

Findings from the

2018 Employers Survey



Background

EMA's membership comprises 8,500 companies based in the top half of the North Island, which employ 350,000 staff.

As the leading voice of business in the upper North Island the EMA actively participates in both the submission process and development of regulatory proposals on key issues relevant to members.

The EMA is considered the leading employers' organisation by most businesses on key issues relevant to members. It also takes an active role in cross industry initiatives and cooperates with government activities that will assist or improve the growth and development of business within New Zealand.

The 2018 Employers Survey was conducted online for members between 29th October 2018 and 16th November 2018. There were 206 respondents.



71%

Say there is, or soon will, be a **skill shortage** in their industry sector



57%

Are **dissatisfied** with the level of work readiness in **school leavers**



51%

Say an **ageing workforce** will have an impact on their business

2018 EMPLOYERS SURVEY

Highlights



57%

Expect **technologies** to have an impact on their workforce



49%

Have conducted a **payroll audit** on their business, with 73% finding no defects



53%

Have **recruited migrants**



51%

Rank **lack of skills** as the main barrier to improving productivity



42%

Expect their own **businesses to grow** over the next year (compared to 56% in 2017)



39%

Expect **overall business conditions to get worse** over the next year (compared to 28% in 2017)

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1. Summary

This report summarises key findings from the EMA Employers Survey conducted in November 2018.

The purpose of the end-of-year Survey is to collect information on employer-related practices and perspectives on topics relating to the workplace.

This information is used by the EMA to advocate for public policy and establish a position on behalf of members.

The main employment sector contributing to the survey was Manufacturing (28 per cent), followed by Wholesale Trade (8 per cent), Construction (7 per cent) then by Retail Trade, Professional, Scientific and Technical Services and Health Care (each at 6 per cent).

Respondents were located from Taupo northwards, with 55 per cent in Auckland, 19 per cent in the Bay of Plenty, 14 per cent in the Waikato and 5 per cent in Northland.

More than 60 per cent of respondents had fewer than 50 employees.

2. Business Outlook

Most businesses (47 per cent) expect overall business conditions to stay the same in 2019, while 39 per cent expect conditions to worsen. A year ago 28 per cent of businesses expected conditions to worsen.

Only 14 per cent expect business conditions to improve compared to 24 per cent at the end of 2017.

There has been a significant decrease in confidence by businesses in their own operations. In this survey 42 per cent of businesses are expecting their own business to grow over 2019, compared with a year ago when 56 per cent said the same. The number of respondents expecting conditions to stay the same for their businesses is 42 per cent (compared with 37 per cent in 2017) and 15 per cent now expect conditions to worsen for their operations (compared with 7 per cent in 2017).

3. Demand for Skills

During the past year, 55 per cent of respondents have not increased their number of employees, while 44 per cent have.

For skilled positions, employers are finding it difficult or very difficult to recruit (79 per cent, up from 71 per cent from the 2017 survey). For positions generally, employers are finding it difficult or very difficult to recruit, say 70 per cent (up from 61 per cent from 2017).

	2015 %	2016 %	2017 %	2018 %
Technicians	24	33	27	32
Professionals	32	31	28	28
Machinery operators	13	17	20	20
Managers	22	24	19	18
Service workers	11	11	10	16
Sales workers	15	11	18	16
Clerical/Administrative	6	8	13	11
Other	28	24	24	18

The majority of employers (71 per cent) say there is, or soon will be, a skills shortage in their industry sector.

Most businesses say they are meeting their skill needs over the next 12 months by employing people with basic skills and up-skilling them (55 per cent).

A large number of respondents prefer to retrain existing staff on the job (44 per cent), while 38 per cent prefer to employ people with required experience.

An increasing number of employers are seeking skilled migrants, up from 23 per cent in 2017 to 33 per cent in 2018.

There has been an increase in employers employing casual workers and contractors, and encouraging existing employees to continue working beyond the National Superannuation entitlement age of 65 years, both up 7 per cent on the previous year.

