Better use of skills, better outcomes: A research report on skills utilisation in Australia
April 2012
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Foreword

One of the challenges facing Australia is boosting productivity for the benefit of enterprises, workers and the community. Optimising the skill levels of all Australians is one way of addressing this challenge, by supporting people to participate effectively in the workforce and to develop and apply skills in a workplace context.

It takes leadership and sustained effort on the part of individual businesses to improve skills use in their workplaces. But our research shows that this effort is worth it, translating into positive outcomes for firms and individuals alike.

When an employee feels their skills are being used and their talent nurtured, there is evidence that it pays dividends in business innovation, profitability and efficiency. At a personal level it generates job satisfaction and commitment to the organisation.

In the current economic climate of strong competition for skills, the value of this commitment cannot be underestimated. Our research shows that labour market pressures are among the primary drivers for employers to find ways in which to attract and retain staff, and use employees’ skills to their full advantage.

Organisations which strive to create and sustain a productive, engaged and adaptable workplace reap the rewards: boosting performance and productivity and improving staff retention. This indicates that greater employee involvement in business processes is matched by greater investment in the future of the company.

Put simply, skills utilisation is a way of linking together the shared interests of employers and employees.

Skills Australia is seeking to create greater awareness of skills utilisation as a policy issue and support the promulgation of better skills use in Australian enterprises.

This report aims to inform policymakers and academics about how skills utilisation occurs in workplaces and contribute to the development of policy and practice in this area. It also provides additional detail to that found in the companion publication Better use of skills, better outcomes: Australian case studies about the conditions required for skills utilisation to succeed: highlighting the need for good leadership, culture and values, supportive HR practices, communication and employee motivation. In particular, strong and innovative leadership and management within organisations play a key role, acting as both a ‘trigger’ and ‘enabler’ of skills utilisation.

I hope that you are informed and encouraged by what these organisations have achieved. In particular, it is hoped that these case studies might stimulate dialogue on the role of skills utilisation in boosting the productivity of Australian firms, and how governments and other stakeholders might assist in this process.

Philip Bullock
Chair, Skills Australia
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Skills Australia would like to thank each of the organisations who participated in the case study research for this project:

- acQuire Technology Solutions Pty Ltd
- The Chia Co
- CSL Australia
- Dexion
- GHD
- GM Holden Manufacturing Operations, South Australia
- Leighton Contractors NSW/ACT & NZ
- Murrumbidgee Local Health District
- Pottinger
- RSPCA Australia (Victoria)
- Woodside

Skills Australia appreciates the considerable time and effort that was devoted to this endeavour by the contact personnel, employees, supervisors, managers and executive involved from each of these companies.

We would also like to acknowledge the contribution of Hirotec and Performance Training, who generously gave of their time to participate in the case study interviews, although they were not included in the final sample of organisations cited in this report.

Skills Australia is grateful for the input and support of a reference group comprised of representatives from the Australian Industry Group, the Australian Chamber of Commerce and Industry, the Australian Council of Trade Unions, the Industry Skills Councils, the Department of Education, Employment and Workplace Relations, New South Wales Department of Education and Training, Australian Human Resources Institute and Enterprise Connect. This reference group was chaired by Ms Marie Persson, a member of the Skills Australia Board.

Finally, we would like to thank Professor Chris Warhurst of the Discipline of Work and Organisational Studies, University of Sydney, for his expert advice throughout the life of the project.
Executive Summary

Skills utilisation is an important element of workforce development and is increasingly recognised by governments and policymakers as just as valuable to productivity as skills acquisition. In tight labour markets where employers are keen to maximise the skills of their workforce, skills utilisation has the potential to drive innovation and lead to positive outcomes for both employers and employees.

In recent years, skills utilisation has emerged as an important policy issue both domestically and internationally. It is a complex area in terms of definitional and measurement issues, particularly with regards to the practices that characterise skills utilisation. Internationally, governments have undertaken initiatives to better understand and quantify levels of skills utilisation, but these efforts are relatively new within an Australian context.

A review of the literature shows that much of the discussion on skills use occurring in the UK and elsewhere is concerned primarily with product market strategies and regulation as triggers for adopting skills utilisation strategies. However, Skills Australia’s research indicates that the situation in Australia is very different. While product market improvement is still important, particularly within the manufacturing sector, labour market issues were found to be the primary driver of skills utilisation for most of the companies interviewed for the case study research. This includes the need for enterprises to attract and retain the right staff in order to meet their business commitments. With strong competition for skills, recruitment difficulties and skills shortages were identified as key drivers by the majority of organisations interviewed for this project.

This report seeks to deepen the understanding of what skills utilisation means in the workplace. Skills Australia has consequently explored the conceptual and operational challenges associated with skills utilisation in policy and practice. Using qualitative research methods, Skills Australia has captured the views of eleven Australian organisations through a series of in-depth interviews with managers and employees. The research also links these empirical findings with the previous literature on skills use, and explores its relationship with High Performance Working (HPW) and Human Resources Management (HRM) practices.

Key findings

Skills utilisation is a concept that is relatively new in policy terms, but one that is of increasing relevance in tight labour markets where employers are keen to maximise the skills of their workers and skilled workers are looking for job satisfaction. Previous research has indicated relatively little recognition of the term ‘skills utilisation’, however the case study interviews showed that Australian employers do in fact recognise and use the practices identified in this report.

Interviews with Australian organisations show that skills utilisation practices have been successfully introduced across a range of industries, in the public, private and not-for-profit sector and in a wide range of geographical locations.

The size of the organisation is not an impediment, with small, medium and large employers all participating in improving the skills use of employees. The case study responses show that the small employers benefited from their ability to be flexible, adaptive and innovative, while large employers benefited from their ability to provide employees with a diversity of job roles and experiences.

Skills utilisation is often triggered by tight labour markets and the need to attract and retain employees when faced with strong competition for skills and labour. Leadership also plays a role, as does the need for enterprises to innovate and grow. The ability of firms to respond to market competition and challenging economic conditions, improve resource usage and implement safety improvements are further triggers for skills utilisation.

Skills utilisation is delivered through practices such as job redesign and skills audits, autonomy and employee participation, job rotation and multi-skilling and knowledge transfer. Although not explicitly identified in the Literature Review, it is clear from Skills Australia’s interviews with organisations that enabling staff to apply new learning (from either informal or formal training) is a critical element of skills utilisation. Each of these practices can be implemented individually, but are more typically introduced as part of a suite of workplace initiatives.

Improved skills use is enabled by leadership and management, good HR practices, communication and consultation and employee motivation and commitment. These are the workplace dynamics which need to be in place for skills utilisation to succeed.

Interviews with employers show that they are reaping the benefits of skills utilisation through outcomes such as improvements to innovation, productivity, profitability, staff retention and safety. Employees reported that they experienced increased job satisfaction, motivation and commitment through skills utilisation, and had greater access to learning, leadership and career pathways in the workplace.

From the case study research, a list of critical success factors was identified to help inform policymakers on the conditions required for skills utilisation to thrive. These are the recurring factors that appear throughout the research as needing to be in place to make skills utilisation work, and hence, are closely related to the ‘enablers’ identified in this report. These critical success factors cover five major areas: (1) leadership and management (including the need for effective change management and forward planning); (2) culture and values; (3) communication, consultation and collaboration; (4) good HR practices; and (5) employee motivation. Each of these elements may overlap or help to reinforce another, but are nonetheless important in driving better skills use within the workplace.
Critical success factors

1. Leadership and management
   - Good leaders and managers encourage creativity and innovation in employees by enabling measured risk-taking and providing opportunities for staff to have a say in business processes.
   - Leadership structures are important, but effective leaders also encourage individuals to take responsibility, ‘because then you get the ownership rather than the top down’ (Skill Pool Manager, Woodside).
   - Delivering on promises or ‘doing what you say you are going to’ is important. Following commitments with action is important in establishing integrity and developing and maintaining trust.
   - The accountability of leaders and managers in their own performance reviews is important for harnessing employee capability. Accountability and transparency is also important in ensuring that suggestions and ideas provided by employees are handled in a positive way.
   - The development of middle and front-line managers, through training and mentoring, ensures firms have the necessary leadership and people management skills in place for workplace change to occur.
   - Good change management is essential to effective skills utilisation as it helps leaders to firstly, identify the organisation’s need for change, and secondly, determine its capability and capacity for change.
   - Forward planning and managing the change process are ways of keeping employees informed and eliminating the element of surprise: gaining their acceptance, input and participation.
   - Good change management is one way of acknowledging the fears and apprehensions of employees when faced with uncertainty – particularly when staff are used to doing things in certain ways.
   - It is also important to sustain initiatives – even when resources are constrained – so that they are not seen as a fad but central to how the organisation works.

2. Culture and values
   - Organisational culture, and a supportive, inclusive workplace environment can encourage employees to contribute their ideas
   - Managers need to ensure that culture and values are consistent across the organisation and that different cultures are not operating in different parts of the organisation. This can be a challenge for larger firms.

3. Communication, consultation and collaboration
   - Actively listening to the ideas of employees is a crucial way of involving them in skills utilisation, as is recognising staff contributions within the workplace.
Transparency of information gives staff a sense of how their work contributes to the business. This can inspire commitment and contribute to the success of the organisation.

Staff can contribute to company innovation by being encouraged to raise issues, discuss aspects of work and provide ideas about better ways of doing things.

Engaging staff in decision-making and continuous improvement processes brings rewards to enterprises, in terms of both financial and relationship benefits.

Involving everyone, including unions and other stakeholders, is an important factor in gaining buy-in.

4. Good HR practices

- Good HR provides the framework for a supportive workplace, helping to provide the conditions necessary for skills utilisation to occur.
- Effective HR practices encourage staff to maximise their contribution to the workplace by rewarding and recognising their efforts.

5. Employee motivation

- There is no ‘cookie-cutter solution’ to skills utilisation. Organisations benefit from treating everyone as an individual and by recognising that everyone’s needs are different.
- The more employees feel that they are valued and listened to, the more likely they are to be motivated to participate in workplace initiatives, and therefore, contribute to a company’s success.

This report provides an opportunity for the discussion of skills utilisation within Australian enterprises. However it does not claim to be representative of all employers’ experiences, and is not intended to be a comprehensive (or universal) account of skills utilisation. Findings from this report are based on a limited number of case study examples from organisations who were identified on the basis of their ongoing engagement with issues of skills use. In some cases, these enterprises had already been involved with discourse on workforce development and skills, having presented at the Skills Australia 2010 conference ‘Using Skills Productively’. Other companies interviewed for this project are recipients of business awards.

In this respect, it is not expected that findings from this report should be extrapolated to fit all businesses. Rather, this report is intended to provide detailed examples of good practice which can help inform a deeper understanding of skills utilisation in Australian workplaces.

Implications for policy makers

Among the implications for policy makers raised by this report is how these examples of good practice in skills utilisation can be embedded across the Australian labour market. Consequently, a series of key themes are identified below: aimed at informing policy makers and other stakeholders as to how skills utilisation can best be adopted by Australian firms, and how governments might assist in this process.
Supporting good leadership

Leadership plays a crucial role in adopting and implementing strategies to optimise the use of employee skills, but also in identifying the need for such strategies. Without this leadership, it is unlikely that organisations will be able to attain the positive outcomes highlighted in these case study examples.

A review of the research shows that Australian leadership has room for improvement, and that while some companies are world-leading, in terms of their approach to people management, others are not. An absence of strong and innovative leadership is identified as one of the things that sets Australia apart from ‘better performing, more innovative countries’. Other reports and commissioned research reiterates the need for Australian firms to build management and leadership capability. Clearly, this is an issue which warrants further consideration.

It is recommended that Skills Australia prioritise skills utilisation as an aspect of the next Workforce Development Strategy to be published in 2012.

Encouraging good practice HRM

The importance of good practice human resource management practices in creating supportive work environments and leveraging change was identified in the research, and was found to be a key element in underpinning skills utilisation. It was noted that while good HRM can occur without good skills utilisation, the converse is not true. Skill utilisation cannot occur without effective human resources practices in place to support these efforts. This report focuses on a limited number of HRM practices out of necessity (such as recruitment and retention, and reward and recognition strategies), but these findings also can be broadened to encompass a wider range of practices which promote organisational inclusiveness, flexibility and openness.

Leveraging workforce development – National Workforce Development Fund

In Australian Workforce Futures, Skills Australia recommended that ‘Australian government use public funding to leverage workforce development at industry and enterprise level, with a special focus on small business’ (Recommendation 7).

For those companies that are not yet adopting workforce development approaches, there is significant potential to leverage change through the National Workforce Development Fund. This is to be administered through the new National Workforce and Productivity Agency announced in Budget 2011 and due to be fully operational by July 2012. This is also an approach that could be mirrored in other jurisdictions.

Disseminating good practice

This report shows that the organisations participating in this research are making use of their employees’ skills based on their own initiative and recognition of the benefits. While skills and their use are predominantly issues to be discussed at the workplace level, there is a role that governments can play in sharing and promoting good practice.

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In conducting this research, the employers involved were willing to share their stories. Discussions with other employers in identifying participants also indicated there is clearly an appetite for learning more.

Further research
Based on the findings of the case studies, a number of potential areas for further research have been identified, as follows:

- A more systematic survey analysis of organisations’ use of skills utilisation practices may give a broader indication of the state of workforce development in Australian workplaces.
- Longitudinal research may provide a better picture of the way in which skills utilisation strategies are triggered by labour market issues (e.g. where there are changes in labour market conditions over time).
- Further research is needed in order to assist with the quantification and measurement of outcomes that can be used in evaluation strategies, across both tangible and intangible outcomes. Skills Australia is taking forward further work in this area.
Introduction

The application of skills in the workplace is increasingly recognised by governments and policymakers as just as valuable to productivity as skills acquisition. Skills utilisation is concerned with maximising the contributions that people can make in the workplace, and therefore how well people’s abilities have been deployed, harnessed and developed to optimise organisational performance.\(^3\) Put simply, there are two aspects of demand: the skills required to get a job and the skills required to do a job. It is the latter aspect that involves issues of skills utilisation.

The Organisation for Economic Co-operation and Development (OECD) recognises skills formation and skills utilisation as ‘two sides of the same coin’, with the ways in which skills are used equally important as how they are obtained and developed in the first instance.\(^4\) Conversely, the underutilisation of skills within the workplace represents a lost opportunity for both organisations and individuals. Where existing skills are not being used – due to job mismatch, attrition or simply lack of active use – the resources that were invested in nurturing these skills are not being optimised. In addition, ‘failure to make active use of skills may lead to depreciation of existing skills; it might even lead to a loss of the skills already acquired’.\(^5\)

Discourse on skills utilisation has become ever more prominent in Australia and internationally. The United Kingdom, New Zealand and Scotland are all working towards developing policy and practice in this area. In 2009 the Council of Australian Governments (COAG) National Agreement for Skills and Workforce Development listed better skills use as one of its four key commitments in optimising the skill levels of all Australians.\(^6\)

Skills utilisation is also identified as an important consideration within Skills Australia’s first national workforce development strategy, *Australian Workforce Futures*, released in March 2010. Skills utilisation is a key dimension of workforce development, which Skills Australia defines as:

> Those policies and practices which support people to participate effectively in the workforce and to develop and apply skills in a workplace context, where learning translates into positive outcomes for enterprises, the wider community and for individuals throughout their working lives.\(^7\)

One of the key recommendations of *Australian Workforce Futures* is to ‘increase productivity, employee engagement and satisfaction by making better use of skills in the workplace’.\(^8\) A strategic priority for Skills Australia is therefore ‘to develop advice and strategies on workforce development and the application of skills in the workplace to improve productivity’. Indeed, Skills Australia has identified that making better use of skills within the workforce tends to deliver benefits to both

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\(^8\) Skills Australia (2010) *Australian workforce futures*, p.4.
employers (such as product improvement and reduced staff turnover) and employees (such as increased engagement and job satisfaction).

Yet just as ‘the relationship between skills and productivity is more complex than a simple maxim of more skills equates to increased productivity’, skills utilisation is more complex than merely how people do their jobs, or even the skills that they need. More skills may not necessarily lead to better skills utilisation, particularly where there is mismatch, wastage or underuse. Rather, skills utilisation should be understood as all of the manifold ways in which the skills, abilities and aptitudes of employees can be harnessed to benefit business outcomes and, by extension those of individual workers.

To this end, Skills Australia has undertaken a three-part project to understand and promote strategies to better use the skills of workers. The project looks at how organisations use the skills of their workforce effectively for the benefit of both the employer and employees. The aim is to illustrate good practice examples as a way of encouraging other organisations to use similar strategies. In undertaking this project, Skills Australia also hopes to broaden and enrich the current dialogue on skills utilisation within Australia. This includes encouraging skills utilisation through evidence-based research and providing greater clarity around its operation.

1. The first part of this project entailed a literature review to examine existing knowledge of skills utilisation as a factor in workforce development, both in Australia and internationally. Noting that skills utilisation is a relatively new policy area with issues around definition and measurement at the workplace level, a key outcome of the literature review was a framework for conceptualising skills utilisation. The preliminary literature review was released in April 2011, and a revised version has been incorporated into the first chapter of this research report.

2. The second deliverable from Skills Australia’s skills utilisation project is a publication of case studies highlighting eleven different organisations and their experiences of skills utilisation from both an organisational and employee perspective. By showcasing examples of good practice, the case studies aim to raise awareness about skills utilisation among organisations and practitioners, including identifying critical success factors.

3. The third product from Skills Australia’s skills utilisation project is this longer research report, which will expand on the case study publication mentioned above and provide a thematic analysis of the issues raised. This report largely follows the framework for conceptualising and operationalising skills utilisation that was identified in the literature review, namely:

**Skills Utilisation Framework**

- **Triggers** – the drivers that motivate organisations to undertake skills utilisation (e.g. market forces, staff retention, government regulation).

- **Delivery** – the practices that organisation implement to promote effective skills use (e.g. job redesign, employee participation, autonomy, skills audits, mentoring, job rotation and applying new learning).

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- **Enablers** – the factors that must be present to enable skills utilisation to take place (e.g. leadership and management, communication, organisational culture).
- **Outcomes** – the benefits that result from implementing skills utilisation (e.g. productivity, profitability, staff retention, job satisfaction).

This framework is used as the basis for the case study research on how enterprises use the skills of employees, and is also used to draw together the ‘what’, ‘how’ and ‘why’ of skills utilisation practices. Each of the issues identified in the framework are discussed in Chapters 2-5 of this report.

This research report and the Skills Australia skills utilisation project more generally, are designed to advance an understanding of how skills utilisation appears in practice at the enterprise level. In particular, the report considers the dynamics within an organisation that enable skills utilisation practices to succeed, including structural, cultural and personnel factors. This discussion aims to help enable good practice by identifying what is important to have in place to make skills utilisation strategies work. Finally, it concludes by summarising the key findings of the report and identifying issues for researchers and policy makers to consider.
Methodology

In seeking to better understand skills utilisation at the level of the workplace, qualitative research was used to inform Skills Australia’s skills utilisation project. The project has been developed with the support of a reference group comprised of representatives from the Australian Industry Group, the Australian Chamber of Commerce and Industry, the Australian Council of Trade Unions, the Industry Skills Councils, the Department of Education, Employment and Workplace Relations, New South Wales Department of Education and Training, the Australian Human Resources Institute and Enterprise Connect. The reference group is chaired by Ms Marie Persson, a member of the Skills Australia Board.

The eleven participating organisations were chosen to reflect a variety of industries and geographical locations and include small, medium and large organisations from public, private and not-for-profit sectors. There were three main mechanisms used in selecting organisations to be involved in the process. In the first instance, a number of organisations had already been involved as presenters at the Skills Australia 2010 conference ‘Using Skills Productively’. Secondly, members of the reference group were invited to nominate organisations via their networks; and thirdly, a number of organisations that had been award recipients were also identified.

Once organisations had been identified as potential participants, an initial call was made by the Skills Australia Secretariat to explain the project objectives and process. Organisations were asked to explain their approach to workforce development and in particular whether or not they organised work in a way to maximise skills use in their workplace, for example employee participation strategies, job redesign, mentoring, skills audits and job rotation. Skills Australia spoke with 30 organisations during this process.

If it was agreed that the organisation was undertaking skills utilisation strategies and they were interested in participating in the project, they were provided with a letter of invitation to participate. Following this, a site visit was organised to conduct interviews with a range of people undertaking different roles within the organisation.

During the site visits, depending on the structure of each organisation, semi-structured interviews were conducted with each of the following positions (or a comparable role):

- CEO or Managing Director
- Operations Manager
- HR Manager
- Front line supervisor
- Employee(s) and/or employee representative

The interview questions reflect the framework for conceptualising skills utilisation as outlined above, i.e. triggers, delivery, enablers and outcomes. The questions were tailored to reflect each person’s role within the organisation. For example, the CEO or Managing Director interview schedule included questions around business strategy, while employee interviews included questions about participation and commitment.
Prior to the site visits, the interview questions were tested with the reference group and piloted with a number of people working in a similar job role to those listed above. Following the piloting, small amendments were made to the questions. A list of interview questions is available on the Skills Australia website at www.skillsaustralia.gov.au.

The site visits were conducted between May and July 2011. The interviews were recorded and later transcribed before being used to form the basis of case studies of the individual organisations. Further research and analysis was then undertaken to develop the research report that follows.

Site visits and interviews were conducted with the following eleven organisations included in this research:

**Participating organisations**

- **acQuire Technology Solutions Pty Ltd** (private company providing solutions for the capture, management and delivery of geo-scientific observations and measurements in the mining industry. Currently employs 109 staff.)
- **The Chia Co** (small privately-owned company specialising in the sustainable farming and development of chia seed and chia products.)
- **CSL Australia** (privately owned provider of coastal bulk shipping transport for major building and construction material suppliers.)
- **Dexion** (large private provider of commercial workspaces, integrated systems and industrial storage solutions with approximately 800 employees in the Asia-Pacific and Middle East region.)
- **GHD** (privately owned engineering, architecture and environmental consulting company employing 6,000 staff in 14 countries.)
- **GM Holden Manufacturing Operations, South Australia** (subsidiary of US-based General Motors. Produces all Australian-built Holden vehicles. The manufacturing division employs approximately 3,000 people.)
- **Leighton Contractors NSW/ACT & NZ** (subsidiary of the publicly listed Leighton Holdings Group. Construction and project developer in the areas of resources, construction, telecommunications, energy, infrastructure investment and facility management. It employs approximately 1,000 people.)
- **Murrumbidgee Local Health District** (public organisation of approximately 2,100 employees (full-time equivalent) providing public health services to the Murrumbidgee Local Health Network in southern New South Wales.)
- **Pottinger** (small private financial and strategic advisory company located in Sydney.)
- **RSPCA Australia (Victoria)** (community-based charity which promotes the care and protection of animals with around 260 employees (full-time equivalent) plus 1500 unpaid volunteers.)
- **Woodside** (publicly listed Australian oil and gas company with approximately 3,500 employees.)

A detailed case study for each individual organisation is at Appendix A.
1. Literature Review

Policy interest in skills utilisation is increasing, both domestically and internationally. However it is still an emerging area, with little research dealing directly with the issue particularly at the workplace level. The purpose of this literature review is to examine existing knowledge about skills utilisation as a factor in workforce development and to identify knowledge gaps. Researchers have found that ‘the relevant literature is patchy and disparate’. It is a complex area as there are problems of definition and measurement particularly in relation to the practices that characterise skills utilisation. Another significant factor is the ambiguity around the terminology used. Much of the work in the field relates to high-performance working (HPW) rather than skills utilisation as such. The relationship between skills utilisation and high performance working is explored as part of this review.

1.1 Policy context

Many governments are increasingly conducting research in the areas of skills and workforce development to frame policy that has a greater focus on the demand for skills.

The Organisation for Economic Co-operation and Development (OECD) is examining instances of skills utilisation across the OECD as part of its Local Economic and Employment Development Skills for Competitiveness project. Buchanan et al note that

> Preoccupation with supply side issues such as the formal provision of training often dramatically over-estimates what skills policy can achieve. This is because it totally neglects the issue of whether, and how, increasingly well-educated citizens have their skills deployed in the workplace.

In their review of the literature, Buchanan et al observe that ‘a wide array of initiatives have been undertaken to improve levels of skills utilisation’ in Finland, Ireland, New Zealand and Scotland.

The New Zealand skills strategy (2008) links productivity and sustainable development with both the development of better skills and the better use of skills. In 2011, the New Zealand government will implement skills utilisation policy through the High Performance Working Initiative (HPWI). This aims to support enterprises in improving their business processes through effective employee engagement and workplace practices. The program will provide practical support by partially funding specialist business consultants to help organisations implement HPW practices. The program will involve Industry bodies, trade and union organisations and regional business networks becoming partners in delivering support for this initiative to their members.

The UK government has also begun to emphasise the potential productivity benefits of skills utilisation. In 2004, due to concerns over low productivity growth, globalisation and low levels of numeracy and literacy, the UK government commissioned Lord Sandy Leitch to consider the UK’s

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long term skills needs. In the Leitch Review interim report *Skills in the UK: The long term challenge*, HM Treasury states:

> For the supply of skill to turn from merely potential change in performance into a tangible increase in productivity, the available skills of the workforce have to be effectively utilised. People need to be in jobs that use their skills and capabilities effectively.\(^\text{15}\)

A key recommendation of the Leitch Review was the establishment of the UK Commission for Employment and Skills (UKCES) to provide advice to government on the steps required to achieve world-class standing in employment and skills by 2020. One dimension of this was better use of skills. A recent report of the UKCES, *Ambition 2020*, reiterates the importance of effective use of skills in the workplace.\(^\text{16}\) The work of the UKCES has included a project on skills utilisation.

The Scottish Government has taken a leading role in the area of skills utilisation. In the Scottish strategy, *Skills for Scotland: Accelerating the recovery and increasing sustainable economic growth*, the government makes a number of commitments aimed at ‘improving the skills and employability of individuals and creating high skill, high productivity, healthy workplaces where this talent can be best used’.\(^\text{17}\) A joint communiqué signed in 2008 between the Government and the Scottish Trades Union Congress commits to working together to undertake policy development and research into skills utilisation in the workplace based on existing good practice in the UK and beyond.\(^\text{18}\)

A Skills Utilisation Leadership Group has been established in Scotland to bring together business, union, government and stakeholder groups to ‘champion the better use of skills in the workplace’.\(^\text{19}\) Taking this forward, a number of skills utilisation demonstration projects have been established with funding from the Scottish Government. These projects involve identifying and addressing a challenge or issue that is preventing the better use of skills in the workplace. The projects involve a variety of sectors and geographical areas.\(^\text{20}\) Attention has been drawn, however, to some problems with the way the skills utilisation project has been designed. In his interim evaluation of the projects, Payne concludes that ‘work organisation would not appear to have figured prominently with the current programme’.\(^\text{21}\)

Skills utilisation has also become increasingly discussed in Australia. In 2009, the Council of Australian Governments (COAG) created a National Agreement for Skills and Workforce Development to identify the long term objectives of skills and workforce development. It identifies workforce development as ‘a new area for Government focus and public policy development’.\(^\text{22}\) Under the Agreement, one of four outcomes for which progress is monitored is that ‘skills are used

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\(^{19}\) Scottish Government (2010b) ‘Making better use of skills’.


effectively to increase labour market efficiency, productivity, innovation and ensure increased utilisation of human capital.  

Skills Australia has embraced a broad concept of skills utilisation including but not limited to relevant HPW and Human Resources Management (HRM) practices. Skills Australia also identifies a key role for skills utilisation in workforce development.

*Australian Workforce Futures* identifies a link between skills use on the one hand and productivity, employee engagement and satisfaction on the other. The approach of Skills Australia has been to support governments using public funding to leverage change. *Australian Workforce Futures* includes a number of recommendations for improving the effective utilisation of skills, in particular for Australian governments to use public funding to leverage workforce development at industry and enterprise level, with a focus on small business, as well as measures to encourage tertiary education/industry partnerships that align training with business strategy.

It is not just within firms that initiatives to improve skills utilisation have focused. A number of workforce development initiatives already exist in Australia at the industry and/or regional level. There is also a focus on developing ‘skills ecosystems’ to promote better use of skills, an area in which Australia has already provided leadership with programs undertaken in Queensland and NSW. Skills ecosystems refer to a self-sustaining concentration of workforce skill and knowledge in an industry or region. There is an emphasis on interdependencies between organisations, individuals, and education and training providers.

Like Scotland, Skills Australia is grappling with how to encourage skills utilisation through evidence-based research. There seems to be an emerging common approach to skills utilisation internationally that encompasses HPW and particular human resource practices, and that also seeks to garner broad stakeholder support.

In the next sections we look at some of the issues around definition and measurement of skills utilisation as well as the take-up of strategies within organisations. We then consider the conditions under which good skills utilisation occurs by looking at the key triggers, delivery mechanisms, enablers and outcomes from various practices that have been associated with skills utilisation.

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1.2 Problems: definition and measurement

Whilst the importance of more effectively using skills has been highlighted and discussed throughout this paper, there are issues around what the term ‘skills utilisation’ means both in theory and in practice. As stated previously, this is a new policy focus with little substantive, dedicated research therefore it is not surprising that there are definitional limitations. This makes the concept difficult to identify and measure, and there is a degree of ambiguity in the language used and evidence of confusion with other concepts such as high performance working.

Definition

Definitions are important, particularly to inform policy makers. As noted by Payne in reference to a series of skills utilisation projects funded by the Scottish Government ‘if such policies are to function effectively, knowing what skills utilisation is, and how to measure its presence, is vital as is the ability to evaluate specific programmes’. In a literature review undertaken for the Scottish Government, the Centre for Enterprise (CFE) concluded ‘there was no established definition of skills utilisation’. Payne also states ‘there have been few attempts to define the term, skill utilisation’.

Another definitional problem and area of confusion is the relationship between skills utilisation and high performance working, with the terms sometimes used interchangeably. This issue was noted in case study research undertaken on behalf of the Scottish Government by SQW Consulting, which identified that skills utilisation is ‘most often... proxied by reference to high performance working practices’. As noted by Payne (2010) in relation to high performance working, ‘these practices have... become a proxy for the presence of effective skills utilisation in much the same way as policy makers have tended to view qualifications as a proxy for skills’. An additional concern with this approach is that an organisation that makes good use of employees’ skills is not necessarily a high performing organisation.

In recent years, a number of attempts have been made to define skills utilisation. The Centre for Enterprise offers the following:

Skills Utilisation is about ensuring the most effective application of skills in the workplace to maximise performance through the interplay of a number of key agents (e.g. employers, employees, learning providers and the state) and the use of a range of HR, management and working practices.

A number of other definitions have been used by academics, researchers and policy makers. The Scottish Government’s Skills Utilisation Leadership Group has identified that:

Making better use of skills is about:

- confident, motivated and relevantly skilled individuals who are aware of the skills they possess and know how to best use them in the workplace

engaged in:

- workplaces that provide them with meaningful and appropriate encouragement, opportunity and support to use their skills effectively

in order to:

- increase performance and productivity, improve job satisfaction and employee well-being and stimulate investment, enterprise and innovation.  

Warhurst and Findlay argue that effective skills utilisation can be achieved when the skills possessed by employees match the skills required by their jobs. They state that skills utilisation involves both the ‘use of better skills’ and the ‘better use of skills’. In other words, where the skill requirements of the job are greater than the skills of the employees this means the use of better skills is required. Conversely, where the skills of employees are greater than that required for the job then organisations need to make better use of these skills. As our case study research will demonstrate, employers can overcome skills deficits by providing opportunities for skills development, while an abundance of skills can be addressed by offering employees opportunities for task diversification and information sharing (e.g. through mentoring and helping to boost the skills of others).

Australian research identifies the implications of skills mismatch, which for example can have negative consequences for workers ‘whose potential and skill are underused so that they become alienated, and are likely to register low levels of well-being’.

The UKCES in their review of high performance working state that ‘Skills utilisation is concerned with maximising the contribution that people can make in the workplace, and therefore how well people’s abilities have been deployed, harnessed and developed to optimise organisational performance’. As stated earlier in this review, the approach of the UKCES is to identify high performance workplaces as a means of achieving more effective skills utilisation. They note that ‘HPW is a concept that is valuable in the sense that it is beginning to unify skills policy debates on the difficult and somewhat nebulous question of how to achieve better utilisation of skills in the workplace’. Again it can be seen that both this definition by UKCES and the one offered above by the Centre for Enterprise consider skills utilisation important and believe HPW plays a part in this.

One of the problems with the above definitions, however, is that they focus largely on the outcomes of skills utilisation, rather than the processes and approaches used. Other than the Centre for Enterprise (CFE) reference to a ‘range of HR, management and working practices’, there is little

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insight into the types of strategies undertaken. In addition these definitions and approaches do not identify how skills utilisation links to overall organisational strategy.

**Measurement**

The definitional issues relating to skills utilisation are also reflected or indeed multiplied in relation to the measurement of skills utilisation. If researchers and policy makers are not always clear about what is meant by skills utilisation, how can we measure it? This is problematic but not impossible to solve.

As well as the problem of no agreed definition, CFE also highlight the difficulties of measuring skills utilisation due to ‘different approaches taken and the fact that in most cases the evidence is focused on the impact of skills acquisition and development (and not necessarily their utilisation)’. They also note that the majority of research focuses on employers and the measurement of the uptake of HPW.  

From their case study research, SQW concludes that firms often measure issues such as recruitment, retention and staff motivation, and as skills use practices are aimed at these measures, positive results are seen as a measurement of their effectiveness.

Payne (2010) discusses the need for measurement and evaluation tools to track progress and inform policy makers. He suggests that existing surveys that provide macro-level data are a useful starting point. However he goes on to say that they need to be combined with ‘micro-level measures designed to explore the effectiveness of specific policy interventions’. He also states that ‘we will only know which measures to adopt as and when we begin to engage practically with this agenda’. He further suggests that it is important to give adequate attention to employee perspectives. Payne predicts that if skills utilisation becomes more prominent in organisations, measurement of the effectiveness for both employers and employees will start to take shape. This suggests more of an inductive reasoning approach where specific patterns are discerned from specific observations and measures.

**1.3 Organisational take-up**

A further complication in operationalising the concept of skills utilisation is that it is not widely recognised amongst employers. This has been a finding of work undertaken by the NCVER for the Australian Industry Group. The SQW case study research for the Scottish Government also notes that none of the case study organisations ‘used or immediately recognised the term skills utilisation’.

It is not surprising that employers’ comprehension and adoption of skill utilisation strategies is limited as it is a new policy focus and there are problems with definition and measurement. It should be noted however that many employers are implementing practices associated with skills utilisation.

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40 SQW Consulting (2010b) *Best strategies in skills utilisation*, p.27.
41 J. Payne (2010a) *In search of a measurement and evaluation framework for skill utilisation*, SKOPE Issues paper 25, SKOPE, Cardiff: Cardiff University, September
43 SQW Consulting (2010b) *Best strategies in skills utilisation*, p.25.
Research on the take-up of HPW practices in Australia is also limited. Case study research by Martin and Healy (2009) across a range of industries on changes to work organisation practices such as teamwork, quality circles, job enrichment and job rotation, finds that ‘few workplaces implement all of these high performance practices’. In relation to teamwork, their research indicated that ‘the most ambitious teamwork experiments have not been long-term ‘survivors’.

The UKCES highlight that the take-up of HPW is ‘not widespread across the UK’. They observe that ‘HPW is low in the UK for a range of reasons, including: ignorance and a lack of awareness; doubts and inertia (including concerns about complexity and managing costs); inability and difficulties overcoming a range of impediments to effective implementation’. A number of researchers have also identified that the size of the organisation (Edwards 2007) and sectoral differences (Sung et al 2009) has an impact on the take-up of HPW. It is worth noting also, that although skills utilisation is undefined and HPW is often used as a proxy, the practices associated with HPWs are also sometimes ill-defined and contested.

Skills Australia considers that developing effective skills utilisation is an important element of workforce development but there are operational challenges for both policy and practice. Underpinning these challenges is a need for better understanding of the issues. The next section sets out an analytical framework to assist in this.

1.4 The conditions under which good skills utilisation occurs

1.4.1 Triggers

There are a number of reasons why organisations adopt strategies to improve their utilisation of skills. Skills shortages and gaps and staff retention are considered important triggers as are product market strategies, which can vary within and between sectors. Another is the desire to promote innovation, while Government intervention, whether by regulation or exhortation, can also be a trigger.

Evidence shows that skill gaps and skills shortages can influence organisations to adopt skills utilisation practices. In an Employer Skills Survey undertaken by Futureskills Scotland, 53 per cent of respondents said they changed their working practices as a way of addressing skill gaps. In a survey commissioned by the UK’s Migration Advisory Committee, 23 per cent of respondents indicated that they would ‘redefine existing jobs and processes’ as a way of tackling skills shortages.

Retention of staff is important to organisations and can be linked to skills utilisation practices. SQW, in their case study research for the Scottish Government, concluded that ‘The adoption of skills utilisation practices is often directly influenced by market forces. This includes ensuring staff have

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the skills and commitment to meet production deadlines, along with a labour market perspective on the attraction and retention of staff. This was evident in one particular case study where levels of staff turnover were as low as six per cent in a sector where annual staff turnover was sometimes as high as 30 per cent.

Product market strategy is seen as a predictor for skills utilisation (or its lack thereof) within organisations. This has been an influential aspect of the UK literature. According to Mason, ‘new high-involvement work practices are most likely to be introduced where a mismatch develops between product market requirements and existing low-involvement modes of work organization’. But different product market strategies call for different sets of skills. A product market strategy with standardised products or services and competing on price, ‘is not compatible with a high level of employee development and work practices that are designed to stimulate creativity, innovation and discretionary effort at work’. In contrast, where employers compete on the basis of quality, with differentiated products or services, employee skills are ‘seen to be an integral part of their competitive advantage’ and ‘the level of skill utilisation under this strategy will be high’.

Improved skills utilisation tends to be a feature of companies operating at the higher end of the market. According to James, ‘higher value products and services require greater inputs of more advanced and/or specialised skills’. James refers to Porter’s argument, made in the 1980s, that ‘firms gain advantage by competing either through lower costs or by differentiation of products and services – typically in the form of high quality and/or customisation. As the latter requires a more sophisticated set of capabilities, it translates into a high skills model of competitive performance’.

In addition to product market positioning, sectoral factors can be important in determining whether triggers to improved skills utilisation are present or not. This is supported by the results of case study research by Sung et al which finds that ‘there are ... important sector differences in the factors which shape employers product market strategies... and... employers’ utilisation of skills’. Research by Batt on the US telecommunications service industry argues that ‘services organizations are likely to invest in high involvement practices only to serve higher value-added customers because of the high costs of these systems and the labour-intensive nature of services’. For firms competing on low-cost standardised services, a standardised approach to customers is likely to be adopted.

A considerable amount of research on HPWS has related to the manufacturing industry, where the concept emerged, and there is debate about transferability to the services sector. Appelbaum et al note that ‘the story in services is more complex and may not lead to the same type of virtuous dynamic – even among better employers – in which the practices that firms adopt to be more

competitive also have significant positive effects for workers’. They go on to say that ‘service workers whose customers or clients require less complex or low-value-added services may be far less likely to work in an HPWS’.

As well as differences between sectors, the evidence below also indicates differences within sectors. Research by Lashley explores the relationship in service organisations between the nature of the service being delivered and the autonomy granted to employees, and by extension skills utilisation, arguing there is a ‘link between the service offer and the amount of discretion exercised, and crucially, the amount of delegated authority which needs to be passed to front-line staff’. Research by Hunter on nursing home staff in Massachusetts finds that ‘nursing homes operating in several kinds of niche markets offered better jobs than those serving the undifferentiated mass market’. Similarly, research by Eaton identifies ‘two nursing-home “models of work and care”, corresponding with “low-wage, low-skill, low-cost” and “high quality” models in industry’.

There is evidence of a strong relationship between HPW practices and innovation, leading in turn to improved productivity and profitability for organisations. Toner notes that ‘a major theme in the literature on skills and innovation is that there is a systematic link between an increase in innovation intensity of firms and the adoption of specific forms of work organisation’, specifically High Performance Work Systems (HPWS). Under these systems, ‘innovation [becomes] much more inclusive, ‘democratic’ and incremental, rather than elitist, imposed and radical. The workforce [is] expected to make suggestions about how to improve the production sequence, and management [is] expected to allow the workforce to change the production sequence to make it more efficient’.

Government regulation can also act as a trigger for improvements to skills utilisation. Sung et al identify a number of methods such as levies, licences, procurement specification and skills passports. This research recognises three groups of regulation: efficiency – where the main function is to improve the operational efficiency; standards – such as health and safety; and criteria – which provide guidelines for compliance. However, evidence from the UKCES suggests that voluntary measures are most effective for raising employer investment in skills, as opposed to statutory measures which are seen as being effective only if ‘there is common support for their introduction (such as with occupational licensing and levies)’.

While there has been an increase in policy interest in skills utilisation, one of the challenges is that organisational strategy and how work is organised are primarily the responsibility of employers.

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rather than government. Government exhortation can act as another trigger to improved use of skills. Although Governments often allow markets to be the mechanism for organisational change, to avoid regulation they can choose to encourage employers by educating them about the benefits of better skill utilisation. They do this by identifying and sharing good practice examples.

In summary, the research has shown that product market strategy and sectoral differences, innovation, and government regulation or intervention, primarily through exhortation, have a role in influencing the practices employed by firms to more effectively use the skills of employees. The following section explores the practices that can be implemented and how these practices translate into good skill utilisation.

1.4.2 Delivery

Developing an understanding of how skills utilisation appears in practice in the workplace is critical to developing a framework upon which case study research can be based. As a new area for policy and research, the specific practices involved in good skills utilisation are rarely, if ever, described. Instead these practices have to be extrapolated from related and overlapping discussions of and research on, for example, job quality, innovation, performance and HPWS. To determine the connection between these aspects and skills utilisation, the review considered a number of models and theories contained in the literature.

These models or methods of theorising the practices associated with skills utilisation or high-performance working, can contribute to the development of a model focused on skills utilisation as a means to workforce development. From these models, some key practices in delivering skills utilisation can be identified.

One approach to framing the dynamics of work organisation is in terms of ‘job quality’. Green et al identify eight indicators of job quality, of which four are extrinsic (wages, employment security, working time and work-life balance) and four intrinsic (skills utilisation, job control, job demands and employee participation and representation). This model is based on indicators of ‘quality in work’ developed by the European Commission in 2001-02, which distinguishes between indicators primarily of benefit to the employer (such as productivity) and intrinsic indicators directed at employee wellbeing. Green et al note that in approaching lists of workplace practices associated with organisational design, an HPWS focus tends to emphasise ‘functional flexibility, team work, increased role breadth and suggestion schemes’ while studies on ‘healthy organisations’ tend to emphasise ‘job enrichment, employee involvement, autonomy, employee participation, competence development and information sharing’.

Within this employee focus, the extent of autonomy at work is identified as a key factor in relation to intrinsic job quality. Autonomy at work is associated with ‘the need to think about as well as to do work’. Within the concept of ‘job control’ are included ‘decision authority’ (the amount of decision making a person has in the work they do in a given working day) and skill discretion (the ability to use and possibly improve their skills set at the same time). Without skill discretion, ‘the tasks

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involved in a job are very repetitive’. A related issue is that of task discretion. Despite more highly skilled jobs typically requiring higher levels of discretion over job tasks, ‘the rise in skills among employees... has not been accompanied by a corresponding rise in the control they can exercise over their jobs’.

While distinguishing between autonomy at work and skills utilisation, both are identified as key constituents of job quality. Green et al (2010) note,

Both aspects are rooted in the view that humans are creative beings. Workers who have no autonomy in their jobs, and who are just following very detailed job descriptions, can become like robots... Equally, employees have a need to be able to develop their potential to operate effectively in whatever sphere they are working. Those whose potential and skills are underused become alienated, and are likely to register low levels of well-being.

In contrast to the model of Green et al, Skills Australia’s broad definition of skills utilisation, with its emphasis on workforce development, sees autonomy at work as a key practice in delivering skills utilisation. However, the identification by Green et al of aspects of autonomy, such as decision authority and skill discretion, at work is a helpful distinction upon which we can draw in developing our own framework.

Another model of organisational capability and performance that includes a focus on both the organisation and the individual was developed by Tamkin et al (2004). Two dimensions interact in this model: a development/deployment continuum and a continuum relating individual capability to organisational action, generating four quadrants covering access (resourcing, recruitment), ability (skills, training, education), attitude (engagement, involvement) and application (strategy, structure). As the developers note,

Training and skills are the growth and stock of individual capability, their deployment is through engagement and motivation. But individuals acting alone will not create business success. The organisation also creates the environment within which individuals act and develop capability.

As Tamkin et al comment, ‘the most dynamic interplay within the model is the diagonal between application (ie business strategy) and ability (ie the skills and capability of the workforce).

A key strength of this model is the way it connects employee and employer in a single mutually dependent system. It links a number of areas that were identified in the previous section as enablers for skills utilisation. From the point of view of workforce development, however, the model tends to centre on the individual organisation and a focused approach to identifying, developing and using skills within the organisation.

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A more linear model of a HPW system is proposed by Guest. While Tamkin’s model allows for interactions between segments, Guest’s model focuses on the employee as the source of organisation-enhancing performance improvements. While it takes account of a number of HPW and HR practices, the sense of interdependence of organisational culture and individual development is less prominent in this model. In addition, its focus on HPW means that the broader notion of skills utilisation within a workforce development context is not emphasised, making it less useful from the workforce development point of view.

It is evident from the literature and in particular these models that the effectiveness of practices associated with skills utilisation and high performance working will vary according to the individual circumstances of the organisation. SQW’s analysis for the Scottish government found that ‘the case studies back up the findings of the previous research that there is no single practice that if implemented, will see company performance increase’ and that ‘for many businesses it makes sense to introduce practices gradually, on a case by case basis to address specific issues as they face the business’. Bearing this finding in mind, and taking into account the strengths and shortcomings of the models we have examined for a workforce development focus, we see a limited number of practices as key to skills utilisation and these are discussed below.

Following Green et al, employee participation is ‘crucial for innovation and organisation change’ and hence a key factor in skills utilisation. Participation can be defined as ‘a process which allows employees to exert some influence over their work, over the conditions under which they work and over the results of their work’. Four pillars of employee participation are identified:

- direct participation, where employees have an influence on daily work-related issues
- indirect or representative participation, where employees have an indirect influence through their employee representatives who deal with work- and organisation-related issues
- financial participation, which gives employees the opportunity to participate in profits and enterprise results
- collective bargaining.

Within the ambit of employee participation, autonomy at work – considered in terms of decision authority, skill discretion and task discretion – is seen as another key factor in skills use. A key practice fostering participation and autonomy is the use of teams, which may be self-managed.

Another practice associated with skills utilisation is that of job redesign. Job or work redesign as a skills utilisation strategy refers to how work is redesigned to make full use of skills and abilities. Job redesign can build on information provided by a skills audit. Job redesign can involve changing how work is organised to include teamwork, flexible job descriptions, multi-skilling and flexible work

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75 UKCES (2010c) *High Performance Working*, p.27.
76 SQW Consulting (2010b) *Best strategies in skills utilisation*, p.29.
arrangements.\textsuperscript{80} However, it should be noted that job redesign can occur in different ways that can encourage or restrict employee autonomy or discretion and skill use.

