

## Essay report

### Challenges of globalisation for TAFENSW

#### Introduction

In the ever changing global economy educational institutions all over the world are finding themselves facing unique challenges which have not been seen before. Because institutions are now forced to compete in a global economy - something which they havenot needed to do previously, the difficulty of these challenges increases as organisations are forced onto unfamiliar territory. Although the challenges may appear at times to be local problems the information age and globalisation means that organisations can no longer afford to look locally but need to consider international markets as both an opportunity and threat to what they do.

This essay report will focus on the question *"Reflect on your experience in TAFE, university, adult education or industry. Identify what you perceive as being the challenges (you can focus on one main challenge or provide an overview of 2-3 challenges) for your institution. Analyse how this institution might respond more effectively to the challenges of globalisation for the benefit of students"*.

Within the TAFE there are many different challenges which are currently being faced, however one of the biggest challenges educational institutions across the board is struggling enrolment numbers. Within the following pages the causes for the drop in enrolments will be discussed along with how this challenge has been influenced by both the local and more importantly the global education environment. This essay will also analyse how TAFE might be able to respond to these challenges on the global stage while maintaining and possibly growing it's standing internationally.

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Firstly the challenge will be broadly outlined with discussion on how this is impacting TAFE. Secondly the individual causes for the drop in enrolments will be highlighted and discussed in further detail. Finally a response for each of the causes will be analysed including how these solutions could enhance TAFEs standing locally and overseas.

## The challenge

Although TAFE faces many challenges to its position within the vocational education and training sector the main challenge which this report will focus on is the drop in enrolments currently being faced across many TAFEs in a range of disciplines. This problem is not unique to TAFE, but is a challenge being faced by many tertiary education providers locally and internationally. Although at first the cause of the issue may appear to be localised to each institution the effect can be traced back to the ever increasing competition caused by the globalisation of education.

For TAFE, like any educational institution, student enrolments is the bread and butter of their funding and continual drops in enrolments can spell disaster. If enrolments continue to decline this will cause a drop in funding, which in turn could cause the loss of jobs, cuts in the number of apprenticeships, cuts in the amounts of courses/places offered and even the closure of TAFE campuses. Currently there is freeze on non-essential places within some parts of TAFE which points to the direction these problems are leading to. As the world changes rapidly so to do education providers, and solutions which may have worked fine several decades ago are no longer suitable as solutions today. The changing world and the information age brings new and innovative resolutions to the problem but organisations must be quick to adapt and move forward else the competition beats them to the mark. In order to survive organisations must adapt.

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### The causes

When dissecting the challenge further we begin to see many causes. The drop in enrolments cannot be blamed on any one factor but in fact many smaller ones can be identified which have arisen over time. Some of these causes are based upon globalisation and our ever progressing world. The causes which are discussed here are the increase of private RTOs, loss of government contracts, competing organisations offering VET qualifications and weakness in international students. These issues are discussed below and later possible solutions are analysed and offered.

#### Rise of private RTOs

One of the biggest threats to TAFE which is causing a considerable loss of enrolments is the rise in private registered training organisations or RTOs. As a way to increase competition the government has eased the conditions that RTOs need to meet in order to commence business and this has seen a steady increase in training providers (ref, 1234). This has been helped by government incentives given to training providers in order assist them in opening their businesses, as well as providing student sponsorship places through the productivity places program or PPP.

The increase in competition has also caused the loss of several government contracts which have been won by private RTOs. In mid-2010 contracts for adult language, literacy and numeracy courses were won by private providers such as Navitas and Mission Australia. This caused a loss of \$50 million dollars of funding which in the past TAFE had received. Although the increase in competition and the governments competitive tendering policy will increase the quality of training being delivered,

TAFE was slow to respond and possibly neglected to see the threat at hand. This neglect as significantly impacted on TAFE as the student numbers from that course have been lost to external providers causing not only a drop in enrolments and funding but has open the eyes of other RTOs that it is possible to take a piece of TAFE's market share.

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### Competing organisations offering VET qualifications

Linked to the increase competition, another cause for the drop in enrolments is the recent increase in higher education, private providers and even secondary schools training in VET levels of certification. Secondary students can now elect to complete a Cert II in IT as part of their HSC and similarly Victoria University offers a Cert III in Library and information services, Swinburne university offers a Cert III in Children's Services , whereas UNSW offers a Diploma of International Business just to name a few. These qualifications are areas that TAFE has traditionally been very strong with while other types of educational institutions have traditionally held other forms of qualifications such as studying through university to obtain a degree. With the threat of increased competition many institutions have decided to move out of their traditional qualification areas and the lines between what type of institution provides what qualification has been blurred. A further example of this and an excellent form of response is TAFE's decision to offer degrees in Information Technology and Design.

The decision by training providers to offer courses traditionally offered by other providers is causing an increase in competition. Students decisions to study, for example, a Cert II through a university instead of TAFE is allowing more choice for students but this competition is also causing a drop in enrolments for TAFE who have only recently responded to this change in early 2010.

### Weakness in international students

When compared to other institutions such as private RTOs and universities TAFE has fallen behind in regards to international studying locally on campus under a student study visa. This is due to TAFE's more narrow focus on the local community each campus is situated in. In recent years DET has setup a department, known as DET International, to assist in the sale of DET based education overseas, However the focus of this department is not the promotion of TAFE courses internationally, nor assisting students in applying for courses as this is still managed on an institute level.

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Although the South Western Institute of TAFE has off shore facilities, among other places, in Abu Dhabi (also known as ADVETI) and most recently in Vietnam these are a strong but very limited market share. Due to TAFE's slowness to respond to globalisation through neglecting the international markets they have been left behind other providers who have charged ahead in this area. Although this has not caused a drop in enrolments directly ignoring the international markets has meant a loss of potential student numbers which could have bolstered the ailing enrolment figures.

