

Break down the barriers. Hire for skills not just degrees.

Actionable insights for CHROs and Business Leaders to expand the supply and diversity of candidates

Research by

accenture

Commissioned by

 Microsoft



Let there be change.

Australia continues to face a tech talent gap; in fact, for every tech job lost in the direct tech industry over the past three months, 20 new jobs have been created by the indirect industry.

Closing the talent gap requires more Australians to move into tech roles than ever before. However, there continues to be barriers preventing more people and specifically; women, those with disabilities and First Nations Australians moving into tech.

We want to change that.

What if, by increasing the types of pathways by which talent is entering tech, we can expand the supply and diversity of our candidates while increasing innovation and revenue?

And what if we told you our global competitors are already doing it at scale to fuel their tech economies.

The recommendation

We recommend that organisations target '20% of early career hires' coming from alternative pathways. Depending on their maturity organisations can get started through 1 of 3 approaches:

- **Open the doors to more.** Implement inclusive skill-based hiring and create inclusive places to land
- **Invest in a Pathway.** Invest in an alternative Pathway Pilot for in-demand role(s)
- **Make skills based BaU.** Move to a skills-based organisational -

We believe organisations will accelerate their progress if they work together on key industry level initiatives outlined in the TCA's report 'Getting to 1.2mill' such as: Nation wide advertising campaign and Digital Apprenticeship.



Working together to close the tech talent gap.



We have a real opportunity to make a difference. Gone are the days when candidates need a degree to be considered for a role. By removing barriers and ensuring job opportunities are open to those who have alternate pathway experience, or offering programs that include alternative pathways, we're not only solving for a talent gap, but creating exciting and fulfilling opportunities for amazing individuals who would have remained hidden in the workforce.

Tenielle Colussi

Managing Director Accenture Australia



Traineeships offer an exciting career opportunity...by working with strategic partners, we aim to create a new pipeline of exceptional IT talent.

Steven Worrall

Managing Director Microsoft Australia

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01

Our current state

There continues to be barriers preventing more people, specifically women, those with disabilities and First Nations Australians moving into tech



Grads only, please

Despite the talent shortage organisations continue to ‘filter out’ high potential candidates at both early and mid career talent points by mandating bachelor’s degrees

9 in 10

**job ads in Australia for STEM roles
require a bachelor’s degree or
higher¹**

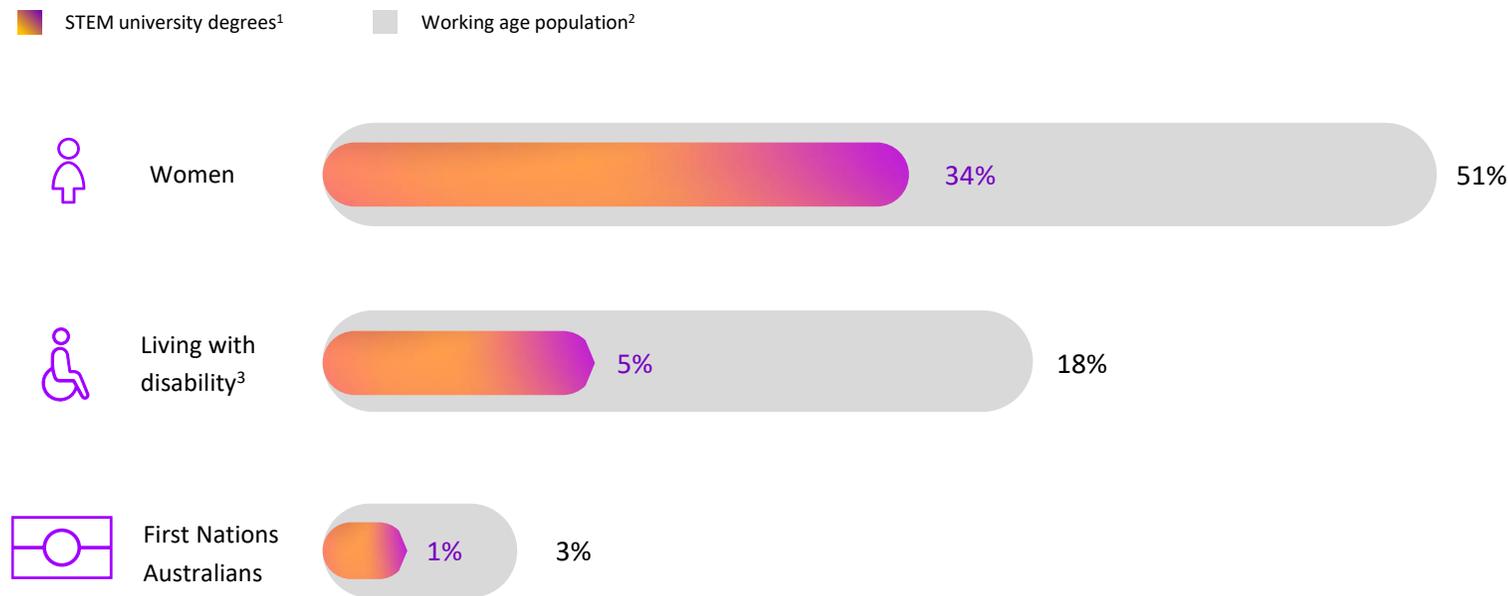
Source: Lightcast; Accenture analysis

Notes: 1. Based on job advertisements specifying any education requirement. STEM roles are proxied by jobs advertised in the direct tech sector (Internet Publishing and Broadcasting, Telecommunications Services, Internet Service Providers and Web Search Portals, and Data Processing, Web Hosting and Electronic Information Storage Services)

A 'Grad only' approach narrows supply and reduces our ability to create a thriving diverse workforce.

