

Gaining a deeper understanding of employment needs and solutions amongst Western BOP businesses

PREPARED FOR:



The business issue

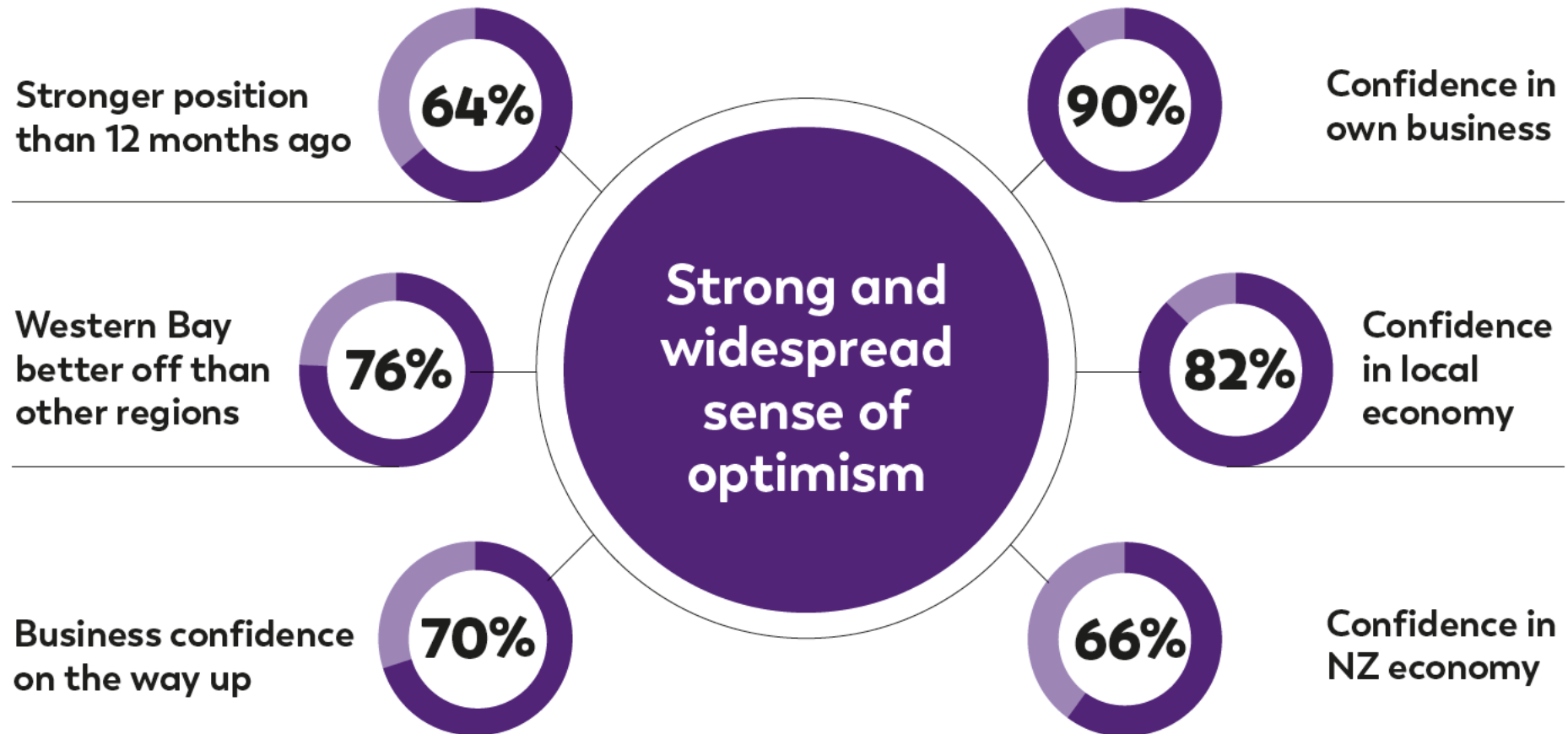
Priority One have recently conducted an online survey with n=152 Western BOP businesses to understand:

- The current outlook amongst the business community – how they have performed following the uncertainty of 2020, the challenges they are currently facing, and their confidence levels and expectations for the future
- Employment behaviour and intentions amongst businesses – understanding changes in employment levels over the last year, future employment intentions, and identifying any issues they are facing around recruitment

18 x follow up qualitative interviews have then been conducted to gain a deeper understanding of businesses' employment needs and potential solutions to these.