Job rotation can also occur in different ways, but generally involves moving employees through various job roles and different parts of the organisation. Research indicates that job rotation can increase enterprises’ assemblage of learning and skills, providing managers and employees alike with greater flexibility in allocating and undertaking work, respectively.\textsuperscript{81} As job rotation can also involve cross training to help facilitate job variation and diversification in the tasks undertaken by employees, the term can also be used to refer to ‘task rotation’, where a worker moves from one task to another for set periods of time, usually to alleviate boredom from monotonous, repetitive tasks. In this context, there is some overlap between definitions of job rotation and multi-skilling in the literature. This crossover is explored further in Skills Australia’s empirical research.

Skills Australia has also identified the use of the skills audit to highlight skills and skills gaps within the organisation as making an important contribution to skills utilisation. The audit can be conducted by organisations in concert with a training provider ‘with a view to determining how the work could be re-organised and jobs designed—potentially with better career paths—to make the best use of existing and future skills’.\textsuperscript{82} A skills audit allows organisations to discover and put to use skills that are available, but not currently being used. They can also be an important supporting element of job redesign.

Another key aspect of skills utilisation is knowledge transfer. Sometimes described as ‘learning transfer’, knowledge transfer contributes to workforce development through practices that foster informal learning such as mentoring, where the skills of experienced workers are used to develop the knowledge, skills and abilities of others in the workplace.

For the purposes of a model of skills utilisation that is focused on workforce development, then, key aspects of delivery are employee participation and autonomy at work, job redesign, skills audits and knowledge transfer. In the following section we will examine the enablers which help skills utilisation strategies to be successfully implemented.

\subsection*{1.4.3 Enablers}

Once one or more triggers are operating, organisations may choose to implement skills utilisation practices. The evidence shows that to enable this there must be supportive management and leadership within the organisation as well as commitment and motivation from staff. Other aspects of organisational culture are also considered important, along with good systems of communication.

There is consensus in the literature that good leadership and management are crucial to fostering the right organisational environment for leveraging skill utilisation generally and HPWS specifically. Leadership and management ‘has a greater impact on skills utilisation than any other factor. The choices that managers make and the working environments that they create, influence the opportunities and motivations for skills to be used’.\textsuperscript{83} Similarly a strong and active commitment from

\begin{thebibliography}{99}
\bibitem{sref82} Skills Australia (2010) \textit{Australian workforce futures}, p.5.
\bibitem{sref83} James (2006) \textit{South West RSP skills, enterprise and employment analysis}, p.6.
\end{thebibliography}
senior management is ‘essential for successful implementation of HPWS’. Leadership and management are also key factors for promoting innovation within organisations. For example: ‘As organisational change is often required for effective technological innovation, managerial competencies will have a major bearing on the effectiveness of technological innovation and the returns to investment’. 

Whilst evidence suggests implementation of HPWs must be driven from the top, it is just as important that line managers are provided with effective training in management skills and have an openness to change, as they are responsible for the operational aspects of implementing the practices. Purcell et al make the link between effective management and employee commitment when they conclude that ‘the most carefully thought-through HR strategy is a waste of time unless it is embraced by line managers who have the skills and understanding necessary to engage and motivate employees’. Further, ‘as line managers implement HR practices on a day-to-day basis, it is important that they are committed to making them work’. A significant correlation has also been identified between organisational performance and the degree to which line managers believe that management development demonstrates attributes of best practice.

The broader organisational culture also has an important bearing on skills utilisation. Studies carried out by the UK National Institute for Economic and Social Research (NIESR) have shown that, for investment in skills to produce results, skills need to be contextualised within a broader organisational and management culture. The UKCES identify that the underlying ‘core beliefs’ and ‘mindset’ within an organisation are the key push factors and drivers for HPW. Green et al identify a ‘healthy organisations’ approach which focuses on job enrichment, employee involvement, autonomy, employee participation, competence development and information sharing.

Communication is another key underpinning factor. So-called ‘high involvement’ human resources practices encourage communication and participation in decision-making between all levels of the organisation, creating a greater level of trust and commitment. Authors of the SQW research for the Scottish government conclude that ‘an open culture which encourages communication and dialogue’ is often a success factor in successfully introducing skills utilisation practices.

A further component enabling effective skills utilisation is the attitude of staff including a willingness to change. Delivery of better skills utilisation is dependent on this aspect and requires the trust and

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90 UKCES (2010c) *High Performance Working*, p.36.
93 SQW Consulting (2010b) *Best strategies in skills utilisation*, p.32.
commitment of staff. Tamkin et al argue that ‘employee motivation is a key intervening variable in producing higher performance’. 94

Extrinsic forms of motivation such as pay do not necessarily address the factors that are really significant in motivating workers. As Guest comments, ‘pay is rarely a top priority for workers... Instead there may be more to be gained by focusing on intrinsic motivation through the design of jobs to provide challenge, an opportunity for learning and development and scope for a sense of achievement’. 95 There is evidence that conditions within an organisation can also affect the extent to which employees are motivated, including factors such as the connection between effort, performance and rewards. 96 The effective delivery of skills utilisation can only occur when the culture of an organisation consists of strong leadership, the commitment of staff and good communication.

In the next section we consider the outcomes skills utilisation is associated with, and the conditions that contribute to these outcomes.

1.4.4 Outcomes

As we have seen, a number of human resources practices, particularly the bundle of practices described as ‘high performance working practices’ (HPWPs), overlap significantly with practices associated with improved skill utilisation. Skills utilisation practices are evident within high performance workplaces, as shown by recent research on Australian organisations within the services sector. 97 When we consider outcomes associated with better skill use, most of the evidence has been extrapolated from studies of HPWPs. There is little existing research on skills utilisation per se as it is a new focus for policy and research.

While results are mixed, there is evidence of a correlation between these practices and a number of outcomes. For employers, these include innovation, profitability and productivity. For employees, these can include improved job satisfaction and engagement. These outcomes are closely associated with skills utilisation. However, as discussed below, a causal link between the practices and the outcomes has not been definitively established and therefore caution needs to be exercised.

Innovation

The most significant drivers of innovation according to ABS data are profit-related, 98 implying that there are powerful motives for firms to innovate. Innovation depends on investment in human capital, not just in training but also in the practices implemented in the workplace that contribute to greater use of skills. Innovation is closely linked to skills utilisation as it relates to process and product improvements within the workplace. When employees are encouraged to use their skills, the opportunities for innovation are enhanced. As the Cutler Review observes:

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94 Tamkin, Giles, Campbell and Hillage (2004) Skills pay, p.34
96 Guest (2006) Smarter ways of working, p.3.
High quality human capital is critical to innovation. Equipping our people with the skills to innovate is essential, not only for the generation and application of new knowledge, but also to use and adapt the knowledge produced elsewhere ... Building high quality human capital requires attention at all levels of education ... and into the workplace.\(^9\)

The importance of human capital in innovation is supported by the OECD, who state that ‘human capital is a key factor in the innovation process... Creativity, working in teams and cognitive skills are needed as economies become more based on innovation and technological change’.\(^1\)

Incremental innovations, which ‘use existing technologies and standards to effect improvements to existing products and services’,\(^2\) are ‘more important for the performance of any single national or regional economy than major innovations’.\(^3\) This has implications for management and training.

Incremental innovation could be considered as the epitome of skills utilisation as it means that skills within the workplace are used to improve products and processes. This in turn leads to increased organisational performance. As Arundel states, ‘many innovations that have resulted in major increases in productivity are the result of organisational changes, minor engineering, or a simple insight that required few if any advanced technical skills’.\(^4\) Although the role of university-trained staff in innovation is well understood, there is also a key role for trade and technician occupations within the workplace, which according to Toner play a critical role in incremental innovation given that their training and function in the workforce entails the ‘generation, design, installation, adaptation and maintenance of new technologies’.\(^5\)

**Profitability and productivity**

A range of literature provides evidence that human resources and/or high performance working strategies have a positive impact on profitability and productivity across a range of organisations. As indicated earlier, as there is a close association with these practices and skills utilisation, the findings have been extrapolated. For example, research conducted by Flood et al on the relationship between management practices and organisational performance in Ireland focused on high performance work systems. The findings show that:

In economic terms, the median-sized company in this sample (270 employees) employing the multi-dimensional model of HPWS would have performance advantages including almost €12,000,000 (or €44,399 per employee) in labour productivity, and €556,200 (or €2,061 per employee) in workforce innovation.\(^6\)

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\(^2\) Toner (2011) *Workforce skills and innovation*, p.27.


\(^4\) A. Arundel (2011) ‘Skills for an innovative Australia to 2025’, Background paper for the Skills Australia scenario development forum, Sydney, 7 February, p.2.


Research has shown a significant association between HRM and profit per employee and between greater use of HR practices and lower labour turnover.\textsuperscript{106} New Zealand research has found that there is a positive association between use of high-involvement work practices and organisational productivity.\textsuperscript{107}

US studies have found that benefits to employers from HPWPs include improved product quality, productivity and profitability.\textsuperscript{108} Research on US employers over the period 1993-96 by Black and Lynch found that ‘high performance practices are related to firm productivity’. In particular, ‘firms that re-engineer their workplaces to incorporate more high performance practices experience higher productivity’. \textsuperscript{109} They also found that ‘employee voice (proxied by the percentage of workers who regularly meet to discuss workplace issues) has a larger positive effect on productivity when it is done in the context of unionized establishments’. \textsuperscript{110}

A number of research results in the UK have produced comparable results. Stirpe et al find a positive and significant relationship between the implementation of HPWs and company profitability. A correlation was also found ‘between the degree to which firms invest in their people and several organisational performance measures’ such as profit and sales growth.\textsuperscript{111} Organisations have also been estimated to increase their performance by 0.20 of a standardized unit for each unit increase in HPWP use.\textsuperscript{112}

Similar results have been found in specific studies of the manufacturing sector. Taken together, HRM practices were found to account for 18 per cent of the variation between companies in terms of the impact on productivity.\textsuperscript{113} Job design and acquisition and development of skills explain a significant proportion of the variation’.\textsuperscript{114} In the US manufacturing sector, the adoption of a system of human resource management practices (including work teams, flexible job assignments, employment security, training and incentive pay) were found to produce ‘substantially higher levels of productivity’ than approaches involving narrow definitions, strict work rules and hourly pay with close supervision.\textsuperscript{115} Research on three manufacturing industries concludes that:

More participatory work systems contribute to more rapid growth in manufacturing ... in two ways. First, they increase the willingness, ability, and opportunity for front-line workers to supply discretionary effort to the production process and to work smarter, not harder. Second, HPWSs increase the rate at which knowledge is accumulated in organizations and

facilitate the introduction of new capital and consumer goods. This in turn, promotes capital accumulation and economic growth.\textsuperscript{116}

A longitudinal study of 308 manufacturing companies found a ‘9 per cent increase in value added per employee’ when the HPW practices of empowerment and extensive training were adopted.\textsuperscript{117} In a study of the UK aerospace industry, firms increasing their use of HPW practices recorded increases in value added per employee between 20 to 34 per cent.\textsuperscript{118}

Other research reports uncertainty in relation to which practices produce improved performance and how this is measured. Although there is some debate about the practices measured and whether and how such practices impact firm performance, Tamkin et al conclude that ‘the weight of evidence and the consistency of the general direction of results – even if not the finer detail – presents a strong and persuasive case that skills embedded within other HR practices do make a difference to business performance.’\textsuperscript{119}

Outcomes for employees

In addition to positive outcomes for employers in profitability, productivity and innovation, improved outcomes for employee wellbeing have been identified in a ‘healthy organisation’ that focuses on practices such as job enrichment, employee involvement, autonomy and job control, and employee participation.\textsuperscript{120} These practices are closely associated with skills utilisation strategies. It should be noted however, that although increased job satisfaction and increased wages are presented as potential employee outcomes, the evidence is mixed.

Opportunities for the use of abilities and of personal initiative were of central importance to the job preferences of British employees in 2006. The importance of being able to make use of abilities at work were ranked higher than ‘good pay’ – 83 per cent rated being able to use initiative at work as ‘essential’ or ‘very important’ compared to 76 per cent who gave good pay a similar rating. Moreover, there is no evidence of a decline in the relative importance of intrinsic job features such as opportunities for the use of abilities and initiative compared with pay. Expectations have risen with respect to both over the period 1992-2006.\textsuperscript{121}

There is evidence of a positive relationship between complex job tasks, whereby staff can utilise their skills more effectively, and job satisfaction. Jobs with high skill demands have been argued to result in greater job satisfaction, life satisfaction and health benefits.\textsuperscript{122} In the manufacturing industry, research findings indicate that autonomy, teamwork and communication generally enhance workers’ levels of organizational commitment and job satisfaction.\textsuperscript{123} The researchers have

\textsuperscript{118} Thompson, M. (2000) \textit{The competitiveness challenge: The bottom line benefits of strategic human resources}, London: DTI.
\textsuperscript{119} Tamkin, Giles, Campbell and Hillage (2004) \textit{Skills pay}, p.35-37.
also found that ‘workers employed in environments that have more high-performance practices earn more than those in traditional workplaces’.  

A number of positive impacts of employee participation, a key skills utilisation strategy, on organisational outcomes have been identified. As summarised by Heller et al, these include:

1. Participation may result in better decisions. Employees often have information which senior management lacks. Further, participation permits different views to be aired and in this way the danger of ‘group think’ is reduced.
2. People may be more likely to implement decisions they helped make themselves than decisions imposed on them from above.
3. Employees may learn new skills through participation, while leadership potential may be readily identified and developed.
4. Participation may improve communications and co-operation; employees may co-ordinate each other, thus saving management time.
5. Participative subordinates may supervise themselves, again making the lives of managers and supervisors easier.

Research on HPWPs indicates negative as well as positive outcomes for employees. In considering this research, however, Sparham and Sung, for example, note that job satisfaction and pay can be boosted but also note that HPWPs can result in increased stress and dissatisfaction for employees, with work intensification ‘a potential outcome for many organisations, especially for those companies adopting these practices without building a reinforcing environment, which is sustained – rather than built – by these practices’.

Positive associations between HPW and HRM practices are not consistently found across all sectors. For the services sector, for example, Bailey and Bernhardt find mixed outcomes:

We found very little effect on wages and jobs quality in our case studies, regardless of the extent of innovation and despite the fact that these are very successful firms. The workplace reforms did appear to make for somewhat more interesting jobs and more satisfied workers. But positive effects on wages, promotion chances, and skill acquisition were largely absent... Even if firms successfully adopt high-performance practices and become more efficient, there is no guarantee that productivity gains will be passed on to workers.

Research by Ramsay et al which aimed to ‘test the competing claims of theories advocating and criticizing ... HPWS’ confirms that there is a relationship between HPWS practices and measures of workplace performance, but finds little support for either ‘the widely held assumption that positive

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performance outcomes from HPWS flow via positive employee outcomes’ or that ‘gains to management always come at the expense for labour of degradation of work’.  

Research in the aged care sector however reveals that, contrary to positive and negative outcomes from HPWS found in other critically oriented quantitative research, overwhelming positive outcomes were obtained. The research also found that the practices are no less applicable to low-skilled than high skilled workers. Flood et al (2008) acknowledge that:

High performance companies with higher levels of labour productivity and workforce innovation, and lower levels of employee turnover, are managing their organisations in ways that are distinctly different from average performing companies. The strength of these correlations must represent a compelling business case to any company seeking to enhance its performance through improved productivity, innovation or quality of working life.

Thus we see that HPWSs often, but not always, produce positive results for employees in terms of wages, job satisfaction and other measures, and that there is further work to be done in developing a deeper understanding of HPWSs that would help explain the variety of findings.

1.5 Summary

As we have seen, skills utilisation is a key component of workforce development. Making better use of skills in the workforce can be a means of increasing productivity, employee engagement and satisfaction.

The framework for conceptualising skills utilisation that we have developed is as follows:

1. Identifying triggers that dictate why organisations undertake skills utilisation. This can be due to market forces, staff retention, regulation or exhortation.
2. Facilitating ‘on the ground’ delivery of skills utilisation by implementing the following practices:
   - Participation
   - Autonomy
   - Job design
     - teamwork
     - flexible job descriptions
     - multi-skilling
     - flexible work arrangements
   - Skills audit
   - Knowledge transfer
     - Mentoring
3. Recognising that management and leadership, communication and organisational culture are important enablers that act as levers for skills utilisation to take place.
4. Identifying the outcomes that result when strategies are used that encourage more effective skills use such as improvements in productivity, profitability and job satisfaction.

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As noted earlier, Skills Australia considers that effective skills utilisation is an important element of workforce development. Given the operational challenges for policy and practice outlined in this literature review, the above framework is used in the case studies that follow to deepen the understanding of what skills utilisation means at the workplace. Chapters 2-5 will in turn consider the findings of the case study research according to the framework identified above: triggers, delivery, enablers and outcomes.
2. ‘Triggers’: Why organisations adopt skills utilisation strategies

Skills utilisation is being adopted by a range of organisations, for a range of reasons. Labour market triggers are especially prevalent among the Australian firms studied, although product market competition and other factors (such as business growth and regulation) are also important. It is not only the enterprises producing high value goods and services that are seeking to get the most out of their employees. Rather, skills utilisation strategies are being harnessed by organisations across different industry sectors and skill levels, with staff in seemingly ‘low-skilled’ occupations also able to contribute to organisational competitiveness and improvement.

‘Triggers’ refer to the various factors which prompt organisations to adopt skills utilisation practices in the workplace, whether or not those organisations actually define those strategies as ‘skills utilisation’ per se. These were identified in the literature review as relating to issues such as market forces, staff retention, regulation or exhortation. As we shall see, skills utilisation strategies are taken up for many of these reasons but particularly in response to labour market issues. The sustainability and capability of business practices thus underpin any business case for skills utilisation.

In some cases, managers will simply want to get the most out of their employees and may not necessarily be familiar with existing knowledge about skills utilisation as a factor in workforce development. Yet while the term ‘skills utilisation’ may not be easily recognised, the case study research shows that its actual practices are broadly understood – as reflected in the use of training needs assessments, job design, knowledge transfer, participation and autonomy in the workplace. The research also indicates that there are commonalities across and within sectors, but that industry and occupational contexts serve as only partial indicators for which types of skills utilisation strategies are ultimately adopted by organisations.

From the case study interviews, Skills Australia found that the drivers for skills utilisation can be either internal or external to the organisation. Internal triggers refer to structural factors (such as company growth and innovation, leadership and the need to reduce wastage); while external triggers encompass labour market factors (such as the need to attract and retain staff); and other external factors (such as product market competition, economic conditions and regulation).

2.1 Triggers identified from the case study research

In interviews conducted with each of the eleven case study organisations, managers were asked ‘What was the trigger that prompted your organisation to make better use of your employees’ skills?’ The responses given indicate that companies chose to introduce skills utilisation strategies due primarily to intra-organisational structural issues; labour market pressures; and external economic and regulatory factors.

A summary of the triggers reported by the case study organisations is shown in Table 1.
Table 1  Triggers for skills utilisation reported by the case study organisations

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<th>acQuire</th>
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<th>CSL</th>
<th>Dexion</th>
<th>GHD</th>
<th>Holden</th>
<th>Leighton Contractors</th>
<th>Murrumbridge LHD</th>
<th>Pattinger</th>
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2.1.1  Structural factors

Structural factors refer to organisational issues which motivate companies to make better use of their employees’ skills. All eleven organisations captured in the research indicated that company growth and innovation, leadership and/or resource limitations were among the chief catalysts for the adoption of skills utilisation strategies. This was consistent across all organisations interviewed, regardless of business size, industry sector, or whether the organisation was private, public or not-for-profit.

Company growth and innovation

Six of the eleven organisations interviewed by Skills Australia indicated that company growth and the need for innovation were motivating factors for improving utilisation of employee skills. While innovation and improvement were priorities for all of the organisations consulted, a handful of organisations reported that changing products and technologies had prompted their need to adopt skills utilisation practices. Business and employment growth also posed a challenge for these organisations’ business strategies.

The Chia Co, for example, is a producer of natural, raw chia seeds and is a small private company experiencing strong growth. Since its foundation in 2005, the company has refocussed its business strategy in order to work directly with food companies and retailers, and to represent the product from the farm to the end consumer. In recent years, The Chia Co has undergone rapid expansion, with sales and profitability improving significantly. While the business remains small in terms of its current workforce of nine staff members, it has also become a market leader, with continued expansion into international markets. To allow for this growth, the Managing Director sought to adopt a new business strategy: ‘to refocus the type of people we brought into the business and what their skills set was’ (The Chia Co). Consequently, the company undertook to recruit employees with...
an understanding of innovation and the food industry, and those who shared the core values of the business:

It was saying ‘what skills do we need?’ and it wasn’t necessarily agricultural skills, it was more people that had a understanding of innovation, understanding how to commercialise a new ingredient into a food...Someone who’s actually living and breathing and understands what we’re about... The customers understand that and then they actually understand what we’re about as a business (Managing Director, The Chia Co).

Pottinger is another small-to-medium sized company where business expansion and product innovation/differentiation have driven the adoption of skills utilisation strategies. Established in 2003, Pottinger is an organisation with a highly specialised business model: managing merger and acquisition transactions and advising large corporations and governments on corporate strategy. As one manager explains,

[Our people] need to be able to do everything. One of our competitive advantages in terms of what we do for our clients is our ability to be innovative and come up with a very new solution to whatever challenge they’re trying to solve (Chief Operating Officer, Pottinger).

As a growing enterprise, Pottinger has targeted its business strategy to prioritise ethics in the financial sector, while encouraging employees to have a stake in its mission. In order to achieve this, the company makes a strong link between the skills of its staff and its business strategy and has developed a culture that strongly encourages employees to share ideas and foster innovation.

Other, very different types of enterprises have also experienced business growth and innovation as major ‘triggers’ for better skills use. GHD, for example, is a large engineering, architecture and environmental consulting company which employs over 6,500 people across five continents, and which, from a base of 1,000 employees in the late 1990s, has undergone rapid growth over the last decade. As the General Manager and Director, Australia and New Zealand explains, ‘we’re an industry that’s providing professional services to clients and so there’s particular skills that we need... The bigger issue is the number of people that we really need with those particular skills’ (General Manager & Director, Australia and New Zealand, GHD). For GHD, the need to operate effectively within a multi-speed economy was found to affect demand for services, motivating the company to examine its overall business strategy:

[Our triggers are] our business plan, how we wish to grow, [and] where and what we see are the opportunities. If these are the opportunities in the market, then if we’re a knowledge-based organisation, then what people and skills do we need? (General Manager, HR, GHD).

Trying to meet this growth with highly skilled staff has proven a challenge, and GHD has responded by introducing a range of initiatives that maximise the skills of employees, engage staff and promote creativity within the organisation.

For CSL Australia Ltd, a provider of coastal bulk shipping transport for major building and construction material suppliers, business growth and the rapid expansion of staffing numbers have
similarly driven workplace change. This has led CSL to consolidate the skills of their employees – many of whom come from shipping or naval backgrounds – to draw from their expertise in shaping the strategic direction of the company and implementing customer-focused solutions. Through this innovative approach, the business has grown significantly since 1999 and continues to expand into new areas.

Leadership

The approach of senior leadership is another fundamental trigger for skills utilisation. Generally speaking, leaders instigated skills utilisation practices in all eleven of the case study organisations, often in response to external pressures such as labour market conditions. In this context, leadership is identified as both an important trigger and enabler for skills utilisation as the support of senior managers – as well as middle and frontline managers as discussed later – is also important in embedding and implementing skills utilisation.

Strong leadership was cited by almost all of the employees, supervisors and managers interviewed as a defining characteristic of their organisations. In terms of triggers for skills utilisation, however, the role of leadership falls into two categories. For some companies, such as Pottinger and The Chia Co, among others, strong leadership underpins both their business strategy and fundamental belief that employees can help them do things better. In this regard, leadership can act as a perpetual motivator for skills improvement. For other companies, on the other hand, a change in leadership may act as a specific trigger for workplace reform. This demonstrates that – while strong leadership is an important component in the ongoing implementation of skills utilisation strategies (as will be discussed further in Chapter 4) – leadership and governance changes can also act as key triggers in transforming organisations.

For a handful of organisations, it was this change in leadership and/or governance structure that was identified by respondents as ‘kick-starting’ workplace change. This was the case for RSPCA Victoria, a community-based charity which runs independently under the umbrella of RSPCA Australia. As a community-based, not-for-profit organisation, RSPCA Victoria had previously ‘never considered it important to invest time, resources, energy into developing the people of the organisation... none of those internal structures or systems were here’ (CEO, RSPCA Victoria). A change of Board and CEO provided the organisation with the trigger it needed to achieve a higher performing business model. Indeed, a primary driver of change within RSPCA Victoria has been the change of governance arrangements from a ‘traditional form’ of charity to a company limited by guarantee. With a new CEO from a corporate background taking over in 2002, a new corporate strategy was put in place to clarify organisational structure and roles. The introduction of a strategic planning process and business planning process means that the organisation was now ‘much clearer about the outcomes we’re trying to drive [and] much clearer about having an impact on people’s attitudes and behaviours’ (CEO, RSPCA Victoria).

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132 CSL Australia own and manage the ships, with a staff of 19 in the Sydney head office. Officers and crew on the ships are employed by another organisation, Inco Ships Pty Ltd. While CSL Australia set out their requirements for staffing ships and pay for training, Inco are contracted to manage recruitment, rostering, training and development, payroll and industrial relations (see Appendix A: Case Studies).
Reducing wastage

The need to reduce wastage and maximise existing resources was found to be important where resources are in short supply and their absence prompts organisations to try and make better use of their skills. While financial or resource constraints might affect any number of companies, the qualitative research found that these triggers are often a function of public, non-profit and charitable organisations: that is, organisations with limited resources; where revenue is dependent on charitable giving rather than profit; and where organisations are accountable to supporters, donors or tax-payers for how (and where) resources are spent. For this reason, RSPCA Victoria was found to be the organisation most affected by resource limitations, prompting the charity to try and find ways to make the best use of its limited funds.

From the case study research, the need to reduce wastage was found to be a strong driver for change at RSPCA Victoria. One of the impediments to improvement was the fact that RSPCA Victoria is reliant on charitable donations which are tagged for animal care rather than staff development:

That’s very difficult sometimes within the not-for-profit sector because our resources are always limited. Also we’re dealing with our donors, our members – people very seldom donate, give you money so that you can spend it on training your people. Everybody has in their minds that ‘I give the money for the animals. I don’t know exactly what that means but it’s for the animals’ (CEO, RSPCA Victoria).

Consequently, the organisation needs to get the most out of its funding, particularly as there is an expectation from donors that any monies will be spent on animal care rather than staff training and development.

A need to make the organisation more financially viable is also important, ‘because the expenditure side of our budget didn’t seem to be producing a lot’ (CEO, RSPCA Victoria). The wastage of resources was a key issue, with the organisation paying $800,000 a year in Workcover premiums to cover injuries in the workplace. This indicated a loss of productivity and that ‘an enormous amount of money [was] going out the door every year... It also showed that people were being injured which is just not acceptable’ (CEO, RSPCA Victoria). Investigation showed that workplace injuries were caused primarily by preventable accidents in animal handling (such as dog and cat scratches), which pointed to a lack of appropriate training and equipment. Clearly, for an organisation with limited resources which relies on the confidence and generosity of the public, RSPCA Victoria needed to reduce this wastage and improve workplace practices as an urgent priority.

2.1.2 Labour market factors

The majority of case study organisations cited the need to attract and retain skilled workers as a trigger for change, with most nominating labour market factors as the most powerful of the drivers for skills utilisation. Responses show that a tight labour market and strong competition for skills, in particular, are the dominant influences on Australian companies’ decision-making concerning skills use strategies. This indicates that the situation in Australia is very different from international contexts, where the literature shows that product market strategies and regulation are the primary triggers for skills utilisation within enterprises.
Recruitment difficulties and skills shortages

Recruitment difficulties and skills shortages were identified as key triggers by eight of the organisations interviewed in the case study research. This was as true for professional occupations in the financial sector (Pottinger) as for tradespeople and labourers working on construction projects (Leighton Contractors). As one manager at GHD elaborates:

If you can attract and retain good people, then you’ve got tremendous competitive advantage...There’s a long term deficit of skilled people in the sort of business we’re in. So, that’s really triggered things like well what have we got to do to make sure that people want to work for us rather than someone else?’ (General Manager & Director, Australia and New Zealand, GHD).

By extension, difficulties in finding the right workers were cited as a major obstacle to success, leading to competitive disadvantage. Competitive pressures are particularly strong within the resources sector, given the demand for skilled workers to maintain growth in mineral, oil and gas exports. However, this is also the case for those industry sectors which employ workers with the same sorts of skill sets, such as in telecommunications, construction, transport and logistics.

In the industry we’re in, it’s very, very competitive in terms of attracting people... Essentially people have got a lot of other options... Their skills are in demand. And, they’re highly mobile if they want to be (General Manager & Director, Australia and New Zealand, GHD).

A number of the companies interviewed by Skills Australia sought to overcome these constraints by adopting initiatives aimed at attracting staff and making the best use of their skills and experience. In both the resources sector and elsewhere, these organisations sought to differentiate themselves from the big mining companies by emphasising company values, job security and greater opportunities for staff growth and improvement.

Woodside is a publicly listed Australian oil and gas company which competes directly for workers within Australia’s booming resources industry. Currently employing 3,500 staff, with significantly more on contract, Woodside initiated ‘skill pools’ five years ago in order to give the company an edge over other resource companies. The skill pools involve developing and deploying staff across the occupational and professional groupings of the organisation.

Woodside found that following a traditional approach to attracting workers – by advertising to fill vacancies – was not effective, as an insufficient number of qualified people would apply. The organisation attributes this to ‘skill shortages above everything; it’s really hard to get staff, especially with the right qualifications’ (Skill Pool Manager, Woodside). Moreover, as a Western Australia-based oil and gas company,

[Woodside] are in a very tight labour market. So there are a number of big mega projects in the resources industry [and] we are all fighting for the same resources... So it’s about... what is our employee value proposition? How can we attract and retain people? So a lot of that is through the development of our people and giving them line of sight [so] that they can have a really exciting career with Woodside (HR Manager, Capability, Woodside).
By identifying a non-traditional way of employing staff through skill pools – and in doing so, expanding the skills of existing staff members – Woodside found that they could more effectively target their recruitment practices to fill skills gaps.

As another organisation working within the resources sector, acQuire Technology Solutions Pty Ltd also found attracting workers with highly specialised skill requirements to be a major challenge – given the fierce competition from the mining industry. The company is focused on solving the problem of capturing, managing and delivering geoscientific observations and measurements through its Geoscientific Information Management System (GIMS). In seeking to attract skilled geoscientists and technologists, acQuire found that it had to compete with companies that could offer workers more in the way of salary, but less in the way of job security:

Our implementation team is generally geo-scientists and that pool is tough especially when in this time where you’ve got the major mining companies paying premium salaries... They don’t mind the boom and bust; they’ll build up, pay huge salaries – when things go bad, down comes the axe; they get rid of a stack of people whereas we can’t maintain that same salary but we want to maintain a consistent workforce. In the bad times we will pay better; in the good times we won’t pay as well (CEO, acQuire).

acQuire has consequently sought to attract workers via its reputation as a company which has a strong values framework: one which engages and encourages its employees, and which (unlike many others in the sector) offers security, mentoring opportunities and long-term career planning.

Leighton Contractors NSW/ACT & NZ also cites competition for skilled workers as a key trigger, particularly in rural communities. Leighton Contractors Pty Limited (LCPL) is a wholly owned subsidiary of the publicly listed Leighton Holdings Group. LCPL nationally employs more than 10,000 people and delivers projects across the infrastructure, resources, civil construction, industrial and energy and telecommunications sectors. Leighton Contractors NSW/ACT & NZ, part of LCPL’s construction division, employs approximately 1000 people. It is primarily concerned with building infrastructure, including rail and road projects, and recruitment has been similarly affected by skills shortages in these areas:

There are not enough skilled people out there so we train people every time we start a new job... You can’t just say ‘We need that skill’ and get the person from an existing pool – they’re just not there (General Manager, Leighton Contractors (NSW/ACT & NZ)).

Leighton Contractors NSW/ACT & NZ has sought to overcome job insecurity by creating continuous employment opportunities for its employees, and using forward planning to ensure a supply of skilled workers in an industry renowned for transient employment. Leighton Contractors NSW/ACT & NZ also budgets for training hours on each specific job, so as to guarantee that the skills needed for each task are available. Without skills utilisation practices aimed at encouraging initiative and process improvement, Leighton Contractors acknowledges that it would have experienced even greater difficulties in attracting staff. As the General Manager states, ‘If we didn’t do this we wouldn’t be able to function given the industry’s labour shortage and the increasing demand for skills’ (General Manager, Leighton Contractors, NSW/ACT & NZ).
Finally, Pottinger is an example of a very different type of company which has also experienced recruitment difficulties, and cites these as an important trigger in its adoption of skills utilisation strategies. As an employer of professionals in the finance sector, Pottinger expects its staff to perform across a range of specialist, advisory and strategic areas. The particular skills mix needed to fulfil these roles can make it difficult to identify suitable candidates:

That gives us some particular challenges in recruiting people because we need people who can do the big picture, strategic, visionary-type thinking but we also need people who can do all the highly numerate analytical project management process-driven tasks that are required in mergers and acquisitions where there’s a significant element of being very much a jack-of-all-trades (Joint CEO, Pottinger).

Pottinger found that one of the best ways to attract staff was to build its reputation as a company that values its employees: by adopting skills utilisation strategies which help foster a positive and productive working environment. Pottinger also cited the importance of encouraging initiative and involving employees in business development, which was another common experience of the companies surveyed in the research.

**Improving retention**

As with recruitment, retention issues were nominated as one of the most common ‘triggers’ among the organisations interviewed by Skills Australia. Indeed, attracting and retaining employees were seen as two sides of the same coin by employers, and was cited by almost two-thirds of organisations as a reason to adopt skills utilisation policies within the workplace. This research shows that in areas where suitable skills are at a premium (and where training and recruitment costs are also high) organisations will generally go the extra mile to try and reduce staff turnover. In such instances, organisations are also likely to be motivated to optimise the skills of their employees. After all, ‘there is little value to an organisation having a skilled workforce if the skills are not used well’.

Leighton Contractors, for example, found that offering temporary contracts did not provide enough of an incentive to retain skilled workers:

In the construction industry, the workforce is traditionally laid off at the end of a project and this clearly isn’t a sustainable model. Over the past two years we have put the focus on retention and we encourage people to move with us from job to job. As an organisation, Leighton Contractors is committed to working hard to give continuity of employment (General Manager, Leighton Contractors, NSW/ACT & NZ).

GHD also found that an important way to ensure that staff stay with the company was to provide opportunities to participate.

We put a lot of effort into making GHD a great place to work... And if we don’t provide that then they’ll go somewhere else... So, what we do there, it’s a combination of trying to create an environment they enjoy working in that’s challenging and they can feel themselves

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133 UKCES (2010a) *Ambition 2020.*
developing in the direction that they want to develop as well as what we want them to develop (General Manager & Director, Australia and New Zealand, GHD).

However, retention was identified not only as an issue for private enterprises; nor does it only affect those organisations that work in, or compete with, the mining industry for skilled workers. From the case study interviews, retention was also found to be a major problem for public and non-profit organisations, including a public health body (Murrumbidgee Local Health District) and a charitable, community-based organisation (RSPCA Victoria).

Murrumbidgee Local Health District (Murrumbidgee LHD) is an organisation of approximately 2,100 employees (full-time equivalent) which provides a wide range of public health services to the Murrumbidgee area communities in southern New South Wales. In 2005-06, its predecessor organisation, the Greater Southern Area Health Service (GSAHS), implemented a number of long-term strategies aimed at addressing attrition among health workers in regional areas. An ageing population in regional and rural areas and an increasing need for allied health professionals to support this client base also exacerbated the problem of providing adequate access to services. Difficulties in attracting and retaining staff in these areas were identified by Murrumbidgee LHD as stretching resources and threatening to compromise client outcomes. Entry level aide positions were subsequently redesigned ‘to support [allied health] professionals, to help with retention of staff and to help free up time. It’s difficult to get them, we don’t have a lot of them, they’re spread pretty thin so it was to ensure that we were making the best use of the skills and the time that we had’ (HR Manager, Murrumbidgee LHD).

RSPCA Victoria found that it needed to improve the retention of staff and volunteers in an often challenging environment. Despite the fact that its workers clearly share the values of RSPCA Victoria in terms of the care and protection of animals, high turnover of the people who work or volunteer for the organisation was still an issue. Improving retention among volunteers, in particular, was identified as important, as ‘it’s really easy to have a really high turnover rate of volunteers, particularly if people have that mindset of ‘they don’t cost us anything, we’ll just get another one’’ (CEO, RSPCA Victoria). As the CEO of RSPCA Victoria explains:

Some line managers get that and some don’t get that; some still have that attitude of ‘They’re just volunteers and it doesn’t really matter if they leave; we’ll just get another one’ but just trying to look at it from the point of view [that] every time you have a disgruntled volunteer leave, that’s your reputation walking out the door (CEO, RSPCA Victoria).

Redesigning the Senior Animal Attendant role, providing consistency in workplace practices and greater opportunities for training (for both staff and volunteers) were identified as just some of the ways in which RSPCA Victoria could address its staff retention rate, and in doing so, preserve its reputation within the non-profit sector.

2.1.3 Other external factors

From the case study research, external factors such as market competition, government regulation and macroeconomic conditions were found to apply pressure on organisations, motivating them to address their processes and work practices to improve productivity. Eight out of the eleven organisations interviewed reported that one or more of these external factors had acted as triggers for their adoption of skills utilisation strategies. As these triggers are market-driven rather than
internal to the organisation, they were found more likely to affect private companies rather than public or not-for-profit organisations. This was especially true for companies operating within industry sectors that are highly sensitive to economic and competitive market conditions, such as manufacturing, construction, technology and transport. In addition to the regular demands of local and international competition, organisations also noted that the Global Financial Crisis (GFC) of 2008-09 had exerted additional pressure on businesses in recent years.

**Product market competition**

Of the various external factors which prompt organisations to consider skills utilisation practices, product market competition was the trigger cited most frequently in the case study research. The need to improve products and create cost savings, thereby enabling organisations to better compete, was acknowledged by four organisations as a major challenge. Competition drives firms to position and differentiate themselves within the market and is therefore closely linked to business strategy. As the Literature Review explains, a firm’s product market strategy is therefore seen as a predictor for skills utilisation. The need to remain profitable and maintain a competitive advantage in the market is common to all of the private and publicly-listed companies participating in the case study research. However, in older sectors such as the automotive industry, the challenge of reducing production costs and competing within increasingly tight markets provides an additional challenge.

This is certainly the case for the manufacturing division of GM Holden Ltd. As Holden competes with both local and overseas car manufacturers, it is constantly looking to improve productivity in order to streamline operations and remain competitive within the market. With all of Holden’s Australian-built vehicles produced at its Elizabeth, South Australia plant, the company sought to find ways to improve its competitive edge by maximising the skills of the plant’s employees. As Holden’s Executive Director of Manufacturing Operations explains:

> If you look at what the mission of the vehicle plant is; it’s to make world-class vehicles for Australia and the world. That is our goal. We want to be a manufacturing unit that makes the best cars in Australia but also through our export programs, we also want to broaden that to be able to be competitive globally and not just a good Australian manufacturer (Executive Director of Manufacturing Operations, Holden).

Yet the automotive industry has faced a number of challenges in recent years, including strong international competition, changing customer preferences in motor vehicles, and an economic downturn which has contributed to a decline in consumer demand. The need to maintain quality while also identifying cost savings within its vehicle manufacturing operations was therefore a primary driver in Holden’s adoption of skills utilisation policies for the Elizabeth plant’s 2,500 workers.

At every skill level, Holden (Manufacturing) found that involving employees in continuous improvement processes has helped Holden to stay competitive in a very competitive global market, producing positive results for both company and staff:

> At this point in time it’s about remaining competitive and also it’s about securing a sustained future. I think for Holden – while we’ve survived the [US General Motors] bankruptcy, we’re still in the back end of survival mode so it’s really about ensuring that our employees are
highly skilled so that they are delivering a quality product so that we’re going to be competitive and we’ll have a viable future (HR Manager, Holden (Manufacturing)).

Similarly, Leighton Contractors NSW/ACT & NZ found that the adoption of skills utilisation strategies helped to bolster its competitiveness within the marketplace. At Leighton Contractors, workers are developed to create a positive and productive working environment, with advantages for both individuals and the company. The use of skills utilisation strategies to encourage leadership and employee involvement in process improvements was felt to benefit business outcomes, but also to set the organisation apart from other companies within the sector:

To differentiate yourself from your competitors you must make sure you’re training leaders in how to manage people. If you provide guidance and support you’ve got motivated and happy employees and your productivity is going to be greater (General Manager, Leighton Contractors, NSW/ACT & NZ).

Competition has also been a key trigger for Dexion to offer opportunities for staff to upskill and use their skills to improve work processes. Dexion is a large organisation of 800 workers which provides commercial workspaces, integrated systems and industrial storage solutions through its operations in the Asia-Pacific and Middle East. Dexion’s industrial division is based in Kings Park, New South Wales, with its production operations consisting primarily of forming, welding and painting. As Dexion’s operations manager explains, this was a matter of ‘up-skilling people and wanting to try and create the best environment for them to continue their development and their growth’ (Operations Manager, Dexion).

Likewise, competitive pressures compelled acQuire to examine ways in which to maintain its values in the face of challenging economic times:

Well we’re a private company so if we don’t innovate then we die; it’s as simple as that. We’re number one in our area; we want to stay number one. If you look at the values, it’s all driven by that (Supervisor, acQuire).

acQuire notes that within their sector, ‘we’ve got lots of challenges – to maintain our technology, to be better than our competitors and [to maintain] personal responsibilities’ (CEO, acQuire).

**Economic conditions**

Economic conditions were nominated as a key motivating factor for organisational change in the case study interviews. The recent economic downturn during the GFC of 2008-09, for example, was cited by four organisations as a key trigger for why they chose to adopt skills utilisation strategies during this time. Skills utilisation strategies were found to lend themselves to difficult economic circumstances in a number of ways: by encouraging companies to look at ways of maximising the skills of their employees to fill skills gaps; to consider the ways in which staff could contribute to business outcomes; and to address ways of maintaining a sustainable workforce during economic ups and downs.

GHD, for example, found that working in international markets had stretched its resources and forced them to consolidate its operations within Australia:
Going global has other aspects to it, but to some degree, going global has impacted in terms of almost being a skills drain on Australia, because as you go into new markets, we’ve had to identify people within Australia to work with us in those new markets. So there’s actually been an exodus there (General Manager, HR, GHD).

In a globalised economy where demand for goods and services may be interrupted by market factors such as a drop in consumer spending, a lack of investment confidence and a decline in overall economic activity, companies typically respond by cutting staff and services, so as to minimise outgoing expenses. As acQuire’s CEO explains, companies ‘have to continually show shareholder value and return so they [are] forced while under pressure to show profit. An easy way to show profit is just trimming staff and it goes to the bottom line’ (CEO, acQuire). The literature confirms that ‘during a recession, layoffs tend to increase more quickly’, particularly in commodity-driven industries and the manufacturing sector. However, ‘during an expansionary year, workers in manufacturing appear to be less likely to lose their jobs than other workers’. 134

Despite this conventional practice, Holden and acQuire, among others, made the conscious decision to retain their permanent staff during the GFC. For acQuire, these market pressures forced the company to revisit its core values during the economic downturn:

Rather than sacking people so that we make a profit, one of the strategies that we used during the GFC [was that] we decided not to make a profit so we kept everybody... We’re much happier to not make profit but keep all our people. That was always a good strategy and that’s a strategy we’ll maintain forever’ (CEO, acQuire).

This policy served to differentiate acQuire from its competitors, by showing that the company valued its people and its long-term sustainability over short-term profitability.

The impact of macroeconomic conditions on business is not just confined to the manufacturing, construction and resources sectors, and was also cited by Pottinger as a driver for skills utilisation. Like acQuire, Pottinger chose not to lose its staff during difficult economic times. This decision was driven by organisational values, but also by acknowledging the difficulty of re-hiring staff with the right skills:

We’re not driven by a short term bottom line profit at all; we’re just not. If you were driven by that you’d just have fired everybody two years ago. We didn’t let anyone go during the GFC – we must be one of the only companies in our industry of any significance at all in this country that did that. That’s because we took a longer term view; we actually wanted to keep the capability and team together because finding people is incredibly hard (Joint CEO, Pottinger).

Pottinger noted that its decision to keep its staff during the GFC was motivated in part by business ethics, but was also driven by practical considerations: as a way of ensuring that the organisation could maintain its workforce and capability in the longer term. While retaining staff during an economic downturn inevitably affects a company’s bottom line, at least in the short term, it was nonetheless felt by Pottinger, Holden and acQuire to be a sensible business strategy with long-term benefits for both productivity and profitability.

Regulatory and safety requirements

One of the organisations sampled for the case study research cited changes to regulation and safety requirements as a key driver of skills utilisation (in the case of CSL Australia), while a further four organisations cited workplace safety as an ongoing consideration in their use of skills in the workplace. For example, the need to improve safety practices, and hence reduce WorkCover premiums, was an important driver for RSPCA Victoria in adopting skills utilisation strategies. Maximising worker safety in manufacturing and industrial environments was also a consideration for Dexion, Holden (Manufacturing) and Leighton Contractors.

As a shipping industry organisation, CSL Australia faces ‘more and more compliance requirements and probably more and more commercial risk... that’s associated with the business. We need to continue to improve our capabilities [and the] skills-base of the employees to make use of that’ (Chief Operating Officer, CSL Australia). In addition to the cost factors involved for compliance, CSL acknowledges that regulatory and safety requirements have driven a change in workplace practices, including the introduction of new OH&S practices, training initiatives and improvements to the skills base of employees. These were identified as important in order to maintain CSL’s business capabilities and to meet customer requirements:

Our customers get more sophisticated in terms of their [expectations]: their contract management processes, their safety and environment requirements so that forces us to comply; contracts become more and more demanding in terms of things other than what you’d call ‘shipping’ so if we’re going to stay in the market we’ve got to continue to improve our capability of our people (Chief Operating Officer, CSL Australia).

The introduction of skills utilisation strategies such as job rotation and job redesign were therefore recognised as a means to manage risk and build capacity within heavily regulated industries. However, this intervention was not mandated solely by government regulation, but was also driven by the recognition within the company. Within CSL, ‘the communication around safety is increasing every day; it’s not driven by compliance – it’s driven by us wanting to do a lot better’ (Chief Operating Officer, CSL Australia). This sentiment was also expressed by managers at Dexion, Leighton Contractors and Holden (Manufacturing).

