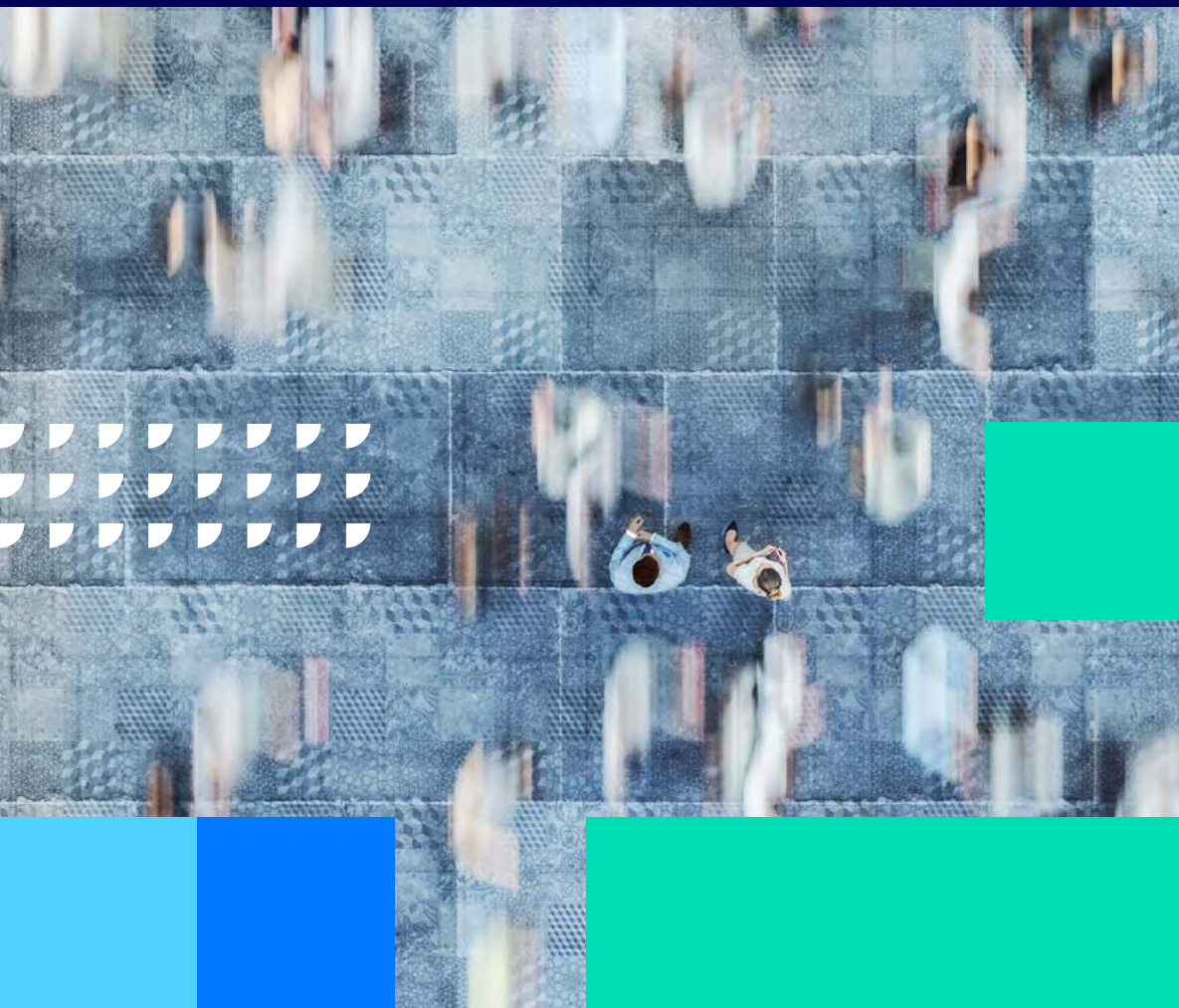


READY—SET—UPSKILL

Fast track growth with digital skills



Contents

03	Executive summary
06	Introduction
09	01 Changing skill needs
11	Trending skills
12	Future skill needs
13	Case study #1 — Who Gives A Crap
15	02 Skills premium
16	The digital skills wage premium
18	Hybrid work is here to stay
19	Case study #2 — Mantel Group
21	03 Business challenges
23	Businesses are experiencing difficulty recruiting
25	The Great Resignation?
25	Australia's skilled migration program
27	04 What businesses are doing to future-proof their workforces
28	The role of upskilling
31	Policies to increase employee loyalty
32	What's next for businesses?
33	References
34	Appendix: Survey methodology
35	About us
35	Disclaimer

9%

On average, the digital skills wage premium was 9%. This is equivalent to an additional \$7,700 per worker every year

26%

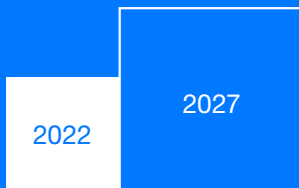
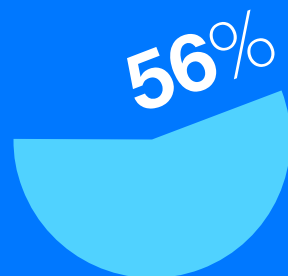
Employers reported that a quarter (26%) of their employees' digital literacy skills are out of date

Australia's economy has produced

\$148 billion less

in GDP that it would have in the absence of the pandemic, of the total economic impact, \$32 billion (or 24.5%) stems directly from the closure of international borders – equating to around 380,000 people

Over half of employees (56%) surveyed to inform this research paper indicated they had taken steps to change their current employment



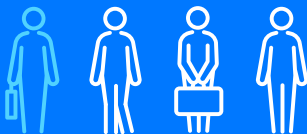
Roughly 60% of employees said they believe digital literacy skills and knowledge of cyber security tools/processes would increase in importance over the next five years

64%

more job advertisements are referring to 'hybrid work'



Digital skills are no longer a nice to have but reflect a core business skill



2.6 million workers require digital skills to perform their role in Australia. This is equivalent to one in every four (24%) workers in select occupations in Australia



For employers – soft skills including leadership, critical thinking, and communication were identified as the most important skills in the next five years

Executive summary

In recent years, Australia's skill and occupation landscape has been slowly changing – increasing digitisation, changes to in-demand skills and how individuals work, have all been accelerated by the COVID-19 pandemic. This has led employers and employees to rethink how they address the changing skill need.



The closure of international borders brought Australia's migration to a virtual standstill and has exacerbated the talent shortage in Australia. Deloitte Access Economics estimates that by December 2021, Australia's economy has produced \$148 billion less in GDP than it would have in the absence of the pandemic. Of the total economic impact, \$32 billion (or 24.5%) stems directly from the closure of international borders, with Australia's population smaller than it otherwise would have been – equating to around 380,000 people. This is equivalent to roughly 21.3 million hours of potential labour supply in September 2021 alone.

Importantly, the impacts of closing Australia's international borders aren't a temporary setback. Without action, Australia's economy will be permanently smaller than it otherwise would've been in absence of COVID-19. This means that reverting to pre-pandemic trends isn't enough. Instead, even stronger growth is needed to correct for losses incurred during the pandemic.

While border restrictions are now easing in the next recovery phase of the pandemic, the return of migrants will be slow. Employers are also bracing for 'the great resignation' to hit Australia. This research paper surveyed a range of employers and employees across Australia. The employer survey indicated that 54% of employers found it harder to retain current staff. This is consistent with employees' plans, with a staggering 56% of

employees indicating they had taken steps to change their current employment in the past four weeks, such as looking on LinkedIn or Seek, preparing their CV, or sitting an interview.

As employers are bracing for a potential great resignation, they are also struggling to recruit new staff. Over half of employers (58%) reported finding it difficult to attract new staff in 2021, identifying border closures as the most common barrier.

