



Building talent for the future workforce

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Introduction

This article provides a brief overview of the current supply and demand for skills in Australia. It then outlines the benefits that organisations can gain when managers, capable of coaching and mentoring staff, apply workforce planning and talent management.

The National Skills Picture

The increasing sense of urgency that is being created around the looming skills shortage contains paradoxes that require analysis to frame a targeted response. Skills shortages are usually very specific and demanded within a set time period to meet a performance requirement. There are many options to managing an organizations and a nations skills shortage and every options requires sound and up to date information about skills availability now and in the future.

The lack of sound information on the supply side of the equation is evident by 'soft' indicators such as the growing contract / consultant labour force, many of whom are underemployed, the graduate's difficulty of entry into the professional area that they trained for, the mature worker bidding out their time, and the redundant seeking meaningful work. There certainly is an available group willing to work differently, none of whom are in the official unemployment figures.

On the demand side an employer usually considers that a skills shortage occurs when a vacancy is hard to fill and when internal training, increased overtime or job redesign has not had an adequate impact on the skills in demand. The skills shortage may be affected by union or employer associations who reduce the supply, through training requirements or regulations, as occurs with medical specialists. Other factors, such as pay and conditions will also have an impact on skills supply and response to demand. Once again there is often a lack of sound information about career intent, or available skills, due to limited career conversations and inflexible work practices. A shift towards a talent management paradigm, that supports the art of conversation and career coaching, will gather real time information to guide skills development and work redesign.

Much of the research on patterns of labour force demand is aggregated data so that broad patterns are shown. Sometimes this level of aggregation, or generalisation of the data, hides important variations in skills gaps such as cyclical demand, regional differences and

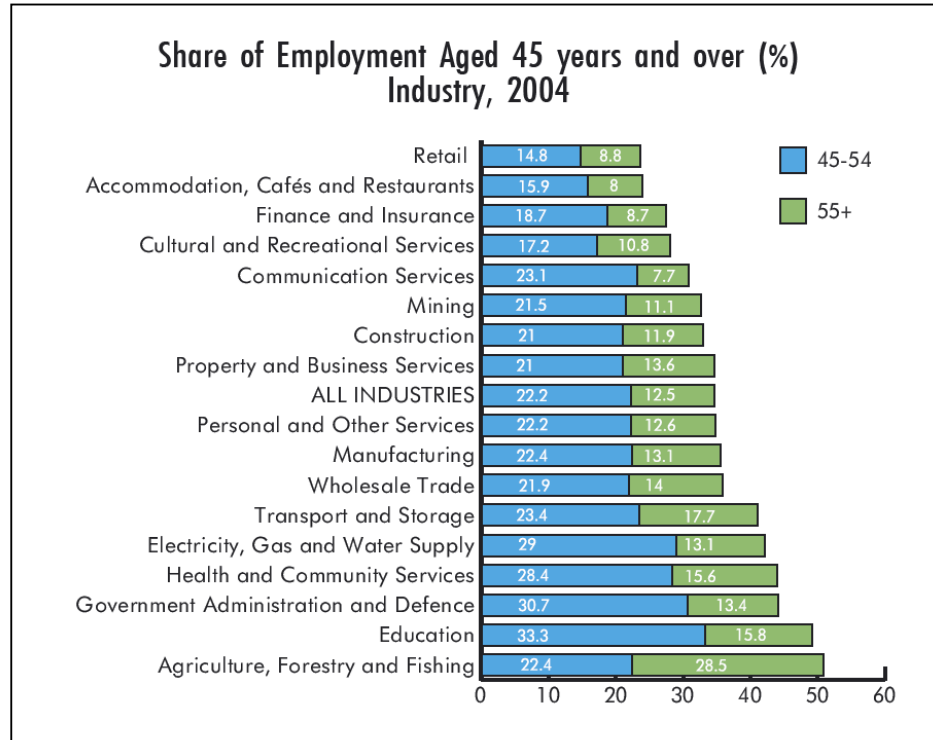
www.jobsearch.gov.au/joboutlook.

You can choose an occupation and view detailed information on salary levels, demand, median age etc

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employment conditions such as full and part time work. However, an overview of the broad patterns in Australia can assist in the analysis of supply and demand and show why the design of a talent management strategy, tailored to the organisation's future, is so important.