2.2 Discussion of key issues

As we can see from this review of the case study interviews, organisations choose to adopt skills utilisation strategies for a broad variety of reasons. These ‘triggers’ can be concerned with operational or structural needs, such as growth and innovation, leadership and resource use; or they may be prompted by external market factors over which the company has little or no control. For example, an organisation may not have much influence over its competitors, the labour market or the economy, but it can certainly choose the way in which to respond to these challenges.

As discussed in the Literature Review (Chapter 1), the industry sector and market niche in which an organisation operates will often help determine the kinds of skills use strategies that they employ (if any). Previous research findings argue that access to work practices such as employee autonomy, discretion and involvement in job design tends to be confined to those organisations producing high value goods and services. By extension, a product market strategy with standardised products or
services was not expected to be ‘compatible with a high level of employee development and work practices that are designed to stimulate creativity, innovation and discretionary effort at work’. However this was not necessarily true of the organisations participating in this project. Indeed, organisations in the manufacturing, construction and transport sectors were found to get the most out of their employees’ skills by involving them in business processes, and by encouraging staff to identify improvements and efficiencies. By promoting these contributions, staff in seemingly ‘low-skilled’ occupations were able to help improve competitiveness and make a significant difference to organisational outcomes.

The findings of these Australian case studies also indicate that, contrary to previous research, labour market triggers are generally more pervasive across a broader range of industries. The case studies show that companies affected by strong competition for skills will tend to prioritise attracting and retaining the right staff in order to meet their business commitments. Product improvement is also a key trigger for the manufacturing sector in particular. However the current and foreseeable state of the labour market in Australia means that there is an ongoing need for companies to act to address recruitment and retention in sectors affected by shortages, and skills utilisation is a strategy for doing so.

Some organisations opt to respond to these triggers by looking within: by considering the ways in which the firm might improve its skills use to better compete in the market, to attract and retain employees, to create savings, improve safety, and/or increase profitability. Organisations can also decide how they will respond to macroeconomic pressures: by attempting to minimise short-term losses (e.g. by letting go of staff during a downturn), or by maximising long-term gains, and hence, workforce capability.

In addition to leadership as an enabler, as identified in the literature review, leadership was also found to supply the ingredients for organisations to actually recognise their need for skills utilisation in the first place. In other words, leadership is a trigger for organisations to adopt skills utilisation strategies, as well as providing the means (or ‘enablers’) by which these strategies are able to succeed.

The following pages (Chapter 3) examine the actual strategies that organisations employ to meet their skills needs. The workplace delivery of skills utilisation shows that some organisations will elect to adopt a single policy or practice, while others will embrace the full gamut of strategies available. This indicates that the principles of skills utilisation are flexible and adaptable to different contexts, and that firms can choose to harness their employees’ abilities in a range of different ways.

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3. Delivery: What skills utilisation strategies do organisations employ?

Organisations are taking up a range of strategies to better use the skills of their workforce. Employee participation and applying new learning are most prevalent, but the employers studied are also making use of skills audits, job redesign, job rotation, multi-skilling, employee autonomy and mentoring. The organisations have a broad understanding of how these practices are delivered within the workplace, but choose to adopt these strategies on either a formal or informal basis, depending on their needs.

The ‘delivery’ of skills utilisation refers to the various practices that organisations use to promote effective skills use and how these are applied within the workplace. A survey of prior research indicates that there is little clear guidance within the existing literature as to what skills utilisation strategies might actually look like in practice (see Chapter 1). With this in mind, Skills Australia has sought to construct a framework for analysis by examining the various initiatives used by organisations participating in the case study research. The framework identifies that skills utilisation is promoted by practices to encourage employee participation, autonomy, skills audits, job redesign, job rotation and knowledge transfer.

From the case study interviews, it is clear that companies use a variety of strategies intended to optimise the use of employees’ skills. These practices may be designed to assess the current skills of employees and uncover any skills gaps (e.g. through skills audits), or to organise work in such a way that employees can maximise their skills both within their own role and across a range of areas (e.g. via job redesign, job rotation and multi-skilling). Other workplace activities, such as mentoring and applying new learning, can be accessed through formal initiatives, or encouraged through more informal means including ‘buddy’ systems and support networks.

As Table 2 shows, the case study organisations were found to use some eight key practices in delivering skills utilisation. As anticipated by the Literature Review, the selection and extent of these practices vary according to the individual circumstances of the organisation, with each company applying only those practices suitable for their organisational needs. For some organisations, a handful of skills utilisation practices will be all that is required to meet the company’s goals, while others will find it advantageous to use most, if not all, of these. What is also evident, however, is that all of these strategies form part of a wider, holistic approach to workplace change, rather than discrete items. The research confirms that there is no identifiable ‘magic bullet’ and ‘there is no single practice that if implemented, will see company performance increase’. Rather, good skills use is achieved through a host of interlinked strategies. Table 2 demonstrates this observation, with each company interviewed by Skills Australia employing a number of different options as part of their overall skills utilisation strategy.

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SQW Consulting (2010b) *Best strategies in skills utilisation*, p.29.
### Table 2 Skills utilisation strategies used by the case study organisations

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*core element ✴ supporting element

### 3.1 Employee participation

Employee participation strategies are intended to empower staff so that they have a say and exercise some control over their day-to-day work, their roles and conditions in the workplace. These strategies are ‘crucial for innovation and organisation change’ and are widespread among the organisations interviewed by Skills Australia. Indeed, each of the case study organisations indicated that they employed some mechanism to engage staff and raise their participation levels. The interviews with employers also demonstrated that approaches to employee participation had varying levels of formality and structure. These approaches can also broadly be divided into two categories:

1. Strategic participation, whereby employees are actively involved in developing business strategy in addition to providing input on operational matters. One sub-grouping of this category is ‘Online Participation Programs’ whereby staff can contribute ideas regarding any facet of the organisation via an online platform; and
2. Task participation, whereby employees are encouraged to provide input on matters affecting their workplace and how they undertake their job.

While differences do exist between the varied approaches, they each have one important factor in common: namely, staff engagement and participation in the factors affecting their work.

#### 3.1.1 Strategic participation

The case studies highlight a number of examples, particularly in smaller organisations, where employees are directly involved in contributing to the strategic direction of the business. For example, Pottinger’s staff actively participate in the discussion of business strategy and objectives, with the contribution of staff to business development a key driver within the company:

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Most of the work that gets done is driven bottom-up... the team will be telling me ‘Okay we need you to do this now, we need you to do that now’ (Joint CEO, Pottinger).

Staff involvement in the company’s business strategy is identified as an essential part of Pottinger’s ability to evolve and innovate. Management seek the input of employees on strategic matters and take this into account.

We had a session three or four weeks ago... and spent the time asking... ‘What are your thoughts team on how we should be more effective in our strategy, and in developing our strategy, and developing our business to achieve that strategy?’ (Chief Operating Officer, Pottinger).

The Chia Co’s strategic approach to employee participation encourages staff to utilise their skills and knowledge to inform the company’s direction at both a strategic and operational level. Employees are expected to make suggestions and have participated in decisions about which markets to engage in and which potential customers to approach. This practice allows different ideas and perspectives from people with different skill sets to be considered. More formally, employees are given the opportunity to contribute to discussions at ‘interactive’ weekly meetings where everyone shares information about what they are doing. The meetings are chaired by a different staff member each week and attendees are encouraged to share their ideas and give input on work issues.

We share our business strategy, it’s not just ‘This is your job and let us worry about the strategies’ – it’s very much contributing to that strategy (Managing Director, The Chia Co).

CSL Australia’s approach to employee participation allows for both strategic and operational input. Experienced staff participate in planning the strategic direction of the organisation and there is an expectation that they will contribute in this way and share their views.

[CSL is focused on] understanding the business more and what the business needs and to consult with everybody... Those consultations have been going on both informally in one-to-one type discussions but also at our strategy meeting we talked a lot about organisational capability and structure and so on. [Decisions] will be based on the views of a number of people – people will be able to contribute to the discussion around what that organisation should look like. At the end of the day they’ve got to own it; if they don’t own it then it won’t work (Chief Operating Officer, CSL Australia).

This strategic contribution is also supported through the sharing of detailed information about the financial performance of the company, allowing staff to make informed suggestions.

**Online participation programs**

Two of the case study organisations introduced formal online systems to collect ideas from staff. Both of the organisations developed these online tools as fit-for-purpose programs, and both included strategies for ensuring that the ideas submitted by employees are responded to appropriately.

GHD, for example, has implemented an innovation program incorporating an online portal called the ‘Innovation Zone’ in order to encourage people working across all areas of the business to contribute ideas and new ways of doing things. The Innovation Zone is designed to encourage and formalise
staff participation within a large organisation characterised by a diverse and deep knowledge base over a wide geographical spread of employees across Australia and internationally. This online portal allows for the submission of ideas for either internal process improvement or commercialisation opportunities. Submissions are viewed by all and can be collaborated and voted on, before being evaluated by an independent committee to determine which ideas to implement. The system has also recently been adapted to allow for challenges or problems to be submitted into the system. It is hoped that this initiative will increase participation in the program above the 50 per cent of staff already actively engaging in the Innovation Zone.

acQuire has similarly introduced an online participation program which is used to harness the knowledge and expertise of the workforce by engaging staff in workplace improvement processes. This is done through a computerised suggestion portal named ‘Novedad’ which is available to all workers. ‘Novedad’ means ‘new idea’ in Spanish and it is these ideas that acQuire hopes to take advantage of to benefit the company’s processes and outcomes. All suggestions are welcome and they can range from the seemingly trivial and mundane to the strategic and high level. As acQuire’s CEO elaborates,

> It’s like a suggestion box on steroids... We’re all about accountability; we want to have people accountable for taking the idea to its ultimate conclusion (CEO, acQuire).

Employees input their suggestions into the system and these are assigned to an action officer tasked with investigating and moving the project forward. Those tasked with investigating the suggestions are accountable and responsible for communicating the final decision and outcome to staff. The nature of the system entails a high level of interaction between employees as everyone is encouraged not only to enter their own ideas and suggestions on the system, but also to comment on the ideas submitted by others.

### 3.1.2 Task participation

All of the other organisations involved in the case study research were found to encourage employee participation in tasks and operational matters. Dexion, for instance, is committed to involving its staff in decisions regarding how they undertake their work. Managers recognise that it is employees who are most affected by workplace processes, and therefore take their viewpoints into account when making decisions. In Dexion’s industrial division, staff are kept informed of any workplace changes, such as the purchase of new equipment:

> We go through all the plans that the company has, any new machinery that’s coming – they give us the heads up on what’s happening and then from there it just goes right through to the teams down the bottom as well – we pass all those messages down... That way, they’re all in the loop of what’s happening (Supervisor, Dexion).

At the same time, however, staff are also encouraged to actively participate in these decisions. With the introduction of a new integrated machine, or factory robot, for example, the welding team ‘wanted to take ownership of it and wanted to be part of whatever decisions they we’re going to make... because in the long run... they’re the ones that are going to have to operate it’ (Supervisor, Dexion).
There are other regular formalised opportunities for employee participation at Dexion, such as regular team meetings. These provide an important avenue for transmitting information and feedback both to and from management. Each area within the industrial division also holds weekly ‘Toolbox’ meetings which discuss upcoming work, operational changes and improvements to processes. Dexion also has a formal consultative committee which meets once a month to talk about contracts, projects and finances. The committee includes both management and elected representatives from each of the shop floor areas, chosen by the workers themselves.

Within Holden’s manufacturing division, employee participation is encouraged through multiple channels, with staff encouraged to review and suggest improvements to job processes. Holden have a staff suggestion scheme in place, and measure the number of suggestions submitted, with the expectation that at least one suggestion will be made per person per year. The company values this input and rewards employees for their ideas by providing incentives relative to the size of improvement. When savings to the company are substantial in terms of cost, efficiency or improvements to safety, the reward to the employee may be considerable.

Participation is also encouraged through monthly work group meetings, where all attendees are free to make suggestions and discuss how to improve work procedures.

Employees have got to spend at least one hour a month on a work group meeting... During that time typically they’ll talk about innovations and what changes they can make in their area as to either improve their comfort, improve speed, improve process somehow, deliver cost improvements; they’re all kinds of things (HR Manager, Holden (Manufacturing)).

Employee participation at Leighton Contractors is facilitated primarily through daily ‘pre-start’ meetings. At these meetings, workers have a say in how they perform their job and can suggest improvements to processes. They are also able to raise any other concerns they may have, such as those regarding safety or behaviours that don’t accord with the company’s values. In addition, Leighton Contractors has a consultative committee in place that provides feedback to management on a range of issues.

Within non-profit organisations such as RSPCA Victoria, communication is also vital in enabling staff to participate in decision-making, particularly where policies and procedures can have a ‘profound effect’ on staff morale (CEO, RSPCA Victoria). Within a challenging environment like RSPCA Victoria, where animal welfare issues can exert considerable stress on employees, employees need to feel that they have a voice within the organisation and that their ideas are ‘accepted and listened to’ (Employee, RSPCA Victoria). Consequently, paid employees and volunteers are given the opportunity to make suggestions in order to improve operational processes, and hence, animal welfare outcomes. To give one example: staff members researched the possibility of containing the spread of cat flu through the use of particular kinds of carrier boxes. These separated cats from their neighbours (thus reducing contagion), but also allowed the animals some freedom of movement, reducing stress levels. Management agreed to trial the scheme, and found very positive results in bringing down the number of infected animals. This had a further effect of improving morale among staff due to the drop in cat euthanasia rates.

At Woodside, staff are likewise encouraged to suggest innovations and solutions to issues the company may be facing. Employees who devise improved processes and mechanisms in the
workplace are recognised for their contributions. An award for groups of employees who produce innovative approaches is also given as an incentive for participation.

In the Murrumbidgee Local Health District case study, employee participation played a key role in the development of the Allied Health Assistant program (implemented by the then-Greater Southern Area Health Service). This occurred through direct consultation with allied health staff, professionals and therapy aides and union involvement in the steering committee arrangements.

3.2 Autonomy

Autonomy is a key indication of job quality and is connected to ‘the need to think about as well as to do work’. Decision authority (being able to make decisions affecting their work on a daily basis), skill discretion (being able to use and improve one’s skills set) and task discretion (being able to exercise control over one’s job) are all features of worker autonomy. A number of the organisations interviewed were found to encourage employee autonomy as a feature of their skills utilisation schemes.

Pottinger employees have a significant amount of discretion in the tasks that they do in order to achieve the desired outcomes. As one employee confirms, ‘I’m given deadlines [but] I’m given as much freedom as I need’ (Employee, Pottinger). To this end, the business also relies on staff to use their discretion in identifying the most appropriate approach when undertaking a particular project.

You’re continually revisiting the pathway to the destination. The destination needs to be well specified but you don’t over-specify how you get there. That’s exactly how we work with a team (Joint CEO, Pottinger).

The project-based nature of Pottinger’s work also means that tasks and roles change frequently to suit the needs of the project. While the roles within the organisation are broadly defined, staff are also expected to be ‘feeling equipped to be autonomous and free-thinking’ (Operations Manager).

Staff working at The Chia Co report feel empowered to make decisions about their daily work and have autonomy in how they perform their roles.

I have quite a bit of autonomy [and] I’ve had a lot of influence in planning our roles (Employee, The Chia Co).

Within the boundaries of the RSPCA Victoria’s standard procedures, staff are given a significant amount of autonomy in managing day-to-day tasks:

Basically we’re left to do it ourselves. We can set out our own structure for the day and we get into that routine. You get into that routine and basically go through that each day. You start off with a specific morning tasks and then generally – depending how busy you are will determine what process you do get involved in as well. Our supervisors, they do delegate the tasks but then it is left up to us in what order, what process we can do them (Employee, RSPCA Victoria).

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Finally, Woodside acknowledges that ‘a workforce that has the ability to work autonomously under the right conditions can lead to higher performance’ (Senior HR Advisor (Capability), Woodside).

### 3.3 Skills audits

Skills audits are used to identify the skills and knowledge within an organisation, and highlight any gaps that might exist between the skills requirements of the organisation and the actual skills of its personnel. In addition to skills matching, skills audits can also help identify the skills that are unused within an organisation, as well as those that are missing altogether which are needed within the workforce. This enables firms to decide how to organise work and make the best use of skills within their existing staff. Skills audits can also be used to identify development and training needs, help with succession planning and recruitment, and ascertain whether there are skills within the organisation that remain unused or underutilised. In this respect, skills audits can be useful in supporting workforce development planning.

A number of organisations interviewed indicated that they used skills audits as part of their skills utilisation strategies, albeit under different names. Dexion, for example, uses a ‘skills matrix’, which is essentially an audit of skills available within the industrial division. This is achieved by mapping workers against their training level competencies by using a grading system that classifies staff as a trainee, competent or expert. The matrix aligns the skills of the operators with the tasks required for each business unit and supports the allocation of workers to particular works areas. In this way, the matrix works as a tool to capture the skill level of employees across each area but also to ensure that workers’ talents don’t go unrecognised or under-utilised.

[There is] the view that certain people are skilled and talented and we need to make sure that we can actually capture as to why they’re skilled and talented within the business because we have a lot of crossovers now... So we want to make sure that we’ve got some sort of a document where we can capture the different skills in different business units (HR Manager, Dexion).

Managers identify the ongoing skills needs of the team and a review of the skills matrix takes place regularly. Where employees have skills that are required in another area to where they are working, they are given the opportunity to move to that area. Forward planning is undertaken on a monthly basis and this considers past needs and future needs depending on the requirements from the supply chain. The dynamics of the workforce – including impending retirements and annual leave – are also taken into account to ensure that the appropriate skills are available at all times.

Woodside also utilises skills audits as part of its ‘skill pool’ model, which are intended to develop staff to meet the company’s long term needs. Skill pools involve individual skills audits and consideration of how these skills can be deployed across the organisation. All skill pools have a competency framework against which staff are assessed through self-reporting. New staff also input their skill set into the skill pool and then discuss their competencies with a senior staff member. Each business area then states the number of people they need for each role, based on the level of projected activity. Finally, a gap analysis is produced from this information, identifying where more

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training or job exposure is required within the organisation. This supports both workforce planning and individual career development at Woodside.

With ever-changing skill demands due to the requirements of its construction projects, Leighton Contractors have implemented a slightly different kind of skills audit. The company’s skills audit process, called a ‘work breakdown strategy’, identifies the competencies that are needed for each venture and determines whether Leighton Contractors has sufficient employees who possess those skills. Three months before a project begins, the organisation scouts the local labour market to source workers for the lower skill levels needed. Skills are identified and mapped against the availability of existing salaried staff and, where gaps exist, locals are recruited to fill operator and labourer roles. The locally employed workforce is then audited to identify any further skill gaps. The personal aspirations of the local staff are discussed and training is offered to get the company the full complement of skills that it needs.

3.4 Job redesign

An important aspect of skills utilisation is that of job design, which is a work arrangement designed to make full use of employees’ skills and abilities. While all jobs are obviously ‘designed’ in some way, job redesign looks at how work roles have been adjusted, re-visioned and re-negotiated to enable better use of employee skills. More than half of the organisations interviewed by Skills Australia indicated that they used job redesign to ensure a better fit between the needs of the company and the skills of their personnel.

In Murrumbidgee LHD during the time it was part of Greater Southern Area Health, for example, skills shortages and the problem of staff retention was addressed by redesigning the roles within allied health service delivery and introducing a new job position of Allied Health Assistant. The realignment of roles allowed the assistants to ‘support allied health professionals and enable them... to best utilise their skills’ (Chief Executive, Murrumbidgee LHD). The Allied Health Assistant program aimed to simultaneously make more effective use of the professionals’ expertise while also giving the Allied Health Assistants greater responsibilities and investment in their roles.

Similarly, RSPCA Victoria sought to improve the operation of its animal shelters by redesigning the role of Senior Animal Attendant, with the new role of team leader undertaking supervisory and administrative duties. This policy was developed to ensure that the organisation had the leadership and management skills required to support its day-to-day operations, with further skills needs provided through training tailored to RSPCA Victoria’s needs.

On CSL ships, the role of Integrated Rating was redesigned to encompass an expanded number of tasks including maintenance, cargo handling and cleaning. This redesign has allowed CSL to increase job capabilities on board its ships instead of needing to rely on bringing contractors from shore.

The Chia Co directly involves staff in ongoing redesign, allowing staff to review their job descriptions and make recommendations to management regarding their role. Workers are also prompted to provide suggestions as to what other roles might be needed within the business to support the growth of the company. As one employee explains,

There is a lot of opportunity to participate in creating processes and creating structure around job roles (Employee, The Chia Co).
The Chia Co’s recent growth has meant that new roles are being created and those with the desire and capability are able to be promoted into those roles. Staff are willing to take on new roles and, in partnership with management, are encouraged to re-create their job descriptions according to ongoing organisational needs. The Managing Director of The Chia Co notes that it is this ongoing adjustment of work roles that differentiates initial job design from job redesign within the company:

> Obviously the job description had been provided before they’d been employed... but we’ve been very open to flexibility and adaption to their role. That’s partly been the nature of a small, growing, young team – that the role changes on a daily basis in different fields... so there’s an element of flexibility but at the same time there are quite defined roles that people are working to. Also at that six monthly review they’ll have plenty of opportunity to feedback on what needs to change in the role (Managing Director, The Chia Co).

### 3.5 Job rotation

Job rotation provides employees with a range of different work experiences and a wider variety of skills, generally by moving employees through various job roles and parts of the organisation over time. Research suggests that there are benefits associated with job rotation for both the individual and organisation, including increasing the firm’s assemblage of learning and skills, encouraging diversification, boosting employee morale and motivation, alleviating boredom, and giving companies greater flexibility in allocating work.

Job rotation within Holden’s manufacturing division has both a psychological and physical aspect to it, as it is intended to reduce both tedium and the risk of injury. Employees are trained in the operation of different machines and move to other areas during each shift. This ensures that workers maintain interest in their jobs, by giving them flexibility to undertake different tasks on the factory floor, while also helping to maximise workplace safety by limiting repetitive movement and strain. As one supervisor explains,

> If you don’t maintain your skill levels... you can’t build cars, people get frustrated being stuck on the same jobs, you start getting into absenteeism and Work Cover spirals, it all goes down (Supervisor, Holden (Manufacturing)).

Dexion offers opportunities to work in different units of the business, but also provides cross-functional opportunities between operational and administrative roles, and between different types of production operations. This gives the company the option of using workers from the shop floor to fill temporary positions in the office while administrative staff are on leave.

> We can back-fill with somebody... who has expressed some interest in doing that... and we can offer career opportunities (Operations Manager, Dexion).

Job rotation on board CSL ships is a formalised part of organising work on ships, both in terms of longer-term rostering of staff as well as planning day-to-day tasks on board. The nature of the work means that ships are managed with a 6 weeks on, 6 weeks off arrangement. It is therefore important that planning occurs to ensure that staff are available at the right time and that the appropriate skills

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and knowledge are available on the ship. Job rotation on board CSL ships also occurs on a daily basis, so that workers gain a range of skills and have variety in their work.

If I know these two guys have done chipping today and painting, tomorrow I’ll put them on another job and the other people—they all rotate around doing tasks (Employee, Inco).

Within GHD, job rotation is seen as a way to develop skills and share knowledge across all levels of the organisation. As the majority of GHD work is on a project basis, job rotation is embedded in the nature of the work.

We’ve probably got, at any one time, 10 to 15 percent of people working outside their current geographic location—we probably wouldn’t call it job rotation, but it is (General Manager, HR, GHD).

However, there are also opportunities for formal rotations. Senior staff members are given the opportunity to rotate within different service parts of the organisation as a way of learning new subject areas and skills. Graduates are also rotated through projects and are involved in managing some of the smaller projects to help develop their leadership skills. Career Development Assignments are also an option available to staff, giving them the opportunity to transfer to a different group or geographical location for a period of six to twelve months.

It can be driven by a development need of a staff member, and that very much depends on the staff member and whether they’re willing to take the initiative to seek out those opportunities. But it’s certainly happened (Employee, GHD).

### 3.6 Multi-skilling

Closely linked with job rotation is ‘multi-skilling’, whereby employees are trained in multiple skill-sets enabling them to undertake tasks that may fall outside their traditional job description. Organisations including Holden, Leighton Contractors NSW/ACT & NZ and Dexion all support job rotation through multi-skilling.

Staff at Dexion are encouraged to gain skills in new areas and to take up available opportunities to expand their knowledge. For example, welders are able to rotate around the different types of welding areas (robotic, manual and automatic), and are also to work on the paintline and forming teams. As such, multi-skilling at Dexion occurs both within and between teams, with training courses and on-the-job training offered to facilitate skill acquisition. This approach assists in meeting operational needs while also giving workers the opportunity to learn and apply new skills.

Professional roles like those at Pottinger, The Chia Co and GHD require staff to be skilled across a number of different areas and for those skills to be applied in different contexts. This is often given through the project based work they do with clients which is intrinsic to the nature of work in these organisations.

### 3.7 Knowledge transfer

Knowledge transfer is another aspect of skills use and development which has been shown to help employees gain the confidence to apply their talents and skills in the workplace. Knowledge transfer occurs when the skills and experience of employees are shared within the organisation, thereby
contributing to workforce development. Knowledge transfer practices that have been identified by Skills Australia in this project include applying new learning and mentoring.

3.7.1 Applying new learning

Although not explicitly identified in the Literature Review, it was clear from Skills Australia’s interviews with organisations that enabling staff to apply new learning (from either informal or formal training) is a critical element of skills utilisation. Without this application of learning, staff are not able to fully exploit the skills they may have recently acquired, and the time, money and effort invested in training can go unused. Applying new learning is therefore an important part of workforce development as it is the nexus between skills acquisition and skills utilisation. All of the organisations involved in the case studies supported their staff to engage in some form of learning, whether formal or informal.

Dexion, for example, gives its employees access to formalised training via a Certificate III in Competitive Manufacturing. This was introduced at the instigation of Dexion’s Human Resources Manager and the Operations Manager (Industrial), with support from the senior leadership team. The course is delivered in partnership with Western Sydney Institute of TAFE and is tailored to the needs of the business, with training occurring on-site. This allows training times to be aligned to the shift patterns of workers. Participants in the course are placed in cross-functional teams which undertake projects to identify improvement initiatives across all units of the industrial division. Application of new skills was therefore built into the program and implemented in the workplace in a very practical way. As well as technical skills, the training has also enhanced other skills such as time management, presentation skills, administrative skills, quality analysis and problem solving skills.

Only this week we had a presentation from [a staff member]. They were having some particular issues in their area so they’ve used the skills that they’ve acquired through the TAFE program and they formed a multi-functional team – some office people and some other people from other areas that were involved in that... It’s nice to see people are confident enough to be able to do that and to grow with the business and take advantage of [the training opportunities] (Operations Manager, Dexion).

Similarly, the provision of identified training pathways under the National Health Training Package acted as a catalyst for Murrumbidgee LHD’s Rural Allied Health Assistant program. Allied Health Assistants are supported in their training towards a Certificate IV in Allied Health Assistance through a partnership with Registered Training Organisations, including TAFE NSW Riverina Institute. In addition, Charles Sturt University offers a Bachelor of Health and Rehabilitation Science which articulates from the Certificate IV in Allied Health Assistance and serves as a foundation degree for allied health disciplines. This program can be undertaken via distance education, which means that students can study while remaining in their local area.

The need to apply new learning was also identified as part of RSPCA Victoria’s change management process. In particular, the organisation found that it needed to provide leadership and management training for animal attendants in order to maximise outcomes for animal care. This was made possible through changes to the policy of the Amsden Leadership and Management Scholarship, which targeted one emerging leader within the organisation. In 2011, however, the scholarship was
collectivised and used to fund an Australian Institute of Management (AIM) course tailored to RSPCA senior animal attendants, ‘actually focusing on those managers who are transitioning into different positions’ (HR Manager, RSPCA Victoria).

To ensure that this new learning was fully utilised, a program was also put in place to help trainees apply what they had learned from training within the workplace, ‘and then coach them along the way for another 12 months’ in their transition from ‘day-to-day hands-on work to supervising’ (HR Manager, RSPCA Victoria). The training proved to be highly successful and has helped bring about a cultural change within RSPCA Victoria.

[The participants] loved it; they’ve all been able to take things immediately away and apply from day one... It’s actually really changed the culture quite significantly (Executive Manager, Animal Services, RSPCA Victoria).

As a result of these positive outcomes, the training initiative will be repeated in other areas of the organisation.

The need to gain new skills and applying new learning in the workplace is also emphasised by Leighton Contractors, who ensure that employees receive regular training to meet the needs of each project. During wet weather, for example, construction operations cease and workers go into the site office for training on the project. Topics like materials management, environmental management, safety and surveying are covered, and where possible, engineers, foremen and managers on the site deliver the training to the workers. As most of this training is related specifically to the job at hand, workers tend to get the opportunity to utilise their new skills straight away. As the General Manager notes,

Training and placement are inseparable. We don’t train people to work in one area and then allocate them to do something else. We train them specifically for the task they will deliver and encourage them to use and further develop those skills on the job (General Manager, Leighton Contractors, NSW/ACT & NZ).

Finally, CSL Australia also provides a number of formalised training schemes for workers on its ships and there are opportunities for this learning to be applied within job roles. As the Chief Operating Officer explains, it is in the best interests of the company to ensure that officers and crew learn new skills and apply that learning on board its ships:

We have very expensive assets out there [and] we want to look after and keep them operating as well as they can and continue to meet our customers’ requirements... so there’s a genuine commitment to training and development (Chief Operating Officer, CSL Australia).

3.7.2 Mentoring

All of the organisations interviewed for the case study research indicated that they used some form of mentoring within the workplace through either formal or informal methods. Mentoring involves creating a learning relationship between an experienced person with professional expertise and a less experienced staff member. These associations enable the mentor to share their knowledge with the objective of developing the mentee’s skills and understanding of both the subject area and the
workplace. In this way, mentoring can promote better skills use by enhancing learning, enabling knowledge transfer and embedding the skills of employees. Mentors can also provide support, advice and career guidance.

RSPCA Victoria facilitates a mentoring system for both junior and senior staff:

We do a buddy up system so we’ll go and buddy up with a more senior trained staff member and then they’ll take you through the day of what does happen... It’s basically a hands-on experience so while you’re working, you’re following someone around, you learn the processes and what happens in the workplace and how to deal with different difficult situations (Employee, RSPCA Victoria).

At Murrumbidgee LHD, informal mentoring programs provide development opportunities for both the mentor and the mentee. For example, allied health professionals are involved in the training, supervision and in some cases assessment of the assistants and are expected to discuss aspects of the tasks required. This has given allied health professionals, and in some cases experienced assistants, a mentoring role. They ‘were all given the opportunity to undertake the Certificate IV in training and assessment so that they improved their skills in supervisory roles’ (HR Manager, Murrumbidgee LHD). There are also numerous opportunities for mentors to support the assistants, and to encourage professional development and education within the organisation:

Certainly we’ve got some fabulous Professionals who volunteered to be their supervisors and who are just doing a fantastic job of mentoring... I think the Professionals are just thinking up new and wonderful ways that they can improve their services with the help of the Assistants (Operations Manager).

New Allied Health Assistant Trainees are also linked in with both current and previous groups of Allied Health Assistants to provide background to the job and create a supportive network during their training.

3.8 Discussion of key issues

As shown in findings from the case study research and the Literature Review, skills utilisation practices can be – and have been – defined in a variety of ways by practitioners, policymakers and organisations alike. As a concept which is relatively new, skills utilisation is still being explored in terms of what it means, and how it is accessed within the workplace. To this end, Skills Australia has attempted to articulate a clearly delineated framework for the ‘delivery’ of skills utilisation practices.

In order to cover this range of contexts, Skills Australia has grouped the practices and behaviours of skills utilisation into a set of categories: namely, employee participation, autonomy, job redesign; job rotation; multi-skilling; and knowledge transfer (encompassing mentoring and the applying of new skills). As this Chapter has sought to demonstrate, each of these categories tends to overlap with others to either a small or large extent. This is particularly true in the case of job rotation and multi-skilling, where there is a blurring between the idea of ‘task’ rotation (where employees have the skills to perform across a range of different activities) and ‘job role’ rotation, where employees are able to work in different parts of the organisation and undertake different duties/responsibilities within those roles. Similarly, employee autonomy and employee participation are also intertwined concepts, with the former at least in part providing the opportunity for the latter.
From the case study interviews, it is apparent that companies understand these concepts and practices in slightly different ways, but that there is also a broad understanding of what they represent in terms of workplace delivery. For example, a number of organisations reported that they encouraged mentoring among their employees, whether this took the form of formal arrangements and programs, or informal support systems. Both were recognised as providing mentoring opportunities for staff. Likewise, in whatever guise employee autonomy takes (whether decision authority, skill discretion, task discretion – or a broader ‘hands off’ approach towards workers) – employers recognised that facilitating this ‘ability to work autonomously under the right conditions can lead to higher performance’ (Senior HR Advisor (Capability), Woodside). This shows that while there is no single and unambiguous definition of skills utilisation practices, companies nevertheless understood how these might work on the ground, and how improved skills use might function to benefit their organisations.
4. ‘Enablers’: Organisational factors which help skills utilisation strategies succeed

A number of workplace dynamics underpin skills utilisation strategies and help them succeed, namely: leadership and management; culture and values; communication and consultation; good human resources practices; and employee motivation and commitment. Each of these categories are found to support and reinforce the others, and all need to be in place in order for skills utilisation to work. ‘Critical success factors’ for improved skills use are identified which are applicable across a variety of industry sectors and organisation sizes.

‘Enablers’ describe the workplace characteristics that need to be in place for skills utilisation to succeed. Once an organisation has chosen to adopt skills utilisation practices – prompted by one or more of the ‘triggers’ outlined in Chapter 2 – these organisational factors help provide the right environment for implementation to occur. As noted in the Literature Review, supportive leadership and management, open communication, organisational culture and employee motivation and commitment all have a strong influence on the success or failure of skills utilisation strategies, or, more broadly, how work is organised to maximise the use of skills. This indicates that the successful introduction of skill use practices depends as much on the workplace environment as on the particular practice itself.

Skill Australia’s case study research shows that the ‘enablers’ of skills utilisation fall within five distinct, but overlapping categories: leadership, governance and management; organisational culture and values; communication and consultation; good human resources practices; employee motivation and commitment. Each of these categories tends to reinforce the others, with strong leadership and open communication, for example, contributing to a participative work culture: thereby creating the right environment for leveraging skill utilisation. For the purposes of this study, each of these elements will be considered individually, but, in as far as is possible, will also be examined in terms of how they interact to create environments advantageous to better skills use.

4.1 Leadership, governance and management

The case study research indicates that leadership, governance and management are important ‘enablers’ of skills use in a number of different ways. Firstly, the organisation’s need for skills utilisation is usually identified and instigated by senior management from the outset as discussed in the triggers chapter. Each of the case study organisations indicated that there was a leader driving the implementation of this process: one ‘who is committed to driving forward the development of their workforce to the benefit of the business and the employees themselves’. ¹⁴³ Whether this role is provided by a chief executive or a human resources manager, the need for strong leadership was consistent across the organisations regardless of industry sector, firm size or the skill level of employees. This reflects the view of James (2006) that managers ‘influence the opportunities and motivations for skills to be used’.¹⁴⁴

Governance is similarly identified as an enabler: by determining the overall direction and expectations of the organisation and setting the ‘tone’ for skills utilisation in the workplace. In

¹⁴³ SQW Consulting (2010b) Best strategies in skills utilisation, p.2.
addition, a change in governance structure or objective (e.g. in the form of a change of Board membership or policy) also has a bearing on work culture, and – in a number of the case study organisations – was shown to have a clear impact on the successful implementation of skills use practices.

Thirdly, the case studies show that, once adopted, skills use practices need to be leveraged by middle management, including line managers, for their day-to-day operation. The participation of middle managers enables the organisation to disseminate information, reinforce policy objectives, and gain the cooperation of more junior employees. Line managers act as enablers by ensuring that policy decisions are put into practice and are consistently applied. They also act as intermediaries between a company’s primary decision-makers (i.e. senior managers and governing bodies) and its workers, who are relied upon to operationalise those decisions within the workplace. Conversely, a lack of line management support can also potentially be a barrier to implementing skills utilisation strategies.

Senior management

Supportive senior leadership is fundamental to creating an environment conducive for effective skills use: one in which employees are encouraged to have input and contribute to the success of the organisation. Leaders and managers who allow risk-taking and provide opportunities; who promote creativity and innovation; and who encourage upwards feedback and employee involvement in business processes were consistently found to help create the right settings for skills utilisation. In this way, good senior managers equip organisations with the resources, authority and opportunity needed to leverage skills use practices and ensure their successful implementation.

The positive role of effective senior management is reflected in the responses to the case study interviews. At Woodside, for example, leadership is cited as a way to make people feel more engaged and more likely to stay with the organisation:

It’s the organisational climate that the leader creates. That is the climate, make or break in terms of a person staying or leaving. And we have to invest so much in people to even just understand how to work here, given the organisational complexity, that you just don’t want them leaving a year down the track (Supervisor, Woodside).

GHD confirms that good leadership can have a role in staff engagement and retention. ‘Leadership,’ according to management, ‘is central. So, we are trying to differentiate with our people through that leadership area. It’s about trying to keep people engaged in the business so that they’re not going off somewhere else’ (General Manager & Director, Australia and New Zealand, GHD).

Supportive senior managers also need to draw staff into the conversation on skills use. By ensuring that they are seen as approachable, managers can help motivate staff and influence attitudes towards workplace change:

[The senior managers] don’t just sit in the office which I quite like actually; they’ll get down on the shop floor and you can approach them... They’ll walk through every area and people can walk up or they will approach them and say ‘Hey is there anything you don’t like in your

area or is there anything that’s good? Do you want to voice your opinion?’ People will walk up and say ‘Hey, I’m having a bit of trouble with this’ or ‘What do you think of this’ or ‘That’s great’. They’re not stuck up in the office and nobody knows who they are (Employee, Holden (Manufacturing)).

A participative management style does not necessarily imply that managers need to lead from the front. A good senior manager also encourages staff to take on leadership roles. As the company founder and Managing Director of The Chia Co explains, effective leadership is also ‘a case of identifying the individual’s desire, how they go about what they’re doing, you can see it in the way they conduct themselves in their role that they’ve got the desire to step up’ (Managing Director, The Chia Co).

My philosophy is everyone has that potential to lead inside them; everyone can be a leader in different ways. It’s a case of creating an environment to allow them to do that. I’ve done a reasonable amount of leadership study I suppose [and] my key learning from that was that there’s a whole range of leadership styles; you can actually lead from the back – you don’t need to be the person that’s talking all the time, or up-front, or the one at the meetings always having the most to say (Managing Director, The Chia Co).

In this regard, an open style of management goes hand-in-hand with an open work culture that emphasises employee participation. This is confirmed by one of The Chia Co’s employees, who observes that

Firstly from the leadership style within this organisation – there is a very flat structure and a very open and accepting culture... There is no culture of secrets or hidden information... [Managers] are very open and accepting to your input; in terms of being able to be part of the decisions in your job role here and in the work that you do, yes, there is a lot of capacity for you to have influence and to have your say (Employee, The Chia Co).

This demonstrates that the enablers of workplace leadership, culture and participation are interdependent, and that it is also not possible to achieve an open, participative work environment without the encouragement of senior management.

As one of the primary ‘enablers’ of skills utilisation in the workplace, the role of senior management cannot be overestimated. As the CEO of RSPCA Victoria notes, ‘respect for people and the recognition of the importance of people and then maximising the skills of people’ is a critical success factor for effective skills use (CEO, RSPCA Victoria):

It comes down to trying to be respectful of people and understanding how important people are in running your business and driving the outcomes you’re looking for. If you don’t think about people in a respectful way and you don’t understand how it’s all about the people in terms of delivering your outcomes, then you’re going to get it wrong inevitably... I think if you start with that premise and you think about how you use your people and how you develop your people and how you want to set them up to succeed rather than to fail then you’re bound to get it right more often than not (CEO, RSPCA Victoria).
Establishing a climate of trust and respect, inspiring confidence and communicating effectively are all ways in which senior management can help create a working environment that is well-suited for skills utilisation.

**Governance**

As with senior management, the governance of an organisation has a strong influence on firstly, the adoption of skills use strategies; and secondly, whether those strategies are successfully implemented. Governance underpins the ‘core beliefs’ and ‘mindset’ of an organisation, and sets the stage for determining the organisational and management culture within a company. It is also governance which establishes business ethics and a values-based code of conduct within the organisation, indicating that responsibility for good values comes principally from the top down:

> Corporate boards are increasingly expected to demonstrate ethical leadership in order to ensure their organization’s culture. Culture, not compliance; and values, not rules are the lens by which a company’s corporate governance and accountability will be judged.

Good governance drives a culture of productivity and accountability, and – like good senior management – helps to encourage employee motivation and commitment. Promoting transparency in decision-making is one of the key ways in which this can be achieved. As one Human Resources Manager explains, ‘We always want to boost [employees’] commitment. We are trying to – where possible – be as transparent as possible so that the guys know exactly where we’re going and we’re not breeding insecurity’ (HR Manager, Dexion).

Good governance is also instrumental in identifying wastage, managing risk and helping firms recruit managers and staff who measure up to the organisation’s culture and ethics. At RSPCA Victoria, for example, a change in governance prompted the investment of ‘time, resources and energy into developing the people of the organisation’, including internal systems such as strategic planning and occupational health and safety (CEO, RSPCA Victoria). As the HR Manager explains, the new corporate strategy ‘was really an opportunity to engage with staff and to help them understand that they’re a part of the strategic plan and to make sure that they know they can help us achieve that (HR Manager, RSPCA Victoria).

At Holden (Manufacturing), the values of the organisation are also driven by good governance. As the Executive Director of Manufacturing Operations explains,

> We’ve come a long way over the last two years in manufacturing to get to a situation where as a management team we’re now transparent to our workforce, where we are driving accountability at management level as well as all the way through the organisation. In some organisations it’s about accountability on the shop floor but the management team can get away with murder (Executive Director of Manufacturing Operations, Holden).

Being accountable to employees, as well as to clients and shareholders, is one way in which governing bodies can secure the trust of staff and motivate them to want to improve the company.

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146 UKCES (2010c) *High Performance Working*, p.36.
However, governance and overall corporate direction do not necessarily need to be produced in-house. In addition to a local Board at Holden (Manufacturing), there is also a leadership team that makes decisions for Holden’s Australian operations. The company is also integrated within General Motors globally, so Holden’s governance and corporate direction need to reflect the fact that it is part of an international team. Achieving a balance between the overarching company policy and local conditions is important in this respect, by ensuring that local decision-making reflects the organisation more broadly.

At CSL, development goals and systems come out of the company’s Canadian headquarters, but reward and recognition initiatives also operate on a global scale. For example, CSL’s President from the international headquarters will travel to meet with CSL Australia staff, ‘to make the presentation to them and that sort of thing so they do a lot more of that sort of recognition type stuff’ (Chief Operating Officer, CSL Australia).

For a public organisation such as Murrumbidgee LHD, on the other hand, governance and direction will often be determined by government policy. In 2011, for example, national health reform and a change in State Government led to a restructuring of the Greater Southern Area Health Service (GSAHS) within the NSW Department of Health, with Murrumbidgee LHD one of the new organisations established to provide health services to the region. This change in structure led to ‘a bit of a changed direction’ organisation, particularly ‘around [our] ability to do things more locally so that’s actually giving us a bit more autonomy to do things that we maybe could not do previously’ (Chief Executive, Murrumbidgee LHD):

> The fact that we’re a new organisation and some of those things that are happening at a national and state level are coming in to play at the same time – I guess there’s the opportunity to think a bit more creatively and dynamically about the organisation and how it should function (Chief Executive, Murrumbidgee LHD).

This shows that even within a dispersed organisation, or one where governing bodies are external to local operations, good governance can be effective in promoting a company’s culture and vision, and inspiring staff to feel that they have a voice within the organisation. At the very top levels, then, governance can assist in maximising the capability of managers and employees alike: by building trust with staff, improving workplace morale, and providing clarity on job roles and responsibilities.

**Middle and line management**

While implementation of skills utilisation in many ways tends to be driven from the top, the role of middle management is important for implementing skills utilisation strategies on the ground. It is, after all, these middle managers and line managers who will oversee the operation on a day-to-day basis. Without cooperation from middle and line management, it is unlikely that the firm will be able to secure the commitment of staff – particularly if employees feel that their immediate managers do not believe in the strategy.

At acQuire, for instance, ensuring that policy implementation is consistent across departments is a challenge. The company relies on line managers to make everyday decisions and ensure that teams are pulling together:
If you spoke to staff, some people would say that different departments are run slightly differently which is only natural; it’s only human nature I think that people will take different approaches – there are different personalities there. I’d say the approach is that we are one company, we’re all in the trench together; somebody has got to make the decisions so the buck has to stop with somebody but everybody really is on that same level and needs to be valued…and have their opinions taken into consideration. Somebody has got to step up and take that leadership role and make decisions (Chief Financial Officer, acQuire).

At Leighton Contractors, line managers are expected to take direct responsibility for developing their staff. As the General Manager explains

Our leaders are responsible for developing their team, not just for each person’s current role, but beyond that for career paths across the wider business. We have the performance development review system where line managers and team members get together one on one to discuss objectives for the year, performance against company values, and aspirations of each individual. My Line Manager will say, ‘Okay, a pathway to that is through these steps and this is the experience, training, mentoring or coaching you need to get to the next level’. This happens for all Leighton Contractors staff (General Manager, Leighton Contractors, NSW/ACT & NZ).

Line managers are also usually the first point of contact for staff, so need to ensure that they are across the company’s policies and skills use initiatives. Line managers and team leaders are also responsible for channelling feedback to senior management, and – in a company such as Dexion – identify ‘if they have any issues – safety issues, improvements that we can do in our area’ (Supervisor, Dexion).

We’ve got our 8 o’clock meetings where we talk about priority in jobs and all that and we give feedback to our boss; if we had any break downs, maintenance, any safety issues that occurred through the shift and then we pass it onto the guys on the floor’ (Supervisor, Dexion).

More broadly, line managers at Dexion are encouraged to supervise staff according to the company’s culture and organisational style:

I would think it’s not the traditional authoritarian, hierarchical type approach; it’s very much one of inclusion. The management tend to challenge people to see their thoughts on solutions and issues that are facing the business, how they would see them addressed and then involve them in terms of finessing a solution collectively that they both may move forward with (Operations Manager, Dexion).

In this regard, line managers and supervisors are required to make the link between the goals of senior management, the operational aspects of implementation, and how staff engage with these skills initiatives. Line managers therefore need to be committed to making skills use strategies work in order for them to be fully accepted by employees.

Finally, the case study interviews raise the importance of leadership commitment and follow-through, indicating that in order to obtain commitment from employees, a concomitant level of commitment from managers is also required. A key aspect of this perception of commitment is
whether management can be trusted to deliver on their promises and act on employee feedback. As one manager notes, the ability of supervisors to listen to their employees is crucial, but ‘I guess the art is paying attention to that feedback and then doing something with it because otherwise people get frustrated’ (CEO, RSPCA Victoria).

