

In partnership with



Skills Shortage Survey

Exploring the challenges New Zealand businesses face in finding and retaining employees, and the future intentions of businesses to address skill and talent gaps.

MARCH 2023

About the EMA Skills Shortage Survey 2023

The EMA Skills Shortage Survey 2023 is conducted by the Employers and Manufacturers Association (EMA) in partnership with Malcolm Pacific Immigration. This is the second Skills Shortage Survey, with the first conducted in May 2022, allowing for analysis of changes in trends over this time.

The survey received 543 responses from 17 different sectors and a broad range of business sizes.

Many of the businesses were based in Auckland (56%), however, there was coverage across Northland, Waikato, Bay of Plenty, Gisborne, Hawkes Bay, Taranaki, Manawatū, Wellington, Canterbury, Marlborough, Nelson, Tasman, Otago and Southland.

About the EMA

The EMA has a membership of more than 7,500 businesses, from Taupō north to Kaitiaia, employing around 350,000 New Zealanders.

The EMA provides its members with employment relations advice and legal services from industry specialists, consulting services in HR, ER and Health and Safety, Collective Bargaining negotiation, a People Experience Practice and Advocacy at both Central and Local Government levels for its members to help their businesses succeed.

The EMA also advocates on behalf of its members to bring changes in areas that can make a real difference to the day-to-day operations of our members including RMA reform, infrastructure development, employment law, skills and education, health and safety and export growth.

The EMA is part of a nationwide network that includes BusinessNZ, Business Central, Canterbury Employers' Chamber of Commerce and Business South.

Foreword

Kia ora koutou,

Welcome to the results of the EMA's 2023 Skills Shortage Survey which again highlights the key issue for New Zealand employers over the past two years – the ongoing shortages of people and skills needed to help our economy thrive.

The survey, with key assistance and input from our strategic partners at Malcolm Pacific Immigration, illustrates where the skills gaps are in our New Zealand workforce and the efforts employers are making to try and plug those gaps.

Many of the questions were repeated from our 2022 survey. Others were new, as we tried to refine the information. This ensures we build a solid, fact-based analysis to support the anecdotal stories our members tell us when we're out on the road at briefings or engaging with members at our many forums.

For example, we've had several employers tell us at recent EMA briefings that they can no longer hire apprentices or trainees because they do not have enough skilled technical staff to train them.

That is an inevitable consequence when you see the numbers (71%) of employers indicate they can't find highly skilled people. This is a significant shift from 2022 when around 40% of employers were struggling to fill highly skilled jobs.

It is also an inevitable consequence of an immigration policy that weights residency status more towards university qualifications than technical skills. If the Government have a successful workforce development policy that has seen more than 70,000 apprentices come into the workforce

in recent years, then we also need an immigration policy that allows businesses to continue to bring in the skills needed to train those people.

It is also clear that employers are spending time, effort, and money on upskilling their staff and introducing programmes to retain and grow their teams. The EMA is a Private Training Establishment (PTE) and a provider of HR learning and development, including through our People Experience programme. As such, we are seeing increasing demand from businesses looking to develop their people. One of the strongest growth areas is courses for developing early-stage leaders.

It is also clear that employers are continuing to struggle to find those leaders in a market where unemployment is low, immigration remains constrained, and skilled staff remain in high demand.

The fact that 90% of employers are struggling to fill vacancies highlights the depth and urgency of the problem. Our commitment is to continue to champion these issues with Government, at both the political level and working closely with agencies on policy changes and improvements. There are also opportunities for more innovative approaches, many of them generated from the survey data and our interactions with our member businesses.

Ngā mihi,

Brett O'Riley

Chief Executive

Employers and Manufacturers Association

Executive Summary

The EMA Skills Shortage Survey 2023, in partnership with Malcolm Pacific Immigration, identifies the current challenges faced by businesses in New Zealand in finding and retaining employees. It also explores their future intentions to address skill and talent gaps.

The survey provides insights into specific sectors and regions that are most impacted and identifies what employers are already doing and are planning to do to get the skills they need.

The findings of the survey provide valuable insights into the current state of the workforce and inform the EMA's advocacy on behalf of businesses.

Key findings

Only 12% of respondents did not have any current vacancies.

12%

90% of respondents with vacancies were struggling to fill those vacancies.

90%

71% of respondents said highly skilled jobs were the hardest to fill.

71%

30% of businesses had been advertising for vacancies for over 6 months.

30%

Only 22% of respondents said that the situation in terms of filling vacancies and talent gaps has improved over the last 6 months while 44% said things have worsened.

22%

The areas businesses have already used or are planning to use to combat the current talent shortage were:

71% training and upskilling

71%

47% immigration

47%

39% youth engagement and apprenticeships

39%

Key findings cont..

