generalisations because of their subjectivity and they render it difficult to test for validity. It is pointed out by a number of researchers that generalisability is only applicable to a particular context and any generalisations made must, of course, be tentative only until they await further support from other studies (Leedy and Ormrod 2005, p.150). This 'further support' can come from the process of triangulating data and cross-validation or cross-checking, techniques which were adopted in this study.

Credibility of findings is another problem faced by much case study research. As a form of naturalistic inquiry, qualitative case studies need to be designed to enhance their credibility in accord with widely accepted principles of rigorous research. To ensure credibility of the research undertaken in this study, the following principles outlined by Owens (1982, pp. 1-21) were adhered to:

- *Prolonged data gathering* – this allowed immersion in the situation that was under examination and a deeper level of understanding.
- *Triangulation of data* which ensured the potential for cross-checking and verifying data.
- *Member checks* with participant feedback which ensured corroboration of data.
- *Collection of relevant documentation* ('referential material') which enhanced the credibility of the research.
- *Development of thick description* which involved the careful integration of triangulating, conducting member checks, corroborating information and collection of referential materials.
- *Engagement in peer consultation* which provided the opportunity to check my own perceptions and concerns as the researcher and to talk through problems of which I may not have been aware.

Another potential problem of case study method is the danger of the researcher getting too involved in the lives of those observed ('going native') with the result that observations and interpretations might simply reflect the personal cultural norms, beliefs and philosophies of the researcher rather than of those the researcher is trying to study. While it was difficult not to become involved in perceived inadequacies and failures of the system of which I as researcher was a member, especially as people were affected so significantly by the organisational changes and their outcomes, every effort was taken to maintain a professional distance.

All of these limitations were paid due attention. Consequently, it was considered that greater validity would be gained by triangulating data via use of multiple methods of data collection, engaging in 'thick description' and carrying out more than one study of the same phenomenon under investigation. Moreover, by including external experts in the interview process, the likelihood that the findings of this research could be generalised to other TAFE institutes was enhanced. This likelihood was increased further with the level of consistency of opinions gathered throughout this research.

Data Collection Techniques

Key Informant Interviewing

With its roots in anthropology, key informant interviewing is an essential interview tool used particularly in ethnographic inquiry. Key informants are those who are in a position to know the context and dynamics of the situation under scrutiny and who possess the knowledge that researchers need to address the questions and problems they pose for their research. The depth of information they are able to provide is of inestimable value to the researcher.

It was Geertz (1976, p.27), the eminent anthropologist, who offered possibly the most insightful justification for using key informant interviewing as a method of investigation when he observed insightfully that,

... if there is to be any genuine ethnographic knowledge...it is only going to come about by a lot of patient, flexible, responsive, un-pressing, and delicate interviewing of those who, though they may not be aware of it, know what it is we want to know...

You can't find out much by giving people multiple choice questionnaires, counting their footnote references, casting them in Freudian dramas, or running them through some form of human equivalent of a rat maze. You learn...by finding out how to converse with them.

In summary, the aim of this kind of interviewing was to target knowledgeable personnel who were willing to share their experiences and opinions about the nature and consequences of radical change. It was adopted essentially to enable me as the researcher to understand more fully the challenges confronting the informants as key players in the change process and the implications of change for organisational leadership. Importantly too, engaging with key informants allowed me to become more familiar with the topic of transformative organisational change from the perspective of those intimately involved (see Henry, 1990, p.48).

The Sample

Keeping in mind the need to converse with those who 'know what it is we want to know', purposive or convenience sampling was applied in this research. Purposive sampling was chosen because it is considered by many researchers as the most appropriate kind of non-probability sampling for qualitative kinds of studies (see Welman and Kruger 1999). In this study, the purposive sampling was 'strategic', whereby persons with information that was

needed are identified (Smith, 1981, p. 287). Purposive sampling, as opposed to random (representative) sampling, has been widely used in a great number of studies as documented by Bryman and Bell (2003, pp. 356-358). Representative random sampling was not called for as no statistical inferences were to be made. Instead, construction of *meaning* via interpretive means was the aim.

Several steps were taken to identify key personnel who would be approached for interview. Four principles developed by Borg and Gall (1989, p. 411) were applied in choosing the informants invited to participate. These were that:

1. subjects should be omitted who do not fit the purpose of the study;
2. 'outliers' should be eliminated from the sample;
3. a wide range of subjects need to be chosen; and
4. non-typical subjects should also be selected

In accord with these principles, persons with information and knowledge relevant to the aims and foci of the research were identified and invited to participate (Smith, 1981, p.287). The major key informants in the institutes selected comprised senior and middle managers as well as staff involved in administration and course delivery. Other key informants comprised union officials and DET officers. They were chosen because they were in leadership roles, they possessed a broader range of or special kinds of knowledge, or because they could present counter views and perceptions.

Some of the key informants were located in institutes other than those selected for in-depth analysis. Managers who had particular HR responsibilities were of particular interest given that one of the key focuses of the study was the human resource implications of transformational change in the institutes. Presented in what follows are the categories of participants chosen for interviews and the numbers that comprised each category (see Appendix 9).

- *Institute Directors and Human Resource Managers.* All 10 Institute Directors and their HR Managers, each located in their respective Institute, were invited to participate. From these target groups, 6 Institute Directors were interviewed and 5 HR managers.
- *Faculty Managers:* 10 Faculty functional managers and 3 middle managers agreed to be interviewed.

- *Head teachers:* 2 were interviewed.
- *Union officials:* 2 union Industrial officers, one from each union, each of whom had a close working knowledge of the Institutes concerned.
- *DET officials:* 3 senior executive from DET central and 3 outside experts were interviewed.

Interview procedures followed

A standard procedure was adopted in approaching potential informants. First, a letter of introduction was despatched to each person in turn (see Appendix 2). This included an explanation of the nature and purpose of the study, and a request for a time to come and speak with them. This was followed up within a week by a phone call during which a date, time and place was set for a meeting.

An interview schedule was constructed whereby respondents were invited to give their perceptions and experiences on the management and effects of change in their particular setting (see Appendix 5). They were asked to describe the current changes, how they came about and how they were affected by them. Questions on the instrument were largely open-ended (but certainly not undirected) and there were no right and wrong answers.

The interview schedules were designed in a semi-structured way (Burns, 1995, p.320) to ensure greater consistency of approach and to allow maximum freedom for interviewees to express their views. Common questions were asked so that the same issues were covered with each person. The items covered revolved around leadership issues, management of change, human resource issues and structural and cultural change.

Interviews were carried out in a non-threatening manner and in no way did the question guides restrict discussion of other areas of concern that informants wished to raise according to individual interest. Building trust was seen as paramount, especially as the foci of the questions were mainly on issues which affected them directly, particularly the issues of management of change processes involved in moving from hierarchical bureaucratic structures to more customer responsive, team-based modes. Ample opportunity was given for informants to talk freely about their experience of change and their areas of expertise. In general they needed no encouragement to do so.

Throughout the observations and interviews it emerged that the impact of the Teachers' Federation, a key union body, on management of personnel and their ability to implement desired changes, was considerable. Hence two of the union officials were interviewed to

gain an insight into their perspectives. These were not included in the original informant interviews. Rather, they were undertaken later, allowing me as the researcher to test some of the thinking while using the same question schedule as the basis for the discussion (see Appendix 5).

Overall the response rate to the invitation for being interviewed was pleasing. Of the 35 in total who were approached, 28 agreed to be and were indeed interviewed. As a result of work-related demands on the informants' times, often the original dates and times had to be changed and rescheduled, sometimes more than once.

The perspectives of human resource managers were canvassed on key HR and change issues. Their views were sought on the change processes they used, the role of HR and organisational development, successes, challenges and whether the process achieved the outcomes intended or not. In all of the forums I as researcher paid special attention to issues dealing with decision making, team work, IR challenges, communication, policy framework/priorities, quality improvement and cultural change/leadership behaviours.

Before each interview, informants were assured of their anonymity and confidentiality of the information they would provide, although not too many said that they were unduly concerned regarding these aspects. With the agreement of the informants, all interviews were taped and transcripts were made as soon as possible after each interview.

Interview times varied between one and a half to three hours, the most common period taking about two hours. Transcripts of interviews were then emailed back to each person to review and verify that what was recorded was a true record of the interview. This strategy afforded participants the opportunity to make any corrections or clarify ideas disclosed and to provide valuable feedback. The process also added greater authenticity and credibility to the research findings.

Participant Observation

The notion of acting in a participant observer role was appealing, given the fact that I, as researcher, was ideally located to collect first-hand data and that access to these data was granted by the institutes. In this sense, I became a key data gathering instrument, a position not without its challenges. Both the luxury and the dilemma of being your own chief instrument in the participant-observer role, nicely illustrated by Nisbet and Watt (1984, p.20), was certainly experienced during the course of the data collection period.

To begin, my participant status in the natural setting of the institutes proved at times to be a double-edged sword; the closer I got to this 'natural form', the harder it was to discriminate and contextualise this 'form'. Another dilemma I needed to resolve was the potential conflict between my dual roles of professional manager and researcher. As an employee of the Institute I owed loyalty to its community and its aims and objectives. However, as a researcher it was not possible to make compromises which would prejudice the collection of data or the pursuit of certain courses of action. Involvement had to be professional but not emotional. The cultural constraints with respect to the power vested in the hierarchical structures could not be allowed to apply direct influence.

Woolcott (1988, p.190) describes well the problems of familiarity with the cultural context and objectivity challenges, explaining that these problems for the researcher are like

...trying to conduct observations as though we were in a strange new setting, one with which we actually have been in more or less continuous contact ...

In theory, participant observation requires an intellectual involvement on the part of the researcher, with an emotional detachment. For me, being a participant required that nothing was taken for granted, everything was questioned with a rejection of initial impressions and judgements. Emotional un-involvement that required constant pulling back from the formation of value judgements based on personal prejudices and bias, was the key to being a successful participant observer. It was necessary to remember that there were motives for every action, be they conscious or subconscious. This emotional un-involvement and understanding other people's aspirations and intentions aimed at obtaining greater researcher objectivity, were critical aspects of addressing potential (or real) observer bias. Doing so required no end of self discipline.

Wolcott (1988, p.194) suggests that there is, in the role of a participant observer, a continuum from an 'active participant' or a 'privileged observer', to a position at the other end of the spectrum where the researcher is a 'limited observer.' Burgess (1982, p.48), on the other hand, proposes that the role should be that of an 'internal outsider', a position which

... gives the participant observer greater opportunity of being able to step in and out of the setting under study; to participate and to reflect on the data that are gathered.

However, from a purely epistemological point of view, Jarvie (1982, p.71) warns of the tensions which need to be acknowledged in the role of participant observer:

... if we think Science is served by entering into a full and equal relationship with the subjects of study, then both human and scientific integrity ... require that we do not artificially exclude from those relationships the tensions and clashes which enrich normal relationships.

As a member of the management team I participated in all institute executive meetings where discussions and decisions took place about leadership, change, customer needs, policy shifts, budgets, external and internal operating environment and the challenges. Each Institute executive meeting, held monthly, took approximately 2-5 hrs depending on the agenda (total 10 a year). So I averaged attendance at eight meetings per year over two years (16 meetings total of average 50 hours) where I was observing the processes. Also, as a member of Institute Consultative Committee meetings where industrial relations and other policy issues were discussed and considered with unions, I attended four meetings a year, each of four hours duration, equalling 27 hours over the two year period that data were collected.

Regional HRM meetings with the Department of Education and Training that I attended in Sydney totalled four meetings per year of six hours duration each meeting over two years (24 hours. in total). The Head Teachers Forums comprised three meetings per year of two days duration each meeting (40 hours in total). All of these meetings provided valuable opportunities to observe first-hand the dynamics of decision making and change processes. Consequently, copious field notes were taken.

In addition to these meetings I returned to the New England Institute three times where, as a participant observer, I noted their processes for change, talked with staff at all levels including Head Teachers and campus personnel to ascertain their views of how change was managed. For purposes of corroboration of data, I compared their responses with those received in interviews with their HR managers and Institute Director. Often IR issues were highlighted in terms of change management and breakdown of communication and trust between Institute Director and unions.

I was present at many of the institutes' management forums on a regular basis. This meant that there was every opportunity to observe and analyse the change process and its impact on key personnel and once again was able to compare the data received with those from other meetings. I was always treated as a professional equal and part of the organisation.

Being accepted as a participant observer helped to minimise the effect of my presence, capitalised on my knowledge of educational environments, and allowed a continual, day-by-day observation and analysis of organisational dynamics at first-hand. I was able to view the situations from two perspectives. One was as an intrinsic part of the organisation and the other as extrinsic as the interviewer/observer and analyser of the data (the classic 'insider outsider').

Being an active participant opened many doors that a passive observer could not have anticipated or accessed in either an intellectual or physical sense. To be a working member of Institute Executive, as well as a senior member of state-wide Human Resource Managers network as an insider researcher, also created wonderful opportunities for discovery, both expected and unexpected.

Documentary Analysis

During the process of data collection, I read and analysed numerous policy and other documents generated and used by the Institute Executive, what Owens (1982) refers to as 'referential material'. The main documentation included: Institute budget allocations; profile planning and government policies in relation to budget processes and service delivery agreements; TAFE NSW Delivery Profile Analysis and Projections; TAFE Commission Board papers for 2004-2007; Lifelong Learning 2002 – The Future of Public Education DET NSW; NCI Core Funded No Start ASH Foregone by year (2002- 2007); and the Purchasing Agreement for 2007-2010 between the Deputy Director General and The Director of TAFE NSW-North Coast Institute where for the first time institutes would be held accountable for the delivery of purchase agreements. All these documents and ensuing discussions highlighted the political nature of the operating environment with high tension evident between what is expected and what policy framework was available to deliver on expectations.

Material collected was categorised thematically in accord with the key themes examined in the study. It was hard to stop collecting data and documentation in order to begin the process of analysis and writing up the report when there was so much continuous change occurring and still more to learn and research. Time and other constraints, however, dictated what was feasible.

Presentation and Analysis of Data

For myself as the author/researcher, with English as my third language, progress with the writing up of interviews and the research, was slow and extremely challenging. I am

reminded of my efforts trying to learn English when I first arrived in Sydney. With limited English communication with people that I needed to communicate with in order to carry on daily life, it was necessary for me to learn new words and phrases and then put the newly acquired skills into practice. It was a quick and fast way to learn a language and by the end of six months I was able to communicate reasonably well. Writing skills, unlike speaking, took longer to accomplish.

As it was important to retain the integrity of the interview data regarding the change processes experienced by participants, their actual words have been recorded wherever possible. In the ensuing findings chapters, all quotations of participants used for illustrative purposes are verbatim unless otherwise noted. There has been minimal editing only to aid meaning or portray more accurately the substance of what was said but no alterations were made to what was actually said.

In order to protect the identity of participants, a coding system rather than names is employed wherever quoted material is presented in the thesis (see especially Chapters 6-9). For example, the code 4(a) represents the Manager of Education and Planning at NEI and 9 (b) represents the Director of Corporate Services at NCI.

Only one participant did not want to have verbatim quotes written up and this request was adhered to. The main reasons provided for this respondent's request were the perceived sensitive political environment, leadership and management issues, the power of the unions, and accountability and authority problems. These were seen to be potential threats to the person's tenuous position.

As with the information gleaned from participant observation, interview data were analysed systematically by theme. These themes are picked up and elaborated in greater detail in the forthcoming findings chapters.

Ethical considerations

Protecting the privacy of those involved in the research was of prime concern. On this matter Harman (1998, p.59) noted that:

Those whose trust has been won and who have given freely of their time, and offered many ideas and introspections about their professional lives and their institution, need protection.

For this reason, those who were interviewed shall remain nameless. Each informant's interview transcript has been allotted a number and a letter code, and wherever informants are quoted in the text, these substitute for their names and organisation, as already indicated.

There are numerous ethical considerations to address when conducting this kind of research. Every effort was made to do so and the University of New England's Human Research Ethics Committee (HREC) requirements were met before proceeding with the fieldwork. In the field the ethical procedures followed included reminding the participants about the purpose of the research, the risks and benefits of the research, the voluntary nature of their participation, their right to withdraw at any time and the procedures taken to assure their anonymity and confidentiality.

Consistent with the HREC's requirements, an 'ethics list' was made stating the boundaries which would not be crossed. These included the following.

- No 'field stimulation' (Salancik 1979) – a manipulation of the system to respond when it might not have done so normally.
- No breach of confidentiality.
- No value judgements to be made and the respondents' points of view to be actively sought.
- Professional duties at no time to be compromised or neglected.

Respect was called for, both for the institutes' agendas and for those who worked there. At no time was confidentiality breached. All recorded interviews were voluntary and records of what participants said were kept in a confidential place.

At the beginning of the research all senior staff, including the Institute Directors and Deputy Director General TAFE, were informed of the aims of the research and the methods by which the data would be collected. At no stage was there any attempt to hide the nature of the research and whenever questions were asked by staff, information was always freely given.

Roles were clearly delineated in that the interviews were conducted in my own time and clearly separated from any professional involvement and interaction with personnel interviewed.

It is naïve to think that the findings of this type of research will please everyone. Some participants may feel exposed and threatened when their fears, qualms, apprehensions and doubts are presented on the written page for all to see. Indeed, after a small number of interviews some participants expressed concern about the likelihood of being identified and requested for the information they gave not to be recorded in writing. Such requests were strictly adhered to. Mindful of these concerns, all direct references which might identify people, places or events, are omitted from the reporting of the findings in this thesis.

The warning of Stenhouse (1988, p.53) was certainly heeded with respect to the ethics of quoting those involved in the research even when their consent to quote them is freely given: *'subjects cannot always see clearly the implications of their consent'*. It is hoped that what follows does justice to the participants' openness and honesty and maintains the integrity and value of their contributions.

The Researcher–Researched relationship

Every interview situation invokes a two-way response – the impact of the researcher on those being interviewed and vice-versa – a phenomenon commonly described as the 'Hawthorne Effect'. The impact of those being researched on me as researcher came as some surprise. I experienced a sense of shock as my cultural values and heritage were sometimes challenged. Also, the culture and values of the organisation were often very different from my own. I experienced a degree of non acceptance by some sub-cultures in the organisation on the basis of my role in the change processes and my obviously different cultural background in a very mono-cultural environment.

I needed to remember constantly that there were motives for every action, be they conscious or subconscious, and these motives tended to indicate alternative goals and objectives on the part of myself and those being researched. The emotional un-involvement reported earlier was the important key to my participant observation role, a constant pulling back from the formation of value judgements, based essentially on personal prejudices and bias. This took some discipline on my part.

Sanday's (1979, p.527) observations on the impact of participant observation on the researcher certainly resonate deeply with my own experience:

...in addition to the time required, participant observation saps one's emotional energy. The ethnographer who becomes immersed in other people's realities is never quite the same afterwards. The total immersion

creates a kind of disorientation – culture shock-arising from the need to identify with and at the same time remain distant from the process being studies.

I trust that my impact on those I researched was positive and affirming.

Summary

The research strategy adopted in this study adhered to an important guiding methodological principle – the nature of the phenomena under investigation, the kind of data required and the types of participants needed, decide the choice of method. As interpretation rather than enumeration and in-depth ‘thick description’ were required, a qualitative case study approach was seen as the strategy best suited to address the needs of the study. This approach had the advantage of providing multiple methods of data collection which allowed triangulation and corroboration of data, strategies that helped to provide greater truth value to the findings.

As a form of naturalistic inquiry, case study method, like all research methods, has its limitations and these have been acknowledged. So too have been the challenges of exercising an ‘insider outsider’ role. However, the strengths of case method were believed to outweigh its limitations when it came to studying the machinations of transformational change in the institutes under scrutiny, and all efforts were taken to remain emotionally detached and objective in the role of interviewer.

As the researcher, my knowledge of the institutes and their human resource management issues were used to advantage. In this situation, rigorous precautions were taken to, if not eliminate (problematic in any naturalistic research), then substantially reduce researcher bias.

The following chapter presents the findings of the study which arose from the data collected on the North Coast Institute. How this institute responded to the forces for change is a particular focus.

Chapter 6: North Coast Institute

Introduction

In the broader scheme of things the North Coast Institute (NCI), like its NSW counterparts, has undergone substantial internal restructuring in an attempt to better position itself in the new competitive VET environment and more effectively meet industry demands. All institutes have had to adopt and implement a broader change agenda imposed on them by the NSW government. One outcome of the restructuring efforts for NCI has been the reconfiguring of human resources in order to manage the Regional Human Resource services for both the schools and TAFE Institutes in its regional areas.

Growth in entrepreneurial activity is another outcome. As well as being the key providers of publicly funded vocational education and training within the state, the TAFE institutes are legal business entities in their own right and now compete openly in the training market. To do so means that income generation must be a priority. This necessitates a more entrepreneurial business approach to their operations that includes creating and maximising customer-related value along a product development and delivery chain. This need was highlighted particularly in the Schofield report of 2000, 'Next Generation', and the 'Third Generation Implementation' (2003) report that accompanied it. To maximise customer value, institute structures therefore needed to facilitate growth and development and incorporate only those functions required to achieve it.

Further, the National Centre for Vocational Education Research (NCVER, 2002) and Australian National Training Authority (ANTA 2003) reiterated that all VET organisations in the new world of competition, would need to become high performing organisations driven by demand and market expectations rather than by supply. They needed to be responsive, flexible and adaptable, focusing on product development and delivery determined by business and market intelligence as a result of a managed relationship with students, local communities and businesses.

But to achieve these goals, a number of obstacles needed to be overcome. Although the location of responsibility and authority within TAFE NSW has changed considerably since 1995, the rhetoric being that institutes would have greater autonomy, the way each institute exercises its autonomy nevertheless varies as each struggles to implement government priorities over which they have no control. And despite attempts to change, the institutes

continue to be controlled from a central bureaucracy, a situation which creates tension between what each institute is doing locally in terms of cultural change, and what is happening in the VET sector around them.

From the perceptions of those intimately involved, this chapter portrays how NCI handled change in order to survive and compete successfully in the new order VET sector. Following a brief discussion of the nature of the Institute and its operations, the chapter concentrates particularly on the themes of the issues posed for examination in the initial research questions: the major challenges faced by the Institute in the process of adaptation to its new operating environment; the most successful aspects of the change process; the HR implications arising; and identification of effective leadership of change strategies.

Nature of the Institute

The North Coast Institute (NCI) covers the 700 kilometre northern coastal strip of NSW as indicated in Figure 3. The Institute has 17 campuses and in 2001 enrolled over 37,000 students (approximately 9500 equivalent full time students).

NCI is opportunely positioned in the midst of considerable innovation and new industry development in the areas of aquaculture, natural health and sustainable development to name a few. The Institute, like the whole of TAFE, places a high value on its people, its students, on equal opportunity and on high levels of quality and professionalism.

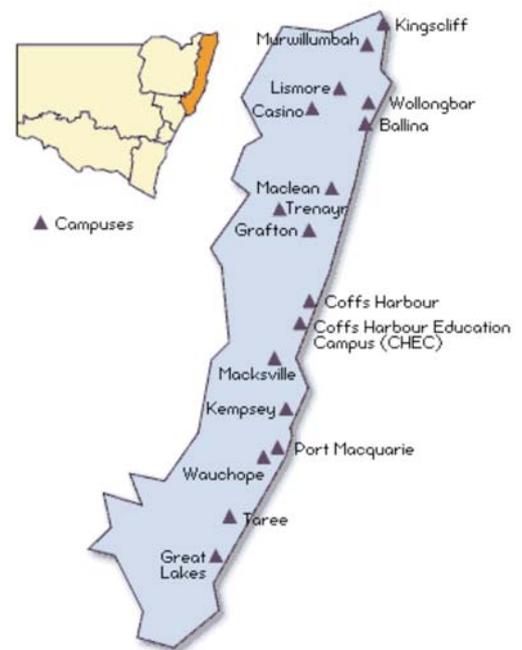


Figure 3: Campus locations of North Coast Institute

NCI has been taking a strategic approach to positioning itself so as to enhance its place as the preferred VET provider in the North Coast region of NSW and to be a driver of, and key partner in, the development of the region.

