Victorian Skills and Training Employer Survey

FINAL REPORT

PREPARED FOR

Department of Education and Training (DET)

Higher Education & Skills Group

Level 3, 2 Treasury Place, East Melbourne VIC 3002

Wallis | strategic market & social research

February 2015 | WG4202

Table of Contents

Appendix

Table of **Figures**

Executive **Summary**

The Victorian Skills and Training Employer Survey 2014 explores the experiences and future plans of Victorian workplaces to better understand how employers see skills and training playing out across the state and within specific industries.

The study employed a state wide survey of 5000+ employers who were canvassed about their experiences in relation to skills and training via telephone, online or paper survey methodologies. The sample was drawn to include the views of 19 industry sectors across 9 Victorian regions. Results are weighted to ensure total results are representative of the industry and regional composition of workplaces in Victoria.

Overall, the study reveals that businesses in Victoria report a wide range of skills shortfalls and future skills needs that will be important to address in the next five years. As well as identifying particular skills gaps that exist for their own staff, they address shortfalls using strategies such as workforce planning, improving staffing efficiencies and engaging with formal training. Employers mainly associate training with customer service and product quality improvements along with bolstering staff efficiencies, which in the current competitive environment potentially signals strong future uptake of training.

Employers identify a range of skills issues that have a major impact on their business.

Skills needs emerge as an area that employers regard as having a major impact on their workplaces, despite experiencing a wealth of broad economic issues along with specific regional and industry challenges. A substantial proportion of employers report growth in their workforce (23%) which sets the scene for increasing the focus on skills. While the costs of doing business present the greatest challenge to Victorian workplaces, half of all workplaces expect staffing issues to have a moderate to high impact on their workplace in the coming year. Workforce impacts are not tied to one single factor – employers experience several key challenges including a shortage of job ready candidates, a lack of workers with required skills and issues around attracting and retaining staff.

Therefore, it is not surprising that around one third of Victorian workplaces face a current (13%) or potential future (19%) skills shortfall, especially in job-specific technical skills, although many workplaces also identify a lack of managerial and other soft skills.

When faced with a lack of skills most workplaces attempt to bridge the gap with internal training measures, for example, using senior staff to train or mentor junior staff. Over half of companies turn to formal training or recruitment strategies – although this is less prevalent among those workplaces that are anticipating that cost pressures will be an issue.

More than half of Victorian workplaces believe that their skill needs are evolving - 54% expect to require employees with new skills within the next five years and it is believed that technological change will be the key driver of these needs. This is the case irrespective of the type of industry they are operating in, or whether they are experiencing current skills pressures. In addition, many businesses anticipate needing more advanced soft skills over coming years. Often, these are expected to be required in tandem with other, job-specific, skills.

Recruitment to meet skills needs is challenging.

Over half of Victorian workplaces (56%) have recruited new staff in the past 12 months – mostly to fill positions left vacant by natural attrition or to address staff turnover. This is a more common approach in regional Victoria, whereas metropolitan companies are more inclined to use recruitment as a strategic response to identified business issues. Larger businesses in the process of expanding and those with current skill needs are both more likely to be actively recruiting to build, and better position the organisation.

Approximately two-thirds of workplaces who undertook recruitment experienced some difficulty in the process. Recruitment difficulties are felt disproportionately among small organisations, which are twice as likely to report a lot of difficulty compared with medium and larger sized firms.

The key barriers to filling jobs in Victoria relate directly to supply of skills: applicants mainly lack job-specific skills (66%) or relevant experience (64%).

Across Victorian workplaces, occupations that are difficult to fill are highly fragmented across industry. Overall, the occupations that are the most difficult to fill in recent experience are:

- health professionals
- auto and engineering trades workers
- education professionals
- technical and trades workers.

Employers are turning to training in response to their skill needs.

Victorian employers across the board are engaging in training with the aim of developing their workforce. More than half of Victorian workplaces (56%) used some form of formal training within the last 12 months, with around one in four (28%) using vocational education and training (VET) providers (more prevalent among larger organisations).

Future intentions in relation to VET are even stronger, with 39% of workplaces planning to use VET in the coming year.

Regional workplaces are more inclined to use VET, and rely more strongly on TAFE for the provision of VET services than their metro counterparts, with access to services a more pronounced issue in regional areas.

Uptake of VET could be further improved by addressing some of the concerns and barriers to access identified by employers – 73% identify at least one barrier which prevents them from making greater use of vocational training.

The major barriers to greater use of VET relate to costs – the one-off costs for the training course itself as well as the costs of having staff time away from their regular job. Workplaces also identify the experience of poor quality training as a barrier, in particular those who have used private training providers.

Employers are mindful that a lack of skills has consequences that can impact their business in a number of ways. Workplaces not only appreciate the increased workloads that result in plugging skill gaps with existing staff, they recognise it is also more challenging to meet quality standards or innovate with new products and services. Many acknowledge they may lose business (42%) or need to withdraw products or services (18%) if skills gaps are not addressed. However, the latter impacts are less likely to be reported by regional workplaces than their metropolitan counterparts.

In this light there is little need to convince employers about the importance of skills to remain competitive; but potentially more focus is required to position training and recruitment as strategic solutions to current and future skills pressures which can impact on the whole organisation.

1.0 Introduction

The Department of Education and Training (DET) commissioned Wallis Market and Social Research and ACIL Allen to conduct the 2014 Victorian Skills and Training Employer Survey, a comprehensive inaugural state-wide annual survey of the experience of Victorian employers in relation to employment and skill needs and their interaction with the vocational training system.

The study is an industry-wide metropolitan and regional survey focusing exclusively on the skills and training needs of Victorian businesses. It surveys workplaces to gain insights into the workforce and recruitment issues facing employers and how the training market is being used to address these issues. The study successfully met several key objectives:

- Identify current labour and skill requirements across Victorian industries and regions,
- Identify emerging skill needs across Victorian industries and regions,
- Identify the nature of training market trends, issues and barriers experienced by Victorian employers, and
- Understand drivers of Victorian employers' use of the VET market.

1.1 Notes on this Report

The data presented in this report is weighted. Data which is not weighted is noted in the nominated charts.

Percentages in the report may not add to 100% due to:

- rounding to whole numbers, or
- acceptance of multiple responses (these instances are noted in the notes under each table).

The question wording shown below each table may have been summarised. The exact wording can be found in the questionnaire in Appendix 3.0.

Details about the conduct of the survey, and those responding can be found in Appendix 1.0.

Red and green font is used throughout the charts in the report to identify results that are of statistical significance. Green font is used if a figure is significantly higher and red font if it is significantly lower than the comparison group (please see Appendix 1.0 for further information).

Detailed summary tables can be found in Appendix 2.0

2.0 Victorian Skills Landscape

KEY *FINDINGS*

- One in two (50%) workplaces expect staffing issues to have a high or moderate impact on their business in the coming year. The key problem area is in maintaining and improving the skill levels of workers.
- Around one third of Victorian workplaces are facing a current (13%) or potential (19%) skills shortfall. Skills specific to the job at hand are most lacking, but many workplaces also identify a lack of managerial and other soft skills.
- Most businesses attempt to deal with skills shortages by training and mentoring more junior staff rather than turning to external training, or recruitment – particularly those companies that are finding cost pressures hard to manage.

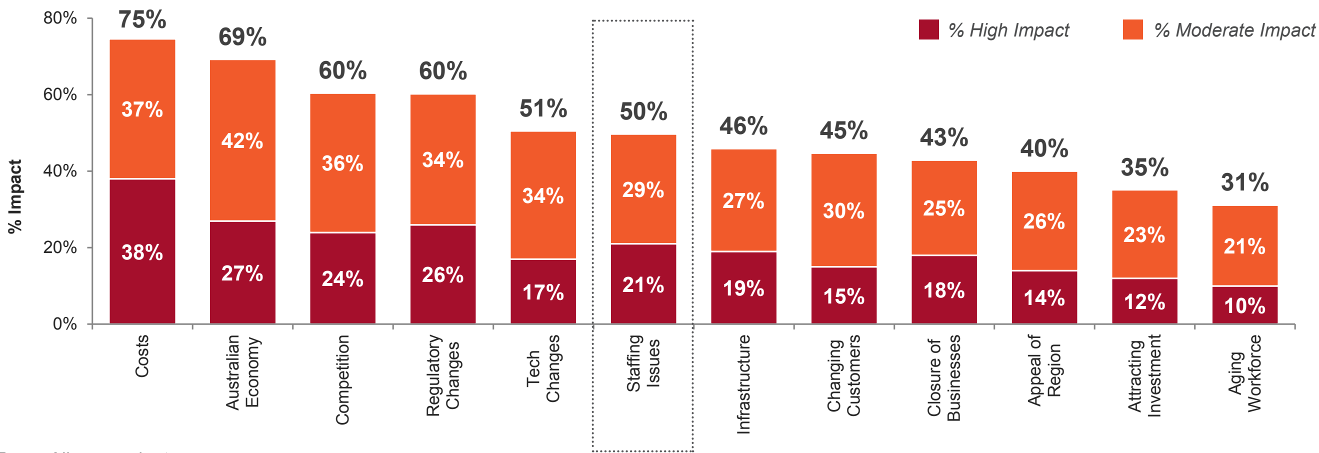
2.1 Impact of Business and Workforce Issues

Workforce issues, including skills, are a critical concern for Victorian workplaces. **Half of workplaces expect staffing issues to have a high or moderate impact over the next 12 months.** This places the expected impact of workforce issues ahead of changing customer tastes and preferences (45%) and regional-specific issues such as a lack of infrastructure (46%). Workplaces expect the biggest impact on their organisation to come from costs such as utilities, rent or labour (75%), and the state of the broader economy (69%).

Among workforce issues, improving the skill levels of workers is expected to have the strongest impact over the next 12 months, with 57% of workplaces identifying high or moderate impacts arising from this issue. Figure 2, overleaf, captures the specific workforce impacts raised by employers. Interestingly, these are both internally and externally focused: including a shortage of job ready candidates, and a shortage of available workers with the required skills.

Workforce-related impacts are felt more keenly among bigger organisations. As shown in figure 2, a significantly higher proportion of medium and large organisations expect high or moderate impacts as a result of workplace issues. This may be due to the greater capacity of these organisations to detect and respond to various workforce issues. For example, they are more likely to indicate they require new skills within the next 12 months, and to have undertaken recruitment during this same period.

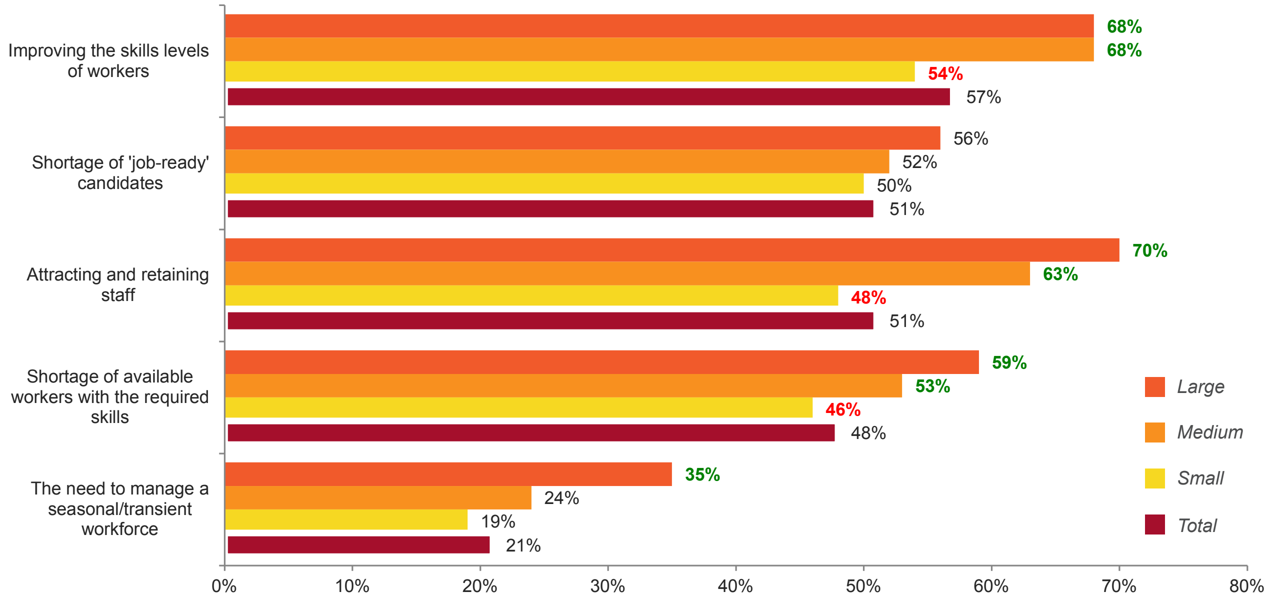
Figure 1 Business issues expected to have a moderate to high impact



Base: All respondents

Q6: What level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Response code: high impact / moderate impact / low impact / no impact or not applicable

Figure 2 Specific workforce issues expected to have an impact, by organisation size



Base: All respondents

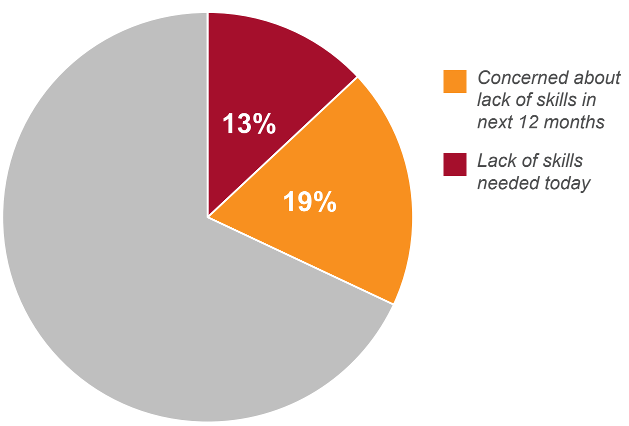
Q7a/b/c/d/e: What level of impact do you expect the following workforce issues to have on your workplace over the next 12 months?
Response code: high impact / moderate impact / low impact / no impact or not applicable

2.2 Current and Future Skills Shortfalls

Nearly one-third of Victorian workplaces identify a lack of skills within their businesses, now or within the coming months - 13% are currently lacking the skills they require, while a further 19% are concerned they may not have the skills needed within the next 12 months. This means around one third of Victorian workplaces are facing a current, or potential skills shortfall.

Workplaces in regional areas are in a more challenging situation than metro workplaces in terms of meeting current and future skill needs. They are less likely than metro workplaces to have the skills needed for today, and for the next 12 months (61%, versus 66%).

Figure 3 Availability of skills



Base: All respondents

Q8: Which statement best describes the availability of skills in your workplace?