As such, the capacity of leadership to follow through and be consistent in decision-making is imperative in gaining the trust of staff. Where staff are encouraged to participate in a new scheme, or asked to inform the company of the need for improvement, managers need to respond. As one employee remarks, ‘I think it’s pretty important that something happens as a consequence of that feedback’. Conversely, where competing demands and priorities mean that management cannot deliver on initiatives, confidence in management decisions can be undermined, ‘when all of a sudden you’ve just got to change everything and that really doesn’t help with employer credibility either’. Whether managers ‘make good’ on their commitments is therefore seen as a test of the company’s ability to behave with integrity, which in turn affects employee buy-in to any new workplace initiatives.

4.2 Organisational culture and values

The culture and values of an organisation play an essential role in creating the environment in which skills utilisation strategies can flourish and are ultimately successful. As research for the Scottish Government notes, ‘an open culture which encourages communication and dialogue’ is more likely to lead to effective skills use. This demonstrates that the work environment and the attitudes of employees are connected via a mutually dependent system:

Skills utilisation practices will not work in isolation – there needs to be an organisational culture which supports the implementation of the various practices and allows management and staff to use the practices for mutual benefit.

Organisational culture and values work as levers in the implementation of skills utilisation policies. In other words: it is often a firm’s culture and values which help determine whether a work environment will be compatible with skills utilisation in the first place; and hence, whether the introduction of skills use policies will lead to good outcomes. In an organisation ‘where people’s ideas are valued and shared and developed’ and where there is an emphasis on ‘team work, respect, and integrity’, there should be sufficient goodwill between management and staff to inspire cooperation between the two (Employee, GHD).

Woodside, for example, nurtures a culture that encourages and rewards people who carve out their own roles when they see a way to improve the business: ‘There’s an interest in the person, not just in the role and the output’ (Supervisor, Woodside). When a staff survey revealed that employees wanted a more collaborative culture with two-way feedback, Woodside invested heavily in feedback conversation workshops. This built morale and led to better processes, including better communication of work-related information.

150 Quotes have not been attributed to specific organisations or roles in this paragraph so as to maintain confidentiality.
151 SQW Consulting (2010b) Best strategies in skills utilisation, p.32.
152 SQW Consulting (2010b) Best strategies in skills utilisation, p.25.
As with supportive leadership, an organisational culture which is responsive, participative and flexible goes a long way in enabling good skills utilisation to take place. As one study shows,

In embarking upon an organisational change programme, the most powerful forces are the individual and organisation values. By aligning the values of the people in the organisation and those of the organisation itself, rapid change can be brought about... Clarifying individuals’ and companies’ values can help create a win-win outcome for all concerned. Individuals can find meaning in their work, and companies can develop a committed workforce that is able to function well through periods of change.153

Values were also identified as important enablers for better skills use. The empirical research showed that organisational values were used to help inform business decisions, manage employees and shape leadership and overall direction within each enterprise.

That’s one of the things that I believe differentiates Leighton Contractors from our competitors is [that] it’s a values-based organisation. Everything we do is in line with our values (General Manager, Leighton Contractors, NSW/ACT & NZ).

We do talk about our values regularly and we use them to make decisions. If we’re going to make a decision we’ll certainly put ourselves and say ‘Does that meet the values of our business?’ (Managing Director, The Chia Co).

How do we show our values is probably the more important thing, and that starts from the leadership down. And when we’re dealing with people, do we demonstrate those values? And I think we do a very good job of doing that around the business and doing it out in the community as well (VP Australia Oil, Woodside).

I think our intrinsic values are absolutely critical to the way we run our business. It’s not just what we deliver of course; it is very much about how we deliver it. Our whole performance management system is underpinned by those organisational values... The behaviours and the values that are displayed are absolutely as important if not more important than actually delivering on [targets]... you can tick the box and say ‘Yes, I’ve done this, I’ve done that, I’ve written that, I’ve delivered that’ but unless you’ve done it in the way that’s in keeping with our values you haven’t succeeded (CEO, RSPCA Victoria).

The ability of organisations to communicate their values clearly and persuasively helps determine the extent to which these values are ingrained in the workplace culture. Effective communication of a company’s values and expectations means that ‘you’re looking after people within the company, making sure they’re happy, making sure we’re providing what they want [and that] they understand what the company is looking for as well’ (Chief Financial Officer, acQuire). Without this level of clarity around values and expectations, those organisational values may have less of an impact on employee morale, commitment and performance.

From this qualitative research we can conclude that where workers feel part of the workplace culture, they are more inclined to work with the organisation to meet its goals. In this way, the

culture and values of an organisation are key influences on: firstly, whether managers trust their staff sufficiently to adopt participative, flexible and self-directed work practices; and secondly, whether staff are sufficiently motivated and empowered to cooperate with skills utilisation practices. As with managers following through on their commitment, being true to the ethos of the organisation was cited in the case study research as a determining factor in how employees felt about their jobs, and more broadly, about the organisation itself.

4.3 Communication and consultation

As this Chapter seeks to demonstrate, the effective delivery of skills utilisation occurs where staff are motivated by strong leadership, a positive organisational culture, good communication and HR practices. Of course, there is significant overlap in these elements, as effective management and the transmission of culture and values can only be achieved through good communication. Yet the importance of communication is more than this: it is through communication that organisations receive employee feedback; encourage ideas; recognise the strengths and creativity of staff; identify opportunities; and foster a participative working environment. By the same token, consultation is about more than sharing information, but is concerned with how the views of employees can influence company strategy and decision-making.

Communication

All of the organisations interviewed for the case study research indicated that open communication was essential to their business, and that managers and employees need to work in collaboration with each other in order to meet outcomes. Regardless of whether the organisation worked in heavy industry or in professional sectors, these elements were cited as vitally important to the successful operation of the company.

At The Chia Co, for example, communication is very open, facilitated by an open office layout where everyone, including the Managing Director, works on the ‘shop floor’. Financial aspects of the company are also made available through information sharing:

In terms of the financials, we have a dashboard; whenever we log onto the system we all know what the sales are – we’re very open because we celebrate those milestones... We see it daily; we know what the company is making. We all have the dashboard on our system because we all actually contribute to making it happen (Operations Manager, The Chia Co).

This degree of openness has given staff the opportunity to be informed and participate in all aspects of the company, and to feel that they have a stake in The Chia Co’s future.

At Leighton Contractors, management has attempted to bolster channels of communication within the company, whether through formal tools (such as staff surveys, meetings, face-to-face discussion sessions and communications training) or informal methods, such as team get-togethers and general discussion relating to work activities.

The importance of communication was also cited by CSL as a way of nurturing a sense of inclusion and collaboration among staff. It was also found to help facilitate improvements to business operations:
I think there’s very open communication; everybody has a say in what we’re doing and how we do it... It’s an inclusive sort of place; people aren’t allowed to just sit in their box and keep their head down – we encourage everybody to be involved in the business – have a bit of fun (Chief Operating Officer, CSL Australia).

At Pottinger, the use of good communication strategies means that staff feel a part of the organisation and involved in its successes:

[Pottinger is] very good at making sure that they include people in business development initiatives. If something happens which we’re successful at, they’ll just call a very brief meeting ‘Excuse me, can we have a chat? This is what we’re doing, this is what’s happened. Thank you all for contributing’. They’re good at recognising the contribution of the whole team to successes (Chief Operating Officer).

**Consultation**

Consultation, through either formal or informal channels, is closely related to communication but also takes account of employee views. As one manager notes,

It’s fine to try and plan for people, but if you don’t talk to them and don’t find out what they really want, outcomes are likely to be less successful... [If you] make them realise that you value them as individuals... and give them opportunity to grow, you get staff who are motivated, happy and more likely to stay (Skill Pool Manager, Woodside).

The case study research shows that involving everyone in skills utilisation strategies, including unions and other stakeholders, is an important factor in obtaining the buy-in of all parties. This was evident in organisations such as GM Holden Ltd, Murrumbidgee LHD and Leighton Contractors who emphasised that establishing partnerships and engaging stakeholders early in the process was a key factor in ensuring that everyone was working towards the same goal. By adopting a collaborative approach, a variety of views and opinions can be considered to arrive at a more robust outcome.

At Holden (Manufacturing), management worked with the Australian Manufacturing Workers Union (AMWU) during the Global Financial Crisis which resulted in arrangements for reduced hours and take-up of training. The company’s perceived commitment to its values and retaining its people was instrumental in getting employees to invest in the future of the business. As one employee explains,

It’s pretty open here. It’s pretty good I’ve got to say... Consultation with us is really good. We take part in joint decisions; offers get put – both from the company and us on table – so we have agreement or disagreement or we work around what’s the best way to compromise in the middle to suit both sides (Employee, Holden (Manufacturing)).

This indicates that, by prioritising consultation with workers, those workers ‘can create ownership, make improvements, make things easier’ (Shift Manager, Holden (Manufacturing)).

Another employer felt that the union worked cooperatively with industry to provide greater skills development and opportunities for employees that the organisation may not necessarily have been able to achieve alone. Flexible approaches and partnerships were identified as ways in which organisations could overcome any structural impediments to change.
For a number of organisations such as Dexion, Leighton Contractors and Murrumbidgee LHD, where training was a key element in their workforce development, it was also important to foster collaborative partnerships with the Registered Training Organisation. This ensured that the training solutions were tailored to meet the needs of the organisation.

4.4 Good human resources practices

In conducting the case study research, it became apparent that in addition to leadership, organisational culture and values, and open communication, another important enabling factor for effective skills utilisation was good human resources practices. These include recruitment and selection strategies and reward and recognition. Again these are closely related and reinforce the other enablers.

Appropriate recruitment policies were cited in the case study interviews as a way in which to ensure that new staff are the right ‘fit’ for the organisation, and hence, are likely to bring appropriate skills, attitudes and values into their new roles. Reward and recognition, on the other hand, are identified as a way in which the contributions of existing employees are shown to be valued, thus encouraging staff to maximise their contribution to the workplace.

All of the organisations interviewed for this study included one or more of these practices in facilitating positive working conditions for employees – thereby creating an environment conducive for better skills use.

Recruitment and selection

Recruitment and selection processes were identified as an important way to ensure that new staff are the right fit in terms of skill and also alignment to the vision and values of the organisation. A reputational benefit was also apparent for some employers for their strategies to support their people, for example Pottinger and Woodside. These employers identified skills development and use through strategies such as skill pools as adding to the employee value proposition of the company.

A positive culture can also help to attract new staff to the organisation. As Sullivan et al explain, ‘an organisation with explicit values attracts people who hold those values, allowing the organisation to recruit and keep people who will feel fully committed’. For one of acQuire’s employees, for example, strong leadership and ‘cultural values and ethics’ were among the things that drew them to the company (Employee, acQuire). From an organisational point of view, however, the fostering of good values goes both ways. It is important to ensure that new employees are compatible with the organisation’s culture and values from the outset:

> We’re trying to identify people that want to join and have a good career for a values-based organisation. If they’re lacking in skills we can build that, [but] if they’re not culturally aligned they don’t get in (CEO, acQuire).

The recruitment and training process at acQuire is guided by the values of the company. Unique among the case study organisations, the recruitment strategy at acQuire is ‘Values and a career – not skills and a job’. In other words, alignment with the company values is the first priority. The Hiring Manager (who will also operate as the line manager) identifies the need for the position and

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interviews applicants on the technical skill aspects of the job. The Cultural Leader is also an integral part of the recruitment process and meets with the applicants to discuss the values and culture within the organisation to determine if the applicant is a good fit. This aspect of working at acQuire is considered so important that the Cultural Leader has full veto on all recruiting decisions. Current and prospective employees also meet in an informal setting, and there has been ‘a notable change in our success in hiring people’ (Chief Financial Officer, acQuire).

This emphasis on strong organisational values at every level of the business – from the recruitment process to ongoing job conditions – was found to be true for a number of the companies interviewed by Skills Australia. At RSPCA Victoria, for example, the ‘intrinsic values’ of the organisation and its focus on animal welfare are embedded in every aspect of the company’s operation: from the competencies under which workers are employed to the change management process, all of which are designed to maximise outcomes for animal care (CEO, RSPCA Victoria).

**Recognition and reward**

The case studies also demonstrated that by recognising and rewarding employees, organisations can help motivate staff, boost performance and establish a reputation as a desirable place to work. This is acknowledged by one GHD employee, who states that ‘I feel valued and I feel that when I’ve sought out new opportunities, those have been provided. I feel that the people I work with behave with integrity, one of our core values’ (Employee, GHD).

Systems of reward and recognition can vary between firms. Three of the privately owned companies – GHD, Pottinger and acQuire – have in place employee share ownership plans which enable staff to buy in to, or become shareholders in, the business after a period of time. This strategy is a way of both recognising the contribution of staff but also to enhance their commitment to the operation of the company. However the financial commitment required to do so may be a barrier to some staff having the capacity to engage in this way.

There were also examples of skills recognition occurring via enterprise agreements. This was the case at Dexion, and on board CSL ships, where pay scales are linked to skills and qualifications. This formed an incentive for employees to upskill and also structurally embedded the utilisation of skills. Holden also rewarded workers for making suggestions for improvements to products and processes, with alignment between the value of the contribution and the value of the reward.

By contrast at Pottinger, rewards are ‘very individual’ in nature, and are often customised to suit the interests and aspirations of staff (Supervisor, Pottinger). In early 2011, for example, one of the organisation’s senior employees was given the opportunity to work with Habitat for Humanity in Nepal, with Pottinger covering the expense of flights, time off work and the raising of funds for the charity. This represented an acknowledgement of the employee’s achievements, but also served to reinforce that individual’s dedication to the company.

It was in recognition of my work; it was a reward mechanism but it was also something that I would see as cementing my commitment to the firm. If the firm is willing to provide that kind of opportunity, that’s a pretty good incentive to stay’ (Supervisor, Pottinger).

Organisations also have a number of strategies in place for recognising innovation. At Leighton Contractors, for example, the contribution of employees is recognised through an awards program.
However the company also identifies the importance of recognising efforts on a smaller scale, and seeks to ensure that employees’ ideas are acknowledged through meetings that occur onsite.

4.5 Employee motivation and commitment

While the literature suggests that the implementation of skills use policies tends to be driven from the top down, employee buy-in and motivation are also identified as important determinants of success. Indeed, the literature shows that skills utilisation – and high performance working more specifically – are dependent upon ‘the need for reciprocity, the delivery of mutual benefits, and trust’ within a workplace. Without fostering a culture of trust and commitment within the organisation, even the most promising skills use projects may prove to be less effective than originally intended. As Payne describes, ‘management, workers and their representatives must not only be fully committed but also actively involved in shaping local innovations’.

This is supported by the case study research, which indicates that organisations in which employees feel that they are heard and valued by management are better placed to engender trust and commitment. It is these conditions which help organisations make the connection between effort, performance and rewards. As one employee explains,

I think that [job satisfaction] directly relates to how much you’re used and how much value you feel you add. The more skills you have I feel the more contribution you make; the more contribution I make the more valued I feel, the more valued I feel the happier I am. Similarly that goes for motivation; the more satisfied I am the more motivated I am (Employee, Pottinger).

In this regard, the consistent application of organisational values is vital in order to obtain the ‘buy-in’ of employees. It is also important that firms are seen to consistently apply and adhere to their stated values in order to meet their goals. At acQuire, for instance, ‘the company has fantastic values and ethics [and the challenge is] trying to ensure that those values and ethics get filtered through all levels of the organisation’ (Employee, acQuire). At The Chia Co, the Managing Director explains,

We do talk about our values regularly and we use them to make decisions. If we’re going to make a decision we’ll certainly put ourselves and say ‘Does that meet the values of our business’ – we’re very commercial but at the same time, attempt to be very fair... We’re not just about saying it, we actually act it (Managing Director, The Chia Co).

From this, we can see that culture and values not only define acceptable standards of individual behaviour within the organisation, but help shape goals, objectives and company direction. Through a clear articulation of values, these can work to promote team cohesiveness and help ‘draw an organisation together’.

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159 Relationship Management Institute (2009) ‘What’s the value in values?’, 8 February.
4.6 Summary of critical success factors

In undertaking this project, a key priority for Skills Australia was to identify ‘critical success factors’ which would help inform policymakers on the conditions required for skills utilisation to succeed. To this end, Skills Australia has identified a list of critical success factors from the case studies of eleven Australian organisations. These are the recurring factors that appear throughout the research as needing to be in place to make skills utilisation work, and hence, are closely related to the ‘enablers’ identified in this Chapter. However, this list also anticipates some of the findings of the ‘outcomes’ Chapter of this report (Chapter 5), where certain factors were shown to contribute to benefits for companies and individuals. The research shows that the importance of good leadership, open communication and other ‘success factors’ are just as applicable within smaller organisations as in larger firms.

Leadership and management

Leadership is identified as a key enabler and trigger of skills utilisation as it acts in a number of different ways to drive better skills use: firstly, by setting the norms and overall tone of the workplace; secondly, by providing ‘the opportunities and motivations for skills to be used’, and thirdly, by leveraging skills utilisation on the ground via middle management.¹⁶⁰

- Good leaders and managers encourage creativity and innovation in employees by enabling measured risk-taking and providing opportunities for staff to have a say in business processes.
- Leadership structures are important, but effective leaders also encourage individuals to take responsibility, ‘because then you get the ownership rather than the top down’ (Skill Pool Manager, Woodside).
- Delivering on promises or ‘doing what you say you are going to’ is important. Following commitments with action is important in establishing integrity and developing and maintaining trust.
- The accountability of leaders and managers in their own performance reviews is important for harnessing employee capability. Accountability and transparency is also important in ensuring that suggestions and ideas provided by employees are handled in a positive way.
- The development of middle and front-line managers, through training and mentoring, ensures firms have the necessary leadership and people management skills in place for workplace change to occur.

A recurring theme from the empirical evidence is that effective skills utilisation doesn’t happen by accident and it doesn’t happen overnight. The capacity of organisations to ‘develop a committed workforce that is able to function well through periods of change’ was identified as an enabling factor that is closely aligned to workplace culture.¹⁶¹ A structured and proactive approach to change management and forward planning, therefore, is something that needs to be cultivated ahead of any adoption of skills use initiatives within firms.

Good change management is essential for effective skills utilisation as it helps leaders to firstly, identify the organisation’s need for change, and secondly, determine its capability and capacity for change.

Good change management is one way of acknowledging the fears and apprehensions of employees when faced with uncertainty – particularly when staff are used to doing things in certain ways.

Forward planning and managing the change process are ways of keeping employees informed and eliminating the element of surprise: gaining their acceptance, input and participation.

It is also important to sustain initiatives – even when resources are constrained – so that they are not seen as a fad but central to how the organisation works.

*Change is always hard to implement – in any environment; people get in their comfort zones... Change is easy to manage if you consult people and talk with them, keep it objective... If people raise issues it's because they've got concerns; don’t fob them off* (Supervisor, Holden (Manufacturing)).

**Culture and values**

Organisational culture and the alignment of employee and organisational values also support effective use of skills. This shows that the successful introduction of skill use practices depends not only on the actual activity involved, but on the wider company environment.

- Organisational culture, and a supportive, inclusive workplace environment can encourage employees to contribute their ideas
- Managers need to ensure that culture and values are consistent across the organisation and that different cultures are not operating in different parts of the organisation. This can be a challenge for larger firms.

**Communication, consultation and collaboration**

Open, two-way communication is important in securing job satisfaction and the commitment of employees within the workplace. Communication is used to inform staff, but it can also be a forum for consultation to seek feedback or input and provide opportunities to innovate.

- Actively listening to the ideas of employees is a crucial way of involving them in skills utilisation, as is recognising staff contributions within the workplace.
- Transparency of information gives staff a sense of how their work contributes to the business. This can inspire commitment and contribute to the success of the organisation.
- Staff can contribute to company innovation by being encouraged to raise issues, discuss aspects of work and provide ideas about better ways of doing things.
- Engaging staff in decision-making and continuous improvement processes brings rewards to enterprises, in terms of both financial and relationship benefits.
- Involving everyone, including unions and other stakeholders and other stakeholders is an important factor in gaining buy-in.
Managers need to ‘Talk to people rather than talking at people’ (Operations Manager, Dexion).

Good HR practices

Good skills utilisation does not occur in a vacuum, but is underpinned by supportive human resource practices. HR practices which can underpin skills utilisation include effective recruitment strategies and recognition and reward structures, as well as workplace flexibility and identification of career paths. More broadly, strategic HR can help support a firm’s vision and business objectives. Good HR is also linked to organisational culture and values.

- Good HR provides the framework for a supportive workplace, helping to provide the conditions necessary for skills utilisation to occur.
- Effective HR practices encourage staff to maximise their contribution to the workplace by rewarding and recognising their efforts.

Employee motivation

Skills utilisation cannot succeed without employee buy-in and motivation. Employee motivation is linked to good management, good communication, strong culture and values and good HR – each of which works to help foster a culture of trust and commitment within the organisation.

- There is no ‘cookie-cutter solution’ to skills utilisation. Organisations benefit from treating everyone as an individual and by recognising that everyone’s needs are different.
- The more employees feel that they are valued and listened to, the more likely they are to be motivated to participate in workplace initiatives, and therefore, contribute to a company’s success.

4.7 Discussion of key issues

An open and participative workplace is identified in the Literature Review as among the conditions needed for effective skills utilisation. The case study feedback confirms that an organisation’s readiness for skills utilisation is only as good as its ability – and willingness – to communicate and consult with its staff; to foster an open and inclusive culture and operate according to its values; to recruit and reward staff appropriately; to engage in strong leadership and to motivate its employees. These conditions can also help to determine the extent to which employees are motivated and feel that their efforts are connected to business outcomes.162

Employers also identified that any skills use initiative needs to be sustainable in the long term, as well as balanced against the day-to-day reality of workplace needs. A characteristic of many of the companies involved in this project was the belief that their efforts at better skills use constitute a work in progress, rather than an end-point. Each of the case study organisations acknowledged that it is important to give these strategies time to develop and to enterprises time to learn from any mistakes.

162 Guest (2006) Smarter ways of working, p.3.
As the following Chapter will show, there is a wide range of organisational and individual benefits that can accompany skills utilisation. However, as we have seen, these outcomes are dependent on whether there are suitable workplace conditions in place to facilitate workplace change and enable skills use practices to succeed.
5. Outcomes reported from the case studies

Employers are reaping a range of rewards for improving the use of skills among their workforce and employees also benefit. The case study research indicates that skills utilisation can contribute to both tangible and intangible benefits to employers (including innovation, productivity and retention) and employee benefits such as job satisfaction and access to learning opportunities. Measuring outcomes from skills utilisation is a challenge, but better skills use within firms can be shown to have a long-term influence on continuous improvement processes and levels of employee commitment and morale.

So, while an organisation might report improved profitability post-skills utilisation, these results may also have been a function of a booming economy, a reduction in resource costs, or other factors external to the organisation. Caution therefore needs to be exercised when attributing outcomes to better skills use, although we can certainly say that improvements to workplace practices – including skills utilisation – are likely to have assisted in yielding positive benefits for the organisations and/or individuals concerned. Moreover, the fact that the interviewed organisations themselves explicitly attribute these benefits to their adoption of skills utilisation strategies supports the argument that these strategies were at least instrumental in producing these results. In this respect, we can conclude that these outcomes, at the very least, are closely associated with skills utilisation.

Notwithstanding these conceptual issues, the empirical research shows that the sampled organisations experienced a range of benefits following the implementation of skills utilisation practices. These outcomes are summarised in Table 3.

Table 3  Reported outcomes and benefits linked to skills utilisation by the case study organisations

<table>
<thead>
<tr>
<th>Employer</th>
<th>acQuire</th>
<th>The Chia Co</th>
<th>CSL</th>
<th>Dockton</th>
<th>GHD</th>
<th>Holden</th>
<th>Leighton Contractors</th>
<th>Murrumbidgee LHD</th>
<th>Pottinger</th>
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As the table shows, benefits to the organisation and/or employer tend to be fairly tangible and measurable, including improvements in productivity, profitability, safety and staff retention, although less tangible outcomes (such as employee engagement and loyalty) were also cited in the case study interviews. Benefits to employees were also found to focus more on ‘intangible’ factors such as greater job satisfaction, motivation and access to learning opportunities.

For the purposes of this research, it should be noted that the outcomes cited in the case study are those reported by the organisations. Given that many of these outcomes cannot be assessed quantitatively (for example, where employees report an increase in their motivation or esteem), and as the more measurable outcomes (such as profitability) are concerned with sensitive commercial information, these cannot be independently verified by Skills Australia. Where possible, however, the statements of management and staff are supplemented by data which confirm these benefits, such as a drop in workplace accidents, an improvement in retention or an increase in company productivity.

5.1 Employer outcomes

A number of positive outcomes are linked to the use of skills utilisation in the workplace including benefits to innovation, such as improvements to products and processes, and other benefits such as increases in staff retention, engagement and company loyalty. Innovation is more readily quantifiable, as it is reflected in the company’s ‘bottom line’ and in statistics on outputs, savings and profit margins. In the case of Holden (Manufacturing), for example, the company can clearly show that capturing the ideas of employees through a workplace suggestion scheme has led to savings and safety improvements in the production process. Other companies also cite greater use of skills in the workplace as contributing to increases in productivity, profitability and quality.

Non-financial outcomes from innovation are less easily measured. As Stone and Keating explain, ‘while tracking financial objectives may be easier than the more intangible or indirect benefits, it will still require the establishment of systems in order to accurately and diligently track associated costs and benefits generated’. 163 However, given that human capital is a ‘key factor in the innovation process’, and better skills are often found to lead to enhanced organisational performance164, the case study research is able to demonstrate a strong link between operational innovation and skills utilisation.165

Finally, the empirical evidence also shows that improving skills use and engaging employees in the workplace can contribute to structural benefits for organisations, such as improvements in staff retention, loyalty and engagement. While these factors coincide somewhat with the outcomes for individual workers discussed in the second half of this Chapter (i.e. in the areas of job satisfaction, motivation and reward), they are nevertheless also important within the context of the organisation.

164 See discussion on innovation in the Literature Review.
5.1.1 Innovation

Innovations aided by skills utilisation were identified by most of the organisations interviewed for the case study research, including acQuire, The Chia Co, Dexion, Holden, GHD and Woodside. As anticipated by Toner, many of these outcomes were generated using ‘existing technologies and standards to effect improvements to existing products and services.’\(^\text{166}\)

At GHD, innovation is understood as a means to enhance the company’s performance by ‘engaging with our clients better, coming up with better solutions [and] differentiating ourselves in the marketplace’ (Group Manager, Innovation, GHD). Since the start of GHD’s innovation program, more than 1,700 ideas have been submitted with over 6,000 collaborations. Many of these ideas relate to the automation of processes which can deliver significant time and cost savings, while others have been successfully commercialised. As a result of the innovations identified in the program there are ten provisional patents secured in the areas of oil refining, marine, water and mining.

At Holden, innovation is also complemented by the company’s employee suggestion scheme.

> The ideas that you get from 3,000 people – my managers can’t keep up with that many ideas. I’ve got a management team in Adelaide of 12 people. Even if I sat in a room all day they couldn’t come up with the same number of ideas that 3,000 people can – it’s just impossible. For me it’s a benefit, engaging the people – maybe 80 per cent of those ideas are ideas that you don’t want to adopt but the 20 per cent that you get is still a good return on what you’ve got to do with the people – absolutely. Definitely it’s something that we see a massive benefit from in engaging those employees to give us their ideas (Executive Director of Manufacturing Operations, Holden).

The involvement of workers in the improvement process means that skills utilisation is not seen as an ‘optional extra’, but something which is ingrained within a company’s core business. As one manager describes,

> Some of the most critical improvements that we’ve made, cost savings and quality improvements we’ve made – have come from operators. These are individuals that because they’re living that work every day will identify something and they’ll speak up to a manager and they’ll say ‘Listen I think if we did this, made this change…’ – it could be a $5 million saving for the business – just extraordinary results. That’s why it is so critical.\(^\text{167}\)

Innovation at Woodside is concerned primarily with internal capability and contributions to research and development. This input leads to ‘much better absorption... of new technology which means ultimately of course more barrels produced’ (Skill Pool Manager, Woodside). The company gives awards to staff for coming up with good ideas, and ‘there’s been groups that have been recognised for some really novel, interesting ways they’ve come up with approaching [and] solving a problem’ (VP Australia Oil, Woodside). By encouraging employee participation, autonomy and flexibility, Woodside have created an environment conducive for innovation to take place.

The encouragement of staff to provide ideas also resulted in a number of innovations at RSPCA Victoria, particularly in terms of identifying improvements to animal welfare practices. For example,

\(^{166}\) Toner (2011) *Workforce skills and innovation*, p.27.
\(^{167}\) Some quotes have not been attributed to specific organisations or roles so as to maintain confidentiality.
the pilot to change cat handling procedures mentioned above has helped to improve job satisfaction and reduce workplace stress:

[The scheme] had a profound effect on the staff because they felt that they had an opportunity to actually have some input and there were a lot of changes in handling procedures and the physical set up, the isolation set up, disinfecting routines, all sorts of routines that they were involved in day-to-day and actually had the opportunity to change. It [also] had a profound effect on the morale of staff, [a] profound effect, in a very difficult area to work in when you see euthanasia of lots of animals. That’s a really good example of engaging staff in trying to work through solutions to problems that everyone knows exist but we’ve never actually been able to solve (CEO, RSPCA Victoria).

**Profitability and savings**

More than half of the companies interviewed in the case study research indicated that their adoption of skills utilisation strategies contributed to an increase in profitability and savings. Management for Holden and GHD, in particular, stated that there was a direct link between their company’s implementation of skills utilisation practices and subsequent cost savings.

At Holden (Manufacturing), staff are strongly encouraged to be involved in continuous improvement processes, which has led to savings for the company and rewards for staff. Holden’s suggestion scheme, for example, has produced positive outcomes for the company in terms of savings; process efficiencies; quality improvements to products; and safety initiatives to prevent injury and production stoppages. As a result of this scheme, employees on the shop floor have come up with ideas that have saved the company significant amounts of money over time. A single employee suggestion, for example, resulted in considerable savings and a boost to profitability.

As the Executive Director of Manufacturing Operations explains, there was ‘a very good suggestion that somebody came up with on the shop floor... where another one of our maintenance guys went online of his own bat [and] researched micro air-conditioning units’. These units are ‘probably half the size’ of the previous components used. By installing these micro air-conditioning units in their engines, Holden (Manufacturing) was able to radically reduce equipment and replacement costs, which were considerable.

You would not believe how many electric motors are in our facility. We’re running into hundreds of thousands of dollars worth of cost-saving because this maintenance guy... saw this idea and thought ‘I wonder’. He made one up – literally before he came to us he got an electric motor, did all the necessary work, monitored it and said ‘What do you think?’ For a small investment – I think the motors were $5 each and we had to buy maybe 2,000 of them so for $10,000 worth of investment – we saved ourselves hundreds of thousands of dollars. So [employee suggestions] are quantifiable; absolutely (Executive Director of Manufacturing Operations, Holden).

GHD has also seen positive outcomes due to encouraging ideas from staff. These include benefits to profitability by addressing company performance and commercialisation. Employees are encouraged to help streamline internal processes at GHD, by ‘coming up with ideas which can save us time and money, to be safer, so that’s internal ideas, internal process, improvement, continuous improvement, productivity gain...’ (Group Manager, Innovation, GHD). Ideas implemented have
saved GHD many hundreds of thousands of dollars per year. GHD also ‘encourages ideas that have the ability to be game-changing for the infrastructure industry. These are ideas that we can actually commercialise, providing GHD with another revenue stream’ (Group Manager, Innovation, GHD).

At The Chia Co, skills utilisation practices have accompanied the company’s strong growth. Positive outcomes, such as a significant improvement in sales and profitability in the first year, are attributed to the strategy of working directly with food companies and building The Chia Co brand, but also with The Chia Co’s attempts to engage its employees in all aspects of the business. The Managing Director states that The Chia Co’s success is partly due to ‘employing a team that understood what food manufacturers want and then continuing to build the team of people who had that level of understanding...’ (Managing Director, The Chia Co). Profitability at The Chia Co is measured in terms of ‘converting an interested customer or enquiry into a commercial product on the shelf’, rather than just sales. By ‘really employing people who understood innovation [and] understanding how our customer is going to view a new ingredient’, The Chia Co is able to link profitability and savings with the way skills use strategies have been applied in the workplace (e.g. through skills assessments, applying new learning and encouraging participation) (Managing Director, The Chia Co).

cacQuire experienced improved profitability post-GFC, with employment growth increasing by 25 per cent through 2010, and forecast to increase by a further 25 per cent in 2011. The CEO of cacQuire sees better skills use as a factor which ‘will I think in time contribute to our profitability, certainly to our sustainability... Profit is another outcome of that... it’s sustainability – being around year after year after year and being able to plan our business five and ten years out’ (CEO, cacQuire).

Maintaining a core group of employees and maximising their skills use is cited as a key contributor to profitability and cost savings within the company:

> The better we up-skill and utilise those skills within the organisation – we expect that to relate to revenue and hopefully profit. The more profit, the more money we actually put back into the organisation. At the moment we reinvest at least 25 per cent of our revenue into innovation, into R & D within the company so that’s getting quite significant (CEO, cacQuire).

At Dexion, the introduction of a tailored program of training at the Certificate III level has provided staff with the skills and confidence to suggest improvements to how tasks are performed, as well as enhancements to safety procedures. Suggestions made by workers on the placement of jigs, for example, have resulted in changes to how the paintline is organised. This has contributed to less powder being used in industrial processes, with an approximate cost reduction of $400-$500 per shift.

This demonstrates that making the most of employees’ skills can have a positive effect on a company’s ‘bottom line’, either directly or indirectly. For some of the organisations interviewed for the case study research, the relationship between skills utilisation and profitability is understood as complementary rather than explicit, but is nonetheless considered important for achieving positive outcomes within those firms.
Productivity

Productivity is closely aligned to a company’s profitability and its ability to reduce costs, but it is also concerned with efficiency: that is, a measure of the value of the goods or services created by the labour resources required to create that value. In terms of skills utilisation in the workplace, it is therefore useful to look at productivity outcomes separately to profitability, as it gives us the opportunity to consider how skills use might also contribute to time savings, quality improvements and increases in outputs within firms. It also allows us to look at positive outcomes reported for charitable and public organisations, such as RSPCA Victoria and Murrumbidgee LHD, respectively – who may have achieved gains in productivity, but for whom profitability is not an objective. Finally, while productivity improvements may translate into increased profits, productivity also helps to provide an indicator of the sustainability of firms over time, where short-term profits may be sacrificed for better business practices in the long-term.

For Dexion, for example, the introduction of continuous improvement approaches has resulted in a measureable increase in productivity (i.e. tonnes of output/labour costs). There have been double-digit improvements each year since the introduction of the training and the year-to-date improvement in performance as at April 2011 was 19.6 per cent, compared with 13.2 per cent in the previous twelve month period. Innovative solutions to problems and improvements to processes have also been identified as a result of staff input. These include a new safety fence in one of the welding areas, which Dexion’s employees produced themselves using existing expertise and equipment, with no cost to the company. Absenteeism and wastage rates are also measured and have improved since the implementation of skills use strategies, with absenteeism dropping from 4.72 per cent in 2009 to 4.13 per cent in mid-2011. Wastage rates have also improved from 2.8 per cent in 2009 to 2.3 in 2011.

Management at Woodside state that the organisation is able to plan and operate major projects because it invests in its people to become better skilled and more efficient in their jobs.

A key contributing factor to the success of our projects is the people, putting the right people on it, making sure they stay engaged by providing them room to grow and giving them responsibilities and making them accountable: make sure people get their training, go to conferences [and] make sure people become aware of and apply appropriate new technology (Skill Pool Manager, Woodside).

Woodside confirms that, in terms of innovation, profitability and productivity,

It’s improved all of those things... I don’t think our attraction and retention would’ve been as good. I don’t think our turnover rates would’ve been as low as they’ve been. Has it had a financial impact? Absolutely. I mean, all those factors have a large cost to us. I mean, you lose one staff member, it costs you a hell of a lot more to recruit them and re-employ them. So that’s all had a role to play (VP Australia Oil, Woodside).

Empowering people to be innovative has also led to some ‘fantastic results’, including significant improvements in warehousing and supply chain logistics (VP Australia Oil, Woodside).

For Murrumbidgee LHD, where productivity refers to the delivery of client focused services against administrative costs, outcomes have also benefited from skills utilisation. Following the introduction
of the Allied Health Assistant initiative – which aimed to help Allied Health Professionals ‘best utilise their skills [and] still be able to provide a service’ – there have been measureable improvements to client services and waiting times (Chief Executive, Murrumbidgee LHD). Reductions in the amount of time spent on administrative and routine tasks by Allied Health Professionals were also reported by the organisation.

A number of initiatives in training, workplace safety and better skills use have also helped to improve productivity at RSPCA Victoria. Since these reforms, the amount of money spent on insurance coverage at RSPCA Victoria has decreased significantly. As the CEO of RSPCA Victoria explains,

> Our Work Cover premiums for example were over $800,000 a year; an enormous amount of money going out the door every year... In terms of productivity I just thought ‘That can’t be good’. [Now], our Work Cover premiums are down to probably about $150,000; $150,000 - $160,000 depending on the year, what’s going on (CEO, RSPCA Victoria).

Addressing expenditure was seen as important if productivity was to be improved. This conclusion was based on a ‘simple kind of business principle like “Why would you give all that money to an insurance company? Why would you let your people be injured?” None of that made sense’ (CEO, RSPCA Victoria). The rapid reduction in outgoing costs achieved by RSPCA Victoria is attributed to encouraging better skills use among the organisation’s employees and volunteers, including encouraging staff to make suggestions to improve processes.

**Competitiveness**

Competitiveness is linked to a company’s profitability, productivity, and ability to innovate, but is also concerned with the quality and market positioning of that company’s products and services. Three of the organisations interviewed by Skills Australia indicated that their adoption of skills utilisation strategies had assisted in improving their competitiveness. At acQuire, the culture of the organisation, the emphasis placed on egalitarianism in the workplace, and the value it places on its employees underpin its drive ‘to be better than our competitors’ (CEO, acQuire).

> We’re a private company so if we don’t innovate then we die; it’s as simple as that. We’re number one in our area; we want to stay number one. If you look at the values, it’s all driven by that... Organisational change is quite rapid. Also it’s very open to adopting new ideas. We’ve adopted these agile processes over the last year or so and that’s been good to be able to get involved in that and actually put it into practice.... I do believe that acQuire is a pioneering organisation – certainly the way it’s run from all the other organisations I’ve worked in (Supervisor, acQuire)

acQuire’s decision to keep all its staff during the GFC was also felt to help rather than hinder the company’s competitiveness. This shows that organisations used different strategies in dealing with the GFC, with some cases (such as acQuire and Holden’s manufacturing division) choosing to invest in their staff over the long term. The outcomes experienced by these organisations indicate that their decision to try and work smarter over the long term – so that the required skills were available once conditions improved – has paid off in terms of their ability to innovate and compete in the marketplace.
Likewise, Pottinger decided to retain its staff in order to secure its long-term competitiveness. Skills utilisation was cited as important to the company as it gives the organisation the opportunity and the capacity to outperform competitors and exceed clients’ expectations, ‘thus building our reputation and, in due course, our relationships’ (Joint CEO, Pottinger). Pottinger’s business success is also seen as dependent on its reputation within the sector and its relationship with clients – which are in turn reliant on the success of projects, the performance of staff, and the ability of staff to cultivate those relationships. A ‘bottom line’ fixation on results is therefore not Pottinger’s primary focus, as results are seen to flow naturally from a strong business reputation, positive customer relations and employee investment in the fortunes of the company – all of which were felt to aid Pottinger’s competitiveness within the financial sector. As one of the Joint CEOs explains,

We have gone from a firm with one client to multiple clients, multi-skilled people... That’s absolutely contributed to profitability because I don’t think we would have been where we were if we weren’t able to garner those skills and use those skills over the last couple of years (Joint CEO, Pottinger).

Pottinger has also increased the amount of repeat business it undertakes, with its number of repeat clients increasing by a multiple of five over the past three years. During this time, Pottinger has converted 50 per cent of new clients into repeat business clients, while 90 per cent of fees have been received from repeat clients. In addition, some 60 per cent of new clients have come about from personal referrals, demonstrating the effectiveness of the organisation in engaging its staff with its customer base.

At Holden, improving skills use in the workplace is explicitly linked to the company’s ability to compete. Management at Holden (Manufacturing) cite skills utilisation as a key tool in creating a competitive advantage within a tough global market:

Looking at a lot of the overseas automotive manufacturers, we’re very creative in regards to... the innovative things that we actually put in place. If you start using the skills that you’ve currently got in the place you can actually make some big improvements but it also brings ownership back in... All these things just start to meld into place... so that [Holden] can continue growing and get better (Shift Manager, Holden (Manufacturing)).

By building an organisational culture that focuses on its employees and their skills, and retaining those assets for the long term, Holden has sought to maintain its competitiveness during difficult economic times. Management acknowledges that there can be expense in implementing skills use strategies, ‘but at the end of the day we’re no longer competing against Ford down the road; we’re competing on a global market... it’s either compete or you don’t build cars’ (Supervisor, Holden (Manufacturing)).

Safety improvements

Improvements to workplace safety were cited by four organisations as outcomes stemming from better skills use. These outcomes were achieved primarily by encouraging employee participation and suggestions for improvements to safety processes; but in some cases, were a direct result of the particular skills utilisation strategies adopted by the organisation. At Holden (Manufacturing), for example, the importance of implementing a policy of job rotation is made clear in a manufacturing environment where job fatigue may result in injuries from heavy machinery.
Given the risk of serious accidents when working on the shop floor, the safety of employees is paramount to the organisation and ‘we put safety as the number one priority on site for people’ (Supervisor, Holden (Manufacturing), Supervisor). A flexibility matrix is used to identify the skills of each employee and training is provided for all tasks where needed. Through this combination of initiatives, staff are educated as to where they fit into the process so that there is a greater understanding of production procedures. Moreover, by rotating workers to different machinery stations, Holden aims to help reduce fatigue and prevent accidents in its manufacturing division. This is confirmed by research which shows that job rotation can work as a risk management strategy in manual handling environments:

> Job rotation can reduce muscle fatigue and discomfort by changing the postures and the muscle groups employees must use during their workday. Job rotation is also a way to provide cross training and reduce boredom from monotonous, repetitive tasks. (168)

Job rotation and multi-skilling across various areas have reduced the amount of time employees need to spend on repetitive tasks, thereby helping to mitigate worker fatigue and address any ergonomic issues:

> From an employee perspective, from the operators, flexibility is very important, not only from an ergonomics point of view of not exposing people to the one job – repetitive movements and that – but also from maintaining their interest in the work... When I first came in here... [I did] the same job every day, eight hours a day, six months straight. Nowadays the operators rotate three times a day on a job (Supervisor, Holden (Manufacturing))

Outcomes cited from these initiatives include a very strong safety record and reputation for quality. In terms of the company’s bottom line, these initiatives have also enabled Holden to restrict outgoing costs in its manufacturing division due to processing errors and workplace accidents. In this respect, then, the case study research suggests that skills use strategies can in some instances be shown to have a direct impact on safety outcomes, particularly within the manufacturing sector.

Outcomes from the RSPCA Victoria case study also indicate that the introduction of skills utilisation policies, good HR practices and improvements in workplace safety are strongly linked. By encouraging better skills use and being clearer about roles, attitudes and behaviours, RSPCA Victoria has used workplace reform to deliver results. Since the introduction of these policies and practices, the number of days lost to workplace injuries at RSPCA Victoria has been drastically reduced, from 1,899 in 2001 to 91 in 2005: a reduction of some 95 per cent. (169) Workplace safety has continued to improve in recent years, with 125 injuries reported for the period January to June 2011 compared to 180 in the same period for 2008. This ongoing improvement is attributed to ‘doing things differently’ so as to drive efficiencies and greater outcomes, otherwise ‘you keep doing those same things and you keep getting the same outcomes’ (CEO, RSPCA Victoria). In a resource-stretched organisation like RSPCA Victoria, the CEO explains, ‘if you want to get different outcomes, you have to change


something about the inputs and one of the biggest inputs we have is our people to drive different outputs and outcomes’ (CEO, RSPCA Victoria).

Encouraging an open and participative workplace where employees are encouraged to ‘speak up’ has likewise contributed to gains in workplace safety. At Leighton Contractors, a company-wide policy of encouraging and recognising personal initiative has reinforced a culture that fosters problem solving and new ways of doing things. This has led to a drop in the number of safety incidents, and has encouraged staff to be more proactive in the reporting of workplace hazards.

Finally, at Dexion, a more participative culture, supported through formal and informal approaches to two-way information sharing, has prompted staff to be more forthcoming in making suggestions to improve processes. As the Operations Manager explains,

We have standards to operate within and [staff] have discretion to challenge the standards at any time, to be able to redesign them, to make sure that the work is performed in a safe and efficient manner and we’re looking for continuous improvement initiatives to deliver productivity, quality and safety improvements on an ongoing basis (Operations Manager, Dexion).

Dexion reports that safety improvements identified through the continuous improvement process have resulted in a drop in workplace safety incidents. Lost time injuries have declined from 13 in 2009 to 5 in 2010, and are currently zero, with no lost time injuries reported for the past six consecutive months.

5.1.2 Other benefits

Staff retention

Staff retention was cited by eight of the case study organisations as an important trigger for the adoption of skills utilisation strategies. All of the organisations had to some degree achieved improved staff retention as a result of their skills utilisation policies. The reported outcomes show measurable improvements in staff retention among many of these organisations, which have been shown to benefit staff morale, which in turn reinforces staff retention, creating a ‘virtuous circle’ in the workplace (that is, a cycle of events that reinforces itself, each having a positive effect on the next).

Management for RSPCA Victoria stated that they experienced a 15 per cent increase in the retention of employees between 2002 (i.e. prior to the implementation of skills use practices) and 2006. More recently, staff turnover has been further reduced for frontline paid staff from 44 per cent in the 2008/2009 financial year to 20 per cent at the end of 2010/2011. Relatively speaking, this represents an improvement of almost 43 per cent over a two year period. The increase in employee and volunteer retention has helped to improve the morale of the organisation, which in turn has helped to further reduce attrition. As one employee describes, since the implementation of skills utilisation strategies,

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I’ve definitely been able to see a change. When I first started we didn’t have a whole lot of this stuff; there wasn’t much organisation, there wasn’t much training, there was a high turnover, lots of people coming, going, coming and going but we’re generally getting the staff to stick some more on a permanent staff basis now. The staff are getting a lot more out of working here so they’re obviously getting a lot happier (Employee, RSPCA Victoria).

GHD found that their skills use strategies were successful in helping to retain employees, particularly within an industry with high demand and competition for skills. Across a workforce of around 6,000 employees worldwide, GHD reports that retention is currently running at 88 per cent, with 4,000 of those employees located in Australia and New Zealand. At one stage, the General Manager acknowledges, the retention rate ‘was as low as about 84 or 85 so we’ve been able to creep that up’ (General Manager & Director, Australia and New Zealand, GHD). As well as being driven by workplace conditions, retention is also influenced by industry sector and economic circumstances. With competition from the mining sector, retention ‘has been [even] lower than that. It’s something we’ve been working on trying to lift. It’s very much market dependant. So, turnover I think typically in our industry is higher in Australia than other parts of the world we operate in’ (General Manager & Director, Australia and New Zealand, GHD).