Despite its scenic location, NCI, like the rest of the industrialised world, is caught up in fast changing industrial skills and knowledge development. As a public sector organisation, it operates under centralised bureaucratic control in a highly regulated and accountable environment. In the previous twenty years strict centrally determined policies and procedures have been in place. These provide a bittersweet combination of certainty about

how to proceed and inflexibility when what is most needed is the ability to adapt to a changing environment.

The management structure of NCI has five easily identified layers which are illustrated in Figure 4 below. Six directors report to the Institute Director. All educational staff report to the Director of Educational Programs via their head teacher and faculty manager. Similarly, administrative staff report to their directors via team leaders and functional unit managers. Delegation of authority is dependent on position in the hierarchical structure.

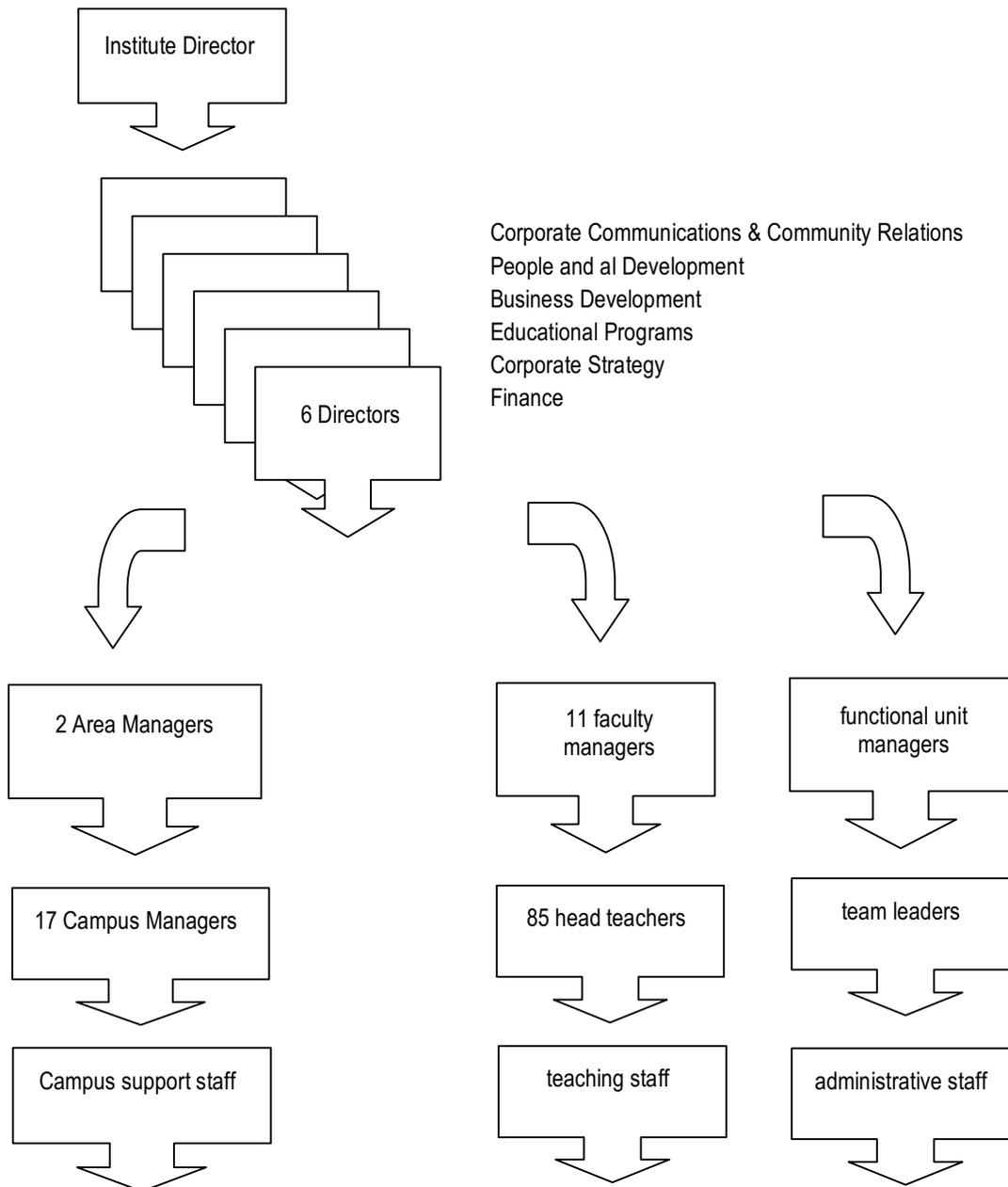


Figure 4: Management structure of North Coast Institute

Major challenges faced in adapting to change

Broader challenges identified

There was no shortage of challenges reported by those in the thick of things. Common themes expressed by a number of NCI informants included keeping staff motivated, bureaucratic barriers and the State-Federal political tensions. They expressed these challenges thus:

[We have] significant challenges keeping staff motivated as we lose our autonomy and self-determination. Increased bureaucracy at the state level will see the Institute 'dragged back' which will not please our staff. (9b, 10b, 13b)

The future is uncertain because previously we knew we needed to change the culture to meet a competitive environment. The uncertainty that comes now is when you have competing political positions, i.e. a government at the Federal level who has a vision which is diametrically opposed to a government at the State level and they are competing for power... (b12, d21)

Results from a survey also revealed a number of challenges. The Best Employers Survey (2003) was conducted at NCI by Hewitt Australia in December 2002 with 263 full time NCI personnel responding. The results indicated that the Institute lagged behind other companies recognised as best employers. It highlighted that the Institute faced a number of challenges in creating a positive corporate culture. Key issues highlighted were:

- The impact of constant change – particularly continuous restructuring.
- A lack of clarity about the role and value of management, including the perception that the Institute is 'top heavy' with management positions.
- A need for stronger staff recognition and development.
- Increased workload and the perception of increased casualisation of the workforce.

Along with its other NSW institute counterparts, NCI was confronted with budgetary challenges. At each Institute executive decision making meetings the funding allocation against actual student hours (ASH) is reviewed along with its impact on staffing and service delivery. But because the budget is not often allocated until well into the year from the central bureaucracy in Sydney, major difficulties are posed in terms of not knowing what resources are available. The information provided in Table 1 below provides a snapshot of

the dollar cash allocations to the two institutes under examination in this study for the period 2002-2008. However, these allocations do not include on-costs which have seen a steady increase that the institutes are expected to make up. In the NCI case, the gap is a substantial 30% of the recurrent funding.

Table 3: Allocations to NEI and NCI against actual student hours, 2002-2008

	Actual Student Hours (‘000)	Allocation (\$)
NEI		
2002/03	2673	32872
2007/08	2750	35950
NCI		
2002/2003	5577	65032
2007/08	5662	70300

Structural challenges

Many of the structural challenges facing NCI were found to be common across all the NSW institutes. An analysis of these structures indicated that they are still currently organised along similar hierarchical lines as illustrated in Figure 2, despite the best efforts of Institute Directors. Augmenting their hierarchical set ups, each of the ten institutes has attempted to implement a number of structural changes to create a culture of responsiveness and empowerment. In the main most have adopted a faculty model with more and more devolved decision making at the local level, a strategy that resonates with a number of ideas discussed in Chapters 3 and 4, especially the new management paradigm (Task Force Report 1995), Gronn’s (2002) idea of distributed leadership and the Garratt (2000) and Hartel et al (2007) ‘soft HRM’ approach aimed to gain employee commitment through flexibility and adaptability rather than via authoritarian command and control management. The faculty managers typically have campus-based head teachers who supervise the teaching staff. Similarly, Functional Unit Managers have team leaders and other staff reporting to them.

Communication is mainly vertical and top-down, more so than bottom-up although there have been initiatives to promote bottom-up communication. However, these have not been

widely accepted by staff. There is open competition among faculties as they attempt to promote themselves and attract enrolments, particularly where there is crossover between courses, a situation that has created 'silo' mentalities and consequently, there are few examples of collaboration between faculties. Those that do occur tend to be localised and can be attributed to the personalities involved rather than to the system.

Limerick (1993, p. 207) suggests that many organisations fail in their attempts to change as they do not rise above their current definitions of identity and therefore do not make major changes in their overall meta-strategic design or rewrite the 'rules of the game' when things change dramatically. This being the case, continuous improvement and organisational learning are problematic. As noted in Chapter 4, Wheatley (1999, p.131) goes further in claiming that efforts to maintain control prevent learning and shut down any natural life-enhancing processes of responding and improving. On this note, Kiechel (1990, p.76, cited in Limerick 2003, p. 207) sound a warning:

To become true learning organisation ... companies will have to appreciate that continuous improvement doesn't necessarily bring with it openness to surprises or new directions. Yes, continuous improvement will rack up the incremental gains, but what will it do when the rules of the game shift entirely?

Industrial relations factors

Like the other institutes in transition, NCI is faced with challenges thrown up by industrial relations issues, especially those related to the power of the union. TAFE NSW employees, teachers in particular, fall under tightly prescribed award agreements overseen by a union that is strong and proactive. Under these agreements, Institute Directors have very little freedom in terms of human resource flexibility. They cannot, for example, reward staff, move staff or let staff go. This places them in a difficult situation.

A related challenge that has loomed over the past three years has been the lack of authority to appoint the right people in the right positions. Collins (2001, p.42) points out that people are not an organisation's most important assets – the *right* people with the *right* direction are. Hence, it is seen to be most important to recruit people who have a predisposition towards sharing the core values of the organisation but who are also flexible enough to effect change. Bringing them into the organisation creates a climate where people who do not share the core organisational values are distanced and eventually rejected. However, Institute Directors do not have the freedom to recruit in this manner.

The award agreements and recruitment policies endorsed by DET are such that persons already within the TAFE system have priority. Hence, persons distanced by one part of the organisation have priority when positions become vacant in other parts. Although they are not necessarily the right person for the job (i.e. may not share the core values) it is not possible to refuse their application. As a result, Directors must choose between two devils – recruit and take the chance of having to accept a person who does not share the core values, or do not recruit and leave the position in the hands of a caretaker for an extended period. This has its own implications. Trying to work around the award agreements is, as one key informant pointed out: ‘industrial relations dynamite... [We] can’t do anything that gives the Federation the slightest thing to say. Senior bureaucrats do what the Ministers want’. (28e)

Other informants observed the power of the union in these terms:

[Senior manager X] knows what needs to be done but won't because it is politically sensitive. (28e)

There is more loyalty to the Federation than to DET. Federation is the largest union. It's extremely powerful and no one wants to take them on. (23e and 24e)

Successful outcomes of change

Emphasis on quality, organisational development and capacity building

Over the last five years, staff of NCI had adopted a strong emphasis on holistic improvement driven by a passion to demonstrate the quality of their work following the policy changes and transitions of the late 1980s and early 1990s. NCI has enthusiastically embraced organisational development and quality improvement through the various stages of Government-sponsored regulatory and quality frameworks. The quality management systems have been certified under international standard ISO 9001:2000 and a yearly review against the ISO presented a very positive diagnosis. The external reviewers were particularly impressed with the ‘strong team approach’ adopted by the Institute and the innovative and creative responses to better meeting the Institute’s customer needs. They reported that,

[We]...have never been in an organisation that has such a culture of continuous improvement combined with a strong team approach. (ISO 9001:2000 audit report 2006, p.4)

Furthermore, in its own publication following the review, NCI reported that:

We had exciting evidence how our staff have engaged. People wanted to show the reviewers all the improvements they had been making – and this was in teaching sections, campus administration offices and the functional units. We knew our Institute was the best, but it was good to hear it from an impartial and critical source! (Northern Views Shortcuts August 2004, p.2)

Implementing strategies for successful organisational development and a team approach to change are very much in accord with the 'New Science' principles advocated by Wheatley (1999, 2005) which provide leaders with the knowledge and skills needed to transform deeply embedded mechanistic human resource management practices into open, participative learning systems, systems that enable adaptation to new environments. Beyerlein (2003, p.1) would also support the moves by NCI's creation of team-based operating systems, especially where conscious efforts are made to create and institutionalise values and practices that enable people to work together effectively to achieve strategic goals and business outcomes. NCI's accomplishments in this regard mesh quite neatly with these ideas discussed in the literature reviewed in Chapter 4.

The Best Employers Survey 2003 survey identified a number of positive factors which positioned the Institute favourably when compared with others with large numbers or staff over a diverse geographic area. In their responses, a significant number of staff reported that:

- The institute is team oriented.
- Innovation is encouraged.
- There is sufficient variety in the work they do.
- Workplace safety and security are considered important and the physical work environment is appropriate for the type of work they do.
- Staff get good information about the institutes' policies and procedures and know what is expected of them in their roles.

The results of structural change were also received favourably. When benchmarked against other institutes, NCI's management structure was found to be relatively flat with many elements of decision making being devolved to sections. The process of attaining the 'leanness' of the management structure by 2002 was a real leadership challenge across such a large geographic area but the commitment of NCI to devolution was resolute. Such a commitment resonates with Viljoen's (2003 pp.27-29) argument that organisations need leadership that resists conservatism and manages proactively and innovatively in order to counter the trend of institutionalising successful behaviours of the past. As indicated

previously, he advocates shaking off entrenched conservatism by establishing a flatter, more devolved organisational structure.

Another positive outcome for NCI was that effective leadership of change was viewed as an important driver in developing the organisation and improving the Institute's performance. Like most organisations, the NCI has gone through many changes in leadership. In 2000, NCI's Director left the position to take up a new senior executive appointment at TAFE NSW. A new Institute Director was subsequently appointed and one of his immediate goals was to build the strategic capability of the Institute.

One key feature which the new Institute Director initiated and implemented was the new Capability Building Platform (see Figure 12, p.127) The Director was reported to explain that:

The first thing we did was to identify what the barriers were to us being highly competitive, and then to get ownership of what those barriers were to our senior management team. And then put in place strategies to remove barriers.

(Black, 2nd World Congress 26 March 2002, p.5)

The change process adopted identified a number of barriers. Not surprisingly, and as indicated earlier in this chapter, one of the biggest barriers identified was the organisation's structure. As a senior member of the management team explained:

[The structures] were hierarchical, confused, not conducive to empowerment because they were based on layers of authority and control. We needed as part of the change process to increase to the maximum the level of the delegations that staff had, right to the level of the workforce who have direct contact with the customers. But more than that, we needed an organisational change process that was strategic. And the People and Organisational Development Unit has been playing a really critical role in that. But part of the restructuring was to put in place the right people (in the middle management level) and then to allow them to be part of the leadership and change process. (2b)

The restructuring was handled systematically. For example, a new faculty structure was implemented, which removed a lot of the geographical and parochial barriers that existed between campuses and 'clusters' and yielded improved consistency. The Institute then moved to restructuring administration and management areas, including the managers and

functional units. It was important to have the right people in the right place, to ensure that the symbols changed, and that in all the position descriptions, in all the processes, there were very clear messages of the values and culture being aspired to.

Many of the change strategies adopted – identifying, claiming ownership of and removing change barriers which would allow adaptation to new environments – are closely aligned with Wheatley's (1992, 1999) 'New Science' concept of leading change. The process also implies creating order rather than control, another key aspect of New Science. The transformational model of leadership advocated by Bennis (1994) also aligns closely with the strategies adopted at NCI, emphasising as it does delegating responsibility and the leader's ability to transform organisations by aligning human and other resources, and creating an organisational culture that motivates staff, fosters the free expression of ideas and empowers others to contribute to the betterment of the organisation.

Budgetary and financial improvements

As part of its change process, NCI implemented global budgeting with decision making and management of the budget devolved to the section level. Each faculty was given an annual recurrent budget with a target of student contact hours along with target of revenue to be sourced through commercial activity.

The IPART Report of 2006 highlighted that in 2004 NCI recorded the lowest total cost per annual hour curriculum (AHC) of all country institutes in NSW and was marginally higher than the state average for all institutes. The state average included the large metropolitan institutes which benefit considerably from economies of scale. The Report also confirmed that TAFE NSW had reduced VET unit costs as a result of increased efficiencies and effectiveness measures implemented during the change period.

In order to address the 30% gap in funding mentioned earlier and because the state funding does not support infrastructure costs, NCI set about putting in place gap strategies to drive external income to reach \$25m over five years. One strategy was to boost commercial activities. NCI budgetary documentation from 2003-2006 indicates the increase in income to date:

- 2003, \$14.5m
- 2004, \$17m
- 2005, \$19m
- 2006, \$21m

These figures indicate in a 45% increase in revenue over three years to supplement expenditure. To achieve this result, a major business literacy program was implemented by NCI in order to develop the staff's understanding of the Institute's operating environment and funding models. The program also helped build staff entrepreneurial and external relationship skills at various levels (NCI Business Literacy Strategy 2002). Although not identified explicitly as such, instigating such a program encouraged organisational learning (see Chapter 3), which is viewed by a number of scholars as a critical change strategy in competitive and rapidly changing environments where improving performance and customer satisfaction are the main goals (Drucker 1999; Härtel et al 2007).

Addressing leadership challenges

The NCI was not without substantial leadership challenges heading into its period of change. Most were of a structural and cultural nature but others also rated a mention. The following challenges within the Institute were identified.

- The matrix structure was complex and there was evidence of a bureaucratic and management control culture in some areas.
- There was role confusion and duplication of effort. There was also some distrust of management and a belief that resources were unfairly distributed. Staff wanted these things to be different.
- The Institute needed to remove the constraints which were hindering the more energetic and committed staff from realising their full potential and thus enhancing the future success of the Institute.
- There was no clear organisational identity or culture, loyalties were mixed and often confused. The organisation needed to develop a clearer sense of identity and unity of purpose.

To address these challenges the active endorsement and support of senior management obviously was a critical step in leading change. There was strong pressure by some members of the senior management team to give the existing structure time to settle down as it had been in place for only eighteen months. However, the Institute Director believed the existing structure was one of the key constraining elements of the Institute's capability platform. For this reason he suggested a new structure or Capability Platform which is illustrated in Figure 5.

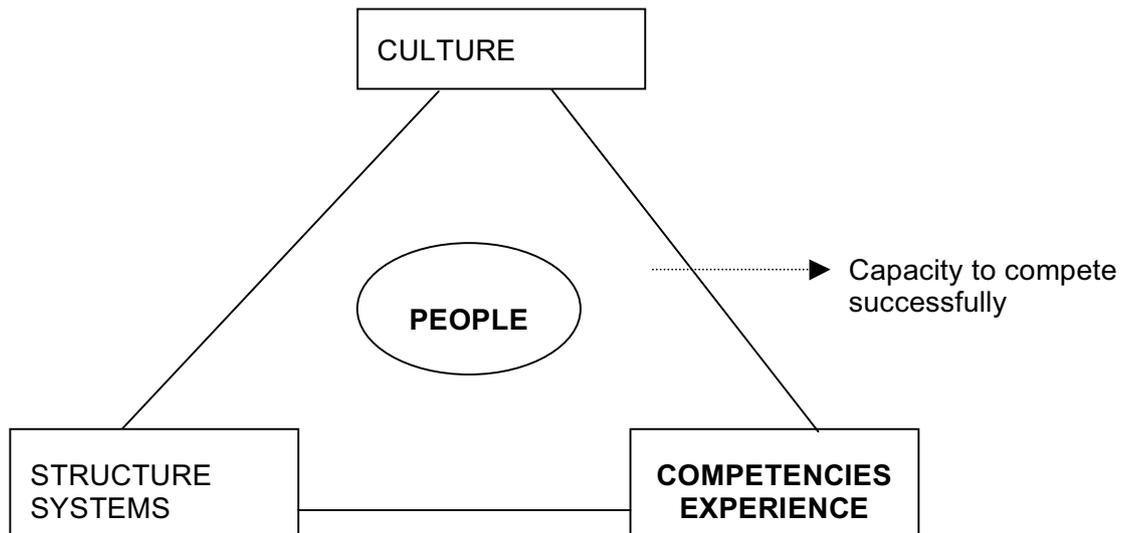


Figure 5: Capability Platform

In October 2000 the Institute utilised the services of an outside consultant to help progress the ‘whole of system’ capability approach and to engage its 160 line managers in the Institute’s organisational improvement strategy. The elements of the Capability Platform and what it aimed to achieve accounted for a major part of the organisation’s potential to succeed. It was argued that even in a difficult industry an organisation is likely to prosper if it can achieve the following: develop the right competencies and experience; devise structures and systems which encourage performance; provide a culture which nurtures and empowers the people; and motivate those people involved so they are committed to perform to the best of their ability. The platform aimed to understand the different elements of a successful organisation and encourage senior management to take ownership of the improvement process.

Bringing senior management on board was critical. Because introduction of the capability platform and whole systems approach was new to some, it was necessary to challenge the senior management group to stop defending the past and to open up to possible new futures. Training and persuasion were important in this process. As one of the key implementers observed:

This was not an easy time because I sensed resentment from some of the team. My confidence in pushing through with the organisational improvement initiatives was strengthened by the knowledge that we had a very strong base to build on. The key step in the process was a two-day workshop with the senior management team when as a group we critically

reviewed the Institute's existing capability platform and what was needed to make it stronger (2b).

The workshop involved 160 senior, middle and line managers from across the Institute. It enabled shared ownership of the organisational improvement strategy required to facilitate the cultural development and changes to the structure and systems that were identified. Once again, the principles of empowerment and organisational learning were put into practice, strategies that played a key role in effecting desired change.

A facilitator introduced the group to a number of concepts through the use of cartoons. The concepts presented stressed the idea that unless everybody becomes part of improving whole systems structural change, only small *ad hoc* and short-lived changes will result, a very expensive way to change very little. Eleven improvement initiatives were identified at the workshop and were progressed by teams of workshop participants who indicated passion and commitment to progress each particular initiative.

Strategic management (which involved human resource management) was another important element used by those leading change in the NCI's organisational improvement strategy process. The framework developed was the new Institute Strategic Plan (*Our Plan 2001 – 2003*). This plan was developed with extensive consultation (externally and/or internally) in the second half of 2000 and provided the Institute with a clear vision, values, goals and key performance indicators. As indicated in Chapter 3, the importance of managing human, financial and technical resources strategically is outlined clearly by Mulcahy (2003) and Härtel et al (2007) who argue that part of the planning process needs to incorporate developing standards, policies and a corporate culture that mesh with the organisation's goals. One critical element that needs to be remembered, however, is linking these (hopefully realistic) goals with available resources, especially the budget.

The Institute Strategic Plans (2001-2003 and then 2003-2006) provided clear goals and key performance indicators. There were never enough resources to realize the full achievement of these goals. However, the budget allocations for institute-wide activities were linked clearly to the Institute goals. NCI established an Institute-wide Investments Fund model. \$2m was set aside to support boosting initiatives to achieve key goals. In addition to this, the Institute set about the following.

1. Creation and establishment of Institute Organisational Improvement team
2. Doubling of the Staff Learning and Development Budget allocation
3. Allocation of \$250,000 annually to support research and development identified and managed by teams of staff. Fifty eight projects were funded in the first two years –

tangible evidence of support and commitment to resource the development of innovative approaches in meeting customer needs.

4. Investing in e-learning to the tune of \$200,000 in the first instance to enhance the technology skills of teaching staff.

The importance of planning and implementing change is also highlighted by Stace and Dunphy (2001, p.5) who observe that,

Initiating change, responding to change, planning change and implementing change have become a way of life in successful organisations. In both personal and organisational terms, this means stepping out into more change, and more uncharted territory.

