

# Corporate Education Insight

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Teaching is more than imparting knowledge. It is inspiring change.

Learning is more than absorbing facts.

It is acquiring understanding.

William Arthur Boyd

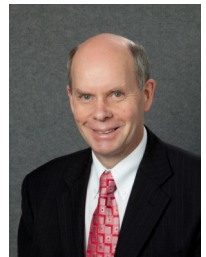
## Corporate Education and an Ageing Workforce

Organisations are now starting to look beyond the Global Financial Crisis. However, as industry looks to the future new challenges are emerging around employee retention, attraction and retirements. Many employees deferred looking for a new job until the economic outlook was more stable. Similarly many people who planned to retire during the past 2-3 years are now re-visiting their retirement plans and looking at retiring or reducing their working hours.

A significant amount of my research finds skills shortages are already impacting on the capability and capacity of some industries and this will become more widespread over the next 15-to-20 years. In fact my research indicates the Australian economy will continue to have escalating skills shortages through until a peak in 2028.

This means organisations now need to focus on organisation development post-GFC and start implementing initiatives to progressively improve workforce productivity. These two issues are the main topics discussed in this newsletter, on pages 2 and 3.

If you would like further information or to discuss any articles in this newsletter please contact: [Lindsay@corpedadvisers.com.au](mailto:Lindsay@corpedadvisers.com.au)



Dr Lindsay Ryan

## Corporate Education Book—Update

The previous newsletter coincided with publishing my book: *Corporate Education - A Practical Guide to Effective Corporate Learning* (ISBN 978-0-646-52812-0) and I am pleased with the response to date. Feedback on the book has been positive and so far organisations and individuals across Australia and New Zealand have been buying the book, as well as in Singapore and the United States.

Topics discussed in the book include:

- The strategic role of corporate education and distinguishing between corporate education and corporate training;
- The corporate education 'iceberg' - a model to demonstrate the importance of blending formal corporate education and training with informal and workplace learning;
- Ideas for planning and managing corporate education and training programs;
- Options for measuring the impact of corporate education and training on an organisation.

There are also case studies demonstrating the effective application of corporate education in local, national and international organisations.

The book is available online at: [www.corpedadvisers.com.au](http://www.corpedadvisers.com.au) and through selected bookshops including Mary Martin Bookshop in Adelaide. RRP AU\$34.95

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# Organisation Development

Organisation Development is emerging as a priority issue for industry and some organisations have responded by appointing organisation development managers. However, there is still a considerable lack of understanding of what organisation development is, or what it involves, especially when many organisations view organisation development as change management.

Richard Beckhard provided a foundation definition of organisation development as an effort that is planned, organisation-wide and managed from the top, with the purpose of increasing organisation effectiveness and health through planned interventions in an organisation's processes. While organisation development had its foundations in behavioural sciences, it has now evolved to include systems thinking, leadership studies and organisational learning. (Beckhard, R, 1969, *Organizational Development: Strategies and Models*, Addison-Wesley, London.)

The purpose of organisation development is to improve organisation performance as a result of systematic and holistic processes, which might incorporate:

- Organisation problem solving and renewal
- Process reviews and redesign of work flow
- Team building and team work
- Improving interpersonal and group processes
- Talent management and employee career development
- Enhancing communication up and down and across an organisation
- Developing new approaches to managing and harnessing conflicts
- Nurturing higher levels of trust and cooperation among employees
- Employee learning, training and development

Porras and Robertson suggest organisation development involves four elements:

- Organising arrangements: an organisation's structure, policies and procedures
  - The physical setting: space configuration and physical attributes
  - Technology used: IT systems, job design, equipment and tools
  - Social factors: organisation culture, management style, networks, individual attributes
- (Porras & Robertson, 1992, *Organisation Development: Theory, Practice & Research*, in Dunnette, M. and Hough, L. (eds) *Handbook of Industrial and Organisational Psychology*, London,

## Why is Organisation Development so Important?

As skills shortages start to affect more industries and global competition increases for skilled and capable workers, including skilled migrants, organisations will increasingly need to develop from within. This means greater emphasis on workforce planning, especially for leadership and frontline operator roles. One of the most effective means for an organisation to manage and develop a pipeline of skilled and capable employees is through an holistic approach to organisation development so that the organisation grows strategically and with the appropriate skills and talent. While organisations can readily acquire capital equipment, the ability to effectively operate that equipment and optimise performance comes from the knowledge, skills and experience of capable employees.

Organisation development is much more than a change management initiative. Organisation development usually has a medium-to-longer-term outlook, with an emphasis on problem solving, renewal and developing organisational capability and capacity. In fact, organisation development is an ongoing and systematic process in order to implement and sustain change within an organisation.

The outcomes of effective organisation development programs include:

- Providing an organisation with the capability and capacity for sustained growth
- Greater depth of talent and skills within an organisation
- Enhanced communication and inter-relationships within and across an organisation
- Improved functional performance
- More effective planning and decision-making processes
- More capable and appropriate leadership skills—at all levels.

Corporate education and employee training plays an integral role in organisation development especially in developing the knowledge, skills and capabilities of employees, involving and engaging employees in the development process and for sustaining organisation development initiatives.

