

Working Paper

Beyond Institutional Skill Development - The importance of soft skills, job placements, counselling & skill forecasting

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Background

Australia currently faces challenges in workforce participation which have significant economic and social impacts and implications. In the post GFC environment Australia is experiencing a patchwork economy in which we are addressing pockets of entrenched disadvantage and labour market disengagement while simultaneously needing to respond to skills and labour shortages particularly underpinned by the high growth of our resources sector.

Developing effective strategies to strengthen workforce participation is critical to Australia's economic growth and addressing social exclusion and wellbeing of our citizens. Arising from our ageing population we are experiencing an increasing number of citizens transitioning to retirement and a declining taxpaying workforce. In the mid 1960's there were 22 people of working age for each person aged 65 or older. Currently there are 5 people. The Australian Government's 2010 Intergenerational Report indicates that this ratio is expected to decline to 2.7 people by 2050.

Achieving increased workforce participation, career development and productivity through improvement in the skills of our labour force is a vital domestic challenge. Despite more than a decade of sustained economic growth and record high levels of employment prior to the onset of the GFC, from a working age population of approximately 16 million approximately 2.3 million people are on welfare and are outside of the mainstream economy. Our experience demonstrates that even in times of economic prosperity and growth without assistance many Australians find themselves excluded from the labour market and unable to participate in, and benefit from the economic life of the community. The majority of these unemployed people have low educational attainment, no post school qualifications and poor employability skills.

The importance of soft skills

While there is little argument that in Australia technical skills and qualifications are the greatest predictors of employment participation and income, Australia's experience in the 2000's highlights the role soft skills play in addressing unemployment. In 1999 around one in ten unemployment benefit recipients were in receipt of benefits for five or more years. By March 2008 this had increased to almost one in four despite the high levels of skill and labour shortages being experienced.

Efforts to find solutions to long term and very long term unemployment has been a particular focus of policy makers and labour market intermediaries over recent years. There has been greater recognition that soft skills, which we more commonly now refer to as employability skills, are essential to the effective development of technical skills as well as enabling sustained participation in work. In the same way that core or foundational skills, such as literacy and numeracy, are necessary underpinnings for the development and demonstration of technical skills, employability skills are necessary for 'transforming' technical skills (and the underpinning core skills) into effective work performance.

Australian employers and employer groups have increasingly reported that they value 'employability skills' such as attitude, language and literacy, communication abilities, willingness to learn, capacity to cope with change, and team work more highly than technical skills. Employability skills are defined as "skills required not only to gain employment, but also to progress within an enterprise so as to achieve one's potential and contribute successfully to enterprise strategic directions" (Employability Skills for the Future, ACCI, 2002). Various Australian studies have also indicated that even where job specific technical skills or qualifications are required candidates are evaluated with more weighting applied to employability skills.

A common feature of the debate surrounding generic and employability skills is an assumption that these qualities in workers should be developed before they begin their working lives. There has been a focus on

educational institutions to adopt greater responsibility to produce graduates who have qualities which industry is seen to demand alongside the technical skills. Australia has introduced conceptual frameworks for defining and assessing employability skills however while further development continues these are perceived to have had limited success. Increasingly there is an understanding that development of employability skills is contextual and those developed within institutional education do not necessarily translate to the workplace. The need for workplace strategies to develop employability skills of their workforce is particularly evident with novice workers and disadvantaged learners who tend to respond better to experiential learning and those in transitional phases such as mature aged workers.

Strategies Undertaken to Develop Soft Skills - Employability Skills

The Mayer Key Competencies framework was developed in the early 1990s and provided a definition of employability skills. In 2002 the Business Council of Australia (BCA) and the Australian Chamber of Commerce and Industry (ACCI), produced the Employability Skills Framework in consultation with other stakeholders which outlined a broader range of skills required by business. The framework identified eight Employability Skills: communication; teamwork; problem solving; initiative and enterprise; planning and organising; self-management; learning; and technology.

Within the categorization, each skill was given a number of sub-elements and a number of personal attributes were identified which contribute to employability: loyalty; commitment; honesty and integrity; enthusiasm; reliability; personal presentation; common sense; positive self-esteem; a sense of humour; a balanced attitude to work and home life; and ability to deal with pressure. In 2005, Australia adopted the approach to incorporate employability skills within training package qualifications and units of competency were endorsed.

However there has been ongoing dissatisfaction with the development of employability skills through this model and a new framework is currently being developed for implementation in non institutional settings such as to support job seeker development activities in employment services.

Employment Services

Recent reform of Australian contracted employment services has seen the emphasis shift from activating job seekers and diminishing the perceived passivity of welfare recipients to the provision of more intensive support to address disadvantaged circumstance and build employability and technical skills. Within the Australian employment services framework there is now a greater expectation for the provision of holistic, integrated strategies that concurrently seek to stabilize job seekers circumstances such as homelessness, health and caring responsibilities and to develop employability skills as well as address technical skill development to meet the demands of business and industry. This includes an emphasis on a case management approach to employment assistance that utilizes connections with community services, welfare, health and education and training sectors to deliver interventions in a coordinated manner.

Initiatives which are proving promising to the development of employability skills and employment outcomes include:

- Joined-up or wrap around service models
- Family directed strategies
- Work experience and transitional workplace models
- Transition support strategies – post placement support, workplace mentors
- Workforce diversity and inclusion strategies

Job seekers who are identified as the most disadvantaged or vulnerable such as those out of work for more than two years are now achieving double the education and training outcomes than they did under previous contracted employment services arrangements.

Evidence based development of Government contracted employment services is continuing in Australia with a range of demonstration pilots being undertaken to assess the effectiveness of various strategies.

Twenty pilots will operate alongside existing services and will test 'wrap around services' including joint case management to provide a more structured delivery of employment services to those highly disadvantaged. These pilots will include projects which look at models to measure social outcomes and progress towards employability to improve the sustainability of employment outcomes.

Job Placement

It is increasingly recognised in Australia that traditional job brokerage activities to match supply and demand is most effective where job seekers can meet the technical and employability skills sought by employers. Where job seekers possess skills deficits (employability or technical) or experience other challenges which impact on suitable employment options such as disability or caring responsibilities advocacy models of job placement have been more effective. These advocacy models engage employers in job redesign and adoption of workplace support strategies and are proving most effective in employment placement of disadvantaged job seekers and supporting in-work development of employability and technical skills. These advocacy job placement models are commonly referred to as reverse marketing or supply push strategies as unlike traditional job placement they are job seeker focused rather than simply responsive to employer demand.

Skills Forecasting

The profile of employment in Australia has changed significantly with an increasing predominance of the services sector in new employment and a diminishing proportion of opportunities in the manufacturing and agriculture sectors. With this the level and types of skills have also changed with fewer unskilled employment opportunities available. The capacity to forecast skills needs is critical to ensuring workforce development strategies meet the needs of business and industry. Such forecasting is applied to manage the provision of training places across Australia. At a local or regional level the profile of skills in demand can vary significantly and skills forecasting to inform place based strategies are critical to effective labour market intermediary functions.

In conclusion

In the Australian context there is general recognition that it is essential to build employability, foundational and technical skills to enable the achievement of sustainable workforce participation for individuals and contribute to improved workforce productivity to support economic wellbeing. Improving skills requires contribution from a range of stakeholders and is best achieved through partnership approaches. The adoption of lifelong learning strategies for the development and maintenance of skills is essential in the modern era of technological advancement.