BRIDGING THE SKILLS GAP

Research and Insights

for an impact on your World of Work

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BACKGROUND

Background

Our research found that, overall, 70% of organisations in Australia are already experiencing skills shortages:

82% of the public sector
73% of large organisations
64% of small business
62% of medium organisations
60% of not-for-profit organisations

The largest skills shortages exist in:

• Accountancy & Finance positions in small businesses (50%)
• Technical positions in large organisations (38%)
• Engineering positions in the public sector (32%)

BRIDGING THE SKILLS GAP
STRATEGIES

Bridging the Skills Gap

Strategies

1. Be flexible

2. Have a plan

3. Create an employment brand

4. Source far and wide

5. Train and develop

6. Focus on retention

1. BE FLEXIBLE

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Be Flexible

**84% of businesses said they offer flexible work practises –
89% of small business and 100% of the public sector**

- Flexibility to adapt to a changing market – what's working & what's not.

- Flexible work practices will be main strategy to attract employees moving forward (Hays survey)

- Embracing flexibility will help in retention of critical skills & widen pool of potential talent.

- Consider transferable skills – both with existing staff and when recruiting.

- Recruit on potential – think long term - you can train graduates or less experienced staff with the right culture fit, rather than try to recruit the specific skills.

Be Flexible

46% of large organisations are working on changing their culture in support of flexibility
53% of companies offer paid parental leave - 95% of public sector and 58% of NFP and large organisations

- Cannot use a "one size fits all" approach
- Flexibility must be available to everyone if job allows and outcomes can still be achieved

Telecommuting
- 46% of organisations offer staff the option to work from home or alternate location
- 'Digital nomads' – portable technology means you can work from anywhere
- A way to offset salary increases – offering telecommuting reduces employees' costs & keeps good workers happy
- A great performance management strategy – allows improved productivity, decreased turnover rates, excessive leave time & decreased absenteeism

Flexible Working Hours
- 82% of organisations offer flexible working hours

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Be Flexible

86% of organisations offer part time employment

Part time employment
- Increasing number of jobseekers who have a need or preference for part time work to balance work and personal commitments

Job sharing
- Retain the skills of an employee who can no longer work full time
- Assists in filling roles that are more routine or monotonous in nature

Compressed work week
- 40 hours over 4 days, etc.

What flexibility means to the different generations
- Gen Y – believe it is a given & expect employers to have strategies in place
- Gen X – don't want to work the long hours Baby Boomers deemed necessary
- Baby Boomers – will work longer hours as believe it leads to career success – although this is now changing as they age

2. HAVE A PLAN

Have a Plan

You may be experiencing a skills shortage if …

- One dimensional sourcing – an ad in the local paper

- No development of employees – no investment in building skills and motivating employees

- Geographically isolated – regional or rural areas

- Low pay – not keeping aware of market rates

- Unsociable hours

- Dangerous & dysfunctional work environment

- Employer expectations – expecting to be able to hire exactly what you are looking for at the price you want to pay when you need it

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Have a Plan

- **Workforce Plan**
- **Recruitment Plan**

- Your Workforce Plan helps identify key roles and skill gaps/ competencies where you should focus your recruitment and training efforts.

- Recruitment planning – what are you looking for?
  - Benchmark top performers – what makes them successful?
  - Assess a candidate's values and motivators for culture fit

- Quicken the pace or miss out on the best quality candidates – shorten interview to offer timelines – plan ahead

- Tailor your offer to suit each candidate's needs and wants – prepare to negotiate

- Use an expert recruiter to access the "passive" market

Have a Plan

20% of employers use temporary staff on a regular ongoing basis – underutilised resource

Temporary Assignments

- Provides ability to access specific skills & broadens the pool of talent
- Flexibility – can fill both short & long terms needs at short notice
- Supports permanent staff – helps reduce their stress and heavy workloads
- Reduced administration burden – no need to worry about payroll administration costs
- Popular with candidates – many only want to work casually and pick up new skills quickly

Mobile Technology
Greater opportunity to reach a wider pool of talent quickly

3. CREATE AN EMPLOYMENT BRAND

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50% of companies surveyed are taking steps to create a favourable employment brand

What is an Employment Brand?