As Australia settles into the post-COVID-19 world, it is important to understand where the skill needs are. Digital skills are the most likely to be identified as lacking in a business – close to two in five businesses surveyed for this research paper (38%) said they lacked artificial intelligence and machine learning skills. This skills gap means that many Australians do not have the skills they need to perform their role. For those who do have these skills, employers regularly report that they are out of date – roughly one in five businesses (21%) said their employees' digital skills were out of date.

Digital skills will increase in importance over the next five years. While digital skills are highest in-demand today, roughly 60% of employees said digital skills and knowledge of cyber security tools/processes would increase in importance over the next five years. For employers, the future of skills looks different. Soft skills including leadership, critical thinking, and communication were identified as the most important skills in the next five years.

With this growing demand and shortage of digital skills, possessing digital skills comes with a payoff. Deloitte found on average the digital skills wage premium was

9%, equivalent to an additional \$7,700 per worker every year. This research report found that Australian businesses are willing to pay more for employees with digital skills, but surveyed employees believe the biggest wage premium is in job and industry-specific skills. However, soft skills and digital skills are just as valuable.

Upskilling will play a crucial role in closing the skills gap. Employers spent on average just over \$786,000 in the 2020-21 financial year, equivalent to \$1,833 per employee. Additionally, most of the businesses surveyed anticipate this rising in the next year. Notably, employees value this investment, with 76% indicating they see training as a sign their employer wants to invest in them, and they care about their development. However, nearly two thirds of employees surveyed (61%) indicated upskilling was not a priority for their employer over COVID-19. Yet, 82% of employers indicated that upskilling would be critical to helping businesses emerge stronger from the crisis.

COVID-19 has resulted in a worker-friendly labour market. Changing working conditions and how employees work will play a vital role in the future. Employees were motivated by attractive salaries, flexibility, and more opportunities for training and development. And employers are responding, with over half of surveyed employers (52%) indicating that they offered their staff more flexibility in the hours or location they work.

It looks like these motivations are here to stay. In 2021, almost half of the total job advertisements (41%), referenced the term 'hybrid work', an increase of 64% from 2019. While 57% of job advertisements mention the term professional development.



In 2021, almost half of the total job advertisements (41%), referenced the term '**hybrid work**', an increase of 64% from 2019.

While 57% of job advertisements mention the term '**professional development**'.



As Australia recovers from the pandemic, identifying current skill needs and the gaps that exist, as well as how we address these gaps is crucial.



Introduction

The COVID-19 pandemic has drastically changed the skill and occupation landscape in Australia. Talent shortages created by border closures and the restriction of movement across the country have impacted the way businesses and individuals work.

As Australia recovers from the pandemic, identifying current skill needs and the gaps that exist, as well as how we address these gaps is crucial. Changing working environments and shifts to remote and flexible work have impacted how employers and employees can close skills gaps.

It is in this context that RMIT Online engaged Deloitte Access Economics to better understand the changing skill and occupation landscape in Australia and the role that employers and employees play in responding to the gaps created by the pandemic.

This research is informed by:

- A survey of employers and a survey of employees in Australia
- Various datasets from the Australian Bureau of Statistics (ABS) and Burning Glass Technologies
- Consultations with a range of business leaders

THE SURVEYS:

The report is informed by two surveys, an employer survey and an employee survey fielded by Ipsos in November 2021.

1,040



The employer survey was fielded to 413 business leaders in Australia.

Survey respondents were individuals who are currently employed as executives, board members, owners, directors, or managers. The business leaders surveyed work across all industries and jurisdictions.

Businesses surveyed were a range of medium sized businesses of 100-499 employees and large businesses with over 500 employees.

The employee survey was fielded to 1,040 employees in Australia.

Survey respondents were across a range of demographics and jurisdictions.

Figures contained in the report relate to surveyed businesses or individuals, unless otherwise specified. As such, results may be representative of just the surveyed population.



413

26%

Employers reported that a quarter (26%) of their employees' digital literacy skills are out of date.



Changing skill needs

Skills underpin all work. They impact the types of work people perform and how successfully they perform it.

Disruption caused by the COVID-19 pandemic has dramatically altered the skills landscape. In 2021, Deloitte's report found that one-third of employees experienced changed job requirements because of the pandemic, with programming, mathematics, technology design and analysing data among the fastest growing.ⁱ

The accelerating digitalisation of business will continue to shape the post-COVID-19 landscape. Digital skills provide workers who possess them with a competitive advantage, while for others digital acumen continues to be a challenge. This report draws on a survey of 413 business leaders across Australia to understand current and emerging skill needs.

On average, employers reported that a quarter (26%) of their employees' digital literacy skills are out of date.

Even before COVID-19, Australia had a skills problem. Skills shortages were identified by businesses as being the second most commonly cited barrier to business performance.ⁱⁱ Additionally, in 2019 it was estimated that the average employee lacks two of the 18 key skills they need to perform their role.ⁱⁱⁱ

The shift to remote and flexible work has seen skill needs become more urgent. This has been exacerbated by the closure of international borders, restricting Australia's access to international talent.

Today, Australia has moved into a new phase of the pandemic. In November 2021, the unemployment rate declined to 4.6% (down from 5.2% in October 2021) and employment rose by roughly 3%. In this context, identifying where the skills needs are – and what the benefits are of possessing them – will help us understand the actions businesses and employees can take to build the skills we need in the future and take advantage of this growth.

1.1 Trending skills

Digital skills are no longer a nice to have but are core business skills. Analysis of job advertisements in Australia in 2021 shows that Microsoft Office and productivity tools were the third most frequently requested skill, behind customer service and project management. In fact, digital skills¹ ranked higher than other core business skills including sales, budget management, and business processes.

But digital skills are also most likely to be identified by businesses as lacking. Almost two in five businesses (38%) said they lacked artificial intelligence and machine learning skills. Overall, on average roughly 23% of businesses said their organisation lacked digital skills.

This problem isn't unique to Australia. The World Economic Forum predicts a global shortfall in digital skills, as technology continues to disrupt labour markets.^{iv}

The shortage of digital skills is only one part of the problem. For those that do have these skills, many employers say they are out of date. In fact, roughly one in five businesses (21%) said their employees' digital skills were out of date.

1. Classified as 'Information Technology' skills within the Burning Glass database.

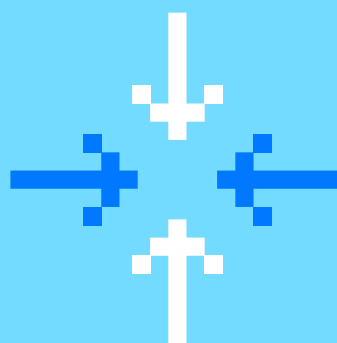
CHART 1.1:
Skills clusters in-demand

Customer service	150,727
Project management	143,485
Microsoft Office and productivity tools	105,205
General sales	96,232
Budget management	74,380

Source: Deloitte Access Economics using Burning Glass data.