For the North Coast Institute it was critical to have the HR function change its prior focus to contemporary HR Management. It was recognised that the Institute's ability to respond to the needs of the diverse range of customers in a highly competitive environment was contingent upon building the capability of the Institute's entire staff, in particular of the teaching sections. The HR team needed to ensure its direction was very much in synch with the direction the business was heading and adopt a business leadership model as distinct from HR leadership.

The strategy adopted involved developing the groundwork through creating a vision and awareness within the existing HR team, building on past successes and realigning HR to become relevant to an organisation developing within a rapidly changing environment. The model of Ulrich et al (1999), Administrative Expert, Employee Champion, Change Agent and a Strategic Partner, was adopted to focus HR efforts on:

- building an organisational capability and developing resourceful people;
- developing resourceful employees who are business literate;
- creating a flexible culture in which there is connection between everyone in the organisation, and
- providing learning and development opportunities that build organisational capacity within the existing structure.

In effect, this meant that the role of People and Organisational Development (POD) was extended to become the corporate conscience, to design effective internal networks, to

cultivate external partnerships, to leverage intellectual capital and to take a leading role in creating innovation.

Some of the specific strategies implemented were as follows:

1. Presentations to the Institute Management forum of the Strategic Partnership approach and getting their buy in and increasing awareness and understanding of people management/development issues across the organisation (Durur, 2002, Challenges and Opportunities of People development- A Partnership model).
2. Building Business Literacy and Capability, a key strategy for creating a high performance and innovative organisation was to foster commitment and support from the Institute Leaders and engagement of Senior Executive.
3. Senior Management Education and Sign-off. This involved the top team in a paradigm shifting discussion, scoped-out with them the proposed change strategies, established agreement as to their personal roles in the change process and obtained group sign-off on agreed behaviors.
4. Key change agents and innovators. This involved working with 60 of the most positive change agents across the Institute to help them develop mindsets, skills and strategies to initiate and promote and lead change towards an empowered high performance partnership. This further involved engaging large number of teachers and head teachers and functional unit managers going through a management development program, thereby aligning their thinking with that of the senior management team. As well, Individual learning plans were developed and coaching skills workshops were conducted to identify common needs in people and engage in performance development to enable soft skills acquisition by the line managers.

The philosophy adopted throughout the HR programs was that we 'don't manage people, we manage their energy' which was based on the notion that the whole concept of moving a culture requires persistence, not structures. In addition to these, the HR strategy involved building and managing co-operative relationships with unions and other key stakeholders.

Importantly, the Institute's capability and improvement strategies are being reviewed constantly. This involves the ongoing process of identifying and addressing structural, cultural and other barriers. The Institute is complementing this process by implementing a leadership and management program to develop a culture of empowerment and devolved decision-making, supported by strategies to build business literacy and goal commitment in people throughout the Institute.

Discussion

While the North Coast Institute has experienced considerable challenges, it has nevertheless been able to make major changes to its structure and culture by acting strategically in order to effect the move from a controlling form of hierarchy to empowered work teams. This change, in turn, has positioned it well to become a high performing, more flexible and responsive organisation.

The change processes adopted have been largely successful owing to some visionary leadership, implementing important organisational learning, ensuring transparency and ownership of change processes (e.g. the Capability Platform), implementation of the People and Organisational Development (POD) program and devolved decision making at the operational level. This was aided by the Institute Director's approach to the union and staff relations based on a degree of mutual respect for each other's positions and willingness to work collaboratively where possible. Building trust and confidence in each other's ability and having an absolutely clear and consistent HR process in place was required in this process.

Among the outcomes are the following developments which have implications for HRM:

- Emergence of a strong HR professional team. The Institute is now seen as a success in leading and managing change with a high degree of transparency.
- A greater understanding that cultural change is not a quick fix but a five to ten year journey.
- A HR Strategies Plan is now developed with input from key stakeholders and aligned to delivering on key business goals of the Institute. Achieving this has been a learning process for the HR team. The team needed to stop doing a lot of reactive work in order to become more pro-active and say 'no' to some things. Not all existing HR staff have been able to rise to the challenge and there is still some way to go in their learning and adopting a business approach to their work.

One significant move was that the Institute became able to determine its own internal affairs without much interference from DET. There is however, a tendency to over consult which can be frustrating for those who manage the change process. The senior managers espouse a commitment to engendering 'ownership' of change processes by consulting and including staff in each step and each decision. While this appears to be a valued strategy, in some instances it has been a hindrance. Hence, the Institute managers now recognise

when consultation is appropriate and when it is more beneficial for the leaders to make a decision on behalf of their staff.

The Institute management team adopted leadership behaviours which were and still are communicated to all staff. Findings indicate that there is genuine effort to live by these behaviours however challenging they may be at times. The senior management team is cohesive and consistently reviews its behaviours with a view to exploring how to improve things. The challenges posed by IR and the political agenda between State and Commonwealth are significant. Having a clear framework and sticking to it – the Capability Platform – and reviewing regularly means that staff morale and involvement have been kept positive, creating a pleasant environment in which to work.

Importantly, the leadership attributes of the Institute Director, his extensive experience and knowledge of TAFE and passion for continuous learning and encouragement of a 'can do' culture supported by credible HR expertise, have been critical to the successful adoption of much needed change within the Institute.

There are many critical stages during the cycle of change before the concept of change becomes an accepted part of the culture of an organisation, none more so than the initial stages of such developments. From the findings presented here, the starting point, the casting of the ideas and theoretical proposals into the concrete reality of actions to be taken, are critical. Also, prior to implementation of organisational changes, it appears clear that consideration needs to be given to the social dynamics of the organisation, the interplay between parties and the use of power that impinge on these changes.

Findings from the change process undergone at the New England Institute provide the focus of the next chapter. Themes that are addressed in this chapter are similarly addressed in Chapter 7, so allowing some comparisons to be made between the two institutes under scrutiny.

Chapter 7: New England Institute

Introduction

Just as the Chapter 6 outlined the events associated with change in the North Coast Institute (NCI), this chapter describes the change journey of the New England Institute (NEI). It is a very different story – one that began with the same aim and aspirations but met with little success. The themes covered are similar to those canvassed for the NCI in the preceding chapter.

Nature of the Institute

The New England Institute of TAFE (NEI) is situated in the north east of NSW, parallel with and immediately west of the North Coast Institute as illustrated in Figure 6. The NEI has 11 campuses and in 2001 total enrolments of 21,458 students.



Figure 6: Location of campuses of the New England Institute

Prior to 1995 NEI had a hierarchical and centralised management structure where key decisions were made by the Institute's senior management team. However, given the changes within the VET sector and the demands of the new competitive environment, the top-heavy management structure was no longer appropriate and necessitated radical change. Review and realignment of management structures was required to shift the culture to a more devolved system of operating and to ensure responsiveness to market demands.

The management structure of NEI has three easily identified layers which are illustrated in Figure 7 on the following page. Area Managers, Faculty Managers and Institute Managers all report directly to the Institute Director. All educational staff report to the Institute Director via their head teacher and faculty manager. Similarly, administrative staff report to the Director via their manager. This new structure means that the Institute Director is relatively close to all decisions made within the Institute.

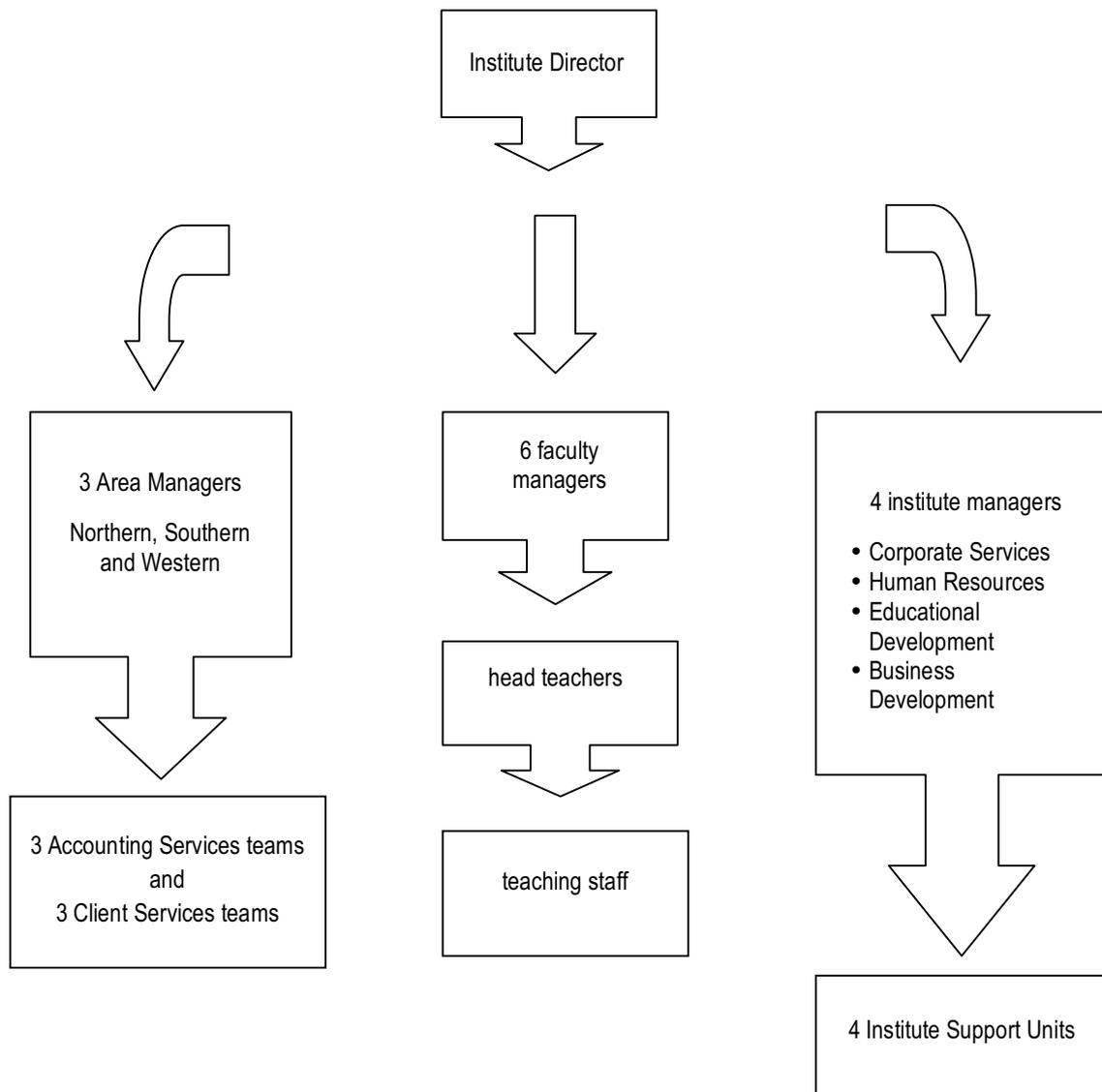


Figure 7: Management structure of New England Institute

Major challenges faced in adapting to change

Some key challenges identified to be addressed in the change process were those of the increasing competitive marketplace, rising customer expectations, declining state recurrent funding, lack of flexibility because of rigid bureaucratic structures, the need to move to devolved decision making and the impact of rapidly changing technology. Surveys carried out over a decade or more highlighted a number of issues that NEI needed to address if it was to survive and thrive in the new competitive era (TAFE NSW New England Institute of TAFE Customer/Stakeholder Research & Employee Opinion Survey, Aphis Communication

and Management (1994); the New England Institute of TAFE Satisfaction Survey Report, Service Management Australia (1999); and the NEIT Institute Improvement Teams Document, June 2000).

Commencing in 1994, NEI commissioned a series of Customer/Stakeholder surveys. These surveys asked about stakeholder needs and expectations, their satisfaction with the Institute and an assessment of the Institute's performance in relation to competitors. One purpose was to determine the appropriateness of the Institute's structure and culture to deliver quality service.

Issues of quality and responding to customer needs

In relation to the customer/stakeholder item, the study (Customer Satisfaction Study, 1999) clearly showed the areas in which the Institute was performing successfully and those areas requiring improvement in quality of service.

The following emerged as the most important factors needed in assuring customer and stakeholder satisfaction:

- well prepared teachers;
- teachers who relate well and have good communication skills;
- competent teachers;
- teachers who are up-to-date with current industry trends; and
- motivated teachers.

In terms of performance against these important decision-drivers, the Institute's greatest gaps were reported to be in the areas of:

- well prepared teachers; and
- teachers who are up-to-date with current industry trends.

Other key gaps for the Institute identified were:

- lack of flexibility; and
- not customising courses to suit customers/stakeholders' needs.

The findings from this survey identified the Institute's culture and climate as inappropriate to meeting customer needs and expectations.

Structural challenges

A number of structural challenges surfaced as a result of the survey in 2000 which showed that the Institute was too internally focused and 'bureaucratic'. While there was an emphasis on procedures, standards, processes, systems, administration and efficiency, there was a lesser emphasis on performance, outcomes and results, being innovative, flexible and participative.

The greatest problem areas were seen to be:

- perceived lack of confidence in the Institute Management's abilities;
- communication;
- lack of appropriate facilities and resources; and
- excessive paperwork and procedures

It was also recommended that, apart from focussing on improving teacher performance and assuring quality of teaching and learning, the Institute should focus on developing better measures of accountability, more effective communication and more entrepreneurial skills.

Strategies suggested to carry this out comprised:

- train teachers in relationship and communication skills, and encourage them to be well prepared and competent in their field, up-to-date and motivated;
- recruit appropriate individuals who have a 'commercial' mindset;
- change name of 'teacher' to an alternative e.g. 'training consultant' [surely this would appear to any outsider to be cosmetic only];
- improve face-to-face communication with managers/supervisors;
- improve understanding about macro issues both for the Institute as a whole and campuses, individually;
- encourage giving and receiving feedback;
- encourage staff to confidently exercise more autonomy in making decisions;
- foster individual accountability; and
- encourage challenging the status quo.

The last suggestion to challenge the status quo is of particular interest for this study. Just how this might be achieved is not stated in the suggested strategies and is certainly not easy to accomplish in traditional hierarchical institutions that can quickly revert to former learned behaviours. Literature reviewed in Chapter 3 indicates that 'command and control' is by far

the most common leadership style which destroys any chance of successful change (Anderson and Ackerman, 2002). The shift from a 'command and control' to fully empowered and flexible work systems, as noted earlier, requires a long term commitment and business strategy that facilitates unlearning of learned behaviours. Effective leadership and HRM management is needed in large measure if desired changes are to eventuate.

Most of today's institute leaders were mentored themselves by command and control managers and their cultural style still persists in many places. It is hard to escape this leadership style's historic influence and dominance. But because it had become clear that command and control limits participation and commitment, promotes resistance and lessens chances of creating a change process that will lead to success, things obviously needed to change in the new era.

NEI recognised that the process of transformation usually begins long before a clear future state can be identified and that the sheer magnitude of transformational change demands a major shift in leadership, managers' mindsets and organisational culture. Thus a new management structure was implemented to facilitate greater flexibility with devolved responsibilities of decision making to faculties, areas and operational units (see Figure 8). However, the process of embedding the new structure to achieve greater flexibility and responsiveness to the competitive environment has taken longer than it was initially anticipated. Within the new management structure, the Board of Management consisted of Faculty managers, Area Managers and Support Unit managers for discussing policy issues, prioritising, planning and strategies.

TAFE NSW - NEW ENGLAND INSTITUTE INSTITUTE EXECUTIVE

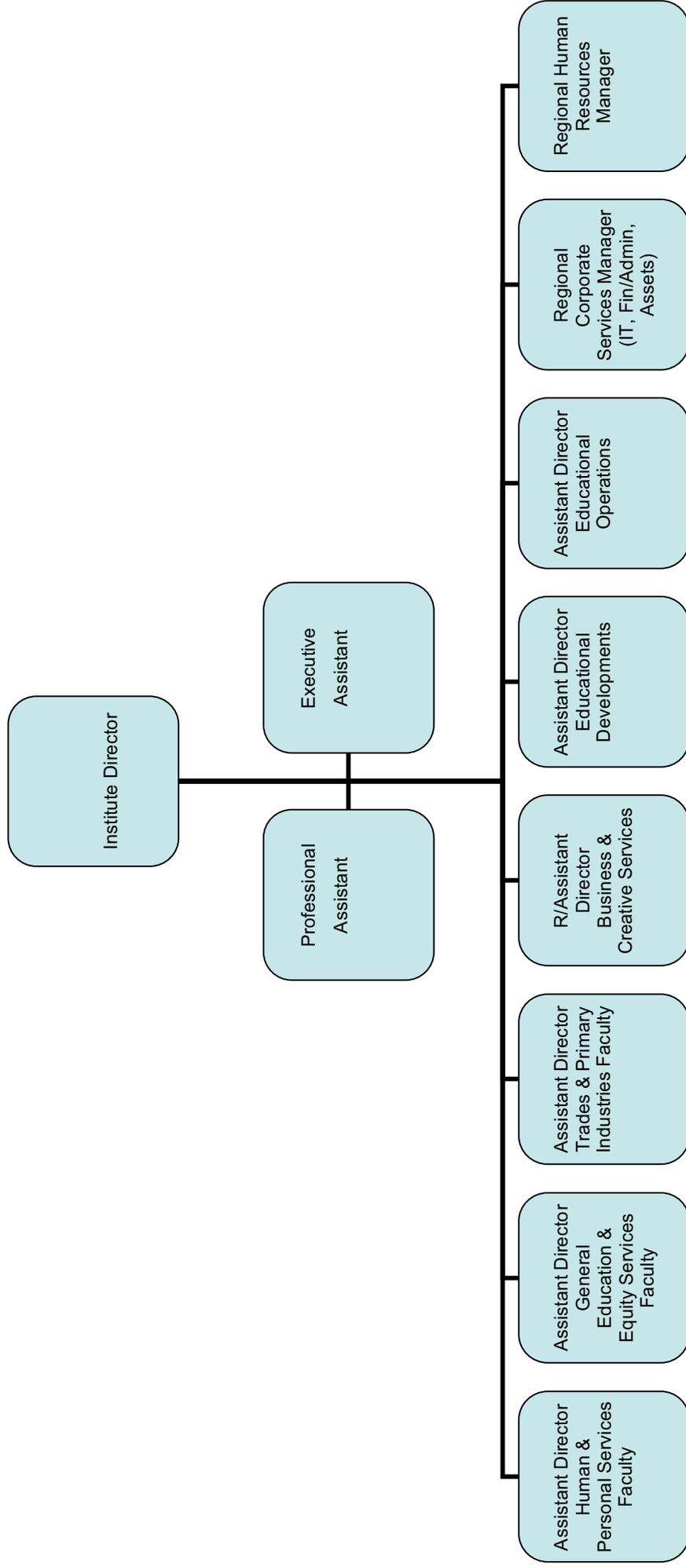


Figure 8: Revised management structure of New England Institute

While implementation of the new structure improved performance, enabled cultural change and focused on outcomes, the speed of change was considered to be too slow. There were still elements of resistance to change – ‘letting go of one’s power’ loomed as a major problem. The Management team by and large was perceived to be focused on personalities rather than Institute Management team issues. Thus many of the changes required in the work culture were not happening.

In 1999 a staff/employer/student satisfaction survey was commissioned. Survey results revealed that:

- the overall staff satisfaction rating for New England Institute was 65.5%.
- in terms of staff satisfaction, New England Institute of TAFE rates were lower than most of the Institutes used for comparison.
- staff were most satisfied with the following categories:
 - work group cohesion;
 - administration and support; and
 - leadership – immediate Manager/Supervisor.
- The lowest levels of satisfaction appeared in these categories:
 - leadership – Managers/Director;
 - measurement of performance, and
 - staff development.

The results of the staff survey helped launch NEI in a different direction. The aim was to increase commitment and ownership by staff.

It was seen to be important that NEI became capable of long-term, sustained performance through the harnessing and development of its intellectual capital and transformation of that into a significant business driver. This was achieved by embedding into the Institute organisational change ownership strategies and the management development program, ‘VET Managers for the Future’, as a catalyst to facilitate a change in mindset and create greater innovation in the workplace. This program is described in fuller detail in what follows.

Strategies adopted to address the challenges

During Semester 2 of 1999 a working party comprising Head Teachers and managers was formed to review the changing role of Head Teachers and to introduce a training program to develop and enhance their attitudes and skills.

Although the working party's report provided some very useful data, its focus on processes and procedures promoted doing more of the same. While the recommendations of the working party were endorsed by the Board of Management, the Institute Director observed that a traditional training and development program would not bring about the degree of cultural change required and a need existed to focus on innovation and greater accountability for business outcomes.

The Institute Director and the Human Resources Manager researched and facilitated the development of an integrated program to assist Head Teachers and Front Line Managers to manage within a changing VET environment and to gain an understanding of the business culture that was seen to be essential to sustaining performance innovation aligned with meeting the Institute's strategic goals.

The research revealed that the Hunter Institute of TAFE, another NSW regional body, had developed and was implementing a successful change program for all their managers to position themselves as market leaders. The Hunter Institute Employee Relations Management Team incorporated the 'VET Managers of the Future' scheme into their HR Business Plan after identifying present and future needs. In January 1999 they engaged a management consultant to facilitate a training program known as the VET Managers Program.

Given the extensive development work already undertaken by the Hunter Institute and the success achieved through implementation of the VET Managers of the Future program, NEI was confident that a similar program was needed to bring a paradigm shift within their organisation. Discussions were entered into with the consultant to determine the program's aims and to make any amendments required to customise to NEI and its environment and business goals.

An integrated proposal was developed and presented to the Board of Management. Resistance to the proposal by managers included comments such as, '*we don't need external people*'. Instead, they argued that the Institute should focus on delivering more of the same training previously delivered internally.

A strategy of working one-on-one with each manager was required. While there was still a considerable resistance within the Management group, the first program was conducted in October 1999. In late October 1999 the VET Managers of the Future was incorporated into the HR Business Plan.

Resistance to the program by the managers and employees persisted with the claim that the program was not adding value. However, this perception soon changed as it became evident that participants not only received valuable learning but also had fun and were becoming more creative and solution-focused. An interesting outcome was that while the employees' resistance decreased, the resistance of their managers increased. A major reason for this was seen to be that the managers did not want to be held accountable.

A component of the VET Managers program was the development of a project in which participants could introduce process, systems or cultural change in their section. These projects have resulted in dynamic initiatives being implemented within Faculties, Units and the broader Institute. The strategy has extended to helping the management group develop a teamwork and empowerment mindset. The management Team was challenged to consider the question of how NEI could continue to evolve and become both a centre for education excellence and a sustainable business.

Attempts to change

Some new initiatives were developed and implemented in order to address the challenges posed and there were some successful outcomes at the Faculties' level as indicated above. As noted earlier, the main challenges identified to be addressed were those of the increasing competitive marketplace, rising customer expectations, declining state recurrent funding, lack of flexibility because of hierarchical bureaucratic structures, the need to move to devolved decision making and the impact of rapidly changing technology.

An evolution in management structure was put in place. This shifted from the traditional hierarchy of the Board of Management (BOM) traditional hierarchy to the establishment of a Strategic Team and five quality improvement teams aligned to Australian Business Excellence Framework (ABEF) in July 2000, as illustrated in Figure 9 and Figure 10 respectively.