This report expands on the findings from the online survey with insights from the qualitative research.

The recent survey of businesses showed strong optimism for the future of Western Bay businesses



Despite the sense of optimism, businesses face a range of challenges, especially around employment needs



This skills shortage is the biggest barrier to future growth, requiring significant focus to help unlock growth opportunities for both businesses and the region.

The qualitative research looks to understand this issue in greater depth.

The majority of businesses have found it hard to fill staff vacancies in the last 12 months - and that is impacting growth potential

From the online survey, 59% of businesses found it difficult to fill a staff vacancy in the last 12 months.

And from the qual interviews – it was clear this is creating a significant barrier for them to unlock potential growth opportunities that exist.

"We have so much potential work but we can't take it all on as we don't have the people to do it."

"Our current staff are working as hard and efficiently as they can. We don't want to burn them out. We just need more people if we could find them."

"We won't be able to grow as much as we'd like from here until we can find more staff to help us do it."

Businesses feel the pool of viable candidates to recruit from is small and very competitive

"There is a real shortage of good people, especially as we can't get people from overseas anymore."

"There's a really small pool of potential employees and everyone is competing for them."

"It's an employees market now. They are in a much stronger position than previously and can pretty much name their price."

"There is so much competition for the good people out there. You are fighting everyone else to try and get them."

"It's been a real challenge to find good quality people and we've also had cases where we didn't even get people to apply."

"Finding people with the right experience and skills is virtually impossible now. They just aren't out there in large numbers."

COVID has exacerbated an existing issue around businesses' ability to find suitable staff

"It was already pretty difficult to get good staff before COVID but it has made it much worse now."

"COVID has definitely changed the landscape. It's got even harder to find skilled and experienced people."

"The talent pool has shrunk after COVID with the inability to bring potential workers in from overseas."

"It's a risk for people to change jobs in the current climate. Most prefer the certainty of where they are now."

"It's got increasingly harder to find people over the last few years and the impact of COVID has made it even harder."

"This was happening before COVID came but Government decisions since then have made it a lot worse as we can't access the people with the necessary skills and experience from overseas."

They are using contractors to fill the gaps and smooth their workloads

"We bring in contractors when we need to. Then if we feel we have enough work on then we'll look to fill that role permanently."

"We use contractors to help us to manage the work that comes in. it helps us to smooth things out when there's a lot of work on then we let them go if the work slows."

"We wouldn't be able to operate how we do without contractors. They've helped bring in the experience we need and can't find elsewhere."

Many are looking for the Government to better understand these issues and set policy accordingly

"There are more jobs than there are people to fill them. We just don't have the qualified people in NZ – we need to be able to bring people in from overseas to fill them but can't do that currently. Something needs to give."

"The Government needs to understand how much businesses are struggling as we can't find the people we need. They have to start letting skilled migrants in to help."

"The long term solution is to try and upskill those in NZ but we need some help in the short to medium term to bridge the gaps that currently exist."

"The Government needs to encourage more people into STEM – though that's a longer term fix."

"What is being done to understand the industries and skills that the country needs now and into the future – then planning accordingly to address these?"

The skills shortage means retention of staff has become increasingly important for businesses

With businesses finding it hard to attract staff, this has increased the importance of keeping the staff that they have.

"We can't afford to lose the good staff that we have. So we need to do what we can to make sure they are happy and want to stay with us."

"We've got great staff and we don't want to lose any of them. We make sure to look after them as well as we can to hold them."

"It costs a lot to find people, so you can't afford to lose any good ones. You do everything you can to keep them."