Digital skills are no longer a nice to have but reflect a **core business skill**





1.2 Future skill needs

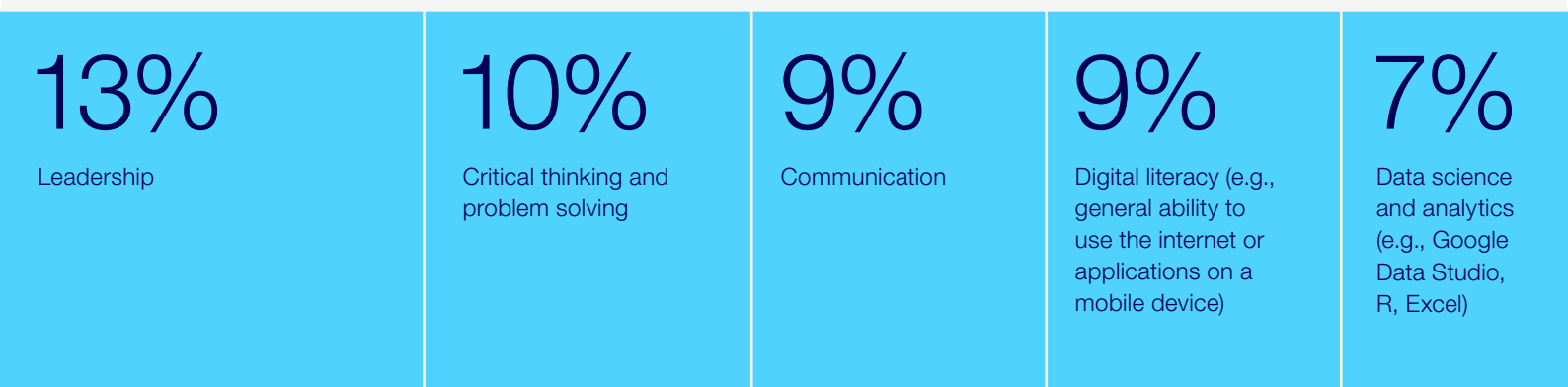
Meeting future workforce skill needs will be challenging given the demands of rapid technological change. Furthermore, border closures driven by COVID-19 continue to restrict Australia's access to international talent. But meeting Australia's skill needs could become even more challenging in the future. In fact, the skills in highest demand today – digital skills – also tend to be identified by employees as those most likely to increase in importance over the next five years.

Roughly 60% of employees said digital literacy skills and knowledge of cyber security tools/processes would increase in importance over the next five years.

In addition to digital skills, adaptability and flexibility were also identified as an important future skill for the workforce by employees.

For employers, important future skills look a little different. **Soft skills including leadership, critical thinking, and communication were identified as the most important skills in the next five years.** However, digital literacy, and data science and analytics, were also identified in the top five (ranked first by 9% and 7% of businesses respectively).

CHART 1.2:
Most important skills in the next five years, ranked first by employers



Source: Deloitte Access Economics survey fielded by Ipsos.

CASE STUDY #1



“On paper we benefit from the great resignation because we offer a lot of the things job seekers are looking for in this new world of work.”

— Ellie Smith, Vice President of People and Culture, Who Gives A Crap

CASE STUDY #1

Putting life
before work

Who Gives A Crap is a 100% recycled toilet paper brand launched in 2012. The co-founders created the business after learning that 2.4 billion people – roughly 40% of the global population - don't have access to a toilet and that 289,000 children under five die every year from diarrhoeal diseases caused by poor water sanitation.

The company was launched with a crowdfunding campaign and donates 50% of its profits to build toilets in the developing world. Today, they operate globally and employ 150 people. Like many other global businesses of this size, one of Who Gives A Crap's biggest hurdles is finding and retaining skilled talent. They have the additional challenge of finding professionals who can handle very distinct projects and can move seamlessly from one program to another.

Curiously, the workplace changes brought by the global pandemic made recruiting easier for the company. "On paper, we benefit from the great resignation because we offer a lot of the things job seekers are looking for in this new world of work," says Ellie Smith, Vice President of People and Culture.

The company implemented hybrid models of working well before the COVID-19 onset. They had invested in a culture of connectivity for remote work and integrating a relatively small team scattered across the globe. Two years ago, it sounded very modern and alien to most workers. Now employees expect these conditions as a minimum.

Who Gives a Crap has also fostered a culture of life before work, focusing on better integrating personal issues with the employees' professional lives. It also invests in upskilling and reskilling its team and equity.

Who Gives a Crap has recently launched a new leave policy called 'life leave'. It consists of 20 additional days a year, replenished yearly, to support all types of leave outside of traditional annual and personal leave. Rather than siloing time off into the various categories people may need to take time out for, life leave allows employees to take the leave they need when they need it, without explaining their circumstances to their employer. The benefits of these policies are a low turnover and substantial interest of talented candidates to work with the brand.

+64%

more job advertisements
are referring to 'hybrid work'



Skills premium

With growing demand and shortage of digital skills, it's no surprise that possessing digital skills comes with certain payoffs.

2.1 The digital skills wage premium

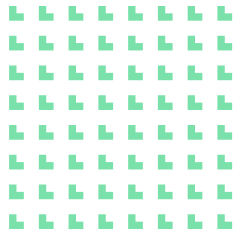
Deloitte Access Economics compared the advertised salaries within occupations where they had specifically requested digital skills to the average advertised salary more broadly, to determine the digital skills wage premium in 2021. The analysis drew on Burning Glass data and included a range of representative digital skills – from data analysis, to machine learning, data visualisation and more. In total, a list of 14 digital skills were selected.²

2. Filtered skills include artificial intelligence, data visualisation, data analysis, software development, basic programming, data security, software engineering, cloud computing, data management, machine learning, social media, IT strategy, Internet of Things, and cyber security knowledge.

Deloitte Access Economics found that on average the digital skills wage premium was 9%. This is equivalent to an additional \$7,700 per worker every year.

For businesses, digital skills provide a wealth of benefits and there are many reasons why employees with digital skills should earn a wage premium. Digital skills can streamline processes creating efficiency and boosting productivity. Further, COVID-19 has accelerated hybrid working, resulting in the need for teams to collaborate across platforms. Digital skills and literacy are essential for this.

The wage premium varied across occupations. For example, trades and technicians had the largest digital skills wage premium at 21%, compared to professionals where the wage premium was a modest 3%.



This could be determined by a number of factors. In part, it is driven by the proportion of jobs that require digital skills. For occupations where digital skills are a core part of the role, the digital skills wage premium doesn't tend to be as high.

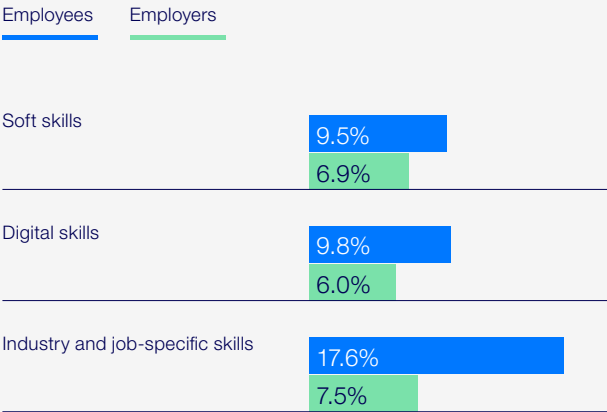
When asked, surveyed businesses also said they'd be willing to pay more for workers with digital skills. **Businesses said they be willing to pay 6% more on average** across a range of digital skills – just less than the premium of 9% estimated through job advertisements. Some skills attracted a greater wage premium than others. For example, businesses said they'd be willing to pay 6.5% more for workers with skills in data analysis, compared to 5.3% more for workers with digital literacy skills. Employees also expect to be paid more for having digital skills. On average, employees stated Australian businesses would be willing to pay 10% more for workers with digital skills.

More generally, employers see a premium from a range of different skills. Australian businesses said they'd be willing to pay 7% more for workers with soft skills, and 7.5% more for workers with industry specific expertise (e.g., knowledge of financial markets for someone in finance).

In contrast, employees think the biggest premium is in industry specific experience and knowledge. In fact, employees predicted employers would be willing to pay 18% more for workers with these skills, when in reality they are only willing to pay 8% more – a difference of 10 percentage points.



CHART 2.1:
Willingness to pay for skills, according to employees/employers



Source: Deloitte Access Economics survey fielded by Ipsos.

+64% 
INCREASE
BETWEEN
2019 – 2021

Hybrid Work

Source: Burning Glass Technologies Data

2.2 Hybrid work is here to stay

Attractive salaries, hybrid work and professional development were identified as key employee motivations to stay in current roles, and it looks like these motivations are here to stay.