Skills

- 71% of businesses and job applicants were lacking technical skills.
- 40% of businesses and job applicants were lacking work readiness skills, including 83% lacking communication skills and 73% lacking initiative.
- The number of businesses/job applicants that are lacking literacy and numeracy skills has increased significantly since the 2022 Survey (from 19-22% to 43-44%).

Immigration

- 87% of businesses that selected immigration said they were most likely to engage with the Accredited Employer Work Visa (AEWV) category.
- Most respondents (57%) are not targeting a specific country when intending to recruit migrants, but of those who are, the Philippines, South Asia (India) and the UK were popular.
- The majority of respondents (50-52%) found the accreditation, job check, and migrant visa 'okay' with a mixed response across the board.

Training and Upskilling

- 84% of respondents that selected training and upskilling planned to increase or maintain their current education and training expenditure.
- 83% of respondents selected short courses as the type of training their business plans to undertake in the next 12 months.
- 79% of respondents selected in-house training as their preferred provider for training.
- When asked what employers plan to train their employees on, technical and job-specific topics (89%) and leadership topics (61%) were the most popular.
- 69% of respondents selected personal and professional development planning as the tactic and strategy they have in place to develop internal talent.
- 83% of respondents were not aware a Workforce Development Council (WDC) had been established for their industry.

Youth Engagement/Apprenticeships

- Apprenticeships are the most popular group with 54% of respondents currently engaging, and 24% planning to engage in the next 12 months.
- 45% of respondents said they intend to increase their engagement with these areas.

This survey highlights many areas for policy improvement to find New Zealand employers the skills they need. The EMA is releasing a policy manifesto ahead of the 2023 election with solutions to enable our businesses and communities to succeed and thrive.

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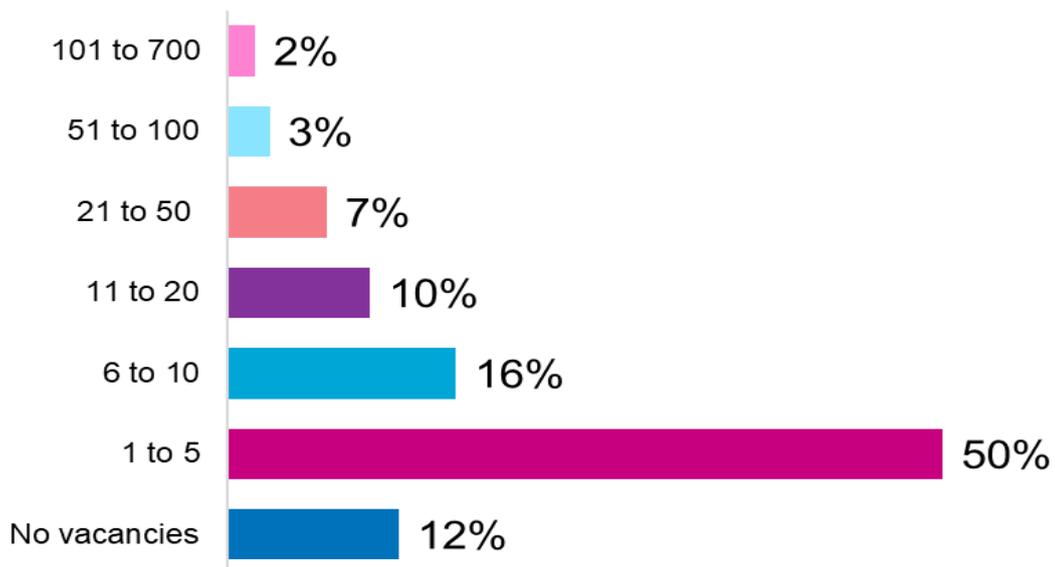
Finding and Retaining Employees

The biggest issue facing New Zealand businesses remains the inability to find skilled workers to fill labour shortages. The lack of available talent is a result of multiple factors such as tight immigration policy settings, and competition for skilled workers from other countries.

With net migration only just starting to track upward after two years of mostly negative numbers, and unemployment figures remaining persistently low, it's no surprise that skills remain a key concern for employers, and they are working hard to find and retain employees.

We asked businesses the number of job vacancies in their business, and if they were struggling to fill these vacancies.

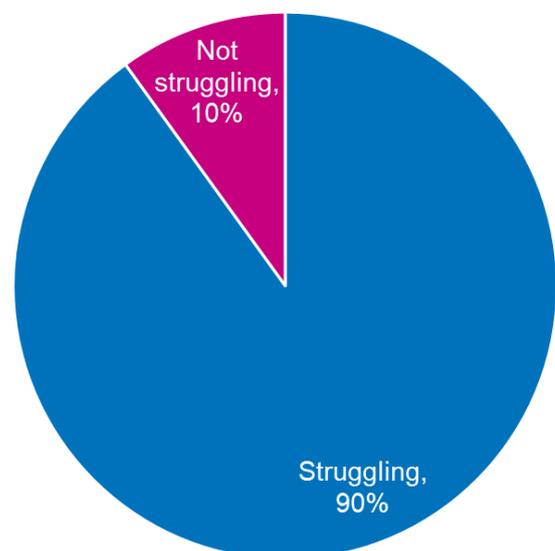
Only 12% of respondents did not have any current vacancies. 50% of respondents had between 1 – 5 vacancies, and 26% had between 6 – 20 vacancies. 2% of respondents had over 100 vacancies.



