Key issues

- Defining governance and the importance of governance
- VET governance frameworks
- Defining successful performance
- System level performance
- Provider level performance
Defining governance

- ‘Corporate governance encompasses the arrangements by which the power of those in control of the strategy and direction of an entity is both delegated and limited to enhance prospects for the entity’s long-term success, taking into account risk and the environment in which it is operating’.
‘A well-governed organisation will clearly understand what it is required to achieve, will be organised to achieve it through the success of its executive management and will focus on ensuring it achieves its goals. In other words, by ensuring that the effort of an organisation is well directed, a well-governed organisation will be more efficient and more likely to produce effective outcomes. Governance should be enduring, not an instrument that is exercised from time to time depending on circumstances. A good governance framework should guide the actions of individuals by providing clarity of direction as to appropriate behaviour and decision-making. When working well, a governance framework produces better outcomes simply because it exists.’ (Uhrig Review, 2013)
Governance framework for VET

- VET governance arrangements vary significantly from country to country (and within countries) but generally must encompass:
  - The overarching legislation that establishes and confers powers on the entities in a VET system including VET institutions as well as policy, funding and regulatory arrangements.
  - The functions and powers of individual entities.
  - The processes for development, provision, awarding and assessment of qualifications, standard setting, provider accreditation/registration.

- Governance arrangements also vary according to the level of government responsible for VET and how VET relates to schools and higher education.
Governance framework for VET

- VET governance models range on a spectrum to devolved to centralised and can change as governments change.
- Most VET systems integrate industry into governance in decision making, standard setting and through formal incorporation of the role of industry in apprenticeship provision (for example the dual system in Germany).
- This adds complexity to defining and measuring success as employer decisions have a fundamental effect on system performance.
Governance framework for VET

- Highly devolved VET systems are more difficult to govern including setting and monitoring national or system level objectives
  - Individual jurisdictions and providers have considerable autonomy in what they do and how they do it and may not regard themselves as part of a ‘system’
  - Difficult to establish clear lines of authority and accountability

- Market oriented systems also present major challenges
  - Non government providers only accountable for government funding and accreditation requirements
  - Performance monitoring can create real challenges
  - Risks and consequences of market failure
System level performance

- Performance measures must relate to broader governance objectives.
- It is important to distinguish between system performance and the performance of individual institutions and providers.
- System level performance is focused on aggregate outcomes and outputs and can be measured against government policy objectives.
- In Australia each year the Productivity Commission produces a Report on Government Services including VET across several different dimensions.
**Key to indicators**

- **Text**: Most recent data for all measures are comparable and complete
- **Text**: Most recent data for at least one measure are comparable and complete
- **Text**: Most recent data for all measures are either not comparable and/or not complete
- **Text**: No data reported and/or no measures yet developed

* A description of the comparability and completeness of each measure is provided in indicator interpretation boxes within the chapter.
Limitations of system level performance

- System level performance is important but tends to focus on outputs and outcomes
  - Aggregate performance can mask weaknesses in individual providers and groups of providers
  - System performance should be defined broadly to include the effectiveness of inputs and processes and how they affect the performance of providers
    - e.g. relevance of standards and qualifications, performance of funding and regulatory bodies
  - VET systems should be defined broadly to include the role of industry
    - e.g. level of investment in apprenticeship and on the job training
VET Institution quality frameworks now common in many countries

Tension between the use of quality frameworks for regulation, audit and compliance and for continuous improvement in providers
  - Standards and processes for continuous improvement may not be appropriate for regulation and audit

What is the role of government
  - Protecting student and the public interest and ensuring the quality of VET qualifications?
  - Assisting with student and employer choice
  - Facilitating continuous improvement in providers?
  - Difference between government and non-government providers
  - Can these two objectives be achieved within a single framework?
Institution level performance

- Governance principles suggest that quality assurance should be broadly rather than narrowly conceived to include all aspects of an institution’s processes and systems.
- Benefit of separating out assurance of integrity of qualification provision and certification from institutional performance systems.
- Importance of ensuring performance measures (student and employer satisfaction, employment outcomes, completion rates, student destinations) can be assessed and reported at institution level.
  - Sample sizes must be sufficient to ensure this.
Concluding comments

- Sound governance frameworks and good governance is critical to the success of VET
- Need to think about VET system performance broadly
- Benefits of independent governance models incorporating industry
- Performance systems and performance measures should drive and support continuous improvement and innovation not just regulation and compliance
- Compliance focus should be primarily on the integrity of certification and qualification issuing