Burning Glass Technologies data on job advertisements found that jobs referencing 'hybrid work' and 'professional development' have increased dramatically from 2019. In 2021, almost half of the total job advertisements (41%), referenced the term 'hybrid work', an increase of 64 percentage points from 2019. While the mention of 'professional development' has increased 33 percentage points from 2019. Over half (57%) of job advertisements mention the term 'professional development'. The COVID-19 pandemic has shown that hybrid work and a focus on upskilling can be successful, and in today's worker-friendly job market both employer and employee can be satisfied.

◀ **CHART 2.2:**
Job advertisements referencing hybrid work, 2019-2021

▼ **CHART 2.3:**
Job advertisements referencing professional development, 2019-2021

+33% 
INCREASE
BETWEEN
2019 – 2021

Professional Development

Source: Burning Glass Technologies Data

CASE STUDY #2



“A principal element of the program is that there is potential for permanent employment after the program.”

— Kerry Callenbach, People and Culture Specialist, Mantel Group

CASE STUDY #2

An unconventional way to address talent shortages



The Mantel Group is no stranger to talent shortages. Established in 2017 and focused on technology-led consulting, its main assets are its employees. But the competition from other big consulting firms and companies for tech professionals has meant that Mantel needs to be creative and innovative to attract and retain adequate employees.

The company's solution is counterintuitive and has two sides. The first is to focus on candidates' human skills instead of their technical knowledge. Kerry Callenbach, People and Culture Specialist at Mantel Group, explains: "During the recruitment process, we concentrate on identifying the traits of someone who is great at their job, particularly focusing on the human skills, and then we build a learning support network around these recruits to upskill them with the relevant technical abilities once they have started. It has proven to be a very successful approach to dealing with the technology talent shortage in our organisation."

Mantel had to create a culture that allows employees to invest time into training opportunities and strongly supports upskilling and reskilling. The other strategy was to invest in selecting and retaining women and minority groups in its

workforce. The process includes running a successful Women & Gender Minority Traineeship program. It's a rare approach in the technology sector.

Only 26% of the technology workforce are female despite several national programs and initiatives to support more women in technology careers. A third of women leave the technology industry within ten years.

Mantel's paid traineeship program for women and gender minority groups offers an opportunity to kickstart a career in technology through practical on-the-job experience blended with technology training and development workshops over nine weeks.

"A principal element of the program is that there is potential for permanent employment after the program," said Kerry Callenbach. "We hire as many trainees as we have permanent roles, and, since inception, we've offered 98% of our female trainees a full-time role. These women bridge our talent gap and bring fresh perspectives to our workplace. They're bringing a wealth of experiences from previous roles and sought-after human skills such as teamwork, communication and time management."

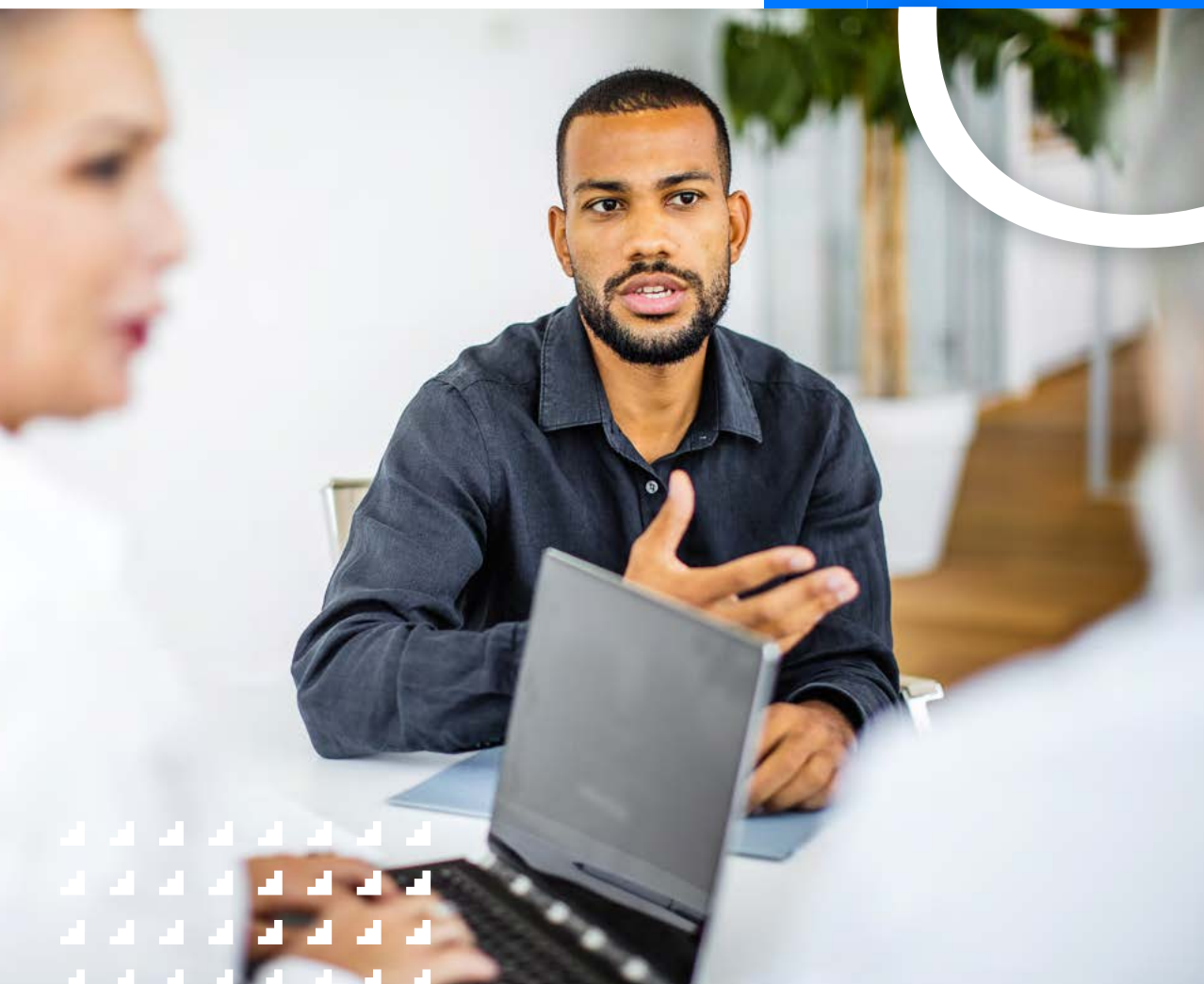
Australia's economy has produced

\$148
billion
less

in GDP that it would have in the absence of the pandemic, of the total economic impact, \$32 billion (or 24.5%) stems directly from the closure of international borders – equating to around 380,000 people

Business challenges

The COVID-19 pandemic has resulted in Australia's greatest economic downturn since The Great Depression^v. The closure of international borders, restrictions and strict lockdowns has led to critical labour shortages and skills gaps across sectors. Businesses are facing new challenges in the post-COVID-19 Australia.



3.1 Businesses are experiencing difficulty recruiting

As Australia seeks to revive its economy in the next phase of the COVID-19 pandemic, labour shortages in a variety of sectors may reduce the pace of recovery. The absence of incoming migrants has resulted in employers reporting finding it increasingly difficult to recruit for their available positions. Over half of employers surveyed (58%) found it difficult to attract new staff in 2021, identifying border closures as the most common barrier (27%).

