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Author: Smith, Andrew; Smith, Erica

Email address:- asmith@csu.edu.au

esmith@csu.edu.au

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The role of training in the development of human resource management in Australian organisations.

Professor Andrew Smith

Charles Sturt University
Locked Bag 588
Wagga Wagga
NSW 2678
AUSTRALIA
ph 61 2 6933 2484
fax 61 2 6933 2930
email asmith@csu.edu.au

Associate Professor Erica Smith

School of Education
Charles Sturt University
Locked Bag 588
Wagga Wagga
NSW 2678
AUSTRALIA
ph: +61 2 6933 2087
fax: +61 2 6933 2888
email esmith@csu.edu.au

Andrew Smith is Professor of Human Resource Management and Director, Research Development at Charles Sturt University, NSW, Australia.

Erica Smith is Associate Professor of Vocational Education and Training in the Faculty of Education at Charles Sturt University, NSW, Australia.

Abstract

This paper analyses the impact that nationally recognised training has had on the practice of human resource management in Australian organisations. Since the late 1980s, the Australian vocational education and training system has undergone major reforms. These reforms have been aimed at making training more relevant to the needs of Australian business. A key development in training reform has been the emergence of Training Packages, sets of occupational competency standards, qualifications and assessment guidelines covering most jobs in the economy. The research reported in this paper shows how nationally recognised training in the form of Training Package qualifications has been taken up by Australian employers and has begun to re-shape not only training practices but also broader approaches to human resource management. Many employers are now using the competency standards contained in Training Packages to underpin other human resource management practices such as recruitment and selection, performance management and management development. The use of consistent national standards to underpin these activities has led to better alignment and integration of human resource management in some organisations, as predicted by theories of bundling in the strategic human resource management literature.

Keywords: employer training, human resource management, human resource development, learning and development.

The role of training in the development of human resource management in Australian organisations.

Modern human resource management emerged from the husk of traditional personnel management in the 1980s. Whereas personnel management had been concerned with the efficient administration of people-related issues in organisations, modern human resource management goes much further in embracing the management of change, job design, socialisation and appraisal as the key levers to achieve organisational success. Guest (1987) set the agenda for what modern human resource management is trying to achieve – integration with the business strategy of the organisation, employee commitment, flexibility and quality. These are still very much the aims of human resource management. Identifying commitment as a major element of human resource management Storey (1995:5) devised what is still regarded as one of the best original definitions of human resource management:

Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques.

The central theme in research in human resource management since the mid 1990s has been the relationship of modern human resource management to organisational performance (Batt 2006). In the mid 1990s the ground breaking work of Huselid and his colleagues showed that human resource management practices could be clearly

linked to the financial and productivity performance of firms (Huselid, 1995; Huselid, Jackson and Schuler, 1997; Becker and Huselid, 1998). Huselid's work seemed to demonstrate that faith in good human resource management practices, which until this point had been driven by a vague belief that treating people well at work would improve the bottom line performance of organisations (Pfeffer, 1994), was well placed and that a direct quantitative relationship existed between the implementation of advanced human resource management practices and the hard financial measures of organisational performance preferred by senior managers and Boards of Directors.

In more recent years, the work on the links between human resource management and organisational performance has been supplemented by research showing that human resource management is also positively linked to the motivation and well-being of workers in organisations. Guest has shown that workers approve of the practices implied by the term human resource management and that the use of human resource management has led to the development of positive psychological contracts between workers and managers in organisations (Guest, 1999; 2002). This work seems to show that far from exploiting workers, as some critics have argued, the use of human resource management creates high levels of job satisfaction and motivation amongst workers, helping to explain the mechanism for the positive relationship between human resource management and organisational performance documented by Huselid and others.¹ This work has not gone uncontested, however. Critics of the research on human resource management and firm performance have argued persuasively that the definitions of human resource management that have been used vary widely between different studies and that the research methodologies often exhibit significant flaws

¹ However, Guest's recent and unpublished analysis of the data from the 2004 UK Workplace Employment Relations Survey suggests that this link may not be so clear cut.

(Boselie, Dietz and Boon, 2005; Marchington and Zagelmeyer, 2005). Nevertheless, the weight of evidence seems to show that the adoption of modern human resource management practices often has a strong positive effect on a range of firm performance indicators (Ashton and Sung, 2002).

