

EMA Employers Survey

End of 2017 findings



Background

EMA's membership is comprised of 4000 companies based in the top half of the North Island. Those companies are represented by 7500 operating or business units, which in total employ around 250,000 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 Survey was carried out between 30th October and 13th November 2017. There were 421 respondents.

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Key Issues For Employers

Business is going into 2018 with less confidence than in 2017, according to the EMA Employers Survey. The tight labour market continues to be of concern to employers.

Here are some of the key highlights and concerns for employers from this Survey.



80%

Have used the 90-day trial period



74%

Expect technologies to have an impact on their workforce



72%

Find it difficult or very difficult to recruit staff in skilled positions



65%

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



56%

Are expecting their businesses to grow over the next six months



49%

Have recruited migrants from overseas



41%

Say an ageing workforce will have an impact on their business

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1. Summary

This report summarises key findings from the EMA Employers Survey conducted in November 2017.

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 develop policies and establish a position to act on behalf of members.

The main employment sector contributing to the Survey was Manufacturers at 23% followed by Wholesale Trade at 11% and Health Care and Social Assistance at 10%.

Respondents were located from Taupo northwards, with those in Auckland being 54% of respondents, Waikato 17%, Bay of Plenty 15%, and Northland 5%.

More than 57% of respondents had fewer than 50 employees.

2. Business Outlook

Most businesses (48%) expect overall business conditions to stay the same in 2018, while 28% expect conditions to worsen. Only 24% expect business conditions to improve. A year ago 47% of businesses expected conditions to improve and 4% expected conditions to worsen in the first half of 2017.

There has been a significant decrease in confidence by businesses in their own operations. In this survey 56% of businesses are expecting their own business to grow over 2018, compared with a year ago when 68% said the same. The number of respondents expecting conditions to stay the same for their businesses is 37% (compared with 27% in 2016) and 7% expect conditions to worsen for their operations (compared with 4% in 2016).

3. Demand for Skills

Of respondents, 53% had increased their number of employees over the year, while 47% had not.

For positions generally, employers are finding it difficult or very difficult to recruit (61%), up 8% on last year. Employers are finding it difficult or very difficult to recruit for skilled positions (72%), which is the same result as the previous survey.

Most employers were finding it difficult to recruit in the following positions:

	2015 %	2016 %	2017 %
Professionals	32	31	28
Technicians	24	33	27
Managers	22	24	19
Sales workers	15	11	18
Machinery operators	13	17	20
Service workers	11	11	10
Labourers	8	14	15
Clerical/Administrative	6	8	13
Other	28	24	24

The majority of employers (65%) say there is, or there 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 staff with required experience (50%) and up-skilling current employees (49%). A large number of respondents prefer to retrain existing staff on the job (51%), while 13% were prepared to encourage employees to continue working beyond the age of entitlement to superannuation at 65 years. This is up slightly on the previous year, when the response was 10%.

Other areas to meet the skill need:

	2015 %	2016 %	2017 %
Seek skilled migrants	15	21	23
Take on an apprentice	24	30	27
Employ casual workers & contractors	16	27	24

4. Ageing Workforce

Most businesses (59%) say an ageing workforce will not have an impact on their business compared to 41% saying it would. A significant number (64%) said they were prepared for an ageing workforce, this is up on 2016 when 61% said they were prepared for this changing demographic.

Employers made the following comments on an ageing workforce:

"Lot of IP will leave the business."

"We will have to be more flexible with our hours and work schedule."

"A number of staff in one area due to retire, leaving us with a big hole to fill/replace."

"Physically demanding jobs will need to be re- designed."

"It will most likely be positive as history has shown us that older employees tend to be more stable in their work ethic and habits."

5. Employing Youth

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

The majority of employers (51%) were neither satisfied nor dissatisfied with the work readiness of school leavers.

However, 41% were dissatisfied or very dissatisfied and only 8% were satisfied or very satisfied with the readiness of school leavers for work.

By comparison, 28% of respondents were satisfied or very satisfied with tertiary graduates' work readiness.

While 26% were dissatisfied or very dissatisfied with tertiary graduates, a significant number of employers (46%) were neither satisfied nor dissatisfied with the work readiness of graduates.

Employers ranked the following as important criteria for tertiary graduates:

- 1st - Fit in with their business culture.
- 2nd - Personal skills/team work/ problem solving
- 3rd - Relevant work experience.
- 4th - Subjects undertaken

Bridging the gap between employers and education providers continues to be a focus for the EMA. Many employers (43%) have no links with the education sector with 19% saying they had links with secondary schools and 41% saying they had links with the tertiary sector.

6. Workplace Literacy and Numeracy

Poor literacy and numeracy skills have an impact on 47% of businesses. For those employers that it does impact, some said it means communications by staff with customers is poor, that they often have to spend a great deal of time proofing material and staff are unable to perform basic numeracy tasks. Many also noted that, poor numeracy and literacy skills often affect an employee's self-esteem, confidence and ability to progress to the next skill level.