Of the respondents that had vacancies, **90% said they were struggling to fill these vacancies.**

This is an improvement from the 2022 Skills Shortage Survey where 100% of respondents that had vacancies were struggling to fill them, however, the number of businesses that are still struggling remains high.

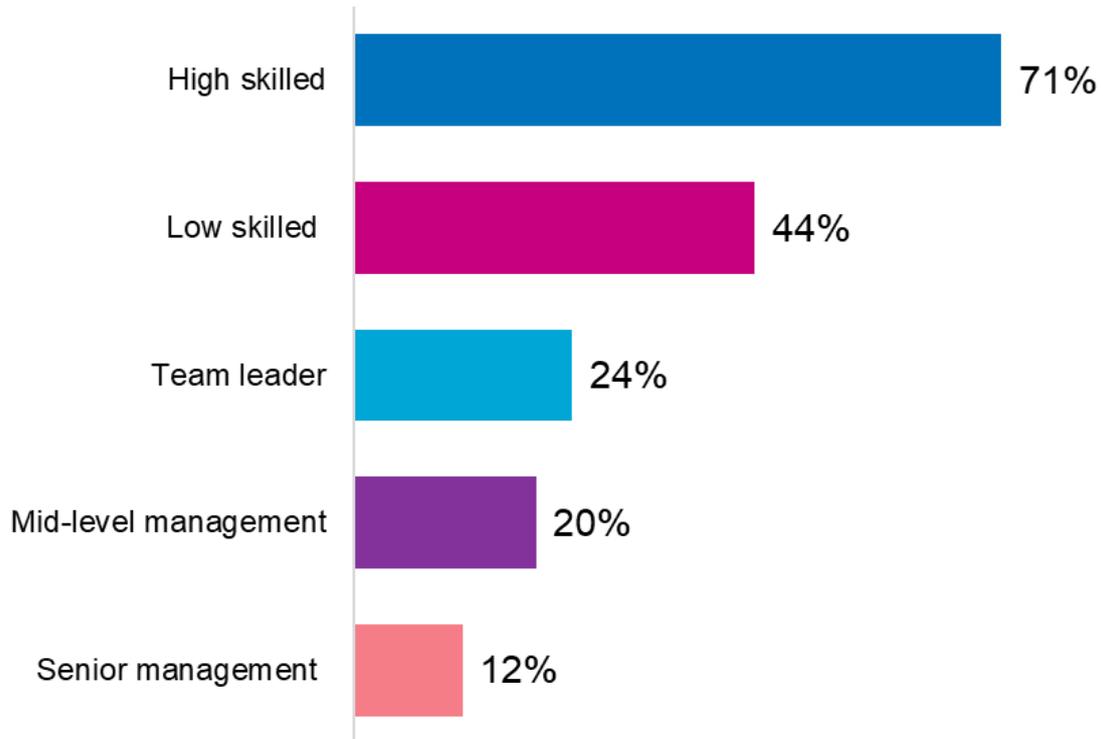
The shortage of skilled workers in New Zealand is a significant concern for businesses, with most respondents struggling to fill their job vacancies despite having multiple openings.



We asked which level of job vacancies they find the hardest to fill. Respondents were able to select multiple skill levels.

71% of respondents said highly skilled jobs were the hardest to fill.

There were also a large number of comments reiterating that across all skill levels, businesses are not seeing suitable applicants – if any – available.



Respondents were asked what specific roles needed to be filled in their businesses.

The four main roles were health professionals, construction roles, professional roles, and operators and production worker roles.



Health Professionals



Professional Roles



Construction Roles



Operators and Production Workers

Health Professional roles included doctors, nurses, GPs, dentists, mental health workers, pharmacists, care and support workers, and many more.