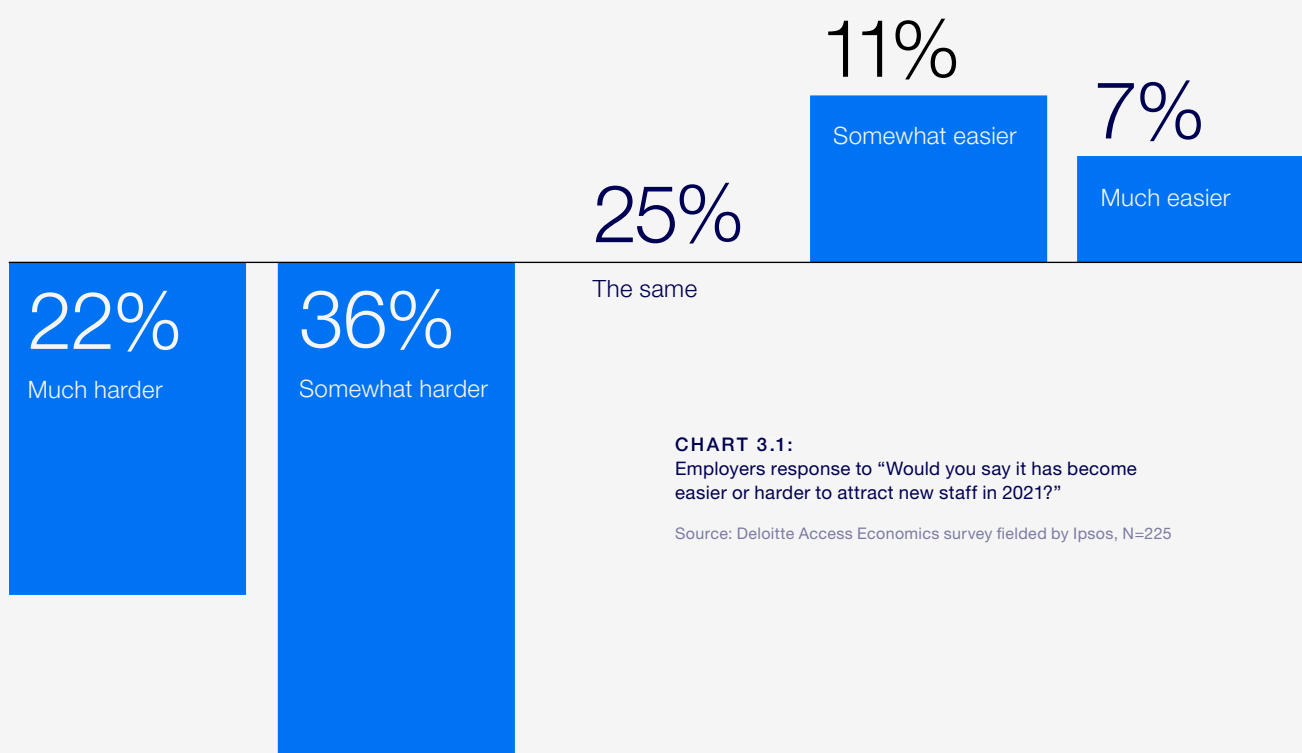
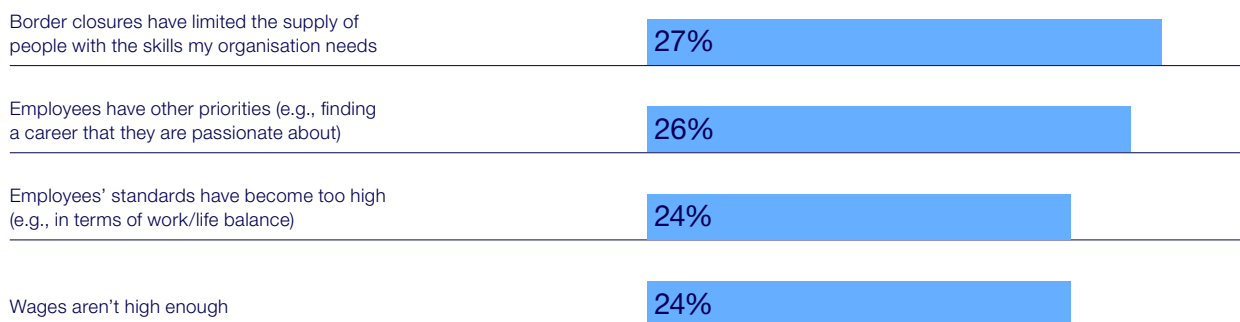


CHART 3.2:
Employers response to “Why has it become harder to attract new staff in 2021?”



The Internet Vacancy Index (IVI) echoes these results, as national recruitment activity remains elevated as compared to pre-COVID-19 levels across all eight major occupation groups. In the month of November 2021, the most substantial growth was concentrated in occupation groups affected by job reductions during COVID-19 as employers are rehiring these employees.

Recruitment activity levels are most elevated for labourers, community and personal service workers, machinery operators and drivers, and sales workers.^{vi}

It is likely that stronger recruitment activity will continue for some time in these occupations, as businesses

continue to hire as the economy recovers. However, companies rehiring for the positions lost during COVID-19 do not explain the increase in recruitment in its entirety. For example, employment of Professionals exceeded pre-COVID-19 levels by August 2020, yet, both employment and recruitment activity continue to experience strong growth, up by 6.7% and 39.1% respectively as compared to pre-COVID-19.^{vii}

The survey found, on average, employers have also found it harder to retain current staff, compared to before the pandemic. Over half of surveyed employers (54%) found it somewhat harder or much harder to retain current staff in their organisations.

