Meeting workforce planning and development challenges: a direct role for the VET sector

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Abstract

Sustained economic growth and population ageing are fuelling skill shortages and gaps, highlighting the importance of workforce planning and development. It is unclear how well positioned workplaces are to meet these challenges.

This paper reports on the results of a survey of workforce planning in South Australian workplaces. Through a series of case studies undertaken for a second study, the paper also identifies some of the wider implications for workforce planning of a number of initiatives being undertaken in South Australia.

We find that a high proportion of workplaces are aware of some of the challenges ahead and are involved in the preparation of workplace plans that are well integrated with their wider business planning processes. Many others however are not well positioned to tackle the challenges that they face. They lack access to appropriate tools or support services to support workforce planning.

A range of organisations are very actively engaged in workforce planning. Some of the lessons from this experience are identified. Finally, we identify a number of potential implications from our research for the role of the VET sector in workforce planning. In particular we examine the role that the VET sector might play in the provision of structured, accredited training and education for workforce planning practitioners.

1   Introduction

Sustained economic growth and population ageing are fuelling skill shortages and gaps, highlighting the importance of workforce planning and development. It is unclear how well positioned workplaces are to meet these challenges. This paper reports on the results of a survey of workforce planning in South Australian workplaces. Through a series of case studies undertaken as part of a second study, the paper also identifies some of the wider implications for workforce planning of a number of initiatives being undertaken in South Australia.

Before examining the results of the survey and case studies we briefly situate workforce planning in the wider context of the concept of workforce development. The concept of *workforce development* can be viewed as comprising a number of interrelated elements:

⇒   planning the size and composition of the workforce;
⇒   educating and skilling the workforce; and
⇒   retaining and managing the workforce.

Workforce planning and development can occur at various levels, from individual organisations to industry sectors, and from local, to regional, to state and national levels. 'Workforce development' has been described as –

> *"… those activities which increase the capacity of individuals to participate effectively in the workforce throughout their whole life and which increase the capacity of firms to adopt high-performance work practices that support their employees to develop the full range of their potential skills and value"* (Schofield, 2003:3)

As a strategy, workforce planning involves identifying the factors that shape the **demand** for a particular workforce as well as the **supply** of workers to meet that demand. Examples of demand-side factors include population ageing, technological change, global and local economic change and government policy development. Supply-side data document a range of characteristics, such as, demographic, educational background and qualifications, previous workforce experience, intentions for remaining with a particular employer or industry, and so on. This includes identifying workers' preferences and intentions regarding further training, retirement and conditions that support work-life-balance. Such information plays a critical role in developing strategies designed to retain workforces, a demand that will increase in the face of increasing skill requirements and workforce ageing (see Section 1.2).

1.1   Linking workforce development and economic development

Ideally workforce planning should seek to address employer and employee needs **simultaneously,** enabling workers (or potential workers) to undertake skills training that meets identified employer and industry need.

The process is one of matching demand with supply, with training and education providers having a critical role to play. While this should be part of its design, it does not necessarily occur in practice. The marrying of both sets of needs is particularly relevant to addressing the skill shortages that are expected to result from the retirement of *Baby Boomer* employees. Such an approach is also relevant to engaging under-employed groups into paid employment (for example, parents delaying their return to the workforce due to the need for support in upgrading their skills and the guarantee of family-friendly work environments). It is therefore important to conceptualise its direct relationship with **economic development**.

1.2   The 'skills imperative' as a driver of workforce planning and development

Employment forecasts for 2016 show a shift towards high-skill occupations (Shah & Burke, 2006: 1). The Productivity Commission estimated that in 2000, more than half of all jobs required post-secondary qualifications, compared with less than 40% of jobs twenty years earlier (ACOSS: 2007; Productivity Commission: 2002). The Australian Industry Group has estimated that 86% of occupations now need a post school qualification (ACOSS: 2007: 3; AI Group: 2006).