Human resource management “bundles”

A key question in the debate on human resource management and performance has been to identify which human resource management practices are most strongly linked to improved organisational performance. Writers in the “soft”, universalistic tradition of human resource management have tended to produce long lists of practices that constitute so-called best practice in human resource management (Storey, 2001). Thus Pfeffer (1994, 1998) has advocated a range of up to 14 separate human resource management practices (a list he later reduces to seven key practices) which in his view define modern human resource management. However, research into high performance work systems, a related though not synonymous concept to human resource management (Butler *et al*, 2004), has shown that the benefits to organisational performance cannot be realised through the implementation of one or more human resource management practices in isolation. The payback to organisations comes, it is argued, when practices are implemented together and synergistically in so-called “bundles”.

The concept of “bundling” has defied strict definition but finds its roots in the concept of internal fit developed in the strategic human resource management literature (Bowen and Ostroff, 2004). The notion of internal fit suggests that human resource

management practices need to be complementary with each other if they are to be effective. The deliberate implementation of complementary human resource management practices produces “bundles”. Typically “bundles” of human resource management or high performance work practices include elements such as teamworking, performance management, careful recruitment and selection and extensive training (Butler *et al*, 2004). Many organisations may implement one or two high performance work practices but it is the synergies that result from bundles of practices that really lead to performance improvements for organisations (Appelbaum *et al*, 2000; Pil and McDuffie, 1996). Thus, for example, the implementation of teamwork will rely on effective training for teamwork and a pay system that rewards the collective performance of the team rather than individual performance. Without supporting practices that are congruent, the implementation of a single human resource management practice may achieve little or indeed be counterproductive (Laursen and Foss, 2003).

However, the evidence for the implementation of bundles of human resource management or high performance work systems practices remains elusive. In general the measurement of the extent of the use of human resource management relies on small-scale, qualitative evidence often proffered by human resource management professionals (Storey, 2001). There are few large-scale surveys of the use of human resource management in Australia or overseas. One major exception to this is the British Workplace Employment Relations Survey (WERS) of 1998 (Cully *et al*, 1999). WERS 98 found evidence of the widespread adoption of a number of key human resource management practices amongst British organisations including careful recruitment and selection, performance appraisal, training and teamworking.

WERS 98 also produced some evidence of the integration of human resource management practices and their strategic orientation. Fifty-seven per cent of workplaces reported that the workplace had a strategic plan encompassing employee development, and 64 per cent had a human resource management representative on the Board of Directors and 39 per cent of workplaces reported Investors in People accreditation. However, taking all three of these measures together, only 21 per cent of workplaces reported having all three integrated together. Thus, the WERS 98 data suggest that whilst individual human resource management practices may be widespread in British organisations, the level of strategic integration of these practices is still quite low. Cully *et al* (1999) concluded that only 14 per cent of workplaces had a majority of the human resource management practices in place. Studies of high performance work systems have also shown a similar pattern; relatively common adoption of individual practices but little evidence of widespread integration (Appelbaum *et al*, 2000). Comparable recent data for Australia is not available.

It is interesting to note that, of the three practices examined by Cully *et al* for evidence of integrated bundling of human resource management, two (a strategic plan encompassing employee development and IiP accreditation) refer to training issues. Training is a recurring theme in the human resource management and high performance work systems literatures. It was seen by Storey as the “litmus test” of whether an organisation was committed to human resource management (Storey, 1992). Training also features as a key element of the bundles of practices arising from research into high performance work systems (Ashton and Sung, 2002). This paper examines the potential for training to become a key factor in the integration of human resource management in organisations. Drawing on research for the

Australian National Centre for Vocational Education Research into the use that Australian employers make of nationally recognised training for their employees, the paper presents evidence for the impact of such training on the development of human resource management in a number of large Australian organisations. The paper examines the impact of nationally recognised training on the functions of human resource management, the organisation of human resource management and on the bundling of human resource management practices.