A final issue which is out of the hands of TAFE has been the recent bad publicity this Australia has received about the treatment and safety of international student studying here. This bad publicity has been caused by a spate of attacks on international students in Melbourne and by the shutting down of an RTO in Sydney.

## The response

As pointed out above there many causes of the drop in student numbers currently being experienced by TAFE and because of this there cannot be one solution which will resolve the problem. Instead a multi-pronged response must be devised to combat the situation. By analysing each cause individually a response or solution which best fits each individual cause can be found. As each cause is individually treated collectively the larger cause will be resolved.

Response to rise of private RTOs AND competing organisations offering VET qualifications In response to the increase of competition TAFE needs to adapt their current business model to better do business in the 21<sup>st</sup> century. TAFE has already published a paper in 2008 entitled TAFE NSW: Doing business in the 21<sup>st</sup> century which proposes and also implements several strategies for moving forward. Three important strategies in this paper are "Strengthening locally customised responses", "Building a new relationship with industry" and "Implementing personalised learning services". These three responses all hinge of

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TAFE's already strong links to local community, direct relationship to industry and their focus on crediting students with recognition of prior learning (RPL).

By leveraging on existing strengths which other training providers tend not to have, TAFE will be able to increase student numbers and enrolments. However for this to work new procedures to ease the creation of customised courses as well as an automated online RPL procedure needs to be put into place, both of which have been outlined in TAFE's current plans. This new enhanced focus also needs to be strongly marketed to existing and potential students as a way to make their course more targeted to their specific learning needs as well as shortening their study times. This will make studying at TAFE much more attractive when potential students are choosing between TAFE and other training providers.

Additionally TAFE should continue to find new programs which can be seen as safe from the competition. Current examples of these include apprenticeships, the VCAL program in Victoria(VCAL), which allows students to work and study at the same time, vocational education programs which allow students to work and study part time while studying their HSC and the TVET program which allows secondary students to gain relevant industry skills while also contributing to their HSC.

By building upon existing strengths TAFE will be able to further carve out a niche in the local markets which will increase through effective marketing. If these same strategies are applied to the response to international markets this could further solidify TAFE on both the local and global markets.

## Response to weakness in international students

As stated above TAFE has a strong offshore presence in Abu Dhabi and Vietnam, however this is a very limited market which also has competition within the host country.

Additionally each TAFE NSW institute has to setup and maintain these arrangements on their own, for example South Western Institute has arrangements with Abu Dhabi, where the Northern Institute has arrangements with China. TAFE would be able to reduce

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overheads and offer a wide range of courses in host countries if these programs were managed at the state or even national level. Although DET does have an international branch known as DET International, this department handles separate business functions to the TAFE owned programs.

When looking at the TAFE website, there is little information on offer to prospective international students which could highly discourage those looking to study on a visa. Instead international students and their applications are handled by the institute and campus levels. This creates a duplicate of information on websites advertising the courses and increases overheads at each campus to market and process applications. It also means that international students need to search several websites and apply several times across different institutes. With the low amount of international students currently studying in TAFE there is little support for students while they are on campus. This can leave them feeling lost and isolated in a foreign country which has the potential to increase the failure rate or have a negative effect on student retention rates. The low levels of international students also leaves staff unfamiliar with procedures and policies regarding these students. This means that teaching staff are unable to properly support international students and in some cases teachers may not even be aware that an international student is in their class.

In response to this problem further marketing of courses needs to be given to international students to show the benefits of studying at TAFE. As this is a highly competitive market, TAFE needs to learn to compete with private providers whose entire business model is built upon the dollars that international students bring in. It would be worthwhile for TAFE to adopt a similar model at a national or state level. Additionally TAFE also needs to provide more support for international students once they are on Australian soil. This will increase student retention rates and also make studying abroad through TAFE more attractive and increase international student enrolments. This support could come in the form of an international student support services department located on each campus which could assist with housing arrangements, work arrangements, visa questions and general study assistance. Further training and support needs to be given to teachers of international

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students including an understanding of policies, procedures, visa requirements and the identification of international students within a mainstream class. This training and support could also be provided by a local international student support unit on each campus.

## Response to inability or slowness to react

One further issue not specifically discussed above is the inability or slowness to react. Although it has not been specifically outlined it has been an undercurrent in many of the causes discussed above such as the rise of private RTOs and competing organisations offering VET qualifications. This inability or slowness to respond is a very strong undercurrent within the TAFE system and the issues discussed above, along with many other issues currently faced by TAFE could have been avoided by being more forward thinking, aware of global trends in education, having an awareness of the competition and taking a proactive role in the advancement of TAFE.

## Conclusion

In conclusion there are many challenges being faced by TAFE, many of which have grown from the changing global environment. The current drop in enrolments has been caused by many different factors, some of which stem from the inability or slowness to react such as not adequately responding to the rise in private RTOs or other competition in the market, some of which are offering the same qualification levels as TAFE. Additionally TAFE's weakness in the international market has not necessary helped to increase student enrolment numbers and further focus here could launch TAFE into new markets and greatly increase the amount of students and funding from overseas.

TAFE needs to move quickly if it is to respond to these challenges in time. By developing and adequate response TAFE will be able to better position itself in the VET market and also learn to compete with universities in the higher education market. As discussed TAFE has already developed a response through their TAFE NSW: Doing business in the 21<sup>st</sup> century paper, however this paper does not address all of the issues currently being faced by TAFE.



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By increasing its focus on the global markets and adopting a more proactive attitude towards change and the future, TAFE will be able to overcome the challenges discussed here and negate the threat of privatization or closure.

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