However, the impacts arising from lack of skills appear to be less severe in regional areas. For example, regional workplaces experiencing a skills shortfall are less likely to report a loss of business to competitors, or delays in developing new products or services as a result. One possible interpretation is that some regional workplaces have simply learned to make do with a challenging skills outlook.

Workplaces that are experiencing or predicting a shortfall in skills are more likely to have undertaken formal training in the past 12 months, as shown in figure 4. Furthermore, those workplaces experiencing or expecting a skills shortfall are significantly more likely to be intending to use VET[1] in the coming 12 months than those with no such concerns (47%, versus 35%). This represents a positive finding: when faced with current or expected skills shortfalls, many Victorian workplaces actively engage with formal training, and intend to use VET.

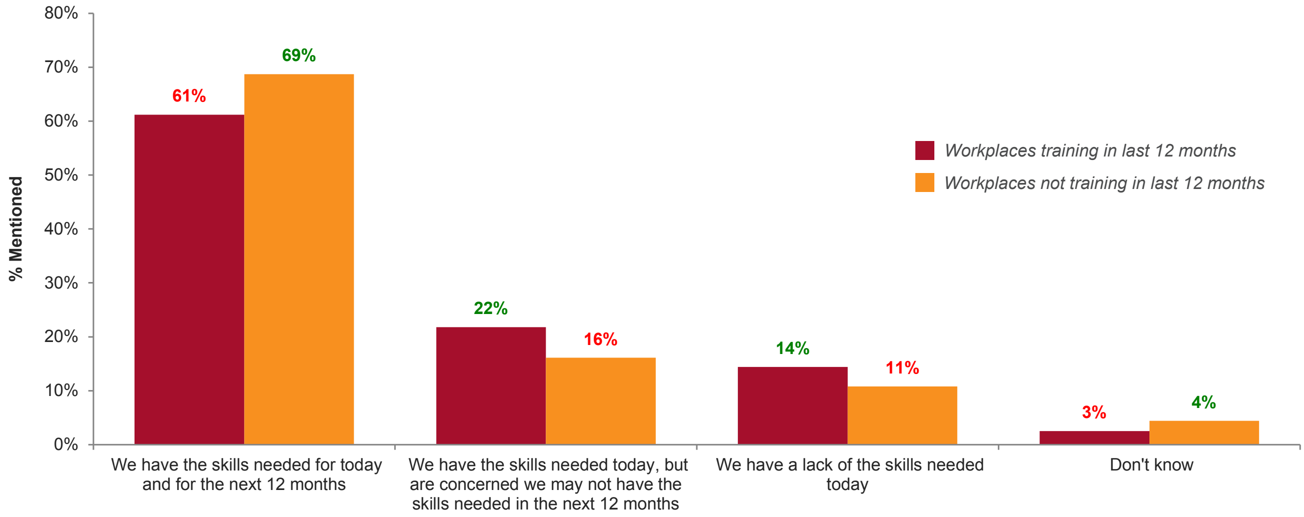
When faced with skills shortfalls, workplaces are engaging with formal training and VET.

1 Respondents were presented with the following definitions:

Formal training involves taking courses at an educational institution or participating in a prescribed program designed for the worksite.

Vocational education and training includes, for example traditional trade qualifications (such as electrician or welder), and advanced diplomas, diplomas and certificates I - IV.

Figure 4 Availability of skills in the workplace, by training participation



Base: All respondents

Q8: Which of the following statements best describes the availability of skills in your workplace?

The Impact of Skills Shortfalls

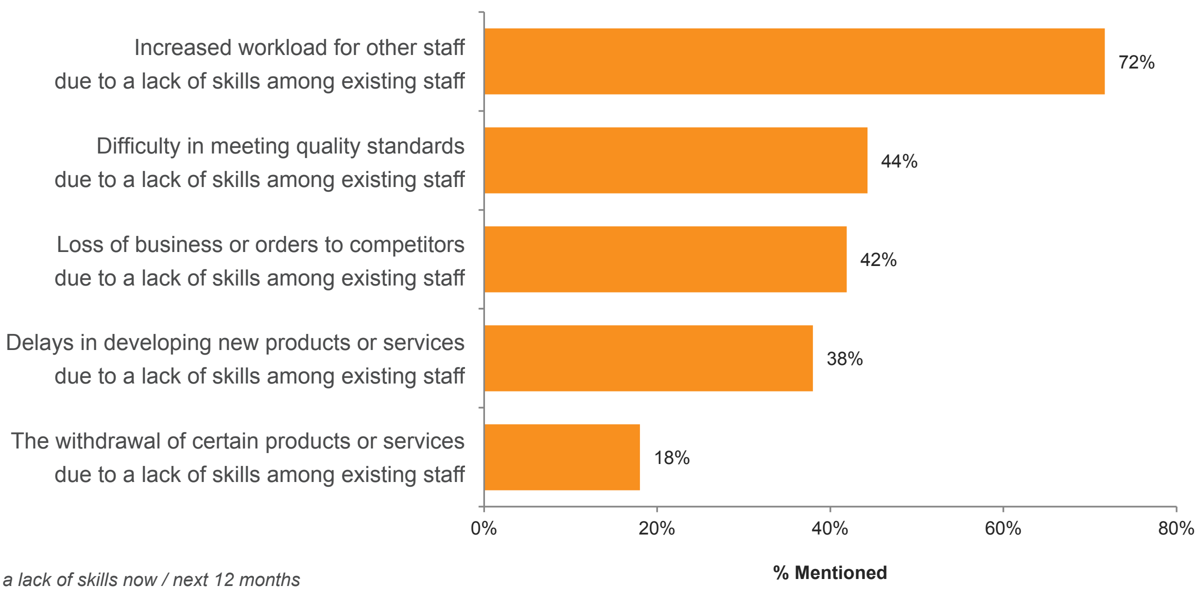
The most commonly identified impact resulting from a lack of skills within the workplace is an increased workload for other staff, identified by 72% of workplaces experiencing a challenge in relation to skills. This is more pronounced in both medium (80%) and large (82%) organisations compared with their smaller counterparts (69%). Potentially, larger teams within these organisations provide an environment where a lack of skills can be readily absorbed by team members stepping in to fill the gap.

A significant proportion of workplaces that are experiencing a challenge in relation to skills report other impacts on their organisation. These include:

- difficulty meeting quality standards (44%),
- loss of business or orders to competitors (42%),
- delays in developing new products or services (38%).

Almost one in five (18%) of workplaces who have experienced a lack of skills, have needed to withdraw products or services altogether. Figure 5 highlights how a lack of skills impacts on the workplace.

Figure 5 Impacts of skills shortfalls in the workplace



Base: All with a lack of skills now / next 12 months

Q10: Has your workplace experienced any of the following, due to lack of skills among existing staff?

Workplaces experiencing an increased workload for other staff are significantly more likely to be making use of formal training (68%) than those workplaces that are not experiencing this impact (53%), suggestinga positive and constructive response to skills issues. In contrast, those workplaces experiencing the withdrawal of products and services altogether are less likely to have been engaged in formal training than those facing no such impacts (59%, relative to 66%).

Different industries experience different outcomes from a lack of skills, as highlighted in figure 6, which shows three industries where notable differences are observed. For the full detail of industries affected by skills gaps see Appendix 2.0.

Figure 6 Industries particularly affected by skills gaps

Workplaces in the accommodation and food services industry are much more likely to report difficulties in meeting quality standards as a result of a lack of skills (66%), relative to workplaces overall (44%).

A lack of skills is more likely to trigger loss of business to competitors in the rental, hiring and real estate industry (64%, compared with 42% overall); a clear example of an industry where workplaces rely on the sales and marketing skills of agents in securing sales.

In the wholesale industry, a lack of skills is significantly more likely to lead to delays in developing new products or services (54%) or the withdrawal of certain products altogether (30%), compared with workplaces overall (38% and 18%, respectively).

Skills Gaps Highlighted by Employers

The types of skills that employers believe are lacking within workplaces can be divided into three broad categories:

1. Job-specific technical skills, which are critical to delivering the key functions of the workplace (68%).
2. Soft skills (47%) and management/leadership skills (43%).
3. Foundation skills in areas such as language, literacy and numeracy (LLN), science, technology, engineering and mathematics (STEM) and computing skills are identified as a concern by about one in five workplaces experiencing a lack of skills.

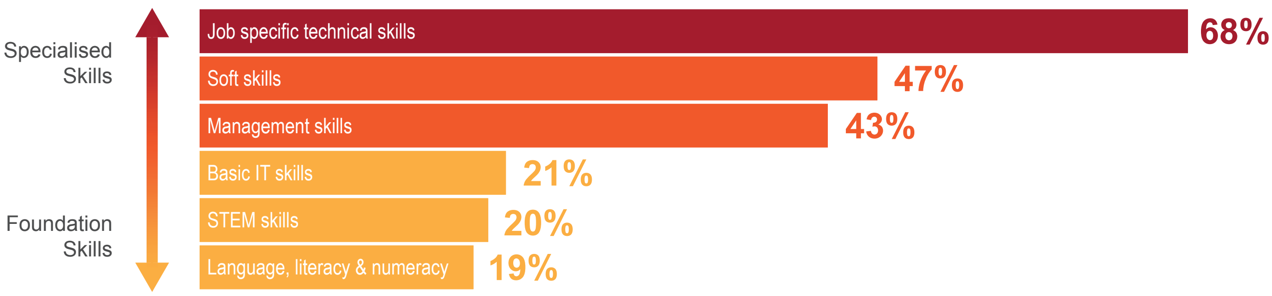
The most frequently identified areas of shortage are in job-specific and technical aspects of employment, but are not restricted to these. Employers across Victoria flag the importance of soft skills and foundation skills as critical areas with skills gaps. While there is no significant difference across regional/metro areas in skill gaps in the area of soft skills, 'language literacy and numeracy' skills gaps are a much more pressing concern for metro workplaces (21%), relative to regional workplaces (15%).

Job specific technical skills are the most commonly lacking type of skills.

Of some concern is the 19% of workplaces with skills gaps that identify shortfalls with basic language, literacy and numeracy skills[2].

2 The base for this figure of 19% is workplaces experiencing a current or future skills shortfall. This equates to 6% of *all* Victorian workplaces.

Figure 7 Skills shortfalls in the workplace



Base: All with a lack of skills now / next 12 months - identified in Q8

Q9: Which, if any, of the following skills have you identified as lacking in your workplace?

Note: Multiple response question, totals may not add to 100%

A greater proportion of medium and large workplaces that are lacking skills highlight gaps in management and leadership skills (57% and 72%, respectively) compared with small organisations (40%).

The need for better management skills also appears to come into sharp focus when workplaces are expanding. Among workplaces with a lack of skills, those that are on a growth trajectory are much more likely to report challenges with management or leadership skills (49%), relative to those with declining workforces (34%).

Strategies Used to Address Skills Shortfalls

The most widely-used strategies to address a lack of skills involve using internal capacity to train and develop employees: 70% of workplaces facing skills challenges had used (or considered using) existing staff to train or mentor junior staff, a strategy that is more prevalent in metro workplaces (72%, versus 63% in regional workplaces). Furthermore, 60% of workplaces had recruited a lower skilled employee and endeavoured to bridge the gap with on-the-job training. That is, workplaces have a tendency to look to their own internal resources first.

Concern about cost impacts is a potential driver of on-the-job training strategies to meet skill needs. Workplaces that are more conscious of costs are more likely to use this strategy (71%) compared with workplaces that are expecting no impact from cost pressures (58%).

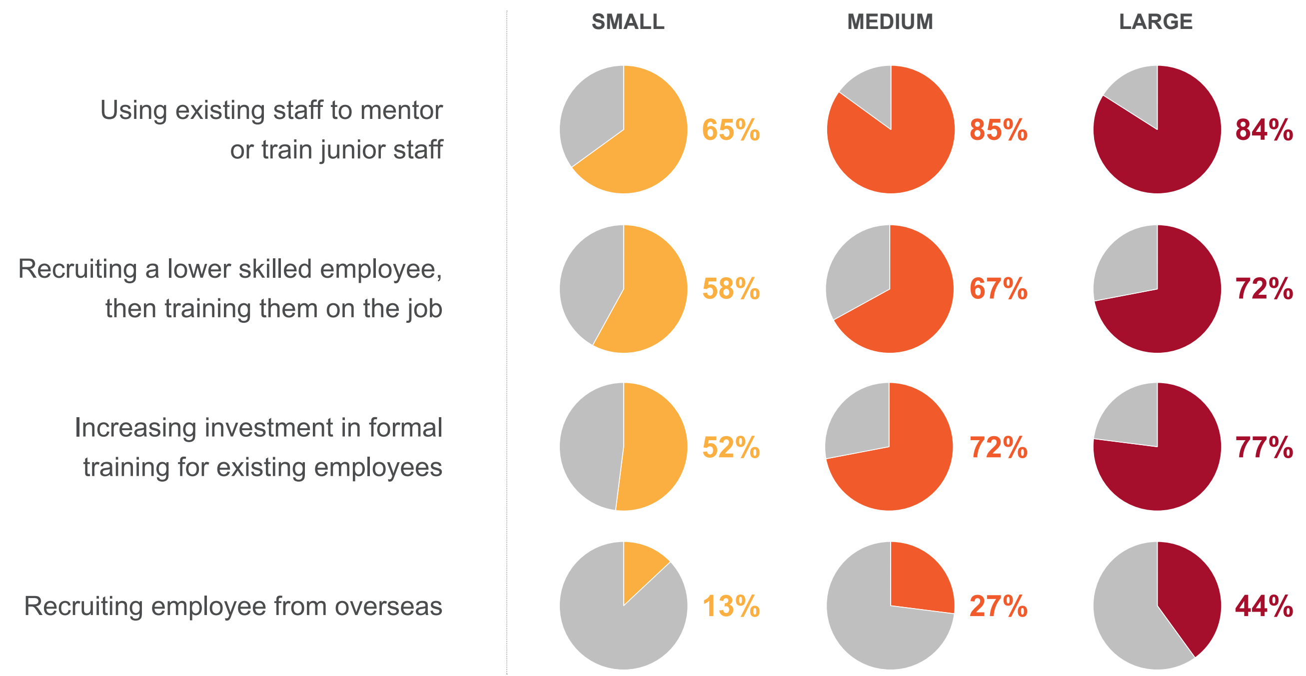
> When faced with a lack of skills, most employers opt to fill the gap with existing staff to train or mentor junior staff.

The least common strategies are recruiting employees from outside of the region, or overseas, which has been implemented or considered by 28% and 17% of workplaces facing skills challenges, respectively. Again, metro/regional differences are observed: 19% of metro workplaces facing skills challenges had considered recruiting employees from overseas, relative to just 12% of regional workplaces.