Management Evolution

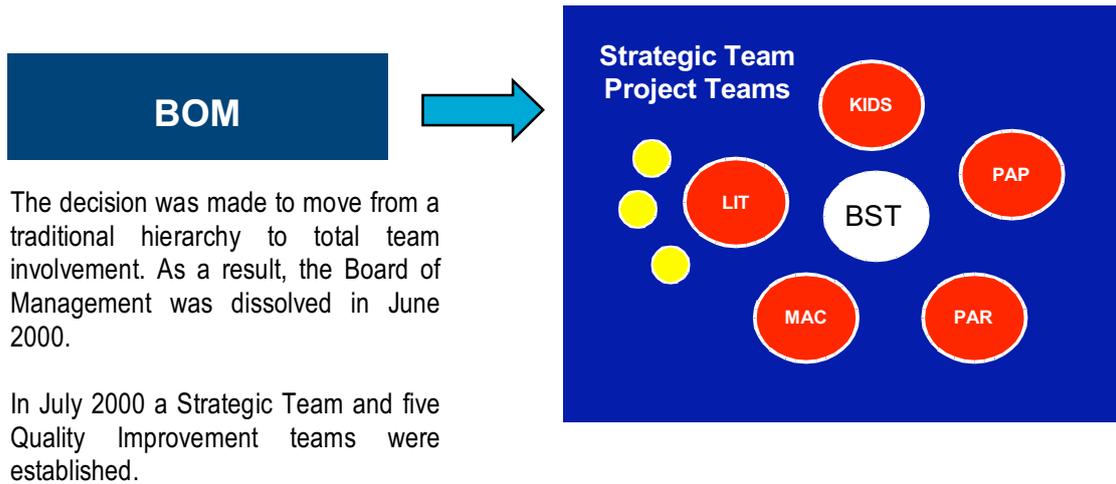


Figure 9: The move from traditional hierarchy to a team-based structure

Management Option Adopted

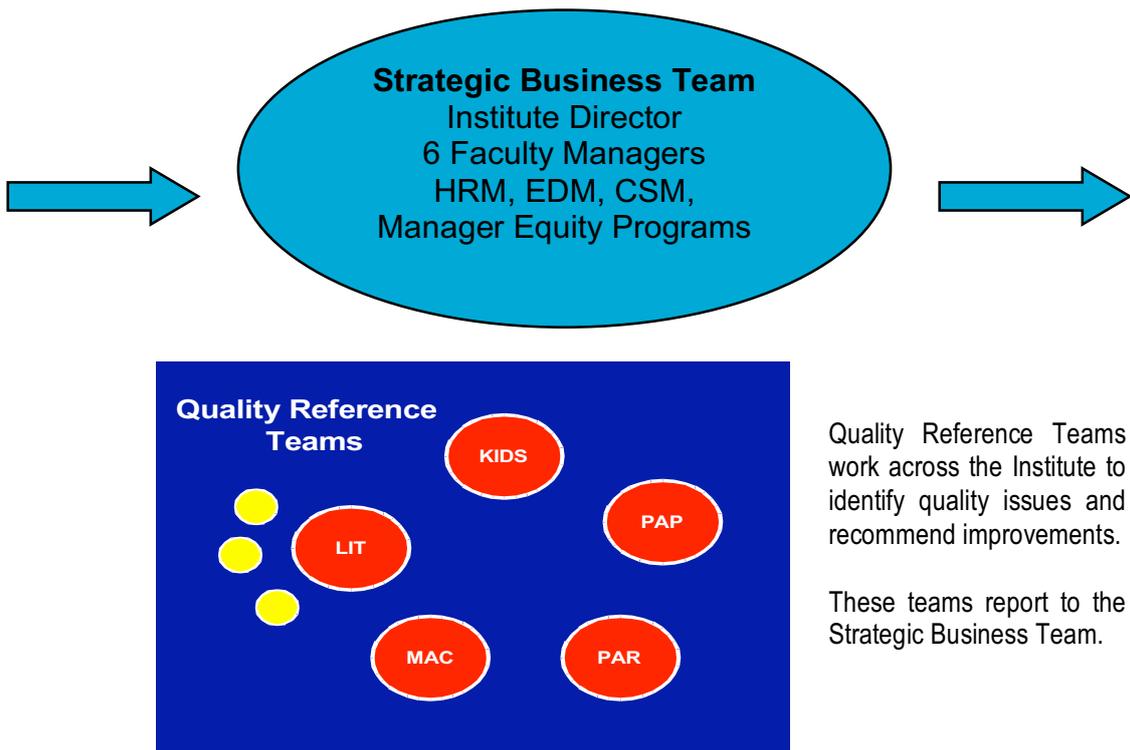


Figure 10: The new approach to managing the Institute

The overall business model for the Institute comprised four core characteristics:

- Core Business Education ⇒ Faculties drive the business;
- Business Development Consultants aligned to Faculties;
- IST revised to enhance quality and sustainability; and
- Business Strategy Team only focus on business decisions.

Reflecting on the changes, the Institute Director wrote to the staff in a newsletter (December 2000) and outlined some of the features of peak performing organisations. He said:

Successful teams and organisations enjoy sustained success because they have:

- *Aspirations [‘the dream of greatness’], purpose, direction and focus. In their planning they identify specific actions to be undertaken, they clarify priorities and utilise an effective game plan.*
- *Dedication to improving their own knowledge, skills and personal performance. There exists a passion for improvement, nothing is impossible and there is an emphasis on putting things right. Time is not spent on allocating blame when things go wrong.*
- *Innovation, experimentation and game breaking ideas. Everyone contributes ideas and those that present them take on the responsibility for making them happen. There is always a better way.*
- *Constant informal communication across functions and structures. Information is freely and openly shared within the organisation but is protected from “outsiders”.*
- *A strong sense of community where belonging, recognition, pride and a sense of value are fostered and supported. Excellent personal relationships exist and the work is challenging, enjoyable and fun.*
- *Practices of promoting team members internally and growing people within the organisation, while carefully recruiting externally to sustain the organisation’s energy and capacity.*
- *Team members who are supremely accountable for the impact that their particular job has on the final result and who take responsibility for self and the organisation, AND lastly*

- *Team members who are committed, disciplined hard workers Attention to detail is a priority because the smallest element is the difference between winning and just participating.*

In December, 2000 the Institute adapted a change strategy that is reflected in the following Figure 11, showing where they were and where they aspired to be.

In 2001, the Institute Director claimed that:

Our journey involves us in developing a business culture, extending continuous improvement and enhancing teamwork. Changing our game is daunting and challenging. However, the response from staff has clearly indicated that they want to actively and positively participate in our Institute's future. In creating the opportunities something amazing is about to happen

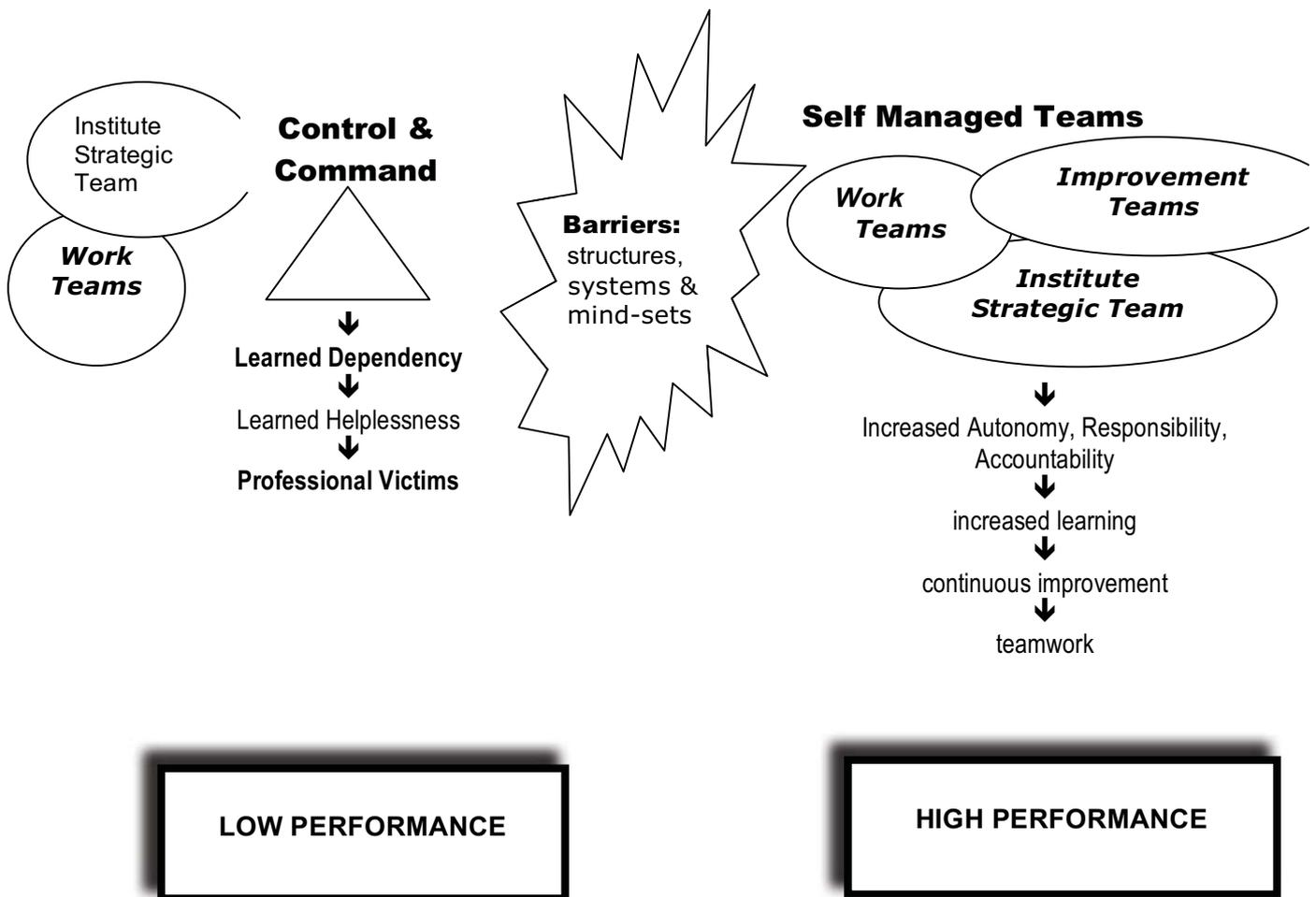


Figure 11: New England Institute's vision for change

Adapted from "The Customer and the Performance Power of Self Managed Work Teams" (Donovan, 1999)

Resultant outcomes

The strategic intent of the change agenda was articulated by the Institute Director and managed through a committee which was charged to consult and develop models and make recommendations to the Institute Director on appropriate structure and models. While in theory this approach appeared to be workable, it left a lot to be desired in practice. There has been greater resistance to proposed changes largely due to lack of perceived trust and openness. Moreover, the Institute's ability to implement the structural changes have been impacted with major industrial relations issues and conflict with the direct involvement of the central bureaucracy (DET) instigating an audit. All of this resulted in much effort and energy being invested in management of conflict rather than performance and capacity building.

In 2004, the Internal Audit Bureau of NSW (operating under the new name of IAB Services) reviewed the application of TAFE policies undertaken during the restructure of NEI in the preceding few years. The final report was presented to the Deputy Director-General TAFE in May 2005. The review identified six major areas where undertakings from NEI to staff and/or policies and procedures had not been complied with. As a result, components of the restructure were reversed; two key leaders in the Institute were taken off line and a caretaker appointed for the Institute.

It is important to note that in 2004 following the external audit, the new structures put in place over the preceding years were subsequently abandoned. The Institute structure reverted to an Institute Executive, consisting of the Institute Director, all Faculty Assistant Directors, Educational Development, Human Resources and Corporate Services.

Human resource implications

The human resource implications of the change included many challenges. Durur (2003, p. 4) identified that the prevailing climate in the beginning of the change process reflected:

- a focus on personalities by the management team;
- competition between individuals;
- negative energy;
- lack of clear organisational and individual development strategy/plan;
- high level of dissatisfaction with staff development and training;
- high level of dependency and culture of blame/victim mentality;
- perceived lack of support; and
- management expectation of quick fixes

The creation of Institute Improvement Teams caused some discomfort and tension among most of the managers. Despite the team rhetoric, the Senior Management team has not been able to sign off on a set of agreed leadership behaviours. In addition, a lack of mechanisms to hold team members accountable for their behaviours prevented good decision making and increased accountability. A program was initiated in 2000 to develop the concept of customer service with the aim of facilitating shifting from the old paradigm to a new mindset encompassing the six 'Ps' (People, Profits, Planning, Processes, Performance and Paradigms). This initiative resulted in a number of changes which required support and resourcing by the senior team. The key element was that the senior team needed to lead by example and be part of the team process, not be seen as the hierarchy. Initiatives that were adopted included team-talk to improve two way communications and break down the distrust between the senior team and members, and improve organisational performance. A total of 45 head teachers and team leaders participated in this change program. Unfortunately however, the Institute was not able to capitalise on this process as the senior team continued to be dysfunctional.

Findings indicate that the challenges might have been better met had the Institute Director and the senior team been able to work in cooperation rather than their engaging in yet another restructure. In this case it was clear that organisational members had had enough restructuring and were seeking instead, 're-mission and redirection' (Durr 2000).

Discussion

Why attempts to change organisations fail can be attributed to any number of reasons. Inflexible and disempowering structures that persist in top-down control, lack of real autonomy, budgetary constraints, resistance to change and industrial disputes are but a few main reasons. As noted in Chapter 4, effective leadership in developing organisational capability and creating a culture of performance is viewed as one of the most important keys to organisational success, with the challenges seen to lie in ensuring organisational learning and that the whole of the organisation becomes more than the sum of its parts (Ulrich, 1999; Wheatley 1999; Bennett et al 2003; Snowden and Boone 2007). Beyerlein, (2003) also claims that the keys to a successful and sustainable transformation include a focus on knowing the context, aligning systems, changing leadership. The organisation should also have a balance of accountability, responsibility, authority and empowerment via a collaborative work-based system. The big challenge is to do all these things well; the option is failure (Beyerlein 2003, p.8).

One of the major causes of team failure is claimed to be lack of organisational support (Donovan 1998; Kotter 1999; Beyerlein, 2003). In order to avoid change failure, especially where organisations are moving to more team-based operations, it is well documented that

proposed changes need to be supported with systems that allow organisational learning strategies to be given full rein so that improved performance can result. Findings indicate that these support systems were lacking (or were not allowed to occur because of central influence). The observation of Beyerlein (2003, p.3) noted in Chapter 4 that at least half of the organisational change to team initiatives of the last decade or so seem to have failed, has a particularly poignancy in the case of the NEI attempts to change.

The Institute went through an extensive change process built around several stages involving workshops with staff in order to gain better understanding of the vocational and training environment of the future. Change management processes included consultation with staff and then development of a proposal by the senior management team detailing a future structure. However, the process failed to get a 'buy-in' from all of the staff and the management team. Although the change management team adopted Kotter's (2002, p. 60) eight step model of change management as discussed in Chapter 4, evidence suggests that there was a lack of real understanding and application of the theory in practice to make it work. Thus the team clearly failed to achieve the buy-in and create the change champions required.

The perceived lack of expertise coupled with a lack of confidence in the leadership of the Institute Director resulted in prolonged disputes and distrust which impeded implementation of the proposed changes. The unions were able to stop the process with the Deputy Director General of TAFE commissioning an independent review that culminated in a confidential report. As a consequence, the Institute Director was removed and independent external people were appointed to oversee the review and implementation of the change in structure. This had a significant impact on those leading and managing the change process as well as the staff. Observations and field data suggests that there has been a major demoralisation of all concerned as well as personal and financial costs.

There is divergence of views regarding the review. Key leaders in the Institute feel that the issues faced were a result of the influence of a relatively small number of staff. On the other hand, many staff feels their views were not listened to, so forcing them to take action through the union movement in order to get transparency and consistency in decision making.

However, it is clear there have been no winners as a result of the independent review. Even those who sought the review have not gained victory; low morale and distrust continues to be evident in the system. The control and command approach and hierarchical authority continued to be exercised by the central bureaucracy of DET and little, if any, devolution of decision making has occurred. It is clear that there needs to be significant building of trust and healing to move the Institute forward and bring about effective change. These are big challenges for the new leadership.

There has been difficulty in developing the senior management team into a cohesive and focused group. Without a cohesive and well functioning senior management team there is clear lack of leadership to lead and engage staff in becoming more responsive and producing high performing teams.

All of these problems encountered mean that the Institute was not able to implement its new structure. This predicament left those staff who had been appointed to new positions (half had been appointed after two years) facing the challenge of a leadership vacuum. In this situation, staff reverted to doing things the way they had done prior to the attempted restructure, rather than initiating new practices and challenging the status quo.

The experience of NEI and its approach to the change process has wider implications for other institutes. For a start, lessons can be learned about the influence that the DET hierarchy had in not being prepared to provide the Director with appropriate guidance and support to bring about a desired change. Instead it took over, giving the clear message that risk taking is punished. Other lessons arise from the influence of stakeholders such as unions and the ability of leaders to deal with politically-charged conflict. In this case, because the unions had open access to the Minister, rather than deal with any dissatisfaction with the process directly with the Institute, the Director was forced into the situation of having to react to a significant number and range of claims. Having to do so stifled moving the Institute to its desired position in its new and highly competitive environment.

In the chapter that follows, the voices of participants caught up in the change processes at both institutes are given an airing.

Chapter 8: Voices from the field

Introduction

Much of the findings reported in the previous two chapters have been from the perspective of the researcher. The perceptions of the key informants, borne out of their lived experience of radical change in the two institutes, comprise a very important element of the research in this study. This chapter is therefore devoted to allowing the voices of those with first-hand experience of change to be heard without filter.

The findings reported here are categorised according to a number of common themes expressed by participants as they reflected on their experiences with restructuring during the course of interviewing. Central to their thinking are experiences with decentralising and devolving power, structural considerations, industrial relations and human relations issues and issues related to leadership of change. Some implications of participants' perceptions relating to challenges for leaders in TAFE NSW, lessons learned and the positive outcomes of the change process, are then drawn out.

Decentralisation and devolution of power

In the early 1990s, as part of the moves towards public sector reform outlined in Chapter 2, TAFE NSW was restructured from a centralised, highly bureaucratic organisation to a semi-devolved organisation. Many functions were shifted to the newly created Institutes. As reflected in the following comment from a New England Institute participant, this was the most significant change to occur in TAFE NSW since its formation in the 1970s:

There was a massive change. Lots of people were worried about the change and devolving power to institutes. (e28)

Of course, not everyone was convinced that devolution of power was necessarily a good thing and findings also indicate that devolution of power has not extended to all aspects of the organisations. In the circumstances, it is hardly surprising that the shift of power was not welcomed by those who wished to retain their power base, as indicated by a senior manager:

In the old days having someone else responsible was security and it was also a power base. A lot of people used that power base both ways – either power over other people or deferred power to other people. And a lot of egos and self esteem is built up on those sorts of power bases. They're still around. (a5)

Some informants suggested that, in reality, fully devolved power had not been granted at all:

[There is a]...deliberate attempt to give genuine control to Institute Directors. Of course this is more apparent than real. (e28)

In the last ten years I saw what actually happened and I can certainly say how much power [an] Institute has varies enormously. The way [each institute] tackled issues is really the product of individual Institutes. They are working to government priorities over which they have no control. There has been a significant difference due to forward-looking Institute Directors. Devolution of power is only partially real. (e28, e23)

A related problem is that the rhetoric of decentralisation of institutes is not seen to match the reality. While the creation of the institutes gave rise to a 'semi-devolved' organisation, there is still a strong sense of autocracy and compliance with central direction which continues to be a major cause of frustration for the leaders in the Institutes. Their views illustrate well the situation:

If a mandate came from the Deputy Director General TAFE... that there shall not be faculty structures, then Institute Directors will comply. It is a very compliant organisation that does what it is told. (12e, 6b)

As much as you can say we are empowering, the political pressure, policy, legislation and complaints procedures are major constraints on management. Thus, the culture is risk averse... (b11)

Those in the centre, the senior bureaucrats, don't give a damn about the impact and the credibility and the difficult position their decisions put the local management on the ground (d19)

It will be a brave Institute Director or manager who will stand up to the senior bureaucrats in Sydney... (d15)

Structural considerations

Entrepreneurial activity versus local/regional commitment

It was not only the upper levels of management that were thought to be having trouble with the new structure and the external VET environment. A familiar story from managers was the tension that exists between operating in a competitive environment while maintaining community service obligations, as indicated below:

The challenge for the management team has been having all staff to understand that being more commercial and entrepreneurial and focused is

not a bad thing, or something that is totally way out there, its something that is totally necessary to be able to do the things that even those that have very strong philosophical ideas and approaches to what a publicly funded education provider is supposed to do they realise that we need to generate money to be able to maintain our equity support and community service obligations. (b8)

... to meet community service obligations as a government service operation is to generate net profit business and if people redistribute this to create more jobs within the organisation. (b8)

Top-down control

Many of the interviewees described the new organisational culture to be both bureaucratic and centralised, while at the same time trying to be responsive. Five of the human resource managers interviewed thought the organisational structures to still be,

... layers of bureaucracy and mostly based on central power and power maintenance. (3a, 14b, 22e, 18d, 19d)

It was clear that, although there was every indication that staff settled easily into the Institute model working for a Director, the central structure still existed. Over and over again the hierarchical structure of TAFE NSW was identified as an inhibiting factor in effecting change. This was a strong theme in the comments from key informants.

... our structures were a real barrier, over hierarchical and did not encourage a culture of empowerment and devolution. They encouraged a control culture... (b10)

One of the biggest barriers we had were our structures. They were hierarchical, confused, not conducive to empowerment, because they were based on layers of authority and control. We needed as part of the change process to increase maximum level of delegations that staff had right to the level of who have direct contact with the customers. ... we needed an organisational change process that was strategic. (b8)

[It is frustrating] ... not having enough teeth to do the things you want to do. You're always working with one arm up your back because you know some of the things that need to be done, but you can't do them for a variety of reasons. (a1, b8)

Every institute I know is into emerging change, but the reality is that it is prodded and encouraged from above... It is still delegation, it's not emerging changes from below – It's directed from above. (e27, e28)

There has been a lot of resistance with the senior bureaucrats in DET to move away from the curriculum and resource-based approach towards the training package approach. I feel sorry for the staff in NSW from that perspective. (e27)

The above clearly reinforce the key findings from the literature reviewed regarding the inhibiting forces of the command and control culture in organisations during periods of rapid change (especially Wheatley 1999; Anderson and Ackerman 2002; and Gronn 2002).

