

Skills for a cleaner future: Building the clean economy workforce

What it means for businesses

JANUARY 2024



The research

Ai Group Centre for Education and Training interviewed a range of Australian businesses about how the transition to a clean economy was affecting their operations, strategy and, most importantly, workforce and skills.

What did we hear?

The findings from our consultation were diverse, illustrative of an economy experiencing a transition, with some companies much further advanced than others.

Some companies are embracing change, innovating, and thinking proactively about their changing skills needs. Most businesses can see the huge opportunity that the transition presents for their business. However, while many can see the upside, fewer had taken action to capitalise on it.

Among the businesses we spoke to there was a **wide spectrum of knowledge, engagement and action.**



- ▶ In general, companies saw **significant opportunities** to grow their business in the clean economy transition. However, many have yet to develop clear cut workforce development strategies to equip their people and business to unlock the benefits.
- ▶ **About a quarter of the businesses had a workforce plan**, the starting point to focus on the skills required for the clean economy transition.
- ▶ **Many considered that clean economy capability or skills were only relevant for the management level** and had not considered the implications for operational staff.
- ▶ **Businesses with head offices in other countries such as Norway, Spain, Sweden and Germany were quite advanced in their clean economy journey.** New and emerging businesses were more likely to have conducted international environment accreditation such as Ecovadis, BCorp or ISO quality environmental audits. These appear to be creating a fast track for businesses looking to capitalise on the clean economy transition.
- ▶ **Many businesses cited a lack of objective information and resources**, stating the need for a well-evidenced reference point where they could develop their knowledge of the clean economy transition and make informed strategic business decisions.

Businesses see the clean economy transition as an opportunity



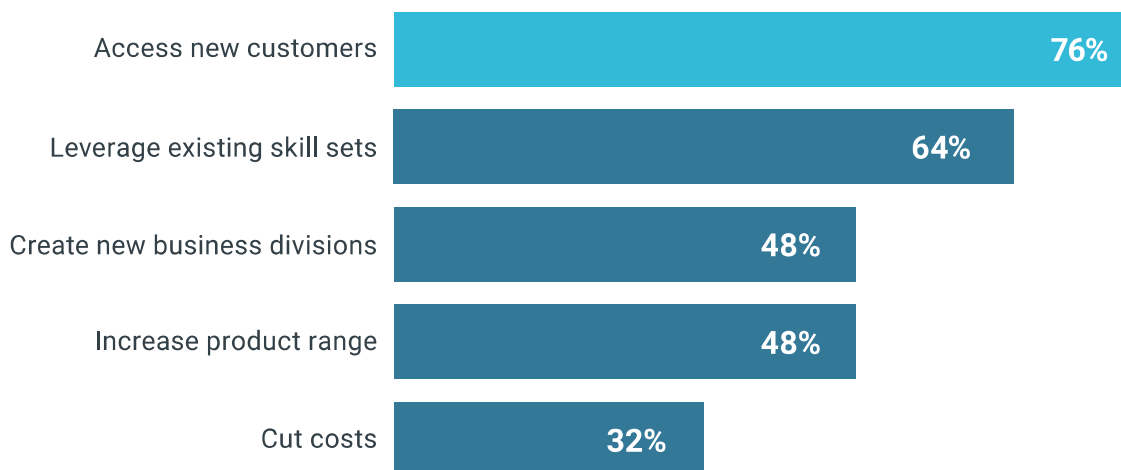
81%

of businesses surveyed saw the clean economy transition as an opportunity.

Where is the opportunity?

Top two reasons

- ▶ Accessing new customers
- ▶ Leveraging existing skill sets



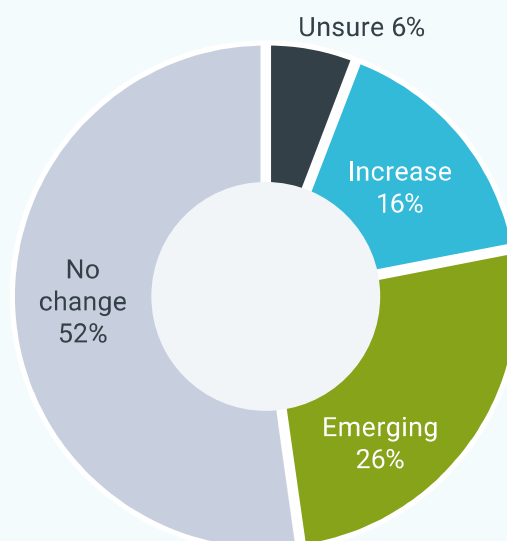
As consumers preferences change and shift towards an emphasis on sustainability, some businesses are creating new product lines to serve this growing market and simultaneously cutting costs through more efficient resource use. With strong market demand for businesses to transition their products and services, the expected impact of the clean economy transition on the bottom line is becoming increasingly positive.