Businesses are employing a range of initiatives to better attract and retain staff

MOST BUSINESSES

- Pay competitive rates / salaries
- Provide career / professional development opportunities
- Provide progression pathways
- Have frequent performance / remuneration reviews
- Offer flexible working options – Work from home, Flexible hours
- Have strong workplace cultures
- Provide social occasions / treats / drinks

SOME BUSINESSES

- Pay performance based bonuses
 - Offer profit share schemes
 - Communicate the Vision and Values of the business
 - Communicate with staff on how the business is going and future plans
 - Offer health and wellbeing programmes
 - Pay for / subsidise gym memberships / yoga
 - Provide free coffee / fruit / food
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- Pay moving costs
 - Pay accommodation subsidies
 - Help potential staff find rentals / places to live
 - Provide health insurance

However, the holistic aspects of the employment offering are becoming more important in what staff are looking for – and what employers are looking to offer

What it's like to work there - work they enjoy / people they enjoy working with

"You have to enjoy being at work."

"We look for people that will get on with the staff we already have and add to our culture."

Offering opportunities and pathways for personal growth and development

"You need to offer them a job for today but also a future."

"It's in our best interests to grow our people as it grows the business as well."

Looking after their health and wellbeing / providing flexible work options

"You have to look after your staff wellbeing so that they can be happy and productive."

"We are happy to provide flexible work hours or work from home so that we fit into people's lives as well."

Aligning with their personal values and purpose

"Our vision and values makes us more attractive to employees as they know where we stand and what we're all about. They can then decide if they want to be on the waka with us too – and many do!."

Having a clear purpose and values is seen as critical by many businesses – and a key driver of success

Most businesses saw having a clear Vision and Values as very important – as it has a range of impacts and benefits, and when done well drives long-term success for the business:

- Providing a clear framework in which to operate as a business
- Helping current and potential clients / customers get a sense of who they are
- Helping staff / potential staff get a sense of who they are
- Creating a point of difference / competitive advantage versus other companies

What is clear is that these must be lived, and not just written or said, to be genuine and impactful. And buy in also needs to be across all levels of the business, from the top down.

"This is what drives us and aligns us all to a common goal."

"It's all part of having a higher purpose to what we do. It's not all about money and profit at the end of the day."

"We haven't found it difficult to find or keep staff. We've created a very strong culture built around our values – and people buy into these. We're known in the industry for it and from that get a lot of referrals."

"These drive our culture – and then we employ people to fit into that culture. A good culture makes people want to work here."

"We have a reputation to protect. This helps us to do that as it guides how we do business and who we hire to help us do this."

"This helps us to have a competitive advantage over others. People want to work with us and for us due to the strong values we have, and live. We try to be an employer of choice."

Those businesses who have employed Māori values / tikanga into who they are and how they operate have seen strong success particularly

Within the qualitative interviews, a range of businesses spoken to (both large and small) employ Māori values / tikanga into their operations and all have found this to be very successful for them, their staff, their clients, and their suppliers.

"It's about having a clear kaupapa that shows a duty of care in what we do and how we act – that really resonates with everyone."

"We haven't faced any difficulties finding staff at all. People know about us and how we operate and our staff bring in people they know."

"It means we deliver the personal touch – to everyone we deal with, including each other. We make sure our employees are happy and looked after – at work and at home."

"It's about treating people as you would like to be treated. Everyone wants that in the end."

"In any given situation it guides us on the right thing to do."

"It's the reason why we have such strong relationships with our staff, customers and suppliers. Everyone knows we care and can be trusted."

"We make it our duty to look after our staff and help them with both work and life. Our philosophy is based around people and changing lives. We make sure they are emotionally well too."

"It helps to flatten our hierarchy. Everyone is seen as important and all contribute to the greater good. Everyone is happy to voice their opinion and suggest change. This creates the forum for that."

"Our overseas customers love it. They haven't seen businesses operate this way before and really buy into it."

Providing personal development opportunities and pathways for growth are also seen as critical in the employment offering

Employees are looking for a job that helps their personal progression – and employers are looking to meet these needs.

Most use mentors to help coach and develop staff, especially those who are younger or less experienced. And this is combined with both formal and informal training opportunities - as they upskill and develop staff to help both the employee as well as the business. And it is also about providing clear pathways for progression through the business where possible.

