INDUSTRY ENGAGEMENT MODELS – Matching Expectations of Industry and RTOS

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Abstract

Since the early 1990s, reform actions by state and commonwealth governments have been focussed on increasing the efficiency, flexibility, quality and responsiveness of the vocational education and training (VET) sector, in particular the VET sectors responsiveness to the skills needs of industry. However, the needs of industry, and more specifically individual enterprises, are not necessarily aligned to the objectives of Registered Training Providers (RTOs) whose performance is invariably measured by AQTF\(^1\) compliance and achieving funding outcomes aligned to the attainment of an AQF qualification.

This paper is intended to be the first of a series of papers on exploring industry or enterprise engagement models. This paper is based upon a hypothesis that the general focus of existing industry engagement models, while recognising the need to engage with industry or an enterprise, are primarily RTO centric and influenced by issues such as funding for qualifications and compliance to the AQTF. While acknowledging the validity of such influencers, particular in meeting the broader-based requirements of individuals seeking entry into an industry sector, it is argued that they may overly distort a RTOs philosophical, cultural, and subsequent business approach, to the way it seeks to engage with industry and enterprises.

Introduction.

This paper provides insight into a number of key issues that impact industry engagement, introducing five perspectives, both domestic and international, that highlight relevant issues and challenges. These perspectives are shown in Diagram One, Two and Three and Appendix One and Two.

The Vocational Education and Training (VET) sector has shifted from its foundations of balancing a liberal, or general education paradigm with the need to meet industry skills needs, to one that more strongly emphasises the value of industry determined competency outcomes. In other words, the economic value of vocational education and training as an output has superseded the social value of vocational education so that the VET sector is now arguably more a VeT sector with any education emphasis subservient to the broader skills needs of industry (McMillan, 2007). In the context of this paper, the relative merits of this shift in emphasis is not an issue: what is the issue is that RTO’s are ever more likely to find

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\(^1\) Now Standards for NVR Registered Training Organisations 2011
that their viability and survivability is dependent on the effectiveness of their training outcomes in meeting industry skills needs.

Equally, the global operating environment for RTOs, even those that don’t view themselves as playing in the international market place, mean that the future viability of an RTO is influenced by global industry needs, not just the needs of a domestic industry. Indeed, we are witnessing transformation of the world economy. We are seeing nation states rising (Brazil, Russian Federation, India, Indonesia and China) and others falling (Greece, Portugal, USA). Skills development is critical both in this rise and the fall. That is, for developing nations, we see the important link between economic development and the skills and education of the population and workforce. Equally, for nations in decline, as was most evident during the height of the Global Financial Crisis (GFC), re-skilling and leveraging vocational education and training for recovery are also a focus. In both scenarios of the economic cycle – vocational education and training is a key driver (TAFE Directors Australia 2009).

The continued evolution of the broader VET system from a national perspective, culminating in the more recent development of the Australian Skills Quality Authority (ASQA) as Australia’s national regulator, and the emerging significance of Skills Australia as an independent statutory body providing advice to the Minister for Education, Employment and Workplace Relations, arguably re-emphasises this continued shift toward the need for the VET sector to focus on meeting ‘industry needs’. In this context, both public and private RTOs are critical tools to implement this broader policy direction and focus. Without the plethora of public and private RTOs, neither the secondary nor higher education sector has the current capacity or capability to support the current agenda of skills; although both sectors make a significant and important contribution.

In the international space, after a decade of continued growth and high demand for skills training in Australia, RTOs are now facing a new challenge. The changes in quality assurance, the rise in the Australian dollar, but most significantly, government changes on migration policy have all combined to diminish the prospects for RTOs in this market. Industry engagement has become one of the leading determinants of success for inbound students. That is, those RTOs who have strong relationships in industry are better able to support international students in seeking work, ongoing sponsorship and assimilation into Australian society and culture are being sought out by students. With the pressure on the inbound student program, RTOs are responding, as any business would, by revisiting their strategic plans and underpinning business models. Anecdotally, RTOs are increasing their focus on offshore industry skilling partnerships, gap training programs with major international employers (in many cases linked to the increased numbers of 457 visa holders) and resurgence in transnational education partnerships.