Time taken for restructuring

The period over which change was effected clearly had a significant impact on the lives of organizational members. Changes in the overall structure of TAFE was carried out by a series of changes. The process took so long it was difficult for some to identify any benefits worth the pain of the process, as one senior manager illustrated:

...we have been structured and restructured for over the last 10 years, in attempts to become more responsive. Changing structures don't fix much... restructures are distracting and leave a lot of hurt. (16c)

Reverting to the status quo

Along with semi-devolution of power and time taken for restructuring cited as issues, it was also noted that re-centralisation was occurring. Several informants indicated that a pulling back to the status quo of central control was as much or more of a problem than the original decentralisation:

Among the challenges – significant challenges – is keeping staff motivated as we lose our autonomy and self-determination. Increased bureaucracy at the state level will see the Institute 'dragged back' which will not please our staff. (9b, 10b, 13b)

Positions and titles in the institutes are still based on "Taylorism" sort of models. People are paid and given promotions and given titles based on having more power than other people, and it's a brave manager who breaks that model with his staff. (e27)

I have never come across a group of people who have felt so disempowered, yet yearn to be empowered; to have the resources and authority to find local solutions... (8b)

Findings also indicate that talking the language of devolution, shared decision making and planning strategically does not always convert into 'walking the talk'. Despite the institutes undertaking self development activities to help develop better leadership skills which required the institutes to articulate what their model was for strategy making (with most utilising Reframing the Future funds), results were not always seen to be successful. Mitchell's (2001) research report 'High-skilled High Performing VET', identified that most managers in VET do not have a sophisticated understanding of alternative models for strategy making. Generally they are acting out of (reverting to) the top down, hierarchical framework. This is despite the fact they are talking the language of inclusion and staff participation. In reality they are propping up a hierarchical and command driven approach. This situation was reflected by two of the informants who commented on their institute's leadership thus, the latter providing a possible reason for their leader reverting to the old ways:

... they are not open to participation to their staff. They use the language that encourages; the language of inclusion, but the reality is that things are often bureaucratic and top down. (e27)

...On the other hand, they are in a situation where their bosses – the central bureaucrats – ultimately use the behaviourist, quantifiable approach. That's another constraint for the directors of the Institutes. (e28)

Industrial and human relations issues

During the interviews common themes expressed concentrated on frustration with the industrial relations environment and centralised HR policies within TAFE NSW. Although the Institutes are supposedly autonomous, they are still bound by centralised policies, a topic that triggered strong views from a number of participants:

In a sense Institute Directors don't have the freedom in terms of HR issues. They can't really reward people, move people. This leaves Institute Directors in a difficult position. (e28)

Those in centre, the senior bureaucrats, don't give a damn about the impact and the difficult position their decisions put the practitioners on the ground. (d19)

People are employed by the state central bureaucracy removed from local realities [and] impose policies that give little room for Regional HRMs to exercise any real innovation. (b11)

Having worked on the last DET restructure in Sydney I realise how little we can impact on in HR policy... (b16)

In addition to this strong sense of impotence and disempowerment, there was also a high level of frustration expressed with the industrial relations climate. Two particular issues caused more frustration than most others - the fact that local arrangements could be overturned by officers in the central units and that the union had direct communication with the Minister, allowing them to unnecessarily escalate some change-related issues. The following comments indicate the level of frustration felt by Institute staff:

Application and interpretation of the award agreement by Institute Directors can be overturned by the DET which flies in the face of real devolution. (e28, e21)

The institute faced lengthy delays in implementation of the changes (prompted by the unions and endorsed by the DDG TAFE). Throughout the process the unions opposed the changes. They had open access to the Minister and the Institute was forced into a position of reacting to a significant number and range of claims... (a1)

IR is a major constraint and problem. The only alternative is to turn Institutes into independent organisations which would be possible to do and would give more IR flexibility. I argued that to make all institutes independent. (e23)

Co-existing with centralised human resource policies is NSW Teachers' Federation's insistence on only negotiating with the TAFE NSW central units. This was quite clearly a 'hot topic' that emerged spontaneously in almost every conversation with informants. The main concern was that all industrial relations matters were negotiated by staff in TAFE NSW central units, supposedly on behalf of and in the best interests of the Institutes. The following comments indicate a significant degree of frustration with this situation:

...industrial relations are centralised. Federation only negotiates with state, hence power resides in Sydney. (e28)

I am not sure if all my colleagues have the same problem but all I do is to prepare more IR briefings to Sydney because of the Federation. Those in Sydney let Federation get away with anything. (a3, d19)

...unions don't want any decisions by the local senior management. They are absolutely opposed to that and will talk only to 'central' (e23, d17, e28)

Centre is unwilling to take on the union and unwilling to let go of their control on power. Yet we are expected to do more... (a1, d17)

Well we've been around a long time and haven't seen anyone in the central bureaucracy let go of their controls, it suits them to not to challenge the unions while we are expected to achieve change... (d18)

Federation is the largest union. It's extremely powerful and no one wants to take them on. (e28, e26, a1)

Despite the strong views expressed above, it seems the union itself did not see the situation in the same light. As one union representative explained:

Federation is not in the business of creating problems. The difference is that we have a dialogue with you – we agree to disagree based on mutual respect and trust. I can't say the same for many of the others. We have access to your processes, can call and talk with you it's all about respecting each other you are prepared to be open about the issues and open to finding solutions. We have a healthy trust for each other. Can't say the same for other Institutes... (T/F Rep)

Implications of findings

Leadership challenges

Findings from this study reinforce the observation of those analysts of organisational change who press that effective and sensitive leadership is essential for successful organisational change (e.g. Wheatley 1992, 1999; Ulrich 1999; Anderson and Eckerman 2002; Viljoen 2003; Thomas 2006; Bennett et al 2003; Snowden and Boone 2007). However, this kind of leadership is not something a person simply decides to 'do'. It is something that is 'lived' rather than 'done'.

A number of major challenges for leaders of change were identified by participants. These include the ability to change the mindsets of those involved to a new way of thinking and action away from the status quo mentality, manage effectively the inherent tension between central control and local authority, communicate clearly the new goals of the organisation, build trust, consult appropriately and 'walk the talk'.

Demonstrating effective leadership is not easy, particularly when those you wish to lead are not necessarily willing for that to happen. In the New England Institute, many informants indicated that leadership challenges included dealing with staff who either preferred the relative comfort of the status quo, resisted change or who preferred to complain but not do anything to change things. The following from NEI informants illustrate well these positions:

...one of the challenges in a rural area is that a lot of people who have been in the organisation a long time don't want to move for lifestyle reasons. Sometimes they lack the courage to try something else somewhere else, they have family commitments and so on. So that's a special challenge for rural areas. (a1)

The culture of the organisation has been a real challenge as far as an obstacle is concerned. We have a real culture in our organisation of "blame someone else and don't offer solutions". It's diminishing but you can still go to meetings and have staff tell you everything that's wrong with an organisation and they'd tell you who should fix it, but it's not them. So changing that culture has been an obstacle. (a1, a3)

Change is a hard thing to bring about. Peoples' normal response is to resist and they seem to do that in different ways. (a5)

Issues faced by the Institute were a result of the influence of a relatively small number of staff, many of whom were partly motivated by their own circumstances. (a1)

Fear is based on a fear of doing things differently or a desire not to have to work any harder. (a5)

What we need is to get rid of half the people we have now and get new people with different ideas and mindsets... but that's not going to happen because we have problems in recruiting people... we need to transform how we do business; to drag the department out of the 70s (6a, 1a)

It was not only staff who did not seem to respond well to change. The centralised aspects of the organisational structures continued to pose challenges:

...we have had to continuously push the boundaries with the Department's old outdated practices to get more contemporary employment practices. I guess it helps to be not so closely located to Sydney (13b, 18c)

The following comment from one leader at NEI indicates that some leaders themselves were inclined to prefer the status quo:

The senior management team has been a real challenge. First and foremost, they were a large group – twenty one managers originally before we moved down to twelve. And once you have management teams of that size you always have factions and lobbying. That was always difficult. There were people in there with a lot of history in the organisation. About half of them had been there a long time. They frequently get to positions in the organisation through grace and favour from people they supported and didn't support and so on, and there was a lack of trust in that group. Those enduring features still exist today for a lot of people. (a1, e21, e24)

There are some people in the organisation who believe you can't trust people with information because they'll never be able to manage it – especially accounts people because they understand business. (a1)

Another challenge for TAFE leaders arising from the views of participants was the issue of how they communicate with all levels of the organisation and sell its new vision. This was a common theme in their comments:

...communication traditionally has been from managers down to their team leaders and head teachers and down to the rest of the staff... is a bit flawed because the information is always being a bit filtered and you only give your staff enough information or you're very selective about that. (b10)

[What]...I have tried to do is to open the whole process up. One of the problems that managers have is that when staff ask questions they feel threatened by that. We shouldn't because there's always got to be a reason or explanation for why we do things. (a1)

When we're looking at it from a structural point of view, it was a structural change. When you consider 'was the vision understood', 'was it owned' – looking at it from an Institute perspective [the answer is] 'no'. The reason for the change and the need for the change weren't understood.

I don't think that the vision was sold to the general Institute so I don't think there was any ownership, and if you go to the main theories of ownership the main thing is to create urgency, like Kotter, and I don't think that happened. I can't say why it didn't happen... (a5)

I understood the need for change, but I don't think the general public did...

(a4, a5)

Also perceived was a gap between the rhetoric and reality at times. For example, while there was said to be a lot of effort expended to shift to a culture of empowerment, there nevertheless remained a contradiction between the language and self perception of the leaders and the reality of how they operated. It was claimed that they sometimes have a self perception that they are good listeners who are open to suggestions and ideas, and encourage creativity and innovation but others do not see it that way. Indeed, a common theme reported was that often, *'in reality there is a lot of coaxing and arm twisting, depending on who the staff are'* (c15).

Most contemporary leaders will tell you that consulting with staff is a good thing. Certainly the Director of NEI believed that is what his staff wanted:

Our journey involves us in developing a business culture, extending continuous improvement and enhancing teamwork. Changing our game is daunting and challenging. However, the response from staff has clearly indicated that they want to actively and positively participate in our Institute's future. In creating the opportunities, something amazing is about to happen.

However, it seems that some leaders in the North Coast Institute were somewhat over enthusiastic in their consultative processes, as the following comments from two NCI managers illustrate:

[The] change process has been a highly consultative process, but in the end we got the results we wanted. People often said to me, even though it was reasonably successful, that there was a lot of consultation backwards and forwards. What would you do differently next time – not consult so much!
(b11)

We consult to death!!! Consult, consult, consult open and too long doing it – we can do a lot better... (b12)

Lessons learned for leading change

Despite some negative and overly critical comments in the previous sections, there were positive aspects to the changes undertaken by both Institutes. Although they operate in the same national market, each Institute faces competitive challenges peculiar to their geographic region. Unlike metropolitan Institutes, the New England and North Coast institutes have smaller markets. The range of industry, and therefore the range of clients, is

narrower. The courses offered by the Institutes are more specialised which in some cases makes them more expensive to deliver. This has forced each Institute to be more creative. Greater flexibility, more dynamic and entrepreneurial in outlook and a new capacity to build capability all attracted a mention.

Informants described the more creative and positive aspects of change in the following ways:

Regional Institutes are more flexible and dynamic and aware of the need to be more client-focused than the bigger metropolitan Institutes. (e26)

...bigger metropolitan Institutes are used to heavy demand and don't have to go out chasing business. (e27)

External focus means that our staff at all levels, but particularly our teachers, head teachers, faculty managers, campus managers are actually connecting with and developing relationships with a whole range of external customers that we haven't previously dealt with. (b9)

Through adoption of external focus, the Institute has been able to encourage and assist the sections to really think how they connect with their customers and potential customers, and sharing good ideas amongst various faculty teams, so that there is much greater ownership of the concept that it is everyone's responsibility to connect with the external customers. (b11)

...we see ourselves as critical to the regional development of our region. Without that strong external focus and relationships it's difficult for us to have that impact on regional development that we have in our vision. (b8)

We used the word 'permission' but power is many things. Power through permission, resources to do it, and through building our capability, I have got some people in my team who are incredibly talented at this stuff. (c15, b8)

[The Director] brought on expertise to facilitate in the process of change. The capability framework introduced engaged all in the capability framework in identification of areas of expertise and gaps and moved on the "can do" culture. He clearly said if anyone said 'can't do,' he asked them to say why can't they do that, what's stopping them and gave a license to all to say 'can do'... (b12)

[The Institute Director] says we 'can do' and we are doing it... (b14)

The following remarks from informant (a1), an institute director, indicate that some leaders learnt a great deal from the many years of organisational change. Major themes are the importance of ownership of change, plotting strategy with appropriate values and vision, energising senior management and gaining their commitment to change, identifying and addressing blockages, providing incentives for risk taking, communicating well and developing a supportive 'can do' culture. These lessons are valuable for their successors.

It's difficult to clearly define how you do it, but I think it comes down to firstly getting ownership of the need to change. I guess I've learnt in my time as a leader that you're not going to be effective in the long term in effecting change if you're autocratic and directive or pretending that hero leadership is the way that you achieve change. You can have great ideas and say this is what we're going to do and have lots of energy. But you having lots of energy is no good if it doesn't infiltrate down through the whole organisation. So the use of the capability platform that I became accustomed to through the Macquarie Graduate School of Management, which is a fairly simple model but a very important one in terms of using that process, to have people realise that even though many of them were sick of change through the various restructures they realised that all the previous changes hadn't left us with a culture or structure or levels of business competence which was necessary for us to operate within this environment. And so that made it essential for them to have the energy. Every one of the senior management team became energized by recognition of the fact that it was necessary to make the change. But that was an important first step.

Once we got that recognition, and re-vamped our management structure, and allowed those that were not comfortable with the direction and were not good change people, and who were seen as blockers by those who wanted to move forward, they left. And that was a big message. And that energised people. They realised we were serious and were going to go forward and they wanted to be on the boat. And then of course your sincerity about empowerment and devolution and risk taking, and the symbols there, and the tangible evidence, putting money out there for people to use, give them incentive. Encourage risk. Reward those who are doing things differently. And becoming innovative and flexible. And that whole encouragement of the way we wanted to work and finding ways to do that automatically energised the leaders and the innovators. And many of our staff are. They wanted to be released. And so that's critical.

The other thing was, as a leader and as leaders, a critical challenge is for us to inspire people but also to inculcate an environment which enables them to take pride in their job – in their section, or unit, or campus, or their team, and what that teams are about and their institute, but particularly to take pride in their work.

I think communication is a continual challenge for an organisation, particularly like ours. We are a big organisation, spread over a big geographical area, with a lot of different complex components. Our communication particularly challenged because we have such a high proportion of part time casual staff, in our core business area of teaching and learning. When you consider that approximately 300 new part time casual teachers every year, that's very challenging in terms of communication, because it's not only about getting information down to people, it's about ensuring that people have enough basic understanding to be able to effectively apply information and the communication that comes down from wherever. It also challenges the two way process because a lot of our key staff, and that's the part time casual teachers who are in contact with the students, often do not have a lot of opportunity to be involved in communication with their team, in meetings and committees. So we're often challenged in getting feedback too.

...most importantly [a good leader] establishes a clear set of values and direction and culture that the institute wishes to achieve and pursue.

The other changes, that we've made in response to the competitive environment is to obtain commitment from our institute managers, that's all our senior and middle managers, to increase our income and particularly our net return. And we've got a commitment to reaching a target of 25 million dollars in five years, with 5 million of that as net profit. Strategies used included establishing challenged teams involving a range of staff to work on different initiatives to help achieve that.

Those impacted by the organisational change in this Director's institute, observed that the restructure was 'strategic', empowering and provided for the kind of organisational learning needed for such change to be effective:

It was based on continuous improvement. There is a lot of sharing in this institute (9b, 8b, 11b).

The 'can do' culture was seen to energise staff... "yes, you can do it and you have got our support, it was seen to empower staff and professional development is a 'huge way of getting cultural change'. (9b, 10b)

Discussion

The voices in this chapter have articulated some clear messages. They outline how that despite attempts to devolve power the central structure still persists and creates a strong barrier to change.

Morgan (1997) argues that organisations are both political arenas and political tools. As political arenas, they provide a setting for the ongoing interplay of interests and agendas among different individuals and groups. As tools they are implements, often very powerful implements, for achieving the purposes of whoever is able to master them. The political frame sees the pursuit of self-interest and power as the basic process both within and between organisations. These observations resonate with many of the messages arising from the interviews.

Findings indicate that to build employee commitment to the idea of the Institute being a strategic business partner, the HR professional needs to understand the business and its environment to successfully facilitate the magnitude of changes required. As Morgan (2000, p.225) argues, the political frame sees the pursuit of self-interest and power as the basic process both within and between organisations. Organisational change, for example, is always political – it occurs when a particular individual or group is able to impose a particular agenda on the system. Hence the challenge for HR professionals is to understand the political nature of Institutes operating environment.

Individuals and groups may clothe their initiatives in a variety of ethical or technical disguises but do so to conceal their real purpose (Morgan 1997, p.225) This is evident in the environment which the Institutes operate; the political frame dictates that in order to achieve results, you need power and to be prepared to engage in and manage conflict as part of the process. While Institutes show preparedness to tackle the conflict their power is limited as it mostly rests with the central bureaucracy in Sydney. This causes significant frustration as well as impedes the effective working of the Institutes.

Similar frustration is heard when the voices from the field discuss the industrial relations environment. There is a strong sense of impotence on the part of the Institute, caused by the complex and interdependent relationship between the Institutes, central DET units and the unions.

In parallel are the leadership challenges. The experience of the Institutes shows that older forms of leadership, such as the 'command and control' model do not deliver. In fact, they create a culture of blame rather than a culture of innovation and solutions. New forms of transformational leadership are required to identify embedded organisational culture that is holding back needed change and innovation and to manage resultant conflict in a way that both empowers and moves the organisation forward. Quality leadership from the top, as the literature so poignantly points out (see Chapter 4), is vital in this process. Those who lead and implement change need to build confidence in the process and model the behaviours aspired to. As two informants noted:

Unless individuals model the preferred behavior there will be no difference. Staff look for the behavior. If Senior Management words don't match the behaviors, staff see this. (a6)

We do still have a way to go. There are still remnants of a command and control and bureaucratic and hierarchical organisation and people are very keen to blame others and be victims in the system. (a1)

With this in mind, it is worth noting that the North Coast Institute implemented six internal restructures; continuously realigning its activities with an aim of building capability and positioning itself in the operating environment to take advantage of changes. Its change management process/strategy included close communication and engagement of the unions. The unions responded positively and offered little resistance, thus enabling North Coast to implement and make the changes. The HR professional in collaboration with the Institute Director was able to manage culture and help make change happen by facilitating decision making and through strategic positioning of the organisation. By fostering relationships and trust, the Institute Director and Director POD enjoy personal credibility which comes from good communication, doing as promised and understanding the environment and the organisation's needs. Having clear and transparent processes supported by collaborative approach to change management enabled NCI to be relatively successful in changing its organisational culture to be more flexible, innovative and responsive to the external environment.

On the other hand, the New England Institute aspired for the same or similar result but chose to take a theory-driven approach, one in which staff and unions were not engaged. As a result, people lost trust in management's capability to lead the change. Findings supported the notion that while there are good managers in senior positions, they are not necessarily good leaders. In this case, lack of HR expertise and experience in the Institute contributed to a lack of credibility. This gave room for staff at different levels to sabotage the change process with major ramifications for those leading the process.

As yet, NEI has been unable to complete its change process. There have been a number of problems. One is that, due to an extended period of the change process, there have been difficulties associated with maintaining morale. The independent external review has completely shut down communication between management and all staff about the change process. The impact on those leading the change and its implementation has been significant. A number have become wary; some have felt somewhat powerless and there are still difficulties in developing the senior management team as a cohesive and focused group. Staff have become risk averse with very little trust and confidence in their leadership.

The experiences of NCI and NEI demonstrate that it is possible for regional institutes to bring about change. NCI in particular shows that if an effective leader is in place, the organisation can effect significant change. NCI also demonstrates that although the semi-devolved structure of TAFE NSW is frustrating and hinders some aspects of change, local initiatives are still possible and can be quite instrumental in enabling the Institute to become more flexible and responsive. However, such initiatives are only possible if the leaders of the Institute are willing to support them and create an atmosphere in which staff feel safe to experiment. This kind of environment resonates with the type of organisational learning that Senge (1990), Garratt (1994), Wheatley (1999) and Härtel et al (2007) all promulgate to ensure that the desired change is effective.

Leaders rely on a range of personal attributes to carry out their role and have to maintain a strong awareness of their context. Daft (2005, p.20) contends attributes of leaders are 'subtle personal qualities that are hard to see but are very powerful'. According to Fowler (2004), effective leaders need to be aware of the political culture of the organisation and the appropriate behaviour required to work in this area. Leaders who work in a complex political environment use their power to influence resource allocation which will in turn facilitate the achievement of organisational goals.

Findings here indicate that leaders who demonstrate these qualities display genuine passion and enthusiastically work with others to achieve shared goals. They take care to work on being emotionally connected with a range of people, they have good self awareness and awareness of the political context in which they operate and they empower and inspire others to learn and achieve their own personal goals as they work on achieving the organisation's goals.

The next chapter follows on from this chapter and the two preceding chapters by analysing in greater depth the findings from the two case studies. In the analysis, drawn out are key themes that arose in relation to the aims of the study and what issues were posed in the original research questions.

Chapter 9: Findings – an analysis of key themes

Introduction

This penultimate chapter attempts to analyse in greater depth key themes and issues which arose from the findings. The analysis links back to the original aims and foci of the study and the themes of the research questions that were posed.

The study addressed five key research questions. These were:

1. What have been the major challenges for institutes attempting to adapt to a complex and dynamic competitive environment?
2. What have been the most successful aspects and main human resource consequences of institutes adapting to their contemporary context?
3. What are the main leadership challenges in periods of rapid change and what are the human resource implications?
4. What can be identified as successful strategies in leading change?
5. What are the implications from this study for management of change in TAFE institutes in the future?

Related to the topics that appear in the questions above, five key themes stand out. These concentrate on the reluctance of TAFE NSW to allow the institutes to be fully autonomous, challenges for leadership within the organisations, the ambiguity of the institutes attempting to be at once public service organisations as well as bodies seeking to adjust to a competitive business environment, the HR implications of change and strategies that enabled successful transformative change. Each of these themes is elaborated in what follows.

The realities associated with being semi-autonomous

It is clear that one of the major challenges for the institutes in question attempting to become more flexible and adapt to a fast moving competitive environment, has been trying to grapple with not being fully autonomous. On the surface, the current structure of TAFE NSW makes sense – ten Institutes operate independently so they can respond to the needs of their geographic regions and supported by a core of central units providing a framework of consistency across the state. However, the reality is very different.

Findings of this study reveal that TAFE NSW is a system that has not yet decided whether to be centralised or decentralised. While the rhetoric reflects the latter situation, the institutes are still largely bound by central bureaucratic control. As a result, in some respects the new system has become dysfunctional.

Major shifts in demand have placed considerable pressures upon Institutes to be more responsive, flexible and relevant to industry's needs in terms of the training they deliver. At the same time the Institutes have had their resource base reduced, thus forcing them to be more commercially savvy. Their response is at best uneven; positive change does clearly result in some initiatives that are innovative, responsive and capacity building through the use of number of tools and strategies.

A key challenge has been that while managers within the Institutes attempt to implement team-based culture and empowerment, they are reminded at every point that they are in fact, part of a bigger government bureaucracy which, despite considerable rhetoric to the contrary, does not allow the team to exercise true control of their destiny.

Evidence from this study shows that in such a context, self-managing teams do not work mainly owing to the bureaucratic nature of the broader organisation, lack of skills and lack of accountability. While there is a high level of team work applied within Institutes, it could not be said that this is of the self-managing team kind. Findings indicate that self-managing teams are not possible within TAFE's current bureaucratic structure. Staff within the Institutes are often confused by the contradictory message of self management and the hard facts of centralised rules and structures that impact on their daily work.

However, it appears that it is not the structure alone that is the problem. Another challenge is that the Industrial Relations and Award agreements give very little room for Institute managers to have flexibility in employment of staff, to conduct skills audits, to determine skills gaps, or to manage poor performance. With consecutive restructures having taken place over the last ten years, movement of management positions further limits the ability of current managers to deal with performance management issues, thus increasing frustration and 'hide behind' policy for not taking decisive actions.

It is also clear from the key informants involved in this study that the power of unions is a key barrier to autonomy which would allow for organisational change. All award negotiations, policy development, conditions of employment, and discipline procedures are negotiated between the unions and central bureaucracy. Neither group appears to take into account the changing nature of the TAFE Institutes operating environments. As a result, they have created an inflexible workforce with very little room for Institute management to implement any change if that change requires shifts in strategic workforce development and planning.

Inflexibility of current state-wide arrangements means that managers are unable to make some decisions and solve some problems at a local level without undertaking very long, drawn out processes that sap energy and effort. A typical example is the inability of an Institute Director to terminate employment of teaching staff. The delegation for that action rests with the Managing Director General. Even if the Institute Director manages to find his or her way through the tangle of processes, their recommendation to the Director General to terminate a staff member may be overturned due to the union exercising its political power. This results in managers of ineffective staff, feeling demoralised and reluctant to even begin the process. Instead they tend to place ineffective staff in a position where they can do least harm.