The demand for skilled workers is not expected to be met easily through current supply. A shortfall of **240,000** people nationally with VET qualifications is projected in the ten years from 2006 to 2016, but not at every qualification level. Shortfalls are expected at the advanced diploma, diploma and certificate III levels, with surpluses expected at other levels. This will require adjusting both the quantity and distribution of supply, which is seen to require an average increase of 1.9% per annum in VET completions while maintaining the higher education sector's supply at a constant rate (Shah & Burke, 2006: 44).

The VET sector, particularly those providers with experience in meeting the training needs of disadvantaged people, has a significant role to play in upskilling under-employed groups and building a pathway for them to sustainable employment.In such a complex and evolving context, workforce planning becomes of critical importance (Windsor, Spoehr & Wright 2005).

2   Business engagement in workforce planning

In late 2006, the Australian Institute for Social Research with the support of the South Australian Department of Further Education, Employment, Science and Technology undertook research designed to inform our understanding of business awareness of workforce development imperatives and engagement in workforce planning and development. The study included interviews with leading workforce planning practitioners and a survey of 85 South Australian firms to assess their awareness and readiness to undertake workforce planning (Spoehr, Barnett & Parnis: 2007). The key finding are summarised below.

More than half of the firms surveyed are currently experiencing some level of difficultly in recruiting staff. Retaining staff is currently slightly easier for firms than recruiting

staff, although one-third of firms surveyed indicated that it was difficult to retain staff. Around 55% of firms believed that recruiting staff in 5 years' time would be somewhat more difficult or very difficult. It is expected that retaining staff in 5 years' time will be somewhat easier than recruiting, although a high proportion believe it will be difficult to retain staff.

The survey identified a range of workforce issues that firms expect to deal with over the next 5 years. The major issues include the attraction of skilled workers in an environment of increasing competition for staff, and the consequent wage pressure this presents – see Figure 1.

Figure 1:

MAJOR WORKFORCE ISSUES IN NEXT 5 YEARS
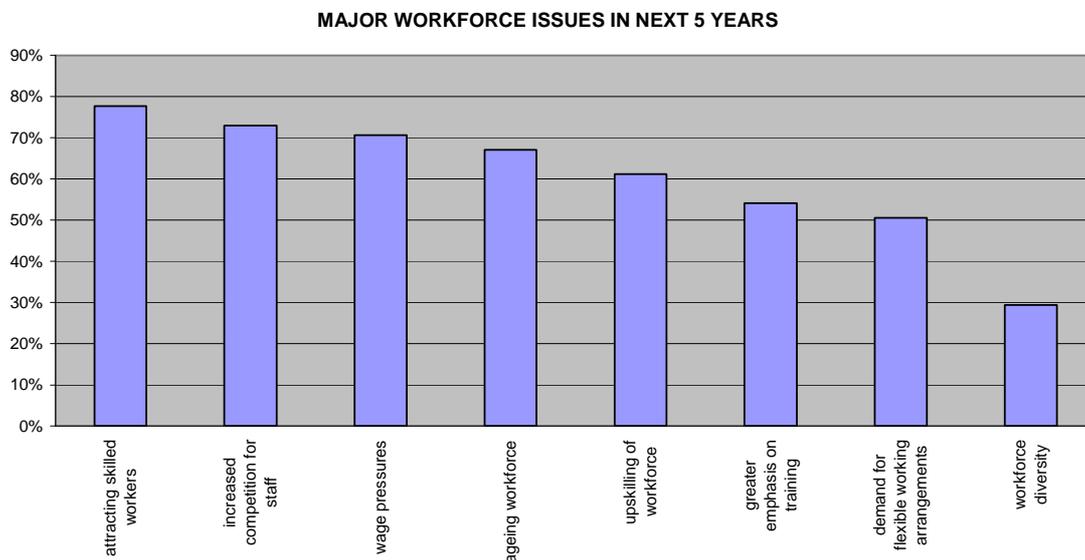
Firms surveyed identified a number of workforce planning activities that were currently being undertaken within their organisation, including –
- Identifying skills needed in the future;
- Learning what employees' working preferences are; and
- Succession planning. (See Figure 2)

Approximately 53% of firms surveyed stated that they have integrated workforce planning into their business plans.

