



Skills-based Transformation – Solving the Capability Gap

In the 2023 [capability review of the Australian Public Service Commission](#), four workforce initiatives were recommended to be implemented to ensure the APS has the capability to meet current challenges. These were:

1. Attracting, building, and retaining skills, expertise, and talent
2. Embracing data, technology, and flexible and responsive workforce models
3. Strengthening integrity and purposeful leadership
4. Build leadership to deal with ambiguity and complexity challenges

Further, the Commission identified three priority capabilities to position its workforce into the future. These were:

- Strategic – people and leadership; critical thinking and problem-solving
- Specialist – digital and data literacy; technical expertise; policy development
- Foundation – relationship management; project management; research and analysis; decision making and judgement

In looking at a detailed assessment of agency capabilities across the APS, assessments against 'People' in terms of strategic workforce planning and development and staff performance and capability were assessed as 'emerging,' meaning that the agency mostly demonstrates a critical weakness in its current capability and its ability to deliver the capability in the short or medium term. Additionally, 'emerging' also demonstrates no or minimal awareness of capability gaps, no or minimal action to address capability gaps, and no or minimal evidence of learning or a focus on continuous improvement.

It's no surprise that this maturity assessment is reflected in significant shortages in agencies reported by [The Mandarin from the APS State of Service Report for 2023](#), with 76% of shortages across Digital and Information Communications Technology (76%), Data (74%), and Portfolio or Project Management (44%).

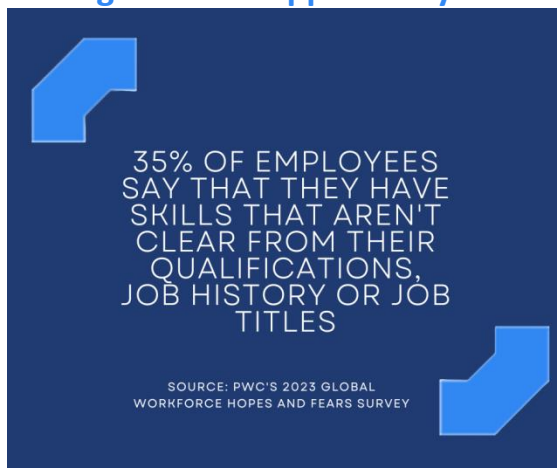
Skills shortages are not just an APS problem; they're a global problem.



According to [The World Economic Forum](#), 87% of companies worldwide are reporting that they are experiencing skills gaps now, or they expect to within the next five years. Further, in the World Economic Forum's [Future of Jobs Report for 2023](#), they reported that employers estimate that in the next five years, 44% of workers' skills will be disrupted, and six in 10 workers will require training before 2027, with analytical and creative thinking, as well as utilising AI and big data topping the list of priorities for skills training. [LinkedIn data](#) also confirms this, showing that the skills that employees need for a given position have shifted by around 25% since 2015, and by 2027, this number is expected to

double.

Seizing a missed opportunity



Compelling research from PwC's [2023 Global Workforce Hopes and Fears Survey](#) revealed that among the employees that participated in the survey, 35% say that they have skills that aren't clear from their qualifications, job history or job titles, and 27% say that employers focus too much on job histories and not enough on skills. 30% also revealed that they have missed out on opportunities because they don't know the right people. And the shift has already begun in skills-first approaches to hiring. According to [LinkedIn data](#), more than 45% of hirers on LinkedIn explicitly used skills data to fill their roles, up 12% year on year,

and roughly one in 5 job postings in the US no longer required degrees, up from 15% in 2021. LinkedIn members also added 380 million skills to their profiles, which was up 40% year on year. LinkedIn findings further revealed that a skills-first approach to hiring can result in up to 20X more eligible workers to employer talent pools, increase the proportion of women in the talent pool by 24% more than it would for men in jobs where women are underrepresented, and increase the talent pool for Gen X, Millennials, and Gen Z workers by 8.5X, 9X, and 10.3X respectively. The same data also showed that companies that excel at internal mobility are able to retain their employees for an average of 5.4 years, which is nearly twice as long as companies that struggle. These statistics lead to the key question for organisations to answer: "Does your organisation currently have the skills needed to achieve your strategic goals now and into the future"? Clearly, there is a skills shortage across the board and around the world, and it's only going to get worse if we don't do anything about it. So what's the solution?

Becoming a skills-based organisation

"Employees can be forgiven for not having a clear view of their future skills requirements. Employers can't". [PwC's Global Workforce Hopes and Fears Survey 2023](#)

For many, this concept isn't new, but it's becoming mission-critical for most organisations going forward. In an article published by [The World Economic Forum](#), the "skills economy" is a transformational shift in how businesses and individuals think about professional value and success,

placing individual skills – the skills we have and need and our ability to acquire new ones – at the forefront of decision-making, while challenging the significance of traditional credentials and job titles.

It starts with rethinking risk.