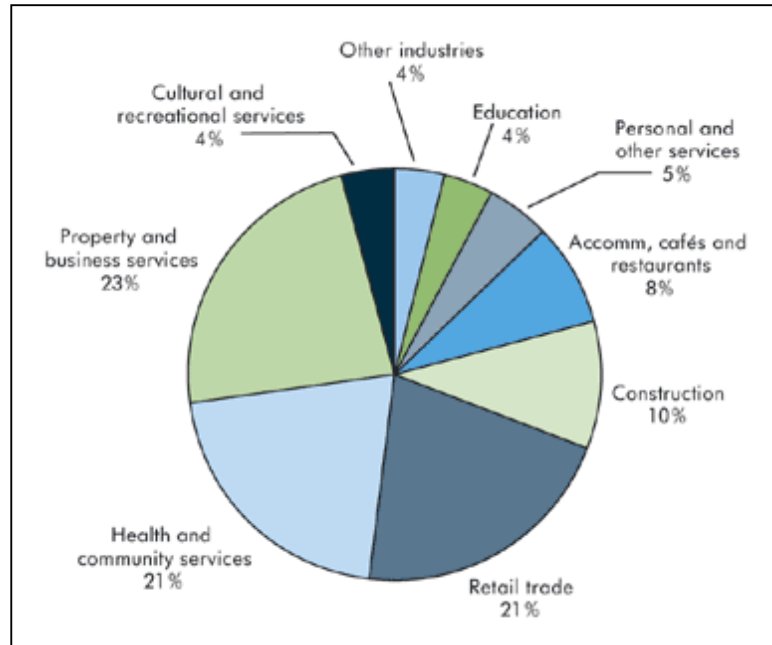
The 2005 survey by the Department of Employment and Workforce Relations outlines the share of employment held by those aged 45 and over in the workforce .



It is interesting to note that and Health and Community Services, one of the areas of greatest growth has also got 44% of its population over 45 years as compared with 35% for all industries. Health and Community Services has a 78% female work force, 46% of whom work part time and 75.1% hold a qualification. Of this group, 38.5% have a Bachelors degree or higher degree.

Much of the literature on talent management focuses on the health sector because of the great need to manage the current skills shortage. There has been an extensive focus on the nursing skills shortage over the years with many government led initiatives effecting education, and salary. The talent management focus being taken within organisations has included work design, flexible work practices, mentoring and education. However women have a much greater breadth of career choice and the culture in many hospitals still limits the power and decision making scope at many levels of nursing,

The areas where the greatest growth is predicated is outlined in the pie chart on the following page.



Property and Business Services is diverse and includes real estate, business services (IT and ICT professionals) and the majority of work is full time with approximately 70% holding a qualification; 35.2% being at degree level.

The Retail Trade Sector has the youngest group with 40% under 25 years compared to the industry level of 18% and 47% work part time. This sector has the lowest level of formal qualifications with 62.4% having no qualifications and 7.3% having a degree or further qualification.

Responding to the potential shortage

There are many government initiatives aimed at increasing the accuracy of information about the current and future labour market and developing strategies to overcome potential skills shortages. One strategy most recently discussed is the poaching of trained migrants from developing countries who have invested scarce resources to develop the future of their communities. Shah and Burke (2005) state that *“One of the problems with this system is that the arrival of migrants, with appropriate skills, often lags by a considerable time the actual occurrence of the shortage. Sometimes the market has already corrected itself by the time the migrants arrive. The migrants then find themselves having to work in alternative, and sometimes lower skill, occupations. Another problem is that migrants generally prefer settling in large metropolitan areas while the shortages are often in regional or remote areas.”*

The other major means of managing the aggregate supply side of the skills equation is training, by either the government or employer. The flexibility of the formal training offer has been improved through increasing the number of private training providers able to deliver national qualifications and ensuring the national recognition of qualifications through the National Qualifications Framework. There have been a number of attempts to increase the investment in skills

We offer a very simple online workforce planning survey that asks managers and staff some key questions like these to get an overview of the current situation and future intent.

At Interdependent we have developed an online system to support career reflection, career conversation and career management.

training by employers, such as the Training Guarantee or through subsidies received for structured training such as apprenticeships and traineeships.

Apart from these interventions a key aspect of managing the skills shortage is the image of the industry and in particular the image and culture of the organisation. The skills shortages felt in organisations are usually for a specific area of skill, often a high level skill which may not reflect the general trend for the occupation as a whole. Effective workforce planning which aims to identify and meet skills shortages can not remain at the aggregate level. It must be integrated with talent management strategies and based on detailed knowledge of the intent of current staff and informed by interaction with potential future staff.

Talent Management

Why is there a sense of urgency about the current number of 45-year-old plus in the workforce? Do we know the intent of these 34.7% of people? Many may wish to work well into their 70's. After all, in the USA, Greenspan, at the age of 78, took office on June 19, 2004, for a fifth term as Chairman of the Board of Governors of the Federal Reserve System and is now making critical decisions that impact on world economies. Obviously the Federal Reserve wanted to retain his talents. The question is not about age and the presumed behaviours that go with a certain age.