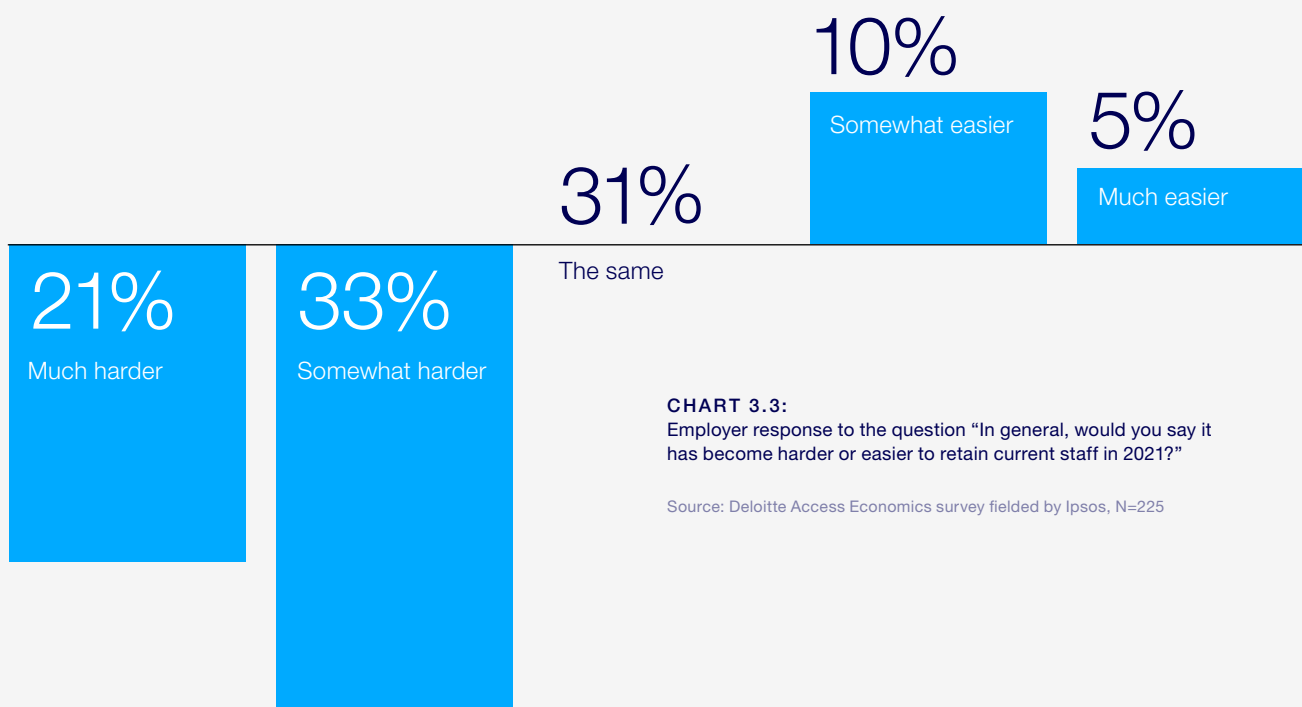


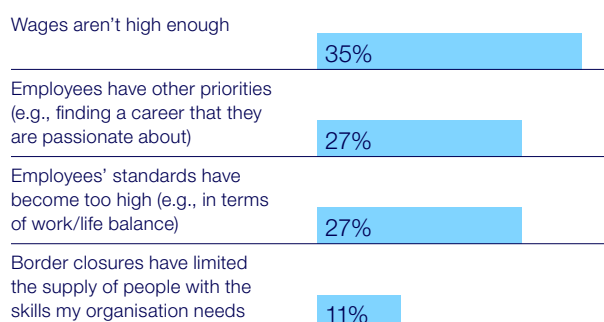
CHART 3.3:
Employer response to the question “In general, would you say it has become harder or easier to retain current staff in 2021?”

Source: Deloitte Access Economics survey fielded by Ipsos, N=225

Low wages were identified by employers as the main barrier to retaining current staff.

Surveyed employers identified wages not being high enough (35%), followed by employees having other priorities (27%) as the main reasons why it is difficult to retain staff.

CHART 3.4:
Employer response to the question “Why do you think it has become harder to retain current staff 2021?”



Source: Deloitte Access Economics survey fielded by Ipsos, N=225

OVER HALF OF EMPLOYEE RESPONDENTS

56%

employees have
taken steps to
change their
employment.



3.2 The great resignation?

In 2021, the United States saw a trend of employees voluntarily leaving their employment, known as ‘the great resignation’. According to the U.S. Bureau of Labor Statistics, four million Americans quit their jobs in July 2021.³ Reasons for this cited include employees having time to rethink their careers, work conditions and goals, and employees reaching breaking point after months of high workloads and hiring freezes during 2020.⁴

Employers are now bracing for a similar trend in Australia. There are signs it may be emerging, however, it is yet to be fully seen. According to LinkedIn’s quarterly data, from April to July 2021 burnout rose 9%.^{viii} The same data stated that very few people want to return to pre-pandemic work life.^{ix} Further, a survey conducted by the Adecco Group found that four in ten people have suffered from overwork and burnout in the last year.^x

The survey shows signs of significant resignation emerging in Australia. **Over half of employee respondents (56%) indicated they had taken steps in the last four weeks to change their current employment**, including doing one of the following: looking on LinkedIn or Seek for job opportunities,

preparing their CV or resume, thinking about leaving their current employment, being offered a new employment opportunity, sitting an interview, being approached by a recruiter, or reaching out to their network about opportunities. Businesses are slightly more optimistic and don’t expect to lose half of their workforce. One third of surveyed employers expect between 6–10% of their staff to resign in 2022, while a further 24% expect 11–20% to resign in 2022.

3.3 Australia’s skilled migration program

Historically, Australia has benefited from a very successful migration program, which has focused on introducing skilled migrants, providing a major source of talent for Australia’s skilled workforce. Despite the strong demand for the skilled workforce, COVID-19 and related border closures have disrupted skilled migration to Australia, bringing migration to a virtual standstill. While the Australian Government has eased some international travel restrictions, the return of offshore migrants will occur in a measured fashion.

3. U.S. Bureau of Labor Statistics, *Job openings and labor turnover summary*, December 8 2021 <<https://www.bls.gov/news.release/jolts.nr0.htm>>.
4. Harvard Business Review, *Who is driving the great resignation?*, September 15 2021 <<https://hbr.org/2021/09/who-is-driving-the-great-resignation>>.

3.3.1 Temporary skilled migrants

The number of temporary skilled migrants joining Australia's workforce has experienced two years of consecutive reductions, falling 18.5% in 2020-21 and more than 30% in 2019-20. In 2019-20, most of this reduction was in offshore visa grants, which decreased by 50% from 2018-19. Onshore visa grants experienced a smaller decrease of nearly 28% over the same period.^{xi}

The number of temporary skilled migrants participating in Australia's workforce decreased by 19% in September 2021 compared to the same time in the previous year. This represents consecutive declines in the number of temporary skilled migrants in the country since the end of 2019. These temporary migrants typically fill roles as professionals representing 63% of the total intake, with the top three occupations including, resident medical officer, chef and software engineer.^{xii}

3.3.2 Permanent skilled migrants

Australia's planned permanent migration intake for 2020-21 was just over 160,000, with just under 50% of all places granted to skilled migrants. While this is in line

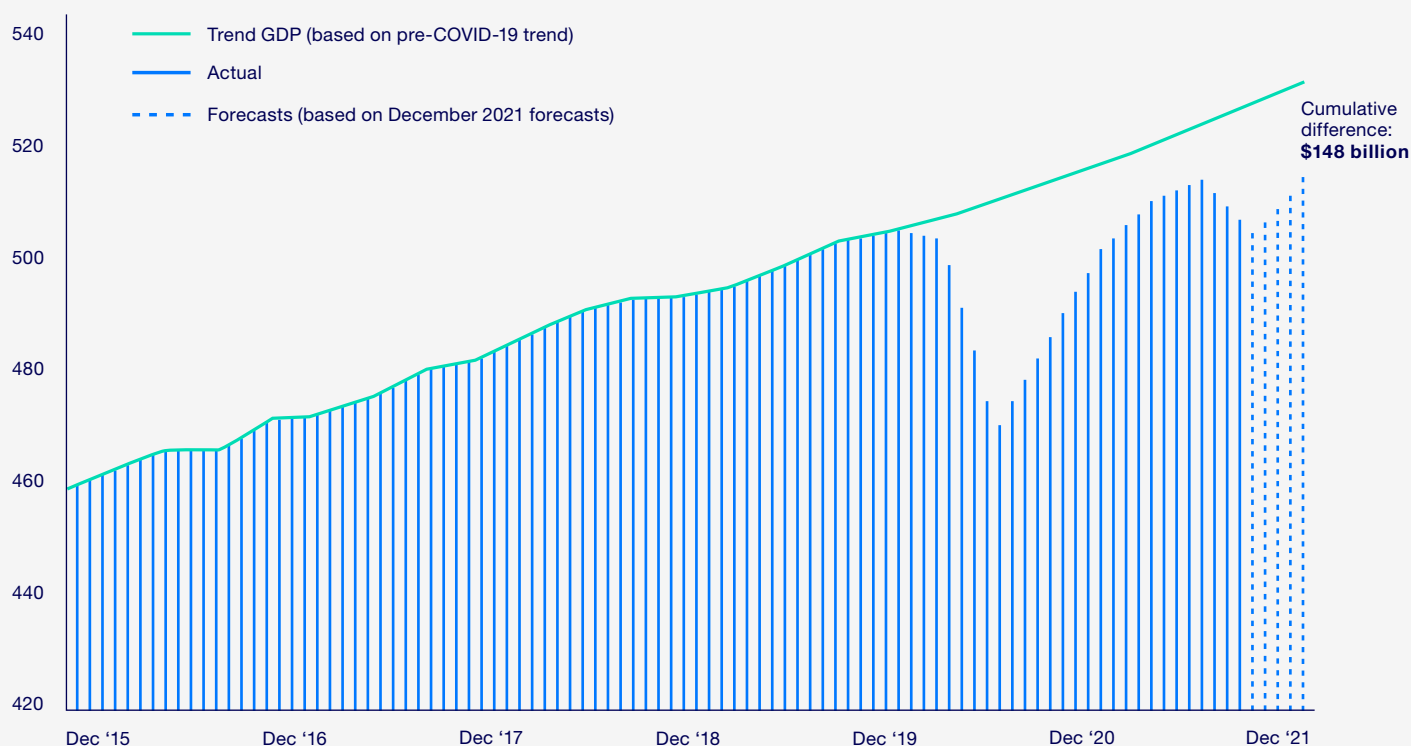
with Australia's previous permanent intakes, due to strict international border closures, a significant number of the places available have been granted to those applicants already onshore (i.e., the backlog of applications).^{xiii} Similar to temporary migrants, permanent migrants typically fill roles as professionals, with the top three occupations including registered nurses, software and application programmers, and accountants.^{xiv}