Findings suggest that there is a degree of co-dependency between the central hierarchy of the Department, and the unions. Should the Department fully decentralise, the power and influence of the unions would be reduced. Similarly, if the power of the unions was challenged and Institutes were more able to deal with issues locally, the need for the centralised units would diminish. Hence, it could be viewed that the unions and the centralised units have a common interest.

The relationships among staff in centralised units and among those in the Institutes are very different. Using the language of empowerment and self determination, it has been drummed into Institute staff to be responsive and flexible with a customer focus. In contrast, the staff in central units still operate within a hierarchy of rules and a control and command mindset. This has led to a situation where Institute staff see themselves as operating in the 'real world' and the central unit staff being in an 'ivory tower. There is a general lack of understanding and trust between the two.

Institute Managers have to deal with this dilemma and tension. On the one hand they are compelled to drive customer-focused service, while on the other they are constrained by bureaucratic policies and procedures. At times the frustration is tangible.

One would expect that the Institute managers would have input into the policies that govern the way they work. However, in practice, policy changes, including those that impact on the operation of institutes, are developed by central staff. Only when in "final draft" stage do Institute managers get an opportunity to comment and provide feedback. The political nature of the organisation is such that the initial drafting is done in an atmosphere of great secrecy and emphasis on confidentiality. Considerable time is taken for drafting yet very short timelines given for commenting on the final draft. Regardless, Institute managers are expected to implement and manage the final version of such policies complete with their imperfections.

Another challenge evident for institute managers relates to their inability to question or indeed change centrally-decided policies. Being part of the central Department of Education requires that the managers comply with the all departmental policies, which means that they are often unable to act decisively and promptly. For example, trying to move members' mindsets from a status quo mentality to new mindsets that support the organisation's quest to become open and flexible, poses a huge challenge. For a start, managers need to develop skills and mindsets that embrace environmental change as a norm. Thus they have to be able to detect 'early warning' signals that give clues to shifting trends and patterns. They often find ways of inventing completely new ways of seeing their environments. It is by seeing and thinking about the context of their industry and activities in new ways that they are able to envisage and create new possibilities (Morgan, 1997, p.99.) However, despite the rhetoric in the organisational vision statements about being responsive and flexible, the institutes have not necessarily been able to detect these 'early warning' signals of shifting trends and patterns. On those occasions when they do, they may not be able to do anything owing to the inflexible, bureaucratic nature of the organisation.

Human resource policies – enablers or limiters?

Institute human resource managers have been challenged to respond strategically to business needs and strategic direction to facilitate effective and efficient people management that support the development of organisational culture and capabilities while working within a highly centralised government bureaucracy governed with rules and regulations. The implications of this situation have already been flagged.

Moreover, given the political and bureaucratic system within which TAFE institutes operate, findings suggest it is not feasible to achieve transformational change under these conditions. Organisational transformation does not merely imply a restructuring of the organisation, although this has been a method of organisational change practice within VET. It is much more than shuffling around the roles and responsibilities of staff which has been the most common form of organisational change used by the Department in the past decade.

The human resource consequences of radical, transformative change in the institutes provided further challenges. For example, one of the strongest messages from this study is that when an award structure and associated HR policies are designed for public servants, it is not possible for staff to behave as effective entrepreneurs. Another problem is that the focus on rules, compliance, budgets and generating income is seen to distract managers from any effort to understand each staff member and their strengths and their weaknesses. Instead, managers rely on the assumption that all employees are capable of all that is written in their position description – no more, and certainly no less.

The HR policies relating to performance reviews present other problems. Although there is a system of annual performance review for employees, this process is rarely undertaken at any other time. Managers are reluctant to exercise open rapid feedback with clearly articulated outcome expectations, in some cases due to their own lack of confidence in the system and they themselves may not have experienced such feedback. This has led to the situation where communication in the form of feedback on everyday performance is not common. The inability of the organisation to create a degree of openness and transparent communication simply reinforces absence of effective leadership. The efforts and investment in teamwork, and the return on such investment, are somewhat limited.

Moving to teams have presented other HR challenges. In most of the Institutes, many of the HR functions have been realigned in to work in partnership, adopting people management strategies to foster teamwork and build capacity to address the strategic business and business needs with particular focus on building. These strategies typically involve:

- management capability;
- employee commitment;
- organisational effectiveness;
- administrative effectiveness; and
- leadership.

Institutes were found to be investing in team development and cultural change initiatives and encouraging innovations and empowerment of teams to make decisions. However, they were engaging staff in activities without providing compensatory time or financial rewards for their efforts. There is recognition of the need for such incentives, but with the exception of funding to release staff from teaching or other responsibilities, institutes are now struggling to identify how they can reward or more fully support teamwork and innovation to encourage high performance.

The use of teams is a major tool being utilised to promote both learning and innovation and sharing of knowledge. To reinvigorate teamwork there has been a number of team-development learning and development programs rolled out throughout the Institutes. These programs vary in length and take up depending on how they has been promoted and resourced. Teams in the form of cross-functional working groups are also being used to promote more collaborative approaches across the institutes for collecting and sharing relevant information. The ultimate aim is to build a culture more responsive to identifying and meeting customer needs.

The use of teamwork is however, uneven between the institutes. Within each, dependency is on having people who are committed to the notion of shared learning and the greater good of the organisation rather than individual gains. However, it is evident there is a lack of clear understanding between teamwork and self managing teams. Too often mistakes are made – responsibility for decision-making is devolved to teams without the power and authority to exercise decision making. Self managing teams assume that they are empowered and given the authority to make decisions. Findings of this study reveal many examples indicating that the hierarchical nature of the organisation makes this kind of autonomy difficult, if not impossible.

A significant source of frustration has been industrial relations practices, policies and procedures which are not in keeping with contemporary practices. The consultation process with unions can be drawn out and politically difficult. The policies on which these processes are based are interpreted by the union in a way that protects non-performing staff who, as a result, continue to be paid for their non-performance. This is a cause of intense frustration and at times, anger, for other staff who are committed, innovative, and high performing. This situation constitutes a major HR challenge.

One of the areas where HR teams invest a lot of time has been the area of conflict management between staff. Often conflict has been going on for the last ten or more years without any intervention. Existing TAFE NSW policy and procedures have not enabled the management to be proactive in this area. Hence Institutes lose substantially due to loss of productivity and stress cases. HR management teams identified often the conflict not been dealt with owing to lack of people management and problem solving skills of managers. Management has responded with a strategy to clean up existing problems and build the skills of managers to manage conflict at the local level.

Other areas in which the current HR policies and award conditions do not reflect the requirements of a highly flexible commercially competitive organisation are:

- the lack of suitable reward mechanism for high performing staff;
- bureaucratic rules about direct placement into vacant positions and the large number of stages in the recruitment process; and
- lack of flexibility to manage existing workforce in a competitive environment.

In particular, TAFE NSW has a policy of preference for existing employees. This means staff who are designated as redeployed or transfer applicants are a major challenge. Before any position can be filled, the Institutes have to go through processes that require considering first the displaced and excess staff (these are often the ones that have not been able to

adapt to change and are not accepting of change). This can take as long as three to six months. If no displaced, excess or redeployed staff are found for the position, then, and only then, can the Institute proceed to advertise and undertake a competitive selection process. The challenges associated with this policy are considerable. One of the consequences is that some managers, knowing who is on the displaced, excess or redeployed list, simply do not attempt to fill vacated positions for fear of ending up with a staff member 'left over' from somewhere else.

Complicating the situation is the fact that an unsuccessful displaced officer can lodge an appeal against a decision not to place them in a vacant position. Such appeals are heard in Sydney. This requires the Institute HR manager to prepare submissions including documentation justifying the decision. In the case of the North Coast Institute, it has been possible to develop a degree of HR credibility and transparency. Thus local decisions have not been overturned in an appeal process. On the other hand, most of New England's appointment and selection decisions have been overturned by the appeal process in Sydney. The expertise and experience of the HR Manager has been questioned and challenged at every point. The impact of this on the HR personnel and the management has been demoralizing, with a resultant loss of credibility.

Other significant HR challenges relate to appointments and assessment procedures operating in the institutes. Most institutes in moving to the new structure to foster more team work adopting the matrix model as outlined by Morgan (1992, p.36) or distributed networks of expertise (Garratt 2000, p.20; Bennett 2003, p.7), have found that they have been hampered by the system. Barriers include:

- State-wide central policies and procedures have meant that many people have been directly appointed to positions (because the bulk of their duties have been similar to previous roles.
- The process of Priority Assessment has meant that on occasions institutes may have had to give positions to those who do not possess the necessary capabilities. This is because under the policy they are entitled to be given the opportunity if it is considered they could have gained the necessary skills within a reasonable time, given access to appropriate training and development.

These policies have resulted in:

- Many of those appointed into roles in the new structure carrying over the 'old' way of doing things to their new roles. In other words they have not adopted the new paradigms.

- Those who were able to be appointed without all of the skills and capabilities having substantial skill gaps that need to be recognised and dealt with.
- This situation is presenting some HR and organisational development challenges and has meant the need to refocus the learning and development efforts in order to ensure the new structure works effectively. The institutes' future success would appear to be dependent on this re-focusing.
- Many staff resistant to change are aware that their employment is secure and they cannot be forced out of jobs very easily or quickly. Such employees may provide poor role models for change as they continue to be paid despite their poor performance and inability to adapt. Meanwhile, others who are very innovative, effective and willing to accept change are expending far greater effort, achieving superior results yet remunerated identically.
- People are tired of change – too many changes have been forced upon them. Some of these changes are more politically driven and of bureaucratic nature than others. People get cynical about the whole process particularly when the change process is ill conceived and poorly managed.
- The values and belief systems that worked for traditional, hierarchical organisations have been found to be counterproductive for teams, network building and collaboration. An organisational culture that supports participation, innovation, creativity, teamwork, and rapid learning is clearly needed if the institutes are to achieve their new agendas. People need a safe environment for passion and responsibility to spring forth. The challenges for the human resource specialist are to: partner with those who lead, manage, and steer change initiatives as they assess organisational readiness; develop a vision for change; create an effective design for change that is communicated to and accepted by those involved in the change; guide the implementation of that design; and model collaboration and teaming themselves.
- Regional HR managers have endeavoured to work together to pool resources, ideas and strategies in workforce development across the state. A great deal of expertise is available at the institute level to provide assistance in the development of programs such as Excellence in People Management and Workforce Development. However, from the evidence presented in this study and from keen observers of organisational change as discussed in Chapter 3, it is imperative that institute members become engaged in the process and that it is not a 'top-down approach as is currently the case.

- It is evident that there is a growing need for decentralised and empowered HR units in the institutes that have the capacity to be more entrepreneurial in providing strategic, tactical and operational client-focused services.

Not least, a significant challenge for HR managers leading change is to engage in the process of organisational learning and unlearning as urged by Garratt (1994, 2000) and Anderson and Ackerman (2002). The development of a team-based organisation or collaborative work systems requires learning of new competencies by all members of the organisation. If collaboration is not valued and modelled by senior management, it will not be practised at lower levels.

The challenge of role ambiguity

Further challenges are faced by the institutes as they attempt to deal with the inherent tension between attempting to act out the dual roles of being at once a public service provider and a business organisation. As already noted, while the employees' award agreements and HR policies are designed for public servants, institute staff are at the same time expected to be entrepreneurial and business-like in their dealings.

The challenge for management teams has been trying to convince all staff that being more commercial and entrepreneurial is necessary for generation of income to support their institute's community service obligations and to create more jobs within the organisation. Communicating this message has apparently not been easy for managers. Moreover, as indicated by upper levels of management in the preceding chapter, managing the tension between driving entrepreneurial activity and servicing local and regional needs is clearly an ongoing challenge in the institutes.

Leadership – the key element

Findings from this study provide much evidence that leadership of change is the key ingredient in the organisational change processes observed. The Directors responsible for each of the institutes approached the change process quite differently, with one institute experiencing much greater success than the other. That they achieved quite different outcomes is no surprise given the circumstances already described in Chapters 6, 7 and 8.

The quality of leadership appears to make the critical difference between less effective and more effective organisations; between pedestrian and excellent products; between indifferent and caring services. Numerous authors, as noted in Chapter 4, stress the importance of particular types of leadership that are more effective in bringing about successful transformative change in organisations. But no particular one of the seven categories

discussed fits neatly with what was observed in this study. Instead, different traits from five types identified are seen to mesh quite closely with what was observed.

It was clear that aspects of *innovative leadership* marked by efforts to shake off entrenched conservatism and develop strategy and vision to map new and innovative ways of moving forward are important (Vijoen 2003; Thomas 2006) in effecting change. Second, the concept of *distributed leadership* which disperses power and responsibility via networks and collective activity in a bid to enable (rather than direct) capacity to be built up, would appear important in this case. Third, the *New Science of leadership* (Wheatley 1999, 2005) that provides leaders with the vision, knowledge and skills to transform deeply embedded hierarchies into open, participative learning systems that enable adaptation to new environments is highly pertinent. Fourth, aspects of *transformational leadership* (Bennis 1994; Callan 2005) that aligns human and other resources and has the vision to create an organisational culture that fosters free expression of ideas and empowers others to contribute to building organisational capability, are highly pertinent. Finally, *Level 5 leadership* (Collins 2001), that is visionary, intuitive and determined to create disciplined people who will have no need of hierarchy, seems to resonate with the findings here.

However, two other important aspects of leadership detected in the institutes studied that were either omitted or played down in the leadership types mentioned above, were the importance of leaders building trust and communicating effectively at all levels of the organisation. These aspects will be discussed further into the chapter.

It is evident that the Institute where the change process was informed with a sound theoretical framework with clear directions and the Directors personally taking responsibility, were able to get a higher degree of support and engagement from staff in the change process. One Institute had done a lot of work and planning yet did not engage staff as was hoped in order to demonstrate true vision, passion and enthusiasm. This was viewed as a clear example of the failure of the leaders to 'walk the talk'. As a result, the perception of this Institute Director was different to that of his senior staff. In turn, their perception differed from that of their own staff. At all levels there was degree of distrust and lack of clarity about the nature and direction of change.

As already noted, NCI based its changes on a clearly articulated 'capability platform' which was constantly revisited and revised, a process which involved inclusive culture through inputs from a cross section of staff. On the other hand, NEI had no apparent clear framework or any other theoretical approach. The Director delegated responsibility to persons unskilled and inexperienced in leading organisational change. By appointing a project team to manage the organisational change with little HR management experience, there was a lack of expertise on this panel to lead organisational change.

It appears that it is strategic, authentic, innovative and transformational leadership which articulates organisation vision and provides strategic direction. It builds commitment to shared values and creates conditions for teamwork, provides meaning in the workplace and sustains high morale and productivity. Such leadership is seen to sustain, transmit and transform organisational culture, energise employee motivation, raise commitment to quality and outcomes, shape organisational strategic readiness, and create a safer, fulfilling workplace for everyone (Bhindi, 2000).

Additionally, this kind of leadership is in keeping with the notion of a learning organisation – one that promotes innovation by empowering its people. It integrates quality initiatives with quality of work life and creates free space for 360⁰ learning. These learning-focused enterprises encourage collaboration, promote inquiry, and create continuous learning opportunities for their employees, and often with their customers and partners. Literature also shows that innovative and responsive organisations take steps to build cultures which promote learning (Senge 1990; Garratt 1994, 2000). Organisational learning needs to capture tacit knowledge and convert it into explicit knowledge as well as change behaviour to reflect this new knowledge and insights (Callan, 2003).

NCI and NEI have adopted this philosophy but implementing it has been rather difficult as the evidence from this study shows. The leaders in each Institute are often pushed for time and increasing workloads make it hard to create a space for learning and sharing learning. Despite this, there have been conscious attempts to create space, albeit not always very successfully.

While findings indicate that the Institutes are promoting teamwork, learning and innovation by encouraging staff at all levels to feel empowered in developing new and different ways of meeting the demands placed on them and be more risk-taking, outcomes are not all positive. While some staff feel empowered, engaged and less risk averse, in other parts of the organisation cultural change is slow and there is reluctance to take up the challenges.

There are a number of difficulties encountered in the change process by those who are implementing and/or impacted on by the change process. Among the major barriers to changing culture are serious mistakes made by management who try to forcefully change the mindsets of those within an organisation. They often force, rather than lead or enable change, whereas the successful leaders first impose change on themselves and then cultivate it in others.

The literature on organisational change identifies several pitfalls when implementing change (Fullan, 1991). These include:

- Managers lack integrity – their words and actions are inconsistent;
- Unrealistic expectations are set with no system to measure success or failure;
- Managers are impatient with the process, seeking results immediately without being committed to investing the time necessary to bring them about; and
- Management often tries to force the issue through buzzwords and force and finally they resort to training as the main tool of change.

The literature also tells us that transformation is organic; it needs to be cultivated and nourished. Fullan (1991, p. xiv) points out that,

It isn't that people resist change as much as they don't know how to cope with it.

He continues by adding that,

If we know one thing about innovation and reform, it is that it cannot be done successfully to others. It is not as if we have a choice whether to change or not. Demands for change will always be with us in complex societies...

(Fullan 1991, p. xiv)

It seems that some of the leaders observed during this study felt that simply because they had come to terms with what they thought was necessary their staff would automatically reach the same conclusions.

Marris (1975 p.166, cited in Fullan, 1993 p.23) sums this situation up well:

When those who have the power to manipulate changes act as if they have only to explain, and when their explanations are not at once accepted, shrug off opposition as ignorance or prejudice, they express a profound contempt for the meaning of lives other than their own. For the reformers have already assimilated these changes to their purposes, and worked out a reformulation which makes sense to them, perhaps through months or years of analysis and debate. If they deny others the chance to do the same, they treat them as puppets dangling by the threads of their own conceptions.

It is clear then, that leaders set the example in the transformation process; anything short of this creates a culture of compliance rather than commitment, as Kanter (2004, p.9) explains:

Leaders give their people the confidence to achieve their potential. And when confidence is built into a system, people can do extraordinary things.

Evidence suggests trust building between those in the central hierarchy of the organisation and the institutes has not been easy for it seems the need to control by the centre is stronger than the desire to let go of power and control. Trust depends on willingness to look not only to people's own interests, but also to the interests of others. So for trust to exist, there needs to be developed a context in which openness, honesty, active listening, communication, consistency, competence, fairness and mutual respect. Evidence suggests that there is little trust and confidence between the central management and the institute management.

Findings also suggest an absence of effective leadership at the top central level. This is not to say that Institutes lack leadership. Rather, in the absence of confidence in their authority and autonomy, there is reluctance by managers in the Institutes to take a clear stand on issues perceived to be politically sensitive.

An example of the mismatch between the thinking of TAFE leaders and those they lead is the question of perceived barriers to TAFE NSW providing more workplace delivery and assessment. Managers perceive the barriers as rigidities in teaching awards and duties, the higher cost of provision, and a lack of incentives for faculties and teachers to pursue more flexible workplace delivery and assessment opportunities. On the other hand, teachers perceive barriers to be a lack of administrative and management support structures and insufficient incentives.

In each of the two Institutes, the leadership provided by the Directors was quite different. Where the Director was able to provide positive expectations for favourable outcomes, they were able to influence in their staff the willingness to invest, to commit resources and time, reputation and emotional energy. They were able to create confidence and thereby trust, and help ultimately to give staff a feeling of worth that in turn, gave their work meaning.

As Bennis (1994 p. 39) points out:

...[a] person who holds the position of ultimate authority takes the view that their role is to create the context within which others can do their best work and can take a leadership role when it is important for them to do so. Good leaders make people feel that they are at the very heart of things, not at the periphery. Everyone feels that he or she makes a difference to the success of the organization. When that happens, people feel centered and that gives their work meaning.

The following descriptions outline the strategies used by the Director of NCI that were acknowledged by his staff as indicators of his effective leadership:

He created conversations and in these, planted seeds to build and demonstrate collaboration to bring about change. Through these conversations, he included the people who care about what they do, allowed them to connect with and build commitment to the purpose of the Institute, and believe that everyone contributes to full success.

He acknowledged Head Teachers as the key managers in the organisation and that it is essential to provide programs through which they can develop their leadership skills.

He brought in expertise to facilitate in the process of change. For example, the Capability Framework was introduced by a consultant who engaged all identification of areas of expertise and gaps and moved on the 'can do culture'.

The Institute Director clearly said if anyone said "can't do" he'd asked them to ask why can't they do that; what's stopping them? The Director gave license to all to say 'can do'.

He understood the need for governance models that free up organisations to respond meaningfully and make them accountable for things that matter to their constituents.

He understood the reality that 'one size does not fit all'.

The Director was able to harness the social capital to bridge the space between people (see Haertsch 2003). Elements includes high levels of trust, robust personal networks and vibrant communities, shared understandings and a sense of equitable participation in a joint enterprise – all things that draw individuals together into a group. As noted in Chapter 4, social capital can be seen as consisting of 'the stock of active connections among people: the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible, (Cohen and Prusak 2001, p 4; Haertsch 2003, p.1). This kind of social capital helps draw people into groups.

The leadership in the New England was perceived quite differently. Despite attempts to bring about change the Director was not able to engage, excite and build trust within his management team and the wider organisation. The evidence gained in this study indicates a lack of trust among the management team, and little openness in some decision-making. One effect of this situation was to impede staff engagement and reduce confidence in the leadership. Informants' views illustrate why change was impeded:

*Winning involves doing boring mundane hard work. It's not about having a person with special talent. It's about the talent of the team. NE management team was **not** a team.*

Consultation with staff occurred but as in the past, there was little evidence that the feedback that staff provided was actually listened to. There were no mechanisms put in place to inform staff why suggestions were not taken on board. This continues to be a problem. Staff are asked for opinions but are never given reasons for them not being accepted. Over time the use of this approach to organisational change results in staff becoming cynical, negative and not being interested in becoming engaged. It destroys trust which is a fundamental basis from which to launch organizational change. Once trust is destroyed or damaged it takes significant time and resources to restore it.

Similarly, unions were invited by the Director to participate in a consultative process. However, they were treated in the same manner. This was interpreted as being adversarial when what was needed at the time was a collaborative approach.

The challenge of internal recruitment and promotion

Although there may be good arguments for promoting from within, one of the side effects is to create a diminishing pool of talent. This may well be the reason for the Institutes finding themselves with managers who were unable to lead effectively.

The current practice of more than nine out of ten placements into managerial positions being from within the organisation means there is a lack of both experience and skills in the areas of commercial, financial, business planning, customer relationships and HR as they apply to the commercial competitive market place. This situation flags the urgent need to:

- Develop commercial skills of existing personnel;
- Enhance competencies with industry; and
- Develop customer relationship management skills.

As long as lack of experience and the status quo exists, the institutes are unlikely to operate as commercially-driven, dynamic and highly effective businesses.

Strategies that enabled change

Evidence indicates that strategic management marked by a vision of how to effect desired change has proved successful in the North Coast Institute. In the past two years, NCI's

People and Organisational Development (POD) team has embarked on a long-term strategy to enhance staff wellbeing and productivity by encouraging feedback, teamwork and coaching as standard day-to-day practice. To complement this, procedures and advice for managers have been strengthened to enable poor performance and uncooperative and disruptive behaviour to be dealt with effectively. It is clear that many situations that end up in drawn out and costly formal proceedings need not have developed into formal performance management or discipline. They have developed because the centrally developed policies are procedures were ineffective mechanisms for dealing with local problems.

The POD team built a comprehensive team-based strategy based essentially on skills development, elements of organisational learning, early intervention and conflict management strategies and an action plan for establishing and monitoring operational procedures. The strategy is broadly outlined in Figure 12.