"A skills-based approach means not only understanding what you have and need in terms of skills, but also how those needs are changing – and what will happen to the business should any element of your talent strategy change". The World Economic Forum



In our recent [predictions series](#), our seventh prediction was "Operationally, organisations must grow up in 2024". As part of an organisation's operational risk, leaders must also place 'workforce risk' as an equalling priority. According to [The World Economic Forum](#), research shows that organisations that create more rigour around managing human risks outperform their peers on profitability, operational efficiency, worker satisfaction, and brand recognition. [Deloitte](#) defines workforce risk as '*any workforce-related threat to an organisation's operational, financial, and reputational outcomes*'.

Getting the skills intelligence you need

"AI will change every part of HR – and every role in the company"—[HR Predictions for 2024](#), The Josh Bersin Company.

According to [Beamery](#), skills intelligence is "the key ingredient, running in the background, that makes everything else in a skills-based organisation possible."

To have the right skills intelligence, you first need to have a complete and centralised data stack, including all your employee data, current candidates, previous applicants and any possible alumni together. Then you need AI to enrich this data, identifying adjacent skills; the skills that are similar and related to those already listed in your talent profiles, as these skills can determine further skills that your people likely have or could learn, as well as ensuring that profiles are updated automatically when new skills are learned.

This level of skills intelligence can enable HR to connect jobs, projects, and tasks to the right skills. Additionally, it provides a platform for an organisation to take a skills-based approach to hiring, developing, and deploying or mobilising talent. Focusing on skills data and flexible ways of working can improve every phase across the employee lifecycle, from selection to performance reviews and progression.

Tapping into the power of employee skillsets:

Recently, Andy Corbett spoke with Daniel Bowes, Executive Director of Taxes and Grants Products at Revenue NSW, for our podcast series on [embracing organisational change](#). During their discussion, they spoke about enhancing employee engagement and the entire team's pivotal role in improving customer processes and outcomes.

Daniel spoke about how Revenue taps into the incredible power of employees' skills.

"And you can think about all the latent skills that people have in those teams and how else they can bring them to bear on process improvement or customer improvement".

"How do you lift their ideas up and how do you get them involved? Whether it's a small change or whether it's a large change to kind of harness the powers that they have, people will come and be a Land Tax Assessor, but will actually be really good at understanding data. Or people will be a Land Tax Assessor and actually be amazing Test Analysts and go work in Digital. There's a lady we've got who has turned out to be this amazing Project Manager who's kind of helped run this really complicated digital change. And no one knew. No one knew that she had that skill. She probably didn't know herself. But give people the opportunity, and plenty of them all rise to the challenge and do an amazing job".

A skills-based approach complements agile enterprise principles

"Adopting skills-based strategies that help build an agile, adaptive, and collaborative workforce has become the new organisational paradigm for businesses looking to grow and succeed now and in the future." [Anne Fulton, Forbes Books Author.](#)

In our article ["Finding the way forward – agility at scale within government,"](#) we discussed how agile operating models took a step away from configuring teams based on expertise or functions to facilitating outcomes by focusing on a more comprehensive array of skills on a shared objective. We also spoke of the outcomes of an agile enterprise, having the flexibility to respond quickly to changing and uncertain circumstances and having the ability to reconfigure your value chain to create and project value, delivering services more effectively and efficiently.

Adopting a skills-based approach to talent builds an agile, adaptive, and collaborative workforce that can improve an organisation's speed, creativity, innovation, and efficiency with the ability to draw on the required skills internally and externally. It also boosts diversity and fairness. Research quoted from [Fuel50's Capability Trends Report](#) revealed that close to 70% of high-performing organisations use project work for employee development, and over 50% currently have a project-based workforce or intend to implement this way of working within the next 12 months. [Deloitte research](#) also says that 85% of HR executives are planning or considering redesigning how work is organised so that skills can be flexibly ported across work over the next three years".

Organisational leaders play a pivotal role.



With the significant change in becoming a skills-based organisation, leaders must play a pivotal role in navigating these changes and building resilience within their workforce. [The 2024 Global Learning & Skills Trends Report](#) revealed the "4 C's" or four critical skills for highly successful modern leaders.

These are:

1. Connecting – interpersonal skills and emotional intelligence
2. Coaching – effective coaching and feedback skills
3. Creating and fostering an inclusive culture
4. Collaborating through leveraging technology

These critical skill areas directly correlate to the statistics in this article from the [capability review of the Australian Public Service](#) Commission and The World Economic Forum's [top ten skill priorities for businesses for 2027](#).

Beyond having these critical skills, leaders must also ensure that their workforce can translate their organisation's vision into action. This can only happen when employees understand how the company is changing and what that means to them. [Watch the short video in our FAQ library](#) as Scott Johnson, Deputy Secretary of Revenue, explains how they have engaged their workforce in developing their long-term vision.

Skills-based transformation needs a holistic approach.

Skills-based transformation in an organisation is significant. Rethinking and prioritising workforce risk, acquiring skills intelligence, enriching skills intelligence through AI, changing how your workforce is hired, developed, and deployed, and ensuring that your employees can translate your vision into action will need to be managed coherently. [Our BeHOLISTIC™ framework](#) is a comprehensive approach enveloping every critical facet of an organisation. It meticulously weaves business and operating models together to ensure a harmonised transformation that aligns with your organisation's strategic goals. To learn more about BeHOLISTIC, visit our [webpage](#), watch our [short animation](#), or [get in touch](#) with us for a no-obligation chat about how we can help your organisation.