

Skills and Skill Formation in Australian Workplaces: Beyond the War for Talent?

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Skills policy in Australia continues to be dominated by concern with and focus on the supply of skills. Much of this supply side focus has been fuelled by employer talk of a skills crisis. While there are clearly important policy issues associated with the supply side, one of the central claims of this chapter is that much more attention and thinking needs to be devoted to the demand side and in particular, the role of employers and workplace dynamics in the management of skills.

The point of departure for this analysis is a consideration of the management of skills since the *War for Talent* (Michaels et al, 2001). The evidence suggests that Australian employers have taken the *War for Talent* to heart and generally pursued what might be termed a 'buy rather than make' strategy when it has come to skills. The overall effect of such a policy has been to discourage training and development expenditure by employers. The forces driving this underprovision of training and development at the workplace level are then examined. The remainder of the chapter considers the policy responses to this dynamic of workforce underdevelopment. After considering the role of industry policy and labour market policy, some recent developments in Australian skills and training policy are analysed. Despite some promising recent interventions from Skills Australia, skills policy remains dominated by a supply side focus. Unless policy shifts more decisively to engage with employer practices relating to skills deployment and development, job design, innovation and career pathways, the dynamics generating workforce underdevelopment are likely to persist.

The dynamics of training underprovision

The *War for Talent* thesis can be seen as a widely acknowledged call for employers to devote more energy and resources to the recruitment and retention of talented recruits. This thesis can be read in a number of ways. On the

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the conditions under which workers are able to experiment with and develop product, service and process innovations. While much of this will inevitably depend on the business strategies and cultures of individual firms, policy can also contribute by supporting a greater emphasis on management education for innovation (Agarwal et al, 2011) and by encouraging the development of skill ecosystem institutions in which regional clusters of firms in related industries share innovations.

In addition, however, there simply needs to be more stimulus for training and development at the workplace. Funds such as the new Workplace Development Fund can make a contribution here. However, from a policy perspective it is also important to link policy across labour market, industry, innovation, educational and skills domains so as to promote systematic workforce development in workplaces. And administering these programs through industry and regionally-specific institutions, with memberships that reflect the interdependent nature of skill ecosystems and the role of employers, unions, training providers, universities, state agencies and community sector bodies, makes good sense. It is also important to put the potential role of a training levy, such as the Training Guarantee Levy, back on the policy agenda.

While skills policy has a pivotal role to play, this analysis suggests that it is time for Australian employers to take a leadership role and move beyond complaining about skill shortages and lamenting the quality of VET and tertiary education. Australian workplaces and the people who manage them are key to creating the conditions under which skills develop, innovation flourishes and sustainable productivity accelerates.

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