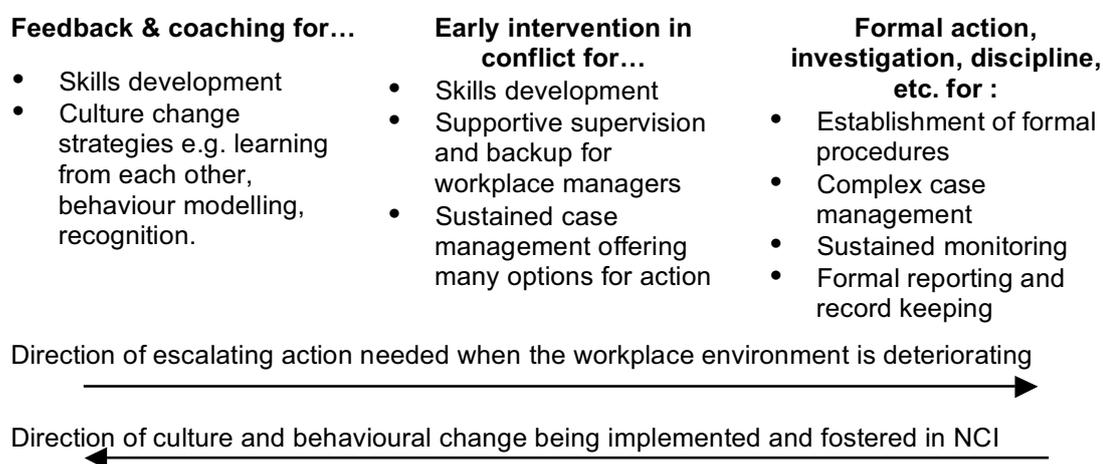


Figure 12: NCI's POD team strategy for enabling change

At present there is a need for more guidance for managers in the early intervention area. Existing procedures tend to be interpreted as requiring formal complaint or supervisor counselling and discipline to be instituted before systematic and sustained action can commence. In addition, the nature of workplace conflict and staff problems is unpredictable and intervention action is often 'one off' for the workplace managers who need to respond to it. These managers often only have the opportunity to develop and practice complex skills in this area at the very moment doing them well matters most.

While managers recognise that early intervention is their responsibility in the devolved environment of NCI, they often feel that they do not have adequate knowledge of procedural options and consequences, or the skills to handle difficult and stressful interpersonal issues. They have frequently reported feeling unsupported by their immediate managers and

Institute support units and have a sense that there is no point in taking action because nothing can or will happen. This sense of lack of support and futility is often accentuated by geographical isolation and by their own and their managers' need to give priority to maintaining and enhancing the core business of their faculty or business area.

This early intervention strategy was an innovative initiative developed to build the capability of managers to manage. Early intervention means implementing measures before the risks threatening a cooperative work environment and or relationship are realised. The underlying assumption is that early intervention in the risk factors threatening workplace harmony and team cooperation is more effective and valuable than intervention at the point where the risks have already accumulated into a major problem.

The strategy builds on existing procedures and responsibilities to provide greater support and skills for workplace managers and their supervisors confronted with workplace conflicts and/or stressful interpersonal environments. The aim is to reduce conflict that can grow and fester, sometimes expanding to involve other staff and students. When they occur, they can cause significant costs to the Institute in terms of both direct costs such as workers compensation, time lost, replacement teaching and temporary staff costs, and indirect costs such as the reputation of TAFE Institute, the atmosphere and customer service.

Commenting on the importance of strategic thinking in the context of organisational change as noted in Chapter 3, Bruce (2000, pp.167-169) proposes that implementing elements of a 'Capability Platform' account for a major part of an organisation's potential to succeed. If the organisation can develop the right competencies, devise structures and systems which encourage performance, provide a culture which nurtures and empowers its members, support self directed work at all levels in a continuous learning environment and motivate its people so they are committed to perform to the best of their ability, then, even in a difficult industry, the organisation is likely to prosper. This kind of approach resonates with what a number of other scholars, also discussed in Chapter 3, see as strategies for effecting successful change. See for example: Stace and Dunphy (2001), Mulcahy (2003) and Viljoen (2003) on strategic management; Burnes (2000) and Mitchell (2002) on change management; Senge (1990), Drucker (1999), Marsick and Watkins (1999) and Garratt (2000) on the importance of organisational learning; and Grazier (2000) on the need for skills training. Of course, as already argued, if strategic goals and targets are not matched with the needed financial and human resources, then efforts of transformative change in any organisation will fail.

Using the capability platform as a model, NCI Executive reviewed the Institute in April 2005 following its restructure. It concentrated on four particular elements – culture, people, structure and systems, and competencies and experience – and compared the situation in

2000 when the transformation began with what was occurring in 2005. The results indicate that the Institute was well on its way to putting in place the desired changes. The results are portrayed in Figure 13 below.

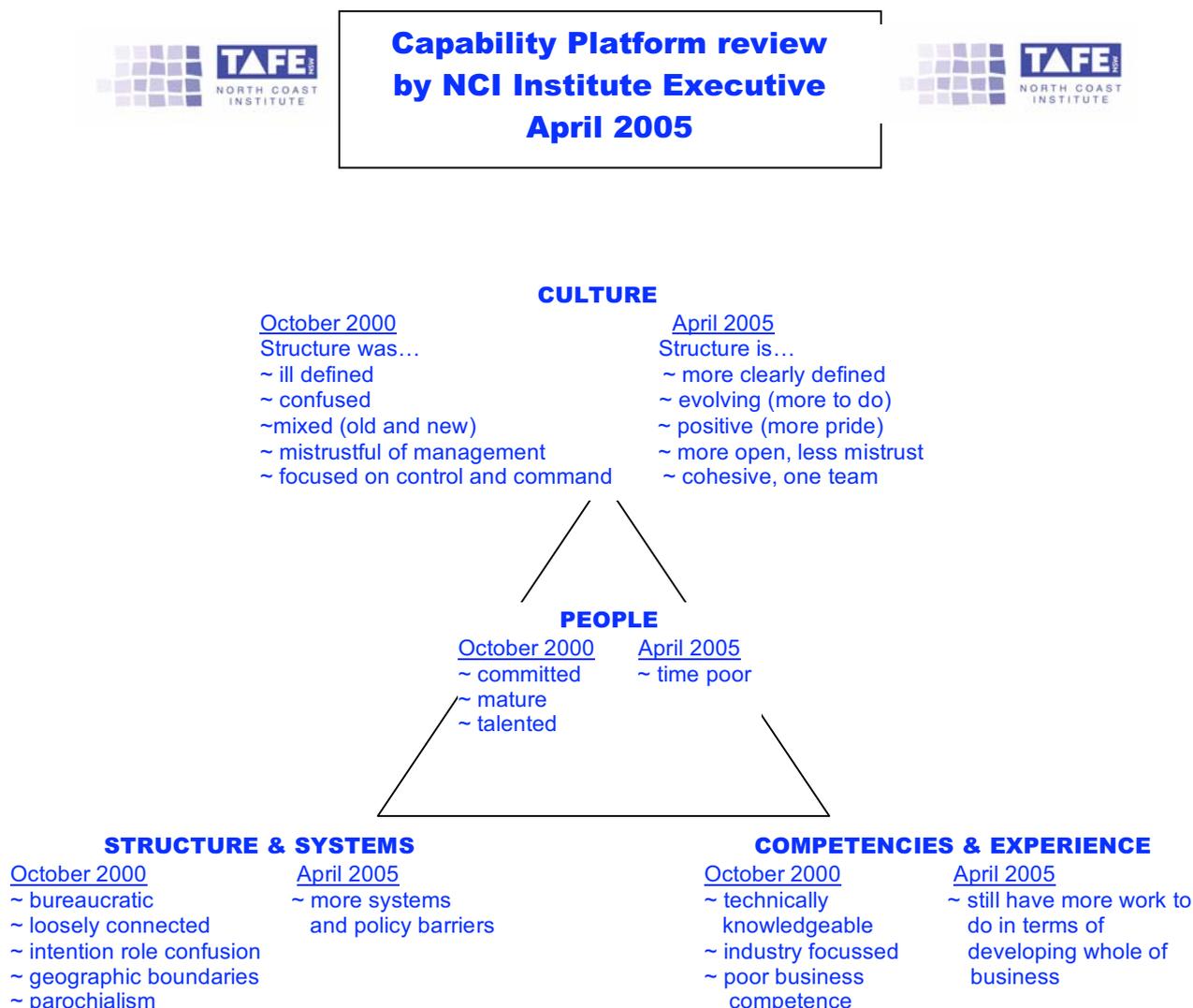


Figure 13: Capability Platform review undertaken by NCI Executive in April 2005

Evidence indicates that much of this success can be attributed to the leadership of the Institute with a commitment to communicate the process to staff before and during the change process and to ensure that commitment of staff is maintained and results are tangible. The implications for the processes of change are that the change agents must appreciate that effective communication is important and the patience of staff will be limited and their commitment transitory if results are not forthcoming or progress is seen to be muted. If change agents are not able to keep staff well informed and enthusiastic, then pessimism about the likely success of the organisational change and its value will creep in. This is supported by the fact that where those Institutes kept the staff fully informed of the

change process, with clear timelines and reasons for any diversion from the original timelines, staff commitment has been maintained.

As a follow up activity, during a forum designed specifically for the North Coast Institute, Donovan (2005) introduced a model which indicated the current state of change in TAFE institutes. Figure 14 depicts how he saw the institutes needing to move from a control and command structure to what he termed the 'ideal management mode' which aided in the organisation becoming high performing and more client-oriented.

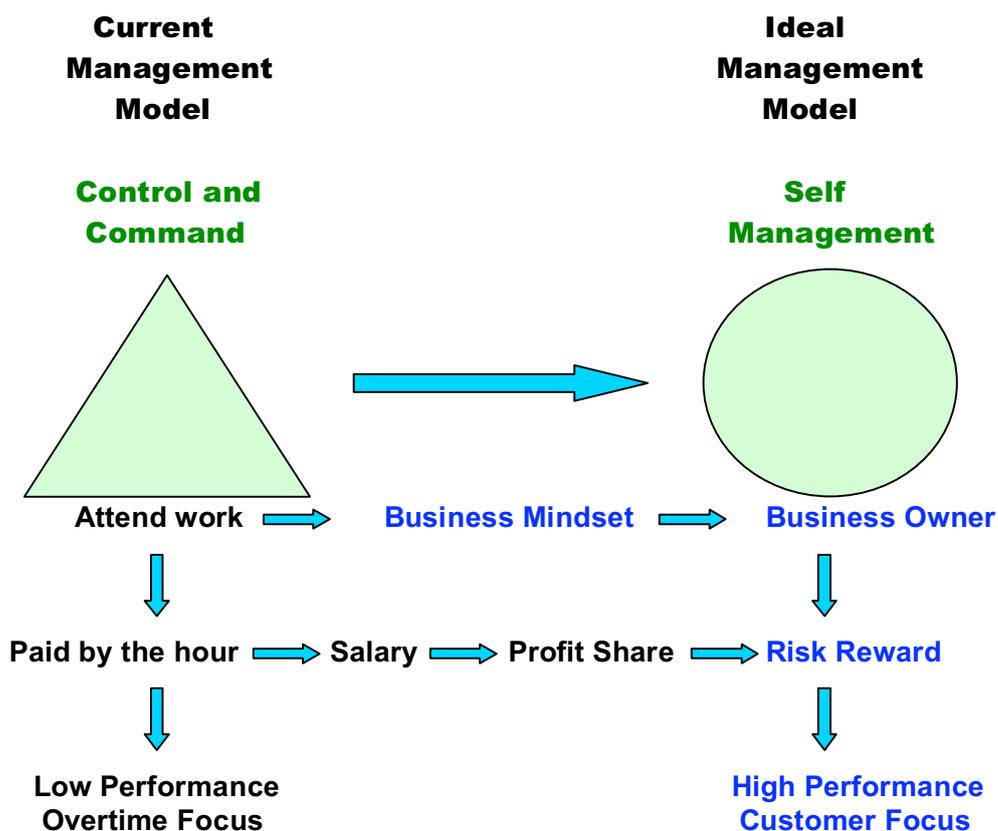


Figure 14: Donovan's current and ideal management models

The model allowed comparisons to be made between the change statuses of the two institutes under scrutiny in this stud, as indicated in Figure 15. Using this model, the current status of the two Institutes is as follows.

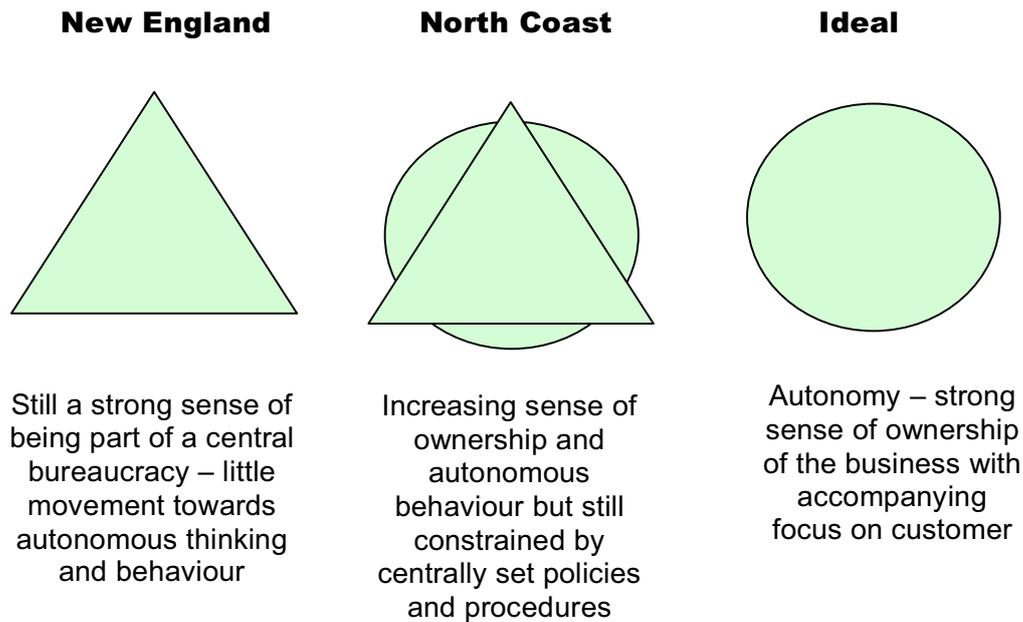


Figure 15: Status of NEI and NCI using Donovan’s management model

Summary

It appears from the findings presented here that there is no end of challenges for TAFE institutes attempting to ‘change their spots’. However, it also appears clear that a number of these challenges can be met successfully with a clear vision, effective leadership and planning and implementing long-term strategies that build organisational capacity. However, limited institutional autonomy, questionable award agreements and union muscle, would seem to be constant irritants for institutes wishing to move forward in a more flexible, entrepreneurial manner.

The next and final chapter reflects on the original aims of the study, sums up briefly the key findings that are documented in this chapter and the preceding three chapters and draws some conclusions. Possible ways ahead for TAFE institutes are also flagged as they attempt to move from ‘closed’, ‘top-down’ hierarchical structures to ‘open’, team-based modes of operation in their quest to build organisational capacity and effectiveness in a more competitive and rapidly changing external environment.

Chapter 10: Conclusions and recommendations

Introduction

This study set out to examine how radical organisational change was and currently is being led and managed in two TAFE institutes in regional New South Wales. Of particular interest were the following: the challenges faced by institute managers who have experienced changes in leadership and organisational restructuring; the human resource implications of such shifts; how the change processes were managed, especially in attempts to adapt to fast-moving and powerful environmental forces; and the strategies that appear to have worked effectively in achieving desired outcomes.

Attempts are made in this chapter to weave together the threads of the above themes by summarising the findings, presenting some key conclusions, assessing the value of the conceptual framework developed in Chapter 3 and suggesting possible ways forward for TAFE Institutes. The chapter concludes by documenting some issues of importance that arose during the course of the study which future researchers may wish to follow up.

Précis of findings

Some of the biggest challenges to for the institutes and their managers to overcome have been flagged in the last four chapters. The major challenges are seen to be: the barriers associated with moving from 'closed' structural arrangements to team-based, more 'open' systems; embedded top-down, hierarchical systems; limited autonomy because of central control; resistance to change and opting for the status quo; fear of change; unclear or poorly articulated vision and goals; lack of resources (human, technical and financial) to support the goals; award agreements that stifle the ability to recruit appropriately; and internal recruitment and promotion practices that lead to a shrinking pool of talent.

Why attempts to change successfully fail are seen to be influenced by a number of factors. As evidenced by the findings here, these include: inflexible and disempowering structures that persist in a command and control culture; lack of real autonomy; lack of clear and strategic vision; budgetary constraints; resistance to change; political insensitivity of leaders; industrial disputes; union muscle; team failure because of lack organisational support; lack of openness and transparency; lack of confidence in leadership; lack of cohesion amongst senior managers; and lack of consistency in decision making.

Successful strategies that enable effective change are seen to include the following: acting strategically (goals must be realistic and supported by the necessary human, technical and financial resources); visionary and innovative leadership; engagement in organisational learning (and unlearning); ensuring transparency and ownership of change; devolved decision making at the operational level; appropriate management of conflict especially involving unions and staff relations; building trust and confidence; open communication in the organisation; and, not least, effective leadership.

Effective leadership is seen as a key factor in any transformative change. Here, the elements that are seen to be essential are: the ability to shake off conservatism (innovative and transformational leadership are important); vision and planning for change within an accepted framework; enabling change, not forcing it; managing the cultural dimension sensitively; harnessing effectively social and cultural capital; being politically savvy; building trust; and communicating effectively. Surprisingly, what does not attract more attention, is the ability to manage resources well (particularly financial).

Some key conclusions

Five main conclusions are seen to arise from this study. The first is that, while some successes are evident in their attempts to deal with radical, transformative change, there nevertheless exists a high degree of dysfunction in the institutes under examination. Evidence indicates that a major reason for this situation is that they are not fully autonomous. Being semi-decentralised is not seen to work as well as was hoped. The decision makers in the central DET units have a very different idea of what is going on in each organisation. In dealing with the shifting VET agenda institute managers are grappling with the 'schizophrenia' of an apparent business/public service dichotomy, and the constraints of being a bureaucracy at a time when agility is required. New organisational models are clearly needed in order to deal with the kind of change envisaged.

A second conclusion is that effective leadership appears to be the most critical factor in bringing about desired change. Leadership characterised by clarity of vision, listening (and hearing), capacity to get across their vision and the confidence to challenge the central bureaucrats in Sydney when required, willingness to modify their plans based on feedback, and 'walking the talk', are highlighted as key factors. The particular leadership elements described above are required in large measure.

A third key conclusion is that the institutes studied suffer from role ambiguity. It seems that TAFE NSW cannot decide whether it is a public service or business organisation. The award agreements and HR policies are designed for public servants, yet staff are being pressured

to behave as entrepreneurs. This situation has clear implications for how the organisations operate.

A fourth conclusion that can be drawn is that while the regional institutes are keenly aware of needing to be more client-focussed and entrepreneurial, it is not possible for them to transform into high performing, team-based organisations that reflect the new client-responsive culture, in the short term. Changing culture and values does not happen overnight. A long-term vision with matching realistic goals and strategies are necessary.

Finally, it is clear that Institutes are promoting from a diminishing pool of talent rather than recruiting from outside the organisation. It appears clear that promoting technical experts into management roles is not working. On a related note, there is no plan (and cannot be because of the industrial relations situation) to develop the next generation of leaders/managers. Succession planning is sorely needed.

Value of the conceptual framework developed

While the conceptual framework developed from the literature reviewed in Chapter 3 has proved particularly valuable for understanding the stages and strategies necessary for successful transformative organisational change, an important element is nevertheless believed to be missing. What has surfaced in the findings of this study is the critical role that the right kind of leadership plays in the whole process of organisational change, especially in moving from inflexible and inward-looking structures to more flexible, outward-looking and adaptable systems aimed at high performance and a client focus. For this reason, the framework has been expanded to include the leadership element, as indicated in Figure 16 on the following page. The other feature that has been added within the 'Hard HRM' circle is the resource factor to support strategic goals. More of the 'soft HRM' and less of the 'hard HRM' approach is still supported.

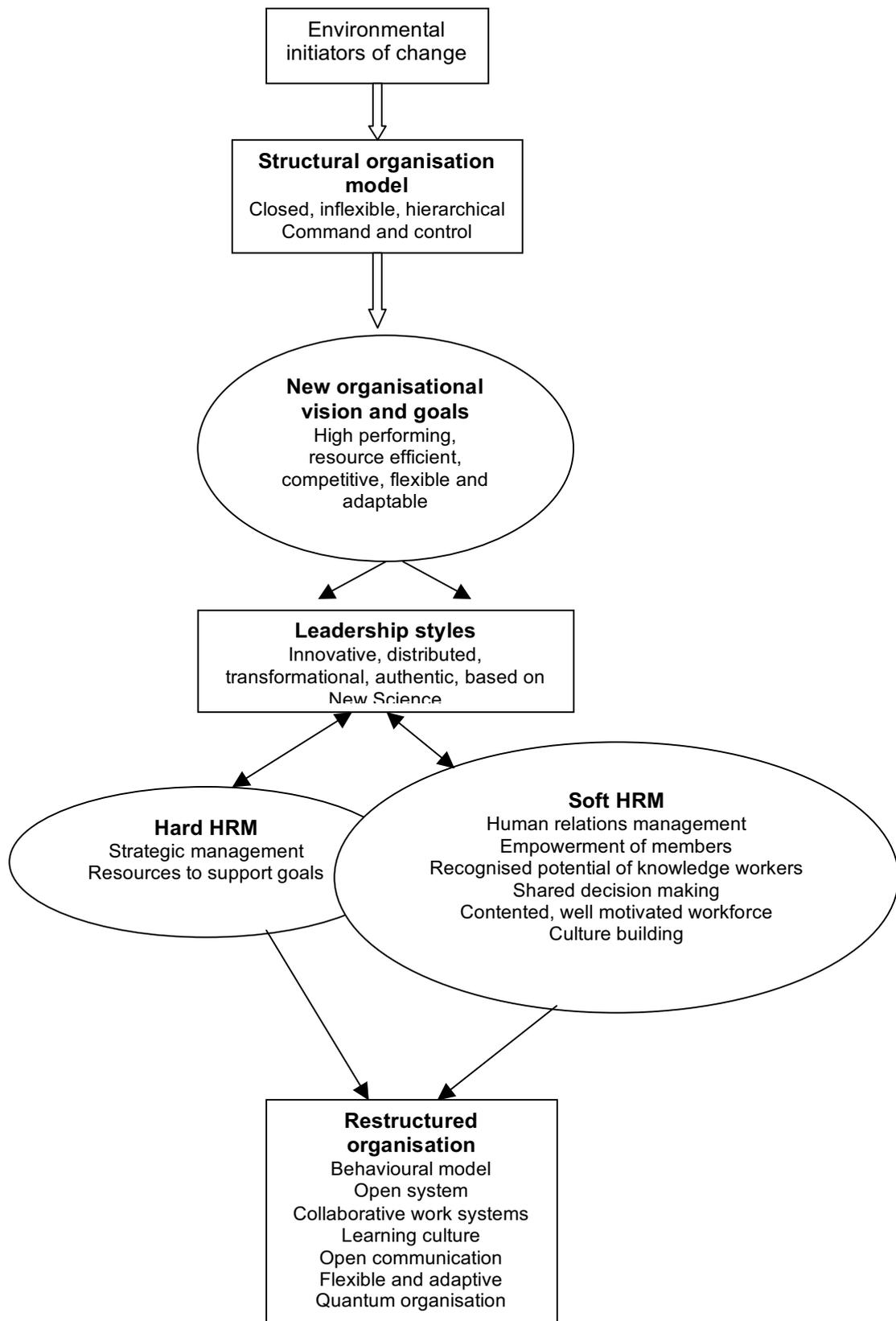


Figure 16: An expanded conceptual framework for successful transformative, organisational change

Adapted from Härtel, Fujimoto, Strybosch and Fitzpatrick (2007)

Recommendations for possible ways forward

One of the sticking points for effective change as evidenced by the findings of this research is that while TAFE NSW Institutes have a degree of autonomy to manage their own affairs, they are hamstrung by centralised DET policies and procedures which impact on their ability to transform themselves and adapt in a rapidly changing environment. Moreover, the 'compliance regime' of DET costs the institutes in terms of funding and lost opportunities and the layering of control makes it hard for transformation to occur. In essence, this means that being part of a government department hinders the ability of TAFE Institutes to effectively operate in the competitive VET sector. However, even in this restricted context, lessons have been learned and some successful change strategies have been possible.