3.3.3 Impact on Australia

The closure of international borders, the closure of many state borders, significant restrictions on movement and activity, and overall lower confidence plunged the country into recession. Deloitte Access Economics estimated that by December 2021, Australia's economy has produced \$148 billion less in GDP than it would have in the absence of the pandemic. Of the total economic impact, **\$32 billion (or 24.5%) stems directly from the closure of international borders**, with Australia's population smaller than it otherwise would have been – equating to around 380,000 people⁵.

5. This is equivalent to roughly 21.3 million hours of potential labour supply in September 2021 alone.

CHART 3.5:
Quarterly GDP, \$ billion real – pre-COVID-19 trend and actual/forecasts



Source: ABS National Accounts, Deloitte Access Economics Business Outlook September 2021

77%

of employers believe
that their organisation
could do more to
upskill staff.

56%

More than half of
the employers (56%)
surveyed reported
having a dedicated
budget for training
and development.



What businesses are doing to future-proof their workforces

4.1 The role of upskilling

Australia's approach to managing COVID-19, specifically closing international borders, has reduced the number of incoming temporary migrants.^{xv}

While Australia is a highly ranked destination for skilled migrants, it remains unclear how Australia's approach to managing COVID-19 and treatment of migrants in the process will influence Australia's comparative attractiveness as a migrant destination. For example, people on temporary visas with work rights equated to nearly 900,000 people yet were largely excluded from Government support initiatives such as JobKeeper.^{xvi}

Australia also faces considerable competition reattracting highly sought-after skilled migrants, as other countries will seek to use them to support their next phase of the COVID-19 pandemic. Therefore, simply reopening their borders is not going to replenish the number of migrants who did not come to Australia over the past two years, making upskilling our existing workforce critical.

Many businesses surveyed have recognised upskilling as a means through which to get the skills they need, with 65% of surveyed businesses currently implementing on-the-job training programs beyond mandatory compliance training.

In line with this, more than half of the employers (56%) surveyed reported having a dedicated budget for training and development. Of the employers surveyed who invest in training, they spent on average **just over \$786,000 in the 2020-21 financial year, equivalent to \$1,833 per employee.**⁶ However, most of the businesses surveyed anticipate this spend rising in the 2021-22 financial year.

6. Based on the average business in the sample having 428 employees.

CHART 4.1:

Employer response to “Which of the following does your firm offer its staff?”

72%

Flexible work arrangements

65%

On-the-job formal training initiatives

54%

Subsidised and free learning opportunities

48%

Coaching and mentoring programs

41%

Paid study leave

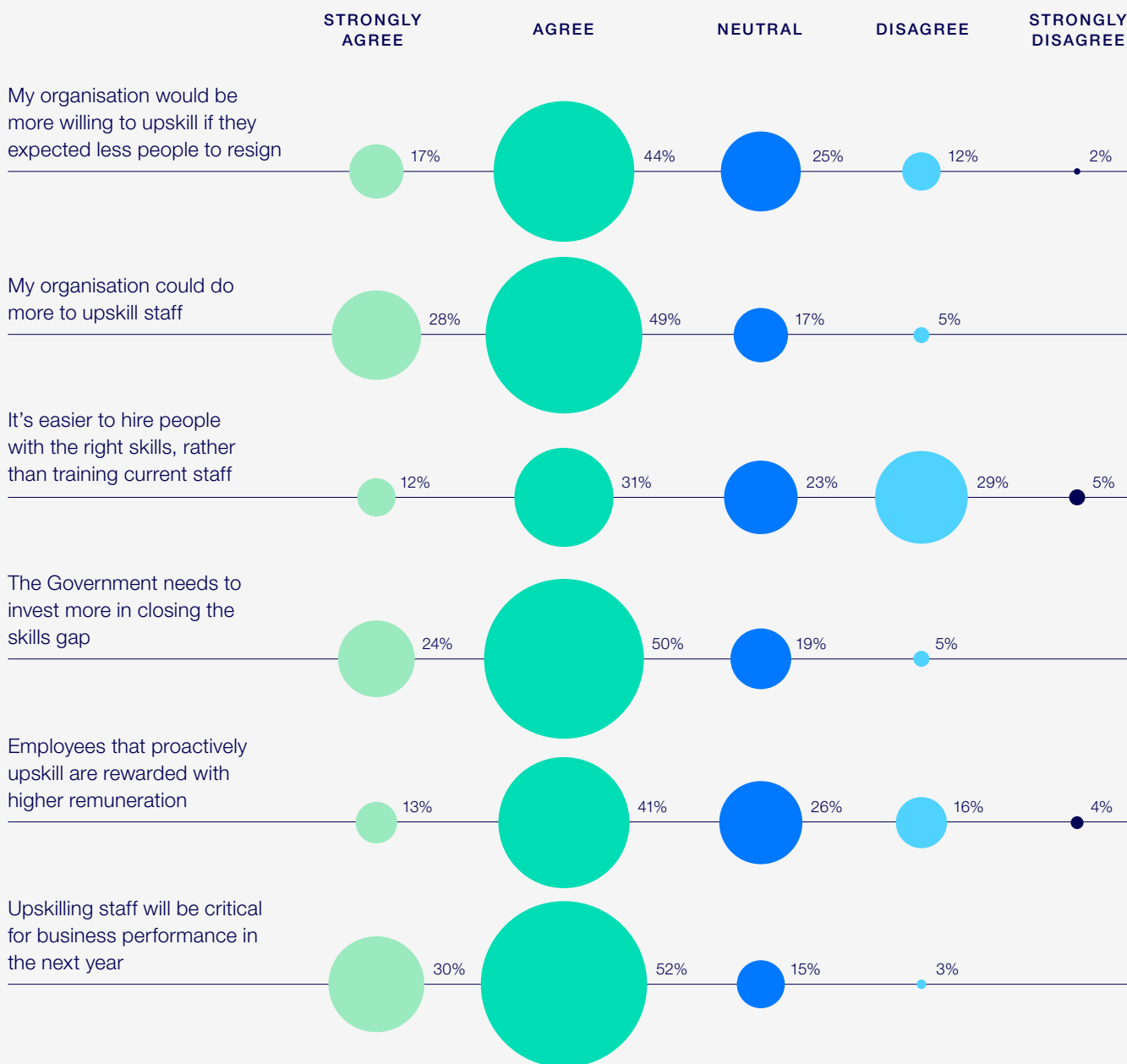
8%

None of the above

Source: Deloitte Access Economics survey fielded by Ipsos. N=413

CHART 4.2:

Employer responses to “Extent to which you agree with the following statements”



Source: Deloitte Access Economics survey fielded by Ipsos.

Employees value this investment in training, with 76% of employees reporting valuing training because it is a sign their employer wants to invest in them and cares about their development. Survey data reveals, on average, employees spent 13 hours on training and development in 2021. In addition, 7% of employees dislike training because they don't find it relevant to their current role.