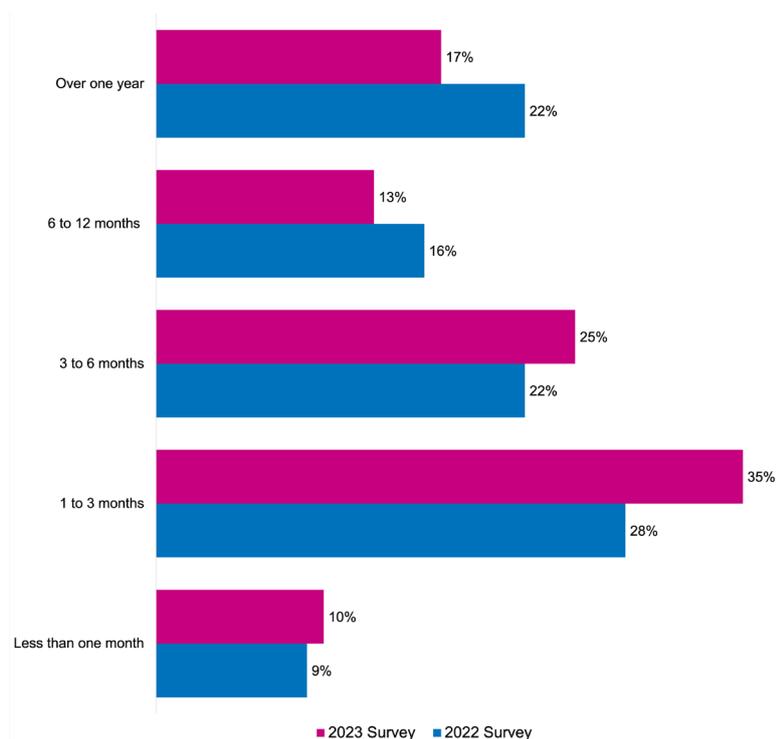
Construction roles included a range of different trades and roles within them.

The most common Professional roles were in the finance, recruitment, sales, and general management fields.

Respondents were asked if their business was currently advertising for any vacancies, and if so, how long they had been advertising.

The largest group of respondents (35%) had been advertising vacancies for 1 to 3 months. **30% of businesses had been advertising vacancies for over 6 months.**

This percentage has decreased from the 2022 Skills Shortage Survey (38%), however, the number of businesses that are advertising for vacancies for an extended period is still significant.



Respondents were asked if they thought New Zealand's current labour market could fill these vacancies.

There was a 50/50 split among respondents for Yes/No answers.

This could either be because respondents think New Zealanders don't have the skills necessary, or that there aren't enough people in the market.

Many of the comments in this section suggest that we don't have enough people available, and we are missing skills in highly technical roles where they're so specialised that we don't have those skills onshore, or roles where a high number is needed.

The difficulties in filling job vacancies, particularly highly skilled jobs, and the extended periods for which jobs are being advertised highlight the ongoing challenges employers face in finding the right candidates for their workplace.

We asked businesses if the situation has improved or worsened over the last six months in terms of filling vacancies and talent gaps.

Only 22% of respondents said that the situation has improved.

This small improvement is likely due to the borders opening and new work visa holders slowly coming onshore since July 2022.

However, with **44% saying things have worsened in the last 6 months**, it appears that our policy settings across both immigration and tertiary education are not delivering the skills employers need.

Skill Shortages

Businesses are facing significant challenges in filling job vacancies, leading to long-term substantial skill and talent gaps.

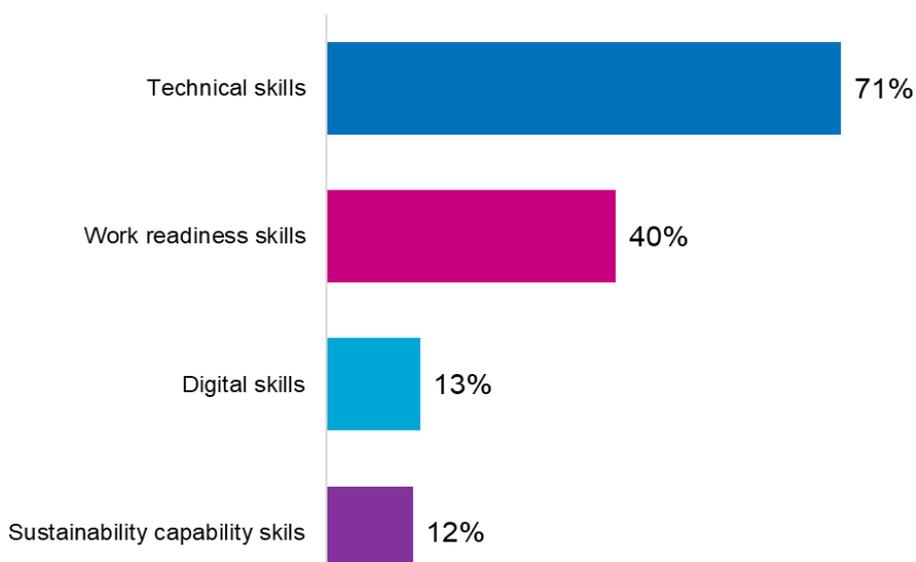
We asked businesses what specific skills their business or job applicants were lacking.

Initially, respondents were asked to categorise the lacking skills as technical, work readiness, digital or sustainability capability, which were then broken down further for more detailed analysis. Multiple skills could be selected.

