



How to Advance The Capabilities of Today's Workforce



Bolstering Employability Demands An Attitude Change



ManpowerGroup™



Even though, compared to the current situation in Europe, unemployment isn't a big problem in neither Australia nor New Zealand; we are facing a changing world of work. The overall population is aging, yet younger generations lack the skills, experience and mindset to fill the shoes of workers who are ready to retire.

Australian and New Zealand companies have started to step up their efforts to better prepare candidates, by structuring more robust, innovative training initiatives. Now, training is better coordinated, more thorough and increasingly customised.

But there is significant room for improvement. Many companies still don't recognise the ROI offered by training when compared to the causal effect of not hiring or training new workers to replace retiring workers. A 2012 ManpowerGroup survey on this issue found that 45% of Australian and 53% of

New Zealand companies just don't have formal training or apprenticeships. But companies don't entirely own this burden. Bolstering the employability of today's workforce is a responsibility shared with today's individuals, educators and governments.



TRAINING THEN

- ➔ One size fits all
- ➔ Classroom-based
- ➔ Management only
- ➔ Reactive and less essential
- ➔ Solo
- ➔ Local
- ➔ Focus on technical skills
- ➔ Largely in-house
- ➔ Static, rigid
- ➔ Leaders are disengaged



TRAINING NOW

- ➔ One size fits one
- ➔ Multiple delivery channels
- ➔ All levels
- ➔ Proactive
- ➔ Collaborative
- ➔ Encompasses technical and soft skills
- ➔ Combines in-house and external resources
- ➔ Adaptive, innovative
- ➔ Leadership sets the tone

Yet human capital has become the most important factor in companies' success. Talent has simply replaced capital as the competitive differentiator in today's economy. This is the cornerstone of the Human Age, the rapidly changing transformation reality identified by ManpowerGroup at the 2011 World Economic Forum Annual Meeting.

The Recession of 2008 ushered in a new, permanent frugality. In many cases, companies made deep cuts to their workforces but without the likelihood of replacing them until they had substantial proof of increased demand. The fall-out: they are demanding a smaller group of employees to achieve more ambitious goals.

Technological advances of unprecedented proportion and speed have simultaneously placed a new premium not only on workers' technical knowledge but their ability to change. Technology is constantly evolving, requiring workers to regularly update skills and develop new ones. This applies not only to IT specialist, but to employees in most disciplines.

At the same time, demographic and economic factors are changing rapidly and profoundly impacting companies' workforce needs. Ageing workers have left many companies with unfilled positions as employees retire without obvious replacements to step in.

By 2050, the number of people aged 50 and over in Australia will have increased by over 80 per cent. In comparison, the number of persons aged 18 to 49 is projected to grow by just over 35 per cent. In New Zealand the population is forecast to reach 5.3 million, the median age to rise from 36 years to 43 years and the percentage of people 60 years of age and older rising from 18 per cent to 29 per cent by 2050.

The world is a very different place in the Human Age. Vast oceans of information are available almost universally. The power balance of the world is shifting toward developing and emerging economies. Our environment, culture and work are evolving at an unprecedented rate. The combination of forces has spurred the need for a better, more agile workforce. Perhaps the single most important skill or capability in the Human Age is the ability to adapt quickly to changing work environments. Companies need to be able to respond quickly to changing conditions, adding highly skilled talent when and where necessary. Repurposing employees demands innovative training. Some of the best training offered today was collaboratively designed by workers and employers.

Fewer Jobs In A Sluggish Economy

An International Labor Organization report found that 80 million jobs would need to be created over the next two years to return to pre-recession employment rates.

The global economic turmoil has masked a growing talent mismatch. Companies are unable to fill openings because they can't find workers with the skills they need. According to ManpowerGroup's 2012 Talent Shortage survey 50% of Australian employers and 48% in New Zealand reported difficulty filling jobs due to a lack of available talent.

Globally one in three companies in the survey of nearly 40,000 employers cannot find the skills they need. The mismatch is hurting established

economies most notably in Japan where a shocking 81% of employers cannot find the right skills, and emerging powers, such as Brazil where 71% of employers cannot find the talent they need. The problem extends across organisational levels, from executive ranks to entry-level workers. The most acute shortages are among skilled trade workers, engineers, sales representatives, technicians and IT professionals. But there are also sizeable gaps in management, unskilled labour and support personnel.