Are skills needs changing as a result?

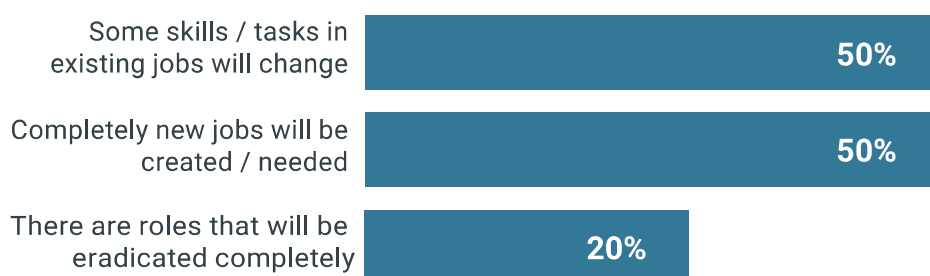
New skills needs are emerging

For the businesses we spoke to, 42% reported that skills needs were likely to change as a result of the transition over the next 12 months.

Over half of the businesses reported that their skill needs are unlikely to change in the 12 months, despite the growing opportunity.



How are skills needs changing?



The effect of the clean economy transition will not be consistent across all businesses, jobs and occupations. It is expected that work will change in three keys ways:

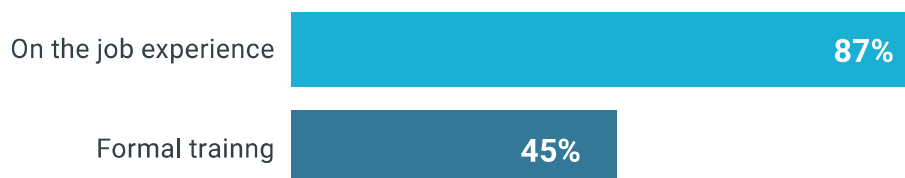
- ▶ Completely 'new' green jobs will be created (i.e. solar technicians)
- ▶ 'Green renovated' jobs will emerge as methods and practices in existing occupations change due to new technology and the clean economy transition
- ▶ Green 'increased demand' jobs occupations will experience increase in employment demand, but not significant changes to the work itself

What are businesses doing to develop or find the clean economy skills they need?

To ensure that their workforce skills, capabilities, and knowledge match their needs, most (87%) are looking inwardly at their own talent pool.

Businesses continue to favour on the job experience to develop the mix of skills required to power their transition.

Internal talent



When looking to find new talent outside of the business, businesses are prioritising those with the transferable skills that can be matched with on the job experience or training.

Interestingly, 45% of businesses are looking for experienced hires. Given the relatively small pool of talent that currently have new skills and experience in clean economy projects, it is likely that these skills will attract a premium and be highly sought after.