Very few firms had accessed the services of a workforce planning practitioner or workforce planning software.

When firms were asked about how future skill and employment needs for the organisation are currently assessed, the main responses were:

Planning at the managerial level; or
Through industry associations (see Figure 3).

Firms were asked what strategies they will adopt to ensure a sufficient supply of skilled workers in the next 5 years". It was evident that attraction rather than retention strategies were more commonly adopted. The major strategies identified (see Figure 4) were to, recruit and train new staff; upskill existing staff; Improve productivity; introduce new technology and increase salaries.

Surveyed firms believed that their company had reasonably good data on the profile of their workforce. See Figure 5
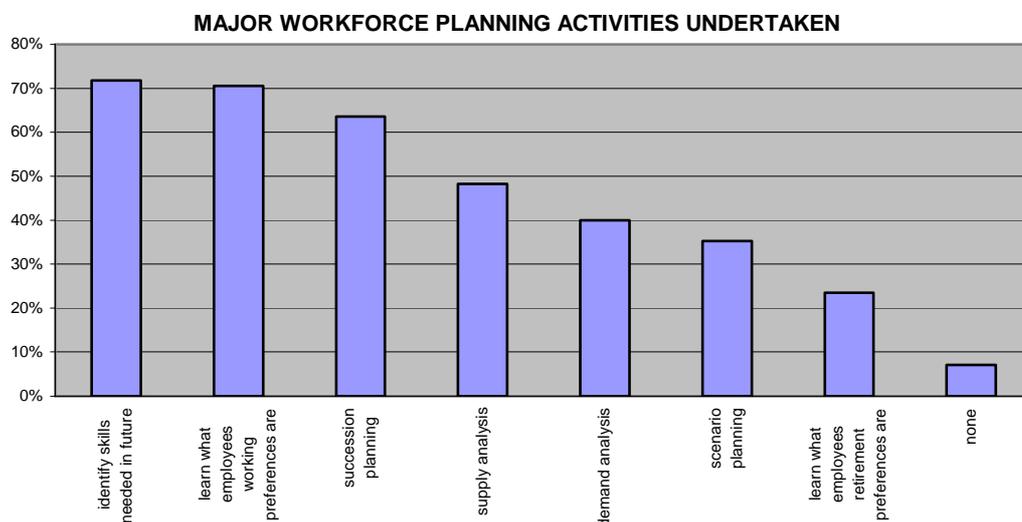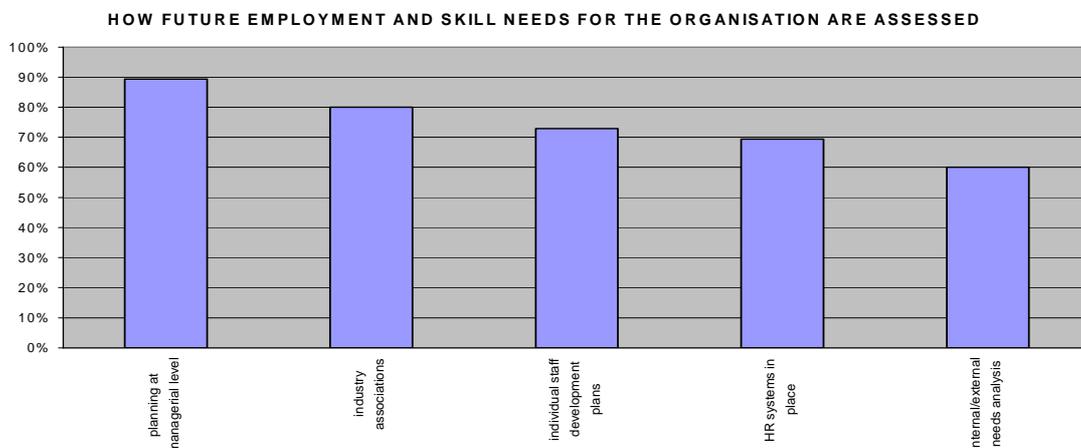
Figure 2:

MAJOR WORKFORCE PLANNING ACTIVITIES UNDERTAKEN

Figure 3:

HOW FUTURE EMPLOYMENT AND SKILL NEEDS FOR THE ORGANISATION ARE ASSESSED

Figure 4:

STRATEGIES TO ENSURE SUFFICIENT SUPPLY OF SKILLED EMPLOYEES IN NEXT 5 YEARS
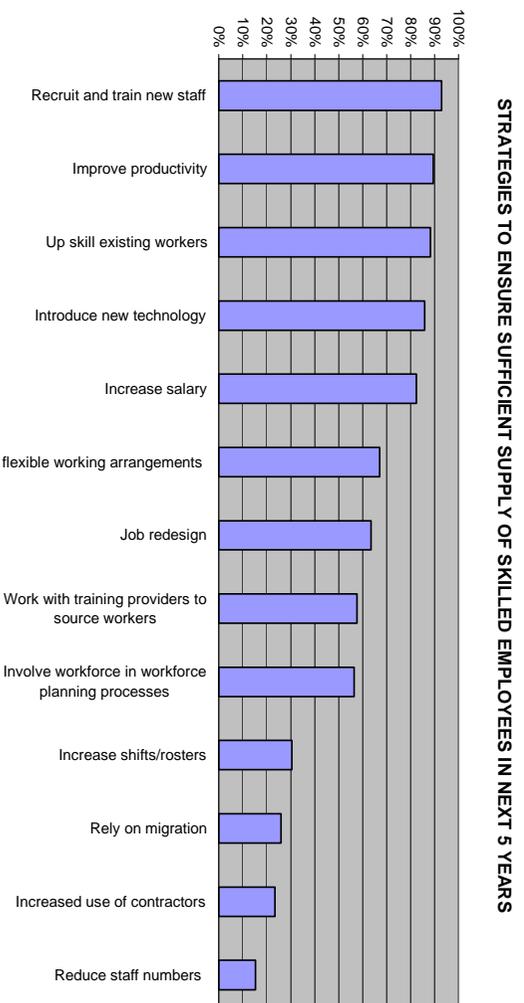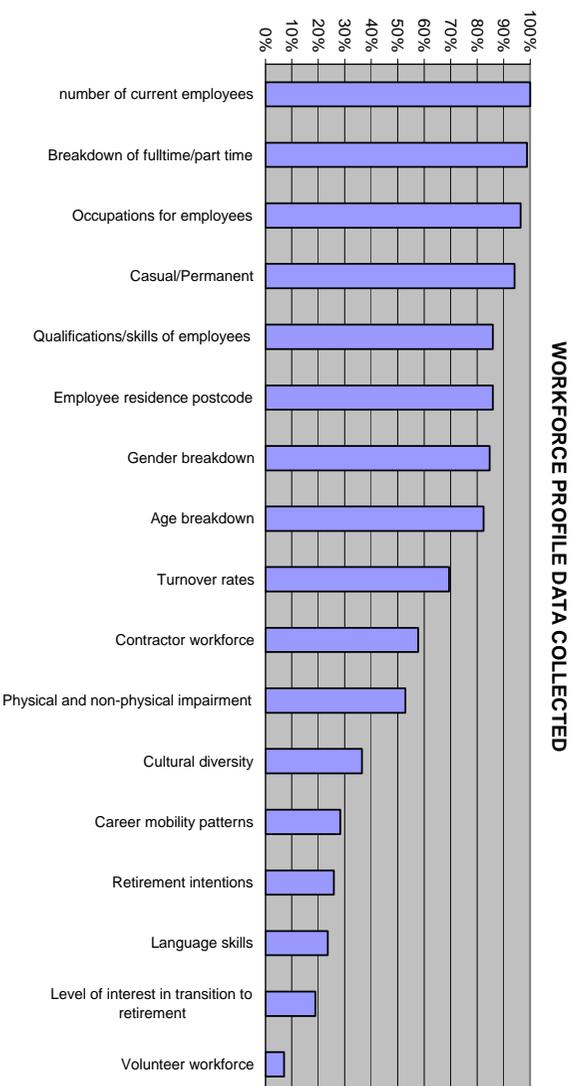

