

Navigating contestability: VETMAP - an institutional response

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Abstract

In response to the Victorian Government's Skills Reform agenda and the anticipated impact that contestability would have on publicly funded TAFE programs, Victoria University undertook a research project to collect data to provide information to underpin decisions to discard, modify or develop new products and services. The VETMAP research project used a product/market analysis toolkit to assist teaching teams and educational leaders to determine performance of VET products and services within VET markets and comparative performance of competitors within those markets. The project adopted quantitative and qualitative data collection techniques across VET programs at Victoria University at AQF levels 4, 5 and 6. Research reports were produced to assist program teams in identifying technological, economic, political and cultural changes that create opportunities to develop new products and/or services. The data collection highlighted major concerns, opportunities and strengths of programs which subsequently offered teams prospects for repositioning the marketing of programs and creating an evidence base for decision making for course delivery. The research also revealed some interesting reflections on institutional operations of VET delivery in a multi sector tertiary environment. The impact of industry developments on VET delivery and planning were captured from the data also, and the findings offer insights into the capacity of the VET workforce to meet challenges and be adaptable in a rapidly evolving VET policy landscape.

Introduction

The VETMAP project involved the development and application of a suite of tools. Each tool contained a template and guide, and the research project involved working with Program Managers, Heads of School and Governance Policy and Planning Services at Victoria University in applying the tools and discussing the implications of the findings. The five tools included:

- Demographic information & analysis
- Quality Information
- Market for skills
- Market for Students
- Competitor information and analysis

A pilot phase was initially undertaken in early 2009 before the tools were refined and rolled out across Victoria University's VET sector for Certificate IV, Diploma and Advanced Diploma qualifications.

In 2009, Phase 1 involved 20 program areas and 53 courses, in 2010 a further 13 program areas and 44 courses. A report was produced for each program area (33 reports in all) and included a SWOT evaluation of the program area and a set of recommendations about improvements.

Literature Review

VET directions

Up until recently Australia's public TAFE system provided most of the vocational education and training (VET) in the country (Shah 2000). Current directions for change in the TAFE system are driven by a strong skills agenda linked to the challenges of a thriving economy and characterized by concerns about how to involve disengaged youth, the demographic challenge of an ageing and declining workforce, the need for a new approach to the re-skilling of the long-term unemployed, the low levels of adult basic skills in the workforce, and long-standing concerns about the life chances of the indigenous population (OECD 2009). The OECD report also identified some of the major strengths of the VET system as: Strong industry engagement; a well established national qualification system and a flexible system which allowed for local autonomy and innovation to adapt learning to local circumstances. These considerations and strengths have resulted in policy directions aimed to make the VET system more competitive and accessible.

Contestability and Skills Reform

Recent Commonwealth and State Governments reforms in vocational education and training include set targets for increased completion of trade apprenticeships, increased completion of higher level qualifications and increased training and retraining for existing workers (Ellis-Gulli & Carter 2010). In historical terms, the Technical and Further Education (TAFE) system has been influenced by dramatic expansion that has created a distinctive identity and purpose for TAFE and led to significant federal funding of the sector (Anderson 1997). The new reforms proposed by the government have brought about a shift from delivering training almost wholly by TAFE, to TAFE being just one type of provider in the market (Greer 1998).

The inclusion of private providers in the VET sector has resulted in competition for public training funds. While many private providers may have the advantage of being able to respond in an agile manner to market changes, it is a tough challenge for large government regulated training providers to be able to react in the same way (Mitchell & Young 2002).

Contestability refers to governments putting the delivery of VET programs out to competitive tender, whereby private training organisations and TAFE institutions compete for the right to deliver the services – and public funding flows to the successful bidder (Watson, 2002). The justification for the introduction of contestable funding is that it will improve responsiveness of the VET system to provide quality training but most importantly, it will give training providers a direct incentive to deliver services which meet the demands and expectations of industry, employers and individuals (*Skilling Australia for the Future*, 2007). However, Noble et al (1999) suggests that trainees and their employers may not always share similar expectations, and Trainees and apprentices are likely to want portability of credentials, employment opportunities and pathways for career development and further training. Industry often wants an immediate pay off for training and to be cost-effective by minimizing employees off-the-job time (Noble et al, 1999). In addition, Ryan (1999) challenged the policy of contestability and found in his survey of employers of the Confederation of Australian Industry (CAI) that 76 per cent of employers were satisfied with

students undertaking trade courses and there was scarcely any evidence of discontentment from the industry regarding the public training system. Forward (2008) argued that a shift to complete contestability and the implementation of competitive neutrality principles amounts to the dismantling of the public TAFE system. This will give rise to providers being forced into aberrant behaviours in the delivery of VET in order to manage competition for scarce government funds.