Many businesses were lacking technical skills (71%), followed by work readiness skills (40%).

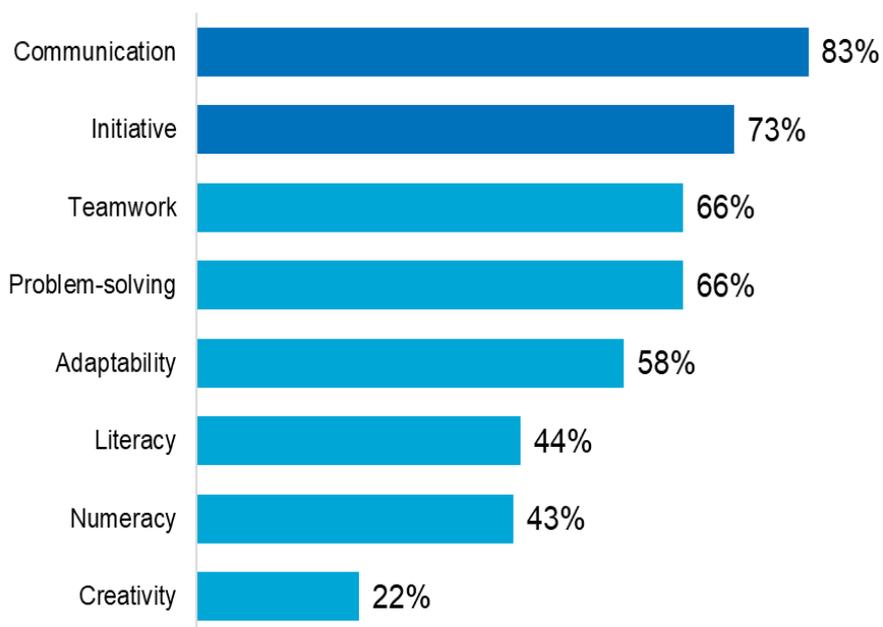
There has been an increase in the lack of technical skills compared with the 2022 Skills Shortage Survey (59%) and a slight decrease in work readiness skills (53%).

The technical skills were all related to specific roles.

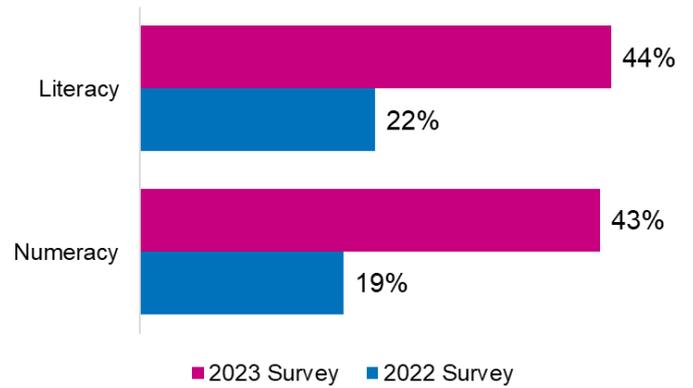


Work readiness skills were broken into categories that can be seen on the graph to the right.

The top two skills businesses and job applicants lacked were communication skills (83%) and initiative (73%).