Figure 5:

WORKFORCE PROFILE DATA COLLECTED

However, Figure 5 reveals that a large number of firms did not collect data on a number of variables that are important in an assessment of labour supply and demand for comprehensive workforce planning – such as retirement intentions and the level of interest in transition to retirement; turnover rates; cultural diversity; language skills; and career mobility patterns.

3   Workforce Planning Initiatives – Trends and Lessons

While many employers are not actively engaged in workforce planning it is evident that a large number are. This section outlines key findings from eight case studies of workforce planning and initiatives in the private and public sectors. The purpose of the case studies was to identify the approaches to workforce planning being adopted, the similarities and differences between the different approaches and lessons learned. The case studies were in the following sectors: State government administration, Health and community services, Early childhood services, Wine, Transport, storage and logistics and Local government.

All of the case studies involved the formulation of workforce planning and development strategies in response to demographic change and changing skill requirements, but each had a different focus and took a different approach to addressing those challenges. However, they have faced many shared challenges from which a number of lessons have emerged, and these are discussed below.

The eight case studies reveal the use of a range of methodologies to achieve a number of common objectives. These include the identification of workforce issues or challenges facing the sector or organisation, an attempt to determine the capability of the existing workforce, an analysis of workforce supply and projected demand, and the design or implementation of a plan or strategy. While this pattern suggests a linear pathway, the usual approach has been cyclical with ongoing research and feedback loops. It is apparent in most of the case studies that the development of a workforce plan has followed a linear route while broader workforce development is associated with the weaving of different components that continue to evolve over time.

Central to all of the case studies has been the design of strategies to engage all levels of the workforce in order to capture accurate information from them and to ensure the implementation of workforce plans and workforce development initiatives. The design of methodologies that support the linking of workforce development with business development was a common theme across the projects. Another feature of methodologies has been the development of workforce planning and development tools that support the process. The lessons about workforce planning and development that emerge from these case studies are transferable across industries, sectors and organisations. Each of these lessons can also be regarded as critical success factors.

Lesson 1: It is important to link workforce planning and development into core business planning and reporting cycles.
Several of the case studies sought sustainable workforce development outcomes by integrating workforce planning methods and practice into normal business planning cycles. Some also found that it is also important to demonstrate the value of workforce planning and development for achieving business goals. For example, one government agency integrated workforce planning methods into normal business planning cycles by designing a process that required individual Divisions to incorporate specific workforce planning interventions into business plans, and to report on these within overall planning cycles. Key Performance Indicators were developed to monitor progress for each component of the agency's Workforce Plan. In another case study, executive and senior

management were required to present a business case for undertaking a Workforce Planning Project that included a risk assessment associated with not undertaking workforce planning.

Lesson 2: **Good practice in workforce planning and development identifies the needs of employers and employees, and generates strategies that simultaneously meet the needs of both.**

The case studies highlighted the importance of workforce development in building 'learning organisations' in order to meet change-based challenges while simultaneously enabling employees to build their skills and qualifications. This included the development of individual training and career plans designed to meet both employee and employer needs as part of an overall learning strategy. Case study examples included organisation-based workforce planning and development that was designed to promote a commitment to lifelong learning and to enabling ongoing work-related learning – for example, by supporting Communities of Practice and similar structures.

Lesson 3: Partnerships play a key role in effective workforce planning and development.

Many of the issues addressed through workforce planning are complex and require multiple interventions, a range of skills and networks of influence. Consequently, there are usually a number of different stakeholders involved in the workforce planning and development process and the case studies demonstrated the importance of their different roles and responsibilities being clearly defined, and processes established to enable a collaborative approach. Buchanan (2006) and other researchers are clear in finding that successful workforce development pilot programs have invariably involved collaboration between a wide range of stakeholders including industry associations, enterprise and workplace managers, VET providers, industry skills councils and education authorities.