In a critique of a market-based approach for allocation of public resources, Wheelahan (2009) states that the Government has taken the focus away from the public/private distinction and is using contestability to create a market where public providers act like private providers. Watson (2002) pointed out that there has never been any strong evidence to support the policy for contestability in regards to improving 'responsiveness' of TAFE providers and argues that measuring the performance of a system in terms of efficiency alone is perilous unless measures of effectiveness are also taken into account.

Skilling Australia for the future (2007) presents contestability as a panacea for the problems which VET has been faced with and proposes that increased market competition will bring about better outcomes than centrally planned models and increase innovation and efficacy in the system. Gruen (2009, p.14) asserts that there are potential benefits from moving towards a more decentralised and competitive model of VET provision. However, to harness these benefits, he argues that: 'it is essential that "consumers"—most particularly students, but also to some extent employers—are well informed about the quality of VET services being offered.'

According to the OECD (2009), the Vocational Education Training system faces an ongoing struggle to strategically position itself and raise its status. Presently, vocational training sits as a bridge between secondary and higher education. The challenge for VET is 'how to increase its attractiveness to students, parents and employers so that VET is seen as a valid educational pathway in its own right'. Hatton & Sedgemore (1992) point out that the challenge of adopting a market based perspective in education lies in the shift from an approach based on promoting what teachers and institutes want to teach, to offering the learning which students and employers prefer. Conversely, Anderson (2009) counters that 'markets are not necessarily appropriate for all spheres of human activity, arguably least of all those involving the production of public goods'. Anderson draws on the crucial social role which VET has played in fostering key issues like community service obligations and social equity and states that in light of these, 'VET should not be reduced to an appendage of the economy and labour market'.

Change Management

Change management is about modifying or transforming organisations in order to maintain or improve their effectiveness (Hayes 2007, p.30). In a review of effective strategy making and change management for high-performing VET organisations, Mitchell (2002), describes strategy as "making choices about what customers focus on, which products to offer, and which activities to perform. Strategy-making can identify external and internal factors impacting on the organisation, or by undertaking a SWOT (strengths, weaknesses, opportunities and threats) analysis of the organisation (Browne et al 1999). According to Megginson et al (1986), external forces impinging on an organisation may be technological, political, social or

economic while internal forces may be as a result of changes in policies, technology and objectives.

Taylor and Cooper (1988) state that to be successful, an organisation needs resourceful management that is able to deal with the forces of change. As Fullan (1992) affirms 'educational change is technically simple and socially complex'. Lumby (2000) believes that the challenge of leading people through a period of change requires both micro political and pedagogic skills.

Organisations should not expect to accomplish any meaningful change success unless those responsible for managing it have a full grasp of the various approaches on offer and can match them to their circumstances and preferences (Burnes 1996). The work of change in the education sector requires attention not just to resources, but to *resourcing*; the actions required are those of scanning the school and its environment for resources and matching them to existing needs (Fullan & Miles 1992).

In response to the challenges facing the VET sector, a number of institutions have adopted, or are about to adopt, *managerialism*, 'which is the application of private sector principles and practices to public service organizations'. According to Deem (2004), *managerialism* is 'a set of ideologies about organisational practices and values used to bring about radical shifts [change] in organisation, finances and cultures of public services such as local government, health and education. Deem argues that the adoption of *managerialism* has led to academic values being replaced with more managerial aims and objectives. According to By (2007) it is possible to facilitate successful organizational change, avoiding the major downsides of *managerialism*, by aligning co-ordination of individual, group, organizational, sector and societal interests on the basis of procedural justice (democratic decision-making) and distributive justice (equal rights and equality). By (2007) advocates the need for continuous change readiness in terms of an organisation's ability to develop and implement appropriate organisational changes by constantly adapting to environmental evolutions and/or organizational evolutions in either a reactive way or by initiating it' (Klarner et al. 2007).

Research Method

Quantitative and qualitative data collection techniques were adopted for the project. Quantitative delivery data for the period 2005-2009 was retrieved from Business Objects, the Victoria University information management system for TAFE reporting. This data included student demographics, funding profile, enrolment data, delivery information and completion data across VET programs at Victoria University. In addition desktop analysis was conducted to research national VET delivery, industry data and government/market controls and factors.