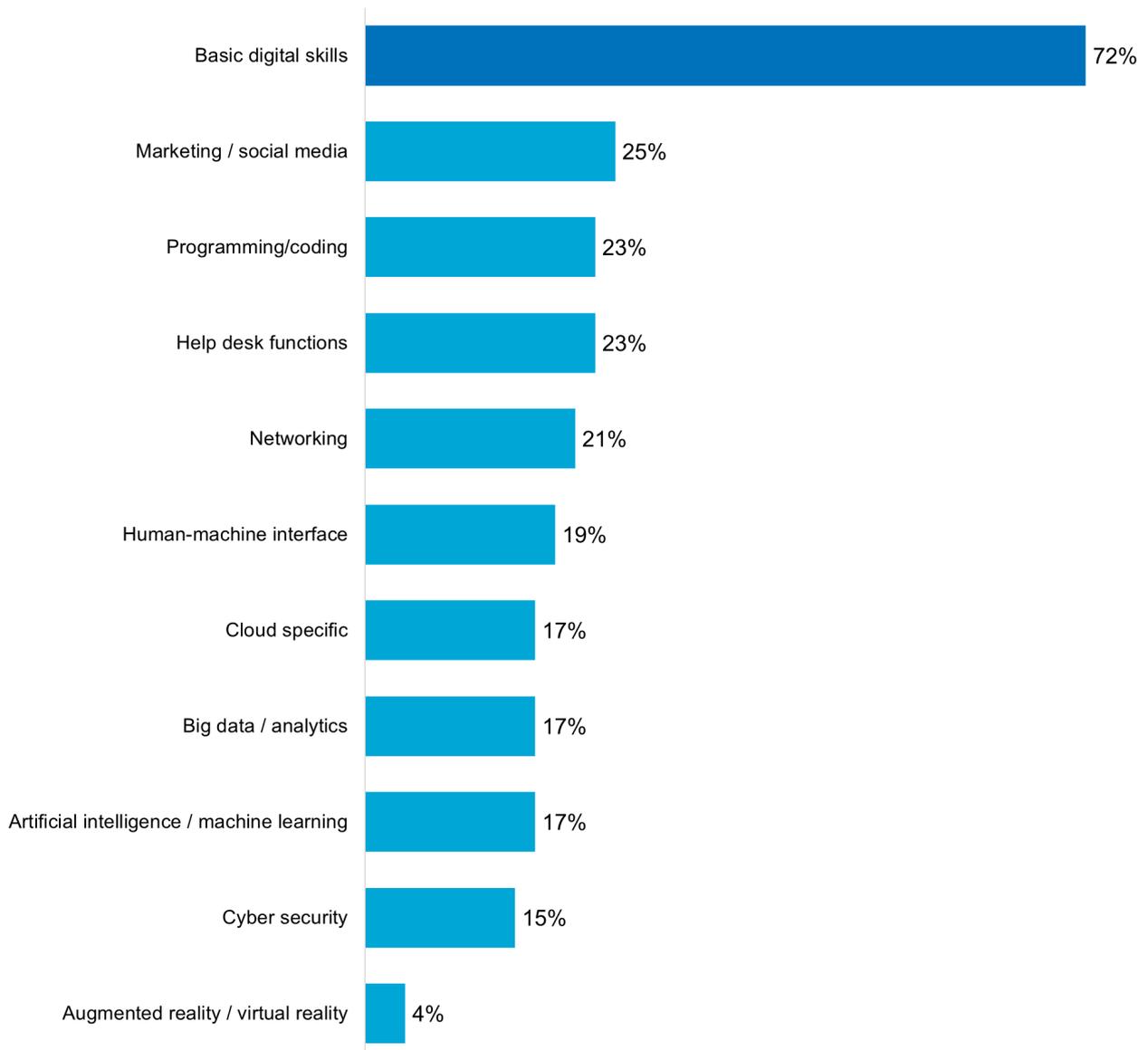
The number of **businesses and job applicants lacking literacy (44%) and numeracy (43%) skills has increased significantly since the 2022 Survey** (22% and 19% respectively in 2022).



The digital skills were broken down into categories that can be seen on the graph below.

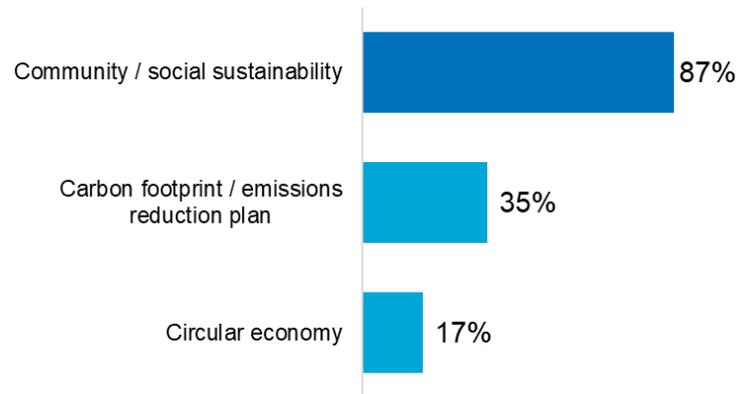
The main skill that businesses and job applicants were lacking was basic digital skills (72%).

Basic digital skills are increasingly important for workers, as technology is now more embedded in every industry faster than ever before.



The sustainability capability skills were broken down into categories that can be seen on the graph to the right.

The main skill that businesses and job applicants were lacking was community and social sustainability (87%).



Combatting the Current Talent Shortage

In the face of the ongoing talent shortage, businesses are exploring various strategies to overcome the challenges posed by the current labour market.