Medium and large organisations are much more likely to engage a range of strategies to overcome their skills shortages, as is shown in figure 8. By contrast, smaller organisations appear to have much less scope for adopting strategies to deal with their skill shortfalls.

Workplaces across different industries tend to consider (and adopt) different strategies in order to meet their skill needs. (See Appendix 2.0 for a breakdown of commonly used strategies across industries).

Figure 8 Strategies used to meet skills needs



Base: All with a lack of skills now / next 12 months

Q11: Which of the following strategies has your organisation considered, or implemented, in order to meet your skills needs?

Manufacturing Experience:

Manufacturing firms are much more likely to change work practices in an effort to avoid needing a particular skill (42% of manufacturing workplaces with a current / future lack of skills, versus 29% overall).

This is likely to be driven partly by concerns around costs, which are higher among manufacturing firms: faced with the challenge of a skills shortfall, many manufacturing workplaces shy away from potentially expensive training, opting instead for a work-around solution, such as altering work practices in order to avoid the need for particular skills.

Agricultural Experience:

Agricultural firms, meanwhile, are much more likely tomeet skills needs through looking externally to bring in job-ready employees. They are more likely to use strategies such as:

- Recruiting from outside the region or interstate (38%),
- recruiting from overseas (25%),
- using subcontractors (63%),
- relative to Victorian workplaces overall (28%, 17% and 47%, respectively).

This tendency to bring in external workers is likely to be linked with the population profile in the regional areas where agricultural firms tend to operate: agricultural workplaces are almost two-and-a-half times morelikely to expect a strong impact arising from an ageing workforce (23%), compared with workplaces overall (10%). They are also more likely to expect strong impacts from managing a seasonal or transient workforce (nominated as either a high or moderate impact by 67% of employers in the industry).

2.3 Emerging Skills

More than half of Victorian workplaces (54%) expect that they will require new skills within the next five years.

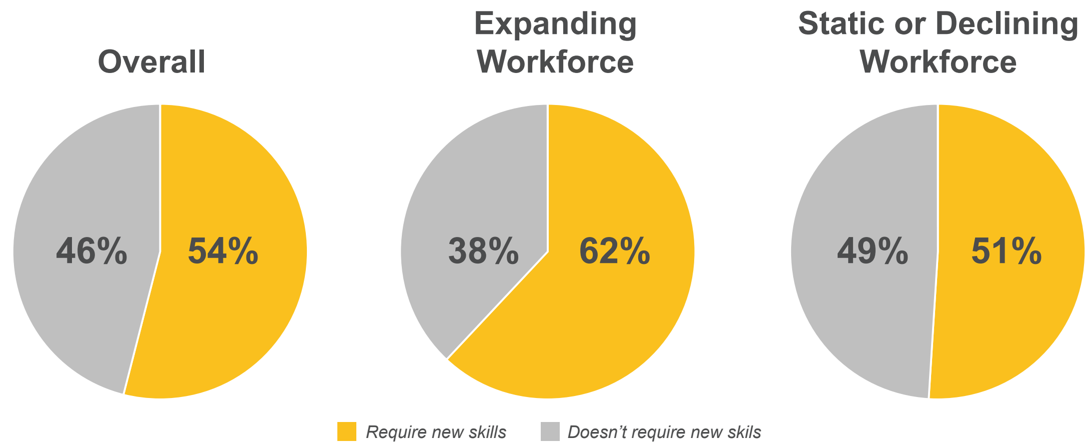
Among those workplaces that have experienced growth during the past 12 months, the figure is significantly higher with more than six in ten (62%) expecting to require new skills in the medium term.

Industries traditionally recognised as being fast-paced and high-tech such as financial and insurance services (68%) and professional, scientific and technical services (67%) are more likely to expect to require new skills than workplaces overall (54%). Notably, education and training (70%), and healthcare and social assistance (60%) are also more likely to require new skills. Workplaces in both of these industries are more likely to be current users of VET, which suggests continued strong demand for VET from these sectors.

Various soft skills are also frequently identified as an expected requirement in years to come, including sales and marketing skills (14%), leadership and management skills (11%).

This indicates a move away from a more traditional understanding of skills as the narrow, specific set of competencies relating to a work role. Instead, many more employees in the future will be required to have greater technological expertise, in addition to better-honed interpersonal skills required for undertaking their work.

Figure 9 Workplaces requiring new skills



Base: All respondents

Q17: Do you think your workplace is likely to require any new skills in the next 5 years?

It is often the case that an emerging role is expected to incorporate a combination of different skills, suchas technology skills plus sales and marketing skills, or teaching and training skills combined with technology skills.

Formal training is viewed as an important strategy in meeting new skill needs. Most workplaces that expect to require new skills in the future are actively using formal training (64%), compared with just 47% of workplaces that are not expecting to require new skills.

Figure 10 Top 5 emerging skills and industries where they are most frequently identified

31%

General Computer / IT Skills

- Info Media & Telecomms
- Retail Trade
- Prof, Sci & Tech Services

20%

Technology Skills / Upgrades

- Education & Training
- Info Media & Telecomms
- Other Services

14%

Sales & Marketing Skills

- Arts & Rec Services
- Retail Trade
- Rental, Hiring & Real Estate Services

12%

Compliance & Regulation

- Elec, Gas, Water & Waste Services
- Public Admin & Safety
- Financial & Insurance Services

11%

Leadership / Management Skills

- Accomm. & Food Services
- Trans, Postal & Warehousing
- Public Admin & Safety

Base: All who expect their organisation to require new skills in the next 5 years
Q18: Please can you describe which new skills your workplace is likely to need?

3.0 Recruitment Experience

3.1 Drivers of Recruitment

Slightly more than half of Victorian workplaces (56%) have undertaken recruitment during the past 12 months.

Recruitment activities are driven, at least in part, by the skills outlook of workplaces, with around one in five (19%) recruiting workplaces identifying a lack of particular skills as a motivation for recruiting. Furthermore, workplaces with a current lack of skills (69%) or an expected lack of skills (66%) are much more likely to have undertaken recruitment than those workplaces with no skills shortfall (51%).

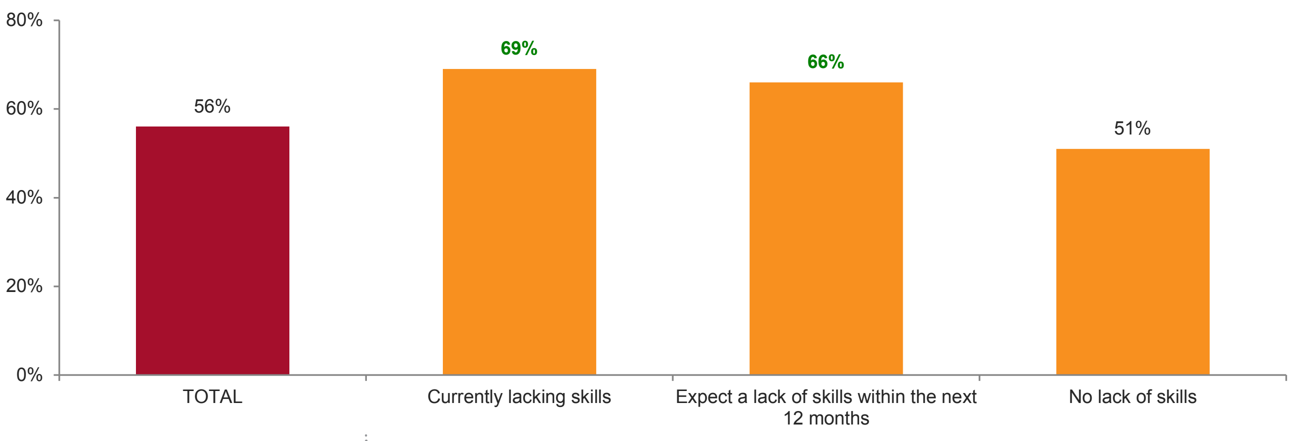
Much of the recruitment that occurs within Victorian workplaces is driven by natural attrition such as retirements and staff turnover (61% of workplaces that had undertaken recruitment). In addition, 48% of recruiting workplaces use recruitment in order to fuel company growth.

Reinforcing the idea that workplaces are recruiting in response to their skills environment, workplaces that are expecting higher impacts from various staffing issues (see Section 2.1) are more likely to have undertaken recruitment during the past 12 months.

KEY *FINDINGS*

- Slightly more than half of Victorian workplaces (56%) have recruited staff during the past 12 months.
- Recruitment is most often undertaken reactively to cover vacancies as they arise. Larger and metro-based workplaces are more likely to recruit staff strategically with an eye to the future.
- Almost two thirds of workplaces experience some level of difficulty in recruiting staff. The occupations most difficult to fill are health professionals, owing to a reluctance to relocate, auto and engineering trades workers, education professionals, and other technical and trades workers due to a lack of suitable applicants.
- Regional and metro workplaces recruit for different reasons. Metro workplaces are more likely to use recruitment as a purposeful strategy in meeting their skill needs, while workplaces in regional areas are relatively more likely to recruit in response to natural attrition of the workforce.

Figure 11 Proportion of workplaces undertaking recruitment by skills outlook



Base: All respondents

Q12: Over the last 12 months, has your organisation undertaken any recruitment for this workplace?

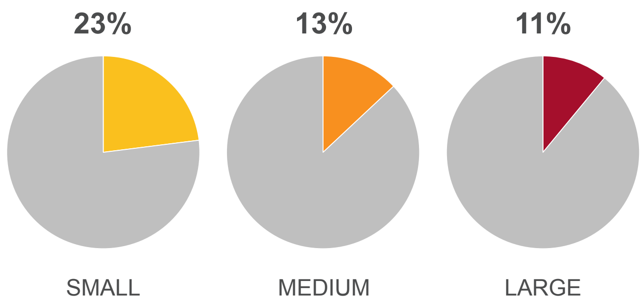
3.2 Recruitment Difficulties

Almost two thirds (63%) of workplaces that had undertaken recruitment experienced some level of difficulty, either a lot (20%) or some (44%).

Recruitment is a particular challenge for smaller organisations, which are approximately twice as likely as medium and large organisations to experience a lot of difficulty with recruitment.

Accommodation and food services and rental, hiring and real estate are particularly strongly impacted by recruitment difficulties. As shown in figure 13, more than half of all accommodation and food services workplaces experience some level of recruitment difficulties, while the figure is 46% among rental, hiring and real estate workplaces. Both of these industries are prolific recruiters, and they are also characterised by large numbers of small firms, a factor further reinforcing the difficulties experienced. Similarly, difficulties with recruitment are likely to present ongoing challenges for workplaces. More than half of workplaces experiencing a lot of difficulty in recruitment expect attracting and retaining staff to have a high impact in the coming year (59%), compared with just 15% among those that have experienced no difficulties with recruitment.

Figure 12 Organisations, by size, experiencing a lot of difficulty in recruiting

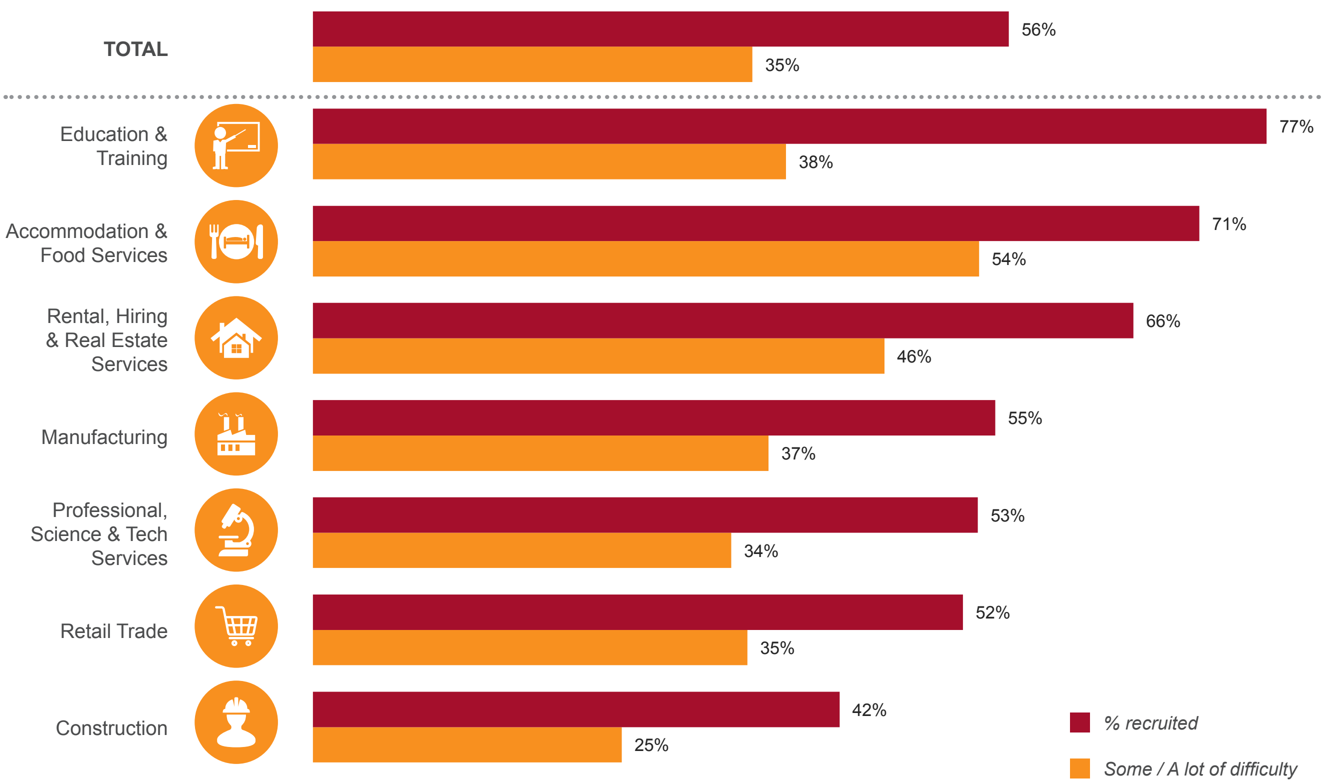


Base: All respondents

Q14: How much difficulty, if any, has your workplace experienced in recruiting staff in the past 12 months?

Difficulties with recruitment are often ongoing: businesses experiencing current recruitment difficulties are more likely to anticipate further workforce issues over the next 12 months.

Figure 13 Industries experiencing some / a lot of difficulty in recruiting



Base: All respondents

Q12: Over the last 12 months, has your organisation undertaken any recruitment for this workplace?

Q14: How much difficulty, if any, has your workplace experienced in recruiting staff in the past 12 months?