Key groups are underrepresented in STEM degrees

?: representation by group; university vs. working age population; 2021



Just 1 in 3 STEM university students are women, 1 in 20 have a disability and only 1 in 100 identify as First Nations Australians.

Source: Department of Education; ABS, 2021 Census of Population and Housing; ABS, Labour Force; AIHW; Accenture analysis

Notes: 1. STEM degrees are defined as university programs classified under the following fields of study: Natural and Physical Sciences, Information Technology, and Engineering and Related Technologies; 2. Defined as all people aged 20-59 in Australia; 3. Representation in the population is based on ABS statistics. Representation of people with disability has been gross up to reflect the broader definition adopted by AIHW. This includes people with neurodiversity and sensory impairments that restrict their ability to perform everyday activities

Removing barriers could unlock a potential pool of 1.1million workers.

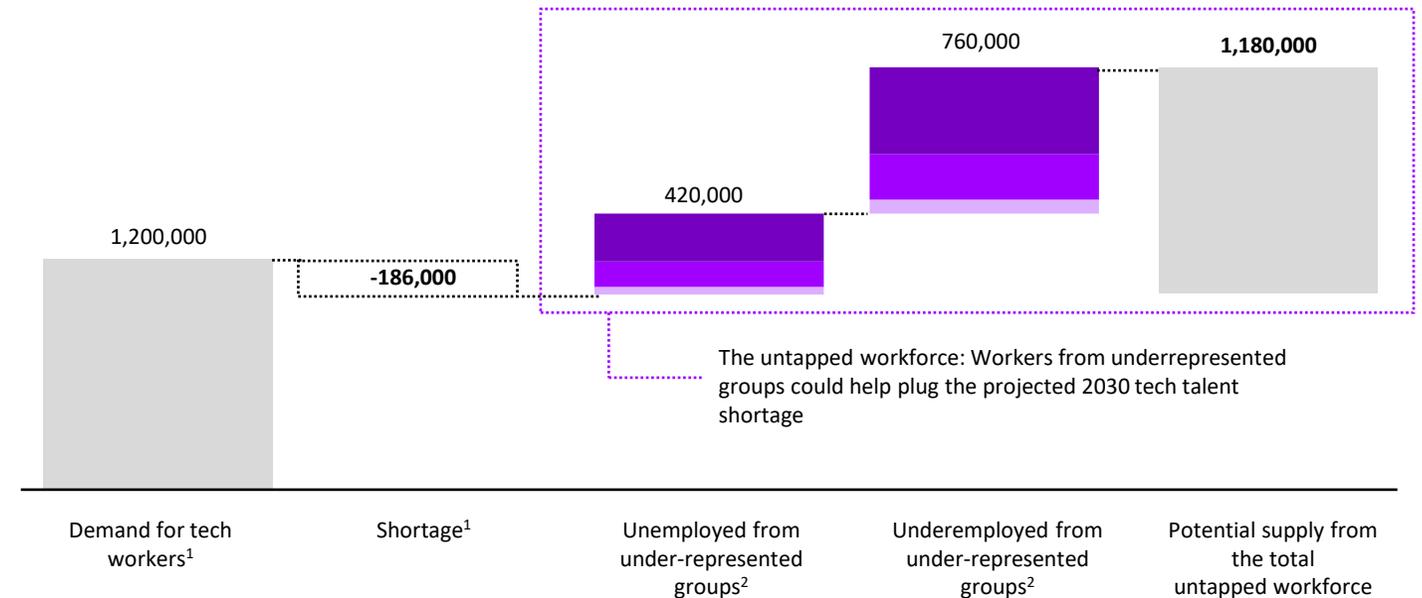
Over one million workers from historically underrepresented groups are ready to start a new job or increase their hours.

That is 10x more people that we need to fill the current talent gap identified by the TCA*

A diverse untapped workforce could plug the tech worker shortage

Projected number of workers, 2030

■ Women ■ Living with disability ■ First Nations Australians



Source: * Tech Council of Australia, 'Getting to 1.2 million', 2022; ABS, 2021 Census of Population and Housing; ABS, Labour Force; Centre for Population, 2022 Accenture analysis

Notes: 1. Based on TCA projections (link). 2. Based on 2021 figures that have been grown in line with working age population forecasts to 2030. Due to data availability, underemployment figures are based on total underemployed Australians, multiplied by the share of unemployed Australians who identify as women, people with disability, and First Nations Australians respectively. Splits by diverse groups are indicative due to intersectionality; 3. Based on ABS Labour Force as at Feb 2021.

02

The Alternatives

We can expand the supply and diversity of our candidates by using a range of alternative pathways.





The **skills required to drive business are continually changing** and the shelf life of skills is shortening.

We must move towards a **skills-based economy**, where **aptitude, skills and potential matter more** than university degrees, pedigree, company history or references.

Alternative pathways provide the means to tap into a broader pool of talent that has built their skills through alternative methods.

Organisations and individuals can build skills through different alternative pathways.

