

# DEVELOPING AN ASIA CAPABLE WORKFORCE

## A NATIONAL STRATEGY



**In the Asian century, business as usual is not enough... The growth and change in Asia is something really new—to adapt an expression from another century, this is a change of “world-historical” significance.**

The Hon Julia Gillard MP, Prime Minister of Australia  
September 2011, Asialink

---

**It should go without saying that geography won't keep Australia prosperous even in the coming Asian century. Australia's moment could easily be missed through complacency.**

The Hon Tony Abbott MP, Opposition Leader  
July 2012, Beijing

# DEVELOPING AN ASIA CAPABLE WORKFORCE A NATIONAL STRATEGY

Produced by the  
**ASIALINK TASKFORCE  
FOR AN ASIA CAPABLE WORKFORCE**  
September 2012

## CONTENTS

3	<b>FOREWORD</b>
4	<b>EXECUTIVE SUMMARY</b>
	<b>THE ASIAN OPPORTUNITY</b>
6	Asia's unprecedented growth
7	Australia's positioning
	<b>THE NEED FOR ASIA CAPABILITIES</b>
10	Capabilities and business success in and with Asia
12	Lack of Asia capabilities in the Australian workforce
	<b>THE ELEVEN CRITICAL CAPABILITIES</b>
14	Individual capabilities
15	Organisational capabilities
16	<b>NATIONAL STRATEGY TO IMPROVE AUSTRALIAN WORKFORCE ASIA CAPABILITIES</b>
17	Delivering the strategy
18	<b>INITIATIVES TO REALISE THE STRATEGIC PRIORITIES</b>
21	<b>A NATIONAL CENTRE FOR ASIA CAPABILITY</b>
22	<b>CONCLUSION</b>
23	<b>CONTRIBUTORS</b>

# THE ASIALINK TASKFORCE FOR AN ASIA CAPABLE WORKFORCE



CHAIR  
**Mike Smith** OBE  
CEO ANZ



**Jason Chang**  
Managing Director  
& CEO EMR Capital



**Glyn Davis** AC  
Chairman  
Universities Australia



**Mark Johnson**  
Senior Advisor  
Gresham Investment House



**Jenny McGregor**  
CEO, Asialink  
Taskforce Secretariat



**Andrew Michelmore**  
CEO  
MMG Group



**Sid Myer** AM  
Chairman  
Asialink



**Paul O'Sullivan**  
CEO, Group Consumer (SingTel)  
& Chief Country Officer (Australia)  
Singtel Optus Pty Ltd



**Doug Ritchie**  
Chief Executive, Energy  
Rio Tinto



**Hamish Tyrwhitt**  
CEO  
Leighton Holdings



**Jennifer Westacott**  
CEO  
Business Council of Australia



**Innes Willox**  
CEO  
Australian Industry Group



**Mike Wilkins**  
CEO  
Insurance Australia Group

## FOREWORD

Asia is positioned to drive global economic growth for at least the next decade, presenting Australia with extraordinary opportunities. Our businesses are well placed to capitalise on this growth and we have had notable successes—but in the face of increasing global and regional competition we must secure our future through innovative investment in our people.

The Taskforce believes that developing an Asia capable workforce is a priority for Australia.

To build Asia capabilities, businesses must first look to their own strategies and processes but also work together on a national approach. Governments and the education sector also have a vital role to play in adequately preparing the workforce of the future.

The Taskforce believes that developing an Asia capable workforce is a priority for Australia and requires broad change on a national scale, with a strategy primarily led by business while also working in collaboration with government and the education sector.

The Taskforce welcomes discussion and widespread use of this report. We are grateful to The Boston Consulting Group for supporting the development of this strategy. I thank Taskforce members for their many contributions. We look forward to continuing to advocate for and contribute to developing Asia capabilities for the Australian workforce.

### Mike Smith

Chair, Asialink Taskforce  
for an Asia Capable Workforce

## EXECUTIVE SUMMARY

**Collectively, Asian economies<sup>1</sup> are the world's largest and fastest growing, and they represent a major opportunity for Australian business.**

Asia's share of world output has doubled in under 60 years—from roughly 20 per cent in the 1950s to nearly 40 per cent in 2010. With growth of that order expected to continue, there can be little doubt we live in the 'Asian century'.

In Australia, our multicultural society, advanced services sector, natural resource endowment and transparent regulatory regime position us well to do business with Asia. That some Australian businesses are capitalising on this opportunity is evident in our trade figures. Three of Australia's five biggest trading partners—China, Japan and Republic of Korea—are in Asia.<sup>2</sup> And, since 2004, Australia conducts more trade with Asia than with the rest of the world combined.<sup>3</sup>

However, we can and should be doing more to build on successes to date and capture the benefits of Asian growth for Australia's long-term economic prosperity. This is a matter of urgency, as local companies in rapidly maturing Asian markets are hungry to grow across the region, while others in developed markets are overcoming the disadvantage of distance.

High-level modelling conducted for the Taskforce by The Boston Consulting Group suggests that, separate to the resources sector, Australia has the potential to lift economic performance in, and due to, Asia by up to \$275bn over the next ten years, with improved Asia capabilities driving better access to, and penetration of, those markets.<sup>4</sup>

---

**For Australian businesses, one of the biggest impediments to realising the Asian opportunity is the absence or underdevelopment of critical individual and organisational capabilities.**

Research by Asialink, the Australian Industry Group and the Business Council of Australia shows a strong correlation between business success in and with Asia, and a set of critical individual and organisational capabilities. Their absence or underdevelopment is a significant impediment to success in doing business in and with Asia.