Recruitment Difficulties by Occupation

A very wide range of difficult to fill occupations was identified by workplaces, including business, HR and marketing professionals (6%), followed by specialist managers (5%). This is in line with earlier findings that soft skills and management skills are a key area of skills shortfall.

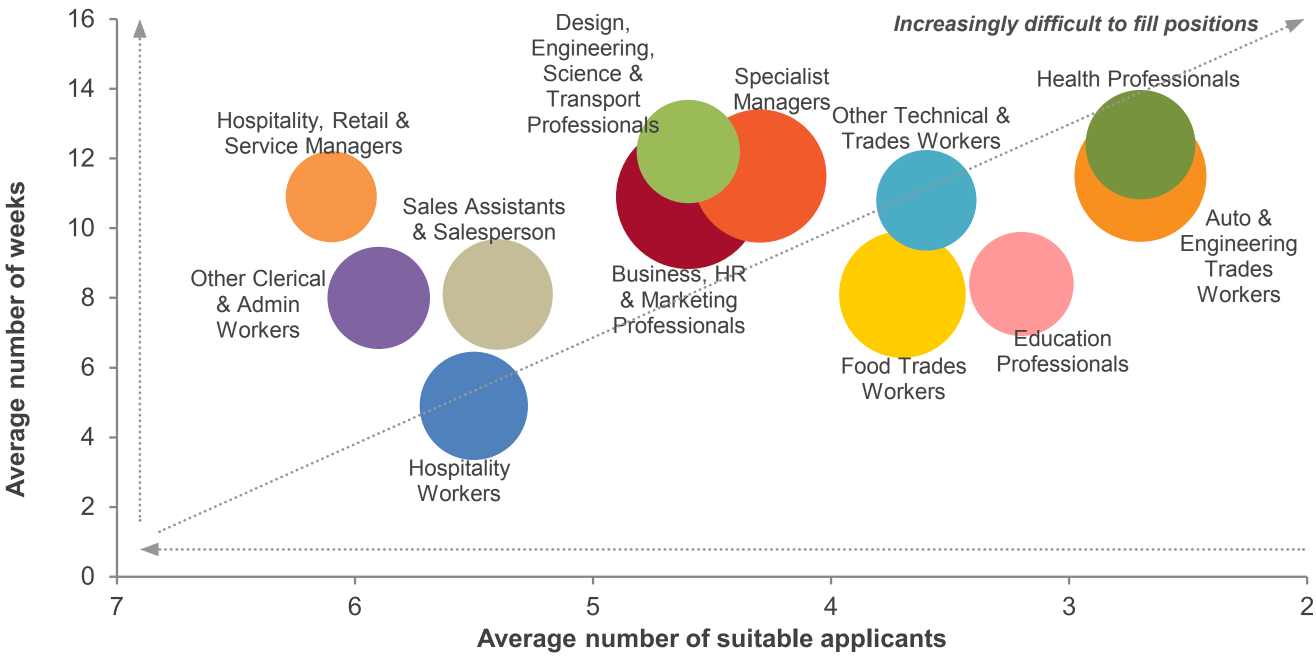
Health professional positions can be some of the most difficult to fill: they take the longest average time to fill, and have very few suitable applicants. By contrast, hospitality worker positions (whilst still frequently identified as challenging) are relatively easier to fill, being associated with a lower average time to fill the position and a greater number of suitable applicants.

The key barriers to filling jobs in Victoria relate directly to supply of skills: applicants mainly lack job-specific skills (66%) or relevant experience (64%).

Figure 14 shows the relative difficulty of filling various commonly mentioned difficult to fill occupations, based on the average time taken to fill positions, and the average number of suitable applicants. The reason for difficulties in filling different roles varies considerably across occupation types.

For example, difficulties in filling teaching positions is relatively more often due to a lack of available applicants, while food trades and hospitality positions are more often difficult to fill because a perceived poor image of the sector. Figure 15 shows reasons why positions can be difficult to fill, along with occupations that often fall into these categories.

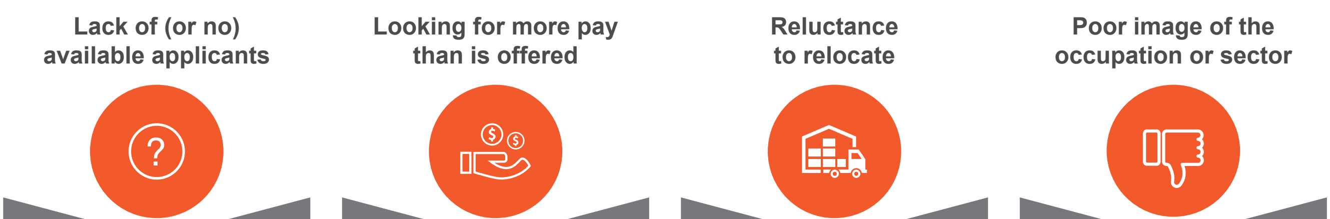
Figure 14 Occupations that are difficult to fill



Note: Size of the bubbles indicates the relative frequency that each occupation was mentioned as a job or role which was difficult to recruit for over the past 12 months.

Base: All identified positions which the organisation had difficulty recruiting for over the last 12 months
Q15b: Approximately how long did it take, on average to fill these positions?
Q15c: Approximately how many suitable applicants per vacancy did you get for these positions?

Figure 15 Common barriers to recruitment, by occupation



Lack of (or no) available applicants	Looking for more pay than is offered	Reluctance to relocate	Poor image of the occupation or sector
• Education professionals, other technicians and trade workers	• Sales reps and agents • Hospitality, retail and service managers	• Health professionals • Hospitality, retail and service managers	• Food trades workers • Hospitality workers • Farm, forestry and garden workers

3.3 Snapshot: Experiences of Recruitment in Regional and Metro Victoria

The motivation for recruiting is notably different across metro and regional workplaces. Metro workplaces are more likely to adopt what could be called an active approach to recruiting, which is prompted by business growth, lack of skills, or technological change. Regional workplaces are less likely to recruit for such reasons, with natural attrition being far and away the most prominent reason for undertaking recruitment.

The differences in motivations for undertaking recruitment are reflected in the nature of the difficulties encountered. Metro workplaces are relatively more likely to encounter difficulties recruiting white-collar higher-skilled occupations such as business, HR and marketing professionals (7%), and specialist managers (6%), relative to regional workplaces (3% for each of these occupations). Meanwhile, regional workplaces are more likely to experience difficulties recruiting for more hands-on occupations such as cleaners and laundry workers (4%), labourers (4%), and farm, forestry and garden workers (6%), relative to metro workplaces (1% for each of these occupations).

> Metro workplaces are more likely than their regional counterparts to use recruitment as an active strategy in meeting skills needs.

Figure 16 Regional and metro workplaces recruitment summary

METRO Active recruitment

Metro workplaces more likely to recruit because of expansion, lack of skills, technological / regulatory change

Recruitment difficulties: White collar, high skilled occupations

e.g. relatively more difficulty with business and marketing professionals, specialist managers

REGIONAL Passive recruitment

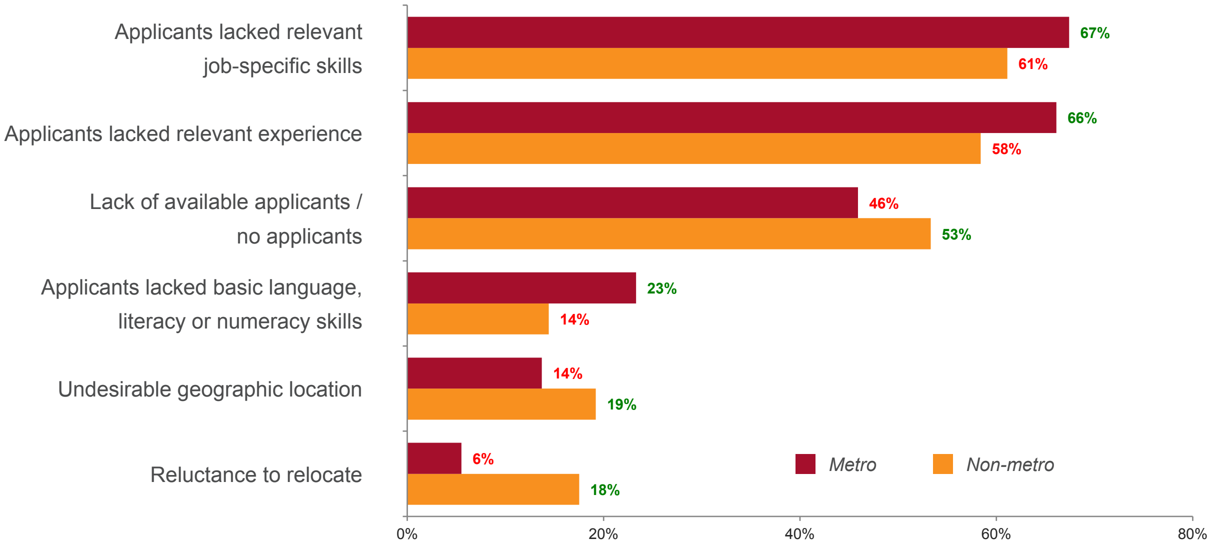
For regional workplaces recruitment more likely to be reserved for natural attrition

Recruitment difficulties: More hands on occupations

e.g. relatively more difficulty with cleaners/laundry workers, labourers, farm workers

For regional workplaces, factors broader than just skills are likely to underpin recruitment difficulties. Applicants lacking job-specific skills or experience are less of a barrier than they are for metro workplaces. On the other hand, challenges such as a lack of available applicants (reported for 53% of difficult to fill positions) and undesirable geographic location (19%) are more frequently identified compared with metro workplaces (46% and 14%, respectively). The prevalence of these barriers within regional workplaces hints at wider-ranging issues in the supply of labour: regional workplaces are more likely than their metro counterparts to expect greater impact arising from the appeal of the area as a place to live and work and an ageing workforce and population.

Figure 17 Drivers of recruitment difficulties



Base: All identified positions which the organisation had difficulty recruiting for over the last 12 months
Q16: What were the main reasons that these positions were difficult to fill?

4.0 Engagement with Training

KEY *FINDINGS*

- More than half of Victorian workplaces (56%) used formal training last year, with around half of these (28% in total) using VET providers.
- More workplaces plan to use VET in the coming year than used it in the past. This is particularly prevalent among professional services, education and healthcare workplaces.
- Almost three-quarters of workplaces (73%) identify at least one barrier to greater use of VET.
- The biggest barrier to using VET relates to costs – not only of the course itself but also particularly relating to lost time on the job.
- TAFE is extremely important in regional Victoria.

4.1 Current Use of Training

Based on employer understanding of what constitutes formal training, and after being provided with a range of typical examples, more than half of workplaces (56%) report they engaged in formal training during the last year, whilst more than a quarter of workplaces (28%) indicate they used a VET provider to deliver training for employees over the same period.

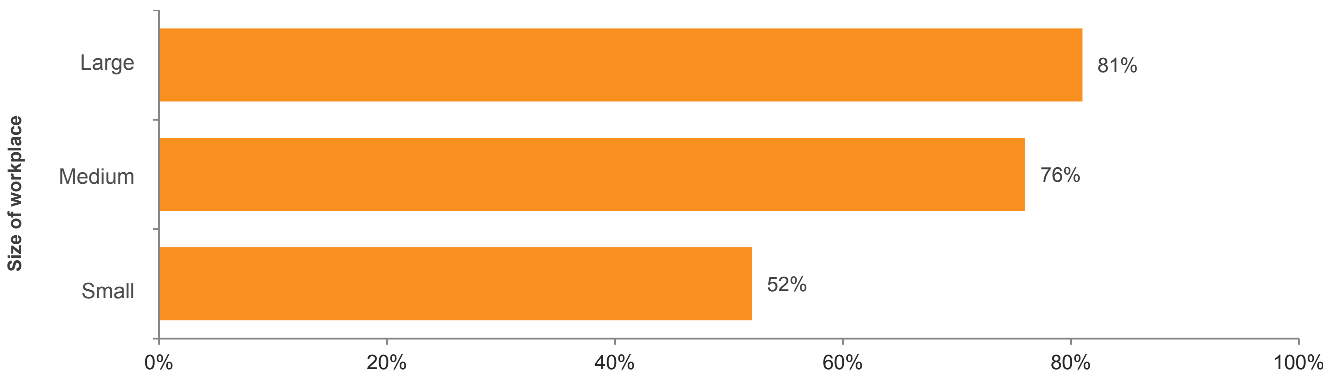
For both engagement in formal training, and in the use of VET providers, usage increases with workplace size, mirroring previous research findings. This is likely to arise as large organisations are able to commit greater focus to HR issues.

- More than half of small organisations (52%) engaged in formal training in the last year. In contrast, three-quarters of medium companies (76%) and four-fifths of large companies (81%) reported employees undertook formal training over the same period;
- Use of VET providers also rises with workplace size, from a quarter of small workplaces (25%) to two-fifths of medium workplaces (40%) and over half of large workplaces (55%).

Just short of three quarters of workplaces (73%) experience one or more barriers to greater uptake of vocational training. Interestingly, larger organisations (81%) are more likely to identify at least one barrier to VET, compared with medium (75%) and small organisations (72%).

The most commonly cited barriers to training are affording staff time away from the job (43% of all workplaces) and that training is too expensive (32%). Small firms, with constrained cash flow, limited resources, and small numbers of staff, are particularly vulnerable to these constraints.

Figure 18 Use of formal training, by size



Base: All respondents

Q19: Have employees at your workplace undertaken any formal training during the past 12 months?

Experience with VET Providers

Of those workplaces reporting recent experience with VET providers, 49% indicate they use TAFEs, 57% report using private training providers and 11% nominate university TAFE divisions. The type of VET provider used is closely related to industry:

- Construction businesses report they predominantly use TAFE providers (71% of workplaces using VET providers);
- Private training providers are most often identified as providers among the rental, hiring and real estate (79%) and education (75%) sectors.