Whether an RTO operates exclusively in a domestic market, or actively seeks to engage in some manner with the international market, industry engagement models will be influenced by the diminishing of economic borders and an increase in international trade resulting in a greater inter-dependence, or interconnectedness, between nations and individuals (McMillan, 2007, Marginson, 2004). In this context, RTOs cannot see their businesses in isolation from
the rest of the world and workforce competitiveness and capability. In both the domestic and international context, industry engagement has become a key issue for RTO activity.

**What is industry engagement?**

In its most basic form, and for the purpose of this research, we define industry simply as the quantum of individual enterprises that make up an industry sector (Hall & McMillan, 2011). We contest that the more an RTO can be engaged with industry, the greater likelihood that their training activity will be both relevant, and therefore in demand either by the enterprise themselves, or by any relevant funding body seeking to provide contestable funds to fulfil broader government policy and direction. Likewise, individuals completing qualifications in sectors where skills and labour demands are high are arguably more likely to be an attractive potential employee for individual enterprises. In this industry context, it is significant to note that the new Standards for NVR Registered Organisations, SNR 4.2 and 4.3, that supersede AQTF 2010 elements 1.2 and 1.3, now incorporate the words ‘effective industry engagement’, with the inclusion of the word ‘effective’ as the key difference.

As outlined in Regional Breakthroughs (2009) on ‘Framework for an Effective Industry/Education Engagement Model’, industry and education are not natural partners. However, industry has had a strong influence in the VET sector, particularly since the formation of the Australian National Training Authority (ANTA) in 1992, and the development and implementation of the Australian National Training System consisting of the Australian Qualifications Framework (AQF), Australian Quality Training Framework (AQTF) and National Training Packages (McMillan, 2007).

ACPET (2010) suggests that regardless of the nomenclature used to describe industry engagement, i.e. industry partnerships, skilling networks, employer engagement, workforce capability etc, essentially it is “concerned with communications and the relationship between key groups to ensure skilling activities meet the needs of employers and the economy” (p7) The National Quality Council (NQC) asserts that “the ability of RTOs to be responsive to the needs of industry and flexible in delivery and assessment approaches is critical to the success of VET and the skill level of the Australian workforce.”(NQC 2009) RMIT University (2010) defines engaging with industry and community as “a dialogue”.

While the Skills Australia Final Position paper - *Foundations for the Future Proposals for Future Governance, Architecture and Market Design of the National Training System* (2009) does not provide a definition for industry engagement. The paper does highlight key concerns by contributors that over recent years industry engagement in vocational education and training governance had been eroded, and that there is a need to restore a central role and authority for industry in guiding the strategic development and operation of the National Training System. Skilling Australia sees the need for enterprises and [RTO] provider partnerships at a local level to be the cornerstone of workforce development initiatives. Furthermore, Skilling Australia validates the importance of training providers as leaders and collaborators within their local networks of SME and large employers through their daily engagement with industry and employers to develop solutions and “to embed the use of skills
as part of organisational objectives” (p.18). Interestingly Skilling Australia sees this as particularly relevant for public providers but do not appear to address the relevance, or significance of enterprise RTOs on workforce development. This is particular relevant given that there is seen to be a relative weak link between the qualifications individuals undertake and the work they end up undertaking (Commonwealth Government, 2011): an issue that is arguably less applicable to enterprise RTOs whose focus is on relevant knowledge and skills outcomes evidenced in training package qualifications.

This continued emphasis on industry engagement is further reinforced in Skills for Prosperity – A roadmap for prosperity (Commonwealth Government, 2011) which highlights the issue that for RTOs a shift to demand-driven funding will require new ways of working. While this strategic paper proposes a new industry-driven body to lead the current reform agenda, it is envisaged that RTOs need to be active contributors to workforce development, beyond a limited focus on training and skills.

OECD Learning for Jobs (2008) investigated the VET systems of 15 countries over a 3 year period; one of Australia’s major strengths was our approach to industry engagement and the VET sectors relationships with employers. Globally, many nations are challenged by the notion of an industry led and or engaged VET system. UNESCO UNEVOC (2009) suggests that coordination mechanisms between VET and enterprise cannot follow one uniform design or format under different economic, social and cultural circumstances. Moreover, the challenge of managing the complexity of stakeholders, with varying and sometimes conflicting interests and priorities must be context and country specific.