For a large organisation with a considerable number of employees, the fact that GHD was able to lift its staff retention rate during Australia’s mining boom serves as an indicator of the important contribution that skills utilisation can make within firms. As GHD notes, the company’s staff are ‘highly sought after. I think certainly that the main factors [to be considered] is do they align with what the business is trying to achieve? It’s going to be a very important factor in whether they stay. You know: do they feel valued, and are they developing... they’re all going to be key factors in retaining them’ (General Manager & Director, Australia and New Zealand, GHD).

Leighton Contractors also acknowledge that better skills use has assisted with better staff retention. By mid-2011, Leighton Contractors’ Kempsey Bypass Alliance project had managed to reduce salaried staff turnover to 17 per cent compared to a national average for the construction sector of 25 percent. The company aims to reduce the turnover rate further, to 10 per cent. Good communication, a commitment to continuous training, a culture of continuous innovation, and offering mentoring opportunities were all listed as key enticements for staff to stay employed with Leighton Contractors.

As discussed in terms of the ‘enablers’ of skills utilisation, the case study research also shows that the culture and values of an organisation can also help promote staff retention. This is certainly true of acQuire, which has a very low staff attrition rate of 4 per cent.

We want to see longevity, tenure – we think we can provide people with a long-term career. We’ve only got four percent turnover so our retention is high and we work hard at retention. It’s through things like the training levy there’s the job satisfaction, trying to capture any issues very early (CEO, acQuire).

The company’s decision to retain its staff throughout the financial crisis is thought to have contributed to the loyalty of acQuire’s employees. Management acknowledge that the strong employment growth and profitability experienced by the company through 2010 could not have
been achieved without the retention of its current workforce in the face of competition from the resources sector.

Company loyalty

The ability of organisations to engender company loyalty is the outcome of a complex mix of levers both internal and external to the firm. On the one hand, better opportunities and remuneration elsewhere serve as ‘pull’ factors for people to choose to leave organisations. On the other hand, dissatisfaction with workplace conditions and job roles act as key ‘push’ factors. As one supervisor at Woodside notes, company loyalty is not just about offering individuals job benefits, it’s also down to ‘the organisational climate that the leader creates’ (Supervisor, Woodside).

That is the climate, make or break in term of a person staying or leaving... Turnover really hurts when it happens because it just takes a long time for people to get up to speed when they come back in... And also in terms of building networks and that kind of stuff (Supervisor, Woodside).

Inspiring company loyalty therefore has obvious pay-offs in reducing staff attrition and addressing the costs associated with attracting and re-training new employees. However, company loyalty is also a broader concept which – once again – relates to a company’s values and culture. It is also about how that loyalty can actually contribute to a firm’s results. In this way, loyalty is interrelated with both the ‘tangible’ and ‘intangible’ outcomes of skills utilisation.

Work conditions and the extent to which employees are made to feel that they are valued within the firm have been shown to foster commitment.\[171\] For Woodside, the adoption of skills utilisation principles and practices has been crucial to fostering a sense of belonging within the company, and bringing about positive relationships with staff across all levels:

You just can’t deliver what you need to be able to deliver unless you have the right skills, the right role definition and the right attitude; otherwise it’s just painful. So I believe that that really is what drives a lot of how we manage our people and manage their skills. There’s certainly a thing around retention. People who are being developed certainly do seem to feel more engaged with the organisation, more likely to stay. I think it builds a better relationship between the team supervisor and the team itself (Supervisor, Woodside).

Good skills utilisation, leadership and values can help produce a climate which engenders loyalty, which in turn can provide the ‘make or break’ in terms of employees choosing to stay with the company. This in turn can also help to embed knowledge acquisition and sharing, as ‘the longer employees stay with a company, the more opportunity they have to develop the tacit knowledge needed to fulfil their responsibilities and the more they exchange it with others’.\[172\]

Likewise, providing employees with the skills, knowledge and capabilities that enhance future employability can actually help encourage existing workers to stay with the company, rather than facilitate their departure. This shows that skills utilisation can help organisations become ‘employers


of choice’ in tight labour markets, which is particularly useful in some key sectors of the Australian economy, such as primary industries.

While loyalty cannot be quantified in the same way as other indicators, such as profitability and retention, it does reflect an organisation’s ability to empower staff, generate trust and encourage innovation. At Dexion, for example, the Human Resources Manager describes the culture of the organisation simply as ‘loyal’ (HR Manager, Dexion). During a period of change, the company has been seeking to maintain that loyalty by ensuring employees know they are valued.

We try and make sure where we can that we maintain the relationships with the employees; the long-standing employees we try and make sure that they know that they’re a valuable part of the business. They’ve been here for a while and we value that and that we’d like them to transfer the knowledge. The new ones that come in, we let them know as well that we’re like a family – the Dexion family. Innovation is something that is part of our values as well. People know that whilst they’ve got the relationships going, we’re changing, we’re bringing in new processes, we’re bringing in new products, we’re bringing in new people and it’s quite accepted (HR Manager, Dexion).

At The Chia Co, believing in the company’s mission and ideals of senior management likewise helps employees feel a part of the organisation, and invested in its success:

I have a huge amount of respect for [the Managing Director] and the other leaders within the company; I think what [the Managing Director] has achieved in this idea and his ideals for growing it and his commitment to environmental and human and nutritional factors is extremely honourable. There are very few companies out there in the world which have missions and values around those. That’s why I’m very loyal to it (Employee, The Chia Co).

As the case study responses show, company loyalty is now understood as broader than just staff retention: it is also about commitment to achieving a shared goal. Loyalty as an outcome of skills utilisation therefore relies on firms treating employees as long-term investments to be cultivated. Organisations which encourage staff loyalty are shown to be those where there is reciprocity between employers and workers, where there is access to learning, and where employees are invested in the company’s relationships and mission.

**Employee engagement**

Employee engagement is another organisational outcome which is intertwined with staff retention, commitment and loyalty, but is subtly different, in that it invokes the level of involvement that employees have with their jobs, rather than with the organisation itself. An engaged employee is not only one who stays or is loyal to the organisation, but one who is enthusiastic about their work, who is fully involved in the workplace, and who has a positive attachment to their job. This in turn influences the individual’s willingness to learn and perform at work, and by extension, helps to ensure that employees act in a way that furthers their organisation’s interests. Findings from an Australian Institute of Management survey shows that better skills use has a strong impact on employee engagement:

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Keeping employees engaged in such a mobile workforce, in an employment market that is experiencing record low unemployment, will require innovative and creative strategies. No longer will simply paying employees more or being nice to them guarantee long term commitment. Meaning, challenges, diversity, relationships, and advancement opportunities seem to be the key engagement triggers in the current employment environment.\textsuperscript{174}

More than half of the organisations interviewed for the case study research indicated that they felt that employee engagement had improved due to the implementation of skills utilisation practices.

At Pottinger, employee engagement and commitment was seen to flow directly from the organisation’s culture, values and leadership:

In terms of boosting employee commitment we really try and stay very true to our values and our philosophy around managing staff, developing the culture of the organisation, caring for the team and things like that. We’ve got a very clear view of how to do that and are looking to improve it all the time. In workplaces, there is a degree to which people are either on board with the culture or they’re not. Because we’re very protective of our culture, we’re not prepared to compromise (Chief Operating Officer, Pottinger).

At Leighton Contractors NSW/ACT & NZ, workers on the Kempsey Bypass Alliance (KBA) are surveyed every six months by an independent consultant to measure staff engagement and give them a voice in how the project operates. Results from the survey show high levels of engagement and trust among employees. As the HR Manager explains,

I’m very strong on having a metric that measures those levels of engagement so that we can ensure that the systems and strategies we’re putting in place are actually delivering an improvement in the project. We’ve had two health checks since [the project started] and the areas that we’ve grown in are in leadership involvement; the view of the management is good, safety – we’re just doing really well in there, categorically 100 per cent of the time in that survey, people are saying ‘Yes, we believe that the Management team is committed to safety, we believe that they actually mean it’ (HR Manager, KBA).

Involving staff in decision-making and involving them in training initiatives tailored to their needs was also cited by RSPCA Victoria as a way in which the organisation helped to improve employee engagement.

It’s actually really cemented them as a group of people together and they actually now problem solve quite differently and kind of know who to go and talk to, to get a different perspective or to perhaps fill a gap in their own skill set. It’s actually really changed the culture quite significantly (Executive Manager, Animal Services, RSPCA (Victoria)).

At GHD, employee engagement is understood as vital to the effective operation of the company:

As leaders of our organisation, we are trying to build a more flexible company and the innovation program provides another platform at GHD... to allow people of varying degrees

of engagement to have an interesting, fulfilling, professional career, and to be recognised for their contributions (Group Manager, Innovation, GHD).

As an outcome of the various initiatives employed by GHD, the employee interviewed for the case study research described their commitment to the organisation as ‘strong’, adding ‘I feel valued [and] I feel that the people I work with behave with integrity’ (Employee, GHD). This is in keeping with the organisation’s objectives, which is to ‘try to remain a very good employer with good projects and interesting work and engaged people’ (General Manager, HR, GHD).

5.1 Employee outcomes

Employee outcomes tend to reflect more intangible and less measurable outcomes than employer outcomes, particularly those that relate to innovation and productivity. However, these benefits are no less important, as they can fundamentally affect how employees feel about their workplace, their job and their role within the company, which in turn affect issues such as retention, absenteeism and motivation. Benefits from skills utilisation also include helping staff to identify career pathways, as well as providing opportunities for growth through leadership and learning opportunities. Finally, while reward and recognition have been identified as ‘enablers’ which help skills utilisation succeed, they can also be produced as positive benefits of skills use. Reward and recognition can incentivise workers to contribute to better outcomes, which may lead companies to further recompense staff for their efforts. Reward and recognition therefore act as a further example of a virtuous dynamic within the workplace.

Motivation/esteem

Almost all of the employees interviewed indicated that they had experienced increased motivation and esteem as a result of their respective organisations adopting skills use strategies. At Murrumbidgee LHD, for example, the introduction of the Allied Health Assistant role, the provision of training opportunities and expanded responsibilities has given assistants the opportunity to engage in more meaningful work, by providing therapeutic and program-related support to allied health professionals.

The ability is there and [the allied health professionals] can see the benefits to their roles as well because it’s freed them up to run more programs, see more clients, reduce their waiting lists. It’s a much more satisfying way for them to work (HR Manager, Murrumbidgee LHD).

At The Chia Co, staff are highly motivated and there is genuine buy-in to the company’s objectives. This stems from a passion for the job rather than solely from financial reward. The motivation of employees has therefore been crucial to the company’s success. As one employee describes,

I’m quite a motivated person... and my motivation is also to drive this company to be something special, to be a leader in the [field]... I love working in the food industry, being with a successful food company is fun for me and it helps to drive that competitive edge I get but also from an environmental perspective I’d love to sit here and write a case study in a year or two how a small company went to the top of their category and did it green and guess what, we’d love to teach everybody else how to do it. That’s a strong motivation for me too (Employee, The Chia Co).
At RSPCA Victoria, employees also indicated that they felt motivated as a result of feeling valued and encouraged:

Motivation levels I’d say have gone up because we’re happier, we’re getting more things to do so you might work more... [Skills and qualifications are a] good thing as well because your workplace is giving you something back (Employee, RSPCA Victoria).

**Job satisfaction**

Job satisfaction is closely related to staff involvement, motivation and esteem, but also encapsulates how content an individual is with his or her own specific job, as well as with the organisation more generally. In this respect, job satisfaction is linked to achievement and success. It is about the extent to which the hopes and expectations that an individual has about his or her employment are realised in the workplace. Once again, most of the organisations interviewed by Skills Australia had employees that cited job satisfaction as an outcome of better skills use.

At Woodside, for example, staff development through skill pools combined with the variety of work across the business, open communication and a ‘can do’ culture are among the reasons staff cite as the basis for their job satisfaction:

I’m very impressed with Woodside, I really like it. I moved from an organisation and I took a pay cut and the things that have attracted me to Woodside were all of those intangibles. And I haven’t regretted the move one bit and it is all of that – the development opportunities and feeling like you’re contributing and making a difference and that your voice is heard and they’re all the things that Woodside does. So yeah, I’m very happy (Employee, Woodside).

One employee also noted that the open and participative culture of the organisation helped to encourage a greater degree of involvement and satisfaction in day-to-tasks:

The friendliness also articulates into [openness], therefore you feel confident in talking and raising any issues that you have and challenging and having general types of discussions, which is good. How can I articulate that better? So I don’t have any problem questioning and saying ‘why is that the case?’ and ‘how do you do that?’ and ‘explain that to me?’, which is good (Employee, Woodside).

Providing recognition and reward was also found to benefit job satisfaction. Workers in Holden’s manufacturing division, for example, are provided with a range of financial rewards, depending on the size of the contribution and its overall impact on productivity.

Obviously people that have put in suggestions for mind-blowing savings and things, they get some pretty [significant]. I think someone actually collected $15,000 so it can be pretty big (HR Manager, Holden (Manufacturing)).

Achievement is also recognised through broader processes of recognition and encouragement:

We have recognition awards as well. If you make an improvement or you’ve just done a really good job for a while or you fixed something or you’ve changed something and you get
up on the recognition board – they take your photo and they write what you’ve actually done. Feedback’s always pretty good (Employee, Holden (Manufacturing)).

At Murrumbidgee LHD, the redesign of the assistants’ role is linked primarily to greater recognition in the workplace rather than financial rewards:

I felt that gave me a bit of recognition as far as... I wasn’t just an aide; I actually had a name ‘Allied Health Assistant’. I think it actually gave me a bit more responsibility as well because you actually do the subjects... because I’d worked OT Physio I had a very broad range of skills (Employee, Murrumbidgee LHD).

There have also been Allied Health Assistants that had worked in a position for a really long time and now they’ve got recognition for that. [Previously,] a lot of the time there was no recognition for the skills... that they had (Supervisor, Murrumbidgee LHD).

Access to leadership opportunities

Access to leadership opportunities was similarly identified as an outcome important to employees. Staff at acQuire, Woodside, Pottinger, RSPCA Victoria and Holden (Manufacturing) noted that they felt that their respective companies had not only provided opportunities for staff to maximise their skills, but also provided pathways for staff to advance to more senior roles. This was cited as important, as it offers employees an incentive to improve and apply their skills within the workplace, while also recognising their efforts in doing so. In this respect, having access to leadership opportunities was seen as a natural extension of employees harnessing their new skills and competencies for the betterment of the organisation.

Management at Holden (Manufacturing) recognise the importance of developing staff through leadership forums and a Potential Area Leader (PAL) program. These initiatives were delivered as part of Holden’s overall skills utilisation strategy, but were also prompted by an examination of the existing opportunities available to employees. The company felt that they could encourage participation and improvement among employees, but they also needed to give staff a ‘space’ to move into as their skills expanded. The attainment of skills was subsequently linked with career progression in the company.

There are incentives [to learn]... you’ll start at a particular monetary level and the more jobs that you learn, the more that you get paid up to a particular level. After that particular level you need to become a work group leader or a team leader to then get a higher rate of pay. The more jobs you have, the more flexibility, the easier it is to basically get some more money. That’s also been going hand in hand over the years with the union in regards to getting a larger skilled workforce in regards to being able to do that (Shift Manager, Holden (Manufacturing)).

Linking learning to earning, and adopting a more transparent system for career progression has resulted in a culture change within the organisation:

Typically people [used to] progress in this organisation through who you know; part of the [Potential Area Leaders] program was ensuring that that was no longer the case... What we’re looking for is ultimately when we recruit a front line manager, that individual be
capable of being placed anywhere in the organisation. Because their people leadership skills are going to be the critical element of their knowledge, they will be able to perform that role anywhere; it’s not going to be based purely on ‘You’ve got the technical skills to work in a plant’ – it will be the people leadership skills that will drive them forward (HR Manager, Holden (Manufacturing)).

At RSPCA Victoria, promoting staff better skills use within the workplace also encouraged management to take a closer look at leadership training and opportunities within the organisation. While reliance on charitable giving means that ‘we are quite limited in terms of what we do have [available]’ in terms of offering more senior roles, the organisation aims to help employees identify their goals and to move into new areas as opportunities arise:

For instance before I worked in adoption I did want to get into the area so I went to my senior and said ‘I’d like to get to that sort of job’ and he gave us a few training days – same with the other staff members, now some people work in kennels, they want a bit of the adoption training so they’ll come and do a few days just to get their skills up to scratch (Employee, RSPCA Victoria).

At Woodside, workers are similarly encouraged to seek opportunities for growth and advancement. One employee, for example, has ‘actually effectively created a complete new role, identifying what needed to be done, taking the initiative, and picking additional responsibilities up, which turned into what is now her main responsibility’ (Skill Pool Manager, Woodside).

That’s very common here actually. It really is. The company is big enough, there are opportunities like this. For example, there are tasks that are delegated between several people, but if you find someone who is really passionate about it, they can grab the various pieces, pull it together and it becomes effectively a role. In this specific case it has moved to the point that next year, this person will actually be leading a small team looking at that specific part of the work programme (Skill Pool Manager, Woodside).

Career pathways

Workers interviewed for the case study research indicated that career pathways were an important outcome from better skills use within organisations. At Leighton Contractors, for example, one employee noted that in terms of providing career pathways,

They’re pretty well structured. You know where you can go and what your opportunities are from the moment you start. I suppose you’ve got a good look ahead – probably a two year look ahead – at the opportunities where you’ll work and the positions that may be available. Civil Engineering is a bit different in that if I get bored of it in a few years there are lots of different things you can do but in terms of Leighton Contractors itself it is quite a structured career path. That’s not just Engineer-specified; that’s from HR to plant and administration people – they’ve got a pretty well designated career progression path (Engineer, KBA).

At GHD, the use of mentoring and ‘buddy systems’ was felt to help in providing clarity and assistance in the workplace:
In my experience, I’ve used my mentor to talk about career progression, generally, and also on a needs basis to talk through particular difficulties I’m having at work, generally, around relationships and team dynamics. That’s what I’ve found it useful for (Employee, GHD).

Job redesign was cited by Murrumbidgee LHD as contributing to assisting with career pathways, even within a relatively ‘flat’ organisational structure:

I think from that program we’ve got some Allied Health Assistants that have moved on to other jobs so there has been a progression in terms of a career point of view. There’s certainly been some of that across the board (Supervisor, Murrumbidgee LHD).

Other skills use strategies – such as skills audits, job redesign and multi-skilling – were also cited as contributors to career planning. At Pottinger, for example,

As you progress in the organisation [employees will] be expected to perform certain roles... Everybody needs to become astute at all of those skills. In saying that, we have an annual review process which basically goes through every skill that you would want to have as part of a broader career in corporate advisory... it’s basically an audit of your own skill set which is done from the employee and the management perspective (Supervisor, Pottinger).

For more than half of the organisations interviewed for the case study research, career pathways were cited as positive outcomes of good skills use, by providing employees with a clear framework for future roles and the chance to gain the skills required. By encouraging employees to identify opportunities and apply those skills within the workplace, individuals felt that they had been assisted in working towards their career goals.

5.2 Discussion of key issues

From the empirical research, we can see that employers and employees alike attribute a broad range of positive outcomes to the use of skills utilisation in the workplace. Some of these outcomes are tangible and measurable, such as those which relate to the innovation of products and processes. These can be shown to have an impact on company competitiveness, safety, productivity and profitability. Increases to staff retention are also easily gauged over time. However, company loyalty and employee engagement, as well as measures of motivation, esteem and satisfaction (for employees) are less easily quantifiable, but no less important than other benefits from skills utilisation.

As noted in the literature review (chapter 1), while there may be a relationship between skills utilisation or high performance work practices and positive outcomes such as those outlined above, it is not possible to establish a causal relationship. For example while skills utilisation strategies may have a positive influence on an employee’s decision to stay with an organisation, other factors such as labour market conditions and proximity to home may also influence choices. However the case study organisations studied in this research did identify a range of positive outcomes related to skills utilisation.

As also posited in the Literature Review and supported by the case study interviews with organisations, skills utilisation can contribute to a number of virtuous dynamics in the workplace. Hence, better skills use can help lead to increased staff retention, which can contribute to improved
morale, which again reinforces staff retention. Likewise, this positive, mutually-reinforcing cycle is also reflected in the use of reward and recognition strategies in the workplace. The case study research shows that recognising the contributions and achievements of employees is a skills use enabler: a key way of getting skills utilisation to function effectively. These rewards contribute to greater staff effort, which can lead to better outcomes (including tangible benefits to productivity), which then may result in further reward – contributing again to greater effort and motivation.

These workplace dynamics indicate that skills utilisation is not simply a one-way process, but that positive outcomes arising from skills use can be fed back into the workplace – thus encouraging continuously improving levels of commitment, morale and job satisfaction. This overview of case study outcomes is therefore intended to demonstrate that skills utilisation can yield benefits which exceed the amount of actual effort companies spend on improving skills use. For many of the organisations interviewed by Skills Australia, better skills use was felt to effectively ‘pay for itself’ in terms of returns to the company.
Conclusion

Skills utilisation is an important element of workforce development. As a relatively new policy area, there are operational challenges around skills utilisation in policy and practice. This report has sought to deepen the understanding of what skills utilisation means in the workplace.

Following a review of Australian and international literature, a research framework was developed to conceptualise and operationalise the concept of skills utilisation. An amended framework based on the findings of the empirical research in this report is contained below:

Revised framework for conceptualising skills utilisation:

1. **What drives skills utilisation?** Triggers such as structural factors (such as recruitment and retention issues, skills shortages or changes in senior leadership); external factors (economic conditions, competition, regulation and government exhortation); or internal resourcing factors.

2. **What are skills utilisation practices?** Delivery of skills utilisation on the ground by implementing one or more of the following practices:
   - Job redesign
   - Employee participation
   - Autonomy
   - Skills audits (training needs assessment)
   - Multi-skilling
   - Job rotation
   - Knowledge Transfer (Mentoring and applying new learning)

3. **What makes skills utilisation work?** Enablers of skills utilisation - Leadership and management, organisational culture and values, communication and consultation, and good human resources practices (such as recruitment and recognition strategies) are important factors that enable skills utilisation to take place. This is also complemented by employee motivation and commitment.

4. **What are benefits of skills utilisation?** The outcomes that result when strategies are used that encourage more effective skills utilisation to the benefit of both employers and employees as outlined below:
   - Innovation benefits for employers: productivity, profitability, competitiveness and safety;
   - Other benefits for employers: staff retention, company loyalty and engagement
   - Employee benefits: motivation/esteem; job satisfaction; access to learning opportunities; access to leadership opportunities; career pathways; reward; recognition.

This revised framework was informed by the case study research with eleven Australian organisations of varying sizes, sectors, industries and geographical locations. A series of site visits to these employers took place in May to July 2011. Semi-structured interviews were conducted with staff in a range of job roles including the CEO/Managing Director (or equivalent), Operations and HR Managers, supervisors and employees.
The employers in this report are reaping the benefits of utilising the skills of their workforce through outcomes such as improved innovation, productivity and retention, while we have seen that employee job satisfaction can also improve. Skills utilisation has been shown to often be triggered by tight labour markets, but also by strategies to innovate and grow, and respond to competition and challenging economic conditions.

Skills utilisation is delivered through practices such as job redesign and skills audits, autonomy and employee participation, job rotation and multi-skilling and knowledge transfer. These practices may be introduced in isolation but often as a bundle of practices. Importantly, we have seen the importance of leadership and management, good HR practices, communication and consultation and employee motivation and commitment as enablers of these outcomes.

The research shows that skills utilisation practices have been successfully introduced across a range of industries, in the public, private and not-for-profit sector and in a wide range of geographical locations. Firm size was not an issue, with small, medium and large employers all participating. The small companies benefited from their ability to be flexible, responsive and innovative.

There are a number of limitations of this research that need to be taken into account. It is not a comprehensive review and was based on a limited number of case study examples. Therefore the findings cannot be extrapolated more broadly. It should also be noted that these findings were based on interviews and have not been independently verified. However, the qualitative research offers a richness that has facilitated a deeper understanding of skills utilisation in Australian workplaces.

Implications for policy makers

The research identifies good practice in implementing skills utilisation as part of workforce development in Australian workplaces. A key consideration for policy makers is how such good practice can be embedded across the Australian labour market. The discussion below distils some of the key findings and their implications for policy makers and other stakeholders in Australia.

Supporting good leadership

The research highlighted the importance of leadership in adopting and implementing strategies to optimise the use of employee skills, often in response to external triggers such as labour market conditions. However research suggests that this is an area in Australia with much room to improve. For example research by Professor Roy Green concludes that 'while some of our firms are as good as any in the world, we still have a substantial ‘tail’ of firms that are mediocre, especially in their approach to people management. This is a key differentiating factor between Australia and better performing, more innovative countries'.

The research referenced above makes a number of recommendations. The report *Karpin Report Revisited: Leadership and Management Challenges in Australia* also makes a number of

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recommendations for further research to build management and leadership capability in Australia.\textsuperscript{176} It is clear that this is an issue that warrants further consideration.

Further work on this issue will be considered as part of the next workforce development strategy to be published by Skills Australia in 2012.

\textbf{Encouraging good practice HRM}

Good practice human resource management practices were also demonstrated in the research to be important in underpinning skills utilisation. It was noted that while good HRM can occur without good skills utilisation, the reverse does not hold. In other words, for good skill utilisation to occur, there must also be good supportive human resources practices. In the discussion, HRM largely focused on recruitment and retention strategies and reward and recognition, but this should be considered more broadly to incorporate wider notions of inclusive and open organisational culture and values.

\textbf{Leveraging workforce development – National Workforce Development Fund}

In \textit{Australian Workforce Futures}, Skills Australia recommended that ‘Australian government use public funding to leverage workforce development at the industry and enterprise level, with a special focus on small business (Recommendation 7).

For those companies that are not yet adopting workforce development approaches, there is significant potential to leverage change through the National Workforce Development Fund that is to be administered through the new National Workforce and Productivity Agency announced in Budget 2011 and due to be fully operational by July 2012. This is also an approach that could be mirrored in other jurisdictions.

\textbf{Disseminating good practice}

It is clear that the employers in this research are making use of their employees’ skills based on their own initiative and recognition of the benefits. While skills development and ensuring better use of skills use strategies are predominantly issues to be discussed at the workplace level, there is an important role for governments in sharing good practice.

In conducting this research, the employers involved were willing to share their stories. Discussions with other employers in identifying participants also indicated there is clearly an appetite for learning more. Continuing to raise the importance of these issues and sharing good practice is clearly a potential role for government.

Further research

This conceptual framework has been a useful way to deepen our understanding of the complex and overlapping ideas which underpin the notion of skills utilisation. Previous research has indicated relatively little recognition of the term ‘skills utilisation’, however the case study interviews showed that Australian employers did in fact recognise and identify the practices articulated in the framework above.

Based on the findings of the case studies, a number of potential areas of further research have been identified:

- A survey approach may help overcome the methodological limitations of case study research and give a broader indication of the state of workforce development and skills utilisation in Australian workplaces.

- As we have found that skills utilisation strategies tend to be triggered by labour market issues (at least in the Australian context), longitudinal research may help determine whether this would hold true following a change in circumstances, such as less tight labour market conditions.

- The research framework adopted in this report may help inform future evaluations of programs and the promotion of skills utilisation as part of workforce development. However further research is needed in order to identify ways in which these evaluations might quantify and measure outcomes and pick up both tangible/intangible outcomes. Skills Australia is taking forward a project on this area.

- Finally, while an initial overview of the research in the Literature Review helped to create this conceptual basis for the discussion of skills utilisation (in terms of triggers, delivery, enablers and outcomes) – it was also noted in the early draft of this Review that this framework may need to be amended once the empirical research had been conducted. Indeed, the case studies undertaken with eleven Australian enterprises revealed that there are a number of additional factors at work in operationalising skills utilisation that need to be reflected in our guidelines.
References


Appendix A: Case studies

(Organisations are listed in alphabetical order)
acQuire Technology Solutions

Background to the case study

acQuire Technology Solutions Pty Ltd is a private sector company created in 1996. It delivers solutions for the capture, management and delivery of geo-scientific observations and measurements in the mining industry. The company operates in Australia, Brazil, Canada, Chile, South Africa and the United Kingdom. It has expanded from 24 employees in 2003 to 109 in 2011 and wants to expand further. Despite the GFC, acQuire has enjoyed strong growth over the last couple of years, including 25 per cent last year with similar growth forecast for this year.

There is a limited pool of labour for the highly specialised skills that the company needs. Unable to match the high salaries offered by other companies, there are staff recruitment and retention challenges. To attract and retain good staff acQuire has implemented an employee engagement strategy. This strategy involves innovative skills utilisation practices, career planning and mentoring, all levered by participative management and underpinned by strong company values. These efforts have benefited the company; it now has a low staff attrition rate of 4%.

Development and objective of the initiative

A significant workforce development issue for acQuire is the availability of skilled personnel within the sector. Most employees required by acQuire have a geo-science background and the pool of people in this highly specialised skill is low. There is also the added challenge of needing to compete with large resource companies who pay premium salaries. There are a number of ways that acQuire can recruit their technical staff. They can bring in geologists and train them on the IT aspects of the business or bring in geoscientific data technologists (who already have an IT background) and train them in geology. Ideally the company aims to recruit staff with expertise in both geoscience and IT, which is increasingly difficult during a resources boom.

Our implementation team is generally geo-scientists and that pool is tough especially when in this time where you’ve got the mining companies paying premium salaries... they don’t mind the boom and bust. They’ll pay huge salaries [but] when things go bad, down comes the axe. We can’t maintain that same salary but we want to maintain a consistent workforce. In the bad times we will pay better; in the good times we won’t pay as well [as the mining companies] (CEO).

acQuire employ a range of strategies that encourage participation, staff development and communication at all levels of the organisation. These include a system for gathering ideas called Novedad, the Job Satisfaction Calculator and mentoring. These strategies are underpinned by flexible working. acQuire’s unique recruitment process is designed to build a sustainable organisation. This approach has been led by an innovative Managing Director and supported by an open management style where people are encouraged to contribute to business improvement or challenge the way things are done.

This is not something he’s building for his own personal wealth creation; it is about providing long term employees the opportunity to buy into the organisation, everything about it is based on the values (HR Manager).
How the initiative works

Participation and involvement of employees is encouraged at acQuire through a process where they are able to contribute new innovations, suggestions and improvements. This occurs through an online system known as ‘Novedad’. Novedad means ‘ideas’ in Spanish and is available to all staff and can be about any area of the business. Ideas are entered into the computerised system and assigned to an action officer who is accountable for taking the idea forward. These ideas range from those deemed to be simple, everyday issues to high level, strategic suggestions.

The system is a formalised way of capturing ideas and allocating them to relevant areas in the organisation for action. The nature of Novedad entails a high level of interaction between all parties through the online portal. It allows for discussion of ideas and feedback between employees who can also provide suggestions for solutions to problems or issues. The feasibility and viability of the suggestion is then considered by management and a decision made, which is then communicated on the system.

Examples of ideas contributed to the system include ideas for a new long service leave system and a suggestion for a new interactive world map showing all acQuire offices around the globe.

It’s like a suggestion box on steroids – anyone can contribute an idea and it’s assigned. We’re all about accountability; we want to have people accountable for taking the idea to its ultimate conclusion. These are very, very high level strategic ideas or as simple as ‘We should get a worm farm in the back’ – any idea is a good idea’ (CEO).

Other approaches to employee participation and discretion are also encouraged. Employees are given responsibility and autonomy, within a framework of standard processes.

[I have] quite a high level of influence in planning how I do my work (Employee).

The highly technical skills held by most employees allows for considerable innovation. ‘We’re the antithesis of micromanagement’ (CEO).

To ensure that employees remain engaged and satisfied with their current role and future direction, a tool called the Job Satisfaction Calculator (JSC) is used. This looks at the following aspects: professional fit, personal fit, company culture, training and financial compensation. Employees are asked to divide 100 points among the five categories according to their own perceptions of their current jobs versus an ideal situation. If there is a glaring disparity between the ideal versus current scores it is clear that there is an issue and this can direct a remedial plan of action. The Hiring Manager and the employee will have a discussion and put into place strategies to address the problem.

In completing the JSC, employees can also identify if they have skills that are not being used and discussion can then be held between the employee and Hiring Manager to determine if those skills can be used in a mutually beneficial way.

Anybody that’s scoring less than about 70 (out of 100) we’d have concerns with and generally what this tool can do for us then is isolate where that concern is. Many people have come into us and said ‘You don’t pay me enough’ and we think ‘Okay, well let’s work
through your Job Satisfaction Calculator and have a look’. While we find yes, there’s an issue with financial, it might only be marginal; and we really find that there’s a training need that they want; we’d put a lot more training into them or the job is not flexible enough for them. We can then act on that personally with that person and target their needs (Chief Financial Officer).

Training is also important at acQuire. All technical staff, including employees from overseas, recruited into the implementation team (the geologists etc) undertake a three month intensive training program at the head office in Perth (at significant cost to the organisation). A key purpose of this training is to be imparting the company values as well as enhancing the technical skills required. A training levy is also allocated to each employee which can be used for professional and personal development. This is a flat fee for all employees, regardless of position, and can be donated to others if not used. The levy can be used flexibly, for a range of professional or personal development purposes, providing that there is a benefit to the business. Knowledge gained on training courses is often cascaded through the organisation so as to maximise the value of the course.

We’ve actually allocated funds in their package for them to manage their own professional development. It can be personal development as well. We’re very flexible as far as how that training levy is used. If they feel that they’re in a role where they need to be more assertive they could go and have some personal development. If it’s a technology gap then they can go and do courses for professional development (CEO).

Succession planning occurs through a system where the career path of employees is mapped three to five years out. This is reviewed annually and can sometimes involve multiple paths depending on the skill level and preferences of the employee. Training, development and mentoring will then take place according to the progression steps of the ‘Roadmap’. Examples were given of the current CEO who knew he was moving into the role three years prior and an employee who has come in as a manager of administration and finance and will be trained into the role of Chief Financial Officer.

In order to ensure that the company has all requisite skills, acQuire have piloted a skills analysis project. This involves identifying staff members’ skill requirements, and their current level in that area. This was undertaken in two ways- senior team members independently gave their assessment of employees’ skill levels and by asking staff to assess their own levels. This project lead to the realisation that while there were few skills gaps in the organisation, there were issues regarding ’depth’ of skills, which could be problematic when covering staff members on leave or those who move to different departments. However this program hasn’t been acted upon as yet given resourcing constraints.

We needed a program in place to train back-ups and that’s also an interesting thing for people to do – rather than just doing their job here they’re learning somebody else’s job as well. It gives them a chance to move on to other roles later on (Chief Financial Officer).

The skills utilisation initiatives are underpinned by the strong values base of the organisation, which is turn is driven by strong, innovative leadership. The values are ‘Leadership and innovation, brutal honesty, commercial awareness’. The importance of values at acQuire is communicated on a day–to-day basis, through the recruitment process and in the ‘QBook’ which is a pocket guide to the values and culture of acQuire. This is given to every employee and is reviewed each year.
To emphasise the importance of the organisation’s values, a mentoring scheme is used. All employees are assigned a Cultural Leader with whom they can discuss all aspects of their job, their life and any issues that could be impacting on their ability to perform. A Cultural Leader must be both a shareholder and Director of the company and they are mentored into a strong understanding of the organisation’s values and how to communicate them to each employee.

It’s an HR role where you’re looking after people within the company, making sure they’re happy, making sure we’re providing what they want but then again they understand what the company is looking for as well (Chief Financial Officer).

AcQuire also has in place a range of complementary human resources practices. Flexibility in working conditions and hours is also available. Employees are able to work from home as quite a few of the roles within acQuire can be performed anywhere there is an internet connection.

We’re very flexible; a lot of people work from home. We don’t have time clocks; people don’t clock-in, clock-out – they come and go as they please...it’s all about trust...I think they generally work longer and harder if they work at home (CEO).

acQuire employees are able to buy a shareholding once they have worked for the organisation for three years. The organisation is looking at ways to assist employees to take part in the buy-in scheme by providing minimum interest loans. The view from management is that they want people to ‘care about the direction of the company’. The organisation has also implemented a profit-sharing arrangement.

The recruitment and training process at acQuire is quite stringent and lengthy, guided by the values of the company. The recruitment strategy is ‘Values and a career – not skills and a job’. There are multiple interviews held with applicants. The Hiring Manager, who has identified the need for the position and will be the line manager, interviews applicants on the technical skill aspects of the job. The Cultural Leader is also an integral part of the recruitment process and meets with the applicants to discuss the values and culture within the organisation to determine if the applicant is a good fit. This aspect of working at acQuire is considered so important that the Cultural Leader has full veto on all recruiting decisions.

We’re trying to identify people that want to join and have a good career for a values-based organisation. If they’re lacking in skills we can build that... If they’re not culturally aligned they don’t get in (CEO).

As part of the recruitment process, the current employees and the prospective employee are given the chance to get to know each other in an informal way, such as a morning tea or lunch.

It has been a notable change in our success in hiring people (Chief Financial Officer).

Reflecting the company’s commitment to providing its employees with a long term career, and its recognition of the importance of having the right staff with the right skills was the decision to make less profit but not retrench staff during the GFC.

We elected to not make any profit... we hung on to everyone because our people are critical for our organisation (CEO).
The company also seeks to avoid perceptions of ‘us and them’. An example of the equal nature of the company is the limited car park spaces that are available to all employees (including Managing Director and CEO) on a first in first serve basis. As one interviewee commented ‘Management are prepared to get their hands dirty’. Strong leadership, and a willingness to be innovative and try new things, underpin the skills utilisation strategies adopted by acQuire.

It’s very egalitarian; it’s almost socialist in a way. [The Managing Director] has used that word and I think yes, it is very unique (HR Manager).

Outcomes of the initiative

The low turnover rate (4 per cent) is considered to be most significant positive outcome from the strategies that acQuire uses to recruit and retain staff.

The company experienced improved profitability through 2010 with increased revenue of 25 per cent. Similar growth is projected for this financial year. This profitability would have been impossible without the retention of the current workforce in the face of competition from mining companies.

The fact that the company was able retain valuable staff throughout the financial crisis enabled them to make a profit once business improved again.

Innovation, accountability and communication have been improved by use of the Novedad system. It has allowed staff to openly communicate with each other and management regarding concerns or ideas and for a management to be clearly seen to take suggestions seriously and investigate and act upon them.

A lot of people we employ here are very smart and they’re highly educated, they’re ambitious, they want to learn stuff and so to be innovative and to constantly change, they enjoy it (Operations Manager).

The founder of acQuire was recognised for his vision, leadership and achievement in 2010 with an award for Entrepreneur of the year, Western Region – Technology & Emerging Industries.

Barriers/challenges

Maintaining the organisation’s strong emphasis on shared culture and values will be a challenge as they continue to grow. Currently, Cultural Leaders play a key role in instilling the company’s values and even take part in recruitment decisions. This role is dependent on their own knowledge of the company and workplace, which is born of their time spent in the company. However, with continued, rapid growth into new areas and countries this will become increasingly problematic and will require careful consideration.

Another challenge for acQuire will be in encouraging a broad cross-section of staff to be involved in the Novedad process. The take-up has been limited in some business areas and it is important that the benefits of this innovative approach are embedded in the minds of employees to ensure transparency and accountability in the process.

Another challenge the organisation faces is ensuring that initiatives are followed through. Certain initiatives were identified as necessary at one point in time and the initial steps were made to take
the process forward. However, due to competing business demands and priorities these programs were set aside and not taken to fruition.

I think (one barrier has been) time and resources because we are a growing company and our learning and development team, who could deliver this sort of training to staff and doing the skills assessment, they’re probably being quite stretched in terms of what their focus needs to be (HR Manager).

A further challenge is aligning the organisation’s training priorities with those of its staff members, whilst keeping the flexible nature of the training levy.

**Critical success factors/Lessons learned**

acQuire is a values driven company that seeks to recruit employees who sign up to the ethos of ‘Leadership and innovation, brutal honesty, commercial awareness’. As a private company owned by longstanding employees, the company’s values strongly influence recruitment and also the culture of the organisation.

The company’s management team has a strong participative leadership style and drives the organisational culture and values. Much of this is done personally by the founder and Managing Director, who influences the entire team.

I think it does have a good culture and that’s because (of the Managing Director)... he’s why I joined acQuire. He’s very much into cultures and values and things like that (Employee).

It has also been important to have a strong management team that are seen to live up these values by all employees. However, resources must be committed if the initiative is to succeed.

I think if you’re trying to build an egalitarian company where people feel they can contribute then you’re actually fostering value and they actually feel valued because they can contribute and it’s taken on board. It is about walking the talk and everybody operating on the same page with the values (HR Manager).

The leaders of the organisation seek to encourage an environment of being innovative and sharing ideas. acQuire also seeks to be innovative in the strategies used to utilise employee skills through initiatives such as Novedad and the Job Satisfaction Calculator.

The management team’s commitment to fully engaging staff in how the business operates and an emphasis on training and development of staff has been identified as a factor in the success of the organisation.

The stringent recruitment process that emphasises the importance of shared values has also been a factor in contributing to the low turnover rate.
The Chia Co

Background to the case study

The Chia Co is a small employer that specialises in the sustainable farming and development of chia seed and chia products. The company was established to contribute positively to the health and wellbeing of the global community. The company founder and Managing Director discovered chia while researching natural solutions to modern diet related illnesses such as obesity, diabetes and high cholesterol.

Since its foundation as a private company in 2005, The Chia Co became the world’s largest chia producer, growing high quality chia and maximising the nutritional profile for each seed. In 2009, The Chia Co started dealing directly with food companies and launched its own range of retail products.

The Chia Co demonstrates that with the right strategy, small business can be just as effective as big business when it comes to developing and using skills in the workplace.

The expansion of the business required an increase in staff numbers, with 9 staff currently employed at The Chia Co. To support business development and differentiate itself within the market, the company’s strategy has been to hire highly skilled people that could add real value to the growing business. Through an open and inclusive culture driven by the leadership of the Managing Director, The Chia Co gives staff the opportunity to innovate, share ideas and knowledge and contribute to the business strategy.

The Chia Co has strong ethical values in its dealing with farmers, customers and in relation to the environment, and a conscious effort was made to attract staff with similar values. The Chia Co has seen rapid growth in recent years and continued expansion including into international markets. Its ethical approach has also had the benefit of reputational gains for the brand.

Development and objective of the initiative

In 2009 the company refocussed its strategy and started working directly with food companies and retailers to represent the product from the farm to the end consumer of the product through the entire process of the supply chain. This strategy allows the organisation to work with and educate food manufacturers to ensure the brand and the quality of the product is not compromised.

The strategy is very much about connecting producers to consumers as closely as possible. Our vision is to contribute to the health and wellbeing of the globe; make a positive contribution. We want to do that through providing this really healthy ingredient to as many people as possible on a daily basis. It means providing as much understanding of how we produce it and connect so we’re looking at the philosophy of a farmers’ market model where a producer and a consumer will have very close interaction but we want to make it scalable and global. We use all the tools we can so that if someone’s eating a product in the US or Canada that they feel they understand where the product was grown and how it was grown – so two channels to market, an ingredient and a retail product (Managing Director).
The change in business strategy led to more staff being employed and a recognition by directors of the importance of recruiting highly skilled workers.

That’s when we had to refocus the type of people we brought into the business and what their skill set was (Managing Director).

A large proportion of staff have been employed during the last 12 months. The management of The Chia Co made a conscious effort when initially recruiting the team to bring highly skilled people into the organisation with experience in the food industry that could then be applied to help build the business.

It was saying ‘What skills do we need?’ and it wasn’t necessarily agricultural skills, it was more people that had an understanding of innovation, understanding how to commercialise a new ingredient into a food. Our Sales and Marketing Director came from a background in food and packaging innovation... from her we’ve continued to build a team of people that understand the food industry (Managing Director).

Recruitment has also emphasised sharing the ethical values of the business which is central to the way the business operates.

Everyone on the team is here because they believe and share the vision to make a difference to people (Managing Director).

We do talk about our values regularly and we use them to make decisions. If we’re going to make a decision we’ll certainly... say ‘Does that meet the values of our business?’ (Managing Director).

The Chia Co has adopted a range of strategies to draw from the skills and experience of staff, and to share knowledge amongst team members. These include encouraging staff to make suggestions about new ways of doing things including aspects of the business strategy, discretion around how staff perform their jobs, and the opportunity to understand and experience different parts of the business.

**How the initiative works**

As the business has grown, staff have been given the opportunity to advance and use their skills and knowledge. The Managing Director recognises the skills that staff bring to the organisation and trusts them to represent the product to potential customers and engage with existing customers. They also make suggestions about which markets to engage in and which potential customers to approach.

Someone who’s actually living and breathing and understands what we’re about... the customers understand that and then they actually understand what we’re about as a business (Managing Director).

Through meetings and the participative communication culture of the organisations, staff are able to contribute to the strategic direction of the company and this helps to foster innovative practices.
We had a review meeting only a couple of weeks ago and [our Customer Service Manager] basically... came back to me with a recommendation – ‘These are the roles I think we now need in the business to support me and to support the growth of the teams’ (Managing Director).

A recent example of staff members influencing strategy was when the business was planning expansion into Asia. A staff member with experience and knowledge of the Asian market and cultures was able to provide insights and advice into what was required to enhance opportunities in this market. His role now includes international business development and he is able to use his skills for the benefit of the company.

The management style supports an innovative, ethical approach to doing business, as well as fostering participation by staff. Everyone in the team shares information and discuss aspects of their job. Communication is very open and opinions are sought from everyone in the office. This is facilitated by the open plan office layout, even the Managing Director sits at an open desk. This culture allows ideas and a perspective from people with different skill sets to be considered.

There is no culture of secrets or hidden information; whatever you say is heard by everyone so there’s already a culture out there that it is open and accepting. In addition to that it’s very common for the two most senior leaders in the organisation – John and April – to turn around and ask for opinions straight away on issues that they are having or challenges. They are very open and accepting to your input; in terms of being able to be part of the decisions in your role here and in the work that you do, yes, there is a lot of capacity for you to have influence and to have your say (Employee).

More formally, staff are given the opportunity to contribute to discussions about issues and problems at ‘interactive’ weekly meetings where everyone shares information about what they are doing. The meetings are chaired by a different staff member each week that leads the meeting in their own way and gives the team an idea of what they have been doing recently. Staff are encouraged and feel free to share their ideas and give input regarding all issues.

It’s a very open culture; one where ideas and viewpoints are shared openly (Employee).

This has led to various employee ideas being taken up and utilised to substantially improve productivity, saving the company money and actually creating their highest value product.

Information is openly shared in the organisation both in terms of the financial progress of the company and performance management. This freedom of information allows all staff to be involved and participate in all aspects of the company.