Course based learning

- **VET courses** - Vocational training that typically leads to a diploma-level qualification
- **Micro credentials** - A short certification course that focuses on a particular area of study, usually stackable to accumulate into a larger credential
- **Vendor courses** - A course on a specific tech stack; e.g. Microsoft, AWS, Google

Intensive pre-work courses

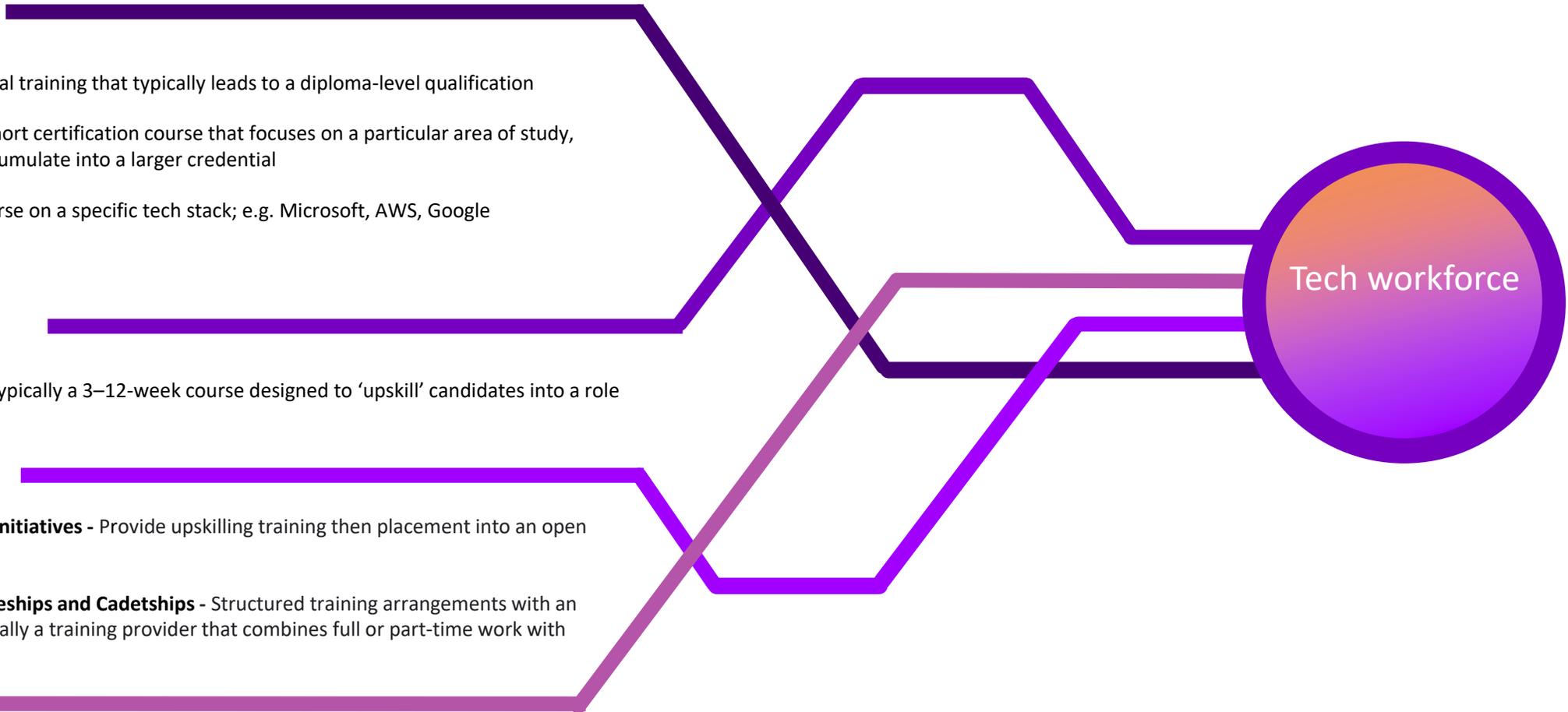
- **Bootcamps** - Intensive, typically a 3–12-week course designed to ‘upskill’ candidates into a role but no job guaranteed

Earn while you learn

- **‘Recruit, Train, Deploy’ initiatives** - Provide upskilling training then placement into an open role
- **Traineeships, Apprenticeships and Cadetships** - Structured training arrangements with an organisation and potentially a training provider that combines full or part-time work with formal learning

Work experience

- **Adjacent roles** - Experience and skills gained in roles adjacent to the target role which allows development of core or relevant skills



Tech workforce

Alternative pathways provide benefits especially to underrepresented groups.

1



Speed to Competency

Speed is more important than ever, given the pace of change and need to continuously upskill; new alternative pathways are delivering technical 'role ready' talent in 8 weeks

2



Tailored Support

Wrap around support and mentorship enable and encourage retention of different groups. Alternative pathways exist that offer specific services to different groups.

3



Practical Learning

There is benefit in a blended learning approach when it comes to tech skilling and training students from a range of backgrounds. Alternative pathways increasingly incorporate practical application and experiences.

4



Flexible Experience

The required uplift in capabilities can be unique to an individual. Alternative pathways often provide flexible solutions that enable multiple entry points based on their current skills to avoid timely and unnecessary re-learning

5



Industry Connections

Alternative pathways that have an industry connection create enable workers to create networks to secure jobs and transition from learning to employment quickly.

6



Earn Vs. Costs

As the cost of living continues to rise and many people can't afford the time and cost of extended time out of work, alternative pathways that provide a salary appeal to a broader group - especially those from disadvantaged backgrounds or those midcareer who can't sacrifice a salary.

03

The new target

Let's catch up to other economies and focus on skills not pedigree by expanding talent supply.



A new target for Australia that enables us to catch up with other economies.