7. Employment Policies

Employers had a formal policy or programme initiative in place for the following key areas:

Bullying and Harassment	73%
Wellbeing	60%
Flexibility	51%
Ethnicity	32%
Gender	30%
Disability	28%
Employment for Youth	22%

8. Impact of New Technologies

Most survey participants (51%) said new technologies such as robotics, artificial intelligence and big data will have some impact on their workforce, while 23% said it would have an extreme impact.

A number of companies had implemented new technologies – some said robotics were standard in their work area while others said they were at formative stages with introducing new technology. Some respondents commented that when they invested in new technologies this resulted in employing more people in other areas.

9. Use of 90-Day Trial Periods

A significant number of employers have used the 90-day trial period (80%), down 3% from the same time a year ago. The majority of employers (85%) said the trial period would be easier to use if it was automatically included in the contract, unless there was agreement prior to taking up employment that one would not be included.

Only 30% would like to see an extension of the 90-day trial period. Those who wanted to extend it preferred a six month trial period (63%).

The following comments were made:

"This has helped us to give some younger candidates a shot as well as candidates who have not had a solid work history an opportunity. In most cases, it has paid off and worked well for both parties."

"Because we are a service business it is very difficult with only an interview process to determine the skill base of an applicant. The trial period allowed the true ability of a new employee to be gauged."

"We will not take on school leavers anymore and will be a lot more vigilant in taking extra staff if the 90 day rule is abolished."

"We are not going to hire any further low skills staff if no 90 day trial. We will only hire skilled level staff who can prove they are competent from previous employers."

"This has been a factor in employing people we never would have had start otherwise. Employing them for attitude, train the skill-and in 9/10 cases they have stayed on and been good employees that may not have got the chance otherwise."

10. Holidays Act

Almost a third of respondents (28%) whose role is to administer holiday pay say they find the calculations difficult to administer while 36% have no difficulties administering holiday pay.

Those employers who had difficulty with administering the Holidays Act were asked their preferred options for changes.

- 69% preferred one formula for all payments of leave
- 40% wanted accrual of all leave in hours rather than weeks

Employers made the following comments:

"We have a large number of workers that do not work regular hours so holiday payments are difficult to calculate."

"Methods of calculation is confusing. We use a specialised payroll company but have still received conflicting advice regarding holiday pay calculation."

"We have part year employees, employees who work in multiple roles with different salary rates and employees who work variable hours-and sometimes a combination of all the above is in one person. The Holidays Act is a nightmare to apply..."

"They don't work for people on rotating rosters with non-standard work days, for people who work part time or different hours on different days, and they discriminate against women returning from parental leave who are worse off than a new employee."

"It is difficult for a small to medium size business without a full time payroll or HR expert in their business to understand the complexities of annual leave entitlement versus annual leave accrual payments."

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 %
Flexi-time	66	66	67
Part-time work	82	90	86
Telecommuting	38	64	65
Job sharing	30	24	33

12. Immigration

The survey collected information on employers who were recruiting using immigration. This trend has increased over the past three years.

Overall, 49% were using the immigration process to recruit staff, compared to 38% in 2016 and 27% in 2015. Most rate the process of using immigration as difficult to very difficult (43%).

Employers have recruited migrants in the following occupations:

	% of employers
Technicians and Trades	52
Professionals	37
Sales	11
Labourers	10
Clerical	9

Employers' views on how the immigration process could be improved:

"Speed up the renewal and initial application process."

"Less restrictions in regards to proving that the position was not able to be filled by a New Zealander."

"Too many layers of bureaucracy, lack of clarity to the employer of requirements."

"Truck driver's skill shortage seriously needs to be looked at."

"If the employer could have access to immigration officers to plead our cause and advocate for employees we want to keep or employ in the first place."

13. Minimum Wage

The majority of respondents (71%) do not have any employees on the minimum wage, and almost all respondents (93%) do not pay the starting out wage.

These are similar results to December 2016 where the response was 69% did not pay a minimum wage and 93% did not pay any employee the starting out wage.

14. Drugs and Alcohol

The majority (64%) of employers surveyed had no concerns with drugs and alcohol in the workplace and a significant number (71%) have included drug testing in their employees' employment contracts.

Some employers (39%) require employees to undergo drug and alcohol testing while 38% of respondents had taken disciplinary action and 31% had dismissed someone because of drugs/alcohol.

Employers made the following comments:

"Unemployed people that come looking for work but when told of our pre-employment drug testing they leave and don't come back."

"If cannabis is decriminalised for personal use that will affect my health and safety obligations."

"Given our entire workplace is on the road driving-anyone who is impaired either through drugs or alcohol present a danger not only to themselves but to other road users."

"We do drug testing as people operate machinery and vehicles around the public."

"Concerned about contractors (working with heavy machinery)."

15. WorkSafe New Zealand

Most employers feel WorkSafe New Zealand is operating about right with the way it is interacting with their business. They rate the following activities as about right: policing (77%), inspecting (77%), responding to requests (73%), and offering assistance (64%).



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