How business intends to meet its skill needs next year	2017 %	2018 %	Variance on 2017, %
Employ people with basic skills and up-skill them	49	55	+6
Retrain existing staff on the job	51	44	-7
Employ people with required experience	50	38	-12
Seek skilled migrants from offshore	23	33	+10
Employ casual workers or contractors	24	31	+7
Take on apprentices and trainees	27	26	-1
Encourage employees to continue working beyond entitlement age (65 years)	13	20	+7
Redesign job roles	19	17	-2
Employ more youth	8	9	+1
No action planed	7	6	-1
Other	4	6	+2

4. Impacts of technology on the workforce

Most businesses (57 per cent) say technology will have some impact on their workforces.

Employers made the following comments on how they were preparing the workforce for future automation:

- “Bringing automation in-house, freeing up labour to work on less repetitive tasks, employees building robotic systems in-house developing new skill sets”
- “Training investigating technology changes and opportunities”
- “Ensuring staff are IT literate, ongoing update of IT systems”
- “Redesigning processes for machines vs humans”
- “Learning to 3D print prototypes and components”

The biggest challenges employers see to introducing Industry 4.0 technologies is lack of qualified staff (47 per cent).

Furthermore, 42 per cent perceive the main factor with introducing Industry 4.0 technologies is the excessive investment cost.






There are also concerns about data security, for 29 per cent of respondents.

Resistance to innovation change in management, board and staff is perceived as an issue for 19 per cent, and not knowing where to start is an issue for 19 per cent.

5. Productivity

Employers were asked to rank the main barriers to improving productivity.

The barriers to improving productivity within their organisations are ranked as follows:

-  Skills
-  Processes
-  Regulations
-  Automation
-  Distance of product to markets

6. Ageing workforce

Most businesses (51 per cent) say an ageing workforce will have an impact on their business, while 42 per cent say it would not.

Despite the impacts, a significant number (72 per cent) say they are prepared for an ageing workforce, which is an increase on 2017 when 64 per cent said they were prepared for this changing demographic.

7. Employing youth

There continues to be a high level of ambivalence around how ready school leavers are for work.

The majority of employers (57 per cent) are dissatisfied or very dissatisfied with the work-readiness of school leavers, and only 4 per cent are very satisfied or satisfied.

Dissatisfied employers make the following comments on employing youth:

- "Life skills and attitude more important – school-leavers generally don't have this"
- "In terms of Maths and English the system has failed"
- "Hard to train and hold long term; little focus"
- "No work ethic"

By comparison, 28 per cent of respondents are satisfied or very satisfied with tertiary graduates' work-readiness. While 27 per cent are dissatisfied or very dissatisfied with tertiary graduates, a significant number of employers (44 per cent) are neither satisfied nor dissatisfied with the work readiness of graduates.

Employers rank the following as important criteria for employing tertiary graduates:

-  Personal skills/team work/problem solving
-  Fit with your business culture
-  Relevant work experience

Not rated highly by employers were the graduates' university or polytechnic attended, the subjects studied or their international capabilities.

Most employers have not developed any links within secondary schools, universities or polytechnics over the past year (51 per cent). But 21 per cent have developed links with secondary schools and 38 per cent with universities and polytechnics.

8. Immigration

The survey collected information on employers who were recruiting using immigration. This trend to recruit migrants has grown over the past four years.

Overall, 53 per cent are using the immigration process to recruit staff, compared to 49 per cent in 2017, 38 per cent in 2016 and 27 per cent in 2015.

Most rate the process of using immigration as difficult to very difficult (53 per cent) compared to 43 per cent in 2017.

A number of employers were in the Employer Accreditation-Work to Residence scheme (24 per cent).