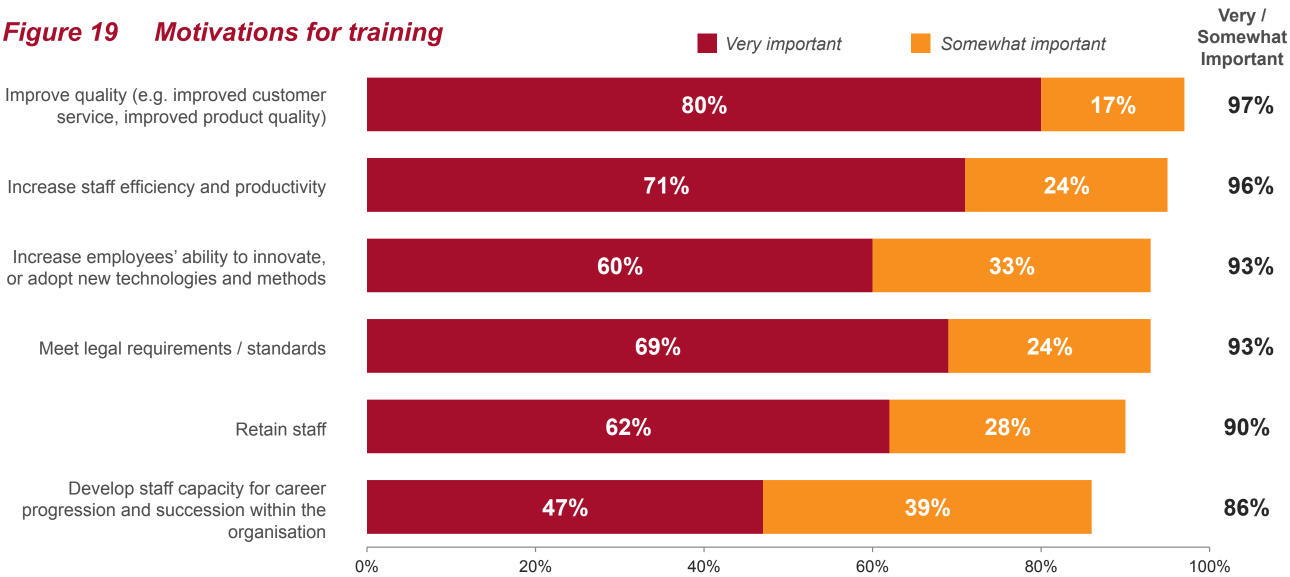
Motivations for Training

In considering the benefits of training employers look primarily to outcomes which deliver for them, and only to a lesser extent for outcomes which deliver for their employees . Workplaces cite improvements to quality, and increasing staff efficiency and productivity, as the most important reasons for undertaking training, though most workplaces attribute a number of benefits to training. In contrast the reasons for training which resonate at a lower level with employers include staff retention and staff progression/succession.

Unsurprisingly, motivations for training vary across industry. Improving quality is rated as very important more frequently among healthcare and social assistance and education workplaces, while rental, hiring and real estate and healthcare and social assistance workplaces are more likely to consider retention of staff as a very important motivation.

Workplaces that undertake VET are more likely to identify improving quality, increasing staff efficiency and productivity, and developing staff capacity as very important, relative to those workplaces not using VET. This suggests that VET plays a key role towards achieving these particular objectives.

Figure 19 Motivations for training



Base: All where employees have undertaken formal training during the past 12 months.

Note: due to rounding, percentages may not add to totals.

Q22: The following list contains reasons why an organisation might wish to train its staff. Please rate how important each reason is for your workplace.

4.2 Training Intentions

During the coming 12 months, 39% of workplaces intend to utilise accredited vocational training, notably higher than the 28% of workplaces that report having used vocational training during the previous 12 months.

Similarly 71% intend some form of training whilst only 56% did so in the preceding 12 months. This suggests that businesses' intentions to train (both VET and non-VET) may be sidelined when other priorities emerge.

This gap between actual and intended VET use is particularly prevalent among professional, scientific and technical services, education, and healthcare andsocial assistance workplaces, perhaps indicative of the growing need for transformation and greater efficiencies in these industries.

More workplaces intend to use VET in the coming year than in the past 12 months.

The lowest levels of training intention exist amongst small workplaces (38% do not plan training in the next 12 months, compared to 22% of medium workplaces and 19% of large workplaces). Metro workplaces are also less likely to be intending to undertake training (37%, compared to 31% of regional workplaces).

Many workplace characteristics influence a workplace's intentions to undertake VET. Figure 20 shows which factors are most strongly related to intention to use VET. Clearly, intention to use VET is most strongly related with particular industry sectors, such as healthcare and social assistance, and larger organisations. But other factors also play a part: recruiting organisations are more likely to intend to use VET, as are those that are expecting higher impacts arising from staffing issues during the next year.

Figure 20 Intentions to use VET

4.3 Barriers to Uptake of VET

Almost three quarters of workplaces (73%) identify at least one barrier to making greater use of vocational training. The two principal barriers are time and cost:

- Cannot afford staff time away from the job is cited by 43% of workplaces;
- Cost of training is an issue for nearly a third of workplaces (32%).

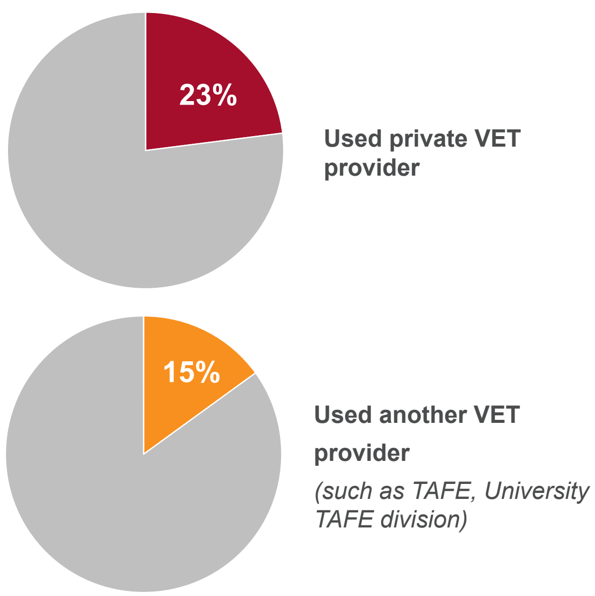
> Concern about staff time away from the job is the biggest barrier to greater use of VET, followed closely by costs.

Concerns over staff time are more prevalent amongst workplaces that had engaged in informal, on-the-job training (56%). Clearly, some workplaces are using informal training when time constraints mean that formal training seems too difficult. This barrier is also felt more widely among metro workplaces (45%), compared with regional (38%) areas.

Training barriers related to cost are more pronounced in industries where public sector and not for profit activity is more concentrated – in public administration (47%), arts and recreation (45%), health (41%) and education (41%).

Workplaces using private providers are one and a half times more likely to have previously experienced poor quality training as a barrier to greater use of VET (23%), than workplaces that use other providers (15%). Workplaces which most often use private providers tend to be those in metro areas, medium and larger workplaces, and are more concentrated within the education and real estate sectors.

Figure 21 Workplaces identifying poor quality training as a barrier to VET use



Base: All respondents

Q24: Do any of the following factors prevent your workplace from making greater use of vocational training?

Base: All who used a VET provider

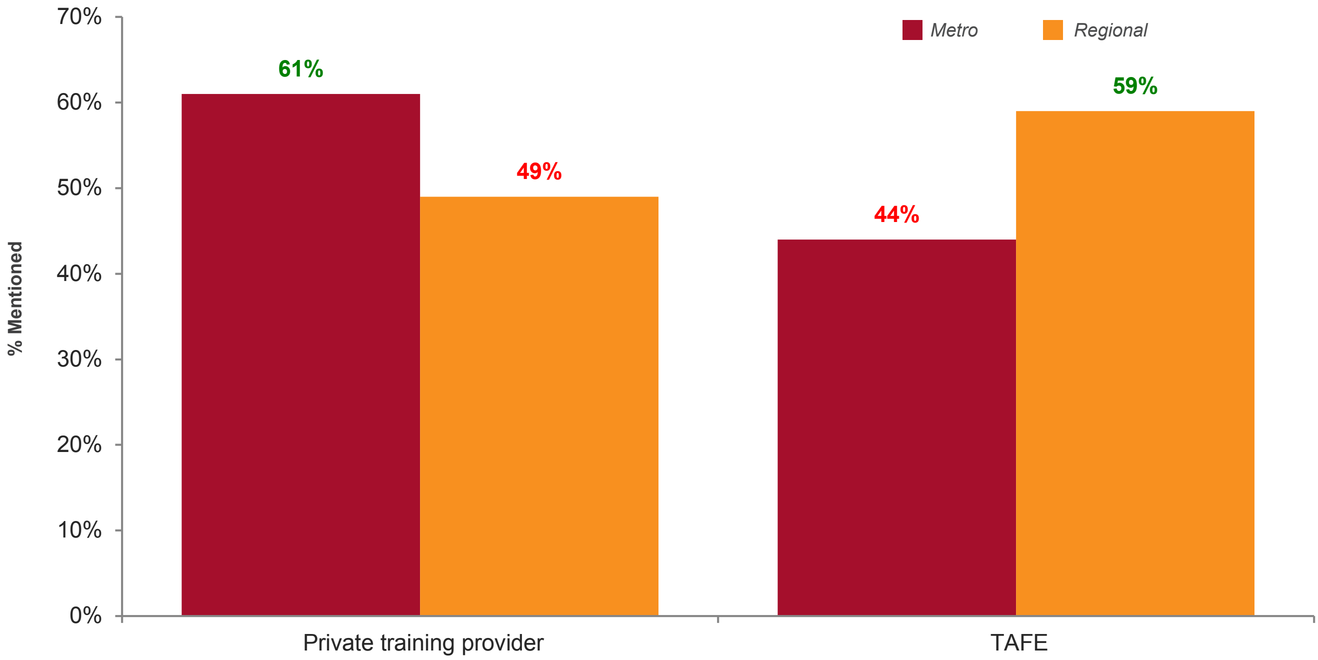
Q21: Which type(s) of provider you have used to provide the vocational training?

4.4 Snapshot: The Importance of TAFE for Regional Victoria

While formal training is used relatively equally across regional and metro areas (58% and 55%), regional workplaces are significantly more likely to be using VET, compared with metro workplaces (34% versus 26%). Furthermore, regional workplaces are significantly more likely to be using TAFE for provision of VET than metro workplaces. These points reinforce just how reliant regional locations are on TAFE.

> TAFE is very important to Victorian regions.

Figure 22 Types of providers used, by regional / metro

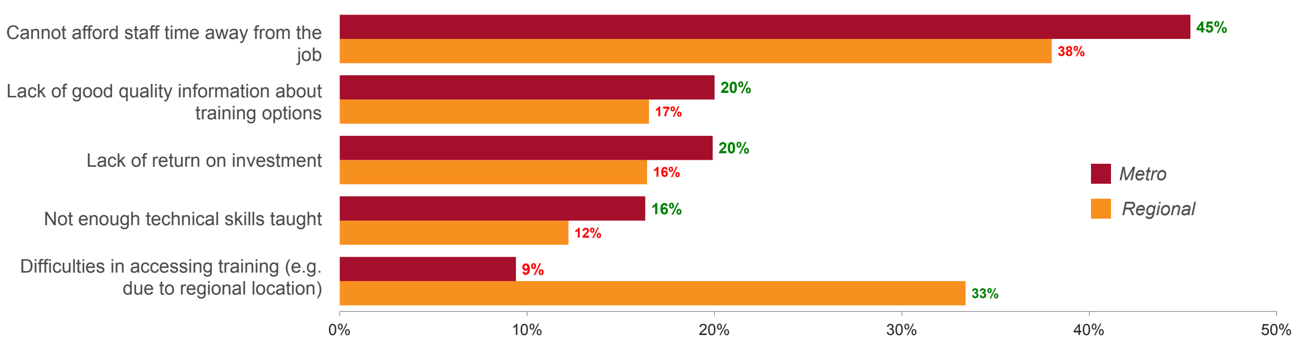


Base: All who used a VET provider

Q21: Which type(s) of provider you have used to provide the vocational training?

Given the importance of VET within Victorian regions, it is notable that difficulties accessing VET are felt much more keenly among regional workplaces. A third of regional workplaces (33%) highlight difficulties in accessing training as a barrier to uptake of VET, versus just nine per cent of metro workplaces.

Figure 23 Factors preventing use of VET



Base: All respondents

Q24: Do any of the following factors prevent your workplace from making greater use of vocational training?

5.0 Key Implications

SKILLS

- Skills represent an important challenge for Victoria's workplaces. More than half of workplaces feel they will require new skills within the next five years.
- The most common workplace reaction to skill gaps is to plug these with existing staff, leading to increased workloads. Long term, this may impact organisations by reducing employee job satisfaction and increasing staff turnover.
- Technological change is expected to drive new skills requirements.
- Businesses will require help to keep up to date with changing technology both within their specific industries and in general.
- There is a strong need to provide job-specific technical training. However, businesses increasingly require generalist training in transferrable management and other soft skills.
- Continuous scanning of the business environment is necessary to better understand specific impacts on skills across the Victorian economy to ensure an effective skills pipeline exists.

RECRUITMENT

- Very different motivators for recruitment exist across metro and regional workplaces, which may have a knock-on effect on how businesses respond to training.
- Factors broader than skills underpin recruitment difficulties in regional workplaces - these need to be addressed.
- Small organisations experience more difficulties with recruitment. Tailored interventions designed to assist with these challenges will be beneficial.
- Particular occupations experience unique skills challenges. For instance, as Health professionals are reluctant to re-locate, strategies which either: 1. Make relocation more attractive or 2. Focus on training local talent may be effective methods to address local skills needs.

TRAINING

- Businesses are quite positively inclined towards using VET.
- However, motivations to use VET are quite different for particular industry segments and vary according to organisational characteristics – all of which needs to be taken into consideration when providing information about VET offerings.
- Workplaces identify a wide range of specific barriers to greater use of training. Time and cost are the key hurdles which will need to be addressed.
- Those businesses that have previously experienced poor quality training will need more convincing about the relevance of formal training to their workplace.
- Accessibility of training continues as a major barrier for regional Victorian workplaces compared with metropolitan businesses.
- Strong demand for training is likely to continue in regional Victoria where competition amongst training providers is less intense and the connection between TAFEs and the local community is well established.

Appendix 1.0

Methodology and Respondent Characteristics

1.0 METHODOLOGY AND RESPONDENT CHARACTERISTICS

1.1 METHODOLOGY

Sample

A sample of workplaces was drawn from a database supplied by WorkSafe Victoria. The sample was stratified by industry, region and remuneration bands (as a proxy for workplace size). Prior to analysis, the data was weighted back to reflect the known population of Victorian workplaces. Figures presented in this report are the weighted data, with the exception of those describing respondent characteristics in this document.

Overall multi-mode approach

For the study, a Primary Approach Letter (PAL), addressed from the Department, and a hardcopy of the questionnaire were sent to selected organisations. The PAL and questionnaire were compiled together into a booklet format so that the PAL would always be attached to the questionnaire. The second page of the PAL included a glossary of terms for key concepts included in the questionnaire. The glossary also included a description of the functions of the Department of Education and Training, as well as key contact details if the workplace had any questions.

