

Skilling the Existing Workforce

An Australian Industry Group Project April 2007

Introduction

The Australian Industry Group's major 2006 report *World Class Skills for World Class Industries* highlighted the importance of workforce skills to the competitiveness and responsiveness of Australian enterprises and to the productivity of their employees and the Australian workforce.

The report also demonstrated that Australian firms are increasingly looking to their existing workforce as a significant source of new skills.

As the population ages, and the size of the traditional workforce shrinks, the more innovative options now being used by some firms will be increasingly on the agenda across the country.

Ai Group has now commenced a national project focussed on identifying and better understanding how the skilling needs of existing workers are being addressed and how current workplace practices might be built upon to achieve accelerated outcomes for enterprises and individuals*. The project will also look at the policy implications for both government and industry.

The project has four elements:

1. *The development of targeted consultation papers for enterprises and vocational education and training stakeholders* to put the issue into context and to raise the key questions for each group around how skills are being and can be developed in the workplace.
2. *A national round of consultations* to give companies the opportunity to discuss the issues raised by the research from a practical, industry perspective and to talk through the proposed approaches with a view to identifying

potential approaches and specific models to be tested through implementation of pilot programs. (Separate consultations will be held for other stakeholders)

3. *Approaches to workplace skilling* will be trialled through the implementation of identified approaches or models as case study pilot programs.
4. An evaluation to document and review the outcomes of the trials.

To support the first element of this project Ai Group has commissioned the *Skilling the Existing Workforce Background Report* which has been developed to identify the key issues associated with workforce skilling and to identify possible strategies and models for enterprises, individuals, the education and training system and government. This report can be accessed through the Ai Group website www.aigroup.asn.au.

Key Issues for Consideration

The focus on workforce skilling is being driven by a range of factors including demographic change, high rates of economic and employment growth, delayed and complex patterns of labour market entry by young people, intensifying skills requirements relative to the capabilities of the current workforce and skills shortages in some occupations and in some geographic areas.

In his *Skills for the Future Statement* of 2006 the Prime Minister said:

One of the biggest skills challenges we face as a nation is to improve the basic skills of our workforce. Almost a third of Australians aged between 25 and 64 are without Year 12 or equivalent qualifications.

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Many adults fall short of functional levels of literacy and numeracy which are now essential for just about all jobs, and certainly all jobs that involve the operation of computers and digital technology.

This problem largely reflects lower education participation by young Australians two and three decades ago and previous migration programmes which placed much less emphasis on skills.

Because many Australians left school or arrived in Australia without the levels of English literacy and numeracy necessary to gain qualifications, they miss out on the opportunity to move into more skilled jobs. This leaves them vulnerable to economic change and Australia misses out on their full potential.

Ai Group member companies have also told us that this issue is not limited to the skilling of low skilled workers; that the broad issues also apply to moderately and well skilled staff.

This *Skilling the Existing Workforce Project* will look at what enterprises are currently doing in terms of the upskilling and retraining of their existing workforces to ensure they have the skilled staff they need. It will also

look at the extent to which current training policy and training delivery arrangements are meeting the challenge of workforce reskilling and boosting educational attainment levels amongst adults, particularly in areas of skills and knowledge essential for increased workforce participation and productivity. As this project is centred on the needs of those people already in the workforce it will not be focussing on the entry-level training system – on apprenticeships and traineeships – beyond recognising that this system plays an important role in providing an initial skill base on which subsequent training can build.

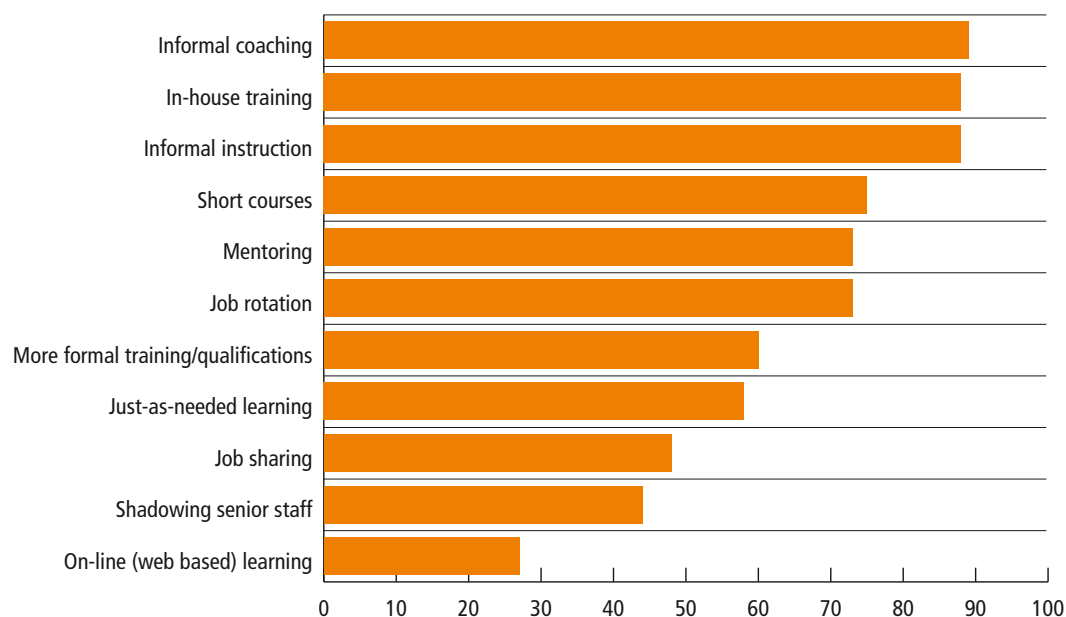
Workforce Skills – Scope and Context

The Organisation for Economic Co-operation and Development, in its work on the Knowledge Economy, distinguished between formal learning (structured and accredited), non formal learning (structured but not accredited) and informal learning (non structured and non accredited) and emphasises that non-formal and informal learning are particularly important for adults.