Training reform in Australia

In Australia sweeping changes to national vocational education and training (VET) policies since the late 1980s have led to the development of a new approach to training by some Australian employers. In the early 1990s, the Australian federal government launched a series of reforms to the national VET system under the banner of the national training reform agenda. The reforms were designed to increase the responsiveness of the VET system to the training needs of business at the same time as encouraging employers to invest in the training of their staff (Smith, 2003). The reform included both supply side and demand side measures. On the supply side significant progress was made towards the establishment of a national VET system from the existing largely State-based systems. This progress included the adoption of competency-based training as the underpinning pedagogical approach in VET, the development of systems for mutual recognition of training between the state systems and the establishment of a strategic national authority to guide the new system, the Australian National Training Authority (which existed from 1993 to 2005). The emphasis in the training reforms was clearly on the supply side and the reforms were

criticised as not addressing the issues of the demand for training and skills from employers (Allen Consulting Group, 1994). The principal measure on the demand side was the Training Guarantee Act, essentially a training levy, which stipulated that employers should spend up to 1.5 per cent of gross wages and salaries on approved, structured training for their employees.

Research carried out in the mid-1990s examined the state of employer training in Australia (Smith and Hayton, 1999; Smith and Dowling, 2001). The results of this research bore out the earlier critiques of the training reforms. Although employers were doing a lot of training, more than the contemporary statistical evidence suggested (ABS, 1994), nevertheless employer training tended to be fragmented, unfocused and unstrategic. Employer training was driven by a small number of fairly simple drivers including the adoption of workplace change programs, new technology and the demands of the quality assurance systems such as ISO that were being implemented in many Australian organisations at that time. However, the research also showed that, despite the requirements of the Training Guarantee, employers were decentralising and de-institutionalising their approach to training, were passing responsibility for training down to the individual worker and abandoning the mass provision of training programs for groups of workers in favour of a more individualistic approach. There was little or no evidence of a link between training and business strategy in the research.

The training reforms begun in the late 1980s continued, albeit at a slower pace, into the late 1990s. This second wave of training reform focused on the development of a competitive open market for training provision. Competitive and contestable funding

allowed private training providers to set up in effective competition to the public training system of Technical and Further Education (TAFE) colleges. At the same time, following the example of the National Vocational Qualifications in the UK, suites of national VET qualifications based on competency standards for all occupations were developed for most occupations and industries in the economy. These competency standards and qualifications together with guidelines for assessment were gathered together into over eighty Training Packages, progressively introduced from 1997, which cover almost all occupations and industries (Smith and Keating, 2003). For the first time, many lower skilled occupations that had not enjoyed the benefits of a qualifications structure were able to access nationally recognised qualifications. This system of national qualifications and the training that accompanied them became known as nationally recognised training. A final significant development in the VET system was the dramatic expansion of the apprenticeship and traineeship system. From 1995 to 2003, the numbers of apprentices and trainees quadrupled from about 100,000 to over 400,000. This massive expansion, fuelled by employment subsidies from the Australian government, introduced nationally recognised training into many industries that had hitherto not offered much formal training to their employees such as retail and process manufacturing and introduced many individual employers to formal training through their employment of apprentices and trainees.

Developments in employer training in Australia

Research undertaken in the late 1990s investigated the development of training in Australian organisations since the mid-1990s. This research focused on the role of

workplace change in the provision of training by Australian organisations and developed out of Smith and Hayton's work some five years earlier (Smith *et al*, 2003). The research suggested that quite significant changes had taken place in the field of employer training since the earlier work. Responsibility for training was continuing, in some cases, to be decentralised to line managers, but some organisations, having experimented with this approach, were now in the process of re-centralising training under the newly formed training structures. However, these new training structures did not resemble the bureaucratic training departments of the past. Rather they were based on a philosophy of training brokerage in which training professionals in the organisation did not carry out training directly but brokered training "solutions" for the organisation, delivering in-house programs where appropriate but also buying in training from external providers. Workplace change continued to be a strong driver for training demand especially through the implementing of Total Quality Management programs and teamworking, although other change programs such as Business Process Re-engineering seemed to have reduced organisational investment in training. But organisations continued to be sceptical of the potential of the national VET system to always provide training that matched their requirements.

A key finding from this research was the development of a much stronger link between training and business strategy in many organisations. It appeared from this research that employers, increasingly conscious of value for money from their investments in training were demanding that training be much more deliberately aligned with the strategic needs of the organisation. Thus the research confirmed the increasing strength of the link between the three classic elements of human resource

development – individual career development, organisational development and training (McLagan, 1989). Organisations appeared to have become more conscious of the need to get significant returns on their investments in training and were linking their training more closely to their business strategies. Thus, the strategic dimension that had been missing in the mid 1990s appeared to be gaining strength a few years later. Organisations were also looking in-house for their training requirements. Nevertheless, the VET system was not always seen to be an effective partner in the search for better training.