---

**The Taskforce has defined a four-part strategy to develop an Asia capable workforce in Australia.**

Developing an Asia capable workforce requires broad change on a national scale if Australia is to make the most of the opportunities that Asian economic expansion offers. For the Taskforce, that means businesses leading, with governments and the education and training sector supporting initiatives to:

**1 Advocate broadly the case for developing an Asia capable workforce**

- Businesses must cooperate to demonstrate the importance of developing an Asia capable workforce
- Governments must ensure that policy development takes account of the need to accelerate into Asia and upskill the workforce

## 2 Accelerate the development of Asia-focused strategies with Australian business taking the lead

- Businesses must take account of the Asian opportunity, re-orienting strategies, developing frameworks to assess those strategies, and sharing learnings between functional and geographical silos

## 3 Invest in developing Asia capability throughout the Australian workforce

- Businesses already engaged with or planning to do business with Asia must build employees' skills, provide Asian experiences and build Asian networks
- The business community must establish or utilise existing networks to share findings and strategies
- Governments must support education, training and professional development bodies to provide courses and programs to build Asia capabilities
- All institutions should utilise existing talent pools, including Asian Australian communities, repatriates and international students, to drive their Asia-focused strategies

## 4 More effectively educate Australia's future workforce for the Asian Century

- Businesses must work with education providers to provide internship and work experience opportunities for domestic and international students in Asia-focused businesses
- Businesses should give a high priority to informing education and training institutions of current and emerging requirements for Asia capabilities
- Universities, TAFEs and schools must incorporate Asia-relevant content across disciplines and curricula
- In higher education, students must be encouraged to take up short-term study opportunities in Asia
- Government must support the evolution of school, university and TAFE curricula towards Asia capability through funding and policy

The Taskforce strategy describes the changes individual businesses need to make, as well as how they should work together to support the Asia agenda. It also describes the roles for governments, schools, TAFEs and universities in building success. The Taskforce anticipates the release of the government's Australia in the Asian Century White Paper and its recommendations as to how the broader economic and policy environment might be adjusted to enable Australian businesses to work effectively in and with Asia.

One option the Taskforce has explored is businesses, governments and education providers working together to develop and operate a new national Centre for Asia Capability that would be business-led and focused on advocacy, skills development, applied research and network building. The Taskforce will further examine a number of options, including a coordinating body or forum such as this that would become the principal vehicle to achieve the strategy's objectives.

---

1. For the purposes of this analysis of the Asian commercial opportunity, Asia is defined as China (excluding SARs), India, Japan, Hong Kong, Taiwan, the key ASEAN economies (Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam), Republic of Korea. While this excludes other countries that would by most measures be regarded as Asian, the economies listed here represent approximately 99 per cent of Australia's two-way trade with Asia and are therefore an appropriate indicator of the potential for gains from deeper engagement.

2. PwC Melbourne Institute Asialink Index (2011).

3. Ibid.

4. BCG analysis; based on ABS data. See pages 8–9.

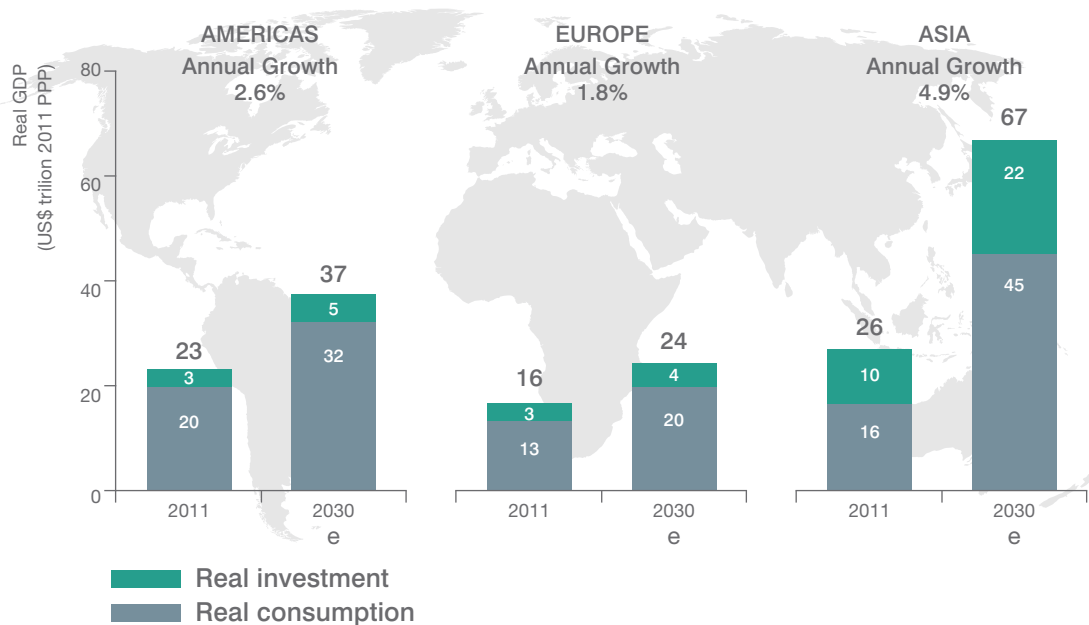
# THE ASIAN OPPORTUNITY

## ASIA'S UNPRECEDENTED GROWTH

Collectively, Asian economies are the world's largest and fastest growing, and they represent a major opportunity for Australian business.

Asia's real GDP is expected to more than double to US\$67t by 2030, exceeding that projected for the Americas and Europe combined (Figure 1).<sup>5</sup> Over the same timeframe, Asia will likely account for nearly 70 per cent of the world's capital stock and will lead capital exports.<sup>6</sup> Even sooner, by 2020, Asia is expected to have more middle-class consumers than the rest of the world combined,<sup>7</sup> driving rapid growth in real private consumption across the continent.

Figure 1:  
Real GDP by major global region, 2011 and 2030e<sup>8</sup>



5. EIU, May 2012; BCG analysis. Figures are in 2011 US\$ PPP, at current market prices.

6. Centennial Group projections (2011).

7. Homi Kharas, The Emerging Middle Class in Developing Countries, Working Paper No. 285, OECD Development Centre (2010).

8. Americas: Argentina, Brazil, Canada, Chile, Colombia, Mexico, USA, Venezuela. Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Ukraine.



## AUSTRALIA'S POSITIONING

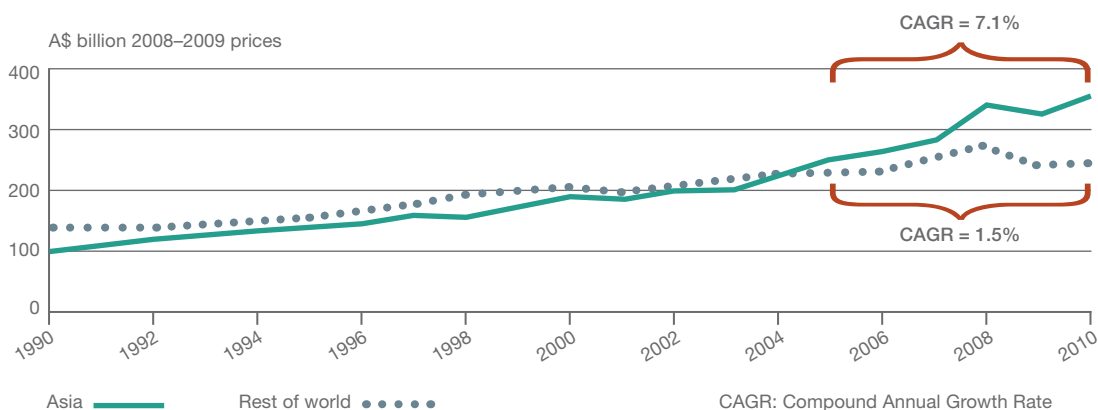
### Australia is well positioned to capitalise on Asia's growth.