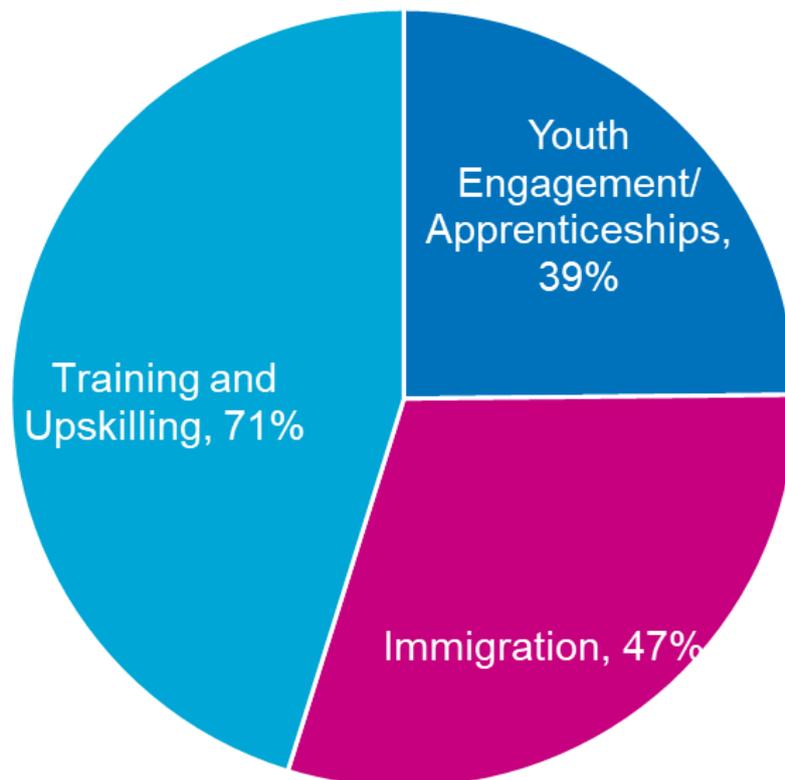
Immigration is one option used to fill business talent gaps, with many businesses actively recruiting overseas.

Businesses are also investing in training and upskilling programmes to develop their current employees' skills and close any knowledge gaps.

Youth engagement/apprenticeships is another option, with many companies engaging with apprentices, trainees, interns, graduates, and youth engagement programmes.

We asked businesses which areas they have already used or are planning to use to combat the current talent shortage. Respondents were able to select multiple options.

The most common strategy was training and upskilling (71%), followed by immigration (47%), and youth engagement/apprenticeships (39%).



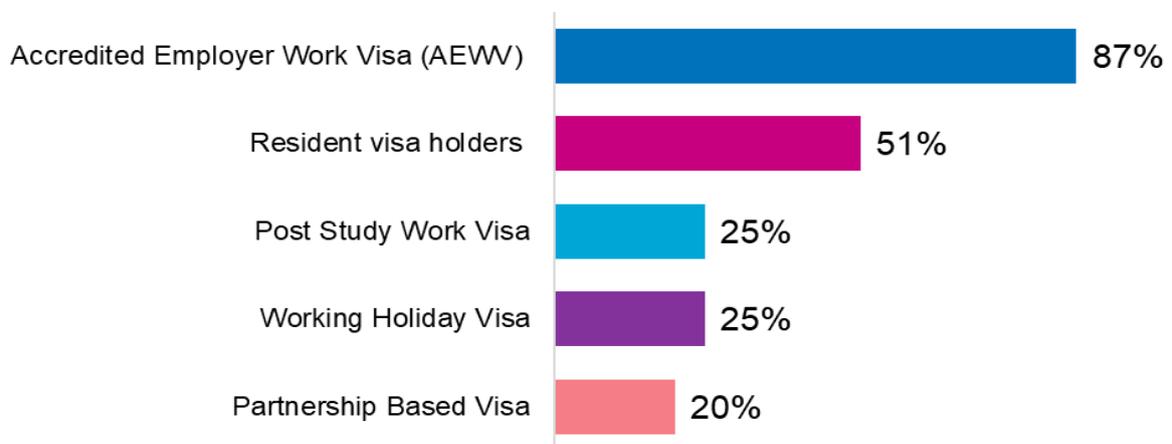
There were also many comments about employers focusing on things that make their workplace attractive to both applicants and current staff in the People Experience / HR area, e.g. EVP (employee value proposition).

Immigration

Respondents that selected immigration as an area they have already used or are planning to use to combat the current talent shortage were asked follow-up questions.