Defining ‘industry engagement’ in a VET context, is problematic given the complexity of the issues and stakeholders involved; however given the importance of the issue to RTOs, industry and individual enterprises, continued discourse on defining industry engagement and the development of a range of engagement models provides for ongoing debate and discussion on the variety of options available. A pedestrian view of industry engagement is a focus on ‘dialogue’ between training providers and industry or enterprises: an effective view of industry engagement needs to provide for multi-dimensional interactions or engagements that suit a range of circumstances: defining industry engagement in a ‘one-size-fits-all’ paradigm does an injustice to the breadth, and complexity of what is commonly referred to as the Australian VET system.

**RTO Challenges in Engaging with Industry – a practitioner perspective**

When engaging with industry the challenges facing RTOs are varied and complex. One significant challenge is the issue of broad based organisation buy-in. For example, discussions with a Deputy Vice Chancellor (DVC) for Vocational Education and Training, who has experience in TAFE, and industry sectors, provided some insight into this challenge for the VET sector in engaging with industry. From their perspective, getting a structured organisational industry engagement strategy that is understood and engaged by the whole of the organisation is important. This includes: having a clear strategy that considers and provides clear responsibility and leadership of an organisations industry engagement, whether
it be with the RTO’s Board of Directors or, in a public providers case, an Institute Council; ensuring teachers and assessors support the engagement strategy; and that business development and other marketing staff promote and support these strategies in maintaining existing and when developing relationships with potential clients, whether they be smaller organisations, larger enterprises, or industry associations.

Enhancing this issue of broad based engagement is the importance of understanding why the organisation is engaging with enterprise in the first place. As one Business Development Director recently indicated during discussions: “All Victorian TAFE’s sprout business focus, meeting business needs etc....but in reality they do not support this with resources, systems and processes and marketing strategies’. It appears that while there is discourse on industry engagement, the emphasis remains on campuses, students, learning and courses when industry want to hear about workplace delivery, participants, skills development and workforce development programs. This same Director has also indicated that there appears to be a shift away from RPL processes by industry and they are starting to indicate that if they are paying for training then they want real training and not simply having staff ‘assessed’ to a qualification. There may be some indicators that this reflects a dissatisfaction with a tick and flick mentality by some RTOs towards RPL compared to those who recognise that RPL assessment needs to be as valid as any other form of assessment.

From a costing perspective, there is anecdotal evidence that suggests that [some] public providers use a standard costing model for all submission to enterprises for commercial work rather than using a variable costing model as would be typical used in a, for example, retail sector. A sector that recognises that some products can carry a higher margin than others and that a high volume low margin strategy is as legitimate a business strategy as a high margin, low volume one.

These are simple practitioner examples of some of the typical issues that challenge any RTO-enterprise relationship. So what is it that drives an RTO to expand its traditional base of offering courses or programs to a single-subscriber market and seek to engage with industry and enterprises?

Engaging with industry and enterprises is not necessarily a requirement of RTOs to be viable and sustainable; although there are some clear requirements articulated within the Standards for NVR Registered Training Organisations. In a general sense, RTOs access funding from multiple sources and offer programs to the market primarily in a single subscriber paradigm. Some organisations, or industries, will encourage active participation by staff and support individual or group enrolments into these single subscribe programs. Programs, therefore, are generally offered on the RTO terms: including facilities, timing, methods of delivery and assessment. With a plethora of RTOs in most sectors, individuals and enterprises can have ample choice to choose the program that suits their needs. However, the difficulty with this for industry is that the outcome, while recognised through an AQF qualification, does not necessarily provide the specific skills and, arguably more importantly, the context of these skills that industry require, where they require them and when they require them.
Quite reasonably RTOs seek credentialed outcomes as a measure of success given that government funding for VET training is generally derived by this measurable outcome. To what extent this pursuit encourages behaviour that sacrifices quality is immeasurable; however there is an apparent concern at a national level evidenced in a series of discussion documents prior to the establishment of the Australian Skills Quality Authority (AQSA). Further, clearly articulated on the AQSA web-site is a focus on building on current quality and to ensure greater consistency in Australia’s VET sector. With over 4,000 public and private RTO’s, and enterprise RTO’s, achieving consistency in quality in a sector driven by revenue based outcomes attached to credentials is a real issue.

