

CUTTING SKILLS DEVELOPMENT BUDGETS; BEHEADING THE FUTURE

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The first quarter of 2016 is complete. The finance speech has been delivered, and most companies have begun re-evaluating their budgets for the next financial year. Understandably, most will be searching for cost-cutting avenues, contemplating what constitutes essential spend, and what they can do without. Unfortunately, in many instances, the choice is made to cut skills development budgets. A mistake which, according to Mark Orpen - Chief Executive Officer and Chairman of the Institute of People Development (IPD) – could cost the company a lot more in the long run.

Orpen believes that skills development is essential to any business' success – and that the lack of training will have dire consequences which far outweigh the cost saving benefit. “An investment in skills development should be seen as a constantly appreciating asset,” confirmed Orpen. “From decreasing high levels of staff turnover and costly recruitment drives, to spiking productivity, keeping up with technological changes and engaging staff, targeted skills development will always increase the organisation's ability to compete in established markets.”

Cutting skills development budgets may seem to be the answer in the short term; but the long term aftermath results in many unpleasant pitfalls. “When skills development is not made an in-house priority, companies will be forced to offer higher salaries in order to hire staff that are already equipped with the required skills. This head-hunting cost can be avoided by identifying the staff already in the company's ranks, and upskilling them to meet their potential. Talented employees that are not trained by their employers often feel undervalued, which leads to high staff turnover. For SMMEs in particular, survival depends on a loyal, constantly developing staff complement.”

Consumer markets, resources management, business performance, social demands, and other economic and political drivers all place increased pressure on people to have the skills to survive at work and generate liveable wages. According to Orpen; “Rising populations, downsizing of corporations, unemployment, job instability, technological changes and political instability all make the case for increasing skills development efforts and incentives by the government. The government's (DoL, DoE and SETAs) investment in companies that assist them to develop the skills of the nation will be rewarded with better contributors to the GDP and improved job stability.”

As the South African economy remains uncertain, facing many serious challenges, the country is continuously losing highly skills, well trained people to immigration. “This increasing brain drain necessitates constant innovation and increased entrepreneurship, in order to survive economic downturns in a creative way. Through skills development, companies can successfully adopt the ‘adapt or die’ principles, ensuring that their workforces are multi-skilled, diverse and able to meet varying demands,” concludes Orpen.

If instant gratification is the end-goal, go ahead. Cut the training budget and enjoy the extra cash flow. Just remember that sound businesses are not built on instant gratification – they are built on effort, learning and a dedication to continuous improvement. Without skills development, and the consequent return on investment (a well-skilled, engaged workforce that delivers high quality and increased performance), achieving this becomes exponentially more difficult.

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Boilerplate:

Founded in 1999, Workplace Skills Solutions t/a The Institute of People Development (IPD) strives to equip, prepare and certify practitioners to serve South Africa’s skills development strategy and facilitate the transformation of education and training. Over the years, IPD has become the preferred people development partner to most state owned and private enterprises in Southern Africa. IPD has assisted over 500 public and private training providers across most sectors of the economy to achieve or maintain accreditation through consulting, training and providing published guidelines. For more information, please contact IPD at trainingenquiries@peopledev.co.za on (011) 315 2913 or visit www.peopledevelopment.co.za.

Mark Orpen is the Chief Executive Officer and Chairman of The Institute of People Development (IPD). With an undying entrepreneurial drive, Orpen founded IPD in 1999. He holds National Diplomas in Marketing and Sales, Learning and Development and a National Higher Certificate in Occupationally-Directed Education, Training and Development Practices. Orpen is represented on the board of more than ten companies and has the skills necessary to execute his duties as CEO of IPD. With a keen desire for the acquisition of knowledge, he has also completed many training courses in Human Resource Development, Marketing, Corporate Governance, Maritime Studies and Commercial Property Investments. Orpen can be contacted at mark.orpen@peopledev.co.za.