The patterns in the labour force have changed dramatically over the past 10 – 15 years with increased part time work, many recognised on the job training pathways, contractors, working from home, multiple careers, less job security and reduced retention patterns. To compete we have been led to believe our workforces must be flexible, responsive, and innovative and that each of us is responsible for our own careers. Yet we have persisted with the paradox of succession planning and workforce planning as tools to identify the future demand and plan for the skills required. Succession planning is usually owned at a corporate level, based on capabilities required and has the aim of developing a talent pool from which to fill targeted leadership roles. It can support some aspects of talent management but has a different paradigm. The paradigm is one of reasonable stability and often it has a focus on the few. Talent management considers that the internal and external market place of skills is constantly changing and that it is every manager's and employee's responsibility to analyse the capabilities required and build potential. It means managers have to know staff capability and intent, they need to be able to coach and mentor with an awareness of the whole organisation's needs and challenges.

Heinen and O'Neill (2004) suggest that questions such as these guide the focus on talent management.

- ◆ Are the right people in the right jobs performing at maximum levels?
- ◆ Is this the mix of talent necessary to drive the business?
- ◆ Who could be promoted to further career and organisational potential?
- ◆ Who needs to be reassigned to another position to improve results and/or behaviours?
- ◆ Does anyone need to be outplaced?
- ◆ What individual or group talent vulnerabilities exist?

- ◆ What actions need to be taken to improve talent development results?

They outline the need to differentiate between 'potential' and 'performance' in managing talent. Someone with high potential may be ready for promotion up to at least two levels of responsibility or scope while someone who is a high performer may need adequate reward and recognition to continue to contribute as they are now. The systems for reward, performance and career development must be flexible enough to nurture talent at any level of the organisation that delivers the capabilities required.

Human Resources role in talent management and workforce planning

Talent management is the shared responsibility of all managers and employees. Calls to increase retention, concerns about young people who move jobs, fears about mass exodus at 55 are often based on nothing but presumption, rather than planning, to meet an identified skills shortage or improve a specific capability to achieve improved performance.

HR needs to gain intelligence from managers and employees, through conversations, the performance management system, surveys, workshops and meetings so that they can identify:

- ◆ What are the critical capabilities required to make a difference to the organisation/sections performance?
- ◆ Why do people select and leave the employer?
- ◆ How satisfied are managers with skill levels on selection?
- ◆ What support do managers need to support skills development and performance?
- ◆ Who is a high potential and how are they being mentored, coached and developed?
- ◆ How attractive is the employer to high performing employees?
- ◆ Which stakeholder relationships need to be strengthened and supported to improve learning?
- ◆ What is the expected change in demand for employees in specific roles?
- ◆ What changes in salary conditions or training will be made to respond to changed demand?

We analyse your workforce plan and help to design the most useful talent management strategies with you.

Examples of these strategies include graduate development systems, cadetships and fast track management systems.

Interdependent has developed capability and competency matrices for a wide range of organisations

Key measures to track talent management include.

Voluntary turnover	How many are high potentials and sound performers? Are there patterns in the areas of loss?
Development of cross functional expertise	How many new appointments came from another area? How many high potentials?
Promotion rate by functional area/career level	Are there career blocks based on eg. skill regulation, functional experience?
Internal external promotion ratio	Is diversity, internal development and external experience reflected?
Senior management strength	Have high potentials 'fast tracked to this level? What reported impact are they having?
Development Costs	What is the ratio of costs on development for performance to the required level? What is the ratio of costs on development for high potential performance?

The coaching for capability series provides short three hour sessions on specific coaching tasks to help managers to practice essential micro-skills in a range of situations:

- Peer Coaching
- Coaching for Competence
- Coaching for Performance
- Coaching to improve performance
- Coaching to mediate and resolve conflict
- Coaching to develop careers
- Coaching for Change

For managers who lead talent development we offer:

- Facilitating a Coaching Culture
- Leading a Coaching Practice

Next Steps

Guiding the organisation to focus on planning to develop potential rather than joining the cry of skills shortage and seeking a quick fix from another company or country is an urgent challenge for leaders. The step that is within every manager's circle of influence is to start a conversation to find out what the current workforce, particularly the high potentials, really want. It may be surprising. Perhaps, like John Howard, they are not so interested in retirement but enjoy the challenge of the game and the company that they keep! Another action that is within many managers' reach is to improve their own skills in coaching and career guidance so that they can help staff to state what they hope for in their careers and work with them to achieve it. Much of talent management is based on the arts of conversation and coaching, informed by a clear guideline on the capabilities required to make a difference to performance now and in the future.

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