Therefore, when seeking to engage with industry, an RTO needs to be clear as to why they are undertaking this strategy. Is the engagement: as part of a validation process for training and assessment to meet NVR standards for registration; to garnish support for tendering opportunities; to develop relationships for future training opportunities; to establish workplace arrangement for vocational placement; to gather data on future employment or skills needs and trends to enhance the RTOs programming for the future; or is it to achieve sales and revenue? As a proper business practice, for any RTO it may be a combination of these, or others not identified. However, as our aforementioned DVC indicated: “from my experience, it is a lack of clarity, or in some cases a sales only focus, that seems to add to industries frustration with the VET sector”.

There are many of examples of successful industry engagement projects, although it appears as if one key challenge is the sustainability of many projects. This sustainability is often impacted by changes in specific personnel relationships between the RTO and an enterprise and when one of the critical players leaves, or moves on to other duties, all too often the partnership or project fractures. This over-dependency on individuals, rather than business-to-business relationships is arguably one of the weaknesses in developing sustainable relationships by RTOs with industry; and may be one that is more an issue for public rather than private RTO’s. In this context it can be argued that the governance model selected for any partnership arrangement will have a significant influence on the long-term sustainability of any arrangement (Regional Breakthroughs, 2009). Good governance suggests more than simply a standard contractual or agreement arrangement of a set of transactions as is perhaps typical of many arrangements between individual RTOs and enterprises. With a policy push towards developing workforce capability rather than merely training and skills, more sophisticated partnership arrangements may need to be considered that a more akin to those developed by organisations when operating in an off-shore contractual arrangements: for instances when delivering TVET projects in Asia-Pacific region on behalf of AUSAID under a tender-contract arrangement.

For those practitioners active in the day-to-day minutia of VET activity, anecdotal evidence suggests that there are other issues for RTOs in engaging with industry and enterprises that can include: industry want training but not wanting to pay for it; a disinterest in supporting the bureaucracy and not wanting to ‘deal with the paperwork and rules’ that go with government funded, including apprenticeships and traineeships; and industry wanting
training on their terms often to the exclusion of the needs of an RTO. As one senior VET manager indicated: “it is interesting that I spend as much time negotiating the processes that we need to follow as I do the price of training”.

Some of the drivers for this tension can be highlighted in Diagram 1: Tensions between RTO and Enterprise Needs. As represented below, an enterprise’s primary focus with training, is arguably an emphasis on ensuring that staff are competent to undertake the role that they have been employed to do. This requires the knowledge and skills, as well as attitudes and behaviours, required of that organisation within the context of a particular role. The notion of worker competence in this context is not necessarily aligned to the concept of competence under an accredited training package and subsequent units of competence.

**Diagram 1: Tensions between RTO and Enterprise Needs**

<table>
<thead>
<tr>
<th>RTO Focus</th>
<th>National Training Packages</th>
<th>How/Does the RTO meet these ‘competency’ requirements?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(qualifications and units of competence)</td>
<td>↓ ↓ ↓ Qualifications and Units of Competence ↓ ↓ ↓</td>
<td>Enterprise Specific Competencies Required for Specific Roles but not in any UoC</td>
</tr>
<tr>
<td>Training Package UoC not required but can be ‘Added Value’</td>
<td>↑ ↑ ↑ Enterprise TP Competency Needs ↑ ↑ ↑</td>
<td></td>
</tr>
</tbody>
</table>

**Enterprise Focus**

(standard operating procedures, skills critical tasks, site specific requirements)

For an RTO that is rewarded, either financially or by other performance indicators, with the achievement of qualification outcomes, it is not unreasonable for the organisation to focus on these outcomes. Where individuals are seeking a broad-based industry qualification to support their entry into an industry role, or for those currently in an industry seeking higher roles, enrolment into a RTO program most suited to their needs is both typical and reasonable both for the RTO and the individual. However, in a context where workforce capability is the objective, then it is not reasonable to simply anticipate that what an RTO has to offer through qualifications, or even clustered units of competency euphemistically defined as ‘skill sets’, is what an enterprise, or industry require to meet the current and future needs of their sector. Regardless of any programming issues such a timing, price etc, the simple notion that what an enterprise needs, and an RTO wants, are not necessarily as seamlessly
aligned as it may appear given that Training Packages have supposedly been developed by ‘industry’ to meet industry needs.