	Programs	Courses	Participants	Qualitative Methods	Quantitative Methods
2009	20	53	32	Interviews, surveys	Desktop analysis, Student management system data analysis
2010	13	44	25		

Table 1. Research data summary

Initial work on the demographic statistics and analysis was forwarded to Program Managers and Heads of School after an interview was scheduled. Qualitative data was then collected through semi structured interviews conducted with Program Managers, Course Coordinators and Heads of School. Discussed in the interviews was a review of the accuracy and interpretation of the demographic data and conversation around the topics covered by each of the tools.

Following the interviews, the Project Team completed reports incorporating information on the tools from the Program Managers and their research and interpretation. These were conveyed to the program area, with a request to check for accuracy and whether the conclusions were fair. Once the Program Manager was satisfied with the report it went to Heads of Schools and Associate Directors for approval.

Some months after the draft report was published participants were invited to provide feedback about the perceived usefulness of the VETMAP process and about the progress for implementing the recommendations made in the report.

Findings and discussion

The research highlighted outstanding examples of innovative activity in VET but also revealed the need for improvement in the management, marketing or delivery of programs. The discussion will focus on the application of the tools and the feedback received from participants about the VETMAP project.

Student Management System Data Analysis

The *Product Analysis Tool* sought to extract available information on student demographics and course performance including measures on:

- Enrolments
- Mode of study
- Location of delivery
- Module completion rates
- Withdrawals
- RPL usage
- Educational background
- Accelerated completions
- Hours delivered
- Age groups
- Funding source
- Course completion rates
- LOTE students
- Learning in the workplace
- Rates of competency not achieved

These were collected from VU's databases for each of the courses and organised to show trends over five years. The data was analysed and inferences drawn. The results of these analyses were discussed with Program Managers allowing for both a check on the data and a test on whether the inferences were valid. The tool also included practical suggestions about collecting and organising the data, and a guide for factors to be alert to in analysing the trends. Responses from participants indicated that the presentation format of the data allowed for insightful interpretation, much more so than data reports from existing information management systems. This was an important consideration in empowering teaching staff and managers to understand trends in data. The analyses of the trends elicited useful conversations and provided direct evidence of strengths and weaknesses.

Some of the issues raised included changes in course titling, and in some cases doubts about the equivalences of replacement programs. Accuracy of the data was also an issue, but usually this derived from definitional problems such as the duration threshold for a program to be classified as “full-time”. Again due to definitional problems, it was not possible to get figures on learning in the workplace, or work experience. While information on course completions was an initial gap, this field was augmented during the life of the project – although definitional issues remain an obstacle to accurate interpretation. Productive meetings were held with the planners of a new student data system, with detailed suggestions provided on how the measures and their collection could be improved.

Analysis of the Student Experience

This *Product Quality Analysis Tool* targeted information on student satisfaction with teaching, student satisfaction overall with their learning experience, industry satisfaction with graduates and students, and student destinations, including those who did not complete their studies. The tool included survey forms designed to supplement information sources and suggestions on how collecting the information may be approached. The focus on this area highlighted inadequacies with previous information gathering approaches and different data requirements for TAFE and Higher Education reporting. Virtually every program area had some formal process in place for student feedback on teaching, and were responding and acting on the information. However, there was insufficient evidence of a well organised and systematic sector wide approach.

A study and a new process for tracking internal student movements between the sectors was initiated during the life of the project, and provided information on the numbers taking pathways from vocational to higher education. The VETMAP project highlighted the benefits of having much improved processes especially for tracking student destinations and industry satisfaction. This is particularly pertinent in a contestable environment where evidence based claims are critical for effective marketing.

Industry and Market Analysis

The purpose of the *Market for Skills Tool* was to explore pertinent aspects of the market place, especially as they may affect the market for skilled people in the industry sector or occupational category that the program addresses.

It covers some of the following factors:

- Number and types of employing organisations
- Modes of employment available
- Engagement of the workforce in training/PD
- Skills shortage indicators
- Rates of unemployment and under-employment
- Government regulation and government reports
- Numbers employed in specific roles
- Financial strength, viability and prospects
- Organisation of the workforce
- Workforce patterns (especially turnover)
- Indicators of qualitative under-employment
- Industry association information

Where the data was available these factors were tracked over time to indicate trends. The tool also explores issues of definition and the range of potential available sources of useful information. In all program areas it was possible to generate some useful, directly relevant information. In some cases, trends and events could be discerned that definitely indicated a new or a significantly changed demand for training services.