From the late 1990s onwards the penetration of Training Packages into Australian enterprises gathered momentum. In the early days of competency standards development, in the early 1990s, it was believed that competency standards might have other uses within companies besides training. The National Training Board which oversaw competency standards development in the first half of the 1990s tried to further this agenda. In the UK also, it was stated at the onset of the development of National Vocational Qualifications, that NVQs could be used for ‘performance appraisal, manpower planning, selection and recruitment, multiskilling and revision of job descriptions’. (Fletcher, 1991: 144). However these early hopes were not fulfilled, partly because of the capture of the training reform agendas in both countries by the providers of further education. But the growing hegemony of Training Packages in Australia from around the turn of the century provided the opportunity for re-examining the wider use of competency standards. National units of competency that were taught by all training providers provided certainty and ready recognition across Australia, unlike the competency-based courses of the early and mid 1990s that varied among States. Units of competency in Australia have grown to

become comprehensive; they include detailed information about the skills and knowledge that are needed to attain competence, and also provide guidance about the application of the competency in the form of the ‘range of variables’ which describes the organisational settings in which the work task covered by the unit of competency might be carried out (Smith & Keating, 2003: 165).

Research method

In 2003 a research project was carried out examining the extent to which Australian employers were using nationally recognised training (Smith, Pickersgill, Smith and Rushbrook, 2005). A key driver for the introduction of Training Packages after 1997 had been to enable employers to deliver qualifications-based, nationally recognised training to their employees more easily. Much of the training associated with the new national qualifications could be delivered and assessed in the workplace. It was thought that the workplace based nature of nationally recognised training would attract employers to provide qualifications based training to their employees in greater numbers. Employers could work with a training provider (known as a Registered Training Organisation or RTO) which would provide the training and materials need for the training as well as assessment services in order to qualify employees. The new policy also allowed organisations to become registered training organisations in their own right; so-called “enterprise registered training organisations” or enterprise RTOs. Enterprise RTO status allows organisations to provide and assess training for their own employees or those of other organisations and award the qualification. In practice most organisations providing nationally recognised training for their employees purchase the training from an external RTO. But about 200 organisations have

elected to become enterprise RTOs. Although only small in number, enterprise RTOs include some of the largest organisations in Australia, covering many thousands of workers. For the research, nationally recognised training was defined as training based on national Training Packages or courses/programs that have been formally accredited through State or Territory Accreditation Boards.

The specific research questions for this study were:

1. Why do some employers (and not others) use nationally recognised training?
2. What are the perceived benefits of nationally recognised training for enterprises?
3. What is the nature of nationally recognised training?
4. What are the perceived benefits of nationally recognised training for different groups of workers?
5. What are the obstacles to be overcome in the establishment of nationally recognised training and what are the facilitating factors?
6. What are the links between the provision of nationally recognised training and the availability of government funding?
7. How have Training Packages affected the provision of, and attitude to, nationally recognised training in enterprises?

The research involved three stages and methods. Firstly a series of focus groups of employers and other industry stakeholders were held in two capital cities and one rural city. These focus groups enabled the research team to explore the key issues for the research and design the survey and the protocol for the case studies. Secondly a survey was carried out of all enterprise RTOs and a sample of medium-to-large

companies that had human resource (HR) managers and therefore might be expected to have some commitment to training. The target organisations for the survey were divided into three groups: enterprise RTOs, Purchasers (those that provided nationally recognised training in partnership with an RTO) and Non-Users (those organisations that did not provide nationally recognised training for their employees). Three hundred and ninety-five questionnaires were sent to the purchasers and non-RTOs and 195 questionnaires to enterprise RTOs. It was felt that enterprise RTOs were more likely to respond than organisations that were not enterprise RTOs because of their greater engagement with the VET system. This assumption proved correct. Just over a quarter of enterprise RTOs (51) responded together with 73 purchasers and non-users.