In terms of the financials, we have a dashboard; whenever we log onto the system we all know what the sales are – we’re very open because we celebrate those milestones. We have that. Operationally, it’s all communicated at the weekly meetings and shared there. Financial stuff like – very quickly, we see it daily; we know what the company is making... A couple of times we’ve picked something that was wrong with the dashboard so it acts as a... they’re not just numbers to us; we’re actually intimately involved with them – all of us (Chief Financial Officer).
Staff have discretion around how they perform their job and there is also flexibility regarding working hours.

There’s been a reasonable amount of discretion. That’s not only in how they go about the day-to-day but also when they start their day or finish the day, how they work their hours; we try to make it as accommodating as possible to their lifestyle (Managing Director).

Each staff member has been given the opportunity to review their job description and make recommendations to management regarding what their role is and what other roles are needed in the business to support the growth of the company.

There is a lot of opportunity to participate in creating processes and creating structure around [the] job roles (Employee).

Even though the organisation is small, the recent growth has meant that new roles are being created and those with the desire and capability are able to be promoted into those roles. Staff are willing to take on new roles and re-create their job descriptions according to on-going organisational necessities.

Obviously the job description had been provided before they’d been employed... but we’ve been very open to flexibility and adaption to their role. That’s partly been the nature of a small, growing, young team – that the role changes on a daily basis in different fields... so there’s an element of flexibility but at the same time there are quite defined roles that people are working to. Also at that six monthly review they’ll have plenty of opportunity to feedback on what needs to change in the role (Managing Director).

Training needs are identified at a management level in terms of what skills individual employees’ possess and require. This also takes place at performance review discussions where staff members are encouraged to state areas that they feel they require training in.

That was really just a case of going through job by job of the job description and saying ‘The individuals that are in those roles what’s their background?, what have they got?, what are the gaps?, and what’s the next step with them?’. A lot of that’s been one-on-one with them just in their job reviews saying ‘What do we need to do from a training point of view in the next period’... A staff member is able to provide their feedback and say ‘Well this is where I need more training or more support because I think it’s becoming a bigger part of my job’...We’ll certainly be looking to provide that opportunity (Managing Director).

Training is a combination of internal and external delivery. The internal training is mostly competency based and uses the skills and knowledge of existing staff. An example of this is a staff member with experience and knowledge of cloud computing providing training to the rest of the team in this way of working. External training is typically focussed on something very specific or technical. After staff attend external training they present what they have learnt to the team ensuring that the knowledge is shared with everyone.

Skills and knowledge development is integrated to enhance the staff’s understanding of the business. All staff are given the opportunity to be involved in other aspects of the business such as ‘in-store’ demonstrations and visiting the farms to see firsthand how the product is grown. This
allows everyone to have a thorough understanding of what other people in the team are doing and how the business operates. New staff are given an induction when they commence employment which involves providing detailed information about the business and the product.

Leadership within the organisation is encouraged by adopting an approach that everyone has the potential to lead. This includes recognising that there is a wide range of leadership styles and that you can ‘lead from the back’.

My philosophy is everyone has that potential to lead inside them; everyone can be a leader in different ways. It’s a case of creating an environment to allow them to do that (Managing Director).

All staff are involved in the recruitment process of new staff and can provide feedback on the suitability of applicants. Potential applicants for new positions make a presentation to the staff which is then discussed within the group to discuss whether the candidate aligns with the company’s values.

The last part of the interview process provided a case study that the applicants had to review and come and present and they presented it to the whole team and then the whole team got the opportunity to score all the applicants that we interviewed that day and have their full feedback in the type of people that they wanted to join the team (Managing Director).

Outcomes of the initiative

The Chia Co’s strategies to engage staff in all aspects of the business and to produce a quality product have had a number of positive outcomes. The organisation experienced a significant increase in sales and profitability during their first four years of operation.

The Managing Director attributes this outcome to the strategy of working directly with food companies and building The Chia Co’s brand. The company has also recently expanded into the international market and established an office in the United States.

The company has also benefited from reputational gains for their innovation and ethical approach to business. The Chia Co have won a number of national awards for innovation, including, the NAB agribusiness award for innovation in a new and emerging industry and the Westpac food industry association award for innovation with a new product.

There is genuine buy-in from staff, who are highly motivated. This motivation stems not solely from financial rewards but from a passion for the job. This sense of job satisfaction has been crucial to the company’s success.

In my case I earn a third of what I can earn on the open market but I love being here... it’s not just the money and really it’s how a lot of other people feel – the people that work here feel that way. We just love coming to work (Employee).
Barriers/challenges

Keeping up with demand and ‘being able to grow enough chia around the world to be able to meet the size of the markets’ is likely to be a challenge in the future. The company’s expected growth in both domestic and foreign markets will necessitate additional staff being employed. The company may require more formalised structures than are currently in place. This may have an impact on the culture of the organisation and the close-knit nature of the team.

The company may possibly struggle to retain this flat organisational structure built on personal relationships if it hires more staff in a geographically broad area. Growth will also entail employees owning more clearly defined job roles and, as a result, have less of an overview of all aspects of the business.

A further challenge The Chia Co may face is how to maintain its current culture of innovation. Much of this culture stems from the fact that employees can become involved in, and have knowledge of, a wide range of tasks and the broader strategic direction of the company. As the company grows and hires additional staff across a number of offices this may inhibit innovation and the closeness of the team.

Critical success factors/lesson learned

This case study demonstrates the beneficial potential of how workforce development can enable organisational development, which in turn enables business development. Recruiting skilled staff who were then given the opportunity to make a real contribution to the strategic direction of the business, has had a beneficial impact on the performance of The Chia Co. A culture of encouraging new ideas, allowing risk-taking and allowing people to make mistakes were identified as essential to innovation and effectively utilising staff member’s skills.

The leadership style of the Managing Director is also instrumental in fostering the innovative culture seen throughout the organisation.

The leadership style within this organisation – there is a very flat structure... there’s already a culture out there that it is open and accepting (Employee).

Working in a small highly skilled team during the start up phase was a contributing factor to the success of the operation. This small grouping gave staff the opportunity to share knowledge, change their job descriptions as circumstances dictated, and learn all aspects of the business. The management also inculcated a sense of team work and of valuing the team’s performance over an individual ‘star’ staff member’s efforts. This has also been identified as a contributing factor in the team’s success.

Having a diverse workforce with varied employment backgrounds has helped the company in gaining original perspectives. The organisation has made an effort to employ people with different work histories. Importantly those recruited into the organisation have shared the strong ethical values held by the leadership which has played a role in attaining a high level of employee engagement in the business.
I think there’s a lot of value in employing people outside of that industry because they look at things with a fresh set of eyes and they certainly challenge what can be considered as the norm and the status quo in industry (Managing Director).

Whilst there is a focus on diversity there is also an emphasis on shared values, and ensuring that all new staff hold and adhere to these values is an important factor in the team’s success. The Managing Director’s hands-on approach to recruitment and vetting potential employees based on their alignment to the organisation’s values has been crucial in ensuring staff ‘fit’ the company. When John (the Managing Director) looks at bringing people on board he tries to look for their own personal value set to see that there is actually a match. (Chief Financial Officer).

Giving staff access to flexible working arrangements and recognising people’s differing working styles has allowed people a great deal of freedom and it was felt that productivity has been enhanced by these arrangements.
CSL Australia

Background to the case study

CSL Australia Ltd is a leading provider of coastal bulk shipping transport for major building and construction material suppliers in the Australian market. CSL Australia is owned by Canadian Shipping Lines (CSL), which is a privately owned shipping company operating out of Canada.

CSL entered the Australian market in 1999, taking over what was left of the Australian National Line (ANL) bulk fleet. Since that time the business has grown significantly, from having two ships in the fleet to now having around twelve ships operating on the Australian coast at any one time. A growing part of the business is in operating transhipping platforms, which enable ships to collect cargo from smaller ports where the harbour infrastructure is insufficient for large ships.

CSL Australia ship approximately 10 million tonnes of product around the coast as well as undertake around 6 million tonnes of transshipping. CSL Australia own and manage the ships, with a staff of 19 in the Sydney head office. Officers and crew on the ships are employed by another organisation, Inco Ships Pty Ltd. While CSL Australia set out their requirements for staffing ships and pay for training, Inco are contracted to manage recruitment, rostering, training and development, payroll and industrial relations. Day-to-day management occurs onboard ships, with the Captain having ultimate onboard responsibility for the officers and crew.

At CSL Australia in recent years there has been a rapid expansion of staffing numbers as the business has grown. With most of the staff highly experienced in the shipping industry, there has been significant opportunity to draw from their expertise in shaping the strategic direction of the company and implementing customer focused solutions. This has been fostered through the open, inclusive approach of senior management. Through its innovative approach, the business has grown significantly since 1999 and continues to expand into new areas.

In context of a growing business following years of decline in the industry, there has been some difficulty in attracting and retaining staff onboard ships. To address these challenges, a number of initiatives have been introduced. In an industry traditionally characterised by short term employment arrangements, more stable employment has been provided, while also seeking to rotate staff between ships to suit individual needs. Training and career development opportunities are also made available, coupled with mentoring. The industry is highly regulated in terms of the training required, particularly from a safety perspective, which is another key driver of a training culture. An outcome of these strategies has been better retention of workers on CSL Australia ships.

Development and objective of the initiative

Growth in CSL Australia has been facilitated by the cabotage arrangements in Australia which restricts domestic shipping to Australian licensed fleets. In addition, the company uses relatively unique ships that have self-unloader capabilities.

It’s really about product differentiation and about our Australian flag business which the government cabotage rules support (Chief Operating Officer).
CSL Australia head office tends to recruit experienced people from the shipping industry who are encouraged to be innovative and share their ideas. This has enabled the company to innovate in ways that have resulted in an expansion of the business.

There’s a lot of risk management but the fact that we’ve come up with the idea of a floating off-shore platform – they’re quite unique – there are not many solutions like that around the world. We have the opportunity to encourage people to think outside the square how we’re going to do something and how do we solve a customer’s problem (Chief Operating Officer).

The changing requirements of customers are also a driver for skills development and use.

Our customers get more sophisticated in terms of... their contract management processes, their safety and environment requirements so that forces us to comply; contracts become more and more demanding in terms of things other than what you’d call ‘shipping’ so if we’re going to stay in the market we’ve got to continue to improve our capability of our people (Chief Operating Officer).

Growth of the business has had staffing implications in terms of ensuring sufficient officers and crew on the ships. ‘Until CSL came in, the Australian fleet almost disappeared to nothing. As a result there are not a lot of experienced maritime employees in Australia’ (Chief Operating Officer).

The issue in Australia is that there aren’t enough of them... We’re constantly looking abroad for experienced mariners so many of our ships are crewed with Ukrainian crews, Philippines and India and all sorts of places where there are still lots of experienced mariners I guess. We do train and we have cadets on board many of our ships and we continue to try and develop those (Chief Operating Officer).

Retention is also an issue, given the higher wages available in mining and the offshore and gas industry. The oil and gas industry is a direct competitor for labour.

The gas pipelines require mariners to operate their platforms. We train up the seaman and they leave to go to working in the off-shore industry earning a lot more money. It’s a constant struggle for us – to retain people we train (Chief Operating Officer).

There are also external triggers that ensure that the workforce receive training. The Australia Maritime Safety Authority (AMSA) has minimum training requirements for workers on ships. CSL Australia requires training beyond the regulatory standards set out by AMSA, as ‘Safety is a big focus’ (Chief Operating Officer).

We have very expensive assets out there that... we want to look after and keep them operating as well as they can and continue to meet our customers’ requirements... so there’s a genuine commitment to training and development (Chief Operating Officer).

The Maritime Union of Australia also plays a role in supporting skills development, including around upskilling Able Seaman (AB) into the higher level Integrated Rating (IR) position.

Yes I’ve seen three ABs already got the IR Certificate through the company but the union... pushed the company to do it, for them to get their tickets (Employee).
Training skills development I think is one area where unions and management are probably more aligned than in other areas. (Chief Operating Officer).

There are also initiatives in CSL Australia and on board the ships that encourage career progression, for example the company encourages and supports people to upskill. This is often supported on board ships through mentoring opportunities.

**How the initiative works**

**CSL Australia head office**

The staff employed at CSL Australia with a history of employment in the shipping industry bring a wealth of experience and the company values these contributions in developing business strategy.

All of our commercial people – our chartering people and technical people – are all people with a history in the maritime industry either having been at sea or been in the commercial side of shipping for a number of years. (Chief Operating Officer).

This experience and expertise means that that the company has been able to benefit from a range of perspectives that has fostered innovative approaches to doing business.

I guess innovative thinking around customer problems... That’s all part of the mix of skills we have... – having former seafarers. One of the things we do have in this office is a good mix of personality types and so on... the hawks and the hens and the doves sort of thing. (Chief Operating Officer).

Experienced CSL Australia staff participate in planning the strategic direction of the organisation. There is an expectation that they will participate in this way and share their views.

We’ve just had a strategy session where there were ten of the 19 people in the business here were involved directly in... identifying our strengths and weaknesses and opportunities and threats and major issues and then the key strategic options that we might want to take up... It’s an inclusive sort of place; people aren’t allowed to just sit in their box and keep their head down – we encourage everybody to be involved (Chief Operating Officer).

This strategic contribution is supported by through the sharing of detailed information about the performance of the company.

They see all of the monthly financial performers – the balance sheet, the trade profits – when we get visited from Montreal or Boston... He’ll talk about how we’re financing ships and how much money we’ve got in the bank and what we intend to do with it and where it came from and so on. It’s refreshingly open in terms of our staff; there’s really nothing that they’re not able to see or hear (Chief Operating Officer).

CSL Australia staff participate in decision making on operational matters, for example through the weekly Production Operations meeting. At these meetings the majority of staff discuss ‘what’s going on... Everybody has input into what we’re doing and how we’re doing it’ (Chief Operating Officer).

Training and development occurs in a relatively unstructured way, given the rapid expansion of the business from a very small operation with two staff, to the current structure.
A lot of the typical corporate processes around training and development – HR kind of things – just haven’t existed. That’s going to change but right now it’s really an ad hoc, as required kind of exercise. We spend money on it and we deal through courses and conferences and things like that but there’s no plan (Chief Operating Officer).

At present, training and development decisions are based on informal development discussions.

It depends on who they are but it’s really based on one-on-one conversations with people around their development and trying to identify what are their development needs (Chief Operating Officer).

At the corporate level, many of the CSL senior executives have been in their role for some time and as a result a number of people are retiring within a similar timeframe. A corporate strategy to ensure the transition is managed effectively is to put in place a long handover period. In CSL Australia, the Chief Operating Officer was recruited early and will then take over the role of Managing Director.

[There’s a] program going where the incumbent new person who’s nominated and in effect comes into the role somewhere between six and 12 months prior to the person they’re replacing actually leaving. To ensure there is a good handover (Chief Operating Officer).

External mentoring has also been made available to female staff members through an Institute of Logistics program.

... to try to give them some exposure outside of this office to formalise the mentoring program... it’s quite a formal process they work through... access to mentors external from here – both male and female – typically female and typically successful women in transport and logistics (Chief Operating Officer).

**CSL and Inco – managing ships**

Job redesign has occurred on board CSL Australia ships, with the role of ‘Able Seaman’ being upskilled to take on a wider range of tasks.

The roles of Integrated Ratings – they used to be called ‘Able Seaman’ – have changed where they don’t just operate the ships; they’re required to do a certain amount of maintenance or cargo handling or cleaning and other things (Chief operating Officer).

CSL Australia adopted an initiative to boost the number of IRs while also developing maintenance capability. This involved recruiting out of work tradespeople and training them in the industry.

It was taking a pool of tradespeople that were out there and finding it hard to find work... and retraining them into the industry so that you had that onboard maintenance skill which you would previously have got shore contractors in to do. It was up-skilling the IR qualification – if you had trade skills and you could do more on the vessel (HR Manager, Inco).

This was supported by an incentive payment in the agreement to recognise the additional skill levels.
We paid them a lot more because they would have trade qualifications already and once they got their IR qualification they got an incentive of $10,000 on top of that just for having that trade qualification that you could call on here onboard (HR Manager, Inco).

While this approach was initially considered to be successful, given the overlap in the skill set in the offshore oil and gas industry, the company found that they were losing staff and also the training investment made.

A lot of those guys started chasing the off-shore rates of pay as well so it was quite a knock with the training dollars that we’d invested, giving that we were paying them quite high wages in the first place and not getting two years return on investment out of them once they’d been qualified (HR Manager, Inco).

This has resulted in a change of approach where there is a greater emphasis on hiring school leavers.

We’ve gone a bit back the other way taking the school leavers that don’t have the same trade skills and you pay them less but it’s not as much of a hurt in the hip pocket if they do take off to off-shore (HR Manager, Inco).

Training of people new to the industry is supported by an industry training body called METL (Maritime Employees Training Limited), which is a joint union-employer initiative.

[This is] employing the cadets directly... to encourage Australians into the maritime industry. We work with them, we support them. I’m actually looking at the possibility of dedicating one of our ships as an industry training vessel whereby obviously there’ll be some experienced crew on board but it will become the vessel that all the young cadets and new IR’s who are looking to get into the shipping industry will train on (Chief Operating Officer).

CSL Australia support a training culture on board ships through setting out their expectations to Inco that training should go beyond the minimum requirements, and by providing a training budget. There is also a strategy of retaining staff over a long period of time.

We’re trying to build a bit more stability so you’ve got the same consistency in your work practices and not having to retrain people all the time (HR Manager, Inco).

At a minimum level, training arrangements on board ships are regulated by the framework set out by AMSA. The crew ‘have a 12 week course and then nine months of sea time that they have to have before they get a qualification to enable them to sail in that position’ (HR Manager, Inco). Most people looking for employment already have the minimum level required, ‘Most of them come in with that piece of paper to start with’ (HR Manager, Inco).

There’s a lot of training on ships and the type of training that’s being done aside from the mandatory training requirements for working on ships is really dependant on our safety performance so we look at our statistics and where are people getting hurt, what’s not working and then focus some specific training (Chief Operating Officer).

The minimum training requirements are standardised across the industry, with a number of TAFEs providing the qualifications.
AMSA are involved in what the qualifications are and the different TAFEs – Newcastle TAFE, Australian Maritime College down in Tasmania and Challenger TAFE – all run sea-faring qualifications. They develop a training package that they propose to AMSA and that gets the tick of approval that AMSA will accept that. Job descriptions evolve from that; they’re fairly standard in the whole industry (HR Manager, Inco).

The AMSA regulations also require a training register to be in place. As noted by the Chief Operating Officer, ‘... there are training registers and so on for the ships – again that’s part of the regulatory requirements’. This information is stored electronically which means that the company can produced a report on qualifications. This is also a way of identifying a collective training need.

We have software that has everyone’s certificates... so we can print out a report on how many people are qualified in this particular area and look at our numbers based on the per-ship basis or a fleet-wide basis and work out that we need to target that particular ship more or get more guys into Sydney to do a training course (HR Manager, Inco).

Ongoing training and upskilling opportunities are also made available to employees.

On all of the ships there’s training to promote people so an engineer might start out as a fitter... We support that and we pay for that (Chief Operating Officer).

I came to Australia, work for Inco with just an AB Certificate but Inco put me through the course; now I’ve got an Integrated Rating Certificate and now I’m a Chief IR... I’ve already asked to do an Officer’s course as well... We’re just waiting for the right time (Employee).

This is underpinned by annual performance reviews which assist in identifying training needs. ‘We’ve got annual performance reviews so that can bring about training needs through that sort of process’ (HR Manager, Inco).

Informal mentoring also occurs on the ships at more senior and junior levels.

Every afternoon I’ve had a deal with the Captain – he wouldn’t mind me going up on the sea chart and do some work on the sea chart. He said ‘If you want to learn it go ahead and do it’ and they teach me new things... They always encourage even the IRs; there’s no problem. They can come up and learn on the bridge (Employee).

Under the enterprise agreement, training is incentivised through additional payments for new skills.

The other thing with IRs – if they go off and want to do their Deck Officer or their Engineering training but then complete their sea time as an IR so they’re still getting that IR rate of pay and still filling that IR berth for us but they have that college information then they get an incentive payment as well. It’s a bit of a pay table that says ‘IR standard plus Deck watch keeping qualification or college plus $10K or $5K or whatever plus trade skill’ (HR Manager, Inco).

Outcomes of the initiative

At CSL Australia Head office, the primary outcomes from using the skills of the workforce are viewed as the innovations that arise, which in turn support company performance.
If we’re not innovative or productive then obviously we don’t do very well financially. There’s a very direct relationship between what our people do, particularly in this office – what they do and how they work and our... performance (Chief Operating Officer).

However these outcomes aren’t specifically measured within the company, although the continued expansion of the business, and a growth in profitability does give a strong indication of success.

There’s just no process or system in this office or this place for measuring that kind of thing. At the end of the day what we know is that whatever we’re doing or we’ve done has worked because in ten years we’ve grown from a two-ship business to the biggest shipping company in Australia. That growth is reflected in our profitability (Chief Operating Officer).

This encouragement for staff to engage in the direction of the business is also identified as supporting retention in CSL head office.

People understand what they do, how it impacts on the business... They know how the business will benefit if we do this. I think all of those things combined actually help to keep a fairly high level of staff retention. That can easily get off the rails but that’s about management and leadership. Chris’s management style is quite inclusive; he does involve everybody (Chief Operating Officer).

On the ships, retention is a key objective. The company recognises that supporting people to undertake further study, share ideas and to be flexible in rostering play a part in retaining the workforce.

People tend to stay if they’re getting back something that they’re suggesting. If they’re putting their hand up to move to a different vessel they don’t tend to leave after you move them to that vessel; you get another two years out of them if that’s what they’re looking to do with more experience and you get promotions out of that. Of course that’s retention so that’s probably the biggest to the business (HR Manager, Inco).

Satisfaction of workers with their employment was also identified as important.

There is a view amongst the ships that we do care, we can fix things; if there’s a problem we never use cost as an excuse not to fix something that’s unsafe (Chief Operating Officer).

This was supported by an employee who indicated, ‘Yes. I’m really satisfied with my job. I really enjoy it now’ (Employee).

Barriers/challenges

For CSL head office, having undergone a rapid expansion to now having 19 staff, there are a number of challenges around the structure of systems and processes. Management have recognised the value that experienced staff bring to business development. However to date, training and skills utilisation initiatives have been on an ad hoc rather than a strategic basis. There are further structural challenges ahead if the company continues to expand.
As we get bigger we’re starting to find there are a whole lot of issues around role clarity and organisational capability and so on that I won’t say we’re deficient in but we need to do a lot better at (Chief Operating Officer).

However, if greater role clarity is developed, and more processes put in place, there is a risk that this may stifle the innovative culture that has been so important in the expansion of the business.

The nature of the shipping industry also brings a range of challenges on board the ships. As noted during the interviews, ‘Ships are interesting compared to other workplaces because not only is it their workplace but it’s their home and they all live together and they can’t get off and they can’t get away from each other’ (Chief Operating Officer).

The shipping industry has a distinctive industrial relations history. From CSL Australia’s perspective, the arrangements in enterprise agreements can limit skills utilisation due to demarcation issues.

If anything I think because of the demarcations that exist in a unionised environment, actually limit the use of employee skills ... we know that people are capable of doing things out there and they’re not allowed to (Chief Operating Officer).

Other challenges include limitations to supporting training that occur through operational requirements. Given the regulatory requirements in the shipping industry, training funds in the first instance are often directed towards safety training. This limits the availability of funds for other forms of training.

It might be nice to say that you need to have more time to do this particular job on the ship but it still needs to load and unload the cargo within a certain timeframe. You might not always get that extra time for one of the ‘nice-to-haves’ versus the operational (HR Manager, Inco).

Critical success factors/Lessons learned

CSL Australia has experience significant growth since entering the market in 1999. This success can be attributed to the innovative approach adopted by the company, as well as the regulatory arrangements in place in Australia.

This success has been supported through the approach of the senior leadership, which has been inclusive and enabled staff experience to be captured in the development of the company.

While CSL Australia owns the ships and Inco provide the labour, CSL set out requirements of Inco that include specifications around the workforce. CSL expect training to be supported, and have funded training that goes well beyond the minimum requirements, towards supporting the career development of officers and crew.

Pay rates in the enterprise agreement are linked to the skill levels of the workforce, which provides a financial incentive for workers to gain new qualifications. Further, training is supported by CSL Australia, and where training is completed, opportunities are sought to place people in roles commensurate with their training. Training is also an area where there is a greater shared interest between the company and union.
Dexion

Background to the case study

Dexion is a provider of commercial workspaces, integrated systems and industrial storage solutions. Currently operations span the Asia-Pacific region and the Middle East. New manufacturing and distribution facilities have recently opened in Malaysia and China.

The company has approximately 800 employees throughout Australia, New Zealand, China and Malaysia and has sales of around $350M per year. It has changed ownership a number of times in the last 10 years and is now part of the GUD Group. GUD Holdings Limited is an active manager of a number of leading consumer and industrial products companies in Australia and New Zealand.

Dexion has three main divisions: industrial, commercial, and international. The industrial division specialises in industrial storage equipment, while the commercial division focuses on commercial storage equipment and workspace fitouts. The industrial division, which is the main focus of the research, is based in Kings Park, NSW and produces equipment such as pallet racking, shelving, small parts storage systems, raised storage areas and other specialist equipment. Production within the industrial division is comprised of forming, welding and painting.

Local and international competition has created pressures on the business to remain competitive, which has led to the adoption of a continuous improvement approach. A change in management in 2009 saw a new leadership team with a new approach to people management. The culture of the organisation has become more open and participative, demonstrated through initiatives to develop and harness the skills of the workforce. Management encourage employee participation in operational processes. Employees are more involved in decisions about how their job is performed. There has been a demonstrable impact on productivity as well as increased innovation and improvements in safety.

Development and objective of the initiative

Dexion have introduced a continuous improvement approach to production in the industrial division. This has been the result of a change in management, and in response to competitive pressures, exacerbated by the Global Financial Crisis. There is now a culture of open communication, with a more participative culture established and encouragement of staff to make suggestions about improving processes. The personal leadership style and philosophy of senior management has been an important lever in this approach. It has been supported through both formal and informal approaches to two-way information sharing.

We have standards to operate within and [staff] have discretion to challenge the standards at any time, to be able to redesign them, to make sure that the work is performed in a safe and efficient manner and we’re looking for continuous improvement initiatives to deliver productivity, quality and safety improvements on an ongoing basis (Operations Manager).

Dexion supports job rotation and multi-skilling, with the potential for workers to move between different areas either to meet operational requirements or for staff to learn new skills. Given the need to manage costs, new job opportunities are firstly filled from within Dexion.
In 2009 Dexion formed a partnership with Western Sydney Institute of TAFE to deliver Certificate III in Competitive Manufacturing tailored to the needs of the business. Training occurred on-site, with training aligned to the shift patterns. Participants were placed in cross-functional teams which undertook projects to identify improvement initiatives in all units of the industrial component of the business. The training was introduced at the initiative of the Operations Manager, Industrial and the Human Resources Manager and was also supported by the senior leadership team. The training was government funded. All staff were offered the opportunity to participate in training, with training for team leaders available at Certificate IV.

**How the initiative works**

The introduction of a continuous improvement approach has involved the introduction of a number of new strategies to improve employee engagement. This has included encouraging employee participation in decisions about their work, multi-skilling, job rotation, skills planning, training opportunities and mentoring. This has been underpinned by increased information sharing.

Involving employees in decisions on the design of work and how they perform their job has meant that meant that they are encouraged to take ownership of their role. A recent example of this was with the introduction of the new integrated machine, Robot 4. This new machine combines welding and forming operations. Members of the welding team were involved in the design of the process from pre-delivery through to final integration. Staff came up with ideas to streamline the process and improve safety and these were assessed and taken on board if appropriate. The implementation of this is has been introduced slowly so that everyone involved is aware of the changes and learns the new skills required.

The [staff] wanted to take ownership of it and wanted to be part of whatever decisions they were going to make on that because in the long run it was going to make it easier for them; they’re the ones that are going to have to operate it (Supervisor).

Information sharing and formal opportunities for employee participation at Dexion occur through regular team meetings. These provide an important avenue for providing information and feedback both to and from management. Each area within the factory holds weekly toolbox meetings which discuss upcoming work, operational changes and improvements to processes. It also provides the opportunity to recognise good practice (individual and team).

There is a consultative committee that meets monthly. The committee includes a representative from each work area and is a forum for management to provide information about strategic directions of the company, upcoming and potential contracts and to invite feedback from staff. It is an opportunity for staff to raise concerns about any issues affecting them.

Other formal meeting arrangements are the occupational health and safety committee, team leader meetings and daily meetings between team leaders and staff on the floor. Every month the Operations Manager hosts a BBQ which provides the opportunity to meet in a more informal setting and to recognise achievements.

We all get together at lunch time for a barbeque once a month and [the Operations Manager] will go through what the upcoming workload is, he’ll talk about performances and
efficiencies; how we’re going with that or if there are any new changes coming in. He lets us know what’s happening there (Employee).

This increase in engagement and information sharing has been well received by the employees. As one employed said ‘there’s a commitment by the company to listen to ideas and they are willing to give it a go’ (Employee).

Dexion encourages multi-skilling of its workforce by offering opportunities to work in different units (Paint, welding, roll-forming) of the industrial area of the business. On the job training and training courses are offered to facilitate multi-skilling. Multi-skilling occurs within and among teams. For example welders are able to rotate around the different types of welding: robotic, manual and automatic, and also to work on the paintline and in forming. Staff are also encouraged to train in new areas and are encouraged to take up opportunities available.

We’ve now started to expose people from the welding area into roll forming and... as we identify the next area to be rolled out we’ll look at the next group of operators to be trained up in those areas (Operations Manager).

Multi-skilling and job rotation assists in meeting operational needs (eg. to cover holiday arrangements) and allows opportunities for workers to learn new and apply new skills. Cross functional opportunities also exist between operational and administrative roles. Examples were provided of staff on the shop floor filling temporary positions in the office during periods of leave.

We can back-fill with somebody... who has expressed some interest in doing that... and we can offer career opportunities (Operations Manager).

Job rotation is seen as important way to broaden the skills base of the employees especially as some of the new processes (such as the new integrated machine) involve a variety of tasks.

That was why it was very important for us to make the first one a success so they could see the benefits in terms of the broader job base, the enriched job activities that they were going to be challenged by and derive some satisfaction out of and how that’s been able to be rolled out and how we can learn off that and leverage that into the future’ (Operations Manager).

To determine its skill needs to meet operational requirements in industrial production, Dexion uses a skills matrix. The skills matrix aligns operators (workers) with the tasks required for each business unit. The matrix has a grading system that identifies whether staff are: trainee, competent or expert. The Manufacturing Co-ordinator and Team Leader identify the skills needs of the team and a review of the skills matrix takes place regularly. Planning is undertaken on a monthly basis and considers past needs and future needs depending on the requirements from the supply chain. The dynamics of the workforce (ie. impending retirements, annual leave) are also taken into account.

The Certificate III in Competitive Manufacturing was tailored to the needs of the business through the partnership with TAFE. Delivery was organised to ensure that the skills learned had a direct relationship to the needs of workplace and opportunities to utilise the skills learned. Projects involved identifying new approaches to processes and ways to save money. Upon completion of the
projects, presentations were made to management and other workers to inform them of the outcomes of the project and recognise the successes from the training.

Our EGM has been involved with the projects and he’s been actively reviewing the improvements and the initiatives that the guys have been identifying through the competitive manufacturing program. He’s taken that up to the senior management of the business – the CEO (Operations Manager).

The training has provided staff with the skills and confidence to suggest improvements to how tasks are performed as well as enhancements to safety procedures. For example, suggestions made on the placement of jigs on the paintline were implemented and have resulted in less powder being used, with an approximate cost reduction of $400-$500 per shift. As well as technical skills, the training has also enhanced other skills such as time management, presentation skills, administrative skills, quality analysis and problem solving skills.

That’s kind of encouraged the employees to think about changes, thank about how they can do things smarter and better and then approach the managers and get praise for that. Probably in the past it was very much ‘It’s not my job, the manager tells me what to do and I do it’ but now it’s ‘Oh we can do it better’ (HR Manager).

It’s nice to see people are confident enough to be able to do that and to grow with the business and take advantage of [the training opportunities] (Operations Manager).

Knowledge transfer occurs through a number of mechanisms including mentoring, the ‘buddy system’ and job rotation. As 50 per cent of the workforce has been with Dexion for more than 10 years, the experience of these workers is used to support staff through mentoring and the buddy system.

Half our work force has been here longer than ten years and a quarter have been here longer than 20 years so there’s a lot of acquired skill and knowledge built up in those people (Operations Manager).

Outcomes of the initiative

The introduction of continuous improvement approaches has resulted in a measureable increase in productivity (tonnes of output/labour costs). There have been double digit improvements each year since the introduction of the training. The year to date improvement in performance as at April 2011 was 19.6 per cent. This compared with 13.2 per cent in the previous twelve month period.

Innovative solutions to problems and improvements to processes have been identified by staff. For example, the welding team identified that a new safety fence was needed in one of the welding areas. When this was raised by the team, management agreed that quotes could be obtained. The cost was approximately $20,000. The employees decided that as they had the expertise and equipment, they could undertake the task. They involved expertise from a number of areas of the organisation such as technical drawing, welding and maintenance (electrician) and produced the result at no cost to the company. This effort was recognised at one of the monthly BBQs and those involved received a reward.
These days the guys have taken ownership of their work areas and of their machines... so if it breaks they say ‘we need to fix this’ (Supervisor).

Due to safety improvements identified through the continuous improvement process, injuries have decreased. The have been no lost time injuries (LTIs) for 6 consecutive months. LTIs have declined from 13 in 2009, to 5 in 2010, and are currently zero.

Our injuries have reduced. We’ve had problems in the past in welding but by improving on how we do things it has reduced the injury level on those areas (Supervisor).

Absenteeism and wastage rates are also measured and have improved. Absenteeism has gone from 4.72 per cent in 2009 to 4.13 per cent so far this year. Wastage rates have also improved from 2.8 per cent in 2009 to be 2.3 this year.

More intangible outcomes include improved trust between workers and management, and a change from a ‘them versus us’ approach to a greater recognition of the alignment of company and individual needs. There have also been improvements to motivation and job satisfaction as workers feel that their skills are recognised.

The achievement of skills and qualifications has been supported by management. A large number of staff have recently complete the Certificate III program. Staff are also encouraged to apply for upcoming vacancies in the organisation and new skills allows more opportunities for advancement and job rotation.

The enterprise agreement contains a key performance indicator linked to pay, which means that all staff can benefit from productivity gains if the agreed target is reached.

**Barriers/challenges**

One of the challenges facing Dexion in the future will be how to continue to improve products and processes, particularly once the training course is completed. Sustainability of the approach will be important, including for maintaining the new culture of the workplace.

Another issue is that not all staff chose to participate in the training and some did not complete the course. Others may be reluctant to take up new job opportunities within the organisation.

Another potential barrier is perceived valued of different areas of the workplace, given differential pay rates across teams. Increases in productivity have not been aligned to pay increases in individual job roles but rather a bonus is available through an agreed performance indicator in the enterprise agreement.

**Critical Success factors/Lessons learned**

Supportive management and leadership played an important role in the initiation and success of the changes in Dexion. The personal leadership style and philosophy from senior management has also influenced the commitment of the wider senior team.
Training and support has been made available to team leaders to support this approach. Employees can see their views and skills are respected. It is important that action is taken by management to implement agreed improvements.

Change has been supported by a new workplace culture of openness, transparency, and honesty that has been well received by employees.

   It’s a very open and learning organisation that encourages people to come up with innovative ideas and rewards people for that (Operations Manager).

Sharing of information, including about organisational change and financial information, as well as opportunities for two way feedback have also been important success factors. Improved trust between management and workforce has also been important, with a change from a ‘them versus us’ attitude. Staff are aware of the challenges facing the business and the importance of their contribution in the success of the company.

   [Management] are letting us know what’s happening so we know what they want and what we’re trying to achieve. That way we can work towards it. (Supervisor).
GHD

Background to the case study

GHD is a privately owned engineering, architecture and environmental consulting company. Established in Australia in 1928, GHD has undergone rapid growth from 1,000 employees in the late 1990s to now employ over 6,500 people across five continents. The organisation is a knowledge-based firm which employs technical specialists such as Engineers and Architects throughout its offices around the world. GHD provides infrastructure and project consultancy in its five key market sectors of water, energy and resources, environment, property and buildings, and transportation.

The industry in which GHD operates generally experiences high demand for skills. This, together with the rapid growth that it has experienced in recent years has made recruitment of staff a challenge. To address this, GHD has introduced strategies that encourage staff engagement and participation which they believe lead to improved business processes and commercial opportunities. In 2008, a structured approach to generating and delivering ideas was adopted. This program is known as ‘Innovations’ and in support, GHD developed an internal online portal called the ‘Innovation Zone’. In addition to this, GHD also look to effectively use the skills of its employees by implementing initiatives such as job rotation and strategies to transfer knowledge such as mentoring. They also offer flexibility in working conditions as a way to retain experienced staff who can share their expertise.

These initiatives have been enabled by a leadership team that sees benefits in staff participation and engagement and is committed to making GHD ‘a good place to work’. The tangible outcomes of the initiatives have been improved retention rates and innovative practices that bring commercial benefits to the organisation.

Development and objective of the initiative

GHD has grown by 600 per cent since the 1990s and has had to employ and retain highly skilled staff in an environment of skills shortages to meet this rapid growth. This has proven to be a challenge and is a key trigger for the introduction of range of initiatives to attract and retain employees, which the leadership team has recognised as important.

If you can attract and retain good people, then you’ve got tremendous competitive advantage. There’s a long term deficit of skilled people in the sort of business we’re in. So, that’s really triggered things like well what have we got to do to make sure that people want to work for us rather than someone else? (General Manager & Director, Australia and New Zealand).

To differentiate themselves in the marketplace, GHD implement a number of strategies that develop and encourage more effective skill use in their employees. Management believe that by engaging with their staff, who are highly skilled, and encouraging creativity the organisation will benefit.

As leaders of our organisation, we are trying to build a more flexible company and the innovation program provides another platform at GHD... to allow people of varying degrees of engagement to have an interesting, fulfilling, professional career, and be recognised for their contributions (Group Manager, Innovation).
GHD explains that their business strategy is centred on the three core elements of ‘Clients, People, Performance’. The majority of work at GHD is project related and therefore focussed on delivery of client outcomes. The project based nature of the work means that teams are forming and reforming according to the needs of projects and clients, which provides an ideal environment for sharing expertise.

GHD provides a number of opportunities for employees to participate in improving business processes through sharing ideas that lead to better client outcomes, greater staff engagement and improved market opportunities. For example, through the Innovation Zone, GHD encourages people working across all areas of the business to identify challenges and opportunities, enabling all to contribute by responding with ideas and new ways of doing things.

Another strategy that GHD uses to improve its retention of staff involves offering flexible work arrangements to make it attractive for staff to remain with the organisation. This is particularly important for those employees close to the end of their career as it allows them to make lifestyle decisions that benefit both them and the organisation. It also enables the expertise of experienced workers to be shared within the organisation.

GHD believes that, in a knowledge based industry, the skills and expertise of their employees are at the core of their competitiveness. Therefore strategies such as mentoring and job rotation, that allow this knowledge to be shared will differentiate them in the market and contribute to the organisation’s future growth and success.

**How the initiative works**

GHD have a range of strategies in place to attract and retain staff and make the best use of their skills and experience. These include engaging staff by encouraging the sharing of ideas and fostering innovation through the Innovation Zone, as well as flexibility in working arrangements, mentoring and an employee share ownership plan.

  We put a lot of effort into making GHD a great place to work (Group Manager, Innovation).

Due to the wide geographical spread and large number of different service groups, the Innovation Zone is designed to encourage ideas and collaborations across the specialisations and throughout the various countries that GHD operates within.

  The Innovation program has a real focus on changing the culture and taking some risks and being a bit more creative in what we do (Employee).

The Innovation Zone is an online portal that is accessible by all staff. This system allows ideas for either internal process improvement or commercialisation opportunities to be submitted, collaborated and voted on before being evaluated by an independent committee who determines which ideas progress to implementation based on the value to the company.

The collaboration process is an important aspect of the program as it allows others within the company to discuss and build on the idea. This can occur on an individual basis or through brainstorming sessions at service group meetings. The transparency of the program ensures that
ideas are suggested and collaborated on in an open forum. The decision on whether to proceed with the idea is made by a select group of staff and feedback is provided to the originator of the idea.

We have a group of people, drawn from various parts of the business, who form the Innovation Advisory Group and they decide which ideas go down the pipeline for investment and implementation. And the reason that is, is we’re trying to take conventional management lines out of direct decision making... We’re saying it doesn’t matter who you are, put your idea out there, your line manager can’t stop it but your line manager can comment on it if they want. So this is trying to in some ways protect people but also let everyone have a voice and not just the so called senior people, or the so-called experts or specialists (Group Manager, Innovation).

The program is aligned with GHD’s core objectives of Clients, People and Performance:

- Clients – providing better services
- People – recognising our staff and creating a culture of encouraging and valuing new ideas
- Performance – increasing business efficiency (internal) and building and expanding the services that GHD deliver through commercialisation opportunities (external).

The organisation’s values of Teamwork, Respect and Integrity also underpin and are integral to the process. Teamwork is the foundation for the Innovation Zone as it involves collaboration with other employees, which facilitates enhancement to ideas. The Innovation Zone seeks to embed the company values, for example there is a prompt that asks ‘Have you considered the values of teamwork, respect and integrity?’ prior to submitting a collaboration on an idea.

Innovation Champions have been identified to support and encourage employee participation in the program, and to influence the company culture towards a more creative workplace ‘where people’s ideas are valued and shared and developed’.

To encourage people to be a bit more creative and to take some risks in a controlled way: that’s what I aim to do (Employee/Innovation Champion).

Although encouraged and valued, participation in the Innovation Zone is not compulsory.

We accept being involved in [the Innovation Zone] is not for everyone... so we don’t force it upon people (Group Manager, Innovation).

An addition to the Innovation Zone has recently been introduced whereby a ‘challenge’ or ‘problem’ can also be submitted into the system. It is hoped that this will encourage ideas for solutions to immediate challenges that exist within the organisation or in the global infrastructure industry.

Other opportunities to contribute to improvement processes are available through other feedback mechanisms such as the ‘plan-do-learn’ sessions. These are essentially end of project de-briefs to discuss what went well, what didn’t go well and what changes should happen for next time.

As GHD appreciate the value and experience of their employees, including those who may be nearing the end of their careers, there are a number of initiatives that encourage the transfer of knowledge and skills.
A mentoring program is available in which employees can choose to be a mentor or mentee. This can be instigated through the Professional Review and Development (PRD) process or individuals can action it independently. The organisation supports the mentoring program by allowing time-off to participate as well as covering the cost of lunches etc.

Another way that GHD facilitates the transfer of knowledge is by encouraging employees nearing the end of their careers to participate in the ‘Peer Assist Program’. In this program staff are moved around the business so that they can provide coaching on projects, and advice on problems. These employees are encouraged to remain with the organisation by offering flexibility in the form of reduced working hours, working part time or the option of taking longer annual leave.

We’ll see a lot more flexibility towards the end of people’s career so that we don’t lose those skills. Or at least transfer some of the knowledge (General Manager & Director, Australia and New Zealand).

Job rotation is seen as a way to develop skills and share knowledge and occurs at all levels of the organisation. As the majority of GHD work is on a project basis, job rotation is embedded in the nature of the work.

We’ve probably got, at any one time, 10 to 15 percent of people working outside their current geographic location– we probably wouldn’t call it job rotation, but it is (General Manager, HR).

However, there are also opportunities for formal rotations. Senior staff members are given the opportunity to rotate within different service areas of the organisation as a way of learning new things and share their expertise. Graduates are also rotated through projects and will be involved in managing some of the smaller projects to help develop their leadership skills. Career Development Assignments are also an option available to staff to transfer to a different group or geographical location for a period of six to twelve months.

It can be driven by a development need of a staff member, and that very much depends on the staff member and whether they’re willing to take the initiative to seek out those opportunities. But it’s certainly happened (Employee).

GHD’s approach to formal training is based on a ‘Business School’ model that encompasses technical, management and leadership and personal development. This centralised format allows economies of scale and consistency across the business units of the organisation. This style of training can focus on skills that are required for specific projects and therefore is relevant to the type of work undertaken by employees. Career planning can also determine what type of training is undertaken by employees.

It’s a virtual business school so you know it doesn’t have a very big campus somewhere but it has a whole heap of programs some of which we’ve tailored and developed ourselves, others which we’ve outsourced. All with the objective of developing our people through their career to 1) meet our future needs but also so they meet their own aspirations. If you go back to what I said originally, these people are in enormous demand. If they don’t get the sense they are developing to their full potential at GHD they’ll leave. It’s more than just
getting the skills we need in the future; it’s an integral part of keeping them with us (General Manager & Director, Australia and New Zealand).

A number of other strategies that encourage engagement and commitment of employees include the staff shareholder scheme and opportunities to develop skills unrelated to their job or participate in causes that are important to the individual. An example was provided of an employee who is on the Register of Engineers for Disaster Relief where training leave and financial assistance was approved for participation in a training course for this activity.

That was something that I have an interest in and raised with my manager... It would have been about 10 days worth of training courses in Essentials of Humanitarian Relief and Personal Security and Communications. And GHD supported that training for me, both financially and with some training leave. So it’s pretty out of the box training (Employee).

GHD also have a partnership with Engineers without Borders and this provides opportunities for staff to participate in study tours. GHD is currently supporting an employee on an upcoming tour of the Murray Darling Basin which will explore indigenous relationships with water. This support will include meeting the cost of the tour as well as providing leave to undertake it.

**Outcomes of the initiative**

The strategies that GHD employ have shown a number of positive outcomes. A prime example of this is a current retention rate of 88 per cent (up from 84 per cent), which in an industry that generally has skills shortages is quite significant.

GHD has also seen positive outcomes due to innovative ideas from staff. Since the start of the program, more than 1,700 ideas have been submitted, resulting in over 6,300 collaborations, with over 30 ideas receiving funding for implementation. As a result of the innovations received in the program, ten patents have been secured and several ideas have been successfully commercialised. In addition, the implementation of internal process improvement ideas has saved the company hundreds of thousands of dollars per year. The innovation program was also awarded the 2009 Victorian Engineering Excellence Award for Workplace Innovation by Engineers Australia for its contribution to the personal development of its people.

Although the Client Satisfaction Surveys have only been collected for the two years, GHD is starting to see some good outcomes emerging. GHD consider that client satisfaction is critically linked to the skills of their employees and therefore monitor that closely.

**Challenges/barriers**

The challenges and barriers that GHD may need to address include accommodating the difference in cultures from employees in different countries. An example of this was explained in how different cultures (from overseas offices) interpret values (i.e. not speaking up due to respect for seniority or age). There may also be challenges in creating effective skills utilisation in overseas locations given cultural differences.
When I was overseas... to get my local colleagues to speak up even and challenge that... [It] took them a while to trust that if they did that it was not disrespectful nor were they going to get sacked (Group Manager, Innovation).