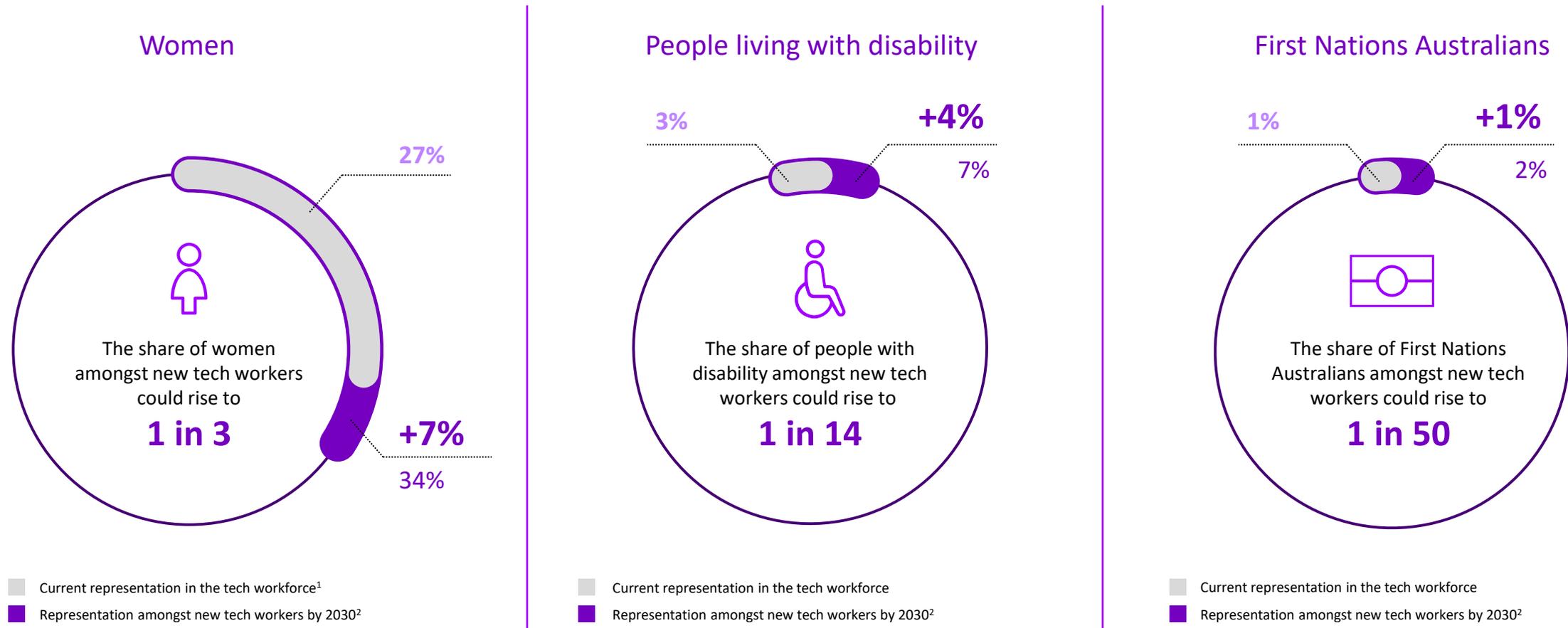
20%
of early career hires from
alternative pathways by 2030

Source: US Bureau of Labor Statistics; Statistics Canada; SwissInfo; Accenture analysis

1. Proxied by degree attainment amongst tech related occupations in the US and 'Specialist managers in engineering, architecture, science, and IT' in Canada.
See above sources



Increasing alternative pathways to 20% could unlock an additional 31,000 workers from diverse backgrounds by 2030.



Source: 'Getting to 1.2 Million', TCA; ABS, 2021 Census of Population and Housing; ABS, Labour Force; NCVER; US Bureau of Labor Statistics; AIHW; Stakeholder Interviews; Accenture analysis.

Notes: 1. These charts show the representation of groups within the tech workforce, which refers to both workers employed in any role within the tech industry (direct tech sector), and tech workers employed in non-tech industries (indirect tech sector), aligning with the definition used by the TCA. This representation is based on ABS statistics for full time employees. Representation of people with disability has been grossed up to reflect the broader definition adopted by AIHW. This includes people with neurodiversity and sensory impairments that restrict their ability to perform everyday activities; 2. Shows the representation of diverse groups amongst new workers if alternative pathways are expanded to represent 20% of tech workers hires. Based on Accenture modelling.



The case for change:

There are significant positive impacts on business performance.

An Australian employer with 100 employees and \$30m in annual sales could capture the following through fairer representation of diverse groups and the creation of an inclusive workplace:

\$800k

Per year in savings from improved retention rates¹

14%

Increase in worker productivity driven by a more collaborative work culture and sense of communal thriving

\$2.3mil

In additional revenue each year²

Source: ABS, Labour Force; ABS Australian Industry; AHRI; AIIA; McSorley, 2021; Resetting Tech Culture, Accenture, 2020; Enabling Change, Accenture, 2020; Harter, 2017, Employee Engagement vs. Employee Satisfaction and Organizational Culture; Equality = Innovation, Accenture, 2019; Accenture analysis. Notes: 1. Assumes the cost per departed employee is 85% of an employee's salary on average. An inclusive and diverse workplace experiences roughly half the attrition rate of an average firm; 2. Based on an average sales growth rate of 4% p.a. Assumes that diverse and inclusive firms grow sales 2.9X faster on average

This is not just a corporate responsibility play.