Lesson 4: Over-arching frameworks can provide a critical mechanism for unifying diverse components of a workforce plan while supporting individual applications of that plan.

It is important that workforce plans and development strategies are sufficiently specific to enable their implementation within organisations, yet sufficiently broad in scope to capture wider contextual issues. Achieving this balance is a major challenge in effective workforce planning and development. As a group the case studies provided the opportunity to document workforce planning and development applied to different levels of intervention, for example –

⇒   Organisation-specific with multiple units and levels within each.
⇒   Industry-specific but with multiple organisations.
⇒   Government cross-portfolio.

Workforce planning and development strategies involving more than one agency or involving large size organisations were found to benefit from being structured by over-arching frameworks that unified in terms of setting directions but also allowed for individualised planning. In one case study, these were embodied in a framework

template, expressed in matrix form, with a vertical dimension providing consistency across the levels involved (agency, sector and industry) and a horizontal dimension categorising specific action. The workforce planning template was also found to have provided a tool for workforce engagement in the planning and development process.

Lesson 5: Good practice in workforce planning and development draws on a range of learnings and methods.
The case studies presented have used a variety of workforce planning approaches that include targeted literature reviews, forecasting methodologies, review of demographic data, analysis of demand factors – immediate to both the work setting as well as broader social, economic, cultural and environmental influences.

Lesson 6: A whole-of-life approach to workforce development and employment represents good practice in addressing the challenges arising from ageing workforces and projected skill gaps.
Attracting and retaining a skilled workforce, and good practice in building workplace environments, are facilitated by flexible working conditions that enable work-life balance across the different life phases, and during the transitions from one phase to another (for example, from pre-retirement to complete retirement). The case studies' workforce planning content has been geared to addressing workforce challenges through a whole-of-life approach to employment and workforce development.

Lesson 7: Workforce planning and development practitioners play a critical role by sharing their expertise and transferring learning.
The knowledge and skills required for effective workforce planning and development cannot be assumed. Expert workforce planning and development practitioners were found to have played a key role, with the most sustainable impact being achieved when their methodology was designed to transfer expertise to the organisations involved. This transfer was targeted to management, in particular, those with responsibility for implementing a workforce plan and for interpreting findings from its data gathering component.

Lesson 8: Good practice in workforce planning and development involves engagement of the workforce in the process, particularly in relation to data gathering and developing action or implementation plans following data analysis.
Workforce planning requires participation of all workforce members, both in obtaining accurate and complete workforce profile and other supply data, and in implementing the final plan. Specific engagement strategies were features of the methodologies employed in all eight case studies, one of which involved identifying people in the workforce to act as 'messengers' or 'champions'. Their role included encouraging other workforce members to participate in the data collection and planning processes and acting as a liaison point between those driving the process and the rest of the workforce. Several case studies demonstrated how the implementation of the final Workforce Plan can be structured to further the engagement process (for example, through workshops that enable the workforce to develop an implementation plan and process).

3   Conclusions - Responding to the challenges – a role for the VET sector as a partner in strategic workforce planning and development alliances

There are two broad implications for the VET sector arising from this review of workforce development and planning imperatives facing businesses.

1.   VET is a key player in building the bridge between workforce planning and development and economic development. The challenges that drive today's workforce planning and development issues, particularly those relating to addressing skill shortages and the needs of a knowledge based economy, highlight VET's role as a learning and training provider. This includes the tailoring of programs to meet the needs of under-employed groups, and those of older workforce members as part of workforce attraction and retention strategies.

2.   In addition, workforce planning and development is a field of knowledge that has developed without front-end or accredited training programs. Workforce planning practitioners are leading the development of workshops and short courses that involve a transfer of their skills and knowledge to employers, but this is occurring in an *ad hoc* manner, and there is a role to be played by the VET and higher education sectors, working in partnership with practitioners, to address this significant gap in structured, accredited training and education.

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