These are seen to be increasingly important:

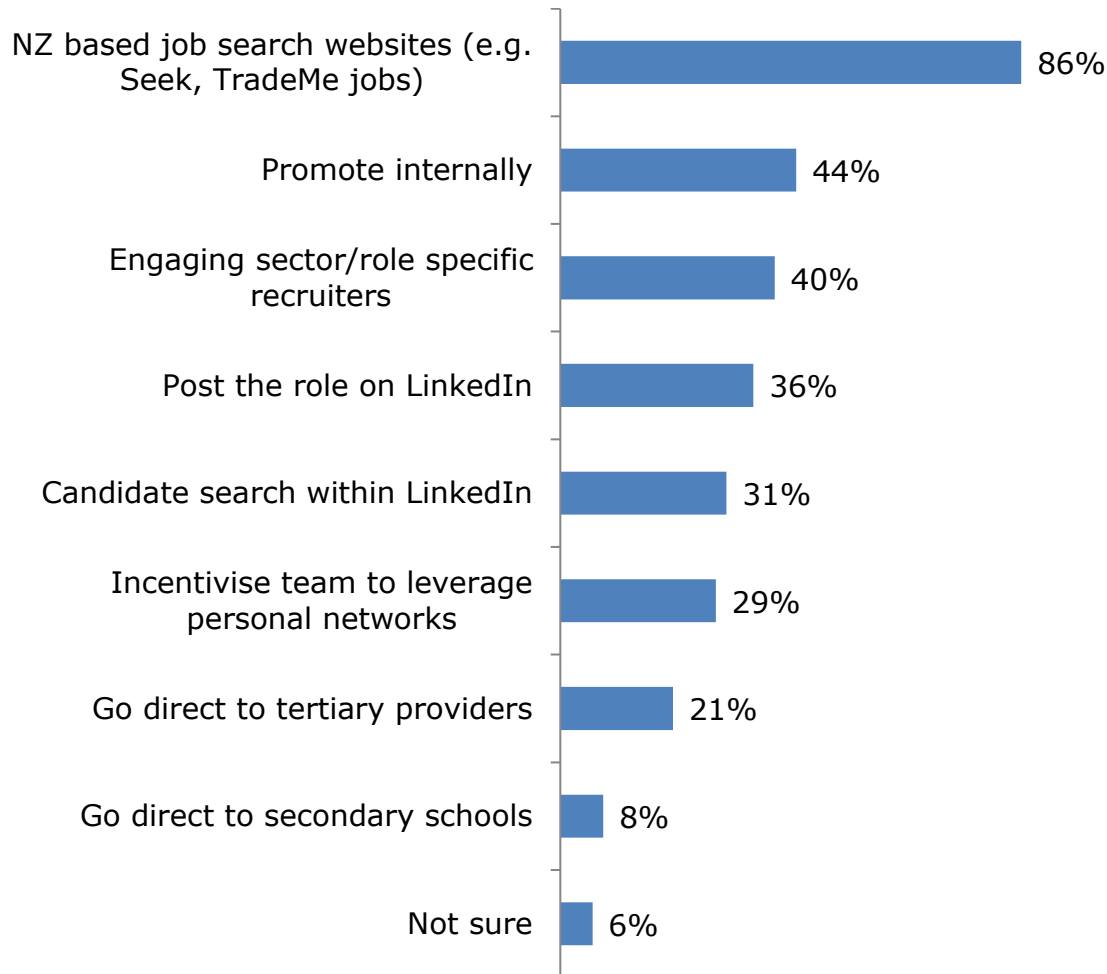
- as businesses seek to develop and train staff from within - as the ability to hire suitable staff has become increasingly harder
- and they are key factors that employees are looking for from employers

Many are already using short courses to provide skills and competency development – via local tertiary providers, ITOs, through the Chamber of Commerce, or through online providers and social media (Facebook, LinkedIn).

And they are looking at courses in a range of areas – including Leadership, Strategic planning, Management, Conflict resolution, Project management, Construction quals, Site safety.

Most would like to have greater awareness of what courses are out there and to build stronger relationships with relevant providers to meet their needs.