- The way in which current & potential employees view an organisation as a place to work, eg
  – Socially responsible
  – Results oriented
  – Pioneering

- Communicates your culture, values and beliefs – company "personality"

- Communicates what it's like to work for you and why employees stay

- The power of an employment brand should not be under estimated

- BRW's Great Place to Work list - #1 Network Appliance has an impressive reputation amongst candidates
  - **Strong career pathway**
  - **Employees enjoy turning up for work each day**
  - **Complete trust between management & employees**

Employment Brand

Employer of Choice

Hays website survey – 408 visitors – top 6 sectors

1. Federal, State or local Government
2. IT&T
3. Resources & mining
4. Not-for-profit
5. Big 4 accounting firms
6. Banking

- Multiple mentions : Google, Rio Tinto, BHP Billiton, KPMG, PricewaterhouseCoopers, Apple, Virgin, NAB and Westpac

- When deciding between 2 job offers the top 3 factors were :

  - 84%   -   Work/life balance
  - 81.5%   -   Salary
  - 80.9%   -   Training & development

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Employment Brand

Identify your EVP (Employee Value Proposition) - an EVP is critical to an employment brand

- By communicating your EVP you will attract like-minded candidates who are a natural fit with your organisation

- Warning : An EVP must be consistent with the actual experience of working for you

- Identifying your EVP:
  - Employee focus group to survey the employee experience
  - Review staff policies re your culture and values
  - Marketing materials communicate your EVP
  - Website makes statements about your organisation
  - History of your organisation
  - Surveys of internal & external audiences – clients, industry associations, training schools
  - Extract the core values from your research – this is your EVP

Employment Brand

Hays conducted a survey January-February 2011 on our website

Is the experience of working for your employer what you thought it would be before you started?

- 32%   said the experience of working for their employer is nothing like the company said it would be

- 42%   said that the experience has been, in some ways, what they were expecting, but in other ways not

- 26%   said their experience of working for their employer is what they were expecting

4. SOURCE FAR AND WIDE

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Recruiting from Overseas
57% of organisations actively employ candidates interstate; 62% of large organisations actively seek overseas applicants compared to 22% of SME's

- Net migration to Australia in 2008/09 was 313,400 people but decreased in 2009/10 by 31% (97,800 less people)
- In 2009-10 there were 67,980 long-stay business visas (38% decline from the previous year) and 183,160 working tourist visas granted
- Graham Kraehe, Director of the Reserve Bank, BlueScope Steel and Brambles said skilled migration must be increased to counter skills shortages and a looming wages breakout.
- New "enterprise migration agreement" for resources sector allows for fast-tracking skilled migrants for 'mega' resources projects
- Accessing interstate & overseas workers is easier using international recruiters, eg CNI Brisbane – roles included communications, contract management, engineering & accountancy – 1700 applicants – 25 successful employees

Mature Age Employees

**Our research indicates that mature age employees, as a group, are not being considered as a skills strategy.
69% of organisations said they are not targeting mature age workers when recruiting**

- Defined as people aged over 45 – currently the median age in Australia is 37 – predicted to rise to 47 in 2051.
- 85% of the growth in the Australian workforce over the next 10 years will be in the 45 years plus age group
- Human Rights Commission report warns "prejudice towards mature age workers and an ageist culture appears to be invisible, accepted and largely unacknowledged"
- Age-friendly recruitment practices are essential:
  - language in advertising, attitudes of hiring managers, focusing on skills and experience rather than age
- Most common strategies to attract & retain are flexible working options eg: telecommuting; flexible start & finish times, phased retirement, working part-time and job share

Women in the Workplace

EOWA/Hays report found that women in the Australian labour force, including women wishing to return to work, remain an under-utilised group of skilled workers

Bain & Company survey

- Both men & women aspire to be senior leaders but fewer women make it – "The great disappearing act"

- Top 3 challenges, stated by men, facing women in the workplace:
  - 24% of men said women must work harder than men to gain equality and respect amongst peers;
  - 31% said women struggle against boys' clubs and male-dominated working environments, and
  - 20% mentioned the difficulty women encounter in balancing work & family commitments.