Australia is well positioned on several counts. Our multicultural society, advanced services sector, natural resource endowment and transparent regulatory regime position us well to do business with Asia.

Since 2004, Australian businesses have conducted more trade with Asia than with the rest of the world combined and that trade is growing more than four times faster (Figure 2).<sup>9</sup> Three of Australia's five biggest trading partners—China, Japan and Republic of Korea—are in Asia. Together with the ASEAN group, these countries account for almost half of Australia's total international trade.<sup>10</sup> In contrast, the United States accounts for just under 10 per cent and the European Union 15 per cent.<sup>11</sup>

However, Asian companies in rapidly maturing markets enjoy factor cost advantages and linguistic and cultural linkages. They are taking advantage of these to grow intra-regional trade. As a result, Asia's share of intra-regional trade in total non-oil trade is predicted to increase steadily from 53 per cent in 2010 to 58 per cent in 2030.<sup>12</sup> Australia must recognise that its future competitors in Asia are Asian.

Figure 2:  
Australian trade with Asia and Rest of World, 1990–2010



9. Asia: China (excluding SARs), India, Japan, Hong Kong, Taiwan, Indonesia, Singapore, Malaysia, Thailand, Vietnam, Laos, Cambodia, Brunei Darussalam, Philippines, Burma, Republic of Korea, Pakistan, Bhutan, Sri Lanka, Nepal, Maldives, Bangladesh, Macau, Mongolia, East Timor.

10. PwC Melbourne Institute Asialink Index (2011).

11. Ibid.

12. Prema-chandra Athukorala, Asian Trade Flows: Trends, Patterns and Projections, Working Paper No. 2011/05, Australian National University (2011). Asia: China (excluding SARs), Hong Kong, India, Indonesia, Republic of Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan, Thailand, Vietnam.

## The Asian opportunity is a route to more broadly based trade.

Over 90 per cent of Australia's trade with China, Japan, Republic of Korea and India is merchandise, with resources comprising at least 48 per cent of that.<sup>13</sup> In 2011, services comprised only 11 per cent of our total exports to Asia (Figure 3).<sup>14</sup> Growing non-resources exports to Asia just slightly through improved Asia capability could benefit the economy by \$60–115bn over ten years (Figure 4) and lead to more broadly based trade with our major economic partners in Asia.

The Taskforce believes this is a conservative estimate of the possible benefits of implementing a national Asia Capable Workforce Strategy because ABS trade data, on which the analysis is based, measures cross-border transactions, but not the services provided by Australian companies and affiliates resident in overseas markets. As a consequence, the real value of the services provided by Australian firms overseas is likely to be vastly understated. Preliminary findings of a recent study document that services' share of Australia's international business sales is potentially more than double what the current ABS statistics show for "exports".<sup>15</sup> Therefore the potential benefit to Australian enterprises could be more in the order of \$150–275bn over ten years (Figure 4).<sup>16</sup>

Australia would also benefit if more businesses, including SMEs, could find ways to tap the Asian opportunity. SMEs account for 70 per cent of total employment in Australia and 58 per cent of total income, but only 24 per cent of export value.<sup>17/18</sup> Asia's unprecedented growth presents opportunities for Australian businesses, but very few SMEs are equipped to capitalise on them.

## As at June 2011, only 44,766 of 826,389 (5.7%) Australian businesses exported.

Australian Bureau of Statistics

Language and cultural knowledge tend to be more important in those sectors that involve a greater degree of personal interaction, most notably the services sector... By 2020, Asia is expected to have more middle class consumers than the rest of the world combined... The extent to which we benefit from that opportunity or leave it on the table for others to seize will largely depend on our capacity to understand and engage with our neighbours as a member of the Asian region.

Doug Ritchie, Chief Executive, Energy, Rio Tinto; Member, Asialink Taskforce for an Asia Capable Workforce

13. Department of Foreign Affairs and Trade (2011). 'Resources' here denotes iron ores and concentrates, coal, crude petroleum, copper ores and concentrates, gold.

14. ABS 5368.0 International Trade in Goods and Services; ABS Table 8155.0 (2009–2010); ABS Exporting Among Australian Small to Medium-Sized Enterprises: An Exploratory Analysis of the Business Longitudinal Database (2006–2007). Exports include data on Australia's trade in goods and services on a B.O.P basis in current dollars.

15. Australian Services Roundtable Roadmap, preliminary findings released at Services Summit (17 March 2010).

16. BCG analysis; based on ABS data.

17. Ibid.

18. Total income comprises sales and service income, interest income, government funding for operational costs.

19. Conservative estimates of 2–4 per cent increase in exports over 10 years with better access to emerging markets if Asia capabilities are improved.

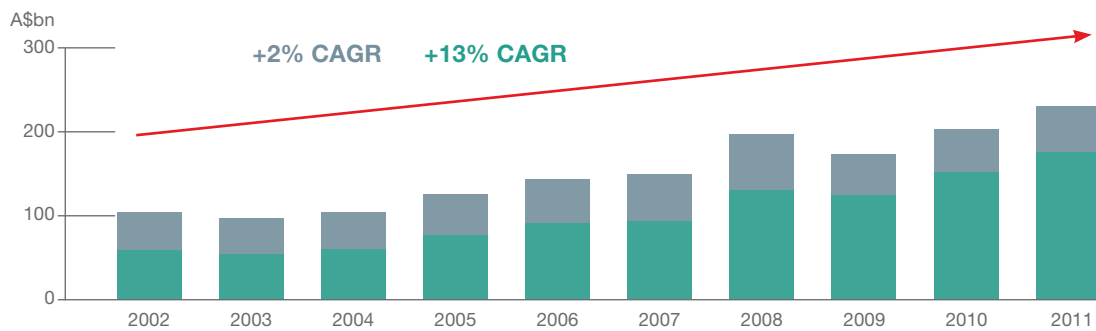
20. ABS; RBA; BCG analysis; Ingela Bel Habib, Multilingual Skills Provide Export Benefits and Better Access to New Emerging Markets (2011).