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During the period from 1993 to 1999 Australia had one of the highest productivity growth rates in the world averaging 2.3%. However from 2003 to the present time, productivity levels have declined by 0.4% (*Australian Government House of Representatives House Standing Committee on Economics, Inquiry into Raising the Productivity Growth Rate in the Australian Economy, April 2010 Canberra*).

A study looking at Australia's productivity levels found the availability of skilled people in management, and the workforce generally, was a significant difference between better managed firms and the rest. (*Management Matters in Australia: Just how productive are we?, Nov 2009, Dept of Innovation, Industry Science and Research*).

The study found the positive impact of skills on management practices to be significant, with 64% of managers in the highest performing organisations having a university degree or higher, along with 20% of their workforce. This compared with only 3% of managers in the lowest performing firms having university degrees and only 1% of their workforce.

Australian enterprises are stronger in operations management than people management. The report found Australian organisations are generally better at linking employee performance with clearly defined goals and rewards, but they are poor in the deployment of advanced people practices including attracting, retaining and developing employees and identifying innovative and practical ways of developing employees to improve their performance and value to their organisation. The report, which is part of a global benchmark study, finds Australian management practices rank only moderately above average and well behind the top ranked management performance in the United States, Sweden, Japan, Germany and Canada. The report also finds Australian managers generally over-score their firm's management capabilities.

The report states Australian managers need to build their people management skills, emphasises the importance of having better educated managers and to constantly upgrade the skills of all employees.

Australia's burgeoning ageing population and workforce and the growing skills shortages places an even greater priority on the need for all organisations to improve workforce productivity.

A Skills Australia report, Australian Workforce Futures, released earlier this year, also highlights the need for improving productivity, finding Australian industry will have a jobs deficit of 250,000 positions a year within the next five years. Over the next 15 years, an expected 9.2 million job openings are forecast, with half driven by economic development and half due to the ageing population. A disturbing finding from the report was the high level of poor literacy and numeracy skills in the workforce. Of the 11.4 million people in the Australian workforce, some 40% or 4.7 million people have poor literacy and numeracy skills, which has a significant impact on organisation and workforce performance, productivity and innovation.

## How to improve Productivity

In order to improve productivity, organisations need to focus on:

- Greater utilisation of technology and automation to streamline and support business processes
- Addressing inefficient administration and support functions as well as operational efficiency
- Developing a lean culture and involving all employees in continually improving systems from a holistic perspective: from customer order to customer delivery
- Increasing the level and quality of employee training and development and aligning all training with the strategic goals and direction of the organisation
- Developing job descriptions that clearly explain to employees what is expected of them, key result areas and relevant targets
- Developing effective and easy-to-follow operating processes
- Reviewing processes regularly to continually improve efficiency, effectiveness and productivity
- Striving to simplify your organisation and reducing the growing complexity of operations.

The role of corporate education and employee training and development is reaching a crucial stage and if the issue is not addressed strategically and effectively will be the biggest impediment on Australia's growth, innovation, productivity and lifestyle into the future.

If you would like further information regarding organisation development or productivity and developing organisational capability, please contact: [Lindsay@corpedadvisers.com.au](mailto:Lindsay@corpedadvisers.com.au)

Australian

management

practices rank

only moderately

above average

# Corporate Education—An Investment

While some organisations have started to embrace corporate education and training as an investment and not just a business expense, the vast majority of organisations still treat employee training and development as a cost. There are also some who are concerned that if they train their employees it just makes them more attractive to other employers. A quote credited to author Zig Zigler: “Which would be better, train your employees and have them leave, or not train them and have them stay with your organisation?”

Research by the American Society of Training and Development found:

- Leading-edge and successful organisations trained 86% of their employees while ‘average’ companies only trained 74% of their employees.
- Leading edge companies invested twice as much on training per employee compared to average organisations.
- Companies that invest the most in workplace learning yielded higher net sales per employee and higher gross profits per employee.

Another study in the United States of 3,100 workplaces by the National Centre on the Educational Quality of the Workforce (EQW) found:

- A 10% increase in workforce education/skills levels led to an 8.6% gain in total productivity.
- BUT, a 10% increase in the value of equipment increased productivity by just 3.4%.

Organisations need to find the balance between expenditure on equipment and expenditure on corporate education and training, however the emphasis is often greater on equipment, with corporate education and training being treated as discretionary expenditure.

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Corporate Education and  
Strategic Capability  
Development

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### About Us

Corporate Education Advisers works as thought leaders, advisers and mentors with organisations to assist them in developing their strategic capability by developing the knowledge, skills and capabilities of their employees through a strategic approach to corporate education and training.

Our expertise is centred on:

**Corporate Education Strategy** - blending formal corporate education and training with informal and workplace learning to enhance the knowledge and capabilities of employees and facilitate the application of their learning within their organisation.

**Organisation Capability Diagnostic** - assessing the current and realistic performance levels of organisations to identify priority areas for business improvement through corporate education and training. Areas assessed include: leadership development, succession planning, processes, market / customer orientation and innovation.

**Corporate Education and Training Review** - systematically reviewing an organisation’s corporate education and training performance with the aim of improving effectiveness, relevance, value-for-money and learning impact on the organisation.

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