Employers have employed migrants in the following occupations:

	% of employers 2017	% of employers 2018
Technicians and Trades	52	63
Professionals	37	37
Sales	11	13
Labourers	10	7
Clerical	9	6

The following are employers' views on how the immigration process could be improved:

- "Realisation that we can't get New Zealanders and so Immigration should be more supportive"
- "Shorten time delays, as 3-4mths process too long as work is lost in the meantime. Identity checks by immigration extremely important though"
- "When a job offer is in place putting these as priority. Some of our migrants can get their work visa in a week, others have to wait for many weeks. No consistency"
- "More ability to deal directly with immigration staff."
- "Not hard for us as an accredited employer. Harder to find the right candidates to fit with company culture"
- "It is cumbersome for those trying to gain Visa – streamlining"
- "Reduce paperwork and burden of proof. We spend a whole lot of money advertising just to prove that we can't find candidates"
- "Skilled migrant categories can be difficult to define in relation to specific job descriptions"
- "We need immigrants to help us grow and develop. Few NZ people available. All in good jobs."
- "Our industry is very specific, we are Immigration NZ Accredited and yet we still struggle to get skilled labour into the country to fill a shortage we currently have"

9. Workplace Literacy and Numeracy

Poor literacy and numeracy skills in staff have an impact on 58 per cent of respondents.

This effect has increased from the previous year when 47 per cent said it impacted on their business.

For those employers that it does impact, the main impacts are:

- mistakes,
- poor paper work,
- excess wastage, and
- customer complaints

10. Employment policies

Employers have a formal policy or programme initiative in place for the following key areas that the Survey asked about:

The options employers are using are:

Policy type	% employers with policy
Drugs	82
Bullying and Harassment	79
Well Being	65
Flexibility	48
Sustainability	43
Disability	33
Diversity	30
Gender	29
Ethnicity	28
Employment of youth	19
Ageing workforce	11

11. Flexibility in the workplace

One of the ways employers are responding to the tight labour market is by using flexible work practices. Part time work remains the most preferred flexible work practice.

The options employers are using are:

	2015 %	2016 %	2017 %	2018 %
Part-time work	82	90	86	78
Flexi-time	66	66	67	64
Telecommuting	38	64	65	49
Job sharing	30	24	33	17

12. Collective Employment Agreements

Five per cent of employers have had requests to increase the number or scope of collective employment agreements within their businesses, in the past year.

The terms of these agreements were between one and two years.

13. Payroll audits

The majority of employers (51 per cent) have not conducted a payroll audit within their organisations.

On the other hand, 49 per cent have. Those companies that carried out an audit found no defects (in 73 per cent of cases). Others found some defects with minor monies owing to staff (15 per cent) and only 3 per cent found major gaps with significant monies owing to staff.

14. Minimum Wage

The majority of respondents (67 per cent) do not have any employees working for the minimum wage.

But this means slightly more do pay the minimum wage than in 2017 when 71 per cent did not.

15. WorkSafe New Zealand

Most employers perceive the information provided by WorkSafe NZ to be good, useable information (42 per cent).

This is an improvement on the previous year when only 19 per cent found the information useful.

16. The biggest issue facing employers

Employers were asked to list the single biggest barrier or issue facing them today.

Most employers cite issues in finding staff who have the right skills, in an extremely tight labour market, as their biggest concern.

Pending employment law changes do raise concerns with employers.

Employers make comments such as these on the lack of skilled workers and proposed employment changes:

- "Getting people who want to really work"
- "Educationists are not fully in tune with majority of small business employee skill needs"
- "Cost of labour"
- "Attracting and retaining skilled employees"
- "Quality applicants with relevant skills"
- "Lack of skilled people looking for work"
- "The government is creating uncertainty by introducing radical employment law"
- "The uncertainty with taking on new staff. The opportunity to try them out for suitability. The 3-month trial has worked very successfully for us in both instances, we have had two pull out and no questions asked and we have helped one move on in 40 years"
- "A return to unionism. Existing employment law works fine"
- "The Employment Relations Act is a minefield for small businesses"

17. Employment wish-list

Employers were asked to list the most helpful, employment-related change the Government could do to assist their business.

Most commonly employers wished for:

- retaining the 90-day trial period,
- revising the Holidays Act,
- improving immigration policies.

Read the full 2018 Employers Survey findings at

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