Resources exports include metalliferous ores, coal, petroleum, gas and non-monetary gold. Non-resources exports include everything else that is not resource and not confidential, broadly divisible into rural (food and textiles), manufacturing (physical and chemical), and services (construction, education, tourism, transport and business services). Sector breakdown excludes confidential items. Forecast growth rate (2011–2020) uses the 10 year CAGR from 2002–2011FY of exports in 2011 A\$ values, calculated using the GDP deflator. ABS survey in 2003 highlights that services' share of Australia's international business sales is ~2.4 times what the actual ABS statistics show for exports.

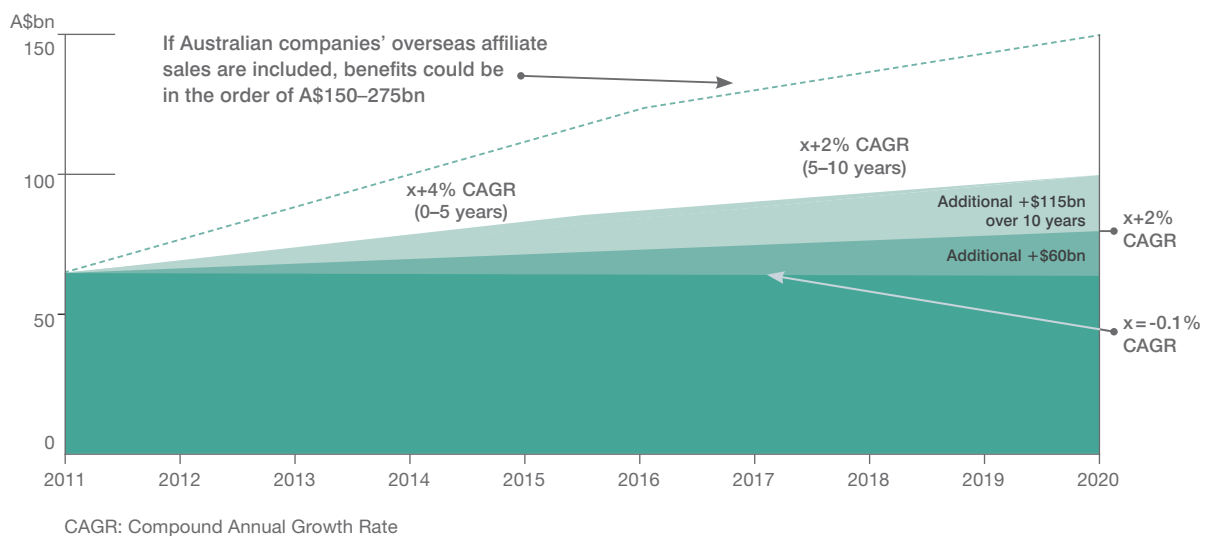
**Figure 3a**  
Services exports to Asia / non-Asia, 2002–2011



**Figure 3b**  
Resource and goods exports to Asia / non-Asia, 2002–2011



**Figure 4**  
Potential benefit to Australian economy of growing non-resource exports to Asia by 2–4 per cent over ten years with improved Asia capability,<sup>19</sup> 2011–2020<sup>20</sup>



# THE NEED FOR ASIA CAPABILITIES

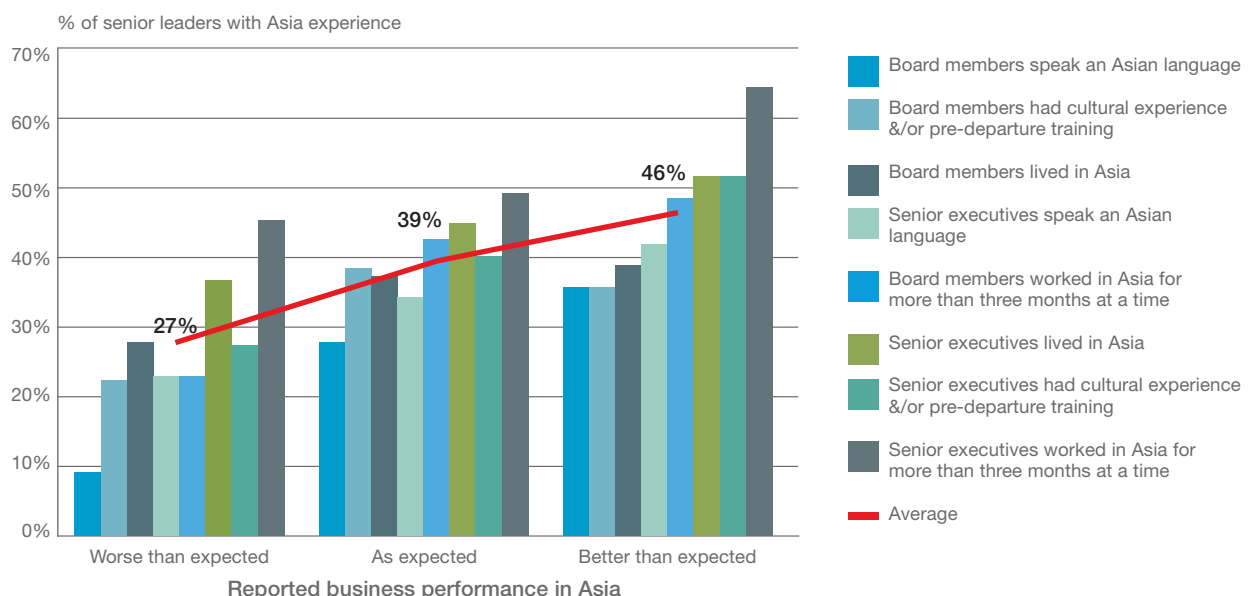
## CAPABILITIES AND BUSINESS SUCCESS IN AND WITH ASIA

**The right capabilities are central to business success in and with Asia.**

Asialink and the Australian Industry Group surveyed 380 businesses to understand their leaders' views on the factors that most support success in Asia.<sup>21</sup> The results make it clear that the higher the proportion of senior leaders who have cultural training, speak an Asian language or have lived and worked in Asia for more than 3 months, the more likely business performance will exceed expectations (Figure 5). The opposite is also true.