Another way of looking at this issue of qualifications and the competence required by industry is shown in Appendix One. Appendix One: Competency Alignment to AQF Outcomes – an alternate view, provides an overview of a process that can typically occur in an industry context. Regardless of the entry level of knowledge and skills, the primary objective of having ‘competent’ staff is preeminent. The focus is on having staff meet their role obligations for any Skills Critical Tasks (SCT), Standard Operating Procedures (SOPs), licensing requirements and any other site/location specific competencies required. Learning materials and assessment strategies are aligned to these output requirements. In parallel, the assessment outcomes that focus on meeting the workplace needs can be aligned to relevant AQF units of competence, or qualifications. In the final analysis, the organisation achieves its requirement of having a competent workforce capable of performing the role assigned to them, while staff receive both in-house and external recognition for the knowledge and skills demonstrated. Under this model the concept of training for skills and workforce development are not mutually exclusive, rather they are interdependent activities.

The challenge for an RTO is how to establish an engagement framework, and engagement strategy that provides the opportunity for the enterprise to meet their needs to have ‘competent’ staff, and to access government funding modelled on a qualification paradigm. It is noteworthy to comment that not all RTO activity with industry and enterprises is funded by government, however regardless of the funding arrangements, the tension between the provision of training around qualifications and the needs for a competent workforce remain. While there are arguably flaws in the premise that a qualified and credentialed work-force is also a ‘skilled’ work-force; there is unlikely to be any break in this nexus in the foreseeable future. Although it is relevant to note recent comments presented in the Skills for Prosperity document (Commonwealth Government, 2011) where it is proposed that a broader focus on workforce development and skills is needed, rather than simply a focus on training and skills formation and that “a significant redesign of current service delivery and funding arrangements is necessary” (p. 48).

Prior to the 1970s the technical and further education sector was seen as lacking identity and under-valued and under-resourced. The 1970s brought the Kangan Report (1974) and the creation of the TAFE system as a state-owned system but for the first time, under a national policy framework. The 1990’s saw the creation of the Australian National Training Authority and a national training system that included the Australian Quality Training Framework (AQTF), the Australian Qualifications Framework (AQF) and industry developed, or endorsed National Training Packages incorporating units of competency and a range of industry relevant qualifications. The 1990s also saw the shift towards contestable funding that provided the impetus for a burgeoning private training private market (McMillan, 2007).

What appears to be a consistent theme throughout these periods is a belief that the TAFE and subsequently, the VET sector do not fully satisfy the needs of industry. Whether this
evaluation is perceived or real, and reality it is probably a combination of both, the emergence of ASQA, Skillling Australia and the associated recent publications do little to diminish this sustained expectation that training providers, public and private, are expected to effectively engage with industry to assist in the current and future workforce development of industry and enterprises. However, regardless of the business intent in dealing with enterprise and industry, as presented at the VET Teaching and Learning Conference (Hall & McMillan, 2010), industry engagement should be seen as a relationship race, not a revenue race.

Enterprise RTOs

While this paper’s primary purpose is to discuss industry engagement models, it is relevant to discuss the significance of enterprise RTO’s. Enterprise RTOs are defined as: the core business of the registered enterprise is not the provision of training; the enterprise RTO provides accredited training for the employees of the enterprise; and the enterprise RTO is embedded or integrated within the standard business processes of the enterprise (ERTO Association, 2009). In other words, an organisation has decided to take control of its own vocational training needs and to operate an internal RTO for its own purposes. To some extent, the evolution of enterprises RTOs can be seen as a failure, or limitation, of the public and private RTOs to meet the needs of a number of enterprises, that culminated in some form of corporate decision to register a RTO within the broader business structure.

In Australia there is now some 256 enterprise RTO’s generating potentially at least 20% of annual VET qualifications across Australia (ERTO Association, 2009). In response to the recent Skills Australia discussion paper on the future of VET, the Association also referred to a lack of enterprise RTO recognition: “It is also very disappointing to members that the paper makes no reference to the now well established enterprise RTO model for VET providers” (ERTO Association, 2010, P.2).