Achieving 20% by 2030 could create benefits for business, government and society

Higher Wages



\$550m

Additional remuneration in new tech workers' pockets, appreciating higher wages than other sectors

Employment Growth Opportunities



2k

Previously unemployed workers will be lifted to employment and into tech roles

Government Returns



\$250m

Additional tax revenue for government as Australians shift to more productive segments of the economy

Talent Attraction



5X

More applicants per advertised tech role, greatly expanding the talent pool

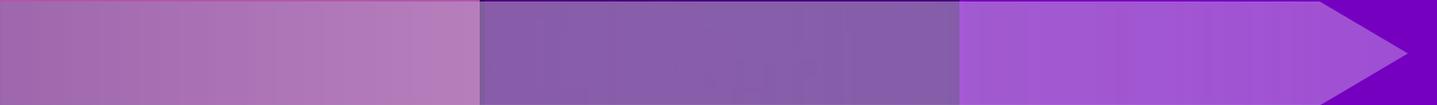
Societal Impact



\$35m

Positive effect in the community through higher employment levels and a reduced impact on social services

Organisations will need to overcome key current challenges.

 <p>Vision</p>	 <p>Hire</p>	 <p>Train</p>	 <p>Retain</p>
<p>MINDSET & KNOWLEDGE</p> <p>Investment in alternative pathways within leadership is limited by bias and a lack of knowledge</p>	<p>THE APPLICATION PROCESS</p> <p>Existing HR practices 'filter out' talent or are unable to assess based on skills rather than qualifications</p>	<p>CAPACITY TO SCALE</p> <p>A lack of capacity to identify, run or support, especially at scale</p>	<p>EMPLOYEE EXPERIENCE (EX)</p> <p>EX does not enable everyone to thrive in a psychologically-safe environment</p>
<p>Alt. Pathway lifecycle</p>			
<p>HR EXPERIENCE & SKILLS</p> <p>Use of alternative pathways is inhibited by the limited experience of HR teams</p>	<p>ATTRACTIVENESS</p> <p>Organisations struggle to attract talent in tech industry and tech roles</p>	<p>MARKET CONFIDENCE</p> <p>A fragmented market that lacks industry accreditation, scale or metrics increases risk and complexity</p>	<p>CAPABILITY</p> <p>Lack of capability and motivation of leaders to create inclusive teams</p>

04

Activation

The actions organisations need to take
to achieve the 20%



4

actions to enable the use and scaling of alternative pathways

1. Vision

Create a clear vision and **mandate** to use alternative pathways to achieve talent priorities

2. Hire

Implement skills based and inclusive hiring practices that **open the doors** to more talent

3. Train

Invest and become **'talent creators'** of future skills

4. Retain

Build experiences and leaders that **retain** and promote employees from all backgrounds

04

Where to start

How you move forward depends on where you are today,
we recommend taking 1 of 3 steps forward.



Where organisations are today will inform how to move forward.

1.

We need the basics

You still mainly hire for degrees. Systems and processes filter out talent and do not create inclusive environments.

Get Started

Open the doors to more;
transition to skills based hiring and inclusive EX.

2.

We want to Pilot

You have or started to move to skills based hiring and but now you want to proactively invest in alternative talent pools.

Get Started

Invest in an Pilot;
invest in new pathways for an 'in demand' role with career trajectory.

3.

We are ready to scale

You have proven the case and now want to move to skills based hiring and development across your organisation.

Get Started

Make it BaU;
Transition to a skills based way of working across HR and the business.

1. We need the basics

The objective:

Open the door to more talent by hiring for skills not based on education and creating an inclusive EX from day 1.



Vision

Awaken hiring managers and HR to the benefits of skill-based practices and its potential to support their current and future talent priorities



Hire

Implement new hiring processes and technology that 'filter in talent not out' including updating job requirements to focus on key skills



Train

- Not a focus -



Retain

Work with SMEs to identify and address potential pain points that would lead to attrition of underrepresented groups.

1. We need the basics

The readiness checklist

Vision

Awaken Leaders to the potential

- ✓ Awaken leaders to the value of achieving talent priorities through alternative pathways using established models and cases to prove the case and bring it to life
- ✓ Set a vision for how alternative pathways can expand your talent pools. This should be aligned to the talent priorities your organisation to ensure sustainable demand.
- ✓ Build a multi year business case that is based on the principle that 'a non university hire' could be your CEO'

Hire

Update hiring process

- ✓ Understand the core skills needed for roles – What are 4 must haves
- ✓ Update job descriptions to remove restrictive criteria and biased language. Include flexible working arrangements and benefits.
- ✓ Review hiring process and tech to ensure interviews and assessments are clear, structured and inclusive
- ✓ Promote new skills-based approach and EVP roles through a variety of channels. Participate in diversity focused events/career fairs and reinforce diversity and inclusiveness in brand advertising. Consider candidates' use of external platforms for an insider view of company and get input from employee-led networks .
- ✓ Equip and enable HR, Hiring managers to hire from a range of alternative backgrounds and pathways.

Train

- Not a focus-

Retain

Identify pain points and create an inclusive environment

- ✓ Work with SMEs to identify and address potential pain points in existing processes including performance mgt
- ✓ Ensure clear sponsorship of employees career progression, growth opportunities and compensation decisions. Celebrate successes throughout the organisation and publicly.
- ✓ Introduce 'Stay' conversations at 3,6,12 months to enable proactive and effective career support and timely removal of barriers.
- ✓ Highlight available employee-led networks to provide connection and belonging.
- ✓ Incorporate inclusion and diversity awareness and active allyship training into core leadership, onboarding and mandatory behavior training.

2. We are ready to pilot

The objective:

Select and invest in an alternative pathway pilot program for in-demand role(s) with career trajectory.



Vision

Identify a pilot for roles with sustainable demand and career progression within teams who are advocates of alternative pathways.