Another possible challenge is how to tap into the creativity of employees, which is normally focussed on project outcomes, into broader innovative solutions for issues in other regions or business capability areas. The ability to spread the knowledge and experience of highly skilled employees throughout the organisation is imperative to the sustainable future growth and success of the business.

A further challenge related to the Innovation Zone is that, at present, only 50 per cent of employees are regular users of the online system. Management would like this figure to increase to maximise collaboration, connections and knowledge sharing, however the question is how to increase staff participation whilst maintaining its non-compulsory nature. Moves to make the system mandatory may stifle the innovation, passion and creativity that are at the core of the program.

It will also be important for GHD to be aware of cynicism or passive resistance from employees who are not amenable to new ideas. Related to this was the perception that older or more senior employees may be resistant to considering ideas from younger or less experienced staff thus discouraging them from contributing their ideas.

Critical success factors/Lessons learned

An important success factor is support for staff engagement and skills utilisation from GHD leadership. Senior management identified that it was important to recognise that everybody’s needs are going to be a bit different. There was no ‘cookie cutter’ solution in retaining people and making the most of their skills. Allowing for flexibility in how people work and their differing life choices enables the company to retain people for longer, and allows for a greater transfer of expertise.

Key to the success of the initiative to foster innovation was the openness and transparency of the process. By being accessible to all staff, the innovation zone allows ideas to be collaborated on regardless of role, technical speciality or location. It also allows input from various business units that can assist with the progression of the idea.

Open communication channels were also key to the success of the project.

The feeling is that it’s very hard to beat sitting down and having a conversation and understanding what the firm’s looking for, what the individual’s looking for. nd then two intelligent people sitting down and then working out well what’s the plan to navigate our way best through that suits those two people (General Manager & Director, Australia and New Zealand).

The Innovation Zone, while also being about creativity, is essentially a channel for knowledge sharing by putting forth and discussing ideas. It was also considered that responding to all ideas and suggestions that came through the Innovation Zone was important even if that meant ‘closing them’. This may involve rejecting the idea but it is important to explain why. This openness of communication was identified as a key to maintaining staff satisfaction and retention.
It’s the richness of our discussion, our engagement process, that provides for recognition... that makes them feel happy to remain in our organisation (Group Manager, Innovation).
GM Holden Manufacturing Operations, South Australia

Background to the case study

Holden’s Manufacturing Operations (South Australia) is based at Elizabeth in Adelaide and produces all of Holden’s Australian-built vehicles. Holden has been manufacturing motorcars and parts since the early twentieth century and became a subsidiary of the US-based General Motors (GM) company in 1931. Today, Holden ‘is one of only seven fully-integrated global General Motors operations that designs, builds and sells vehicles for Australia and the world.’ Holden (Manufacturing) produces 42 models from four vehicle body styles for domestic and export customers.

The automotive industry has faced a number of challenges in recent years, including strong international competition, changing customer preferences in motor vehicles, and the Global Financial Crisis (GFC) of 2008-09 which contributed to a decline in consumer demand. In response to these challenges, Holden (Manufacturing) has implemented a range of strategies aimed to improve productivity through supporting innovation. These policies include: encouraging innovation which is recognised by staff rewards and recognition; implementing flexible working arrangements; promoting upskilling among employees; linking skills with career advancement; and ensuring job rotation and diversification in work tasks.

An environment of encouraging open communication and upwards feedback has helped facilitate these changes within the company. Productive working relationships between management and the Australian Manufacturing Workers Union (AMWU) also enable the focus on continuous improvement. There have been a range of positive outcomes from these initiatives, including cost savings and improvements to processes and products; ensuring quality and safety targets are met; greater staff loyalty and commitment to the company; and open and productive working relationships.

Development and objective of the initiative

As Holden competes with both local and overseas car manufacturers, it is constantly looking to improve productivity in order to streamline its operations and remain competitive within the market. For example, changing consumer tastes away from large cars in favour of small, fuel-efficient vehicles has prompted Holden (Manufacturing) to make changes to its production line. The need to maintain quality while also identifying efficiencies within its vehicle manufacturing operations has thus been a primary driver in the adoption by Holden (Manufacturing) of skills utilisation policies for the plant’s 2,500 workers.

The importance of retaining staff and maintaining Holden’s knowledge base of workers (through long-term investment in skills) provides a further impetus. As a manufacturer and subsidiary of the US-owned General Motors, changes in the global economy threatened to negatively impact production and operations at the company.

During the recent GFC, for example, a decline in consumer demand led Holden (Manufacturing) to decrease its vehicle production, and hence, the number of worker shifts. A permanent loss of skilled employees in the short-term would have helped relieve immediate financial pressure on the

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company, but would also have been detrimental to the plant in the medium-to-long term – particularly as production was anticipated to pick up once consumer demand recovered.

Cooperation with the AMWU helped provide Holden (Manufacturing) with the opportunity to implement policies to retain its permanent workers, focus on skills, and encourage an open, safe and positive working environment during this time. During the GFC this was supported through funding partnerships with government. Managers at Holden (Manufacturing) also recognised that effective employees are essential for the business to remain competitive and viable, and in order to secure a sustainable future for the plant.

The skills utilisation strategies adopted within Holden (Manufacturing) cover a wide range of initiatives. These include encouraging innovation by recognising and rewarding shop-floor worker input to improving processes, safety and efficiency, as well as job rotation and flexibility in tasks. Training and upskilling opportunities are provided to staff through on-the-job training, and linking the attainment of skills with career progression at the company as well as formal and informal mentoring opportunities. During the GFC, upskilling opportunities and an income safety net for staff were provided (where plant workers worked one week (at full pay) and then had a week off (at half pay).

**How the initiative works**

The engagement of employees in innovation across all aspects of the company is strongly encouraged in Holden (Manufacturing), which has led to cost savings and improvements to safety processes. The company has a range of initiatives aimed at encouraging continuous improvement, acknowledging contributions and rewarding employees. For management, the use of reward and recognition initiatives is not just about encouraging employee participation but also brings ‘benefit savings to the company and so it’s done on a business case point of view’ (Executive Director of Manufacturing Operations).

To ensure quality and safety within the plant, information on how to perform a task is provided through Standard Operating Sheets (SOS) and Job Element Sheets (JES). Notwithstanding the requirement to abide by the standard operating procedures, staff are strongly encouraged to review and suggest improvements to job processes. Work group meetings are among the ways staff are encouraged to participate in improvement processes. All suggestions are discussed within the work group and any subsequent changes involve consultation with other work groups that may be impacted. Work Groups are required to spend one hour each month discussing innovations and improvements to processes.

There is also a suggestion scheme in place, and Holden (Manufacturing) measures the number of suggestions submitted, with the expectation that at least one suggestion will be made per person per year. Incentives are also provided for all suggestions, large or small. When savings to the company are substantial in terms of cost, efficiency or improvements to safety, the reward to the employee may also be considerable. Conversely, smaller scale improvements are also acknowledged (e.g. a staff member’s suggestion to save paper by printing double-sided was rewarded with a $10 gift voucher).
Staff retention was a priority for Holden (Manufacturing) during the GFC so as to minimise the loss of skilled employees during the economic downturn. This involved switching capacity from a double shift to a single shift and providing training opportunities for staff both inside and outside of the auto industry. As one employee explains, these initiatives meant that ‘we could do outside training on our weeks off and we could learn different skills ... there were so many opportunities where people if they wanted second employment because we were off for the second week that they could go and learn. That was really good actually’ (Employee). In order to retain its workforce and be prepared for when the economy improved, Holden also introduced a single shift where staff worked one week (at full pay) and then had a week off (at half pay).

The importance of skills development is ingrained within the culture of the organisation and training is treated as a continual process, with the advancement of employees linked to the attainment of specific technical qualifications:

One thing we do with all our employees: we continue training whether you’ve been here [for a long time] or you’ve just come in, there will always be some sort of training that you’re continually getting from Holden. Whether you’re the shop floor person putting a part on the floor or you’re the CEO of Holden, we’ll always continue to do training (Shift Manager).

If you don’t maintain your skill levels... you can’t build cars, people get frustrated being stuck on the same jobs, you start getting into absenteeism and Work Cover spirals, it all goes down (Supervisor).

In addition to the formal qualifications offered to staff through on-the-job training (including a Certificate II in Manufacturing), a simulated work environment (SWE) provides hands-on experience of the tasks that may be undertaken on the shop floor.

Job rotation occurs through the various tasks within the work group. This allows flexibility for staff to move through different tasks, ensuring that employees maintain interest in their jobs, while also limiting any ergonomic issues. Staff are educated as to where they fit into the process so that there is a greater understanding of the production process. This also encourages a team environment where employees are encouraged to make improvements. A flexibility matrix is used to identify the skills of each employee and training is provided for all tasks where needed.

Job rotation also occurs in salaried roles to give people the opportunity to develop and use their skills in different environments:

Last November I moved my launch manager into an operations role and took my engineering manager to be the launch manager for the plant because I thought it was really good for his development and good for the launch manager development. Now he’s managing the product that he launched so it’s the right thing to do (Executive Director of Manufacturing Operations).

Both formal and informal mentoring occurs at Holden and includes a buddy system for new recruits. This includes four phases of learning: training and understanding the task, maintaining line speed, ability to perform with no supervision required, and ability to train others. Inductions are also held for all new staff. At the management level, mentoring occurs across business areas and is designed
to develop leadership skills. The process of mentoring across units is also intended to ensure transparency (e.g. a manager in a technical area will mentor someone in the sales area).

The PAL (Potential Area Leader) program identifies potential area leaders who are then provided with on-the-job training and mentoring to further develop the participants as Area Leaders. Training is provided on leadership, diversity and broader work-life factors such as recognising employee anxiety and depression. This ensures that both current and potential supervisors have the skills and knowledge to effectively deal with any issues that may arise.

Outcomes of the initiative

The strong encouragement from management for staff to be involved in continuous improvement processes has led to savings for the company and rewards for staff. The suggestion scheme, for example, has produced positive outcomes for both the company and employees. This includes considerable savings for the company over time in terms of efficiencies to processes; quality improvements to products; and safety initiatives to prevent injury and production stoppages. This is important in helping to ensure sustainability of the company.

At this point in time it’s about remaining competitive and also it’s about securing a sustained future. I think for Holden – while we’ve survived the bankruptcy, we’re still in the back end of survival mode so it’s really about ensuring that our employees are highly skilled so that they are delivering a quality product so that we’re going to be competitive and we’ll have a viable future (HR Manager).

In terms of cost savings, management in Holden (Manufacturing) recognise the importance of engaging employees in providing suggestions both large and small:

The ideas you get from 3000 people... my managers can’t come up with that many ideas. I see a massive benefit from engaging those people. If only 20 per cent are implemented, there is still a good return (Executive Director of Manufacturing Operations).

More broadly, the culture of continuous improvement and staff involvement at Holden (Manufacturing) has contributed to a positive working environment, where employees are engaged in their jobs and take ownership of their ideas. As one supervisor notes:

You’ve got to look at all problems out there as being an opportunity... I’ve been in the game long enough to know the people that know the processes the best are the people who perform it day in, day out ... generally nine times out of ten if somebody comes to you with a problem, they’ve already got a solution in mind (Supervisor).

At the same time, the involvement of staff in business decisions and improvements has the additional benefit of contributing to an open working environment, where staff are engaged and feel that they are valued by management. This level of staff involvement has influenced staff morale and the way Holden’s workers feel about their workplace:

If you don’t feel a part of what you’re doing, well it just turns into a mundane [job]... [It] makes life easier for you as a worker and helps the company at the same time (Employee).
Workplace flexibility at Holden (Manufacturing) – through job rotation and training across various areas – has also helped reduce the amount of time spent on repetitive tasks, thereby helping to mitigate worker fatigue and address any ergonomic issues:

From an employee perspective, from the operators, flexibility is very important, not only from an ergonomics point of view of not exposing people to the one job – repetitive movements and that – but also from maintaining their interest in the work. When I first came in here... [did] the same job every day, eight hours a day, six months straight. Nowadays the operators rotate three times a day on a job (Supervisor).

Employees are strongly encouraged to improve skills through training and/or job rotation, with wage increases and progression linked to skill levels rather than length of service. This has worked to motivate employees to learn in order to progress in the organisation:

There are incentives [to learn]... you’ll start at a particular monetary level and the more jobs that you learn, the more that you get paid up to a particular level. After that particular level you need to become a work group leader or a team leader to then get a higher rate of pay. The more jobs you have, the more flexibility, the easier it is to basically get some more money. That’s also been going hand in hand over the years with the union in regards to getting a larger skilled workforce in regards to being able to do that (Shift Manager).

Linking learning to earning, and adopting a more transparent system for career progression has resulted in a culture change within the organisation:

Typically people [used to] progress in this organisation through who you know; part of the [Potential Area Leaders] program was ensuring that that was no longer the case. What we’re looking for is ultimately when we recruit a front line manager, that individual be capable of being placed anywhere in the organisation. Because their people leadership skills are going to be the critical element of their knowledge, they will be able to perform that role anywhere; it’s not going to be based purely on ‘You’ve got the technical skills to work in a plant’ – it will be the people leadership skills that will drive them forward (HR Manager).

Policies implemented as a response to the GFC enabled Holden (Manufacturing) to retain its permanent workforce during economic downturn, and hence, retain its investment in the skills of its workers. The initiative was very well received by staff, who indicated that it had reinforced their loyalty to the company and highlighted the value that Holden placed on its employees. As one worker states,

I take a fair bit of pride in working here... I did say it has its good and its bad days but commitment-wise to here, they look after us pretty well. They’re pretty family orientated and if you’ve got troubles at home like a family member passes away or there’s someone in your family that’s sick or something like that – they don’t just say ‘Well I’m running a company, you will be here’ – they actually do listen to how you are and what goes on. Some places aren’t like that (Employee).
Barriers/challenges

Interviewees indicated that a number of barriers were encountered during the implementation of skills utilisation policies at Holden (Manufacturing), and that some obstacles (and structural impediments) remain. For example, short term operational needs often dictate that some improvements identified by staff may be unable to be implemented. The pace of business is also determined primarily by market forces: that is, the number of vehicles that need to be produced each week in order to meet consumer demand. In addition, given the ongoing competitiveness of the industry, a key challenge is how to ensure that innovation and improvement is indeed occurring continuously.

Interviewees identified that people leadership skills are important within the organisation, but were previously lacking within middle management:

When someone moves into a supervisory role ... to date there hasn’t actually been an entry level people leadership program but that’s now been identified because we found that there has been a whole lot of problems (HR Manager).

A number of programs have been introduced to overcome this, ‘so the focus is going to be ensuring that when people become a new people leader they’ll first go through a program so that they’ve got those skills and then hopefully that will help them perform for supervisory [roles]... [This will ensure that] it’s really the education coming through on the soft skills rather than just focusing on the technical’ (HR Manager).

It was also noted that while Holden (Manufacturing) is skilled at encouraging the development of technical skills, they have ‘still got a fair way to go when it comes to measurement of the soft skills, that’s always very tricky’ (HR Manager).

Finally, while higher-level qualifications are available, the on-the-job nature of training at Holden means that qualifications tend to be linked to specific job roles and training may not be available in jobs where employees do not have access to particular systems or equipment. Similarly, while leadership training for prospective supervisors is available, employment opportunities in supervisory roles are not a given.

Critical success factors/Lessons learned

Open communication, upwards feedback and information sharing were identified as key traits of the organisation which help to facilitate change and encourage a culture of continuous improvement. The organisation is described by workers as ‘open, family based and team-oriented’ and receptive to employee input and the discussion of issues. For example, a wide variety of information is provided to staff on production, injuries, time lost, targets and performance on a regular basis. This is communicated to employees through a ‘state of the nation’ address by the Executive Director, regular email updates, newsletters, planning boards, intranet announcements, Executive/Employee forums and leadership forums.

The majority of the people here are pretty open – well you can’t get things done if you’re not (Employee).
It’s very upbeat; it is a continuous improvement culture which is – from what I can gather from other people in organisations – very different. We’re always looking for some type of improvement; there’s always a better way of doing it (Shift Manager).

Management at Holden (Manufacturing) was described by employees as open and communicative, with a strong emphasis on quality. In the employee forums, management ‘bring everybody in to the main canteen and they put the slides up of what car sales we’ve had, what finances, how much the cost of the car is, the labour – they’re pretty good with all of that’ (Employee). Holden (Manufacturing) also implements a scheme called ‘Diagonal Slices’ ‘where you just randomly pick people on the shop floor and it’s a mix of managers, supervisors, shop floor, trades; you come up and say what you like and what you don’t like and it’s an open forum – you can even say ‘My gloves don’t fit me properly’ – just whatever you want to bring up’ (Employee).

In addition, there is a cooperative working relationship between the Australian Manufacturing Workers Union (AMWU), workers and management at Holden. There is almost universal union membership among permanent staff, and the union played a strong role in integrating skills development within the enterprise bargaining system. The staffing changes brought about as a response to the GFC were also made in consultation with the union who ‘work hand in hand with the company’ and were heavily involved in negotiating these arrangements (Shift Manager).

A key lesson to be learned is that the adoption of skills utilisation initiatives will often be prompted by the kind of business undertaken by the organisation. For example, the importance of implementing a policy of job rotation is made clear in a manufacturing environment where job fatigue may result in injuries from heavy machinery:

Attendance and injuries are a very good measure of group morale – they really are. If they’re not happy, there’s this constant path worn across the lawn out there backwards and forwards to the medical centre. If they’re not getting job rotation, they’ll get a medical recommendation to go and get job rotation; it’s the way it works. You can measure it objectively on quality and things like that (Supervisor).
Leighton Contractors NSW/ACT & NZ

Introduction to the case study

Leighton Contractors Pty Limited (LCPL) is a wholly owned subsidiary of the publicly listed Leighton Holdings Group.

LCPL nationally employs more than 10,000 people and delivers projects across the infrastructure, resources, civil construction, industrial and energy and telecommunications sectors. Leighton Contractors NSW/ACT & NZ, part of Leighton Contractors’ construction division, primarily delivers infrastructure projects and services including rail and road projects. It employs approximately 1,000 people with an annual turnover of more than $1 billion.

This case study focuses on the Kempsey Bypass Alliance (KBA), a project of Leighton Contractors NSW/ACT & NZ. The KBA will provide 14.5 kilometres of four-lane dual carriageway as part of the Pacific Highway Upgrade Program. Leighton Contractors’ alliance partners include the NSW Roads and Maritime Services, as the owner participant, AECOM and Coffey Geotechnics.

Leighton Contractors employs salaried staff working in management, the engineering professions and administration. On a weekly payroll are leading hands, operators, tradespeople and labourers who are generally employed only for the length of a project. The projects are often in rural or remote locations and this requires considerable forward planning to ensure a supply of skilled workers in an industry renowned for transient employment.

Leighton Contractors has instigated measures to sustain and grow an uninterrupted supply of skilled labour. A commitment to workforce development planning, continuous training, monitoring and mentoring staff, is at the heart of their success. Workers are provided practical training that is highly relevant to current and future job roles to create continuous employment both for individuals and the company. This benefits not just the business but the entire sector.

A company-wide policy of encouraging and rewarding personal initiative reinforces a culture that fosters problem solving and new ways of doing things. This has led to a drop in safety incidents, more reporting of hazards, innovative practices and high levels of job satisfaction. The new measures have also reduced salaried staff turnover on the KBA project to 17 per cent and the goal is 10 per cent. The national average for the construction sector is 25 per cent.

Development and objective of the initiative

The critical need for skilled staff to do project work – particularly in rural communities – and the competitive market for skilled labour led Leighton Contractors NSW/ACT & NZ to invest in training employees and trying new approaches to retaining existing workers.

There are not enough skilled people out there so we train people every time we start a new job... You can’t just say ‘We need that skill’ and get the person from an existing pool – they’re just not there. One of the things that we do is that we actually budget training hours on every single job because they are going to do them (General Manager, Leighton Contractors, NSW/ACT & NZ).
The company has ensured a supply of skilled and semi-skilled workers thanks to measures like identifying the skills needed for future projects, identifying and supporting individual development needs, recruiting from local project areas, ongoing training opportunities and career pathways particularly for salaried staff.

For tradespeople, operators and labourers, individual skill needs are analysed and then supported with a training program. There are two types of training – the immediate needs for the project and personal development/career/future skill needs. There is strong encouragement to continuously up-skill.

There is so much work coming out in resources, oil and gas and infrastructure that we encourage people to take the next step up. If you’ve got leading hands looking to take a bit more responsibility, we encourage them and put the right development plans and the right training in place. That goes for all the supervisory staff – even our administrators – if they want to become cost-clerks they have the same opportunity. We keep on looking through all of our staff and part of the line manager’s role and responsibility is to develop their staff (General Manager, Leighton Contractors, NSW/ACT & NZ).

Providing continuous employment is now a priority which benefits both the organisation and the worker.

Traditionally at the end of a project the workforce are all laid off... that is clearly not a sustainable model so organisationally we’ve started over the last two years to actually encourage people to move in the workforce from job to job. If we’ve got an excellent grader operator we don’t want to lose him (General Manager, Leighton Contractors, NSW/ACT & NZ).

How the initiative works

To facilitate workforce development planning, management use a ‘parallel process’ to match the skills of staff with what is required for current and emerging projects. Every month they look at staff whose jobs are finishing in three to six months. Conversations begin with project managers and technical specialists to move them into jobs on upcoming projects. This gives staff job security and an incentive for them to stay with Leighton Contractors rather than seek jobs with other companies.

The second part of the process is to scout the local labour market three months before a project begins to source workers for the lower skill levels on the project.

This procedure, called a work breakdown strategy, was applied to the KBA. Skills were identified and mapped against the availability of Leighton Contractors’ existing staff. Locals were recruited to fill operator and labourer roles. The local workforce was then audited to identify skill gaps. Personal aspirations were discussed and training offered to get the full complement of skills necessary for the project.

Employing locals is a high priority because large projects like the KBA have a major impact on the community. Giving locals jobs is a way to support and connect with the community. For example an Aboriginal Involvement Plan was initiated which saw some of the local Dunghutti People employed on the KBA.
Training is considered a key factor in the efficiency and overall success of the KBA project. Managers’ performance is assessed against staff training benchmarks and those staff who respond to the encouragement to extend their skill base are highly valued.

Our leaders are responsible for developing their team, not just for each person’s current role, but beyond that for career paths across the wider business. We have the performance development review system where line managers and team members get together one on one to discuss objectives for the year, performance against company values, and aspirations of each individual. My Line Manager will say, ‘Okay, a pathway to that is through these steps and this is the experience, training, mentoring or coaching you need to get to the next level’. This happens for all Leighton Contractors staff (General Manager, Leighton Contractors, NSW/ACT & NZ).

Some of the workers on the KBA are undertaking the Certificate III in Road Maintenance and Construction. This is being done in partnership with the North Coast Institute of TAFE who are delivering training onsite with timing tailored to meet shift arrangements. This train workers to not only be employed on the KBA but also transfer these skills to other jobs in the company and the wider construction industry.

During wet weather, operations stop and workers go into the site office for training on the project. Topics like materials management, sedimentary control, safety and laser measuring are covered. If possible, engineers, foremen and managers deliver the training materials.

As most of the training undertaken on the site is related specifically to the job, the opportunity to utilise the new skills will occur straight away.

Training and placement are inseparable. We don’t train people to work in one area and then allocate them to do something else. We train them specifically for the task they will deliver and encourage them to use and further develop those skills on the job (General Manager, Leighton Contractors, NSW/ACT & NZ).

A deployment program also gives operators, such as scraper drivers, the opportunity to re-skill and move to a different job on the project once the scraping part of the project is completed. It’s a similar approach for engineers who may have expertise in one field but are rotated to gain experience in another. This ensures employment continuity for skilled workers both on the project and after it’s finished.

We try to give people a broader range of skills so they can stay with the project right till the end (HR Manager, KBA).

In relation to Engineers, a number of aspects of their role on site may involve skills that have not been learned during their university degree such as financial and project management. Similarly, Leading Hands are provided with training in communication and supervisory skills as management have identified that ‘being able to communicate with people and making sure that the message is getting across’ is important in their role especially if they have ‘just stepped out of their peer group’.

It just gives them the ability to manage people which is a different skill to operating a grader (General Manager, Leighton Contractors, NSW/ACT & NZ).
Workers are continually encouraged to extend their skills, without alienating those who are content in their current role.

We work to develop people by matching them to supervisors with coaching and mentoring skills; we set them up to succeed, not fail (HR Manager, KBA).

The Performance and Development Review (PDR) process identifies individuals’ short, medium and long-term aspirations. A development plan then maps a pathway to achievement. The PDR system is also a succession planning tool to step staff into roles as required.

Technical staff undertake people management training to get the skills to transition into leadership roles. Similarly engineers are trained in project financial management to gain a more comprehensive skill set. Leading hands are given supervisory, communication and people management skills to acquire the ability and confidence to supervise workers who were previously peers.

We have a commitment to develop people on the project... we want people to come off the project in a better state... in terms of experience, skill-set and remuneration (HR Manager, KBA).

On the KBA worksite, participating in decisions about how work is done is encouraged and Leighton Contractors has several mechanisms that enable employees to contribute to improving safety and processes. Workers have a say in how they perform their job at the daily ‘pre-start’ briefing. This discussion covers issues from the previous day. It’s also an opportunity to improve processes for the coming day.

Employees can suggest improvements to processes or raise any other concerns, for example around behaviours that don’t accord with the company’s values of respect and integrity. Employees on the KBA said they knew about Leighton Contractors’ values and the principles adopted for the project. These are communicated at the daily Pre-starts, the weekly Toolbox meetings and the monthly mass Toolbox where the whole site comes together.

Safety is paramount and all staff have opportunities to have input into processes. During induction they are told they have the power to stop the job if they don’t feel safe. Staff are encouraged to report hazards as a way to reduce accidents. Safe Work Method Statements, which detail how specific risks in the workplace will be managed, are developed and reviewed by all workers.

I know the safety values; that reigns supreme here... they stress to us all the time how safety is number one here (Employee, KBA).

Safety is always discussed at the pre-start and it gives workers the opportunity to improve the way things are done to make the workplace safer. For example on one day the schedule was changed and the machinery moved to another part of the site to eliminate the potential hazard of too many workers and machinery operating together.

Innovation is encouraged. Management acknowledges that employees’ ideas contribute to Leighton Contractors’ success. For example the pipe cradle that facilitates safe cutting of concrete pipes is an innovation suggested by a leading hand employed by Leighton Contractors NSW/ACT & NZ.
Previously there had been instances of workers being cut when the pipe pinched in causing the 
blade to kick back.

On the KBA site, an independent consultant surveys employees (including subcontractors) every six 
months to measure engagement and give them a voice in how the project operates. It shows high 
levels of engagement and trust in the management team.

I’m very strong on having a metric that measures those levels of engagement so we can 
ensure the systems and strategies that we’re putting in place are actually delivering an 
improvement in the project. We’ve had two health checks since [the project started] and the 
areas that we’ve grown in are in leadership involvement; the view of the management is 
good, safety – we’re just doing really well in there, categorically 100 per cent of the time in 
that survey, people are saying ‘Yes, we believe that the Management team is committed to 
safety, we believe that they actually mean it’ (HR Manager, KBA).

The leadership team ‘follows through’ on its commitment to staff. Where managers are seen to 
behave with integrity this in turn influences the motivation of employees to support the company’s 
initiatives.

People who see there’s a career opportunity, or a career path through a company, stay 
because they can see they are being looked after and if they put in the effort they will be 
recognised and given the opportunity to move on. I think it’s driven by the leadership 
(Project Manager, KBA).

Outcomes of the initiative

Recognising the important contribution of people is one of the core values of Leighton Contractors, 
‘Our people are the foundation of our success’. The approach taken has resulted in less safety 
incidents, more hazards’ reporting, innovative practices and high levels of job satisfaction. On the 
KBA project, salaried staff turnover is down to 17 per cent – significantly less than the sector’s 25 per 
cent national average.

Developing staff and offering them opportunities – not just training – fuels the company’s reputation 
and growth.

Any company’s strategy must include planning for changes in the marketplace, sustainability 
and growth. The only way to achieve this is through continually enhancing the workforce 
and people development (General Manager, Leighton Contractors, NSW/ACT & NZ).

Innovative practices developed by Leighton Contractors in the design phase of the KBA project have 
helped reduce timescales by up to eight months. The KBA project also adopted safety innovations 
devised on the Ballina Bypass Alliance (BBA), of which Leighton Contractors was an alliance partner. 
The BBA project won Best Workplace Health and Safety Management System – Private Sector at the 
2011 Safe Work Australia Awards.

Workers feel empowered and able to input into management decision-making.

On the KBA project we have a consultative committee which includes a representative from 
each work group and they make a dynamic and positive contribution to improvements for
their project... They certainly provide us with feedback in regards to pays, conditions, anything that’s happening out there... anything they think that could be done better’ (HR Manager, KBA).

The annual ‘Your Say’ all-staff survey has identified improvements. Last year Leighton Contractors NSW/ACT & NZ staff said they wanted more communication and recognition. Consequently the organisation’s communication plan has been revised to improve communication across all projects and the business. Additionally at the KBA project, a working group of project managers, workers and foremen led by the HR Manager has found ways for supervisors to automatically recognise a person on the KBA site and this aligns with the organisation's new Employee Recognition Program.

**Barriers/challenges**

The transient nature of project work means that it’s hard to avoid, to a large extent, the traditional approach of ‘starting all over again’ to recruit a workforce for each project. Jobs can last up to three years – the duration of the project – and the next job can be 1000 kilometres away. Some, but not all, employees are willing to move and take their skills/training across to Leighton Contractors’ next project.

The problems associated with a two-tier workforce (i.e. salaried staff and weekly wage earners employed for specific projects) are also something that Leighton has to contend with.

Another challenge is cohesively blending contractual and permanent employees. Leighton Contractors responds to this with an inclusive approach towards training, committees and social activities.

It’s a given that if we’re going to shut the site and do safety training, then our expectation is [that] subbies will be involved. We also have a fortnightly newsletter that goes out to everyone including subbies and they really appreciate the communication (HR Manager, KBA).

The work breakdown strategy is a time consuming manual process. The project has to be assessed to determine the hours of each skill; this has to be matched with the availability of the workforce and then locals have to be hired.

**Lessons from the case study/Critical Success Factors**

Collaboration and cooperation between external alliance partners and building a good lead team at the start contributed to the project’s success. All partners felt they were working toward a common goal and employees reported a trusting collegiate environment.

Employees feel they have ample opportunity to have a voice at the Pre-starts and Toolbox meetings.

Establishing a culture of open communication and acceptable work behaviours for everyone working on the project – and doing the hard work to maintain the culture, is a critical success factor in the KBA.

We see subcontractors as part of us which often isn’t the case; we don’t want subbies ostracised and kept at arm’s length. We realise that they’re just as important as our people.
It’s the fully incubated approach that adds a lot of value to this job. There’s no doubt it takes a lot of work from the foremen and the engineers and the guys on the ground (Project Manager, KBA).

Good senior leadership – taking responsibility for driving the business strategy forward, and following through; making sure that people are implementing the values.

We’ve got a regional training manager who works with the project training coordinators and the People and Capability specialists on site. Implementation is backed up by management through the Performance and Development Reviews... which ensures people take accountability for their staff and both employees and the business benefit (Project Manager, KBA).

The company’s people-centric approach is embedded in the values ‘Our people are the foundation of our success’ and the Kempsey Bypass Principle ‘We will invest in our people including individual development programs’.

The best way we can share our values is through our management actions; getting out there and involving people. That’s what makes a site and the people a success... it’s encouraging participation [and] I suppose [it’s] more carrot than stick’ (Project Manager, KBA).
Murrumbidgee Local Health District

Background to the case study

Murrumbidgee Local Health District (Murrumbidgee LHD) is an organisation of approximately 2,100 employees (full-time equivalent) which provides a wide range of public health services to the Murrumbidgee region in southern New South Wales.

In 2011, national health reform and a change in State Government led to a restructuring of the Greater Southern Area Health Service (GSAHS) within the NSW Department of Health, with Murrumbidgee Local Health District one of the new organisations established to provide health services to the region.

This change in structure has led to ‘a bit of a changed direction’ organisation, particularly ‘around [our] ability to do things more locally so that’s actually giving us a bit more autonomy to do things that we maybe could not do previously’ (Chief Executive). Murrumbidgee Local Health District seeks to build on the ‘good work’ achieved by the predecessor organisation (Chief Executive).

The fact that we’re a new organisation and some of those things that are happening at a national and state level are coming in to play at the same time – I guess there’s the opportunity to think a bit more creatively and dynamically about the organisation and how it should function (Chief Executive).

Murrumbidgee LHD and its predecessor GSAHS have been confronted by challenges in attracting and retaining skilled workers; maintaining the skills of existing staff; and accommodating a growing demand for health services in regional areas. GSAHS responded by introducing a range of initiatives aimed at better utilising skills within the workforce. These include: redesigning roles and introducing new job positions; establishing a new training model for rural allied health service delivery; and creating mentoring opportunities and support networks among staff. Measurable outcomes from these initiatives include a decrease in waiting times, better patient service and outcomes, improved productivity, more equitable and sustainable allied health service delivery across the region, and more clearly articulated career pathways. Broader outcomes include improved staff interest and satisfaction in their jobs; greater recognition and esteem; and more time devoted to actual treatment and client care.

Development and objective of the initiative

In recent years, the Greater Southern Area Health Service (GSAHS) implemented a number of long-term strategies aimed particularly at remedying the problem of attracting and retaining a skilled workforce, as well as maintaining the skills of existing workers. In some centres, an inability to recruit resulted in either no allied health service or one provided by a visiting professional on a bi-weekly or monthly basis. In addition, resources were being stretched by public demand and stakeholder priorities were not being met, with clients experiencing long waiting times for appointments – due in part to the amount of time spent by allied health professionals on low-level, time-consuming tasks.

Allied health professionals, which include disciplines such as speech pathology, physiotherapy, occupational therapy, dietetics and podiatry, found they had less time to undertake high level
assessment skills and complex treatment strategies due to the demands of routine, less-critical tasks which did not require high-level skills or their clinical judgement.

In 2005-06, the Greater Southern Area Health Service (GSAHS) introduced a project to address the need for skilled workers in allied health related fields in regional areas. The Rural Allied Health Assistant (RAHA) program was prompted by state-wide reforms and introduced under the leadership of the former Director of Allied Health of the Greater Southern Area Health Service (GSAHS) and the RAHA Project Manager.

The RAHA program followed a mapping of allied health services and staff which demonstrated the low rate of allied health professionals per population in rural communities, but also showed that the majority of ‘people who came to work for us came from a rural background and [are] more likely to come back to us’ (Coordinator Rural Allied Health Assistance Initiative). The project involved creating the new position of ‘Allied Health Assistant’ to support allied health professionals and relieve some of the burden on demand for services. This was achieved by redesigning entry level aide roles by broadening their scope of practice and providing training to support this.

Ultimately, these policies sought ‘to enable assistants to actually help implement programs or care plans to support allied health professionals and enable them... to best utilise their skills and to still be able to provide a service – I guess a different model of care’ (Chief Executive).

Previously, aides were employed in some areas (such as physiotherapy), but not in others, such as speech therapy, dietetics and occupational therapy (HR Manager). The introduction of the formal allied health assistant roles expanded and diversified the support given to health care professionals within these sites.

The aim of the project was to more effectively use the skills of the allied health professionals and to improve their interest and satisfaction in their jobs, while also giving allied health assistants greater responsibilities and investment in their roles. This initiative to redesign jobs was also intended to address the problem of providing sustainable services and more targeted public access to allied health professionals within rural and regional areas.

The decision to use a more flexible approach for allied health delivery was made to allow recruitment from the local community to build and retain skilled workers in regional areas. It also allowed for a less prescriptive, more collaborative training model, while enabling supervisors to better utilise staff within care teams:

If I had a trainee 15 years ago I would have been looking at ‘Okay, this person can deliver equipment, this person can do this or just do that’. I’d be thinking very prescriptively whereas now my long term goal for this person is to be a really active part of what is now ... a completely different scope of practice basically (Allied Health Supervisor).

How the initiative works

To explore the issues and potential solutions to the problem of vacancies, retention and ensuring access to services. Workshops were held to look at the feasibility of using allied health assistants as a way of enhancing and ensuring sustainability in rural allied health service delivery. The workshops also gave staff who were the most potentially affected the opportunity to have their say, express
their concerns and develop solutions. The workshops also explored a number of training models on how best to train the allied health assistants. As a result, it was decided that a flexible traineeship model in partnership with a Registered Training Organisation (RTO) was the best approach, with training to consist of a combination of face-to-face, distance and on-the-job learning.

A state-wide steering committee was formed to provide strategic guidance and support. A key to the success of the project was the creation of partnerships and the involvement of various stakeholders including NSW Health, VET sector bodies, national and state industry bodies, training providers, a tertiary institution, the union, allied health professionals and therapy assistants.

The process of creating the allied health assistant role involved a number of stages, namely:

- undertaking a role-specific work task analysis;
- identifying tasks that could be undertaken by an allied health assistant, i.e. low-risk tasks where no formal clinical assessment was required;
- developing a training strategy, and
- developing supporting documents including education resources and clinical governance guidelines for the allied health assistants.\(^{178}\)

One of the main components of the initiative was the provision of identified training pathways, in which staff are supported in their training towards a Certificate IV in Allied Health Assistance (National Training Package code: HLT42507). On commencement, a new allied health assistant position would be ‘very limited in what they can do and as they achieve their competencies they take on more... They might concentrate on one area first [and] once they complete the competencies then they will be given broader role responsibilities’ (HR Manager).

The project involved a partnership with both public and private Registered Training Organisations. Capital Careers assisted in writing the initial grant application for the project and were involved in a health service steering committee. The already good partnership between GSAHS and TAFE NSW Riverina Institute was expanded when they agreed to help develop and deliver the Certificate IV in Allied Health Assistance.

Training on-the-job is undertaken under the supervision of the allied health professionals who are also involved in the assessment of the assistants and are expected to discuss aspects of the tasks required. This gave allied health professionals a mentoring role and they ‘were all given the opportunity to undertake the Certificate IV in Training and Assessment so that they improved their skills in supervisory roles’ (HR Manager). As the Coordinator of the Rural Allied Health Assistance Initiative explains, there are numerous opportunities for mentors to support the assistants, and to encourage professional development and education within the organisation:

Certainly we’ve got some fabulous Professionals who volunteered to be their supervisors and who are just doing a fantastic job of mentoring. It’s never one person; because it’s a multi-disciplinary qualification we might have to have three Professionals or four Professionals involved in an Assistant’s training ... I think the Professionals are just thinking

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up new and wonderful ways that they can improve their services with the help of the Assistants (Coordinator Rural Allied Health Assistance Initiative).

New Allied Health Assistant Trainees are also linked in with both current and previous groups of Allied Health Assistants to provide background to the job and create a supportive network during their training.

A Certificate III in Allied Health Assistance (National Training Package code: HLT32407) is also available through VET in schools, so a clear pathway exists for students to progress from school to employment and on to further study. In addition, Charles Sturt University offers a Bachelor of Health and Rehabilitation Science which articulates from the Certificate IV in Allied Health Assistance and serves as a foundation degree for allied health disciplines. This program can be undertaken via distance education, which means that students can study while remaining in their local area.

In future, Murrumbidgee LHD aims to undertake skills utilisation projects that are fundamentally concerned with long term planning and finding a ‘sustainable way around skill development for our workforce’. As the Chief Executive explains:

Because I’m from an HR background myself I guess I’ve got a fair passion around the workforce and the workforce development stuff ... I guess there’s an opportunity ... to actually embed that within the organisation and so I probably think we’re taking a bit of a stronger direction around that than necessarily has been [the case] in our previous organisation (Chief Executive).

At the same time, the policies implemented by Murrumbidgee LHD must also consider the sustainability of its service provision: working towards a ‘changing a model of care’ within rural medical services (Chief Executive):

That requires our workforce working differently as well as training up people to take on those roles (Chief Executive).

Murrumbidgee LHD also aims to introduce policies to address a ‘lack of succession planning [and] career developing in a whole range of areas, particularly in management and senior management levels’ (Chief Executive). A focus on training and the development of clinical skills – including fostering better linkages with training institutions – are envisaged as ways to improve standards of care while also addressing the development needs of existing staff.

**Outcomes of the initiative**

A number of positive organisational and operational outcomes have been identified following the introduction of the allied health assistant role. These include:

Decrease in waiting times – at one community Health Centre (Deniliquin), the waiting list for a dietetic appointment reduced from two months to 1-2 weeks following the recruitment of an allied health assistant (Presentation by Accredited Practising Dietician at Deniliquin Community Health).

The ability is there and [the allied health professionals] can see the benefits to their roles as well because it’s freed them up to run more programs, see more clients, reduce their waiting lists. It’s a much more satisfying way for them to work (HR Manager).
Better patient service and outcomes – an audit of the dietetic service provided at a regional community health centre indicated improvements in weight loss and key nutrition care plan goals. (Presentation by Accredited Practising Dietician at Deniliquin Community Health).

Better productivity – Allied health professionals are able to deliver more client-focussed services as the need to spend time on administrative, routine tasks has decreased.

Continuity of care – Allied health assistants have more opportunity to provide follow-up and support. This allows the needs of clients/patients to be addressed in a quicker time-frame.

Equity of care – Assistants have been introduced to remote facilities where visiting professionals only provide a service bi-weekly and/or monthly. The presence of an allied health assistant in such centres has made an enormous difference in these communities; far more clients/patients are able to be seen when the assistant makes prepares for the professionals visit. Afterward the assistant implements the care plans devised by the professional; running exercise and educational groups, and visiting patients in their homes to support individual programs.

Local knowledge of assistants – assistants have local knowledge and have a rapport with patients who in turn feel comfortable dealing with someone who works and lives in the area: ‘In a rural setting when you’ve got someone who’s been working for 15 years in a position their local knowledge is a resource and that’s something that can be used in a positive way’ (Supervisor). In addition, being located in the client area means that assistants are able to assist with care plans and make more frequent visits to homes. This means that when the allied health professionals visit the area, more time is able to be devoted to actual treatment and clinical care.

Before I would go on a home visit but I would probably go with either the Physio or the OT or something; not that I wasn’t trusted to go and do it before by myself but then you had the piece of paper to say that you can go by yourself so then I was able to go and deliver the equipment by myself and set it up because I’d been trained in how (Employee).

Increase in applications for assistant roles – the program has been well received and when the positions of Allied Health Assistants are advertised there has been an increase in the number of applications for the role (HR Manager).

The outcomes for assistants and professionals have also been positive and include greater job satisfaction, greater degree of skill use and specifically for the assistant, more involvement with patient outcomes (Employee). Allied health assistants were able to carry out tasks which do not require specific clinical judgement including client contact as well as clinical and administrative support. This allowed the allied health professionals to undertake more of their professional responsibilities such as high level assessment and complex treatment strategies. They were also able to explore new models of care in delivery.

We’re getting very positive feedback from both the Assistants who are really enjoying the opportunity and also from the Professionals – even from someone that may have been a bit uncertain to start with – they’re definitely seeing the benefits. It can be because there’s somebody on site who can do a home [visit] … do some preliminary work for them and give them that information so that before they do a home visit, they’re prepared. [They’ve] got a
lot of information already so it saves them time but it also means that they’re more targeted in what their focus is on (HR Manager, 16 June).

Career pathways for both professionals and assistants have also improved. The Allied Health Professionals have had the option to obtain further qualifications by undertaking the Certificate IV in Training and Assessment. This provides the chance to improve their supervisory skills and also gives the option to become involved in teaching or working at TAFE. Finally, career pathways for assistants have expanded considerably with the introduction of the distance education Bachelor degree.

We’ve got some Allied Health Assistants that have moved on to other jobs so there has been a progression from a career point of view (Supervisor).

Employees have indicated that, while they may have already had practical skills in allied health care assistance, the formal training provided them with a much-needed theoretical background in client care:

I think it gave me a better understanding of … why you needed those skills. I got the theory side which then you match the two together and you really understand … why things are done that way (Employee).

The certification of the assistants’ role also provided employees with greater esteem and investment in their jobs:

I felt that gave me a bit of recognition as far as … I wasn’t just an aide; I actually had a name ‘Allied Health Assistant’. I think it actually gave me a bit more responsibility as well because you actually do the subjects … because I’d worked OT Physio I had a very broad range of skills (Employee).

Barriers/challenges

The introduction of the health care assistant initiative met with some resistance at first, as assistants began to take on tasks that were previously the responsibility of the professionals. There were initial fears about being replaced by assistants, or that clients would be provided with sub-standard care. As one supervisor explains:

I guess we did implement lots of changed practice [including] our communication strategies and our client review strategies, documentation strategies [and] our screening strategy which was very, very contentious back then (Supervisor).

The initial concern of the Professionals sometimes acted as a barrier and prevented the assistants being able to fully utilise their skills in the new role. Among the concerns was using the assistants to help screen referrals and prioritise intakes.

That’s probably [an area] that some of the professionals have struggled with. To see how the Assistants are going to actually be capable of taking on the roles initially was a bit of a struggle for them but once they’d worked with them and watch them develop their skills they certainly understand it (HR Manager).
A further challenge arising from the introduction of the new assistant role is that of remuneration. As assistants have gained qualifications and their roles have become formalised and expanded – and they take on responsibilities formerly done by the professionals – concerns have been raised that assistants are not being paid commensurate to their roles:

Certainly these people are getting up-skilled Allied Health Assistants, they are getting up-skilled and they’re starting to look at their pay rates and being paid for the value of the work that they do. I know that’s going to be a work-in-progress with the union and I think that’s great because we need to acknowledge that they have taken on formal qualifications in a Cert IV and put those skills into practice and it’s going to impact on our productivity. I think we need to look at the value of the work that they do. I know that’s in the pipeline with the unions (Supervisor).

As this issue may have some bearing on attraction to the role – and the retention of staff in the long term – the question of standard pay levels for allied health assistants may need to be examined in future. However, as resourcing and remuneration remain challenges throughout the Australian health care system, the challenge of pay rates may remain in place for some time.

Another longer-term challenge is ‘how we can now provide sustainable services given the resources and budgets and so on that we have’ (Chief Executive). The early project stages of the Rural Allied Health Assistance Program were assisted with both Commonwealth and State funding, and via partnerships with training providers. These ‘strategic partnerships and alliances with a range of partners’ are important to Murrumbidgee LHD’s organisational strategy and to the long term sustainability of its skills utilisation projects (Chief Executive).

**Critical success factors/Lessons learned**

The main lesson learned from this project was the importance of involving employees, unions and other stakeholders in the process. By adopting a collaborative approach, a variety of views and opinions could be considered to arrive at a more robust outcome.

The key lessons learned were about consultation, planning, communication, engaging people early. Over and over it was about people being very aware and having an opportunity to have some input (HR Manager).

