WELCOME
UNDERSTANDING BUSINESS FOUNDATIONS

Innovation, agility and quality customer service are critical requirements for modern businesses. But these can only be achieved by having the right people with the right skills.

As Australia’s largest provider of training, with a team of industry experts delivering skills training to more than 25,000 businesses annually, TAFE NSW is committed to understanding the key growth drivers and emerging needs of businesses and their employees.

In February 2018, TAFE Enterprise was launched as TAFE NSW’s new business-to-business brand, undertook extensive research into the corporate training landscape in Australia. The 2018 TAFE Enterprise Skills and Australian Business project investigates how businesses perceive training, what their training needs are and outlines the challenges they face.

This report summarises the key findings from that research project and provides valuable information and understanding of skills requirements for Australia’s wider business sector.

Jon Black
Managing Director, TAFE NSW

INTRODUCTION

Digitisation, rising global competition and changing customer demands have changed the landscape for Australian business. Over the last two decades, businesses have had to become more responsive and innovative, without compromising the quality of their goods and services, or sacrificing profitability.

Approximately 35% of the skills required for jobs across all industries are predicted to change within the next few years. Many of today’s jobs simply won’t exist in 20 years due to technology, automation and new and emerging industries. New jobs and skills are being created every day, and as a result, Australian businesses are required to adapt to the evolving workplace.

We surveyed managers from 409 Australian business with over 100 employees, representing a variety of industries – and this is what they told us is important …
AUSTRALIAN BUSINESS PRIORITIES

IMPROVING CUSTOMER EXPERIENCE
Customer expectations are rising. Due to the breadth of choice available to consumers, brands and providers are having to find innovative ways to stand out from competitors. This level of competition is placing pressure on businesses across all categories, to live up to the higher levels of consumer expectation and increases the need to improve the customer experience to attract new customers.

PROFITABLE BUSINESS GROWTH
While agility, innovation and improved customer experience are necessary attributes for business growth in today’s environment, they come at a cost. Many Australian businesses are finding themselves challenged by competitors from lower-cost economies, or well-funded, digitally-native organisations with the capability to buy their way into new markets. As a result, businesses are facing increased pressure on profitability, driving a need to increase the efficiency and productivity of staff.

ACCESSING AND RETAINING SKILLED STAFF
Australian businesses with more than 100 employees view good quality training in job-specific technical skills as critical to their competitiveness now and in the future. Maintaining or growing profitability and improving customer service are key business priorities, but this can only be achieved by ensuring staff are equipped with the right skills, not just education or theory knowledge.
HOW AUSTRALIAN BUSINESSES FEEL ABOUT TRAINING STAFF

While 80% of Australian businesses agree they should invest more in staff training, not as many are willing to make the investment. Businesses often don’t see value in the training they’re investing in, with 48% admitting they would rather hire new staff, or employ short-term staff than train their existing employees.

Competencies that businesses were most willing to invest in were job-specific technical skills, management and leadership training and information technology and systems.

1. WHY SHOULD AUSTRALIAN BUSINESSES INVEST IN TRAINING?

While the need for transformation is recognised, many Australian businesses perceive they are being held back by a lack of skills, with 79% of respondents identifying a lack of trained staff as inhibiting their growth potential. And while many businesses would still prefer to hire new staff, 70% reported it was becoming more difficult to hire workers with the specific skills needed, driving the need to upskill existing employees.

Staff training was also seen as critical when it comes to retaining staff (76%), while 73% reported that a lack of training opportunities led to increased staff turnover.

79% of respondents believed that having a lack of trained staff was inhibiting their business potential

2. WHAT TYPES OF TRAINING ARE BUSINESSES LIKELY TO INVEST IN OVER THE NEXT 12 MONTHS?

Technical skills (49%), management and leadership training (47%), and IT skills (38%) were identified as the top three areas of focus for staff training. Employers also indicated that significant investment will occur across industry compliance and health and safety over the next 12 months.

The emphasis on both business transformation and the need for profitability was reflected in the strong investment in project and change management training and sales training (both at 27%).

Despite being a key component of overall customer experience, customer service was nominated by only 19% of respondents as a key focus for training.
3. WHAT ARE CURRENT AUSTRALIAN BUSINESSES ATTITUDES TO EMPLOYEE TRAINING?

Almost half (48%) of Australian businesses would prefer to recruit or hire contractors rather than invest in training their existing employees, with some citing examples of investing in staff training only to see them leave.