- Few organisations see a business case for gender parity (eg equal career development & leadership opportunities) – while more than 80% of women agree it should be a critical business imperative, only 48% of men agree.

Women in the Workplace

62% of organisations have practises in place to help women into senior management

Gen F report by EOWA and Hays listed key engagement factors :

- career progression
- training opportunities
- workplace flexibility
- nature of the workload
- performance feedback
- level of decision-making
- relationship with their manager

1/3rd of women left their last job due to inadequate career development and progression opportunities

Common practices to develop women into senior roles:

- Establishment of steering groups and active mentorship
- Coaching or networking programs to build confidence, plan their career
- Train both male & female managers in how to develop female staff into senior management roles
- Young women look for female role models in senior positions

Former Employees

A valuable source to re-employ, mentor or provide referrals - "boomerang" employees

Maintain contact with valuable former employees

- Formal or casual alumni program (alumni Facebook groups)
- Regular networking events
- Online forum to share company news and job opportunities – short & long term

Former employees bring back

- Corporate knowledge, skills & experience
- Required certificates or clearances
- Know your systems and processes
- Higher productivity due to renewed sense of commitment
- Can be used for project needs
- Can be a great source of referrals
- A strong cultural alignment

Source Far and Wide

The power of social media

- In 2010 Gen Y outnumbered Baby Boomers - 96% of Gen Y have joined a social network
- Fastest growing segment on Facebook is 55-65 year old females
- 34% of bloggers post opinions on products & brands
- 78% of consumers trust peer recommendations
- Word of mouth is becoming "world of mouth"
- Over 90% of on-line teens (Millennial Gen) use social networking sites

Using social media in recruitment:

- Technology & social media both used to add value to recruitment
- Take advantage of the accessible information provided by candidates
- Integrate mobile technology in your recruitment process
    (Took 2 years to sell 1 million iPods, 78 days for iPhones & 28 days for iPads)
- Beware the repercussions of not making a good impression – expect candidates to share their experiences
- Use it as one tool, not to replace other methods or speaking to candidates

5. TRAIN AND DEVELOP

Train and Develop

67% of businesses are dealing with the skills shortage by training existing staff. 52% believe this is the best way to combat the skills shortage

- Open communication - discuss career goals and organisational needs and then mutually agree development plans

- Train existing staff into skills-short areas

- Invest in and train up graduates & less experienced candidates with transferable skills

- Allows you to draw from a wider pool of candidates and employees, many who may be a stronger cultural and behavioural fit

- The majority of organisations surveyed are using vocational training institutions to up-skill and develop staff

- Mentorships are gaining in popularity

Train and Develop

68% of organisations do not have a plan to retain the knowledge of their mature age workers. Public and NFP sectors were highest with 42% having a plan. Mentoring was the most likely plan followed by training and documentation

Mentorships

- Less experienced employees gain the knowledge of their more experienced colleagues on a one to one basis

- Experience, ability and the capacity to share knowledge and assist a colleague are more important in a mentor than their age

- Assists in retaining technical and specialist knowledge as well as assisting in the career development of mentees – very important for staff retention

- Mentors should be formally trained to ensure they have the tools to transfer their knowledge and skills and that they establish a program and timetable for completion.

The difference between mentoring & training

excerpt from "Getting Connected" by Mary Ann Hunter

Mentoring	Training
Supports career development	Supports job performance
Based on mutually beneficial exchange	Concerned only with one-way skills transfer
Places attention on the organisation or 'big picture'	Focus on the specific job/role
Enhances personal and professional growth	Focus on performance indicators related to the job or skill
Focus on effectiveness	Focus on efficiency

Train and Develop

Debunking the myth of older generations and training

- Myths – mature age workers are set in their ways, do not want to learn
- Training was 2nd most common strategy to retain mature age workers – majority of them want to continue to learn
- Need to determine best method of training, eg on-line, formal classroom, as some not as confident as younger counterparts

What are the benefits?

1. Increased job satisfaction and morale among employees
2. Increased employee motivation
3. Increased efficiencies in processes, resulting in financial gain
4. Increased capacity to adopt new technologies and methods
5. Increased innovation in strategies and products
6. Reduced employee turnover
7. Enhanced company image
8. Greater risk management
   etc …..