Twelve case studies were also undertaken, in four States and Territories. Case studies were researched between October and December 2003. Case study sites were chosen in conjunction with national and State industry training organisations a panel of VET experts, and were restricted to four State and Territories for budgetary reasons. Four industry areas – hospitality, manufacturing, arts/media and call centres - were selected to represent diverse industry sectors and training cultures. In each industry area, three enterprises were visited: one that was an RTO, one that offered nationally-recognised training through RTO(s), and one that offered none or virtually no nationally-recognised training. The aim of these ‘trios’ of case studies was to try to identify differences between companies with different levels of engagement with NRT. The case studies provided a means of investigating in more depth, the issues that arose from the survey. The case studies involved interviews with a range of managers concerned with training decision-making in the enterprises including the CEO where possible, the human resources director, the training manager and other

training staff. Interviews were also carried out with focus groups of operational staff who had received training, including nationally recognised training, in the recent past. The interviews were semi-structured and based on a common protocol developed for the study.

This paper draws on the research relating the implementation of nationally recognised training in organisations and the benefits that workers and organisations gain through the use of this form of training. We discuss the impact of nationally recognised training on the development of the human resource management function, on the overall provision of training in organisations, on the organisation of human resource management and, finally, on the development of human resource management bundles.

Impact of nationally recognised training on human resource functions

The survey asked a number of questions about how users of nationally recognised training had extended the utilisation of Training Packages and their constituent competency standards beyond the provision of training. Table 1 summarises the answers to this question.

Table 1 here

Although it might appear strange to include the responses to this question by the non-users of nationally recognised training, the information contained in Training packages is available to all organisations and it is not necessary for an organisation to be user of nationally recognised training to be able to use the competency standards

associated with the training and qualifications. There was also some evidence from completed questionnaires that non-users had interpreted questions on competency standards more broadly than those contained in Training Packages and may often have been referring to competency standards developed by other bodies such as professional associations. Thus, the answers for non-users should be treated with some caution. However, despite this caveat, Table 1 makes it clear that many organisations were going beyond the training only uses of the competency standards contained in Training Packages. In general, the higher the level of engagement with nationally recognised training, the greater the use of competency standards for other human resource management activities.

Half of the enterprise RTOs, those with the deepest engagement with the national VET system, were using the Training Package competency standards for job description writing, job evaluation and performance. The use of competency standards for recruitment and selection is, perhaps, the most likely use that can be made of competency standards in human resource management outside of training and all three categories of respondent indicated that they were widely used for this purpose. A key contrast in Table 1 is on the use of competency standards for performance management. Here, nearly half of both enterprise RTOs and purchasers responded that they used competency standards for this purpose compared to only 18 per cent of non-users (and non-users may have meant standards other than those in Training Packages). Performance management is a critical element in modern approaches to human resource management and is often an activity that underpins other human resource management practices such as training (based on identified needs in the performance management process), succession planning, career

progression and organisational design. The wide use of competency standards in this human resource management activity is a telling sign of the extent to which nationally recognised training is having a major impact on the overall organisation of human resource management in organisations that have adopted nationally recognised training.

Impact of nationally recognised training on all forms of training

The survey also asked questions related to broader training activities i.e. including those not involving nationally recognised training. Table 2 shows how the responding organisations were using competency standards to inform training of existing workers, rather than new entrants which is where nationally recognised training is most frequently used.

Table 2 here

Table 2 refers to the two major forms of Training Packages in the Australian national VET system. Some very large organisations have developed and had accredited their own Training Packages, defining qualifications that pertain only to those organisations. These are known as enterprise Training Packages and the standards therein are referred to as enterprise competency standards. These constitute a very small minority of Training Packages. Most Training Packages are developed on an industry basis, defining the competency standards and qualifications for all occupations in that industry. These standards are referred to as industry standards.

As Table 2 makes clear, the majority of users of nationally recognised training were using competency standards to inform all the training – including none nationally recognised training – which they provide to their workers. Non-users tend not to use these standards. Thus, in organisations which have adopted nationally recognised training, the competency standards contained in the Training Packages are very often used as the basis for all training activities and for all groups of workers.

Moreover, the adoption of nationally recognised training is strongly associated with a general increase in training activity by organisations. Table 3 shows how overall levels of training had increased in organisations that had adopted nationally recognised training either as enterprise RTOs or as purchasers.

Table 3 here

This table shows that almost 60 percent of purchasers and 92 per cent of enterprise RTOs had reported an increase in their overall training activity since the adoption of nationally recognised training. That the adoption of nationally recognised training was the major driving factor behind this large increase in training activity is shown in Table 4.

Table 4 here

For almost 40 per cent of purchasers and 60 per cent of enterprise RTOs the main reason for their organisation's increase in training activity was the adoption of nationally recognised training.