Further in this submission to Skills Australia, the ERTOS Association highlighted the value of enterprise RTOs arguing that “some of the most exciting and industry-aligned training and assessment in Australia” (ERTO Association, 2010, p.3) occurs within enterprise RTOs and that while there has been a strong foundation for VET developed over the last 15 years, it is time to undertake a fresh look at the positive experiences and outcomes derived from workplace training and assessment models, including those undertaken within an enterprise RTO context.

It is also significant to note that the key business driver for an organisation to become an enterprise RTO is their ability to customise training and assessment needs and to provide flexibility and control over delivery of training and assessment activities. The issue of accessing external funds does not rate as a key reason for establishing an enterprise RTO (ERTO Association, 2009).
RTO-Enterprise Partnering Models

Domestic Context

Appendix Two: RTO-Enterprise Partnering Models (relationship overview) shows a range of different relationship levels between an RTO and an Enterprise. The arrangement whereby a RTO provides opportunities in a single-subscriber context is not covered in this appendix, rather it focuses on those where there is some agreement or contract arrangement between an enterprise, or their staff, and a RTO.

Relationship A and B reflect perhaps what is a typical arrangement whereby the enterprise either supports individual staff to undertake training and assessment with a nominated RTO, or where an enterprise enters into some type of agreement with an RTO for some training and assessment activity to be undertaken in-house either by the RTO staff, or in a co-provider arrangement with the RTO.

Relationship C is similar to B, however in this context the enterprise seeks to develop their internal process and practices to the Standards for NVR Registered Training Organisations (formerly AQTF standards). The key purpose of this would be to potentially shift the emphasis in the relationship away from a RTO centric position to one where the enterprise has a stronger negotiation position when discussion co-provider terms. The more the enterprise can demonstrate that their internal practices are NVR aligned, the less dependency there is on a RTO’s quality and compliance processes. A key issue here would be the willingness, or reluctance, of a RTO to transfer process responsibility to an enterprise and the enterprises willingness and capacity to sustain comparable quality processes and outcomes to that demanded of an RTO by the NVR standards.

Relationship D is where an enterprise fully aligns its internal practices to NVR standards and employs its own qualified trainers and assessors to meet its internal training needs. In this context the role of the RTO becomes that of a ‘quality assurer’ rather than a provider of training and assessment functions. Relationship E is where the enterprise takes on the full scope of registration for its own enterprise RTO.

What is the potential challenge for RTOs is that if they do not fully meet the needs of enterprise, then there may well be a continued shift from Relationship A and B to Relationship E – an enterprise model. The opportunity for RTOs to develop expertise in building partnership arrangements around Relationship C and in particular, Relationship D, provides a circuit breaker for any future shifts towards a growth in enterprise RTOs.

Anecdotal evidence suggest that a number of private RTOs have commenced down a pathway aligned to, or similar to the simplistic represented in Relationship D and in future papers it would be desirable to case study these approaches and discuss the relative success of those RTO engaged in this approach.

Global Context

Industry engagement in the global context can be considered both as a supply and demand challenge. On the demand side Australian RTO skills training, technical knowledge and consultancy services are in high demand from a range of countries and clients, predominately...
those in developing nations seeking to build skills and knowledge to build livelihoods and economies. Considering South East Asia as an example, Australian skills, training and competencies are in demand from key countries such as Indonesia, Vietnam, Thailand, Malaysia, India and the Philippines. The demand is multi dimensional from both government and industry. Each country is actively seeking support to build and reform their own VET sector and with industry operating in the region hungry for skills and competent workers to ensure productivity. In order to fully conceptualise a model of Strategic Engagement for Australian VET, Diagram 2 highlights the current approach. The top section of the model, “clients” focuses on the main procurers of these skills, knowledge and consultancy services. Such as partner governments, aid agencies including World Bank and Asian Development Bank, Multinational Corporations, local enterprise and industry associations.

On the supply side, Australian VET providers and other industry stakeholders have an appetite to service this market through both commercial activities and more altruistic engagement models. The bottom section of the model considers the myriad of stakeholders competing and collaborating to engage with industry globally.

Diagram Two: Model of Strategic Engagement for Australian VET

(Hall 2011)

Diagram 3 further extends this model in considering the various modes of engagement that Australian RTOs use when working in the international context. It seeks to catalogue the approaches that RTOs use when operating globally, with a recognition that RTOs engaged in
international programs can no longer rely on growth in the inbound student market. In looking at the modes of engagement, the model considers the diverse drivers for the RTO and the client involved in the transaction.