Hire

Promote and set up new pathways focusing on partnerships with community organisations



Train

Select existing pathway provider and prepare the receiving team



Retain

Establish an EX-project to identify through listening the required changes to EX for the pilot group.

2. We are ready to pilot

The readiness checklist

Vision

Identify a pilot

- ✓ Identify the demand you will fulfil through an alternative pathway focusing on entry level positions with sustainable demand and career progression.
- ✓ Create a clear vision and gain buy-in and sponsorship from relevant C-suite and hiring managers, create a clear business case and KPIs to track success.
- ✓ Build a multi year business case that is based on the principle that 'a non university hire' could be your CEO
- ✓ Set specific goals and metrics to track success and ensure you are gathering data to evaluate effectiveness.

Hire

Promote new pathways

- ✓ Engage partner organisations who support individuals into employment and advertise roles directly with community organisations.
- ✓ Develop media and communications plans to reach your target audience, using purposeful and targeted messages as well as spotlight on lived experience
- ✓ Equip and enable HR, Hiring managers to hire from a range of alternative backgrounds and pathways.

Train

Select a provider and prepare the receiving team

- ✓ Define criteria and involve those with similar experience and/or backgrounds in the selection process, leveraging industry peers and community experts for advice.
- ✓ Ensure pathway includes both technical and transferable skills, e.g., communication.
- Evaluate the training and support options based on leading practice, e.g., 'in context', 'among community', 'through development' and 'with agency'. Consider role shadowing to build capability, confidence and connection early, and consider how a sense of belonging and community can be encouraged.
- ✓ Provide leaders and team members with support including; mentoring and training so they understand their role and potential changes required

Retain

Establish an EX project

- ✓ Understand requirements and moments that matter so these can be implemented by day 1, if required.
- ✓ Continuous tracking including employee listening and feedback from participants and stakeholders to iterate and improve the pilot program.
- ✓ Showcase success of employees with key metrics (e.g., faster promotion rate, lower attrition, higher engagement) and lived experiences.
- ✓ Establish and equip a formal support network made up of mentors, HR contacts, peer buddies and career coaches to enable growth and success.
- ✓ Create career pathways and cohort experience beyond the program.

3. Lets scale to BaU

The objective:

Scale use of alternative pathways across the organisations by moving to skills-based and inherently inclusive organisation



Vision

Define your vision for how alternative pathways can support the delivery of your strategic workforce plan and a skills-based culture can be implemented



Hire

Embed skills driven practices that link with other HR processes across the organisation – Building brand reputation as an inclusive skills based organisation



Train

Develop an enterprise-wide approach to developing talent through alternative pathways, including strategic partnerships with community, industry peers and pathway providers.



Retain

Create an inclusive EX that is inherent to how everyone works and is proactively tracked with psychological safety at the core of HR, team and manager training.

3. Lets scale to BaU

The readiness checklist

Vision

Establish targets and build sustainable SWP processes.

- ✓ Invest in sustainable strategic workforce management planning (SWP) processes
- ✓ Set sourcing targets for alternative pathway hiring and establish a multi-year roadmap and business case
- ✓ Build C-Suite commitment to alternative pathways as a business imperative and competitive advantage
- ✓ Invest regularly in development for HR and leaders to understand leading practice and incorporate into HR KPIs, e.g., set a homogeneity rule/target that project teams can have a maximum of 70% of one gender.

Hire

Build a brand for inclusive skills-based hiring.

- ✓ Run diagnostic to identify pain points in hiring then transform hiring processes to be skills-based with the potential to flex experience for different candidates.
- ✓ Establish an enterprise approach to identifying and evaluating strategic partnerships with community based groups to create sustainable pipeline and trusted relationships.
- ✓ Develop media and communications plans to reach your target audience, using purposeful and targeted spotlights and lived experience.

Train

Enterprise-wide approach to developing talent through alternative pathways.

- ✓ Establish enterprise strategy and guidelines for the use of alternative pathways, including ways to partner with externals to avoid duplication and ensure quality.
- ✓ Consider partnering with industry peers for greater impact and reduced risk and costs.
- ✓ Establish assets and ongoing support for HR, managers and teams to successfully integrate alternative pathways for employees and help them to thrive.

Retain

An inclusive EX is inherent to how work gets done.

- ✓ Identify owners of inclusive EX in HR and across the business to drive great experiences everyday and drive accountability.
- ✓ Use data to identify bias hot spots and root causes across the talent lifecycle and define an improvement roadmap to optimise your EX.
- ✓ Develop clear career progressions and reward programs for participants to help them see a future and potential growth opportunities within your organisation.
- ✓ Provide visibility on progression to an inclusive and equitable workplace

06

Industry actions

Working together can accelerate and simplify achieving our 20% target.



Collaborating will enable us to get to 20% quicker.

By aligning our efforts across; Organisations, Education Providers, Government and Not for Profits we will be able to overcome current challenges with greater speed and lower costs.