As many employers have commented, experience gained through time spent in the workforce and informal,

Table One: Types of Learning Opportunities, Australian Companies, 2005

Does the learning experience in your company include the following approaches?



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unstructured learning is often more important in successful workforce participation and progression than formal training and qualifications.

This is in keeping with the findings of the *World Class Skills for World Class Industries* report which indicates that both formal and informal learning approaches are important strategies for Australian enterprises. The report illustrates the range of approaches to learning employed across the companies surveyed.

Informal and non formal learning should not be seen as alternatives to formal learning, rather, as alternative ways of learning which can be flexibly applied according to individual and enterprise needs and circumstances within a broad workforce development strategy.

The OECD has defined knowledge required in a modern economy as;

- *Know-what* which refers to knowledge about facts
- *Know-why* which refers to scientific knowledge of the principles and laws of nature
- *Know-how* which refers to skills or the capability to do something
- *Know-who* which involves information about who knows what and who knows how to do what.

These distinctions are important because formal qualifications often reflect *codified* knowledge – that is, ‘know what and know why’ forms of knowledge reflecting accredited standards and curriculum, whereas *tacit* knowledge is more commonly acquired through experience, through the application of codified knowledge, from observation and working with others and is more about ‘know how’ and ‘know who’.

Intensifying skills requirements are driven partly by technology but more it seems the context within which skills are being applied is driven by factors such as globalisation, changes in technology, the growing sophistication of consumers, niche markets and product differentiation, and increased regulatory, health and safety and environmental considerations.

With these changing and intensifying skills requirements, how workforce skills are acquired becomes increasingly important. Can these skills be taught or can they only be acquired through experience?

Some commentators have proposed that Australia should adopt a workforce skills development approach to skills and training as a broad strategy covering all forms of learning and skills acquisition using informal, non-formal and formal learning and a blending of these approaches rather than the traditional and formal definition of vocational education and training. If workforce skills development strategies are to be adopted and implemented in Australia, new and innovative policies and strategies need to be developed and adopted by both government and enterprises.

Issues for Consideration

Roles and responsibilities

Skilling is a shared responsibility and while there are roles for government and other vocational education and training stakeholders, including training providers; enterprises and individuals, our concentration is on the first two categories.

Government and other vocational education and training stakeholder level strategies

The research commissioned by Ai Group suggests there is a broad range of specific strategies which governments together with industry could consider to raise levels of participation in and the quality of workforce development including;

1. Helping to raise the quality of both formal and non-formal workplace learning
2. Building strong linkages between non-formal and formal learning
3. Helping to build networks and intermediaries, for example between HR practitioners and RTOs
4. Raising awareness of the importance of high-quality workplace learning
5. More flexible funding arrangements to increase the level of and links to enterprise level workforce development strategies
6. Creating more flexible qualifications structures
7. Ensuring that definitions, design and delivery of competency standards and qualifications are consistent with international best practice and international benchmarks

8. Exploration of expanded government involvement in structured non accredited learning and training in areas of high and immediate industry need.

Enterprise level strategies

The research also suggests a number of strategies at the enterprise level that could be considered including;

1. Fully integrating workforce development into business strategies and plans
2. Setting and monitoring clear targets and benchmarks for required skill-levels within the enterprise to deliver on its business goals
3. Developing individual learning plans for employees encompassing both informal and formal learning linked to career paths and employee goals
4. Developing management roles and accountabilities which clearly set out managers roles for workforce development for individuals and workgroups
5. Using workforce development strategies as a key element in employee attraction and retention strategies
6. Employing strategies to more effectively link in formal and non-formal learning to formal learning
7. Adopting strategies to broaden participation in workforce development strategies at the enterprise level
8. Extending access to workforce development programs to casual and part-time employees where it is currently not available
9. Working with suppliers, contractors etc to develop workforce skills in common required areas through supply chains
10. Developing strategies to identify, capture, apply and disseminate new knowledge generated through workforce development strategies as part of productivity and continuous improvement strategies.

The diverse means by which adults acquire skills and knowledge, together with deepening and intensifying skills requirements highlight the importance of good teaching and learning strategies which are relevant, effective and high quality. While there is considerable research on what makes for effective workforce skills development, many of these findings are yet to be practically applied. This project will provide the opportunity to test the research findings in a range of company settings.

Where to from Here

The project runs from January 2007 to mid-2008. There are a number of opportunities for companies to be involved – taking part in national consultations which will be conducted over March/April, making submissions on the consultation paper up until the end of May, or as one of the pilot sites through which to test the models and approaches from May to March 2008. Project progress will be regularly updated and progress reports will be available through the Ai Group website www.aigroup.asn.au

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