The survey respondents also nominated individual and organisational capabilities, including partnerships and networks, cultural and management understanding, and legal and tax knowledge, as important to business success in and with Asia (Figure 6).<sup>22</sup>

**Figure 5**  
Australian business leaders with Asia experience and business performance in Asia



**We need people that understand how to do business in Asia, how to build relationships, how to work effectively in what is a completely different environment and management paradigm.**

Justin Breheny, Asia CEO, Insurance Australia Group

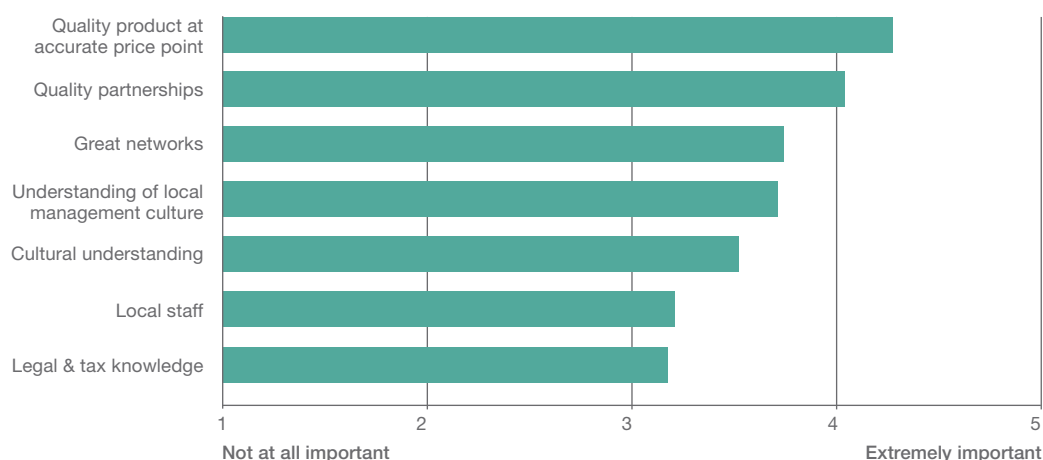
**If you've got two people trying to sell you the same car, same price, you'll buy it from a friend as opposed to someone you don't know... We have to be a friend and they [China] have to be ours.**

Andrew Forrest, Non-executive Chairman, Fortescue Metals Group<sup>23</sup>

**Case studies of Australian businesses conducted for this paper demonstrate that sectoral leaders understand the value of Asia capabilities for their Asian operations.**

ANZ, for example, has moved aggressively into Asian markets. Close to 20 per cent of Group revenue is now derived from Asia Pacific, Europe and America, up from 8 per cent in 2007. Recruitment across the organisation, and evidence of widespread Asia experience at the senior executive level, reflects this ‘super regional’ strategy. More than 70 per cent of ANZ’s top 120 executives have significant international experience and 43 per cent of graduates recruited in 2012 speak an Asian language with the majority speaking Chinese, Hindi or Bahasa Indonesia.<sup>24</sup>

**Figure 6**  
Importance of factors in doing business in or with Asia



**Understanding the unique cultural, political and business issues in each country is the key to Linfox’s success across the region.**

Michael Byrne, CEO, Linfox

**Australia needs to cultivate its links with Asia, to develop an ‘Asia-ready’ workforce.**

Australian Industry Group, submission to Australia in the Asian Century White Paper

**The key to operating successfully in any region is to understand the social, economic, environmental and legal complexities of that region.**

Andrew Michelmores, CEO, MMG Group; Member, Asialink Taskforce for an Asia Capable Workforce

21. Engaging Asia: Getting it right for Australian business, Australian Industry Group and Asialink survey (March 2011).

22. Ibid.

23. Quoted in Australian Financial Review (24 August 2012).

24. Information provided by ANZ.

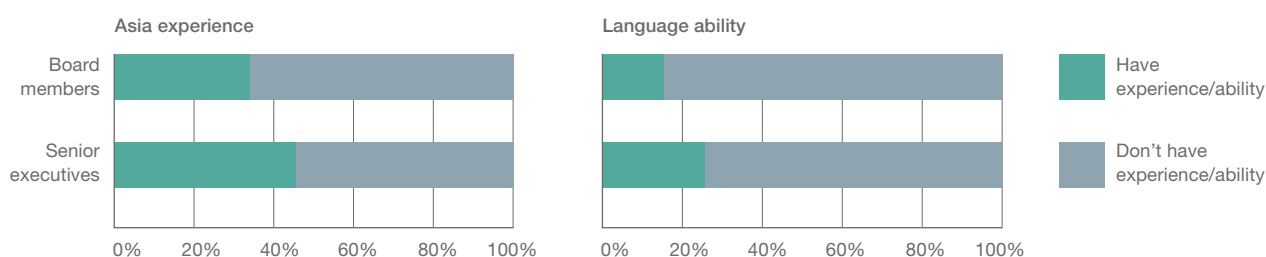
## LACK OF ASIA CAPABILITIES IN THE AUSTRALIAN WORKFORCE

For Australian businesses, one of the biggest impediments to realising the Asian opportunity is the absence or underdevelopment of critical individual and organisational capabilities.

The Asialink / Australian Industry Group survey found that businesses see capability issues as among the greatest impediments to planned expenditure or expansion into Asia. Less than half of the 380 businesses surveyed report having any board members or senior executives with Asian experience or language ability (Figure 7).<sup>25</sup> Interviews indicate that many businesses do not yet understand which specific individual and organisational capabilities they should focus on or build, further hampering efforts to develop capability.