By focusing on key actions from the TCA's 'Getting to 1.2mil' report will accelerate our efforts to increase the diversity our pipeline:

- **Awareness Campaign**

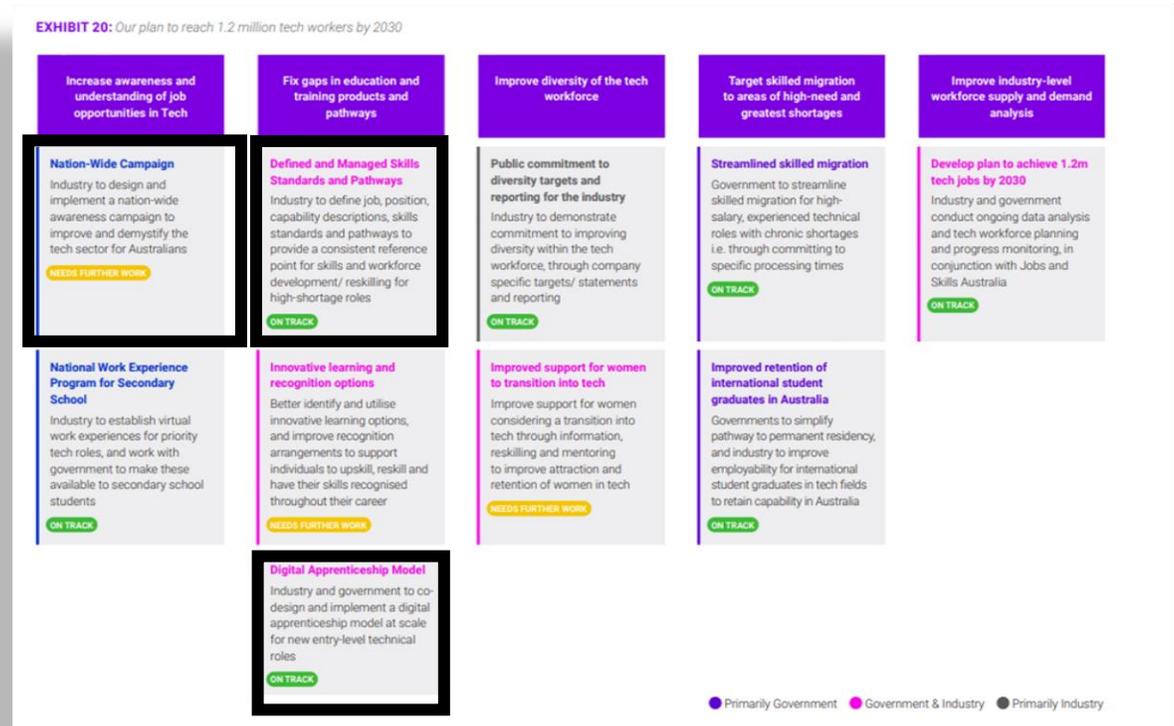
Showcase the careers of successful candidates from underrepresented backgrounds that have come through alternative pathways.

- **Digital Apprenticeship**

Provide new pathways that make tech roles more accessible and attractive to under-represented groups.

- **Define skills standards and pathways**

Reduce confusion around skills required and simplify access to information



Let's make the change.

1.