External talent

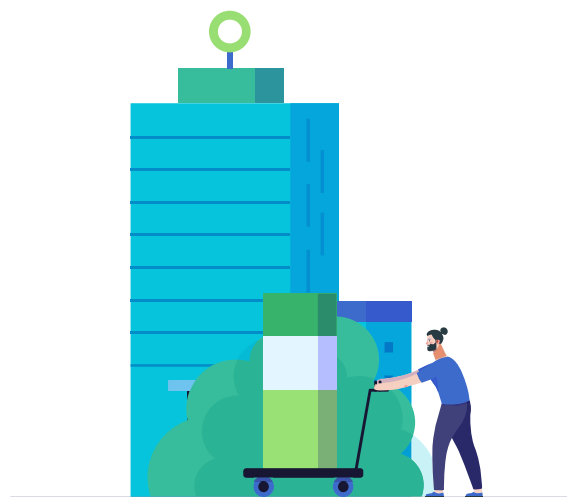


Timeframe for the clean economy transition

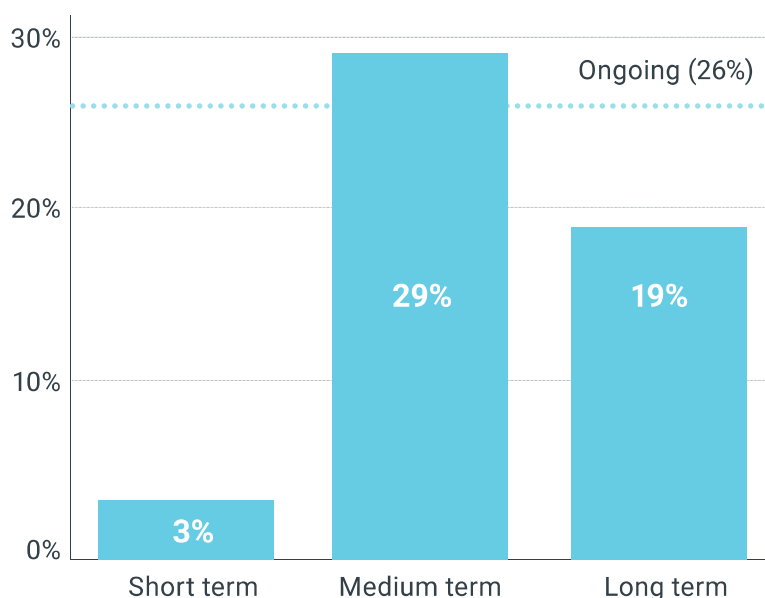
Generally, among the businesses who perceived the transition to be a threat, that threat was perceived to be in the short to medium term.

If businesses saw the transition as an opportunity, that opportunity would be realised in the medium to long term.

More informed, well researched senior executives were concerned about how far behind Australia is, globally.

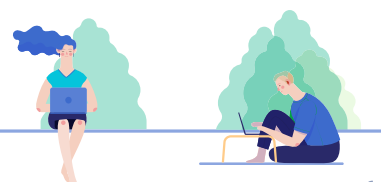


Over what timeframe do you see this as an opportunity for your business?



'...there is a chance for us to be global leaders, but the doors are closing – the US is investing enormous amounts of money...'

Small boutique chocolate manufacturer



I What can I do?

Encourage information sharing, innovation and new ideas

Are employees motivated and empowered to identify ways to improve business operations?

- ▶ Create a process for empowering employees at all levels to develop new ideas and submit proposals aimed at engaging in the clean economy transition. Some of the best ideas for improving processes and driving impact can come from empowered employees who are tasked with identifying ways to improve processes.
- ▶ It is equally important that the clean economy and the information around it is not in the “too hard basket.” Finding a trusted sources of research and information that provides insights and identifies proven opportunities to explore is a core component of capturing the upside.

Leverage accreditation programs

Have you considered working with certification programs?

- ▶ Leading businesses have found that working with local or international accreditation programs or standards are an effective method for identifying the areas in which your business can improve and implement industry best practice.
- ▶ Providers like BCorp, Ecovardis, ISO and GRI will help to audit the types of processes and activities that meet the goals of the clean economy transition and identify areas of improvement that can unlock further gains. Successful implementation and certifications also provide market differentiation that consumers are increasingly preferencing.

Prepare your number one asset - your people

Have you conducted a clean economy transition skills needs analysis and compared it to your existing skills and talent pool?

- ▶ A current (and updated) workforce plan can identify the key roles, skills and capabilities needed across all strategic and operational functions of your business. This is particularly important in the context of the choppy macroeconomic environment and a period of significant skills churn. Workforce planning is a core strategy to ensure your workforce is ready to leverage the clean economy transition and maximise the upside.
- ▶ Some questions your workforce plan must be able to answer:
- ▶ Does your workforce plan identify the reskilling and retraining needs of all staff - from the factory floor to the executive?
- ▶ Does your workforce plan identify the appropriate training methodologies, courses and/or external providers to meet these reskilling and retraining requirements?
- ▶ Do the recruitment and retention strategies in your workforce plan link to current and future clean economy transition skills?

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