Organisations were provided with two options to complete the survey:

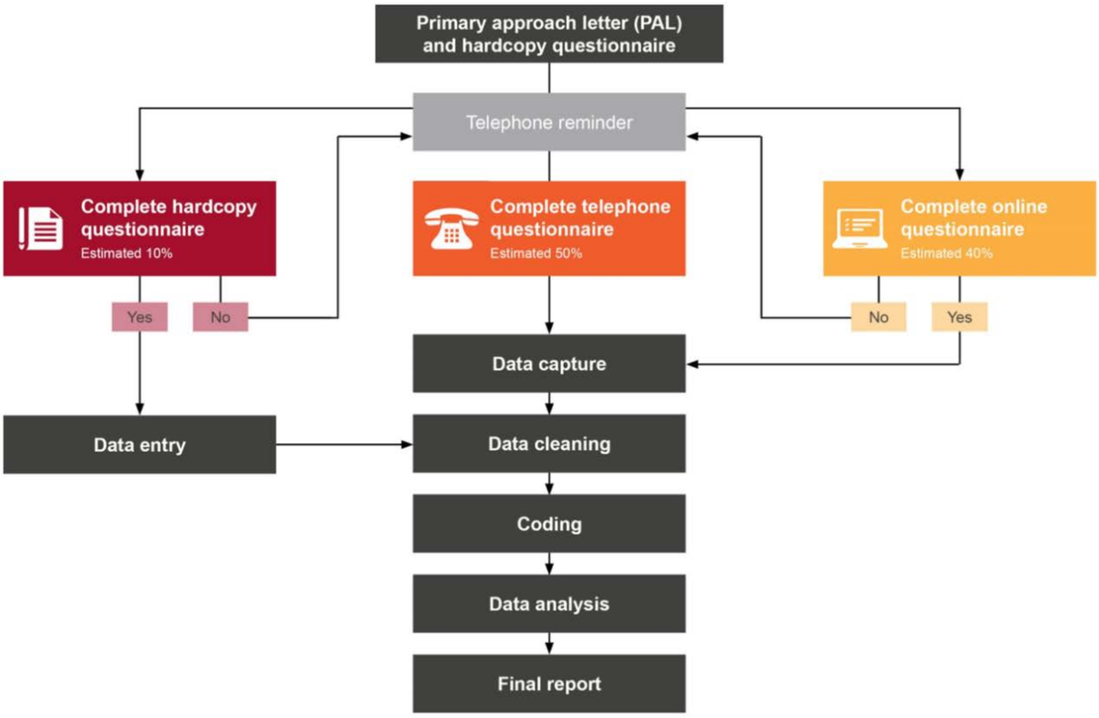
1. Using the hardcopy questionnaire and return it via the postage paid envelope provided;
2. Conduct the survey online (via a supplied web link and supplied ID number).

Where a response was not received, Wallis followed up by telephone, first to encourage an online response, and, after repeated calls, to collect the survey data by telephone. Completed hardcopy surveys were entered by the Wallis field team on the day of receipt, which ensured that those organisations would not receive any further calls from the interviewing team.

All interviewers and supervisors participated in a briefing conducted immediately prior to the start of fieldwork. The training program was designed to review the required interviewing skills and to ensure that all those working on the project were familiar with its unique requirements.

The following diagram shows the overall process of the survey:

Figure 1 Survey flowchart



Pilot

For the pilot study, a Primary Approach Letter (PAL) and a hardcopy of the questionnaire including a reply paid envelope were sent to 300 selected organisations on Friday 8th August.

CATI Interviewing for the pilot began on 13 August 2014 and ceased the following day. A total of 35 CATI interviews were conducted with an average length of 13.2 minutes. Online and hardcopy responses were accepted until 29 August 2014. A total of 79 interviews were completed across the three modes of interviewing. They consisted of the following breakdown;

- CATI 35 (45%)
- Online 11 (14%)
- Hardcopy 33 (42%)

A pilot debriefing session was held on 19 August 2014. Following the debrief a number of minor changes were made to the questionnaire before beginning the main fieldwork.

Main fieldwork

The main fieldwork followed the same methodology. The PAL and a paper copy of the questionnaire booklet including a reply paid envelope were initially sent to a total of 27,494 selected organisations in batches of approximately 5,500 over the 19th and 22nd-25th September.

A supplementary mail out was conducted to a further 2,000 medium sized organisations primarily in metropolitan areas, and avoiding industries where targets had been reached on 23 October 2014 in order to boost the number of respondents of this company size.

CATI interviewing for the main survey began on 7 October 2014 and ceased on 5

November 2014. Online and hardcopy responses were accepted until the final cut-off date of 7 November 2014, at which time a total of 5,726 interviews were completed, which consisted of the following breakdown;

- CATI 2,128 (37%)
- Online 860 (15%)
- Hardcopy 2,738 (48%)

1.2 SIGNIFICANT DIFFERENCES

A significance test shows how likely it is that any difference observed between two means (or proportions) reflects a real difference in the population and not just a chance difference arising in the sampling.

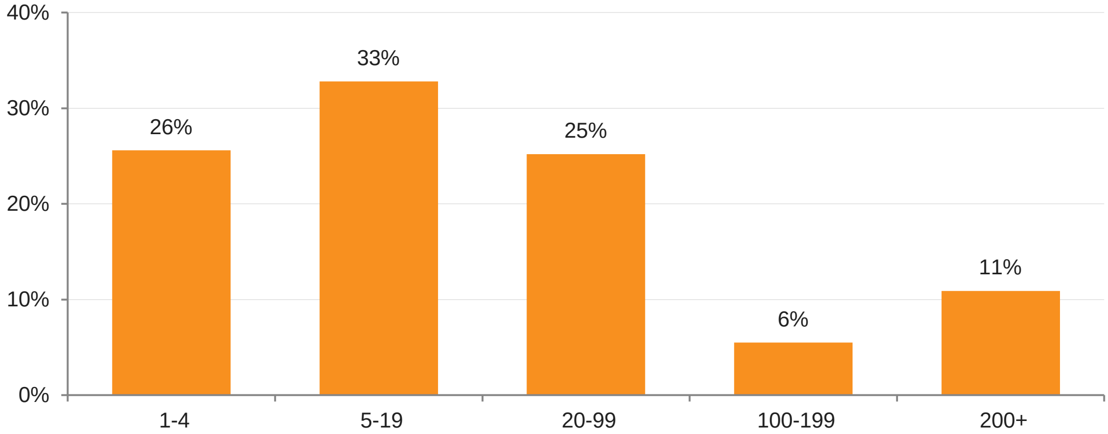
Differences are reported as significant if there is a less than 5% probability that a difference of such magnitude would have occurred just by chance if there are in fact no real differences in the population. (We call this significant at the 95% level). So, when a result is significant, the null hypothesis that the result is different as a result of chance is rejected, and the conclusion is made that there is a real difference in the actual population.

1.3 RESPONDENT CHARACTERISTICS

This section outlines the profile of workplaces and participants responding to the survey. It is important to note that the figures in this section are the raw results, and have not been subjected to weighting.

The sample for the survey was stratified by workplace remuneration. The purpose of this exercise was to ensure an adequate representation of medium and large organisations, which, though they are relatively few in number, are strong recruiters and users of training. As the following chart shows, a good mix of responding businesses, by size, was achieved. Slightly more than half (59%) were small organisations, with between one and 19 staff, 31% were medium organisations (20-199 employees) and the remaining 11% were large organisations (200+ employees).

Figure 2 Organisation size



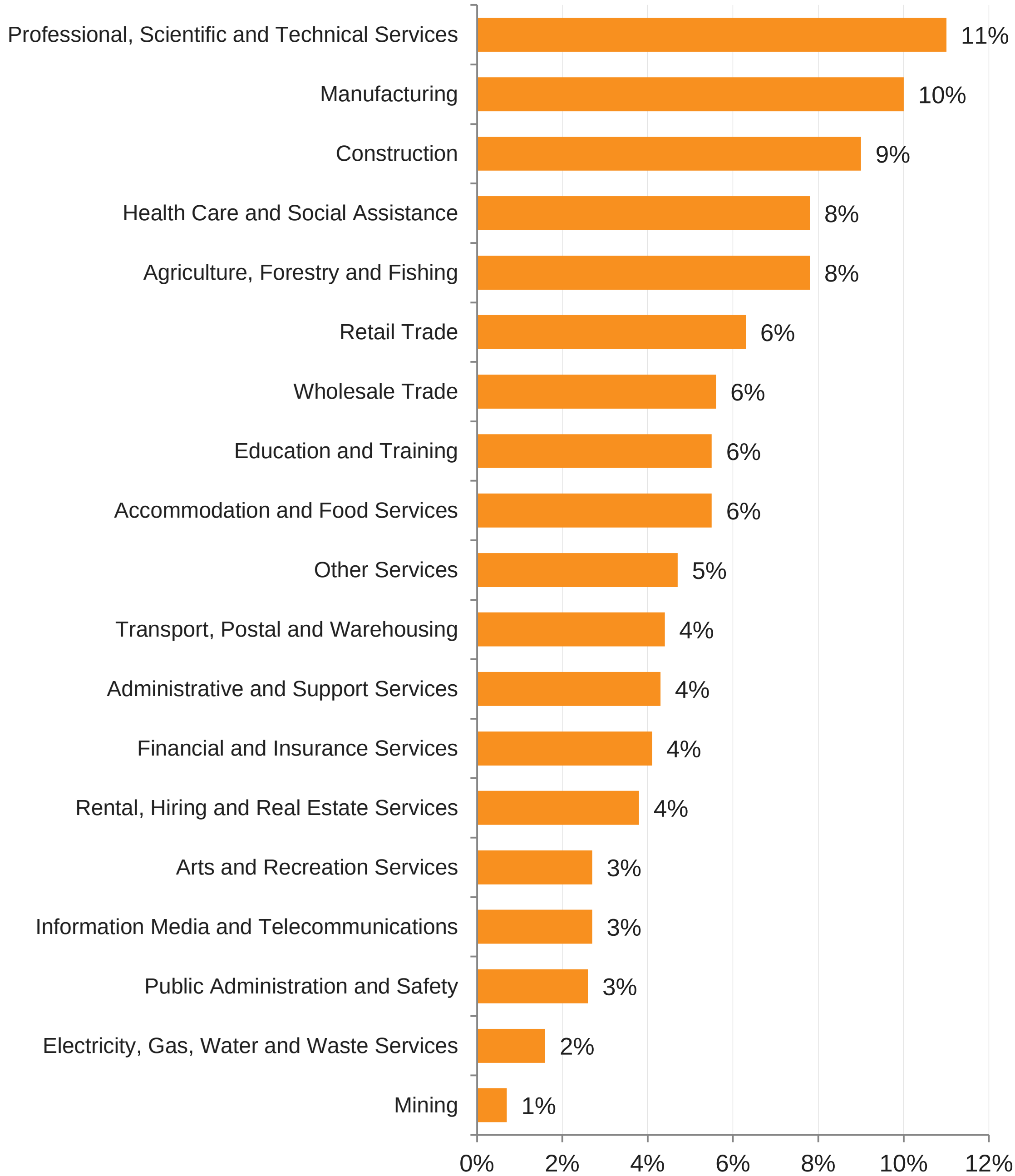
Base: All respondents

Q3b/4: Organisation size across Australia

** Unweighted data*

The following table shows the distribution of responses across the ANZSIC industry classification. Responses to this question were recorded verbatim by CATI interviewers, and were later coded by Wallis' coding team.

Figure 3 Industry of responding workplaces (ANZSIC)



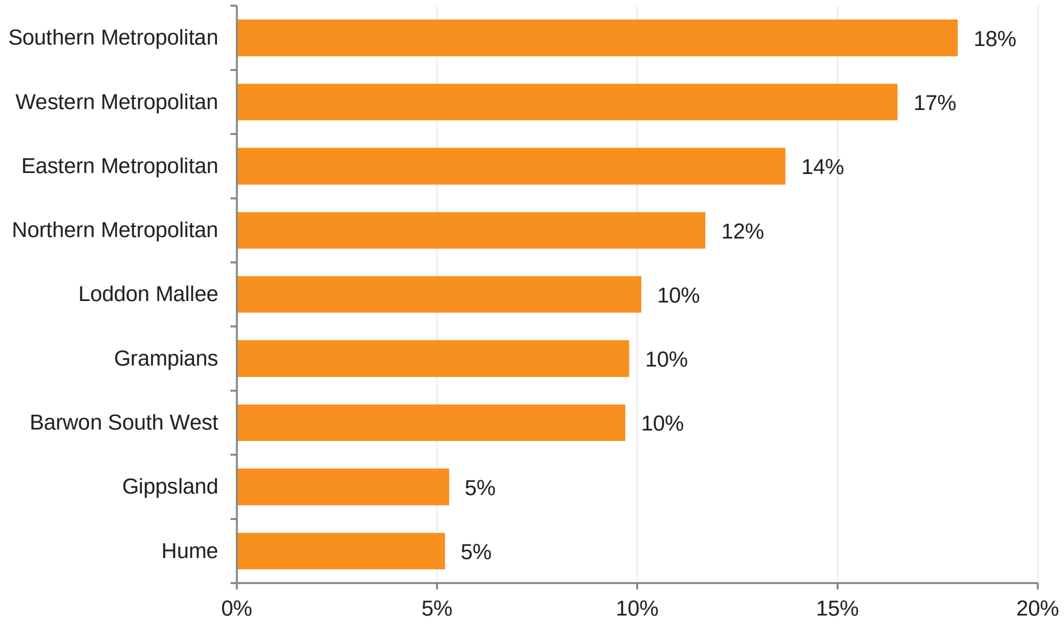
Base: All respondents

Q2: Please describe the main activities of your organisation. What does it make or do?

** Unweighted data*

An important objective for the study was to gain a clear understanding of regional differences in organisations' experiences, and the sample was carefully constructed to allow this. The following chart shows responses across DEECD's nine-region classification. Workplaces from the Melbourne Metropolitan area make up 60% of survey responses, with regional responses making up the remaining 40%.

