

Act now to beat the looming skills shortage

A recent report from the ACTU estimates that Australia's ageing manufacturing industry workforce will lose 170,000 tradespeople over the next five years, yet only 40,000 will enter it.

This prediction foreshadows a grim effect on the economy which could lead to spiralling wage costs for skilled people as 'baby boomers', for decades the solid core of the nation's skilled workforce, retire in droves.

Government has of course been well aware of this demographic time bomb for many years and has been working to minimise its potential impact. To encourage more people to keep working, the Government plans to lift the retirement pension age to 67 by 2023, and the Skilled Migration Program is designed to lure workers from abroad with promises of job security, better pay and conditions, etc. So why is there still a problem?



Plato Group has observed shortages of appropriately skilled and qualified candidates for senior technical and commercial positions, so there is very definitely an immediate problem—applicants from the Skilled Migration Program are in general not able to satisfy the ongoing needs of business. This view has been largely confirmed by a recent survey of skills shortages conducted by the Australian Institute of Management.

Two thousand executives from a wide range of organisations were asked a total of 17 questions designed to provide an insight into the extent and nature of the problem and the steps being taken to counter its negative impact.

Released in December last year, the results are described as a 'disturbing picture of a nation in the midst of a chronic workforce skills crisis'.

Seventy-six per cent of survey respondents believed that their organisations have a skills gap averaging between 68% in smaller organisations (less than 50 employees) to 78% in larger ones (200+ employees).

Reasons for the gap include:

- Changes to company strategy, goals, markets or business models
- Shortages of qualified candidates for certain types of jobs
- Absence of long-term commitment to employee learning and development

Respondents identified middle management (51%), senior management (25%) and customer service employees (25%) as experiencing the most significant skills gap. Skills most sought-after were leadership (45%), industry-specific (43%), process or project management (36%) and managerial (31%). Some 69% of all respondents also said that the skills gap is putting more stress on existing employees.

Interestingly, of the 24% of respondents who did not believe that their organisations had a skills gap, a large majority (64%) identified the principal reason for this as a strong commitment to training and development. Fifty-seven per cent cited a policy of promoting internal candidates and 45% mentioned flexibility in recruiting candidates with the right core skills then up-skilling them.

In her executive summary of the survey, Susan Heron, CEO of the Australian Institute of Management Vic/Tas, supports the view that investment in training and development is the number one solution to the skills shortage and is also a crucial employee engagement tool.

We agree wholeheartedly. But we also believe that this is a mid- to long-term strategy and that swift action will be essential in many cases. As more and more skilled people leave the workforce and demand grows, the market tightens day by day and the already intense competition will very soon become ferocious. If your organisation is planning to hire, we suggest that taking action early in the new financial year will be more productive while suitably skilled resources are still available.

A handwritten signature in black ink that reads "Richard A Weston".

Richard Weston
Principal