Figure 7

Australian business leaders with Asia experience and / or language ability



**The level of Asian engagement in Australia is very low. The number of top 50 ASX board members with Asian and Chinese experience is low.**

Jason Chang, CEO and Managing Director, EMR Capital; Victorian President, Australia China Business Council; Member, Asialink Taskforce for an Asia Capable Workforce

**There is a need for greater knowledge at board level of regional financial and governance arrangements.**

John Denton, CEO, Corrs Chambers Westgarth

**Established Western business models and the way in which Australians view and consider business relationships are no longer guarantees of success when dealing with Asian companies.**

King & Wood Mallesons, submission to Australia in the Asian Century White Paper

25. Engaging Asia: Getting it right for Australian business, Australian Industry Group and Asialink survey (March 2011).

**Asia's real GDP is expected to more than double to US\$67 trillion by 2030, exceeding that projected for the Americas and Europe combined**

Economist Intelligence Unit

---

**Separate to the resources sector, Australia has the potential to lift economic performance in, and due to, Asia by up to \$275 billion over the next ten years with improved Asia capabilities**

The Boston Consulting Group  
based on Australian Bureau of Statistics data

---

**The higher the proportion of senior leaders who have cultural training, speak an Asian language or have lived and worked in Asia for more than 3 months, the more likely it is that business performance will exceed expectations**

Australian Industry Group and Asialink survey, 2011

---

**Less than half of the 380 businesses surveyed report having any board members or senior executives with Asian experience or language ability**

Australian Industry Group and Asialink survey, 2011

# THE 11 CRITICAL CAPABILITIES

Six individual and five organisational capabilities have been identified as being critical to business success in and with Asia.

INDIVIDUAL CAPABILITIES	
<b>Sophisticated knowledge of Asian markets/environments</b>	<ul style="list-style-type: none"> <li>• In-depth understandings of the business, cultural, political, ethical and regulatory environments specific and unique to each Asian country of operation</li> <li>• Understanding of the strength of local Asian competitors and of the importance of 2nd and 3rd tier cities</li> </ul>
<b>Extensive experience operating in Asia</b>	<ul style="list-style-type: none"> <li>• Extensive experience (&gt;2 years) operating across a diverse range of Asian markets</li> <li>• Successful experience managing risk (e.g. FX/I.P.), working with governments and regulators, and navigating market access hurdles</li> </ul>
<b>Long-term trusted Asian relationships</b>	<ul style="list-style-type: none"> <li>• Investment in, and the ability to develop and maintain, business networks and long-term relationships</li> <li>• Ability to utilise long-term relationships to identify and select quality partners and/or acquisition targets</li> <li>• Ability to deal and negotiate with Asian business executives, potential partners and acquisition targets</li> </ul>
<b>Ability to adapt behaviour to Asian cultural contexts</b>	<ul style="list-style-type: none"> <li>• Sensitivity to the impact of culture on the process and content of business interactions</li> <li>• Flexibility to adapt behaviours to specific Asian cultural and business contexts</li> </ul>
<b>Capacity to deal with government</b>	<ul style="list-style-type: none"> <li>• Ability to work with government entities, state-owned enterprises and government processes</li> <li>• Ability to deal and negotiate with Asian political leaders and regulators in local markets</li> </ul>
<b>Useful level of language proficiency</b>	<ul style="list-style-type: none"> <li>• A useful level of proficiency in the local language(s), for better communication and to demonstrate commitment and cultural sensitivity</li> </ul>



## ORGANISATIONAL CAPABILITIES

<b>Leadership committed to an Asia-focused strategy</b>	<ul style="list-style-type: none"> <li>• Engaged leadership with clear strategy for Asian operations and clear vision of how they fit within a more global business</li> <li>• Leadership team of both expats and locals with experience gained through cross-cultural rotations</li> </ul>
<b>Customised Asian talent management</b>	<ul style="list-style-type: none"> <li>• Customised local talent management strategies to attract, develop and retain local talent</li> <li>• Fluid rotation of emerging leaders (both Asian and expatriates) to, from and within Asia</li> </ul>
<b>Customised offering / value proposition based on customer insights</b>	<ul style="list-style-type: none"> <li>• Adaptation of offering, brand and value proposition to Asian market segments and preferences, informed by customer insights</li> <li>• Global standardisation balanced with local customisation to optimise economies of scale and scope</li> </ul>
<b>Tailored organisational design with tendency to local autonomy</b>	<ul style="list-style-type: none"> <li>• Tailored organisational structure to suit one's own business and the local market conditions</li> <li>• Tendency toward local autonomy and country-specific organisational structure, providing flexibility to adapt to complex and rapidly changing Asian markets</li> </ul>
<b>Supportive processes to share Asian learnings</b>	<ul style="list-style-type: none"> <li>• Processes in place to ensure proactive and collaborative sharing of Asian learnings and best practice between business units, functions and countries</li> </ul>

Interviews and brief surveys of business leaders and advisers suggest that Australian companies have some clear strengths. For example, a survey of Austrade senior officials in Asia for this report suggests both SMEs and large Australian companies are strong or very strong relative to international competitors in their ability to develop long-term, trusted Asian relationships.

However, there are still many concerns. In particular, a common theme was that the culture of Australian business is rooted in Western, transactional models and that Australian businesses were not adapting to the different cultural norms in Asia. There was also a recurring view that corporate Australia lacked deep Asia experience, especially at board and senior executive level. This general view was reflected in the survey of Austrade officials, where it was noted that, overall, large Australian companies are seen by business leaders and advisers as possessing only 'average' Asia capabilities, compared to international competitors.

Indeed, there would appear to be an even greater challenge for Australian SMEs, who are seen (on average) to fall behind their international competitors on their understanding of, and experience operating in, Asian markets, cultural/language proficiency, and dealings with Asian governments and regulators. They also appear to be behind competitors (on average) in the customisation of their organisations, people and products and services to the context of each Asian market.

# NATIONAL STRATEGY TO IMPROVE AUSTRALIAN WORKFORCE ASIA CAPABILITIES

A very wide range of factors will influence Australia's success in doing business in and with Asia. They include investor and community support, diplomatic efforts, terms of trade, financial market performance, migration policy, global competition and taxation policy. A broad-based policy blueprint, the White Paper on Australia in the Asian Century, will examine these areas in detail. The paper is in draft form and the Taskforce looks forward to its release.