Figure 4 Region

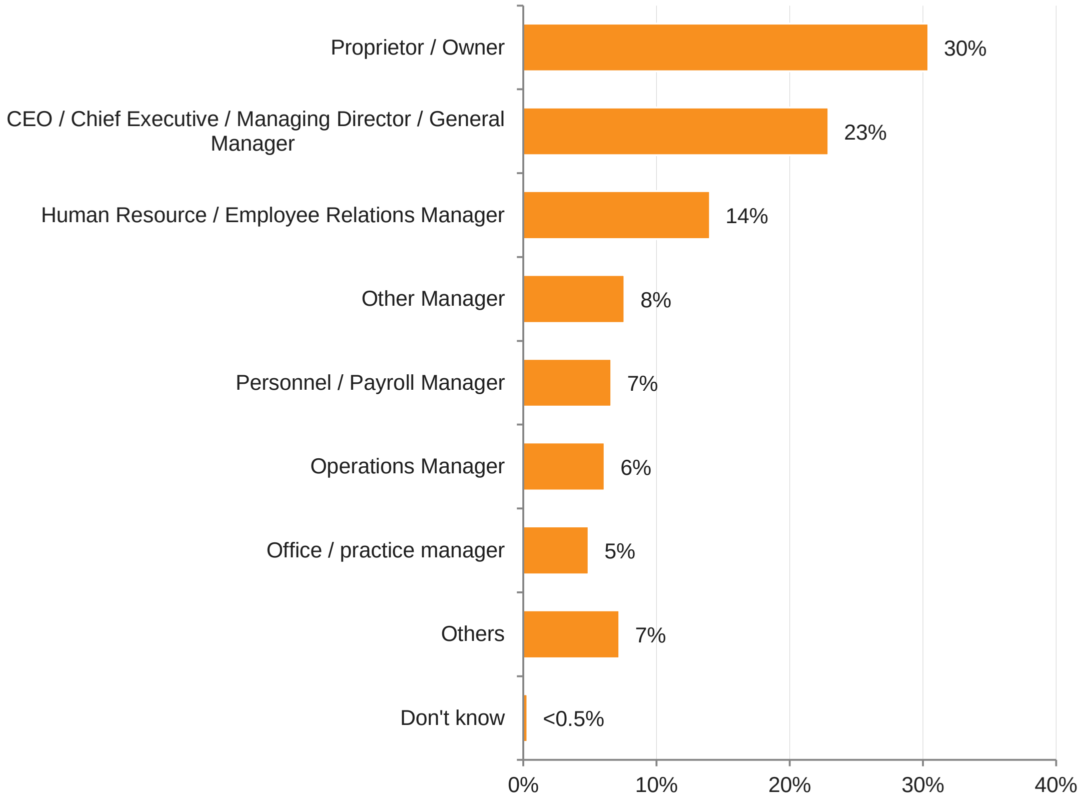


Base: All respondents

** Unweighted data*

The following chart shows the job titles of those responding to the survey. Given that more than half of respondents were from small businesses, it is unsurprising that the most common type of respondents was owners and proprietors. Just under one quarter of responses (23%) were completed by the organisation's CEO/GM/MD or equivalent (such as School Principals). Around four in ten responses (39%) were completed by a manager, including HR, Personnel, Operations, Office and 'other' types of managers. The remaining seven per cent of responses were completed by a large variety of respondents: professionals, PAs/EAs, and other clerical workers.

Figure 5 Position of respondent



Base: All respondents

Q1: What is your job title?

** Unweighted data*

Appendix 2.0

Summary Tables

Table 1. Regional and Metro Summary – Skills and training issues

<table>
<tr><th></th><th>Barwon South West</th><th>Gippsland</th><th>Grampians</th><th>Hume</th><th>Loddon Mallee</th><th>Northern Metro</th><th>Southern Metro</th><th>Eastern Metro</th><th>Western Metro</th></tr>
<tr><td colspan="10">Business environment</td></tr>
<tr><td>Top business or industry impact</td><td colspan="5">Costs</td><td colspan="4">Costs</td></tr>
<tr><td>Top regional impact</td><td>Closure of key businesses</td><td>Ability to attract investment</td><td>Closure of key businesses</td><td>Infrastructure</td><td>Closure of key businesses</td><td colspan="4">Infrastructure</td></tr>
<tr><td>Top industry impact</td><td colspan="5">Regulatory changes / new compliance requirements</td><td colspan="4">Regulatory changes / new compliance requirements</td></tr>
<tr><td>Top workforce impact</td><td colspan="3">Shortage of ‘job-ready’ candidates</td><td>Attracting and retaining staff</td><td>Shortage of ‘job-ready’ candidates</td><td colspan="4">Improving the skills levels of workers</td></tr>
<tr><td colspan="10">Skills</td></tr>
<tr><td>Top skill lacking in workplace</td><td colspan="5">Job-specific technical skills</td><td colspan="4">Job-specific technical skills</td></tr>
<tr><td>Top business impact due to a lack of skills</td><td colspan="5">Increased workload for other staff</td><td colspan="4">Increased workload for other staff</td></tr>
<tr><td>Top strategy used to address a lack of skills</td><td colspan="2">Recruit lower skilled employee then train on the job</td><td colspan="3">Use existing staff to mentor / train junior staff</td><td colspan="4">Use existing staff to mentor / train junior staff</td></tr>
<tr><td colspan="10">Training</td></tr>
<tr><td>Top reason employers train their staff</td><td colspan="5">To improve quality</td><td colspan="4">To improve quality</td></tr>
<tr><td>Top barrier to training</td><td colspan="4">Cannot afford staff time away from job</td><td>Difficulties accessing training</td><td colspan="4">Cannot afford staff time away from job</td></tr>
</table>

Q6. (A-C, I-L) Thinking about general business conditions/ issues that might relate to your industry, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q6. (D-H) Thinking about issues relating to the region, or area, where your organisation operates, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q6. (I-L) Thinking about issues that might relate to your industry, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q7. Now, I’d like you to think about the impact of various workforce issues on your workplace. What level of impact do you expect the following workforce issues to have on your workplace in the next 12 months?
Q9. Which, if any, of the following skills have you identified as lacking in your workplace?
Q10. Has your workplace experienced any of the following due to a lack of skills among existing staff?
Q11. Thinking about the skill needs of your workplace, which of the following strategies has your organisation considered or implemented, in order to meet your skill needs?
Q22. The following list contains reasons why an organisation might wish to train its staff. Please rate how important each reason is for your workplace.
Q24. And finally, do any of the following factors prevent your workplace from making greater use of vocational training?

Wallis 118 Balmain Street Cremorne VIC 3121
P. (03) 9621 1066 F. (03) 9621 1919 E. wallis@wallisgroup.com.au W. www.wallisgroup.com.au

Table 2. Industry Summary – Skills and training issues

<table>
<tr><th></th><th>Agriculture, forestry and fishing</th><th>Mining</th><th>Manufacturing</th><th>Electricity, gas, water and waste services</th><th>Construction</th><th>Wholesale trade</th><th>Retail trade</th><th>Accommodation and food services</th><th>Transport, postal and warehousing</th><th>Information, media and telecommunications</th><th>Financial and insurance services</th><th>Rental, hiring and real estate services</th><th>Professional, scientific and technical services</th><th>Administrative and support services</th><th>Public administration and safety</th><th>Education and training</th><th>Healthcare and social assistance</th><th>Arts and recreation services</th><th>Other services</th></tr>
<tr><td colspan="20">Business environment</td></tr>
<tr><td>Top business or industry impact</td><td>Costs</td><td>Economy</td><td colspan="7">Costs of utilities, rent and labour</td><td>Tech. changes</td><td>Regulatory changes/new compliance</td><td>Costs</td><td>Tech. changes</td><td>Costs</td><td colspan="2">Regulatory changes/new compliance</td><td colspan="3">Costs</td></tr>
<tr><td>Top regional impact</td><td>Infrastructure</td><td>Closure of key businesses</td><td colspan="4">Infrastructure</td><td colspan="2">Closure of key businesses</td><td colspan="3">Infrastructure</td><td>Attracting investment</td><td colspan="2">Infrastructure</td><td>Closure of key businesses</td><td>The appeal for employees to live/work in region</td><td>Ageing workforce & population</td><td>Ability to attract investment</td><td>Closure of key businesses</td></tr>
<tr><td>Top industry impact</td><td colspan="5">Regulatory changes/new compliance requirements</td><td colspan="3">Changing customer tastes</td><td>Regulatory changes/new compliance</td><td>Tech. changes</td><td colspan="2">Regulatory changes/new compliance</td><td>Tech. changes</td><td colspan="4">Regulatory changes/new compliance</td><td>Changing customer tastes</td><td>Staffing</td></tr>
<tr><td>Top workforce impact</td><td colspan="4">Shortage of available skilled workers</td><td colspan="2">Improving the skill level of workers</td><td>Shortage of 'job-ready' candidates</td><td>Improving the skill level of workers</td><td>Shortage of 'job-ready' candidates</td><td colspan="2">Improving the skill level of workers</td><td>Shortage of 'job-ready' candidates</td><td colspan="5">Improving the skill level of workers</td><td>Shortage of available skilled workers</td><td>Improving the skill level of workers</td></tr>
</table>

Q6. (A-C, I-L) Thinking about general business conditions/ issues that might relate to your industry, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q6. (D-H) Thinking about issues relating to the region, or area, where your organisation operates, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q6. (I-L) Thinking about issues that might relate to your industry, what level of impact do you expect the following business issues to have on your workplace over the next 12 months?
Q7. Now, I'd like you to think about the impact of various workforce issues on your workplace. What level of impact do you expect the following workforce issues to have on your workplace in the next 12 months?

Table 2. Industry Summary – Skills and training issues (continued)

<table>
<tr><th></th><th>Agriculture, forestry and fishing</th><th>Mining</th><th>Manufacturing</th><th>Electricity, gas, water and waste services</th><th>Construction</th><th>Wholesale trade</th><th>Retail trade</th><th>Accommodation and food services</th><th>Transport, postal and warehousing</th><th>Information, media and telecommunications</th><th>Financial and insurance services</th><th>Rental, hiring and real estate services</th><th>Professional, scientific and technical services</th><th>Administrative and support services</th><th>Public administration and safety</th><th>Education and training</th><th>Healthcare and social assistance</th><th>Arts and recreation services</th><th>Other services</th></tr>
<tr><td>Skills</td><td colspan="19"></td></tr>
<tr><td>Top skill lacking in workplace</td><td colspan="15">Job-specific technical skills</td><td>Management or leadership skills</td><td>Job-specific technical skills</td><td>Management or leadership skills</td><td>Job-specific technical skills</td></tr>
<tr><td>Top business impact due to a lack of skills</td><td colspan="19">Increased workload for other staff</td></tr>
<tr><td>Top strategy used to address a lack of skills</td><td colspan="2">Subcontractors / freelance workers</td><td colspan="8">Use existing staff to mentor / train junior staff</td><td>Increasing investment in formal training</td><td colspan="2">Use existing staff to mentor / train junior staff</td><td>Recruit lower skilled employee then train on the job</td><td colspan="5">Use existing staff to mentor / train junior staff</td></tr>
<tr><td>Training</td><td colspan="19"></td></tr>
<tr><td>Top reason employers train their staff</td><td>Efficiency / productivity</td><td>Legal requirements / standards</td><td>Improve quality</td><td>Efficiency / productivity</td><td colspan="10">Improve quality</td><td>Legal requirements / standards</td><td colspan="4">Improve quality</td></tr>
<tr><td>Top barrier to training</td><td>Cannot afford staff time away from job</td><td>Content doesn't meet needs</td><td colspan="7">Cannot afford staff time away from job</td><td>Lack of training option info</td><td>Content doesn't meet needs</td><td colspan="3">Cannot afford staff time away from job</td><td>Too expensive</td><td colspan="4">Cannot afford staff time away from job</td></tr>
</table>

Q9. Which, if any, of the following skills have you identified as lacking in your workplace?

Q10. Has your workplace experienced any of the following due to a lack of skills among existing staff?

Q11. Thinking about the skill needs of your workplace, which of the following strategies has your organisation considered or implemented, in order to meet your skill needs?

Q22. The following list contains reasons why an organisation might wish to train its staff. Please rate how important each reason is for your workplace.

Q24. And finally, do any of the following factors prevent your workplace from making greater use of vocational training?

Wallis 118 Balmain Street Cremorne VIC 3121

P. (03) 9621 1066 F. (03) 9621 1919 E. wallis@wallisgroup.com.au W. www.wallisgroup.com.au

Table 3. Skills and training regional snapshot

	Barwon South West#	Gippsland#	Grampians#	Hume#	Loddon Mallee#	Northern Metro*	Southern Metro*	Eastern Metro*	Western Metro*
Skills									
Report a lack of skills now, or in the next 12 months	$\boxed{○}$	●	$\boxed{●}$	=	●	$\boxed{○}$	●	$\boxed{●}$	●
Expect emerging skills in the next 5 years	=	$\boxed{●}$	●	○	$\boxed{○}$	$\boxed{○}$	$\boxed{●}$	=	○
Training									
Used formal training in the past 12 months	○	○	●	$\boxed{●}$	$\boxed{○}$	$\boxed{○}$	●	●	$\boxed{●}$
Used VET training in the past 12 months	●	$\boxed{○}$	○	$\boxed{●}$	$\boxed{●}$	$\boxed{●}$	●	○	$\boxed{○}$
Intend to use formal training in the next 12 months	$\boxed{○}$	○	=	●	$\boxed{●}$	$\boxed{○}$	○	○	$\boxed{●}$
Experiencing barriers to training	$\boxed{○}$	●	○	○	$\boxed{●}$	$\boxed{○}$	=	●	$\boxed{●}$

 # compared to non-metro mean

**compared to the metro mean*

Q8. Which of the following statements best describes the availability of skills in your workplace?
Q17. Do you think that your workplace is likely to require any NEW skills in the next 5 years?
Q19. The next few questions are about the types of training that may be used at your workplace. Have employees at your workplace undertaken any formal training during the past 12 months?
Q20. Has your workplace used a vocational education and training (VET) provider to deliver training for employees in the past 12 months?
Q23. Does your workplace intend to participate in any formal training in the next 12 months?
Q24. Do any of the following factors prevent your workplace from making greater use of vocational training?

●	○	=	$\boxed{●}$	$\boxed{○}$
Above metro/regional mean	Below metro/regional mean	Equal to mean	Highest metro/regional figure	Lowest metro/regional figure

Table 4. Skills and training industry snapshot

	Agriculture, forestry and fishing	Mining	Manufacturing	Electricity, gas, water and waste services	Construction	Wholesale trade	Retail trade	Accommodation and food services	Transport, postal and warehousing	Information, media and telecommunications	Financial and insurance services	Rental, hiring and real estate services	Professional, scientific and technical services	Administrative and support services	Public administration and safety	Education and training	Healthcare and social assistance	Arts and recreation services	Other services
Skills																			
Report a lack of skills now, or in the next 12 months	●	[○]	●	●	○	[●]	●	●	○	○	○	○	○	○	●	○	○	●	●
Expect emerging skills in the next 5 years	○	[○]	○	●	○	○	○	○	○	●	●	○	●	○	●	[●]	●	○	●
Training																			
Used formal training in the past 12 months	○	○	○	○	●	○	○	○	○	[○]	●	●	●	○	●	[●]	●	●	●
Used VET training in the past 12 months	●	○	●	○	[●]	○	○	●	○	○	○	○	[○]	○	○	●	○	○	●
Intend to use formal training in the next 12 months	○	[○]	●	●	○	○	○	○	○	○	●	●	●	○	●	[●]	●	●	●
Experiencing barriers to training	○	[○]	●	○	○	●	●	●	○	●	○	○	●	[●]	○	○	●	○	●

Q8. Which of the following statements best describes the availability of skills in your workplace?
Q17. Do you think that your workplace is likely to require any NEW skills in the next 5 years?
Q19. The next few questions are about the types of training that may be used at your workplace. Have employees at your workplace undertaken any formal training during the past 12 months?
Q20. Has your workplace used a vocational education and training (VET) provider to deliver training for employees in the past 12 months?
Q23. Does your workplace intend to participate in any formal training in the next 12 months?
Q24. Do any of the following factors prevent your workplace from making greater use of vocational training?