**Diagram 3 Global Engagement Modes RTOs**

<table>
<thead>
<tr>
<th>Client</th>
<th>Inbound student program</th>
<th>RTO</th>
</tr>
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<tr>
<td>Driven by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of training</td>
<td></td>
<td></td>
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<tr>
<td>Access to training</td>
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<tr>
<td>Quality assurance</td>
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<td>Local regulation</td>
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<tr>
<td>Marketing edge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productivity &amp; performance</td>
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(RTOs are increasingly asked not only to engage with industry but do this on a global scale. In a global context this means that RTOs need to develop knowledge and expertise in a range of potential service areas, or to enhance their international credibility through active support and participation in international activities. These service areas and activities can include:

- Developing international programs and gaining an international perspective of the demand for VET, or TVE as it is commonly referred to in the Asia-Pacific regions.
- Engaging or providing opportunities for existing staff to become globally experienced trainers.
- Developing or engaging with worldwide alumni networks.
- Creating and contributing to multicultural learning environment.)

(Hall 2011)
• Providing opportunities for staff or students to engage in international exchange and internship opportunities.

• Developing international employer partnerships.

• Global delivery sites and access.

Providing international programs for in-bound international students does not, in itself, mean that an RTO is an active participant in an international market. As previously indicated RTOs need to participate in a range of international activity to develop expertise and a reputation within the international market-place.

In terms of industry engagement, or engagement with training providers in other countries, a key challenge and driver for both client and RTO is cost. Offering training or other specialist services in-country, aside from any local regulatory issues, faces the challenge of how does a RTO generate activity based upon a local countries costs rather than a price-prohibitive Australian cost structure. For example, an opportunity arose in India to offer training for a security guard sector. On offer from a UK firm was training €50 per person (currently valued at AUD$75) or more importantly Rs3,500. Given that many of the workers in this sector would earn little more than this per annum, the likelihood of being able to ‘sell’ this training is slim without significant government assistance or subsidy. The quantum of individuals involved was in excess of 5 million individuals. A typical single-subscriber fee-for-service Australia costed solution is not a solution here and neither was the UK offer. What is potentially a solution is a transnational partnership arrangement with a local provider of training that draws upon the Australian experience and expertise in VET, while leveraging of a local currency cost structure. In financial terms, it is a low margin, high volume strategy.

In simple terms, an Australian RTOs capacity to deliver to in-bound international students and delivery off-shore training are restrained, or at risk, of fluctuating exchange rates, shifts in government policy and growing international competitiveness in the VET/TVET sector. The challenge for Australian RTOs will be to develop partnerships that leverage of their Australian industry engagement activities and use this to advantage in developing international programs and outcomes that are financially viable and sustainable. For example: the operating practices of several international automotive manufacturers in India would align quite readily to an AQF Certificate III automotive qualification. A question is, which Australian RTOs have the relationship with existing Australian automotive manufacturers and how they can use this to leverage an opportunity to validate competency standards in India, or other similar production environment in Asia-Pacific region? In essence, the strategy here is not to sell training, but to market workplace capability validated by a proven and highly regulated set of industry competency standards.

Conclusions

What sets the Australian VET Sector apart from schools and universities is the extent of industry engagement in VET (Productivity Commission Issues paper: Vocational Education
and Training Workforce, June 2010). However, it can be argued that regardless of the efforts of public and private providers, industry and individual enterprises will at times still claim that their needs are not being met, but that this is an inherent feature of an industry lead, and RTO follows, VET sector. For example, a key evaluation under audit for an RTO’s ongoing registration is how effectively they delivery on training package outcomes. Therefore regardless of how timely any updates are on training packages, RTOs will invariably be in catch-up mode if industry takes the lead in areas of technology, industry practice while government and other regulatory bodies establish industry standards through legislation and other regulations.