To alleviate the talent shortage, governments in Asia – notably in India, China and Vietnam – have rolled out national and regional efforts to upskill entire population groups. These models could be replicated in other regions, such as Central Asia, which are populated by uneducated, unskilled and untrained workforces.

The repercussions are both short- and long-term. Many companies are already operating at less than capacity because they can't fill positions quickly enough. Long-term, this inability will prevent them from taking rapid advantage of growth opportunities when conditions change for the better. The talent shortage crisis has enabled a sense of resignation among companies, individuals and governments alike.

In many cases, companies have simply grown accustomed to the reality of the Human Age – an uncertain economy and consequent cautiousness – in which they must conduct business without filling some positions. The ManpowerGroup Talent Shortage survey found that 56% of companies said their inability to fill certain positions would have little or no impact on their business—a 20 percentage point jump over the figure reported in the 2011 survey. Yet this is a short-sighted view, likely to jeopardise future growth.

Building A Flexible Workforce Strategy

To address this shortage, many companies are approaching workforce management with new flexibility. They are using a wider range of talent sources and work arrangements, including new combinations of contingent and project-specific talent, research networks and crowd sourcing. As sources of talent have become more dispersed, and travel for work has become easier, they are also recruiting from across borders and oceans. This use of strategic migration has enabled them to find talent when sources nearby are dry and keep pace with opportunities in a cost-effective way.

While strategic migration epitomises essential flexibility, it is focused on a company's more immediate needs. However, strategic migration does not address the fundamental problem of supply. Training offers a more logical way to grow a larger and sustainable supply of talent ready to step into any opening. New training initiatives designed by employers in tandem with workers will achieve this goal. Older approaches rooted in a static, classroom environment and narrowly focused on only a few skills and regions no longer relate to the realities faced by companies in the global economy. Companies must build the skills, experience and mindset which are needed in each individual to deliver results. Addressing the skills mismatch, which is at the root of the global talent shortage, will require a sweeping change of approach – a real training revolution.

Companies Would Rather Buy Than Train

Most companies in Australia and New Zealand still don't see enough value in training to make it a priority. The ManpowerGroup training survey found that 57% of Australian and 58% of New Zealand companies believe that they can find the talent they need instead of developing it.

In fact, a number of companies in recent years have drastically reduced training programmes or cut them altogether. This may reflect a mix of ingrained mindsets and post-recessionary budget cautiousness. It may also demonstrate reluctance to invest in employees whose tenures with companies have grown shorter as they've taken greater command of their careers and change jobs more frequently.

The high rate of companies in the training survey saying that they could find the talent they need in their labour markets underlines a comfort level with a buy-versus-build mentality. They are accustomed to finding talent outside their organisation instead of relying on their abilities to develop from within, a dangerous approach in a world of scarce talent and increasingly specific skills requirements.

A 2008 study by the W.E. Upjohn Institute for Employment Research in the U.S. found "productivity and competitiveness improvements and other positive benefits" in 90% of companies that received government grants for workforce training.

A number of companies have seen that even the management trainees from one-and-two-year programmes are unlikely to spend decades with them as they did in the past. At the same time, the number of incoming trainees is much smaller, a further reflection of the stagnant economy. Companies that once hired hundreds of graduates are settling for handfuls.

ManpowerGroup regularly sees companies of all sizes create exceptional training programmes. A growing number of them are doing so by engaging third party providers of training resources. These providers have deep knowledge of job trends and extensive resources for training and re-training workers, and are able to create a customised approach to develop the specific skills and capabilities needed.

ManpowerGroup provides skills training for thousands of employees worldwide. Its Training and Development Centre offers more than 6,000 classes covering technical and general work skills that are most in need. The company also provides or facilitates skills training through a variety of different regional initiatives.

Customising Training

Over the last two years ManpowerGroup Training Solutions has orchestrated more than 250 traineeships through our Vocational Education and Training programmes. Qualifications issued have

ranged from Diplomas in Frontline Management to Certificate III and IV in Information Technology and Warehouse & Logistics. These programmes blend nationally-accredited training with full time employment and have resulted in skills development, productivity improvement and improved retention.