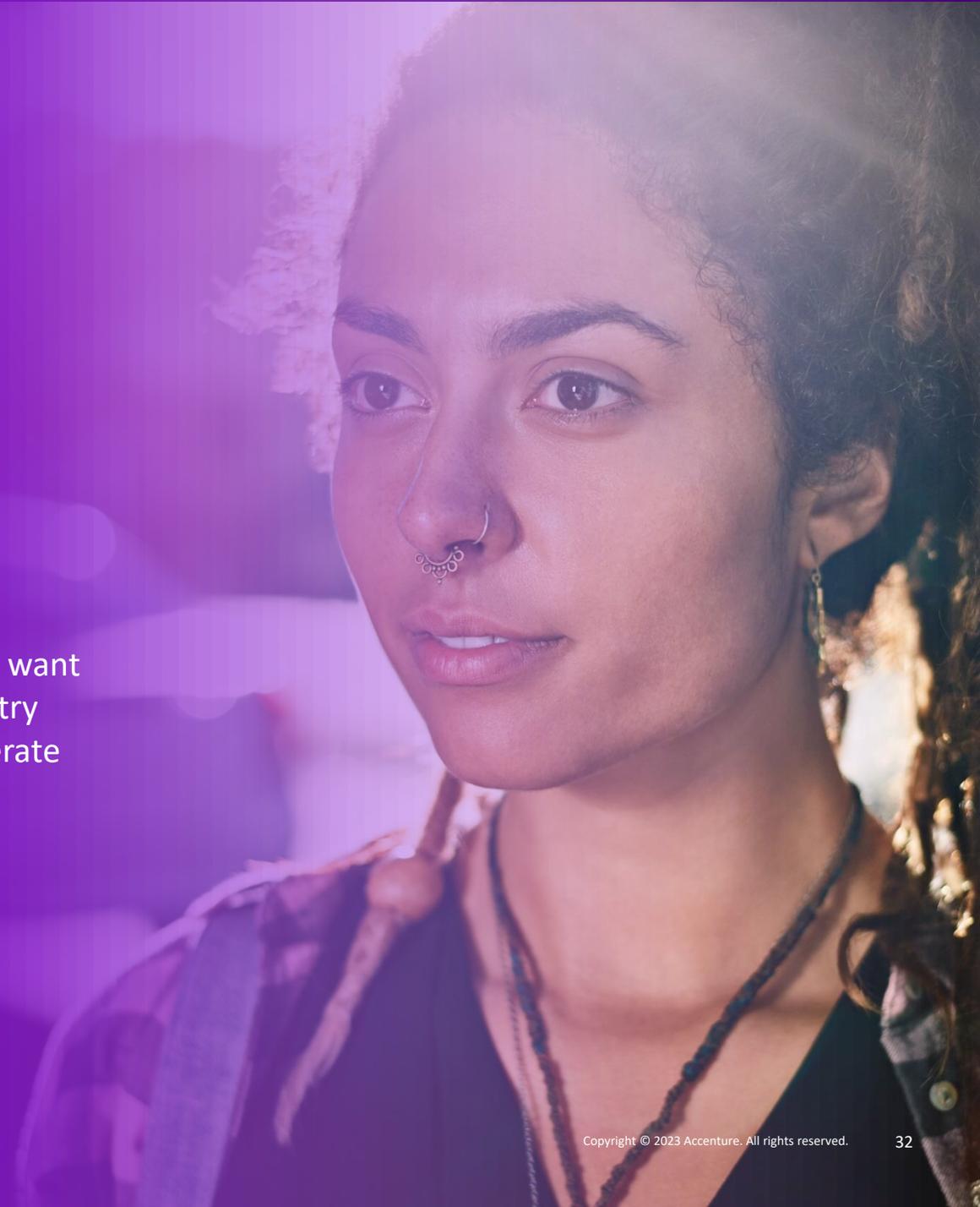
Commit to 20%

2.

Get started internally based on where you are today

3.

Identify how you want to work an industry partner to accelerate your progress



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Terminology and definitions

Terminology

Definition

Tech sector	Refers to the combined workforce employed either in a tech-related organisation (direct tech sector), or in a tech occupation employed in a non-tech organisation (indirect tech sector).
Tech workers	For the purposes of the analysis in this report, this refers to skilled workers who are employed in tech related occupations, such as software programmers, ICT specialists, and network professionals for example.
Alternative employment pathways	Refers to any career pathway, be it education-related or organisation-based, into a tech occupation that does not require a bachelor's degree or higher qualification.
Women	Based on data using self-identification, for any individual identifying as a woman.
People living with disability	Based on data using self-identification, refers to any individual who suffers from an impairment that restricts their ability to perform daily activities. This can include neurodiversity.
First Nations Australians	Based on data using self-identification, refers to any individual who identifies as having a background of Aboriginal or Torres Strait Islander descent.
FTB JSC	The Jobs and Skills Council (JSC) for the Finance, Technology and Business (FTB) sectors that works with employers, training providers and governments to ensure the relevancy of skills training in Australia

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Methodology: Modelling the impact of alternative pathways

		The economic opportunity of alternative pathways		
Approach	The current state of alternative pathways in Australia versus overseas	The uplift in technical professionals achieved by scaling alternative pathways	The uplift in representation of diverse groups from alternative pathways	Economic benefits of scaling alternative pathways
Method	<p>The current state of alternative pathways in Australia was estimated through an average of three proxies:</p> <ol style="list-style-type: none"> 1. The share of professionals and managers across both the direct and indirect tech sector who do not have a bachelor's degree or higher. 2. The share of technical professionals sourced from VET pathways each year. This looks at relevant graduating students as a share of annual new hires. 3. The percentage of new hires that enter through alternative pathways within organisations interviewed by Accenture. <p>The 20% target by 2030 was based on inputs from stakeholder interviews and existing levels achieved by Accenture in international markets.</p>	<p>A business as usual (BAU) case was constructed based off of the 468,000 new workers estimated to enter the tech sector by 2030 by the TCA. The flow of workers was distributed such that the number of new entrants increased by 7.8% p.a., in line with historical growth. The balances were also reduced to restrict modelled new workers to focus only on technical professionals (48% of the tech workforce as per TCA research).</p> <p>Given the assumption that 10% of new technical professionals come through alternative pathways under BAU conditions, the uplift in workers was modelled by incrementally increasing alternative pathways as a share of new hires to hit 20% in 2030. Given the tech sector is projected to have a worker shortfall by this time, these new recruits were treated as entirely additive to the sector.</p> <p>An additional modelled benefit of increasing alternative pathways was improved retention rates across the sector driven by improved diversity, inclusion and employee engagement. This was modelled such that annual attrition decreased incrementally from 17% (current tech levels based on data from ABS, LinkedIn, and AIIA), to hit 8% in 2030. This improvement is based on evidence from Accenture research ('Getting to Equal 2020', 'Resetting Tech Culture') and attrition differentials between men and women in tech in ABS data.</p>	<p>The representation of diverse groups amongst new tech workers entering through alternative pathways was an aspirational target, based on outcomes that were attained by leading organisations that were interviewed for the purposes of this report.</p> <p>The distribution of new workers from diverse groups within alternative employment was modelled across time for each scenario. Diversity amongst workers entering through traditional pathways was assumed to reflect that of current tech sector representation.</p> <p>The number of new workers from each diverse group was then calculated as the cumulative total from 2022 to 2030. These figures were converted to represent a share of all modelled new workers entering the sector to estimate the representation statistics amongst the emerging tech workforce.</p>	<p>The economic benefits of scaling alternative pathways were calculated as follows:</p> <p>Share of new tech workers previously unemployed was based on ABS data revealing that of Australians without a university degree, 6.1% are unemployed. This was applied to the cumulative new technical professionals projected to enter the sector between 2022 and 2030.</p> <p>Additional remuneration of new workers was calculated based on the average post tax wage of employees in the direct tech sector between 2018 and 2020. This wage was applied in its entirety to previously unemployed workers. 22% of this wage was applied to the remaining new workers, based on the wage differential between direct tech industry occupations and the average for all non-tech industries.</p> <p>Additional tax revenue and savings on social services is calculated as the taxable component excluded from the above wage benefits, as well as unemployment benefits forgone by the previously unemployed workers</p> <p>Additional applicants per position was based on the ratio of university STEM graduates to the sum of VET STEM graduates and workers from adjacent sectors changing jobs.</p>

About Accenture

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