No single (or indeed simple) solution exists for effectively managing change in organisations in such contexts. Given this situation and in light of the findings reported here and the many messages emanating from the literature on the necessity for organisations to move from closed, inflexible systems to open, collaborative work systems of operating if they are to succeed and thrive in the new competitive era, it is suggested that managers in TAFE institutes would do well to emphasise more a 'soft HRM' approach driven by McGregor's Theory Y concept and play down the 'hard HRM' (Theory X) approach. As modern organisations need to adjust to rapidly changing environments, a Theory X approach is deemed inadequate as it serves to uphold a command and control culture that stifles motivation and initiative (Rebovich and De Lay 1984, p.17; Heller 1994, p.44). On the other hand, a 'soft HRM' approach enables people in the organisation to develop their potential and creativity, so establishing in the organisation a self-directed work and learning environment coordinated by systems set up to accomplish such ends and overseen by managers who facilitate and support their own and their staff's professional development (Robbins and Barnwell 2006, pp.48-49; Härtel et al 2007, p.77). Such strategies would allow managers to seek order rather than control and help position organisations to deal more effectively with incessant change, chaotic circumstances, turbulence and uncertainty (Wheatley 1999, 2005). The integrated model illustrated in the conceptual framework developed which emphasises more strongly the 'soft HRM' approach and the styles of leadership needed for such outcomes to eventuate, would appear to be one worth considering.

It is acknowledged that in reality, heavily legislated 'industries' like education require a certain degree of bureaucracy and a measure of equilibrium in order to ensure that state laws are upheld and that anarchy is avoided. However, it is argued here that professional educational organisations such as schools, TAFE institutes and universities would be best served by a 'softer' bureaucratic touch. The model that comes to mind is the professional

bureaucracy which is still a significant shift from the ideal type of bureaucracy espoused by Weber. Professional bureaucracies ideally couple highly skilled professionals and complex tasks within a devolved structure governed by internal professional standards (Robbins and Barnwell 2006, p.45). One obvious problem is that professional bureaucracies are not ideally tailored to coping with constant change. Because this is so, managers operating in this kind of structure would do well to combine the characteristics of a professional organisation – skilled professionals possessing high horizontal skill differentiation and low levels of regulated personal responsibility – with the ‘soft HRM’ approach depicted earlier in order to enable greater organisational flexibility and responsiveness to change in turbulent and uncertain environments (Robbins and Barnwell 2006, pp. 131-132). As already noted too, it is the role of managers to create enablement of their staff within a culture that supports learning, a course of action that requires them to relinquish their traditional hierarchical power (Limerick, Cunnington & Crowther 1998, pp.17-20).

Therefore, if TAFE NSW is to operate as a successful and dynamic competitor in the VET sector and succeed in transforming their organisations effectively, further key strategies will also need to be considered. Arising from the findings of this study, the following recommendations are offered.

- Where such radical change is required by the institutes, this needs to be accompanied by appropriate leadership/management training and development, particularly focussing on what models of change and leadership styles are most appropriate in building organisational capacity, developing entrepreneurship and enabling staff to develop their potential.
- The goal ambiguity that exists with TAFE NSW being at once a public service provider with regional and local responsibilities as well being a competitor in an open market, needs to be addressed more proficiently if the institutes are to participate fully and effectively in the commercial VET market. Because this situation is seen to diffuse effort, there needs to be much greater clarity as to whether the institutes should act as a government department with DET central units being the higher level decision-making bodies, or whether they should act more autonomously as competitors in an open market able to respond to their individual, unique external environments without having to get their every decision endorsed centrally.
- Industrial relations policies and procedures need to be revised in line with contemporary practices to enable the institutes to manage performance and changing work practices. Institute Directors could be provided with more operational flexibility to drive higher levels of productivity and responsiveness.

- Related to the above, recruitment and promotion procedures need to be revised in order to ensure that the right people are appointed to the right level, people who share the core values of the 'new' organisation and have the appropriate skills and know-how to help move the organisation forward.
- TAFE leaders need to have a clear conceptual framework, envisioning the future in their effort to build empowered work teams, build trust, share decision making and turn constraints into opportunities.
- There is an urgent need for institutes to develop strategic workforce development strategies without the barriers imposed by existing policies and procedures. The need to develop a high level strategic workforce development plan is of major interest because the broader trends of social and demographic change in the external environment are altering the configuration of the Australian labour force. Similarly technological change, regulatory reform, heightened customer demands and contestability of funding are changing Institutes operating environment and how it may do business in the future.
- Systems that have been put in place to develop organisational capability need to be monitored on a continual basis and appropriate training provided to staff where needed.
- Any changes need to be supported by systems that allow organisational learning to flourish.
- Any HR or business planning strategies needs to have a clear vision with realistic goals and targets that are supported by appropriate levels of financial and human resources.
- Senior managers need to be cohesive, focussed and 'walk the talk'. Importantly, they need to be less autocratic and directive in style.
- Given the new era in which they are operating, TAFE leaders and managers need to rethink how to communicate, not merely disseminate information. On a related note, more open communication and collaboration to break down 'silo' mentalities needs to be encouraged.
- In order for the Institutes to become high performing, confidence and trust needs be built within and between staff and management at all levels and the control and command culture changed to a more diffused, empowering culture that recognises and rewards those who work towards the good of the organisation as a whole.

Suggested areas for future research

One of the key messages arising from this study is that there is a need to rethink the relationship between TAFE and the central DET units. The potential for and the impacts of central DET units acting as 'guiding and supporting' structures rather than higher level decision-making bodies could be researched in greater depth. Further research is needed to explore any more successful strategies adopted by TAFE institutes that deal with the tensions between the control of the centralised units and the needs of the individual institutes in terms of strategic human resource approaches.

In a similar vein, it would seem that researching the communication channels between TAFE institutes and the central DET units would add useful knowledge. The outcomes in those cases where communication channels have been much more effective and the central units have had a much greater understanding of the specific pressures faced by the institutes and/or the Institutes have been involved earlier and to a greater extent in the development of policies and processes that would be impacting on them, could be explored.

Another potential area ripe for exploring is the impact that the VET sector has had/is having on the nature of TAFE systems and institutes and the restrictions which VET imposes on TAFE's operations. The use by State and Commonwealth governments of the VET sector as a means of implementing economic and workforce policies has been quite pervasive. As the operations of TAFE are influenced directly by the broader funding priorities, regulations, reporting procedures and allocations of resources set for the VET sector which are tied tightly to government priorities, the restrictions on TAFE institutes to become more business-oriented while under such constraints are very real. In this context it would also be worth trying to identify who are the real TAFE 'clients'.

The DET centralised human resource management structures have tended to take a personnel administration orientation rather than a modern human resource management orientation. This approach places the emphasis on employee relations and the development of agreed centralised personnel policies that govern the terms and conditions for staff in the organisation. However, McNickle and Cameron (2003) and Palmeiri (2003) show that TAFE Institutes are gradually taking more control of human resource management at institute level and introducing greater flexibility into their personnel management practices. Thus, team working, performance management, more effective recruitment processes and an emphasis on staff development have taken hold in TAFE as a more sophisticated approach to human resource management develops. The effectiveness of these practices deserve closer scrutiny.

This study has highlighted a number of complex factors that contribute to successful organisational change. It was not possible to identify, let alone measure, the impacts of each of these factors separately. Further research to identify common determinants of success or otherwise across a broader range of institutes would be valuable to assist institutes in their further reform efforts.

From my observations as the participant researcher, the personalities at leadership positions in an organisation have perhaps the most significant impact on the effectiveness of any change management strategy. Personal power appears to be as influential as the power of the organisation's structures, policies and procedures. More research could be carried out to identify the influence of major players and the parts they play in the organisational change process.

There is said to be a blurring of the distinction between managers and leaders (Campbell, 1999) and it is commonly assumed in the literature that both management and leadership skills are required by those who hold leadership positions. The Karpin taskforce (1995, p.xxxviii) illustrates this claim by stating that,

... the distinction between managers and leaders is increasingly irrelevant in the context of downsizing and flattening organisational structures. In future, all managers irrespective of level, indeed many employers as well, will need some leadership skills.

Developing leadership skills is a good thing for managers, especially as 'flatter' management structures and staff reduction have meant that leadership and management are increasingly the responsibility of a wider range of staff (Mulcahy 2003, p.8). However, this study reveals that not all managers have the potential to be real leaders. It would be valuable to research how to develop different kinds of leadership in organisations without entrusting leadership solely to those in management positions. Alternative arrangements for exercising leadership at different levels of the organisational hierarchy and their relative effectiveness for transformational change could be further explored.

On a final note, transformative organisational change in the public sector is a difficult, complex and time consuming exercise at the best of times. It would be most valuable if the experiences of the TAFE Institutes examined in this study could contribute to a much deeper understanding of the challenges they face in their quest to adapt to their new operating environments. The determinants of success identified will hopefully assist other public sector organisations undergoing radical and transformative reform.

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Appendix 1: PhD-HECF Interview Information Sheet

The University of New England

This information sheet has been prepared to provide information to the interviewee regarding the research being undertaken by Muyesser Durur as part of her study in University of New England – Doctorate in educational management.

Aims of Project

The study seeks to examine the process of organisational change in the VET/TAFE sector, using as a case study a regional NSW TAFE institute that has undergone radical change. A particular focus of the study is on the challenges faced by management who have experienced changes in leadership and moves from a more hierarchical structure to a team-based mode of operation in order to build organisational capacity in a more competitive environment. The human resource implications of such a shift are of particular interest.

The main contribution of the study will be in its bid to understand the dynamics of radical organisational change and the impact of such change on its personnel. From the experience of those who have undergone the process of change, and drawing on best practice, recommendations will be made on how organisational change might be managed more effectively in the TAFE sector. Also, the value of team-based modes of operation will be assessed in the context of managing change and implications for senior managers will be drawn out. The study and subsequent publications from the thesis will also contribute to the literature on management of change in turbulent environments.

Description of Interviewee Participation

The research interviewee will be involved in research through interview(s) with the researcher (Muyesser Durur). It is expected that the interviews will take the form one to two hours. The interviewee will be asked to respond to a range of questions that focus upon the development of key aspects of transformative change and their role within that process.

Subsequent to the interview, the interviewee will be provided with a “hard copy” of the transcribed interview, which the interviewee will have the opportunity to clarify and correct the transcribed statements.

Confidentiality of Information

Appendix 2: PHD Interview letter

Dear

I seek your help with a research project I am now engaged in. I am currently a PhD candidate at the University of New England, and hold the substantive position of Director, People and Organisational Development at the North Coast Institute of TAFE. My topic is Transformative Organisational Change: A Case Study of the Shift from a Top Down to a Team Based Work Culture in the TAFE sector. The thesis is conducted under the supervision of Assoc. Prof Kay Harman of the School of Professional Development and Leadership, the University of New England.

My research seeks to examine the process of organisational change within a regional Institute in NSW. A particular focus of the study is on the challenges faced by management in terms of changes in leadership with moves from a more hierarchical structure to a team-based mode of operation, and building organisational capacity in a more competitive environment. The human resource implications of this shift are of particular interest.

I plan to conduct in-depth interviews with key stakeholders who are experiencing such change in particular TAFE Institutes in NSW as well as key personnel in the DET/TAFE corporate area. I am writing to seek your participation and wish to arrange a time to conduct an interview.

The information obtained from these interviews will be used for research purposes only and will be held in the strictest confidence. Names of particular units or participants will not appear in any reports or thesis. It is expected that the interviews will take no longer than one-one and a half hours. You will be asked to respond to a range of questions that focus on the development of key aspects of transformative change and your role within that process. With your permission I would like to record our conversation on tape.

Subsequent to the interview, you will be provided with a "hard copy" of the transcribed interview, which you will have the opportunity to clarify and correct if necessary.

Transcripts of the interviews will be maintained in a secure environment and the audio-tapes of the interviews will be destroyed once the transcription of the interviews has been completed and confirmed by you.

Your support and co-operation in this project is much appreciated. I will be contacting you shortly to arrange a suitable interview time.

Yours sincerely

Muyesser Durur

Appendix 3: Consent Form

Transformational Organisational Change: a case study of the shift from a top-down to a team-based work culture in the Technical and Further Education (TAFE) sector.

Researcher: Ms Müyesser Durur

Consent Form

I (the participant) have read the information contained in the Information Sheet for Participants and any questions I have asked have been answered to my satisfaction. I agree to participate in this activity, realising that I may withdraw at any time. I agree that research data gathered for the study may be published, provided my name is not used.

..... Date / /

Participant or Authorised Representative

..... Date / /

Investigator

Appendix 4: Sample interview confirmation

Dear

Thank you for taking part in my study, I look forward to our discussion on Monday 23 June 2003 at 5.00pm.

The nature of my study seeks to examine the process of organisational change. Focussing on the challenges faced by management in terms of changes in leadership with moves from a hierarchical structure to a team-based mode of operation, and building organisational capacity in a more turbulent and competitive environment.

Interview data will be invaluable not only for my doctoral research but findings will also contribute to the literature on management of change in turbulent times for managing change and leadership in the TAFE sector. I will be asking your responses to a range of questions that focus on the development of key aspects of transformative change and your role within that process. The key themes, which will be covered at the interview;

- Responses of your institution to the new competitive environment
- The Institute's new vision and reactions to this
- Major HR and knowledge development issues that needed to be addressed in the change process
- Approach taken for the change process
- Responses of staff to new structures and culture
- Leadership challenges in managing the change
- Effectiveness of lines of communication
- Planning goals and outcomes
- Nature of decision making
- Quality Assurance issues

Once again thank you for assistance and support, I look forward to our discussion on Monday.

With best wishes and regards,

Muyesser Durur

Appendix 5: Interview questions

Transformational Organisational Change: a case study of the shift from a top-down to a team-based work culture in the Technical and Further Education (TAFE) sector

1. What strategies have been adopted/ developed by your Institute in response to the new, competitive environment?
 - Describe how the competitive environment is impacting on the Institute.
 - What changes has the Institute made in response to this competitive environment?
 - How successful have these strategies been? What data is collected to support assertions made?
 - How do you manage operating in a more openly competitive environment while maintaining community service obligations?
2. What major strategic human resource issues have needed to be addressed during the change process? How successfully have these been addressed?
 - What is the Institute's vision for the future (i.e. where is the change process leading)?
 - What issues has this raised with stakeholders (people within and beyond the Institute)?
 - Detail the most significant outcomes to date
 - empowering others to act requires – getting rid of blockers,
 - changing systems or structures that seriously undermine the change vision
 - and encouraging risk taking
3. How was sufficient energy created to launch and accelerate a fundamental transformation from hierarchical to team based?
 - How have you gone about making a transformation?
 - What have been the drivers and what have been the obstacles in this transformation? (**Interviewer note:** Probe for more information regarding obstacles: e.g. to what extent have government policies stifled necessary change?)
 - Can you describe the transformation process
 - What were the key challenges in getting the senior management group to work as a team? (**Interviewer note:** tease out aspects that define “team” and test the degree to which it is met)
 - Do you believe your management team has enough power to lead change? Issues?
4. In your opinion, has there been improvement in the commitment of staff to the new structures and culture?

- How do you measure staff commitment to the changes in culture and structure?
 - What have been the changes in commitment compared to the old structure and culture? (how do you know, what evidence do you have for such changes in commitment)
 - **(Interviewer note:** Probe for more information about Institutionalising changes in the culture- creating better performance through customer productivity oriented behaviour and better leadership – how do you know if you are successful in this? If not what prevents it?)
 - Developing means to ensure leadership development and succession planning)
5. What leadership attributes contributed to staff engagement and commitment?
 - Survey (interview) staff to ascertain the leadership attributes they see as important to their operation and development
 - What leadership attributes are you dependent on in implementing the changes?
 - How do you know these are present?
 6. In the shift from hierarchical to team-based structures to what extent has there been recognition by leaders of the achievements of individuals and teams?
 - How are staff achievements acknowledged and recognised within the Institute?
 - How do you reward high performance?
 - Who is responsible for providing acknowledgement and recognition?
 - What indicators do you have that high performance is acknowledged, recognised and rewarded?
 7. • To what extent have better lines of communication been developed?
 - How has communication been traditionally handled within the Institute?
 - What changes in communication have been introduced?
 - How effective is communication now within the Institute?
 - What communication performance measures are in place?
 8. How much is the Institute, data/information outcomes driven?
 - What data/information is utilised to make decisions?
 - What changes are being introduced in this area?
 9. How has building an organisational structure and culture that connects people to the data collected made it meaningful and useful to business goals?
 - To what extent has a more business-oriented culture developed?
 - What is the current culture?

- What is the desired culture?
 - How are business goals serviced by access to data?
 - How is structure and culture influenced by data/information?
 - How do you change entrenched cultures? How do you move from silos to collaborative teams/networks?
 - How is culture change measured, monitored?
 - How you confidently develop strategies for an uncertain future what are some of key issues/challenges?
10. How has the quality of decision making changed?
- Who are the key decision-makers?
11. To what extent have the changes added to quality of services provided by the Institute in order to enrich the educational experience of the TAFE NSW students in the Institute?
- Are students receiving the services they require/desire?
 - How is the quality of service being measured?
 - What are the outcomes of quality service measurement?

Appendix 6: NCI Executive Team Building Workshop

TAFE NSW – North Coast Institute

Institute Executive – Team Building Workshop

13/14 April 2005

Role of the Institute Executive:

- Key role – culture setting, leadership and promoting innovation
- Leadership behaviours
- Monitor performance at Institute level
- Communicate and celebrate success
- Establish and nurture devolved decision making throughout the Institute
- Set strategic agenda and analyse and monitor progress against this
- Leadership and vision 90%, corporate governance and accountability 10%
- Systematic strategic performance review
- Institute Executive – vision, future, strategies (ESG, MSG, RSG etc make decisions on management and operational issues)

Issues:

- Ensure all resolutions are recorded on the Intranet
- What reports and information are required? When and how often?
- How to make time to share successes
- Need to review terms of reference and membership for decision making/standing committees <http://ncitwww.tafensw.edu.au/functionalUnits/executive-advisory-committees/default.htm>
- Decide on process for recording decision making guidelines/policies/procedures
- Spending too much time on operational issues
- Clarify/identify decision making areas in position descriptions
- Establish better guidelines for what items come to Institute Executive as increasing number of topic papers coming from functional units requesting \$\$.
- Institute-wide Investment Fund managed by RSG, not Institute Executive
- Institute Executive should have ability to allocate discretionary resources to address strategic opportunities
- Need highest quality data to strategically determine what we require to develop our culture

Things to do better:

- Slack time management
- Round table – ideas, issues, opportunities to discuss not resolve
- Encourage Neil to “let go”

External Environment:

- Utilise networks to feed into knowledge
- Clarify definition of “external”
- Leadership role
 - still too internally focused
 - not well connected externally
 - perception vs. reality
 - proactively building external relationships
- Very important strategic goal for leadership team
- Mapping existing relationships/success/\$\$ business
- How to make a difference overall
- Relationships with experts e.g. teachers – need to develop and support initiative
- Not just \$\$, but information to assist with profile planning
- Listen to the community/industry
- Clarify roles e.g. networkers
- Existing data and relationships to be utilised

Appendix 7: Reflection Cycle

Topic Paper for Institute Executive Meeting

Date of Meeting: 22 April 2004

Proposed By: Muyesser Durur

Summary: Reflective practice from 3 perspectives:

'Reflection on action' –

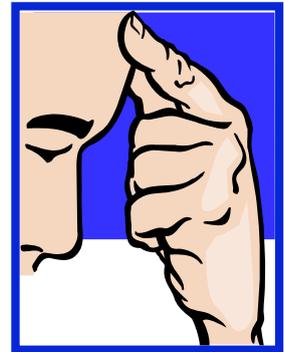
learning from what we have done and the outcomes we have to date;

'Reflection in action' –

learning as we now continue from what we are doing, thinking and feeling right now;

'Reflection for action' –

learning from thinking about the outcomes we want for the future and adjusting our choices to aim for our best aspirations.



Reflection on action

- In the last 2 months, what has caused us difficulty as leaders?
- Where have we been successful?

Reflection in action

- What are our hopes?
- What are our fears?

Reflection for action

- In what ways can we innovate to be more effective as a leadership team?
- What have we learned so far that will help us in the future?

Appendix 8: Critical Incident Reflection

(Used as a reflection to review experience as the basis for improvement)

Introduce the Purpose and Process to the group

Purpose: To use individual incidents to build a database of team experience.

Process: Reflection, story telling and analysis.

Provide First Instruction

'Think of a critical incident, a moment that mattered, that you experienced since coming to work in the NCI that was important to you – a moment in time that has stayed with you and you remember well. It could have been good or bad. Take a couple of minutes to think of an incident – when it happened and choose one key word that describes the incident.'

Draw timeline on the whiteboard (no dates at this stage)

Ask the group – 'when approximately did your incident happen?'

Check dates with the group and find the earliest incident.

Then list each person's initials, the approximate date and their key word to describe the incident across the timeline in chronological order.

Go from person to person, etc. until they are all done

Keep the process moving – don't let people tell their stories yet

Next ask group members, one at a time, to tell their stories in chronological order to the other people in the group.

'Take 2-3 minutes to tell your story to the other people in the group. Don't wait to be asked just follow one after the other starting with the earliest incident and moving through everyone's stories in chronological order. I will be noting key words from the stories you tell on the butcher's paper while you're talking.'

Only prompt the group with questions if they are not being very open:

'We want to hear your story of the event'. 'How did you experience that?' 'Tell us a little more about what happened.'

Facilitator notes key words on chart paper, out of the direct view of the group.

When the last person finishes, don't allow any discussion but immediately turn the chart paper around and ask the group:

If these are the words that describe our experience, **what is one thing we need to be sure to focus on in how we work together in the future?**

In 2' or 3's, take 15 minutes to discuss this, and each group come back with their main issue/challenge.

List each group's response on chart paper while they report them to the whole group (go for writing more rather than less and use the words the group uses – don't restate). Use these key points to build the planning and/or improvement agenda.

Appendix 9: Key Informants

Key informant interviews

1. Institute Director - <u>New England Institute</u>	Group A
2. Manager Corporate Services	
3. Manager Human Resources	
4. Manager Education and Planning	
5. Business Consultant	
6. Faculty Manager, BAPA	
7. Head Teacher Business Admin	

8. Institute Director - <u>North Coast Institute</u>	Group B
9. Director, Corporate Services	
10. Acting Director Corporate Services & Head Teacher	
11. Manager Business Development	
12. Director, Educational Planning Services	
13. Project Manager	

14. HR Manager - <u>North Sydney Institute</u>	Group C
15. Institute Director	
16. HR Manager	

17. Institute Director- <u>Hunter Institute</u>	Group D
18. Director Employee Services	
19. Manager HR	
20. Faculty Director, Tourism and Hospitality	

21. Associate Director, - <u>Western Institute</u>	Group E
22. HR Manager - <u>Riverina Institute</u>	
23. DDG, TAFENSW	
24. Deputy DG, Corporate Services, DET	
25. General Manager, Human Resources, DET	
26. Consultant – change agent	
27. J. Mitchell and Associates	
28. Dean of Faculty of Education, UTS	
29. TAFE Teachers Federation Industrial/Organiser for NCI, NEI, HIT	
30. PSA, Industrial Officer/Organiser	