Accessing a state-specific programme in Victoria, ManpowerGroup Training Solutions has built a programme that has enabled us to certify more than 300 associates. This programme recognises existing skills, experience and the demonstration thereof with appropriate nationally-recognised qualifications.

For almost two years now ManpowerGroup Training Solutions has been operating a scheme whereby the focus was on facilitating pre-employment training that leads to relevant certification and licencing, for applicants unsuccessful for roles that they have applied for. This has improved the skill sets and the likelihood of securing meaningful and ongoing employment for over 100 job seekers.

These examples offer powerful anecdotal support for the effectiveness of training. A small but growing body of statistical evidence has also demonstrated training's benefits.

A 2008 study by the W.E. Upjohn Institute for Employment Research in the U.S. found "productivity and competitiveness improvements and other positive benefits" in 90% of companies that received government grants for workforce training. Among the specific benefits, large numbers of companies said that training had led to improved quality and accuracy, improved employee skills and knowledge and better customer/client service. In all, the study found that without training, employment would have contracted at the companies by approximately 4,000 workers—the combined number of new hires and averted layoffs. Upjohn calculated that these workers meant an additional \$53 million to \$89 million in profits on \$48 million to \$73 million invested in training. That amounts to roughly a 16% return on investment.

Training Enhances Employability

Modern day training today needs to be framed internally and externally as the fundamental option for enhancing employability. In turn, employees need to stay focused on strengthening their baseline aptitude and skill by seeking out and owning the process of building applicable exercises into their development plan.

Workers focused on job security alone are failing to plan out a career. A more strategic career plan is focused on long-term employment security, which requires trainings to enhance employability across a company, industry, region or otherwise. This new mindset is particular critical in regions where workers tend to feel less empowered about making career transitions as their careers have been traditionally influenced, even directed by governments and unions.

As companies scale back their investment in training, workers will increasingly have to think outside the box in proactively plotting their development. Revolutionising training also requires a re-evaluation of not just what people

learn, but how they learn. The more global, mobile nature of the workforce has created separate training challenges that companies must reconcile. In their attempt to mold regional or global identities, companies must ensure consistency in the certifications and skills that similar or identical jobs require across regions. With its global footprint and local expertise, ManpowerGroup can train workers worldwide to meet a company's specific standards. Moreover, training programmes should have unified objectives. Some companies are now using success profiles instead of job descriptions. These profiles outline specifically what success should look like in a particular job and how they relate to overall business goals. They are complementary to training, providing clear guideposts for the sort of skills that are needed.

Yet how an employee achieves these goals may vary widely. A by-product of the more global workforce is greater diversity. People from different backgrounds, work and educational experiences and cultures learn differently. The type and degree of their skills gaps will also differ, and will change as skill requirements evolve. A customised one-size-fits-one style of training has replaced the one-size-fits-all approach in the past. In this new model, training may target technical or soft skills, also called workplace competencies – such as leadership, communications and project management – or combinations of the two. The point is to ensure workers have the specific skills their employers need and, perhaps most importantly of all, the capacity and willingness to learn, evolve and adapt.

Some companies are targeting skills that have become more important in recent years. Credit Suisse, for example, has placed greater emphasis on covering ethics and business conduct in the

curriculum of its management training programme. PepsiCo offers formal training in how to use social media. A few companies are even providing training that does not relate to daily technical or general job skills but can indirectly boost performance. American Express and the New York Stock Exchange Euronext were among nine companies who received awards earlier this year for initiatives to help their employees develop better financial literacy. The training addresses an issue that is stressful for many employees.

A changed attitude also requires companies to look at their employees differently. In the past, companies might have kept them on one, straight career path. Now they must consider them as changeable parts whose skills can be repurposed to meet new challenges spurred by changing technology and industry trends.

Teach And Set The Tone

Dramatic changes in training start with the company's leaders. In the past, they created a training mandate but then left human resources to their own devices. In this scenario, programming unfurled with little feedback or connection to a company's overall strategy.

ManpowerGroup has written extensively about the new Human Age business leader – an executive who in his/her multi-faceted role makes workforce development a priority. This augmented leader is deeply involved in programming from creation to ongoing monitoring of its success. She/he mentors multiple employees and models the sort of behaviour that he/she expects from his/her employees.