Businesses are using a range of channels to try and find staff, with networking increasingly important



The online survey identified a range of channels that businesses are using for recruitment.

While the qual shows that while many use Job search websites, they are finding this channel increasingly ineffective as the pool of suitable applicants gets smaller, the effort to sort 'the wheat from the chaff' gets harder, or they are not getting responses at all from these.

This means that many are now preferring to use networking to find staff, even if it means waiting to find the right person.

Or they are looking to build internal capability and competency to develop staff and promote from within.

"The last ad we put out we got 60 responses. Of those 8 looked at least suitable. Then 4 never got back to us at all, 2 never showed up to the agreed interview and the other 2 weren't that great in the end. It was a really big waste of time for us."

They are looking for a mix of attributes when recruiting staff – depending on the role or skill set

It's not about one attribute only – more a mix of key factors. In the end it's about weighing up these factors to determine whether they are able to do the job / role and how they fit with the team.

Qualifications

Depends on the role - the more senior, technical or specialised the role, the more likely to need a relevant qualification.

Basic qualifications can be a hygiene factor to certain roles – proving a certain level of aptitude.

Many businesses feel that skills and experience can be taught to staff as long as they are motivated and trainable. And the current employment environment is increasing the need to train and develop staff.

Experience

Depends on the role - the more senior, technical or specialised the role, the more likely to need sufficient experience.

Will often trump a qualification when have specific experience in the industry or skill set.

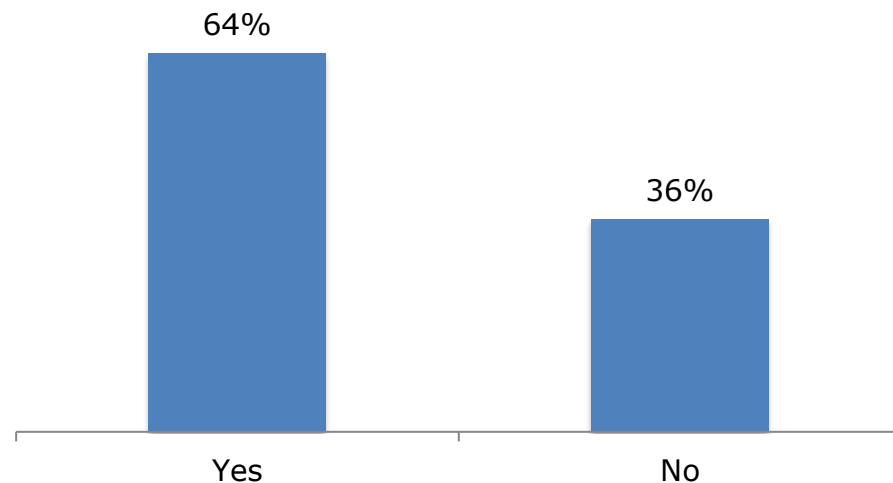
Personal attributes

Seen as important for all businesses – and often used as differentiators when choosing staff. They are looking for:

- Attitude – Positive / Happy
- Can fit within the team / Relationship skills / EQ
- Trustworthy / Honest
 - Reliable
- Able to learn and grow
- Self motivated / Have drive
- Solution focused / Can think on own feet
 - Attention to detail
 - Flexible

The survey with businesses showed strong opportunity to fill some of the employment gaps with younger people

64% of businesses would consider hiring and supporting a young person



Would your business consider hiring a young person (aged 16-24 with little training or work experience) and support them to build their skills within your workplace

We then used the qual to understand:

- How they feel their industry is perceived by young people – and what could be done to make it more attractive

And for those that hire young people currently:

- What they currently do to make this work well

And for those that don't hire young people currently:

- What are their barriers to doing this
- Whether they need support to help them employ young people

What do those who employ young people do to make this work well?

It's a combination of strong processes for development, providing pathways for growth in the business, and having a culture that values them as part of the team – providing a sense of belonging.

"We have the biggest apprenticeship programme in the BOP. All are put through formal structured programmes with assigned mentors and trainers. 75% stay with us once they qualify, the rest tend to go overseas but many of these come back later and work for us."