The closer the match of the data to the occupational categories addressed by the course, the more directly relevant the statistical information was. In most cases it was possible to find some directly applicable information available from public sources such as the ABS (Australian Bureau of Statistics), other Government websites and government reports on industry. Industry associations and research bodies also proved to be very good sources.

The information generally was more valuable than that supplied by Industry Training Advisory bodies or the economic contractors used by them (such as Access Economics). In general their material is too aggregated to be meaningful at the course level, and provides very little useful information for the purpose of program planning. The precise definition of industry sector and occupational category sometimes made the task of finding directly comparable information difficult, and in some cases, it was not possible to get breakdowns in meaningful ways. Program areas generally perceived the value of analysing their market, and especially being engaged with companies and industry associations that are influential in their field.

Analysis of Student Perception and Decision

The *Market for Students Tool* explores ideas about how intending students make vocational and institutional choices. Inferences about the market for students can be drawn from accessible sources such as VCAT preferences and by looking at the ratios of inquiries, to applicants and to actual commencements. By examining indicators like the age groups of students over time and the usage of RPL, information can be obtained on trends in the market for students. The tool also analysed the market for existing workers and international students, and provides information sources and suggestions on approaches that may be productive in attracting new students from these sources.

The market for students tool principally served to alert program teams to the prospects that exist and some of the strategies for attracting students from new markets. As a direct result, most program areas have resolved to expand their use of RPL and make their programs accessible to a more mature audience, thereby appealing to the existing worker market.

Analysing the Contestable Market

The *Competitor Analysis Tool* sought initially to identify which organisations are the direct competitors in the training market, and the contestable funding arena in particular. It examines the types of information that should be sought to gain insight into distinctive strategies competitors adopt to attract students and other clients. The tool also explores ways of gathering this information from published sources.

Information that provided intelligence about what other organisations are doing to attract students, how they market themselves and the characteristics of their program

offerings was highly valued by Program teams. With the contestable arrangements for funding, serious threats were emerging in many programs. In order to respond and position themselves appropriately in the market, program teams need to know more about their competitor's practices. This need not be done in a covert manner. It can be achieved through networks, through exchanges around the moderation of learning and assessment practices and via direct benchmarking. Here the dictates of competitive tendering and collaborative educational improvement could come into conflict, but the potential for learning needs to be tested.

Conclusion

The VETMAP research project evaluated the performance of vocational education programs at AQF levels 4, 5 and 6 at Victoria University. The key findings of the research provided an evidence base for decision making about the future of course provision. The specific detail of research findings was different for each of the 33 Program Areas and has been used to improve management, marketing and delivery of courses. Integrating external factors into an evaluative process added value and perspective. Information about the markets for skills and new demands for occupational categories indicated a significantly changed demand for training services in many program areas. Focus on the market for students clarified how programs can be organised to cater for new markets. Information about VU's competitors has shone a light on what they do well and what aspects are successful in the contestable market.

Encouraging a cultural shift to increase awareness of external factors and adopt a market driven approach is a difficult task in educational settings where priorities are embedded in pedagogical outcomes. However the research project was well received by participants because the impact of contestability on enrolments was already evident in the public VET sector and the output reports containing information and recommendations were addressing the consequences of policy changes. In addition the research was conducted as a collaborative exercise, and offered direction and guidance in sourcing, collecting and analysing data.

Exchanges over the accuracy of data demonstrated the continuing need to check for accuracy and ensuring that the definitions in use are resulting in meaningful distinctions. Inferences drawn from the data likewise have to be tested and scrutinised. The ways that data was presented through the application of the tools has been accepted as more informative and easier to interpret than reports from existing information management systems.

The gathering of market and competitor information has presented challenges and raised further issues unique to each industry sector and occupational category. In each program area, there is a perceived lack of available time and resources to undertake data collection and analysis, and in many areas there is a lack of research and analytical skills to further explore the potential of the VETMAP process or to grasp opportunities and implement many of the recommendations of the program area reports.

Feedback on what has been achieved so far is cautiously positive about some recommendations being implemented. There is also a level of frustration from program teams about what still needs to be addressed. Feedback on the process was

positive about the opportunity to participate and to evaluate programs, and aspects of the information provided. However, there was some feedback that the process had under-delivered on support for new programs and, in a few cases, only documented information which was already realised as part of the working knowledge of the program team.

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