HR That Embraces Change

Setting the right tone also stems from HR's stronger commitment to training and development. HR leaders now embrace the notion more fully that human capital requires careful, vigilant cultivation. The end result: HR leaders are placing greater emphasis on ways to develop their own workforce.

The responsibility of creating a training programme has assumed a new level of complexity. It requires HR to weigh external factors, such as demographics, competition for workers and likely technology trends that could affect the supply and demand of talent. It requires a more in-depth analysis of a company's workforce and closer attention to a framework that is well-coordinated, companywide but also individualised. Smart HR leaders should look to technology to help them manage and analyse this data. Yet it is harder than ever to predict what skills will be needed as the pace of technological and global economic change is so rapid. Effectively curating and applying today's BigData¹ with the right technologies provides a clear analysis of supply and demand and, in turn gives insight about what training will be needed and where.

It will be important to encourage new talent sources to explore this kind of education, i.e. encouraging more women to become engineers and revamping the image of manual skilled trades to make them a more appealing career choice for young people.

Creating a framework, in turn, requires an awareness of training options. These options include the creation of internal portals where employees can access courses and communicate about career development and corporate academies.

An example of this can be seen at luxury goods companies Christian Dior and Brunello Cucinelli, which have established institutions to educate their workforces. Brunello Cucinelli designed its in-house school to teach employees how to produce its high-end clothes. In Tampa, Fla., information technology and business consulting services provider Tribridge offers more than 3,000 online technical and general business classes through its Tribridge economy.

HR may use outside providers of educational resources and partnerships with government and educators, and should consider implementing a different approach to develop different skills. For example, Germany has traditionally valued vocational training, even from a young age, particularly when it comes to STEM (science, technology, engineering and mathematics) skills. The country's ability to forge close ties between the business community and vocational schools was largely behind its economic success during the recession. This kind of novel and innovative

¹ BigData products and services enable individuals to effectively use unprecedented quantities of information that previous systems could not process. Big Data can help companies to develop better management strategies, particularly at companies with tens of thousands of employees and locations worldwide, and improve understanding of markets.

approach will be crucial to tackling absolute talent shortages where skills are in-demand across the world, such as is the case with STEM skills and skilled trades. In addition to connection the dots between education and business, it will be important to encourage new talent sources to explore this kind of education, i.e. encouraging more women to become engineers and revamping the image of manual skilled trades to make them a more appealing career choice for young people.

Focus On Youth

The aging population and a rising number of unskilled/unemployed youth underscores the importance of effective training at earlier stages. Younger generations are not as prepared as hiring employers expect them to be. This includes university graduates who may know how to study but not how to craft a project proposal. Graduate ready doesn't mean job ready.

The rise in unprepared workers makes it imperative for companies to become more involved in education and programmes run by economic development agencies. A number of companies have already helped educators boost job skills training and connect the classroom to the workplace. The end goal is to help younger workers develop the right blend of competencies and hard skills.

By consulting on curriculum, and having employees work directly with students, are proactive measures taken by Rockwell International. For example, top Rockwell executives serve as relationship managers with leading U.S. engineering schools from which it regularly recruits. They discuss employment options

at Rockwell and dispense career development advice.

Some collaboration focuses on students' abilities to present themselves and find work. This involves highlighting cross-functional capabilities on résumés. Versatility works on the candidates' behalf as companies lean toward candidates who have demonstrated range and/or layered experience.

"Companies will have to play a bigger role in training from early on," says Françoise Gri, ManpowerGroup's President of Southern Europe. "Even the best teachers may not fully understand new concepts that are evolving all of the time. For example, professional flexibility. Collaboration and communication should extend in both directions. Businesses may not understand the academic requirements or other challenges that schools, colleges and universities face. School systems should be willing to share this information and they should be eager to enlist corporate input and support for programs that can help build not only technical but general work skills."

In the present environment, companies need to be more flexible about the types of candidates they consider. They are more open to teachable fits—employees whose backgrounds on the surface are not quite right for a job opening but who have the capacity to grow into the job quickly. These potential gems possess transferrable workplace competencies and are instrumental in filling talent gaps.