Over three quarters (76%) of employees surveyed believe that learning new skills is even more important in the COVID-19 recovery. This was echoed by employers, with

82% of employers surveyed acknowledging that upskilling will be critical to helping their business emerge stronger from the crisis.

Despite both employees and employers recognising the important role of upskilling, survey data finds that businesses are not doing enough to support this. Nearly two thirds of employees surveyed (61%) indicated upskilling was not a priority for their employer over COVID-19. And 77% of employer respondents believe that their organisation could do more to upskill staff.

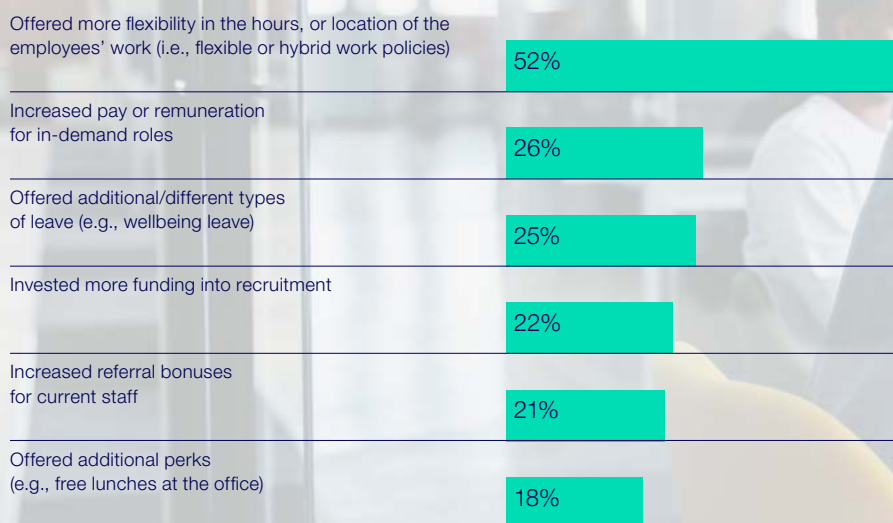
4.2 Policies to increase employee loyalty

Changing working conditions and how employees work will also play a role in closing the skills gap for individual businesses. Over the past year, employers have introduced a range of measures to increase employee retention.

Over half, 52% of surveyed businesses indicated that they offered their staff more flexibility in the hours or location employees' work. Further, 26% of employers surveyed increased pay or remuneration for in-demand roles.

CHART 4.3:

Employer response to the question "Has your business introduced any of the following measures to help attract staff over the past year?"



Source: Deloitte Access Economics survey fielded by Ipsos



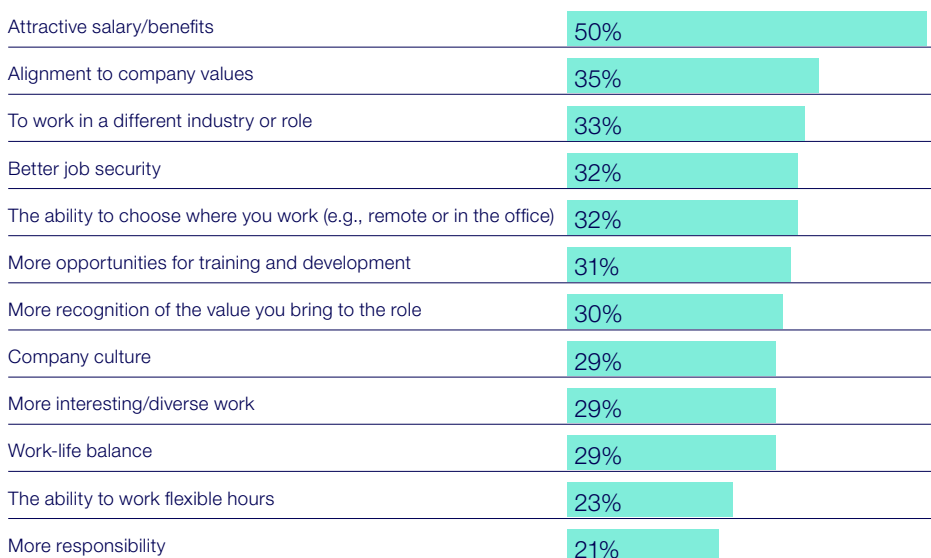
Motivations for employees to stay in their current roles differed.

An attractive salary was the main reason an employee would accept a role elsewhere (50% of surveyed respondents).

Further, the ability to choose where you work (32%) and more opportunities for training and development (31%) were key motivators.

CHART 4.4:

Employee response to the question "Rank the factors that would incentivise you to accept a role elsewhere"



Source: Deloitte Access Economics survey fielded by Ipsos, N=1040

4.3 What's next for businesses?

Our research has shown that 2022 continues to be a challenging year for businesses in Australia, with several issues impacting the job market and the skills offered and demanded. But there are many ways companies and governments can positively influence the current situation.

This report found that over half (56%) of employees are looking for potential opportunities in the market and that close to a third (31%) see learning and development as an incentive to accept a role elsewhere. At the same time, 76% of employees perceive training as a sign their employer values them. In this context, organisations should consider offering training opportunities for workers to continue to grow and adapt. Not only can it be a strategy to retain workers, but reskilling and upskilling can also help businesses meet current skill needs and reduce the impact of losing experienced staff.

Businesses need to get better at rewarding valued skills. Digital skills attract a wage premium of 9% on average. Other skills, such as customer service, continue to be in high demand across Australia as well. Businesses need to recognise their skilled workers with higher salaries or other benefits before competitors offer them better pay. Continuously reviewing remuneration packages to ensure they are on par with market expectations is critical to minimising staff turnover.

Companies should apply a data-driven approach to better understand their workers' unique attributes and needs to plan for the future and anticipate problems and design responses.

Businesses also need to think about how to take advantage of new ways of working. Job advertisements referencing 'hybrid work' have grown by 64% in the past year alone, and 32% of employees say having access to hybrid work arrangements is an incentive to leave their current position.

Not only is it valued by employees, but remote working creates opportunities for businesses to recruit in other parts of Australia or even internationally if they are struggling to find the staff they need locally.

Although the private sector has many instruments to improve the current situation, governments also have a critical role to play.

Governments should invest more in programs to help mid-career professionals find their new vocation and have the courage to retrain. It will also help the newly trained to gain experience, which is historically the hardest part of the transition.

Some of the changes detected in this report are cyclical, but most of the challenges are part of underlying transformations that will continue to challenge the country and need to be addressed in the next few years.





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This report is informed by two surveys fielded by Ipsos in November 2021.

A.1. Employer survey

The employer survey was fielded by Ipsos to 413 business leaders in November 2021. Survey respondents were individuals who are currently employed as executives, board members, owners, directors, or managers.

In industry terms, the survey covered a broad range of primary and service industries: Agriculture, forestry, fishing and hunting, mining, manufacturing, electricity, gas and water supply, construction, wholesale trade, retail trade, accommodation, cafes and restaurants, transport, postal and telecommunications, finance and insurance, professional, scientific and technical services, administrative and support services, public administration and safety, education and training, health care and social assistance, and arts and recreation services.

413
business leaders –
currently employed as
executives, board members,
owners, directors and
managers.

1040
Australian employees –
currently employed full-time,
part-time, casually and in
their own businesses.

A.2. Employee survey

The employee survey was fielded by Ipsos to 1,040 employees in Australia.

Survey respondents were employed individuals across all age groups and jurisdictions. The survey included those who are working full-time, working part-time, working casually and working in own business. If respondents indicated that they are unemployed they were excluded from the survey. The survey including individuals in the six ABS occupational categories with the highest levels of post-school qualifications, namely: manager, professional, technician/trade workers, community and personal service worker, clerical and administrative worker and sales worker.

Figures contained in the report relate to surveyed individuals, unless otherwise specified. As such, results may be representative of just the surveyed population.

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