In relation to those areas where business and the education and training sectors have a greater degree of control, the Taskforce proposes a broad, national strategy that supports acceleration into Asia. The objective is to see business, working with the education and training sectors and supported by government, building a workforce that is truly Asia capable. Based on survey data, interviews with leading businesspeople and other stakeholders, research into global best practice, and case studies of Australian businesses working in Asia, we therefore propose the following strategic priorities:

- 1** Advocate broadly the case for developing an Asia capable workforce

---

- 2** Accelerate the development of Asia-focused strategies with Australian business taking the lead

---

- 3** Invest in developing Asia capability throughout the Australian workforce

---

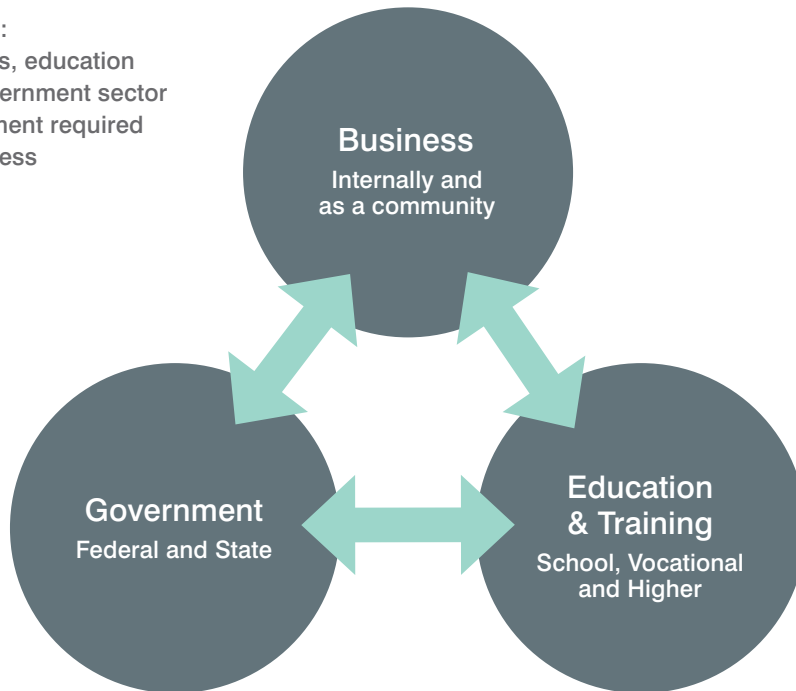
- 4** More effectively educate Australia's future workforce for the Asian Century

---

## DELIVERING THE STRATEGY

These strategic priorities will only be delivered with effort and support from Australian business, the education and training sector, and governments. The role for business and education is to lead change, while for governments it is to support the change agenda through existing institutions and agencies, as well as to provide leadership in policy evolution. Collaborative and coordinated effort will be essential to success.

Figure 8:  
Business, education  
and government sector  
involvement required  
for success



We outline below a series of recommendations, each of which is allocated to the business community, the education sector or government, to achieve the strategic priorities. Many initiatives will require collaboration between multiple actors (for example, businesses and educational providers) – allocation of recommendations merely indicates which party the Taskforce believes should be the main driver of a given initiative.

Our recommendations tackle a broad range of needs, increasing both demand for and supply of Asia capability-building tools, and outlining what business can do for business to boost Asia capability ‘from the boardroom to the factory floor’. The important function of our educational institutions in developing the next generation of Australian workers is also addressed.

The last recommendation is for a business-led enabler for the strategy as a whole. It recognises that not only will individual businesses need to make changes in their organisations, but that businesses will need to work together to support the delivery of change.

# INITIATIVES TO REALISE THE STRATEGIC PRIORITIES

## 1

### Advocate broadly the case for developing an Asia capable workforce

While the existence of the Asian opportunity is broadly recognised by business and governments, the need to build Asia capability must be a clear focus of attention. Businesses must cooperate to persistently demonstrate the case for developing an Asia capable workforce. Governments must ensure that policy development takes account of the need to accelerate into Asia and upskill the workforce. Strong messages from CEOs and government ministers will lead to increased demand for Asia-focused courses, degrees and subjects from university, TAFE and school students, and their parents.

#### Business initiatives

- Cooperate to advocate for an Asia capable workforce
- Encourage greater diversity on boards and in corporate leadership roles to meet the needs of Asia-focused business strategies and to reflect Australia's multicultural society

#### Education sector initiatives

- Support programs that increase the value students, parents and the community place on Asia knowledge and Asian languages

#### Government initiatives

- Ensure that policy development and public messages consider the need for greater economic integration with Asia and the need to invest in an Asia capable workforce

## 2

### Accelerate the development of Asia-focused strategies with Australian business taking the lead

Australian businesses must couple their advocacy with the accelerated development of Asia-focused strategies, based on some critical questions for their future success:

- Can you achieve above trend growth without an Asian entry strategy?
- Will you have missed the opportunity in Asia if you don't move in the near future?
- Will you be able to compete with Asian counterparts in 5 years?
- How can your business evolve to succeed in a world where Asian economies may well be globally dominant?

Individual businesses must re-orient strategies to take account of the Asian opportunity, develop frameworks by which to assess the effectiveness of those strategies, and share learnings between functional and geographical silos.

### Business initiatives

- Review strategies and plans to determine whether they take adequate account of the Asian opportunity and potential competitive threats from counterparts in Asia
- Develop and validate an Asia capabilities framework to identify areas of excellence and areas for improvement, and continually assess performance against it
- Put processes in place to share Asian learnings and best practice between business units, functions and regional offices
- Undertake targeted market research to develop customised offerings for Asian markets
- Encourage tailored organisational design for Asian markets that tends to local autonomy
- Integrate Asia capability development into reporting to signal its strategic importance to stakeholders

## 3

### Invest in developing Asia capability throughout the Australian workforce

Having an Asia-focused strategy demands investment in Asia capability development. Businesses and other employers (including, for example, government departments) already engaged with or seeking to do business with Asia must build employees' skills, provide Asian experiences and build Asian networks. The business community must establish networks or utilise existing networks to share learnings and strategies. Governments must support relevant education, training and professional development bodies, including the proposed Centre for Asia Capability (see below), to provide courses and programs to build Asia capabilities. All institutions should also consider how best to utilise existing talent pools, including Asian Australian communities, repatriates and international students, to drive their Asia-focused strategies.