Difficulties in finding appropriate training was also a common reason for hiring new staff (57%), with employers in agreement that time-poor managers do not have sufficient means to train staff effectively (55%), and 57% believing training budgets were wasted on poor training.

Respondents found it difficult to determine if they were receiving ‘bang for their buck’, with 47% unsure about the return on investment of their training spend. This demonstrates the requirement for the training market to provide more effective and engaging training programs, with measurable business outcomes that are relevant to employer needs.

4. HOW EFFECTIVE DO BUSINESSES FEEL THEIR CURRENT TRAINING PROGRAMS ARE?

Businesses were almost evenly split with just over half of businesses (56%) rating their own training as effective, and 44% rating current training as ‘moderately’ effective or less. This indicates that there is still work to be done to convince nearly half of Australian businesses that training is a worthwhile investment.

5. WHAT IS EFFECTIVE TRAINING?

Australian businesses identified ‘effective’ training as skills based, goal oriented, measurable, well-organised and relevant to the business. This points to the need for the training industry to provide customised training programs rather than ‘one size fits all’ solutions, in order for employers to justify the investment into training their staff.

6. ARE BUSINESSES INVESTING TO RETAIN HIGH PERFORMING STAFF?

With businesses facing increased pressure on all fronts, the need to retain high-performing staff is high on the agenda for Australian business. However, just over two thirds of respondents indicated that holding onto their best performing staff was becoming more difficult. As a result, 60% of respondents indicated they tried to allocate more of their training budget to high-performing staff.

Overall, employers told us that training is the second most effective way of keeping high-performing staff (20%) behind pay and incentives. In fact, three in four employers agree that staff training opportunities are an effective way to retain staff. However, many businesses were still reluctant to invest in training because they don’t have a clear view of their ROI, or they find it difficult to find the appropriate training to meet their needs.
7. WHAT KIND OF TRAINING IS PREFERRED?

83% of respondents agree that the most popular form of training is customised to the specific needs and processes of their business. Businesses understand that training is a specialised discipline, with 78% agreeing that training was generally more effective when delivered onsite by a specialist trainer. 71% of employers are willing to invest in innovative programs using technology such as augmented or virtual reality to increase engagement.

8. HOW MUCH ARE BUSINESSES WILLING TO SPEND?

Four in five businesses agree that Australia should invest more in training their staff. Despite this recognition, and the subsequent criticality of having the right staff, finding the appropriate training budgets to achieve skills outcomes is still proving problematic. Almost half (41%) of the businesses surveyed spend more than 5% of their annual earnings on training, with NSW businesses spending an average of $1,685 per employee on training and development.

9. WHAT ARE THE MAIN BARRIERS TO STAFF TRAINING?

While a large proportion of businesses do understand the value of training, the unwillingness of some to spend a significant portion of their budgets on training points to the existence of numerous barriers. Workplace based training is a simple solution to the most commonly cited barrier, with 74% of employers stating that the time employees are required to spend away from work significantly impacts their willingness to implement training programs. This barrier was closely followed by a lack of training budget (54%) and the inability to motivate staff to take part (46%).

Other barriers included difficulties in finding the right trainers, demonstrating the return on investment and finding the right partners to develop relevant content.

The most commonly cited barriers:

- 74% Time employees were required to spend away from work
- 54% Lack of training budget
- 46% Inability to motivate staff to take part

Stubbornness and resistance to change. Resistance to change is a common barrier to organisational learning.

Manager/Supervisor, NSW
Australian employers know they need to invest in the development of staff to remain competitive and keep up with changing skills requirements. Digital technologies are delivering new capabilities to organisations to better understand and interact with customers at a much more personal level, driving the need for organisations to identify the skills they require not just in the future, but today.

As the workplace continues to change and competition for skilled employees intensifies, the need for businesses to retain high-performing staff by offering strong training and development packages is vital. Training that is tailored towards management and leadership is becoming a priority, as demand for soft skills rises due to workplace evolution.

Learning and development functions should seek to implement meaningful and impactful training, delivered by industry experts, as part of flexible ‘on the job’ learning and avoid relying on time-poor managers within their own organisations.

Employers will invest in effective customised training programs with training partners who can deliver. Customised training programs that strongly align with key business priorities will help to cultivate a workforce that is set up for business growth and success. Organisations that avoid a ‘one size fits all’ approach to training, will be the ones that thrive in the digital age and will be best positioned to adapt to the evolving workplace.