Impact of nationally recognised training on the organisation of human resource management

The results from the survey present strong evidence for the central role that nationally recognised training plays in the broader human resource management practices of user organisations. Both purchasers and the more deeply committed enterprise RTOs clearly use the competency standards embedded in Training Packages directly in important human resource management practices such as recruitment, job design and performance management. Moreover the adoption of nationally recognised training acts as a very strong stimulant to training in the organisation in a general sense. The use of nationally recognised training is not only an important driver of other human resource management practices but also integrates these practices in the organisation. The basic driving component of nationally recognised training in human resource management are the competency standards that form the basis of the qualifications, training and assessment involved in the training. These standards are the outcome of a broad process of consultation throughout the industries and occupations covered by Training Packages and are subject to a regular cycle of review so that they are constantly updated and maintained. Little wonder, then, that these standards are adopted by organisations that use nationally recognised training to inform their other human resource management practices. The wide acceptance of the competency standards in industry means that they can serve to underpin many other human

resource management practices. The use of competency standards allows organisations to align each of their human resource management practices associated with the standards together in precisely the way that bundling theory suggests. Not only can human resource management activities be based on the same set of competency standards but they can also be brought into complete alignment with one another, thus maximising the impact of human resource management in those organisations that use nationally recognised training.

The case studies in the research underlined this point. A high volume training requirement often appeared to provide the impetus for many organisations to become involved with nationally recognised training. However, in many cases, organisations often began to use nationally recognised training more widely after the initial success of nationally recognised training at the operational level. In these cases, organisations became “converted” to nationally recognised training and refashioned their entire approach to training provision. The new model of training was based on a brokering function where the training specialists acted as facilitators for the delivery of nationally recognised training rather than as deliverers of training.

A good example of this process of organisational conversion and its impact on training structures was found at a large national broadcasting organisation. This organisation had for many years been an industry leader in the training of technicians and journalists in broadcasting both in radio and television. The training department consisted of some 65 training staff, predominately instructional staff that prepared and delivered over 200 in-house, off-the-job training programs to all groups of staff in the organisation. This was a very large and traditional training organisation. Around

2000, the organisation relocated its headquarters operations, including training, to more tailored and technically advanced facilities. The organisation at this time was also under intense cost pressure. The recruitment of a new Head of Training was the catalyst for the organisation to completely re-structure its training operations. The Head of Training had significant experience in senior management roles in the broader VET sector and proceeded to realign training in the organisation towards the use of nationally recognised training. The training department was cut from 65 to fewer than 20 staff and jobs were redefined as facilitators rather than deliverers of training courses. The large number of in-house training programs was replaced by the increasing use of nationally recognised training for many groups of staff. Starting in the radio division with the training of radio broadcasting technicians, the use of nationally recognised training spread to management through the use of the Frontline Management Training Package, radio journalists and to the large retail division of the organisation through the large Retail Training Package. At the time of the research, the training philosophy of the entire organisation had been effectively based on the universal use of nationally recognised training as programs were gradually adopted by more divisions.

In some cases this process of conversion led organisations not only to re-engineer their training provision but also to integrate nationally recognised training into their human resource management systems at a more general level as the survey results show. A clear example of this was found in a large telecommunications organisation. The organisation first began to use nationally recognised training in its call centre operations. The dramatic growth of the call centre operations in the organisation had surfaced a large scale training requirement associated with the training of new

customer service representatives for new call centres in a very short space of time. The organisation realised that traditional, off-the-job training approaches would not work well and turned to the use of nationally recognised training through the Telecommunications Training Package. The training was highly successful, with large numbers of new workers trained quickly and with the organisation satisfied that the trained representatives met the required quality standard as a result of using the national Training Package qualifications. From this initial success, the organisation quickly adopted nationally recognised training for other major groups of employees including call centre team leaders and managers, project managers, and training staff. The organisation also took up the competency standards in the Training Packages to develop other human resource management practices. The standards were quickly adopted into the performance management system for customer service representatives where they formed a good basis for performance ratings. They were also used to inform management succession planning by stipulating required behaviours and qualifications for promotion and in broader organisational development activities. Learning and development became the most important element in the organisation's human resource management function. As the General Manager for Learning and Development put it:

In the broader sense, the learning and development function within the business is an enabler of continuous performance improvement. So that is around the development of fundamental skills that are required for the individual to be able to do their job..... Mapping that back to what Training Packages provide us with ... is a formally structured link into that strategy..... a means of providing consistency across the organisation. A nice outcome of that approach is a nationally aligned,

nationally recognised qualification.....Another driver for going down the path of RTO status is that it provides us with an avenue to access other training packages and then to map those packages to our specific business needs.