Employability profiles supplement resumes by reflecting transferrable competencies and skills. (View "Hire and Retain the Best with Success Mapping: New Models for Unlocking Human Potential")

These subtle changes and the efforts to widen job qualifications work to a candidate's advantage. They may help offset the favouritism toward more

experienced candidates. The ManpowerGroup Talent Shortage survey found that 16% of Australian and 23% of New Zealand employers said that a lack of experience was a key barrier in filling vacancies. Demonstrating the ability to learn and be ready to work can make all the difference to a new graduate finding that all-important first job.

The chain effect of younger job seekers not filling these jobs presents a Catch-22 scenario. Individuals cannot find work without the right skills but they cannot develop those skills without the right work experience. Temporary work can become a valuable transition between education and work, providing a stepping stone into the labour market and access to work-based training and experience. However, for many young people, the labour market remains out of reach.

This indirectly creates social problems that sap the economy. An OECD study found that 20% of youth are at risk of being left behind or poorly integrated.

How To Involve Retiring Workers

The aging workforce will continue to leave skills gaps. Companies have largely overlooked these older workers in their workforce development strategies. They have not traditionally considered it cost effective to provide training for workers who are nearing retirement. More recently, some companies have welcomed the retirement of older workers in their efforts to cut the salaries of their longest-tenured, highest paid workers.

Yet many countries have pushed back the retirement age to save on pension funds. Reductions in

retirement benefits coupled with the downturn in many investment portfolios has made it necessary for older workers to extend their careers or return to the workforce. The result: for the next half-century and perhaps beyond, older workers will make up a larger proportion of the global workforce than younger counterparts.

These will not be the older workers of before. Advances in healthcare are enabling people to work productively for longer. The benefit for companies is clear: older workers possess the sort of mix of technical and soft skills, and knowledge of a company that employers covet. By continuing to invest in their careers, companies increase the likelihood of retaining them or luring other older workers—pools of talent that would otherwise have gone untapped. In recent years, Germany has made good use of older workers through a government programme that matches employers with retirees who are looking to return to the workforce. These types of workers may benefit from training that allows them to update and adapt their skills. Technology is enabling more workers than ever to work remotely, significantly appealing to older workers who want to remain working yet get started on retirement.

Such development activities carry an added benefit for companies' workforce development. These older workers can pass on their knowledge and serve as models for younger colleagues.

Create A Menu of Options

The blend of training options and delivery of training are diversifying, as companies look to make access easier. According to the ManpowerGroup training survey, 42% of Australian and 51% New Zealand

employers tackle training in-house. While in Australia a somewhat higher percentage work with a partner, fewer companies in New Zealand do so. In both countries over 80% use hands-on/on-the-job training while 66% in Australia and 70% in New Zealand use classroom/in-house training. Nearly 60% each use peer coaching or mentoring.

Some companies are making use of training-to-employment arrangements to build technical and workplace knowledge in the general workforce. Partnering with the programme TechReach, which provides skills training and post placement support for students in the U.S., ManpowerGroup has helped thousands of younger job seekers nationwide find longstanding, meaningful employment.

While online and mobile training programmes have grown in popularity, companies are finding that old-fashioned methods of training are often more effective.

Short-term stretch assignments force workers to learn new skills. They also allow companies to observe employees and pinpoint weaknesses. The individuals tackling these assignments may require a higher level of personal attention from management but the potential reward outweighs the cost in time. The ManpowerGroup training survey found that 55% of employees considered mentoring effective. Leveraging mentoring models is key both to developing new workers and to capturing knowledge from workers exiting the workforce.

A number of companies are finding success working with different types of development firms and other organisations. ManpowerGroup has supported a number of these organisations. In North Africa, ManpowerGroup has worked with the Education for Employment Foundation to tailor training programmes that help the region's unemployed youth develop skills that address major shortages.

Just 43% of Australian and 38% of New Zealand companies are using online training. The use of online training may be lower because companies have found it less effective. It is harder to tailor to individual needs and adapt to individual learning styles. Just 24% and 27% respectively said that online training was helpful.