The broader outcome needs of RTOs and industry are not mutually exclusive. Training and skills development are part of a broader workforce capability development and the closer that an RTO can work with an enterprise and industry, the less likely there is to be tension between an organisations need for competent staff, and an RTO’s inclination to train and issues qualifications and units of competence. Further, it is valuable for RTOs to look beyond transactional relationships with enterprises that provide contract by contract relationships and look at more innovative arrangements whereby an RTO effectively becomes imbedded into an organisation as a valued resource and tool. One measurable failure of RTO’s capability to develop these more sophisticated relationships may well be measured by a continued growth in enterprise RTOs, or by more contestable funding being directed toward industry and individual enterprises, rather than directly available to public or private RTOs.

This paper has provided an initial presentation on a range of practitioner issues that can and do impact on RTO and industry or enterprise engagement. It has provided a number of models that reflect these issues, both domestically and internationally. Future papers will seek to investigate a number of these issues in-depth and develop more sophisticated models that can guide RTO and enterprise engagement.
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Appendix One: Competency Alignment to AQF Outcomes – an alternate view

- **Variables**
  - Competitive Labour Market
  - Limited Pool of Labour
  - Varied knowledge, skills and experience in the industry Sector
  - Reputation of sector and enterprise

- **Competency Assessment (eg)**
  1. Supervisors proposes competency achieved - signs-off Log Book
  2. Superintendent confirms competency achieved – signs-off Log book
  3. Qualified Assessor undertakes on-job assessment – validates competence and signs-off Log Book

- **Safe Worker**
  - Compulsory Induction
  - Enterprise Context

- **Developing a Competent Worker**
  - On-Job Functions
  - Graduated Supervision
  - Assessment to Job Requirements
  - Assessment to Location Requirements

- **Learner Guides, Workbooks, Practical Assessments**

- **SOPs, SCTs, Permit to Work, Licenses etc**

- **Position Descriptions and Competency Profiles**

- **Start Date to Competence**

- **Staff Member Who Will Stay!**

- **Competent to do the Job Assigned to Them**

- **Can Prove Competence if Challenged**

- **Confidence by the Regulator of Process and Standards**

- **Industry Credentialed With Australian Vocational Qualification**

- **Alignment to Australian Qualifications Framework [AQF]**

- **Alignment to Australian Quality Training Framework [AQTF]**

Source: ProVoc Australia Pty Ltd: McMillan, 2010)
### Appendix Two: RTO-Enterprise Partnering Models (overview)

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Enterprise</th>
<th>RTO</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| **A**        | - Identifies need for Training  
               - Supports individual attendance at RTO by employees OR  
               - Contracts with RTOs for a range training assessment services |     | - RTO specialist at providing training and assessment (core business)  
               - Expertise in meeting AQTF compliance standards | - Enterprise has less control over timing and quality of training  
               - Difficulty for RTO to provide ‘context’  
               - Difficult for RTO to provide outcomes for Enterprise competence (ie: non-aligned to AQF) |
| **B**        | - Establishes in-house Training unit with trainers and Assessors for core Enterprise Training  
               - Partners with RTO to Access government /funds |     | - Enterprise has greater control over timing, quality and contextualised training  
               - Enterprise has access to government funds to off-set cost of training  
               - RTO holds requirements to meet AQTF compliance standards | - Still dependent upon third party RTO for AQTF compliance  
               - RTO maintains dominant contractor/partner relationship (funds and cost) |
| **C**        | - As with Model B plus  
               - Enterprise aligns operating practices to AQTF conditions and standards |     | - As with Model B plus  
               - Establishes Australian contextualised quality assurance standards within Enterprise competency assurance activities  
               - Starts to shift the relationship with RTO’s so that Enterprise has the dominant position and the RTO provides a range of services (ie: issues results) | - Still dependent upon third party RTO for AQTF compliance |
| **D**        | - Fully Implemented/Requires RTO as Q.A. Assurer Only |     | - Enterprise has total control over full range of training and assessment activities  
               - Full access to government funds to off-set training  
               - Enterprise contracts with RTO’s (EOI process – ‘best price’)  
               - Ongoing cost of Q.A. Assurance through RTO (controllable through contract arrangements) | - Will still need some partner RTOs for specialist areas |
| **E**        | - establishes an enterprise RTO |     | - Enterprise has total control over full range of training and assessment activities  
               - Full access to government funds to off-set training  
               - Potential to revenue generate from other Enterprise Divisions or industry wide training | - Full responsibility for AQTF compliance  
               - Will still need some partner RTOs for specialist areas |

Source: ProVoc Australia P/L