6. FOCUS ON RETENTION

Focus on Retention

Developing a retention plan was seen by 54% of respondents as the best way for organisations to combat the skills shortage, however only 38% said they are currently developing one
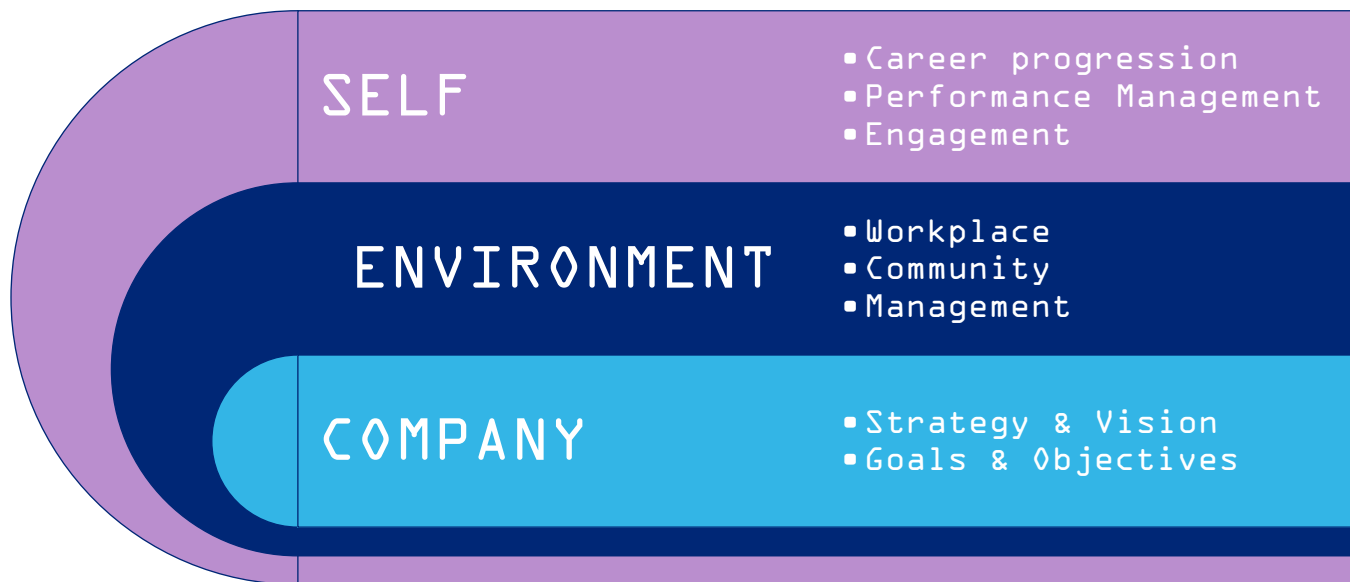
- **Retention** starts with great recruitment - clearly identify your great performers & aim to ensure new employees fit this criteria and that their values and motivators are aligned to your culture

- **Formal performance feedback** is critical to retention– a robust, regular appraisal system that is user friendly and managers are committed to

- Top talent is always interested in **career development** – give them additional responsibility, and experiences one level up

- **Succession planning** is more critical than ever for retention of key staff

- **Engagement** factors include career progression, training opportunities, workplace flexibility, nature of workload, performance feedback, level of decision-making, relationship with manager

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Focus on Retention

Key retention initiatives
• Ensure your people managers are trained, supported & measured on employee retention
• Provide clear career paths with training and development opportunities for all
• Have systems in place to make sure your employees are rewarded, recognised for their achievements and that they feel valued
• Tailor your salaries, benefits, incentives and flexibility options for each employee.
• Allow your staff to make important decisions – trust them

Retention Plan in Action

SELF
- Career progression
- Performance Management
- Engagement

ENVIRONMENT
- Workplace
- Community
- Management

COMPANY
- Strategy & Vision
- Goals & Objectives

CONCLUSION

As Australia moves further into our next boom cycle the ability to bridge the skills gap and secure the top talent will be critical to success

We have presented these six strategies to help you consider how you will bridge the skills gap

Be flexible
Have a plan
Create an employment brand
Source far and wide
Train and develop
Focus on retention

THANK YOU