●	○	=	[●]	[○]
Above Victorian mean	Below Victorian mean	Equal to mean	Highest figure	Lowest figure

Appendix 3.0

Questionnaire

Department of Education and Early Childhood Development
Victoria Skills and Training Employer Survey
QUESTIONNAIRE HARD COPY

Thank you for your involvement in the Victorian Skills and Training Employer Study. It is most appreciated. You can use this document for two purposes:

1. As your survey response. Simply fill in the survey, and mail to Wallis, at 118 Balmain Street Cremorne, 3121, Victoria – using the reply paid envelope.
2. To help collate the information required before entering it online using the following URL: www.wallisgroup.com.au/DEECD and follow the instructions using your ID number PIN.

Introduction

Please read each question and follow the instructions to reply.

Q1 What is your job title?

Proprietor / Owner	☐ 01
CEO / Chief Executive / Managing Director / General Manager	☐ 02
Operations Manager	☐ 03
Human Resource / Employee Relations Manager	☐ 04
Personnel / Payroll Manager	☐ 05
Other (please specify)	☐ 95

____

Q2 Please describe the main activities of your organisation. What does it make or do?

____

____

Q3 Does this organisation have more than one workplace in Australia?

Yes	☐ 01	▶ **GO TO Q3B**
No	☐ 02	▶ **GO TO Q4**

Q3B Approximately how many employees are there across your Australian workplaces?

(Please include fulltime, part time and casual employees. Please exclude contractors, people working solely on commission and owners of the business.)

No employees other than business owners	☐ 01	▶ **THANK YOU FOR YOUR TIME**
1-4	☐ 02	
5-19	☐ 03	
20-99	☐ 04	
100-199	☐ 05	
200+	☐ 06	

We would like you to focus on the current workplace throughout this survey.

Q4 Other than business owners, approximately how many employees are employed at this workplace?

(Please include fulltime, part time and casual employees. Please exclude contractors, people working solely on commission and owners of the business.)

No employees other than business owners	☐ 01	▶ **THANK YOU FOR YOUR TIME**
1-4	☐ 02	
5-19	☐ 03	
20-99	☐ 04	
100-199	☐ 05	
200+	☐ 06	

Q5 Over the last 12 months, has the size of your workforce

Increased	☐ 01
Decreased	☐ 02
Stayed about the same	☐ 03
Don't know	☐ 99

Business environment

In responding to questions in this section, please bear in mind the current environment your organisation is operating in.

Q6 What level of impact do you expect the following business issues to have on your workplace over the next 12 months? *(Please tick one box per row)*

		High Impact	Moderate Impact	Low Impact	No Impact	Not Applicable
	Thinking about general business conditions…					
a	Competition – domestic, local or international.	☐	☐	☐	☐	☐
b	Uncertainty about the state of the Australian economy	☐	☐	☐	☐	☐
c	Costs, such as utilities, rent and labour	☐	☐	☐	☐	☐
	And now thinking about issues relating to the region, or area, where your organisation operates…					
d	Infrastructure issues such as internet connectivity or transport.	☐	☐	☐	☐	☐
e	Ability to attract investment into the region / area	☐	☐	☐	☐	☐
f	Aging workforce and population in the region /area	☐	☐	☐	☐	☐
g	The appeal of the region / area as a place for employees to live and work	☐	☐	☐	☐	☐
h	Closure of key businesses in the region /area	☐	☐	☐	☐	☐
	And finally, thinking about issues that might relate to your industry…					
i	Staffing issues at your workplace	☐	☐	☐	☐	☐
j	Changing customer tastes and preferences	☐	☐	☐	☐	☐
k	Regulatory changes / new compliance requirements	☐	☐	☐	☐	☐
l	Technological changes	☐	☐	☐	☐	☐

Q7 Now, I'd like you to think about the impact of various workforce issues on your workplace. What level of impact do you expect the following workforce issues to have on your workplace in the next 12 months? *(Please tick one box per row)*

		High impact	Moderate impact	Low impact	No impact	Not Applicable
a	Attracting and retaining staff	☐	☐	☐	☐	☐
b	Improving the skills levels of workers	☐	☐	☐	☐	☐
c	The need to manage a seasonal / transient workforce	☐	☐	☐	☐	☐
d	Shortage of available workers with the required skills	☐	☐	☐	☐	☐
e	Shortage of 'job-ready' candidates *(Job ready – is a worker who has the skill set that can be plugged into the company needs immediately. This may include networking capabilities, ability to network or create business opportunities.)*	☐	☐	☐	☐	☐

Current skills

In responding to questions in this section, please consider the current and potential future skills needs of your workplace.

Q8 Which of the following statements best describes the availability of skills in your workplace?

a	We have a lack of the skills needed today	☐01	
b	We have the skills needed today, but are concerned we may not have the skills needed in the next 12 months	☐02	
c	We have the skills needed for today and for the next 12 months	☐03	▶ **GO TO Q12**
d	Don't know	☐99	▶ **GO TO Q12**

Q9 Which, if any, of the following skills have you identified as lacking in your workplace? (Please tick as many as apply)

a	Job-specific technical skills	☐01
b	Basic English language, literacy and numeracy skills	☐02
c	Basic computing and IT skills	☐03
d	Soft skills, such as problem solving and team-work	☐04
e	Mathematics, technology, engineering and science skills	☐05
f	Management or leadership skills	☐06
g	Other skills (please list)	☐95
h	None of the above	☐97

Q10 Has your workplace experienced any of the following, due to a lack of skills among existing staff?

		Yes	**No**	**Not Applicable**
a	Loss of business or orders to competitors	☐01	☐02	☐99
b	Delays in developing new products or services	☐01	☐02	☐99
c	Difficulty in meeting quality standards	☐01	☐02	☐99
d	Increased workload for other staff	☐01	☐02	☐99
e	The withdrawal of certain products or services	☐01	☐02	☐99

Q11 Thinking about the skill needs of your workplace, which of the following strategies has your organisation considered, or implemented, in order to meet your skills needs?

(Please tick all that apply)

a	Increasing investment in formal training for existing employees	☐01
b	Recruiting employees from outside of your region, or interstate	☐02
c	Recruiting employees from overseas	☐03
d	Changing work processes to avoid needing particular skills	☐04
e	Recruiting a lower skilled employee, then train them on the job (i.e. informal training)	☐05
f	Making use of subcontractors or freelance workers	☐06
g	Using existing staff to mentor or train junior staff	☐07
h	Increasing salaries	☐08

Recruitment experience

Q12 Over the last 12 months, has your organisation undertaken any recruitment for this workplace?

a	Yes	☐01	
b	No	☐02	▶ GO TO Q17

Q13 Why did your workplace need to undertake recruitment over the past 12 months? *(Please tick all that apply)*

a	Company growth / expansion	☐01
b	Natural loss (retirements, turnover)	☐02
c	Lack of particular skills within the organisation	☐03
d	Technological / regulatory change in the industry	☐04
e	Other reason (please list below)	☐95

In responding to questions in this section, think about any current difficulties you may be facing with recruiting suitable employees into your workplace.

Q14 How much difficulty, if any, has your workplace experienced in recruiting staff in the past 12 months?

a	A lot of difficulty	☐01	
b	Some difficulty	☐02	
c	No difficulty	☐03	▶ GO TO Q17
d	Don't know	☐99	

Q15a If you have found it difficult to recruit staff during the past 12 months, what occupations / job roles / positions did you have the most difficulty filling?

(Please be as specific as possible. As guidance, you may consider including the job title you would put on the job advertisement).

IF NONE GO TO Q17

Q15b Starting from when you advertised the positions, approximately how long did it take, on average, to fill positions in each of these areas?

(Tick one box in each applicable row)

		1-2 weeks	3-4 weeks	1-3 months	4-5 months	6 + months	Have not been able to fill
Position 1:	▶	☐01	☐02	☐03	☐04	☐05	☐97
Position 2:	▶	☐01	☐02	☐03	☐04	☐05	☐97
Position 3:	▶	☐01	☐02	☐03	☐04	☐05	☐97

Q15c Approximately how many suitable applicants did you get per vacancy for each of the positions mentioned above?

Please include the number of applicants for each position mentioned at Q15a in the space below:

1 **Position 1:**

2 **Position 2:**

3 **Position 3:**

Q16 What were the main reasons that these positions were difficult to fill?

(Please tick all that apply, for each of the positions mentioned at Q15a)

		Position 1	Position 2	Position 3
a	Lack of available applicants / no applicants	☐ 01	☐ 02	☐ 03
b	Looking for more pay than is offered	☐ 01	☐ 02	☐ 03
c	Applicants lacked relevant job-specific skills	☐ 01	☐ 02	☐ 03
d	Applicants lacked relevant experience	☐ 01	☐ 02	☐ 03
e	Applicants lacked relevant qualifications	☐ 01	☐ 02	☐ 03
f	Applicants lacked basic language, literacy or numeracy skills	☐ 01	☐ 02	☐ 03
g	Applicants were not 'job-ready' (e.g. problem solving, team work skills, communication skills)	☐ 01	☐ 02	☐ 03
h	Poor attitude / presentation of applicants	☐ 01	☐ 02	☐ 03
i	Poor image of business sector / occupation	☐ 01	☐ 02	☐ 03
j	Reluctance to relocate	☐ 01	☐ 02	☐ 03
k	Undesirable geographic location	☐ 01	☐ 02	☐ 03

Emerging skills

Q17 Do you think that your workplace is likely to require any new skills in the next 5 years?

These might include skills and knowledge that will be necessary to meet changing business plans, any introduction of technology and upcoming regulatory requirements.

a	Yes	☐ 01	
b	No	☐ 02	▶ **GO TO Q19**

Q18 Please list, and briefly describe these skills

(Please specify up to 3 skills)

1

2

3

Training

The next few questions are about the types of training that may be used at your workplace

Q19 Have employees at your workplace undertaken any formal training during the past 12 months?

Formal training involves taking courses at an educational institution or participating in a prescribed training programme designed for the work site. This can include:

- *Tertiary qualifications, e.g. Diploma, Certificates I – IV; Graduate Certificates, Masters Degrees.*
- *Apprenticeships/ Traineeships*
- *Nationally recognised training such as First Aid training*
- *All other training that is relevant to develop employment-related skills and competencies.*

a	Yes	☐01	
b	No	☐02	▶ **GO TO Q23**
c	Don't know	☐99	▶ **GO TO Q20**

Q20 Has your workplace used a vocational education and training (VET) provider to deliver training for employees in the past 12 months?

Vocational education and training includes, for example, traditional trade qualifications (such as electrician or welder) and advanced diplomas, diplomas, and certificates I - IV

a	Yes	☐01	
b	No	☐02	▶ **GO TO Q22**
c	Don't know	☐99	▶ **GO TO Q22**

Q21 If yes, please specify which types(s) of provider you have used to provide vocational training:

(Please tick all that apply.)

a	TAFE	☐01
b	University TAFE division	☐02
c	Private training provider	☐03
d	Learn Local / Adult and Community Education provider	☐04
e	Unsure of type of provider	☐05
f	Other (Please specify) ________________	☐95

Q22 The following list contains reasons why an organisation might wish to train its staff. Please rate how important each reason is for your workplace.

(Please tick one box per row)

		Very Important	**Somewhat Important**	**Not Important**
a	To retain staff	☐01	☐02	☐03
b	To improve quality (e.g. improved customer service, improved product quality)	☐01	☐02	☐03
c	To meet legal requirements / standards	☐01	☐02	☐03
d	To increase staff efficiency and productivity	☐01	☐02	☐03
e	To increase employees' ability to innovate, or adopt new technologies and methods	☐01	☐02	☐03
f	To develop staff capacity for career progression and succession within the organisation	☐01	☐02	☐03

Q23 Does your workplace intend to participate in formal training in the next 12 months? If so, what type of training would you be interested in?

Formal training: Involves taking courses at an educational institution or participating in a prescribed training programme designed for the work site. This can include:

- Tertiary qualifications, e.g. Diploma, Certificates I – IV; Graduate Certificates, Masters Degrees.
- Apprenticeships / Traineeships
- Nationally recognised training such as First Aid training
- All other training that is relevant to develop employment-related skills and competencies.

Accredited training: Is a course or qualification developed under the Australian Qualifications Framework (AQF) and is delivered by a registered training organisation (RTO). This means that the courses meet the standards required by industry and the qualifications gained are recognised across Australia by all other RTOs. Students can enrol, transfer or complete their training at any RTO nationwide.

Unaccredited training: Training that does not lead to a nationally recognised qualification. The training activity must have a specified content or predetermined plan designed to develop employment-related skills and competencies.

(Please tick all that apply.)

a	Yes, accredited vocational training	☐ 01
b	Yes, unaccredited training such as product-specific supplier training	☐ 02
c	No	☐ 03
d	Don't know	☐ 99

Q24 Do any of the following factors prevent your workplace from making greater use of vocational training?

(Please tick all that apply.)

a	Previously experienced poor quality training	☐ 01
b	Not enough technical skills taught	☐ 02
c	Not enough soft skills, such as problem solving and team-work, taught	☐ 03
d	Course content does not meet our organisation's needs	☐ 04
e	Difficulties in accessing training (e.g. due to regional location)	☐ 05
f	Training is too expensive	☐ 06
g	Cannot afford staff time away from the job	☐ 07
h	No relevant training available	☐ 08
i	Lack of good quality information about training options	☐ 09
j	Lack of return on investment	☐ 10
k	Other factor (please specify)	☐ 95
l	None of the above	☐ 97

CONCLUSION

Thank you for your time and assistance. This market research is carried out in compliance with the Privacy Act, and the information you provided will be used for research purposes only.

Wallis Market and Social Research is a member of AMSRO and complies with the Market and Social Research Privacy Principles (M&SRPPs). You can see more about our privacy policy by visiting the following link: http://www.wallisgroup.com.au/privacy/