Critical to the success of the project was the involvement and buy-in of allied health staff in considering the options for restructuring work and designing roles for assistants. Ensuring the assistants had the right skills was also key to success and the allied health staff worked in close collaboration with the training providers to develop appropriate rural training models and to establish associated learning pathways and resources.

A further lesson learned from the project was the importance of flexibility in job design and assigning responsibilities to staff, while also identifying avenues for improving processes:

Traditionally the Assistant’s roles are very contained but the more we have them and the more they can work through to their competencies, the more scope we can see for the role. I think that’s really opened the eyes of a lot of the Professionals to see that ‘Oh they don’t have to just be doing small repetitive things’ they can actually take on broader
responsibilities and they’ll free up the time of the Professionals to do higher level duties as well and broaden the services that they’ve been able to offer. It’s grown quicker and broader than we first envisaged (HR Manager).
Pottinger

Background to the case study

Pottinger is a small-to-medium enterprise providing independent financial and strategic advice to large corporations and governments on the development of corporate strategy, mergers and acquisitions, and capital management and financing. Established in 2003, it is a growing company consisting of the executive management, an advisory team and support staff.

Pottinger occupies a niche within the financial sector as it acts in an advisory capacity only and does not raise capital or invest or trade shares. As well as managing merger and acquisition transactions, it also offers strategic advice. Given the complexity of the services offered by Pottinger, the ability to recruit and retain highly skilled people is crucial for the success of the business.

Coupled with the values of the founders that the employers in the industry can treat their employees well, the organisation has responded to the challenges of recruitment and retention through a range of initiatives to develop and utilise employee skills, underpinned by a range of progressive human resources practices.

The initiatives include opportunities to contribute to business strategy; autonomy and discretion; skills audits; mentoring programs; internal knowledge sharing; and formal training. Outcomes include improved profitability and project outcomes, as well as benefits for performance, reputation, client relationships, employee morale and retention of staff. Each year for the past five years, Pottinger has been recognised as a ‘Recommended Employer’ by the Australian Business Awards.

Development and objective of the initiative

The skills of its employees are an essential part of Pottinger’s business strategy, providing staff the opportunity to maximise their potential has been ‘deeply embedded in our DNA since birth – it is part of why we established the business in the first place’ (Meeting note 3.3, p.2). An emphasis on ethical business practices and sustainable leadership is also at the core of Pottinger’s business strategy, as the joint CEOs ‘wanted to create a place in our industry that we never experienced ourselves... We wanted there to be an option in our industry for the people who say ‘I just want to work somewhere where you’re really proud of what you do’’ (Joint CEO).

The need to provide highly specialised advice, the high-risk nature of the work, and a challenging work environment of small project teams, means that Pottinger places a strong emphasis on skills and employing the right people for the job. However this can make staff recruitment difficult.

That gives us some particular challenges in recruiting people because we need people who can do the big picture, strategic, visionary-type thinking but we also need people who can do all the highly numerate analytical project management process-driven type things that you in mergers and acquisitions where there’s a significant element of being very much a Jack of all trades (Joint CEO).
The specialised nature of the work, as well as the complexity and time demands of projects mean that Pottinger has a vested interest retaining the right staff, in order to maximise investment in skills and to keep those skills within the company:

We are always trying to find things so [staff] can develop their skills and their career in a way which resonates for them because if we don’t they’re going to go. I think it just works well; it’s good for motivation, it’s good for their productivity, it’s good for their rate of learning; because they’re learning something they’re interested in they get more involved in it (Joint CEO).

As a relatively small company where employees occupy an important strategic role, Pottinger recognises the importance of employee participation in business development. As one staff member explains,

I think there was a whole-of-firm campaign, if you like, to be involved in business development. [There was] recognition that for a firm of our size everybody really did need to take some responsibility for that... I think that’s absolutely the philosophy of the firm – that it’s not one guy who’s running a firm and the people underneath are faceless mice on the treadmill pushing out the work (Supervisor).

Similarly, the high level of autonomy given to staff is a function of the complex kind of work they undertake and the expectation that employees will be able to apply their ideas to customise solutions:

[Our people] need to be able to do everything. One of our competitive advantages in terms of what we do for our clients is our ability to be innovative and come up with a very new solution to whatever challenge they’re trying to solve (Chief Operating Officer).

To maximise the capabilities of staff, initiatives introduced by Pottinger include: close involvement and participation of staff in developing business strategy; autonomy and discretion in job design; emphasising multi-skilling; Skills audits as part of an annual review/performance appraisal process; ensuring staff use and expand their skill set from a wide range of work experiences. Mentoring arrangements also cover both existing and new employees (including graduates) and encompassing informal and formal, and internal and external relationships.

How the initiative works

Staff are strongly involved in the development and discussion of Pottinger’s business strategy and objectives. As a company, Pottinger considers itself to have a fairly ‘flat structure both in reality but also in the perception of hierarchy’ (Chief Operating Officer). Business outcomes are largely dependent on staff-client relationships and staff contributions to projects, so employees have a collective investment in the organisation’s business strategy. Likewise, the contribution of staff to business development is a key driver within the company: ‘Most of the work that gets done is driven bottom-up. The destiny will get defined but actually everything that gets done the team will be telling me ‘Okay we need you to do this now, we need you to do that now’ (Joint CEO).

The involvement of staff in Pottinger’s business strategy is identified as an essential part of the company’s ability to evolve and innovate. As the Chief Operating Officer describes,
We had a session three or four weeks ago – went out to dinner and spent the time asking...
‘What are your thoughts team on how we should be more effective in our strategy, and in
developing our strategy, and developing our business to achieve that strategy?’ – essentially
taking the same approach that we might take with clients to ourselves (Chief Operating
Officer).

Employees have a significant amount of discretion in the tasks that they do in order to achieve the
desired outcomes. This reflects the project-based structure of the work undertaken at Pottinger
which is to a large extent driven by the requirements of the client. The project based work also
means that the tasks and roles change frequently. While the roles within the organisation are
broadly defined, staff are also expected to be ‘feeling equipped to be autonomous and free-thinking’
(Chief Operating Officer). This is acknowledged in employee views:

I’m given sufficient opportunity to give my own thoughts on how something should be done.
If I feel that I have a different perspective I feel that there’s no problem at all in me saying
that … All in all, it’s very open in terms of how I do a job as long as it’s not strictly regimented
and – for example for regulatory reasons – needs to be done in a certain way; I’m given
quite a lot of latitude in how I get it done. Assuming I know what the end result needs to be
and assuming I get to that end result, how I do it is really up to me (Employee).

To support the capability of its staff, Pottinger identifies the skills that are integral to each job, and
more broadly, to the organisation as a whole through a process of skills audits, a mid-year review
and a formal annual review. As such, training is needs-based and context-dependent.

We’ve got a very detailed framework for assessing what knowledge and experience people
have and that maps across for everyone in the whole business. It’s the same framework as
to what you need to know throughout your whole career, it’s just you need to know more
and more and more as you go through (Joint CEO).

A detailed formal audit is undertaken on an annual basis which takes account of both individual and
management perception of an employee’s skills. There is ‘a level that each grade of person is
expected to be able to [reach], dependent on their experience, and then we rate where people are
at. We’ll have a pretty strong sense of where people are at on these measures and use that to
allocate work to people’ (Chief Operating Officer).

The audit process also identifies any skills gaps at Pottinger which may need to be filled. As the Chief
Operating Officer explains, ‘Certainly there would be technical skills that we would observe either
deficient or not where we would be aiming for them to be at this point in someone’s career. Some of
that is going to come from training but a lot of it is going to come from experience’ (Chief Operating
Officer).

Once identified, these skills gaps might be filled by formal training or the company may look ‘for an
opportunity to give them a project … and then using that as the live training exercise to up-skill
them’ (Chief Operating Officer). Sharing and diversifying work assignments is seen as a way of
encouraging knowledge transfer among the staff while ensuring that the company maintains a broad
base of expertise.
We’ll know someone has never worked in a particular industry sector or in a particular target transaction or whatever – if something comes along when we staff that transaction, we are making sure we have a team with the right experience but also making sure we’re adding to people’s experience as well. Every assignment is very consciously staffed with that in mind (Joint CEO).

Pottinger will also on occasion select projects for the specific reason that they will support the skills development of staff, ‘because it absolutely teaches them a fantastic skill that you really would find difficult to get otherwise. It may not be the most remunerative piece of work… but this skill is so important that we as an organisation will actually, in crunch time, do pieces of work that just help develop a certain skill get in perspective and that’s something we’re very proud of’ (Joint CEO).

Training and multi-skilling opportunities exist on a number of different fronts. This includes delivering a branded program of regular training each week, meaning that ‘Every Monday at 8.30 we have a training session so it’s predictable and regular’ (Chief Operating Officer).

Although Pottinger provides a comprehensive training program to ensure a minimum level of knowledge across relevant areas, they also emphasise customised training:

I’ll learn something about – for instance – a certain form of regulation in a certain country and that will be there in my mind. Whether or not I can use it is completely context-dependent; whether or not the opportunity arises (Employee).

The cultivation of skills within the organisation is also seen as broader than that which can be measured in tangible business outcomes. As the Chief Executive Officer explains, ‘It is very granular and it goes beyond the hard skills; it goes to soft skills and capabilities, it goes to helping people to develop effectively along the lines of Emotional Intelligence, whatever you want to call those much softer skills’ (Joint CEO).

Professional development is sourced externally where expertise is available in a particular area and is able to meet Pottinger’s specialised needs. The company also supports staff undertaking further study where it aligns with business priorities and the individual’s development plan.

As a company which relies on a highly-skilled and specialised workforce, training is not seen as a business ‘risk’ – that is: something which may lead to poaching from competitors or employees seeking a better position:

As a firm we provide the opportunity to think about what you want to do. I haven’t ever felt it but I know that there are some organisations which see it as a ‘If you want to get more skills then it means that you want to leave’ or ‘If we let you have more skills then you will leave’ and it usually happens – you get more skills and you leave. That’s life but it doesn’t mean that you shouldn’t give the skills because you’re absolutely going to lose that person if they’re asking for it and you don’t give it to them; that’s absolutely not the environment that we have here (Supervisor).

Mentoring is identified as a way of identifying and encouraging leadership within Pottinger, while also supporting staff members in their roles. In addition, Pottinger offers an internship program for
university students and a graduate program for those new staff who have just finished their university studies:

Whenever you join the company, even if you are an intern, right from day one you are assigned a buddy, a mentor or whatever you would like to call it. It’s a really big deal for us (Joint CEO).

Mentoring also extends beyond new and junior position levels to encompass more experienced and senior staff members. This can involve looking outside of the organisation for appropriate support.

At the mid to senior level we encourage people to look for career mentors for themselves and we try and help them to find the right person for that. There are quite a few associations that have mentoring programs that you can formally enrol in and be assigned a mentor. If people want to do that then great and I think that can definitely be useful for some people. For others, it’s more a case of finding someone that it kind of works; someone who’s more experienced, is able to be a good sounding board that’s outside of the organisation and will help to give you perspective on things and our learnings and things like that (Chief Operating Officer).

A number of strategies are in place to boost employee commitment to the organisation. One of these is a formal equity participation plan, ‘which aligns more senior and long-standing employees’ remuneration with performance of the firm’ (Supervisor).

Realistically our industry does that anyway but our bonus is very much driven on the performance in that year or the expectation of the overall firm’s expected performance. I think of it more as a recognition of commitment rather than as a reinforcing element; I think again, people who are here are very much committed to the firm and committed to the growth of the firm (Supervisor).

In other respects, reward and recognition are ‘very individual’ in nature (Supervisor). For example, one employee was given the opportunity to work with a charitable organisation in Nepal, with Pottinger covering the expense of flights, time off work and the raising of funds for the charity: ‘It was in recognition of my work; it was a reward mechanism but it was also something that I would see as cementing my commitment to the firm. If the firm is willing to provide that kind of opportunity, that’s a pretty good incentive to stay’ (Supervisor).

Outcomes of the initiative

Skills utilisation is important to the company as it gives Pottinger the opportunity – and the capacity – to outperform competitors and exceed clients’ expectations ‘thus building our reputation and, in due course, our relationships’ (Meeting note 3.3, p.2). Pottinger’s business success is also seen as dependent on its reputation within the sector and its relationship with clients – which are in turn reliant on the success of projects, the performance of staff, and the ability of staff to cultivate those relationships. A ‘bottom line’ fixation on results is therefore not Pottinger’s primary focus, as results are seen to flow naturally from a strong business reputation and positive customer relations (Meeting note 3.3, p.2).
The outcomes of Pottinger’s skills utilisation initiatives, both tangible and intangible, include benefits to project outcomes, performance, reputation, client relationships, retention of staff and employee investment in the fortunes of the company. The company directors also felt that these initiatives improved profitability.

We have gone from a firm with one client to multi clients, multi-skilled people ... That’s absolutely contributed to profitability because I don’t think we would have been where we were if we weren’t able to garner those skills and use those skills over the last couple of years (Joint CEO).

Pottinger has also increased the amount of repeat business it undertakes, with its number of repeat clients increasing by a multiple of five over the past three years. During this time, Pottinger has converted 50 per cent of new clients into repeat business clients, while 90 per cent of fees have been received from repeat clients. In addition, some 60 per cent of new clients have come about from personal referrals, demonstrating the effectiveness of the organisation in engaging its staff with its customer base. This is reflected in the comments received by Pottinger’s clients, one of which noted that ‘I’ve rarely come across a team as focused, dedicated, and with an eye to detail as well as an understanding of the bigger picture’. Another client stated that the company ‘consistently gave us real strategic insight and objective advice’ (Pottinger, Business Outcomes, 2011).

The level of staff investment is reflected in the levels of commitment reported by employees. Staff indicated that they felt a part of the organisation and involved in its successes:

[Pottinger is] very good at making sure that they include people in business development initiatives. If something happens which we’re successful at, they’ll just call a very brief meeting ‘Excuse me, can we have a chat? This is what we’re doing, this is what’s happened. Thank you all for contributing’. They’re good at recognising the contribution of the whole team to successes (Chief Operating Officer).

Barriers/challenges

The poor reputation of the financial sector as a working environment is a major barrier in attracting staff (including graduates) into the organisation:

I think one of the challenges, probably the biggest challenge I’d say, is that people are so disillusioned with our industry. Because they’re so distrusting of our industry, when you come out and say ‘But, we do it differently’, or ‘But, we really do care’, even at the graduate level, they just can’t believe it can be done any other way. They just assume that you’re going to be like all the others – whatever bank you want to talk about. So, overcoming the industry perception has probably been one of the biggest barriers (Joint CEO).

The company acknowledges that despite investing in people ‘part of the developing of staff is letting some of them go... letting them spread their wings’ (Joint CEO). Pottinger also encourages staff to return once they have experienced working in other areas:

Finally, for an organisation which places so much emphasis on the skills of its workforce, the inability of some staff to identify and articulate their career goals can be a barrier to providing support.
The difficulty is of course that some people don’t know what they want yet ... sometimes you have to force somebody to have a look at what they want to do. I think employers have that problem where I think often as an employee it’s easy to sit there and say ‘The firm is not giving me what I want’ – the difficulty is if you don’t know what you want then it’s very difficult for the firm to provide it (Supervisor).

Critical success factors/Lessons learned

An environment of open communication, flexibility and opportunity is central to the Pottinger’s success. The company has framed maximising the skills of its employees as a core business strategy: as something that differentiates the company from its competitors. As one staff member explains, ‘I guess in a sense just by the very nature of what we do, we’re saying that it’s our peoples’ skills that we’re selling in almost as direct a way as you possibly can’ (Chief Operating Officer).

The way the company was started out was that people are long term assets and in order to stay competitive, in order to respond to your environment, in order to develop your company amongst your peers is that you need to treat them as an investment and having that approach meant that there’s very much a focus on how you develop as an individual (Employee).

Pottinger ‘spend[s] a lot of time on training all sorts of different ways ... It’s a massive investment but it’s because we do that it enables us to compete’ (Joint CEO). The focus on the development and use of employee skills is embedded in the overall collective values of the organisation which is another important success factor.

One of the values of the firm is integrity and I think that in the decisions that the founders make in relation to clients and so forth are communicated; not necessarily overtly but in what they do (Supervisor).

Similarly, enabling staff autonomy ‘certainly has an impact ... we’ve definitely had a very tangible business impact through that process. Again that’s picking up on a lot of the skills that our people have for their autonomy, their insight into business’ (Chief Operating Officer).

The culture and values of the organisation are also reflected in Pottinger’s open exchange of ideas regarding business strategy, performance and positioning. As one employees notes, ‘If something does happen we will hear about it; that’s communicated pretty much as it becomes certain’ (Employee). This emphasis on openness and staff involvement is reflected in a positive working environment and levels of employee commitment to the organisation:

I think that [job satisfaction] directly relates to how much you’re used and how much value you feel you add. The more skills you have I feel the more contribution you make; the more contribution I make the more valued I feel, the more valued I feel the happier I am. Similarly that goes for motivation; the more satisfied I am the more motivated I am (Employee).
RSPCA Victoria

Background to the case study

RSPCA Australia (Victoria) is a community-based charity which promotes the care and protection of animals. The first Australian Society for the Prevention of Cruelty to Animals was formed in Victoria in 1871, followed by other Societies in the remaining states and territories, before finally becoming a properly constituted national organisation in 1980. However, each state organisation continues to run independently under the umbrella federation of RSPCA Australia.

RSPCA Victoria operates across ten sites and has approximately 350 paid staff, with a full-time equivalent of around 260 employees plus 1500 unpaid volunteers. Its annual budget of nearly $29 million is funded predominately by community donations, with around $1 million (or 3 per cent) contributed by the State Government towards the cost of inspectors.

As a community-based not-for-profit organisation, RSPCA Victoria had previously ‘never considered it important to invest time, resources, energy into developing the people of the organisation [or] the structures, [so] they didn’t do a lot of work in strategic planning and people management and OH&S; none of those internal structures or systems were here’ (CEO). However from 2002, with a new CEO, a process of organisational change began. The result is that the organisation now places a greater emphasis on developing the organisation through its workforce, as ‘you can’t possibly deliver good outcomes without training and developing your people’ (CEO).

With limited resources and high turnover of staff and volunteers, a more strategic approach to developing people and organising work has been adopted. Initiatives include: developing management and leadership capacity within the organisation; job redesign, creating mentoring opportunities; and encouraging knowledge transfer between job roles. Benefits from these initiatives include improvements in retention rates; workplace morale; safety insurance premiums; and a change in culture to one of open communication and continuous improvement.

Development and objective of the initiative

The organisation is in a process of transition in looking at new systems and different ways of doing things – including developing staff and making the most of their skills to better care for animals. This change management process was prompted by a change in leadership, with a new CEO with a corporate background taking over RSPCA Victoria in 2002. This facilitated a change in governance arrangements from a ‘traditional form’ of charity to a company limited by guarantee. The new Board of directors also has ‘a better appreciation... of how organisations run through new members who come from industry – [they] have an industry background; they understand that far more than perhaps some of the older ones did in the past’ (CEO).

A new corporate strategy was put in place to clarify organisational structure and roles. The introduction of a strategic planning process and business planning process means that the organisation was now ‘much clearer about the outcomes we’re trying to drive [and] much clearer about having an impact on people’s attitudes and behaviours’ (CEO). Accompanying this was the recognition that when staff are well-trained, they are better organised and better placed to look after the animals in their care:
I always maintain you can’t do anything for the animals unless you have well-skilled and trained people to deliver those services (CEO).

This is despite the fact that charitable donations are usually targeted towards animal care rather than staff development.

That’s very difficult sometimes within the not-for-profit sector because our resources are always limited. Also we’re dealing with our donors, our members – people very seldom donate, give you money so that you can spend it on training your people. Everybody has in their minds that ‘I give the money for the animals. I don’t know exactly what that means but it’s for the animals’ (CEO).

Importantly, the organisation also needed to be more financially viable, ‘because the expenditure side of our budget didn’t seem to be producing a lot’ (CEO). The wastage of resources was a key issue, with the organisation paying $800,000 a year in Workcover premiums to cover injuries in the workplace. This indicated a loss of productivity and that ‘an enormous amount of money [was] going out the door every year... It also showed that people were being injured which is just not acceptable’ (CEO). Research showed that workplace injuries were caused primarily by preventable accidents in animal handling (such as dog and cat scratches), which pointed to a lack of appropriate training and equipment.

A final trigger for change within RSPCA Victoria was the need to improve the retention of staff and volunteers in an often challenging environment. Even though people who worked or volunteered for the organisation strongly shared the values about looking after animals, turnover was still an issue. As the CEO explains, ‘it’s really easy to have a really high turn rate of volunteers, particularly if people have that mindset of ‘They don’t cost us anything, we’ll just get another one’. God knows we’ve got a queue of people always waiting to volunteer but that’s not the point. Again as I say, if you have a disgruntled volunteer walk out the door and that’s your reputation going with it’ (CEO).

RSPCA Victoria introduced a range of changes that support the development and utilisation of workforce skills. These include redesigning job roles so that senior animal assistants now have a supervisory role, building management capability in front-line supervisors, mentoring and job rotation initiatives. Staff are also encouraged to participate in improving business processes and systems.

**How the initiative works**

As part of the organisational change process, the design of jobs was changed in the animal shelter so that more experienced animal attendants were expected to supervise more junior staff. However in practice, senior animal attendants continued to work alongside the animal attendants. A lack of management skills was identified as a key factor in this, which lead to the implementation of new training initiatives:

> We almost set people up to fail; we put them in charge of groups of people and we hold them accountable for delivering outcomes of the team but the conclusion we came to is we haven’t really skilled those people up. They’re kind of on the ground operating as if they were just team members rather than knowing how to step up and actually become the Team Leader (CEO).
The need to provide leadership and management training for animal attendants was identified as a key way to support operation of the new role and to maximise outcomes for animal care. The Amsden Leadership and Management Scholarship was established from funds donated by a former Board member of RSPCA Victoria, and is intended to develop the future leaders of the RSPCA. The scholarship ‘recognises the need for highly developed management and leadership skills to ensure that staff are able to continue to deliver enhanced animal welfare outcomes’ (2008 Annual Report).

Previously, scholarship funds were used to target one emerging leader within the organisation, with funds used to facilitate that individual’s personal development. In 2011, however, the scholarship policy was re-written in consultation with the donor to ensure that the funds were spent to collectivise training for animal attendants, ‘actually focusing on those managers who are transitioning into different positions’ (HR Manager). This change sought to make the best use of the available funds and was used to train a group of senior animal attendants to attend a course delivered by the Australian Institute of Management (AIM), which had been developed ‘specifically around RSPCA and the skill set that we needed’ (CEO).

The expansion of the Amsden scholarship funds to train animal attendants in leadership was highly successful, and has helped bring about a cultural change within RSPCA Victoria.

[The participants] loved it; they’ve all been able to take things immediately away and apply from day one. They’ve had a great opportunity to reflect on their personal style and their colleagues’ styles. It’s actually really cemented them as a group of people together and they actually now problem solve quite differently and kind of know who to go and talk to, to get a different perspective or to perhaps fill a gap in their own skill set. It’s actually really changed the culture quite significantly (Executive Manager, Animal Services).

As a result of these positive outcomes, this training initiative will be repeated in other areas of the organisation.

A formal mentoring program was also put in place to help trainees apply what they had learned from the training within the workplace, ‘and then coach them along the way for another 12 months’ in their transition from ‘day-to-day hands-on work to supervising’ (HR Manager). RSPCA Victoria also encourages a more informal mentoring system for both junior and senior staff:

We do a buddy up system so we’ll go and buddy up with a more senior trained staff member and then they’ll take you through the day of what does happen... It’s basically a hands-on experience so while you’re working, you’re following someone around, you learn the processes and what happens in the workplace and how to deal with different difficult situations (Employee).

As part of the change process, there have been greater opportunities for staff to provide upward feedback and ideas about how to do things differently at RSPCA Victoria. For example during 2007/08, a number of focus groups were conducted to examine the results of a cultural survey and to provide staff with an opportunity to participate in formulating solutions to areas identified for improvement (2008 Annual Report). The focus groups identified a number of key recommendations, including the establishment of a Communications Working Group, an Environmental Committee and a uniform project management model (2008 Annual Report).
Enabling staff to participate in decision-making was another important factor driving the change process, particularly where policies and procedures can have a ‘profound effect’ on staff morale (CEO). Within a challenging environment like RSPCA Victoria, where animal welfare issues can exert considerable stress on employees, staff need to feel that they have a voice within the organisation and that their ideas are ‘accepted and listened to’ (Employee).

More broadly, staff also indicated that they felt that they had sufficient opportunities to participate in decisions affecting their work:

> We have a really good supervisor who will come and any decision that she does make in terms of our roles she’ll discuss with us first and what our points of view on it are. If we have something that we’re not happy with then we can talk about different ways in going about that. All our ideas are heard and if it is a good idea then it’s taken into place and it generally does tend to work out quite well (Employee).

Some skills utilisation practices, such as allowing discretion in the way staff do their jobs, may be limited out of necessity due to the nature of RSPCA Victoria’s work, including legislation requirements and the RSPCA’s animal care policy framework (CEO). However, the ability of staff to have the opportunity to provide input into how work is done has also increased over time particularly following the leadership training of the senior animal care assistants.

> Specifically to people in my team, we’re always trying to improve the processes for adoption and look at better ways of doing things. Of course we can’t just put in place whatever we like; there are processes to follow for anything but I really try to make sure the team is involved because they’re the ones working at the frontline and know what the issues are (Supervisor).

Employees and volunteers are also given the opportunity to make suggestions in order to improve processes. For example, staff members researched the possibility of containing the spread of cat flu through the use of particular kinds of carrier boxes. These separated cats from their neighbours (thus reducing contagion), but also allowed the animals some freedom of movement, reducing stress levels. Management agreed to trial the scheme, and found that ‘One of the sites that we had feedback with, their cats flu reduced significantly. So the impact of that has been that we’ve actually purchased a whole heap more, this financial year, to see if that actually will continue the trend to reduce the cat flu down, which would be a fantastic achievement if we can get that done’ (Executive Manager, Animal Services, RSPCA).

Strategic planning in RSPCA Victoria is instigated by the Board and the senior management team and is operationalised via line management, in terms of identifying workforce needs and resourcing considerations. Line managers are increasingly being held accountable for the development of their staff.

The performance management system reflects the ‘very strong organisational values’ of RSPCA Victoria as a not-for-profit organisation, where the welfare of animals is the primary goal (CEO). This extends to the job descriptions and competencies under which workers are employed, which are designed to optimise animal care and wellbeing:
I think our intrinsic values are absolutely critical to the way we run our business. It’s not just what we deliver of course; it is very much about how we deliver it. Our whole performance management system is underpinned by those organisational values... The behaviours and the values that are displayed are absolutely as important if not more important than actually delivering on [targets] ... you can tick the box and say ‘Yes, I’ve done this, I’ve done that, I’ve written that, I’ve delivered that’ but unless you’ve done it in the way that’s in keeping with our values you haven’t succeeded (CEO).

Across the organisation, a range of job-related training is made available to employees covering workplace safety (including first aid and occupational health and safety), people and communication skills, and training relating to wildlife and animal care.

Staff are encouraged to identify their goals and training needs within their individual development plans, but formal training opportunities may ultimately be limited by cost. Consequently, RSPCA Victoria has ‘to focus on things that aren’t going to necessarily cost us a significant amount of money’, including encouraging knowledge sharing among staff and creating opportunities for employees and volunteers to experience working in other roles (HR Manager).

Given the limited funds available for training, any monies spent are on highly relevant training which can be applied directly in the workplace:

Generally, we try to have a reasonably good sense about what is it that’s emerging that’s a particular issue and then we try and maximise our opportunities. So if we can negotiate a group session on something as opposed to one person being trained, we would prefer to do that because it’s better for us from a – it’s a bit more cost effective. We also submit our training budget each year to the Human Resources Department... And then through the budget process we negotiate where that ends up (Executive Manager, Animal Services).

RSPCA Victoria is seeing the benefits of a more strategic approach to training. Previously, ‘there seemed to be a bit of a disconnect’ between identifying the development needs for an employee within a performance plan, and the budgeting process – where a particular training course might be identified [and] then we’d work out if we could afford it or not’ (HR Manager). The training provided by external providers was also often fairly generic, and not easily adapted to the RSPCA workplace. Now, however, there is a closer alignment between allocating funding for training and identifying the development needs for a particular role:

Now there’s actually a lot more around ‘Well this is what I’m looking for’ and actually a process that we go through to identify ‘Are these courses actually going to meet the need that we’ve identified as the issue or is it just a course that we’re sending somebody on as a course’. I was really surprised at the amount of training that we do; for a not-for-profit organisation I was really impressed with the investment that goes into the training budget. A lot of that is really because the managers are pretty much just allowed to identify those things themselves and so if they’ve identified it as an area and overall we can afford the budget, then we go ahead (HR Manager).
Outcomes of the initiative

The changes introduced at RSPCA Victoria have seen significant improvements in key indicators such as retention. Turnover has reduced for frontline (paid) staff from 44 per cent in the 2008/2009 financial year to 20 per cent at the end of 2010/2011. In other words, retention has improved by almost 43 per cent in a two year period.

The amount of money spent on insurance costs at RSPCA Victoria has also decreased significantly due to the implementation of training initiatives and the introduction of policies aimed at improving workplace safety. ‘Work Cover premiums are down to probably to about $150,000-$160,000 depending on the year, what’s going on’ (CEO). This is down from as much as $800,000 previously.

Injuries have also reduced with 125 reported in the period January to June 2011 down from 180 in the same period for 2008.

The encouragement of staff to provide ideas to improve animal welfare practices has resulted in a number of innovations. For example, the pilot to change cat handling procedures has had an impact on the spread of cat flu, which has reduced the rate of euthanasia at RSPCA Victoria. This in turn helped to improve job satisfaction and reduce workplace stress:

   It had a profound effect on the staff because they felt that they had an opportunity to actually have some input and there were a lot of changes in handling procedures and the physical set up, the isolation set up, disinfecting routines, all sorts of routines that they were involved in day-to-day and actually had the opportunity to change. It [also] had a profound effect on the morale of staff, [a] profound effect, in a very difficult area to work in when you see euthanasia of lots of animals. That’s a really good example of engaging staff in trying to work through solutions to problems that everyone knows exist but we’ve never actually been able to solve (CEO).

Barriers/challenges

As an organisation dependent on community support and with limited resources, one of the primary challenges facing RSPCA Victoria is communicating the need for staff development to donors and members, who ‘very seldom donate... so that you can spend it on training your people. [However] you can’t do anything for the animals unless you have well-skilled and trained people to deliver those services... It’s sometimes a difficult message to get through’ (CEO).

The staffing structure of RSPCA Victoria is also a challenge, given that it is an organisation whose workforce is largely comprised of volunteers:

   It can be difficult to manage volunteers; they don’t work full-time – obviously – they have limited time to offer you, you have to make sure that you get the best results in the time that they have and that can be difficult. It’s a challenge, a different challenge I guess for us from a corporate [organisation] (CEO).

The perceived gap between volunteers and paid staff is another issue, with the CEO feeling that these groups should be treated in the same way:
That’s sometimes a different element I guess in not-for-profits – trying to manage those that work for us with the different elements, with paid workers working side-by-side with volunteers and trying to drive the ethos of treating everyone as if they’re staff. Whether they’re paid or not paid, they should be managed in the same way, they should be coaxed in the same way, they can be trained in the same way (CEO).

A lack of consistency around how skills gaps are identified was problematic within the organisation, as there previously ‘wasn’t a great deal of framework around how [managers] determined what the skills gap really was’ (HR Manager). Finally, recruitment policies needed to be improved as ‘everybody is doing slightly different things and nobody is doing anything consistently’ (HR Manager). There are also different cultures operating in different areas of the organisation, with some areas more accepting of change than others.

Organisational change at RSPCA Victoria is recognised as a work in progress, and while management are keen to move forward, they recognise the need to obtain staff buy-in to the process. This prompted enhancements to communication and upwards feedback, however these communication channels can be further improved, as ‘we don’t have a formal way of doing it except via our line management system [and] you have to make sure that you actually implement what [staff] come up with otherwise they see it as window dressing’ (CEO).

Critical success factors/Lessons learned

The importance of strong leadership in driving organisational change is a key lesson to be learned from RSPCA Victoria’s experience. Having a CEO that recognised the importance of a capable, engaged workforce in achieving better animal care has been central to changing the way of working in the organisation. This has been supported by a change in governance and a board that also supports this view, resulting in a more strategic approach to resource allocation and people management.

In transforming RSPCA Victoria from a traditional non-profit model to a higher performing business organisation, management sought to minimise resource wastage, better allocate resources, and focus on training staff to produce better outcomes.

Management found that delivering on promises was needed if they were to build trust with staff, improve workplace morale and improve retention:

It’s pretty easy to identify gaps in systems or procedures because you get the constant feedback from it. [However] the art is paying attention to that feedback and then doing something with it because otherwise people get frustrated (CEO).

Introducing a system of accountability and performance management through RSPCA Victoria’s People Management Framework also helped to drive cultural change within the organisation. As the HR Manager explains, the new corporate strategy ‘was really an opportunity to engage with staff and to help them understand that they’re a part of the strategic plan and to make sure that they know they can help us achieve that’ (HR Manager).
Woodside

Background to the case study

Woodside is a publicly listed Australian oil and gas company. It produces and trades oil, natural gas, liquefied natural gas (LNG), liquid petroleum gas (LPG) and condensate for domestic and export markets. The company has a matrix organisational structure and operates in an extremely dynamic environment. Woodside employs around 3500 staff but significantly more through contractors. The company has to attract skilled staff from a global pool which also serves Australia’s booming mining industry.

The severe skill shortage at all levels, which is partly a legacy of the global oil industry collapse of 20 years ago, has led the company to introduce skill pools. This strategic approach to developing and sustaining an efficiently trained and engaged workforce is executed by managers accountable to Woodside’s senior leadership. It involves the development and deployment of staff across the organisation in occupational and professional groupings and is underpinned by Woodside’s workforce development planning. The approach has dramatically improved staff retention.

Development and objective of the initiative

Skill pools are a workforce strategy designed to sustain the company’s growth by developing staff to meet the organisation’s long term needs. It is a company-wide initiative that supports workforce planning and individual career development.

Skill pools, which were initiated approximately five years ago, allow staff to extend and use their skills by being developed and rotated through the business. Staff have a line of sight to their career development within Woodside. This gives Woodside an edge against other resource companies. They have reduced the reliance on the traditional approach of advertising to fill a vacancy for two reasons: firstly, insufficient qualified people applied, and secondly, the skill pool method of expanding the skills of existing staff improves engagement, morale and retention.

Skill pools are linked to Woodside’s workforce planning, which begins with the budget process. Each business function identifies the number of people they need for each role based on the level of projected activity. With an idea of numbers for each occupation for the next five to 10 years the company develops its workforce strategy.

Each of the 40 skill pools correspond to a specific area of expertise eg, maintenance, supply chain, legal, process engineers, finance staff – which have their own skill pool. When the skill pool manager interviews individuals their training needs are assessed against the skill pool competency framework. The manager is not just developing an individual’s skills for use in a particular job – which is also done through a development plan with a line manager – they are also establishing a robust supply of skilled labour to deploy across the company.

So each of the skill pools has a group of workers from the company, and they [managers] look at that group of workers and say, ‘Well, what skills do they require to do the jobs that we have out there in the business, and what skills do the individuals currently have? And let’s have a look at the mix between those and what do we need to do to address those shortfalls or deficiencies’ (VP Australia Oil).
Staff retention is a high priority. It is cheaper to retain staff than replace them, for example replacing a geoscientist may involve attracting international applicants which takes six-months and involves a visa process. Senior leaders have measures on staff turnover and retention in their performance agreements. All areas of the business are accountable for driving capability, not just HR.

**How the initiative works**

All skill pools have a competency framework that staff self assess against. For example new staff input their skill set into the geophysicist/geologist skill pool using Petroskills, an industry-wide software package used for geological, engineering and petrophysical analyses. The next stage is to discuss their competencies with a manager. This produces a gap analysis and identifies where more training or job exposure on special projects are required.

At the end of the year staff update their skill set and follow up with a discussion with their manager, to confirm their self assessment. This feeds into their individual development plan with their line manager for the coming year.

Many staff are in a job for two to four years before they are rotated. The match is based on two things: firstly filling the gap in their skill profile, and secondly where the vacancy is in the business. The broad scope of skill pools exposes individuals to a greater variety of roles.

> We do rotate staff around. I mean, I have them popping up on my little tracker and saying this person has been in the same job for three years; it’s time to start thinking what next... So we try and rotate everybody around independent of whether they’re junior or senior... [in] my skill pool, I have everybody from age 22 to age 61 (Skill Pool Manager).

The skill pool plays a major role in arranging which area an employee is rotated to. Line managers can retain a staff member for up to two years.

> For example, I have working for me a finance manager. His next role? I don’t decide his next role; the skill pool will work out his next role. So I might say, ‘Well, you’ve done a really good job this month or this six months or this year,’ but I actually can’t tell him when he’s going to rotate and what his next job’s going to look like. And I can’t really even tell him what skills and competencies he needs to develop; the skill pool provides that for him (VP Australia Oil).

Development discussions can be a three-way conversation between the employee, their line manager and their skill pool manager. The skill pool has input into the review. It means individuals can rely on someone other than their supervisor to support their career path. For example if a mechanical engineer is working on a project with a civil engineering team leader, it’s the civil engineer who will give them feedback on their day-to-day work. But since their discipline is different, they will also get feedback from a line manager in the mechanical engineering skill pool.

> They (the mechanical engineer line manager) will be saying, ‘Well, we expect you to be in this type of role for another 12-18 months, but as part of your development, you need to get a job in construction.’ So instead of you having to go and find (a role) in construction, the skill pool’s looking for opportunities for you in construction (VP Australia Oil).
By developing staff through the skill pools Woodside reduces its reliance on filling vacancies on the open market. The skill pool structures the internal search for applicants who, as part of their career development, match the vacancy because it’s the ‘right next job’ for them. Woodside’s goal is to have three candidates for each role.

The human resource plan maps staff who are coming through, who their emergency replacement is and those available in the next one to two years; in three to five years. If senior managers haven’t got anyone in those timeframes it alerts them to take action (VP Australia Oil).

Woodside places a high priority on ensuring that leaders and managers have the right development to manage their teams. The Leadership for High Performance program is mandatory for team leaders and above. Woodside knows that the behaviours of the leaders affects the work climate and quality day-to-day working relationships keeps people engaged.

There’s an interest in the person, not just in the role and the output. And as has been mentioned in our leadership courses, it’s the organisational climate that the leader creates. And we have to invest so much in people... that you just don’t want them leaving a year down the track (Supervisor).

The organisation invests heavily in making sure the leaders and managers understand the different leadership styles and the impact it has on employees. The company also identifies High Talent employees who are perceived to be potential senior leaders.

Woodside uses the 70-20-10 approach to capability development. The Performance Agreement and Development Plan (PADP) allocates 70 per cent to learning on-the-job skills. Relationships – coaching, mentoring, job sharing – account for 20 per cent and 10 per cent is filled with formal training or education.

Training comes from a variety of sources. Operators are trained in-house at the company’s Karratha training centre. Some do grounding courses with the Australian Centre for Energy and Process Training (Woodside is on ACEPT’s industry management board) and apprentices attend local TAFEs. The company collaborates with universities with students undertaking projects on facilities and using company equipment for modelling and other research.

All staff have a training budget. It builds the overall skill pool level of expertise and keeps people engaged. Each graduate has a ‘buddy’ and those that want mentors enter into a formal contract with a senior leader.

I’ve just spoken to a guy who’s been to a conference in Quebec and he said, ‘You know, the industry is doing this and that and seismic inversion. I know it’s not here yet, but I’ve got a network... we get the latest on what the industry is doing, we get first dibs into what academia is doing, we have network with some of the new consortia; what’s happening. That’s great, and this guy is very, very engaged; he’s gone from being here forever to, ‘Yes, and I’ve done this and that and that,’ and all it’s cost me is $5,000 (Skill Pool Manager).
Training investment is targeted and relevant to ensure where training occurs, there is an expectation that the new skills will be used in their current role. Managers follow up on training to ensure staff are using their newly acquired skills.

So we don’t generally just train people, hoping that one day they might need it. We generally – other than emergency response – we’ll be training people for a particular task or a particular job, so they get to use them pretty quickly (VP Australia Oil).

I need to see evidence of that (training)... So I catch up with my team on at least a fortnightly basis to talk through the work that’s on their schedule, how are they going, are they hitting any barriers and so on. And it’s my opportunity to say, ‘So how’ve you been? Have you drawn in some of that stuff that you did at your training?’ (Supervisor).

Knowledge sharing also occurs within skill pools through both formal and informal mechanisms. For example geophysicists run their own master classes where people sit around a table and debate a topic in a trusting environment. In the corporate environment team staff have a ‘challenge session’ before presenting their reports to stakeholders. In other parts of the organisation staff peer review their work, attend Tool Box Talks before shifts or Lunch & Learns. The social networks in each skill pool also maintain communication flow and cross-pollinates ideas throughout the organisation.

Woodside prides itself on a culture that inspires people to ‘get things done and create things’. It generates ideas and innovation and people are encouraged to take calculated risks. For example staff have identified great ideas to change accounting processes which Woodside has implemented over time.

Outcomes of the initiative

In a competitive labour market, a significant positive outcome of this initiative for Woodside is its low staff turnover, which is in single digit figures. Return to work from maternity leave is also very high, at over 90 per cent. People who are being developed and can see a career with the company feel more engaged and are more likely to stay with the organisation.

Woodside is able to plan and operate major projects because it invests in its people to become better and more efficient at what they’re doing.

You just can’t deliver what you need to be able to deliver unless you have the right skills, the right role definition and the right attitude... that really is what drives a lot of how we manage our people and manage their skills (Supervisor).

Employees agree that staff development through skill pools, combined with the variety of work across the business and an open communication culture are reasons staff give for joining Woodside.

I’m very impressed with Woodside, I really like it. I moved from an organisation and I took a pay cut and the things that have attracted me to Woodside were all of those intangibles. And I haven’t regretted the move one bit and it is all of that – the development opportunities and feeling like you’re contributing and making a difference and that your voice is heard and they’re all the things that Woodside does. So yeah, I’m very happy (Employee).
Management can see that empowering people to be innovative has had a positive impact on the business. For example there have been significant improvements in warehousing and supply chain logistics.

We’ve moved a hell of a long way in terms of speed of response and some of the metrics and KPIs that we measure around turnover of inventory and number of items out of stock (VP Australia Oil).

**Barriers/challenges**

One of the challenges in implementing the skill pool model is that line managers have to accept they may not have much input into choosing the individual to fill a role in their team. The manager is looking at short term development whereas the skill pool manager is more concerned with the long term development.

There are some practical challenges in managing the skill pools, including the issue of line managers not making isolated decisions to fill vacancies or seek to retain staff.

Sometimes it [requires] a lot of influence and negotiation on the skill pool’s part... you could have an individual who’s got lots of potential, who’s not the exact fit for a role but put them in there, give them six months and they’ll learn – they’ll move on in leaps and bounds and you might have a line manager who’s potentially reluctant to take that hit or invest the time (HR Manager, Capability).

Skill pool managers can be challenged when an individual doesn’t share their own view of how the employee’s career could develop. Managers have to take the time to find out what staff really want; time to allow them to reveal their wishes and dreams.

If you... make them realise that you value them as individuals, however they come as a package, and give them opportunity to grow, you usually have a great time, and we have a good time and they stay (Skill Pool Manager).

Overcoming employee apathy ‘this is just another initiative’ to take skill pools from flavour of the month to business as usual status at Woodside. This is a challenge that has been largely overcome.

**Lessons from the case study**

**Retention and development of talent**

Providing rewarding career opportunities through the development and deployment of skills is the chief reason Woodside has attracted and retained staff in a tight labour market. The company’s LNG growth phase – the fact it’s a clean fuel in global demand – plus pay/share incentives and being Perth-based, is part of the mix that makes it an attractive employer. But the opportunity for personal development (where ideas are encouraged and rewarded) combined with job variety, are the main reasons it has attracted staff.

We’ve got good projects, good opportunities, we’ve got a good skill pool system, a good training system. Our graduate program’s quite attractive... it’s structured, it gives them lots of knowledge, they get lots of broad experience, they get moved around the business. We’re
also a company that does all phases. So we get involved in design, we get involved in construction; we get involved in operations. And we haven’t just got one single thing. So the attractiveness is there for somebody who says, ‘If I want to have a career, there’s actually multiple areas I can have a career’ (VP Australia Oil).

Leadership capability

Importantly, Woodside invests heavily in its leadership capability. Leaders must communicate and provide clarity, particularly on how each role fits into the big picture. The performance plan and review process has moved from being a compliance procedure to a quality discussion between employee and manager. Woodside’s investment in skilling their managers pays dividends in staff engagement. ‘It doesn’t feel like them and us’ reported one staffer.

The people who are in positions where they manage people actually have people management skills... that’s been great about Woodside, the culture. Yeah, it’s friendly, it’s open. It’s that can-do thing. They’re flexible, which is great, so I know there’s no pressure if I have a dentist appointment... the friendliness... you feel confident in talking and raising any issues that you have... So I don’t have any problem questioning and saying, why is that the case? And how do you do that? And explain that to me, which is good (Employee).

Managers are accountable for how they achieve results.

It’s well and truly now embedded... Managers accept it, it’s never an issue now of, ‘I don’t have time to deliver on my key accountabilities because I’m too busy managing my team’. It’s just an expectation that pervades from the top right down to the bottom.... If you’ve got the senior leaders holding their middle managers accountable for doing this stuff then... it goes down (HR Manager, Capability).

Structural support

For skill pool managers, this role is on top of their daily management job. It can take up to 20 per cent of their time. The role is rotated, it is an accepted part of work at Woodside and the fact that skill pool managers are also line managers or team leaders or general managers, gives them credibility and clout. Yet it does also mean that there is a risk that day-to-day time pressures can crowd out time spent on managing the skill pool. Managers are supported by coordinators and they have HR for support.

A culture of communication

A culture of open communication underpins Woodside’s approach. For example senior leaders report monthly to their leadership team on developments, finance metrics etc and this cascades down. Twice a year the CEO gives a briefing, there’s a daily global email and senior managers visiting offshore operations inform staff about what’s going on in other business units. Staff can live stream ASX briefings. The board chair addressed staff through a podcast. A paper publication highlighting the people stories in Woodside is distributed to home addresses.
When the staff survey revealed employees wanted a more collaborative culture with two-way feedback the organisation invested heavily in feedback conversation workshops. It built morale and better communication of work related information.

Woodside knows that the only way to achieve its corporate objectives is through its people. Building capability from within – encouraging people to extend their skills, particularly ‘high potential’ staff – builds high morale and enriches the company’s culture.

We’re moving to a lot more emphasis on the importance of leadership, the importance of engaging your people and – and holding our leaders at all levels accountable for that. We’re not perfect but we’re starting to see a bit of a shift from bang – bang – bang – do – do, to well, we’ve got to bring people along with us (HR Manager).

Management at Woodside has found ways to apply a consistent process of assessing and growing competency which staff support.