"We pay all of our apprentices a working wage. This means that they remain loyal to us once they are qualified."

"We have a clear induction programme that works really well – with a personal development plan for them. It works well for us and them."

"We have a culture where everyone is made to feel part of the team. It's about giving them a sense of belonging."

"We encourage them to share their knowledge and ideas. There is stuff they can teach us – it's not all a one way street."

"We make sure they have clear pathways for where they can move to in the business. This helps them to see a future with us."

What are the barriers that stop businesses from hiring young people?

As seen in the recent business survey – there are a range of reasons:

Don't have the need

"We aren't looking to take anyone on as we are happy with our staffing levels."

Prefer employees with experience

"Our service model needs to have people with experience to maintain and build relationships. Our clients don't want to deal with anyone who is inexperienced."

Financial reasons / Don't see a return on investment

"Their productivity is low for the first couple of years which means the business takes a hit. You need to know that they will stay for a while to recoup those costs."

Don't have the time/resource to train someone

"Having enough people with time to be able to teach them and bring them through. We're only a small company and everyone is already really busy."

Only a minority of businesses will not consider employing young people.

And of these, most have very clear reasons and strong barriers for not – and are not looking for support in general to do so, outside of potential subsidies or financial incentives.

The business survey showed most were offering flexible working options, with many looking to increasingly offer these



71% - Flexible hours or days

63% - Work from home

19% - Job share

As mentioned earlier, these options form a key part of the overall offering to both attract and retain staff.

Many were already offering options pre-COVID - though it has played a role in driving greater usage as employers initially reacted to lockdown impacts and the uncertainty of the pandemic – and employees are now seeking greater flexibility and for work to better fit with their lives.

We used the qual to investigate further in the area of job sharing – especially amongst older staff members.

And we also investigated the value of having different generations in the workplace to share knowledge and openness towards community employment charters or regional policies around employment standards.

Automation is seen by many as a key pathway to growth and gaining efficiencies and profitability

From the recent survey, nearly half of businesses were already using automation/AI and two thirds of those said they would increasingly be using it in future.

While a further 1 in 4 said they were likely to start using it.

And it was clear from the qual interviews that automation is seen as an important pathway to growth for businesses – as they seek to gain efficiencies from reducing the time spent on manual, functional labour.

"We look to automate where we can around transactional functions."

"We are looking to invest in better tech and processes to drive efficiencies."

"We use it to create and maintain our competitive position. It helps to keep us ahead of everyone else."

"It means that we can improve our margins – and through that our profitability."

"We are constantly looking at how we improve things and automation is key in that. Our automated warehouse means we can get out goods faster and much more efficiently."

"Its about replacing the repetitive stuff for staff – so that they can focus on the more exciting stuff."

And as we saw in the business survey, most do not expect automation to replace staff

Just 1 in 6 businesses from the recent survey believed automation/AI would have a negative impact on staffing level – and all of those felt it would only affect a small proportion of staff.

These sentiments were echoed in the qual research as well:

"We don't see it having a real impact on staffing levels. We will look to just get staff to do different, more productive things."

"We look to use automation to supplement what our people do. It's about reducing manual tasks to drive greater productivity."

"It's about people and processes and practices working in concert – enabled by technology."

A combination of solutions are needed to address the issues they face around employment – there is no silver bullet

- **Creating attractive employment offerings** – to better attract and retain staff i.e. competitive remuneration, pathways for growth and development, positive work culture and environment, flexible work options, etc.
- **Training and development of the staff they have** - to increase the capability and productivity of their staff.
- **Using contractors** - to fill immediate resourcing needs and smooth periods of high workload.
- **Immigration** - to increase the pool of experienced / qualified staff.
- **Employing young people** - to increase the pool of labour available / bring people into the industry.
- **Technology / Automation** - to increase efficiencies and drive productivity gains and profitability.
- **Long term skills matching to market needs / what is being taught** - to better match the talent pool, skills and knowledge to the markets / industries where talent is needed both now and into the future.

NGĀ MIHI NUI



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