This is an eloquent statement of the way in which nationally recognised training progressed in the organisation from a cost effective means of providing high volume training to a central element the organisation's entire human resource strategy.

Although the integration of nationally recognised training with human resource management was not uniformly applied across the case study companies, many of the case study organisations explained their use of nationally recognised training in terms of corporate citizenship. Nationally recognised training is often seen by employers as a means of promoting their enterprises as 'employers of choice' especially in tight labour markets and workplaces with high labour turnover such as call centres or hospitality. In one case, by way of contrast, nationally recognised training was used to facilitate necessary labour turnover by providing longer-serving staff with qualifications appropriate to their pay levels and thus enabling them to seek work elsewhere opening up career structures to junior staff and generally improving labour flexibility.

Employers and unions often thought that nationally recognised training facilitated 'win-win' training outcomes: for employers training was delivered flexibly and efficiently and for workers training outcomes led to a nationally recognised and transferable qualification. As one manager put it:

Senior managers had to make a decision whether they wanted to keep it (nationally recognised training) or not. So they made a decision that they wanted it because we

provided our people with a qualification and it also supported career development.

That was the main reason they kept it, regardless of the funding, to differentiate us, to provide people with that development.

Both the survey and the case studies in the project revealed the extensive use of nationally recognised training in reconfiguring and integrating human resource management in user organisations.

The impact of nationally recognised training on human resource “bundles”

The project on the use of nationally recognised training usefully demonstrates the next phase in the development of employer training in Australia. The first wave of training reform included the demand side measure of the Training Guarantee. But employers responded poorly to the compliance associated with the Training Guarantee (Smith and Billett, 2005). The second wave of training reforms emphasised the creation of a more competitive training market in which employers had greater choice of training providers and where nationally recognised training, as embodied in the new Training Packages, could more easily fit with the operational requirements of the business through on-the-job delivery, workplace assessment and the possibility of organisations becoming enterprise RTOs. This stage of training reform coincided with a significant change in the organisation of employer training. New training structures developed that were based on brokerage rather than training delivery and were focused on developing more complex solutions to training requirements with a range of partner organisations (Smith, 2006).

A more decentralised approach to employer training provided fertile ground for organisations to exploit nationally recognised training. Nationally recognised training suited the new approach as it could be delivered in the workplace, could be integrated

into the work routines of employees and provided a qualification that could act both as a benchmark of quality for the organisation and a passport in an increasingly tight and competitive labour market for individuals. These benefits to employers were also underpinned by the employment subsidies and other funding that governments provided to organisations that adopted nationally recognised training, especially through apprenticeships and traineeships. It is not surprising that Australian employers took up nationally recognised training quite substantially after the late 1990s.

The research reported in this paper reveals how this adoption process proceeds in organisations. Organisations appeared to go through three phases in the adoption process. Firstly, organisations would adopt nationally recognised training for a particular group of workers. Often this first engagement was the result of a large scale training need emerging for which nationally recognised training offered a good solution. Typical of this were new call centres where organisations had the need to quickly train customer service representatives to an established standard of customer interaction in a very short space of time. The second phase involved the extension of nationally recognised training to other groups in the workforce. Extension in the second phase depended on the organisation's experience in the first phase. If nationally recognised training had proved successful, then learning and development staff found it easier to persuade managers of the benefits of using nationally recognised training qualifications for other groups of workers. The final stage involves the integration of nationally recognised training into the human resource management practices of the organisation.

At the integration stage, organisations have adopted nationally recognised training for most if not all of their training. Here, the competency standards that underpin

nationally recognised training are increasingly used as the basis for other human resource management practices. At this stage nationally recognised training begins to play a major role in the bundling of human resource management practices. The use of competency standards underpins the approach of the organisation to many of its human resource management practices. But it also serves to bundle human resource management practices together using a common standard and to align the practices so that they achieve internal fit (Boxall and Purcell, 2003). In this situation, the organisation begins to realise the synergies from aligned and bundled human resource management practices that mutually reinforce one another. Earlier in this paper we noted that precise definitions of human resource bundles are lacking. The practices included in bundles vary significantly between authors. However, Boselie *et al*, in a review of human resource management research since the mid-1990s, identify the four most common practices that are bundled together; training and development, contingent pay and reward schemes, performance management and careful recruitment and selection (Boselie *et al*, 2004:73). The case studies in this research project showed that at least three of these practices were being integrated into bundles – training, performance management and recruitment and selection.