Still, online training may hold a larger future role because it is less expensive to use with larger numbers of employees. Such training also dovetails with the rise of mobile, hand-held devices in the working world. They give employees the ability to participate in classes without having to regularly schedule them, or access what Kristen Fyfe, Senior Communications Manager for the American Society for Training and Development calls "bite-sized nuggets of information that are easy to absorb and manage." "Learning isn't limited by time or place but extends to 24 hours and any geography," Fyfe says.

Recommendations

- **ANTICIPATE:** It's not only what a company needs now that's important but what it will need in the future. Successful companies forecast their talent needs years in advance and build a robust workforce strategy to ensure they'll have the talent they need to win. Companies in the Human Age should look in detail at their current skills,

consider their business goals and factor in variables, such as understanding your own internal supply and factoring the amount of natural churn due to retirees that will determine the types of skills they need in the future. Weighing all this together will enable companies to choose the type of training that can be of most use.

- **COMMUNICATE WITH EMPLOYEES:** Employees have a larger say in the terms of their employment. That includes the type of career training they seek from an employer, if a company doesn't deliver, they are more likely to go elsewhere. That makes it imperative for companies to engage in ongoing dialogue with employees about training and development. The dialogue should allow the employer to show why improving certain skills is important to the business and allow the employee to discuss professional development goals.
- **TARGET ALL LEVELS AND AREAS:** Training still largely focuses on managers and the most skilled workers. But this overlooks significant numbers of lesser skilled employees whose improvement could bolster companies' performance. With the right training, many of these workers may have the potential to assume higher-level positions. Look for the Teachable Fit, ManpowerGroup's term for workers who can fill positions that might otherwise remain vacant to the company's detriment.
- **START WITH STUDENTS:** The skills shortage starts with students' lack of job readiness. Many schools, colleges and universities simply haven't kept pace with business needs. They need feedback from companies to make changes in curriculum. That means companies should focus some part of their training activities on schools and postsecondary institutions. That way, they increase the likelihood that future candidates will have the skills they need.
- **MAKE TRAININGS ACCESSIBLE:** The nature of work gives people little time for professional development. Companies have to work with this reality. They need to give employees the time to work on their skills, or at least the option of accessing training resources from anywhere and anytime. Mobile learning applications are still in an early state. Companies owe it to themselves to explore how they can make best use of them.
- **BE INNOVATIVE:** The complexity of the labour market and scale of talent shortages in the Human Age is unprecedented. A new and innovative approach to training and development will be needed to overcome these challenges, for example, in some cases work could be broken down into hyperspecialised roles (divided into ever smaller tasks performed by ever more specialised workers), to enable people to be trained and developed faster. Individuals can also use virtual marketplaces to test and build their skills.

Conclusion

Smart companies are addressing the currently uncertain economic environment through more innovative workforce strategies. They're using different combinations of contingent, project-based and full-time employees, and turning

across borders with increasing frequency for employees. Strategic migration has become a staple workforce strategy but its impact is more short-term. However, more needs to be done.

It will take time before training is more widely used. As previously mentioned, ManpowerGroup's survey on training found that nearly half of Australian and New Zealand companies offer no formal training or apprenticeship programmes.

To address the skills shortage in a deeper-rooted, more meaningful way, companies must increase their investment and focus on training in a more consistent way in order to create a sustainable pipeline of domestic talent. Increasing usage will require a dramatic change in attitude.

It will require a stronger commitment by senior leadership and more direct involvement in training and development activities. It will require companies to be more proactive in working with postsecondary schools and economic development organisations to help younger workers develop the technical and softer skills they need. The stunningly high levels of youth unemployment may be the biggest long-term threat to economic prosperity. If these younger workers don't develop the right skills soon, companies won't be able to seize opportunities and build for the future. Businesses can provide feedback that will enable educators to link classwork to business. At the same time, companies cannot forget the professional development needs of older workers. The perseverance and initiative of individuals is essential for identifying and building the skills they need to fulfil their potential.

Making training a bigger part of workforce strategy will require greater flexibility toward content and the delivery of information. Soft skills such as a learning mindset, collaboration, project management and proposal writing have risen in importance. Mobile learning is likely to rise as companies look to provide easy access for on-the-go employees. In the Human Age, people are a company's most precious scarce resource and biggest investment. A more robust approach to training will be crucial for economic recovery and future growth.

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