### Business initiatives

- Recruit people with deep Asia expertise and experience, including Asia-based Australian university alumni, into board and executive positions
- Recognise Asia capable employees through promotion and other incentives
- Provide pathways for employees to spend time working in Asia, including through participation in short study tours to understand potential new markets
- Invest in just-in-time intercultural master classes for senior executives and directors, and generalist intercultural training for other staff
- Invest in targeted Asian language training where a useful level of proficiency will benefit the business
- Enable access to country-specific information on Asian markets and cultural/political environments
- Invest in developing high potential local Asian talent to meet global standards
- Establish networks for peer-to-peer learning

### Education sector initiatives

- Provide courses and programs to build Asia capabilities, through universities, TAFEs and other training providers
- Amend the Australian Research Council's National Research Priorities to promote research into Asia with emphasis on building mutually beneficial relationships rather than 'safeguarding Australia'

### Government initiatives

- Support businesses, and SMEs in particular, to build Asia capabilities
- Support the operations of the proposed business-led national Centre for Asia Capability

## 4

### More effectively educate Australia's future workforce for the Asian Century

In the course of their education, young Australians should be enabled to develop skills and knowledge that will be valuable in a workplace that is increasingly integrated with and oriented toward Asia. Businesses must work with education providers to provide internship and work experience opportunities for domestic and international students in Asia-focused businesses. This encourages mutual learning and network building. Businesses should also give a high priority to informing education and training institutions of current and emerging requirements for Asia capabilities consistent with business priorities. Universities, TAFEs and schools must incorporate Asia-relevant content across disciplines and curricula. In higher education, students must be encouraged to take up short-term study opportunities in Asia; this demands an expansion of existing student mobility programs. Relevant government agencies must support the evolution of school, university and TAFE curricula towards Asia capability through policy and building education workforce capacity. Transnational occupational standards and regional qualification frameworks would facilitate increased worker mobility into and out of Australia, opening our workplaces to Asian skills and perspectives.

#### Business initiatives

- Develop internship programs in Asia and in Asia-focused Australian businesses, in collaboration with existing education and training providers
- Expand work placement and volunteer programs for international students, in collaboration with existing education and training providers
- Inform education and training institutions of current and emerging requirements for Asia capabilities

#### Education sector initiatives

- Review curricula in universities, TAFEs and schools to incorporate Asia-relevant content across disciplines
- Build up the Asia capability of Australia's education workforce
- Design and implement Asia capabilities courses and programs in the higher education sector, led by Universities Australia
- Expand student mobility programs in Asia, such that 10 per cent of all university students will have studied in Asia on graduation
- Strengthen and link intervarsity alumni networks throughout Asia
- Reciprocate existing TAFE exchange programs for Asian vocational institute directors to undertake training in Australia

#### Government initiatives

- Support the evolution of school, university and TAFE curricula towards Asia capability through funding and policy
- Entrust the Australian Workforce Productivity Agency with oversight of an Asia capability strategy in the VET system
- Establish and pursue an agenda to develop an Asia-Pacific Regional Qualifications Framework
- Develop transnational occupational standards, led by Industry Skills Councils

## A NATIONAL CENTRE FOR ASIA CAPABILITY

The Taskforce will further examine a number of options for progressing the strategic priorities, including a coordinating body or forum that would become the principal vehicle to achieve the strategy's objectives. The Taskforce has explored the concept of a lean business-led Centre for Asia Capability. This coordinating body or forum would focus on how to create an Australian workforce capable of capitalising on the Asian opportunity.

### **The Australian business community faces several barriers to developing Asia capabilities, including:**

- Limited Asia experience at the board level in large Australian corporations
- Scepticism in the investment community about corporate Australia's ability to deliver Asia-focused strategies
- Scale constraints to developing Asia capabilities and to investing in Asian networks, particularly for SMEs
- Insufficiently widespread understanding of what it takes to successfully do business in Asia or with Asian counterparts
- A shortage of practical, business-focused, Asia-specific courses in the professional education market (although universities and business schools are moving in this direction)
- A shortage of dedicated organisations that facilitate Asian business tours and peer-to-peer knowledge sharing on successfully doing business in and with Asia

### **The proposed Centre would assist business in overcoming these barriers. It would be business-led and would largely leverage existing resources; its role would not be academic but rather it would:**

- Advocate the case for Australian business to invest in developing Asia capabilities
- Build a practical understanding of how to do business in Asia and with Asian counterparts, particularly for leaders of large Australian corporations
- Assist SMEs to overcome scale barriers to building Asia capabilities by running training courses for executives and developing practical guides to doing business in Asia
- Facilitate the development of business networks and collaborations with Australian and Asian institutions and businesses

### **The success of the Centre would depend on:**

- The existence of a 'champion' to push the implementation initiative towards realisation
- Securing a chairperson, board members and a CEO with credibility, influence, access, and extensive experience in Asia
- The delivery, on a national scale, of practical training that fills gaps in the market for executive upskilling, and attracts many SMEs and large corporations (e.g. BCA and Ai Group members) to send senior executives to its courses each year
- Developing partnerships with existing organisations, including Asia-based organisations, to deliver the centre's core activities in support of the nation's four strategic priorities for business engagement with Asia

## CONCLUSION

The Taskforce has set out a national strategy to urgently develop an Asia capable workforce in Australia and capitalise on the Asian opportunity. Although this strategy is business-led, the benefits of its implementation will accrue to the whole of Australian society if all stakeholders work together. The Taskforce calls on business, government and the education sector to cooperate to realise the objectives described in this strategy.

The Taskforce is committed to exploring opportunities to implement this strategy and deliver improved workforce productivity through enhanced Asia capabilities.



## CONTRIBUTORS

The Boston Consulting Group provided considerable pro bono resources to this Strategy over an intensive six-week period. The Taskforce particularly acknowledges the support of Larry Kamener and Anthony Roediger. Moreover, Sek-loong Tan from BCG has provided invaluable support in progressing this Strategy for the past 18 months.

## PROJECT TEAM

### Asialink (Secretariat)

Jenny McGregor – CEO

Julia Fraser – Associate Director

Huw Pohlner – Manager, Strategy

Natasha Rees – Project Consultant

Clio Zheng – Project Support

—

### The Boston Consulting Group

Anthony Roediger – Partner

Matthew Rogozinski – Partner

Andrew Newsome – Project Leader

Mark Alexander – Consultant

Natalie Garcia de Heer – Consultant

Yvonne White – Editor

## COPYRIGHT

Published by Asialink, September 2012

© Asialink 2012

## ASIALINK

Level 4, Sidney Myer Asia Centre

The University of Melbourne Victoria 3000 Australia

Tel: +61 3 8344 4800

Web: [www.asialink.unimelb.edu.au](http://www.asialink.unimelb.edu.au)

**ASIALINK**

Level 4 Sidney Myer Asia Centre

The University of Melbourne VIC 3010

Tel: 61 3 8344 4800 Fax: 61 3 8347 1768

Web: [www.asialink.unimelb.edu.au](http://www.asialink.unimelb.edu.au)