The critical mechanism driving this integration and bundling of human resource management practices were the competency standards contained in Training Packages. Not only are the competency standards the building blocks of the training and qualifications, they also specify the performance standards that competent employees should meet in their work. As a result, it is very easy for organisations to adopt the competency standards developed for particular occupations into their performance management and recruitment systems. It is this specification of performance that enables organisations to align their human resource management

practices using the competency standards that have been developed for training purposes. Competency standards become the glue which binds human resource management practices into aligned bundles allowing organisations to radically restructure their approach to human resource management. Furthermore, the research has shown how human resource management functions may become quite overtly based on training. A number of the case studies in the research illustrate this transition as the human resource management directors and senior managers that were interviewed often came to their positions from an employee development background rather than from industrial relations. In non-unionised organisations, of course, this tendency was even more pronounced.

Conclusion

This paper has examined the impact of the adoption of nationally recognised training by Australian organisations on human resource management. The research has shown that the adoption of nationally recognised training which has taken place on a relatively wide scale in Australian business and industry in the last 10 years is having an impact on the development of human resource management systems in many organisations. In some cases this is leading to the development of a more integrated strategic approach to human resource management. However, this research is only indicative. Much remains to be examined. The research has suggested that training may play a more prominent role in the bundling of human resource management practices than hitherto realised. Is this simply the result of the adoption of competency standards that can be used for purposes other than training or does it point to a new ascendancy of employee development as a guiding principle in people management? The changes discovered in this research appear to have come about from the adoption of nationally recognised training and the engagement of more

Australian organisations with the national VET system. What are the implications for public policy with regard to employer training of this development? The last major intervention in employer training in Australia, the Training Guarantee, involved the coercion of employers to spend a certain percentage of wages and salaries on approved training activities. This policy was a manifest failure, raising neither the quantity nor the quality of employer training. Does the success of nationally recognised training provide a framework for a more subtle approach to employer training issues in a public policy sense? These are important questions raised by this research but it appears that, after years of relative organisational marginality, training is now coming to play an increasingly central role in the human resource management strategies of many Australian organisations.

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Table 1
Use of competency standards as the basis of other activities

Reasons for using competency standards	Enterprise RTOs % (No)	Purchasers % (No)	Non-users % (No)
Writing job descriptions	49 (25)	32.4 (11)	25.6 (10)
Job evaluation/classification	49 (25)	26.5 (9)	41 (16)
Performance management	49 (25)	47.1 (16)	17.9 (7)
Recruitment and selection	41.2 (21)	50 (17)	46.2 (18)
Total	100 (51)	100 (34)	100 (39)

Table 2*Use of competency standards for any training of existing workers*

	Enterprise RTOs % (No)	Purchasers % (No)	Non-users % (No)
Use industry competency standards	78.4 (40)	64.7 (22)	25.6 (10)
Enterprise standards	23.5 (12)	5.9 (2)	5.1 (2)
Not used	0 (0)	29.4 (10)	69.3 (27)
Total	100 (51)	100 (34)	100 (39)

Table 3

Increase in total training since adoption of nationally recognised training (enterprise RTOs and purchasers only)

	Enterprise RTOs % (No)	Purchasers % (No)
Increased a lot	43.1 (22)	14.7 (5)
Increased somewhat	49 (25)	44.1 (15)
No change	5.9 (3)	38.2 (13)
Don't know	2 (1)	2.9 (1)
Total	100 (51)	100 (34)

Table 4

Reason for increase in amount of training (enterprise RTOs and purchasers only)

	Enterprise RTOs % (No)	Purchasers % (No)
Adoption of nationally recognised training	57.8 (26)	39.1 (9)
Other reason*	44.4 (18)	30.9 (11)
Don't know	2.2 (1)	13.0 (3)
Total	100 (45)	100 (23)

** other reported reasons included organisations' strategic commitment to training staff, improvements in training infrastructure and/or management commitment and legislative requirements for training.*