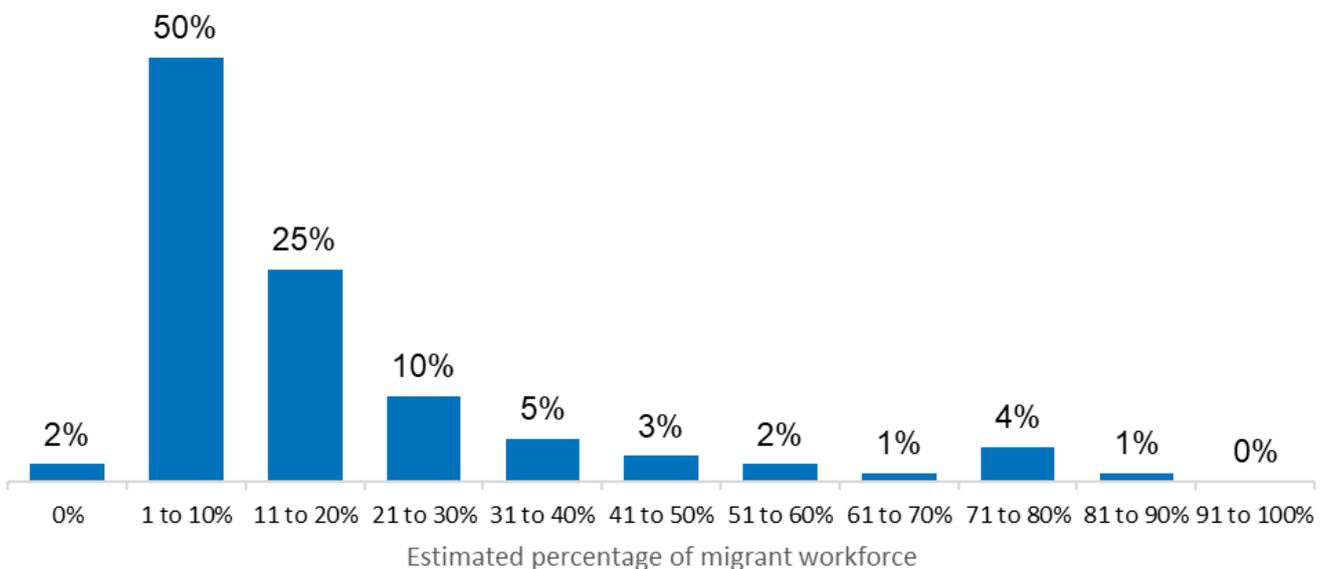
Of the businesses that selected immigration, **94% were planning to engage with migrants within the next year.**

When asked which categories of visas they were most likely to engage with, the majority (87%) said Accredited Employer Work Visa (AEWV) including Green List residence pathways, followed by 51% for resident visa holders through the Skilled Migrant Category (SMC).



Businesses were asked what percentage of their workforce they estimate will be migrants over the next year.

75% of respondents estimated that up to 20% of their workforce would be migrants over the next year.



Respondents were asked if there was a specific region they intended to recruit migrants from. They were able to select multiple answers.

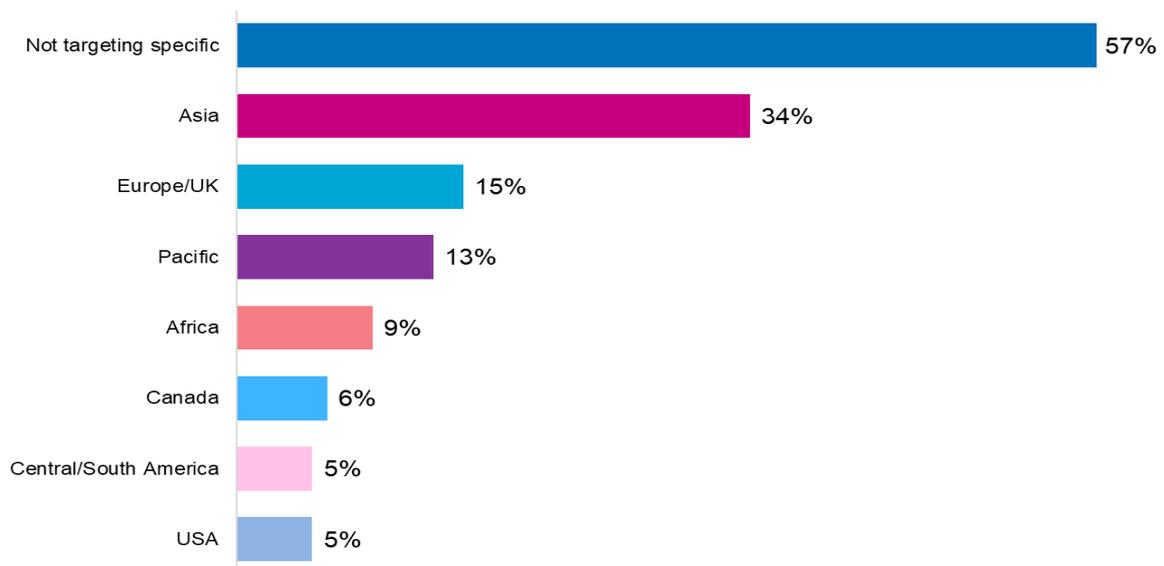
The majority of respondents (57%) said they were not targeting a specific country.

There were comments left by respondents such as "We advertise globally, not in specific countries only."

"We are not targeting as such; we are open to applicants from any region with suitable quals and experience."

The main area in Asia that respondents were targeting was the Philippines, with 89% of respondents. The second most popular area was South Asia including India at 39%.

The main region in Europe and the United Kingdom that respondents were targeting was the UK, with 93% of respondents that selected this option targeting the UK.



The new Accredited Employer Work Visa (AEWV) category introduced in 2022 is a temporary work visa designed to bring in workers above the median wage threshold while ensuring that employers meet certain standards.

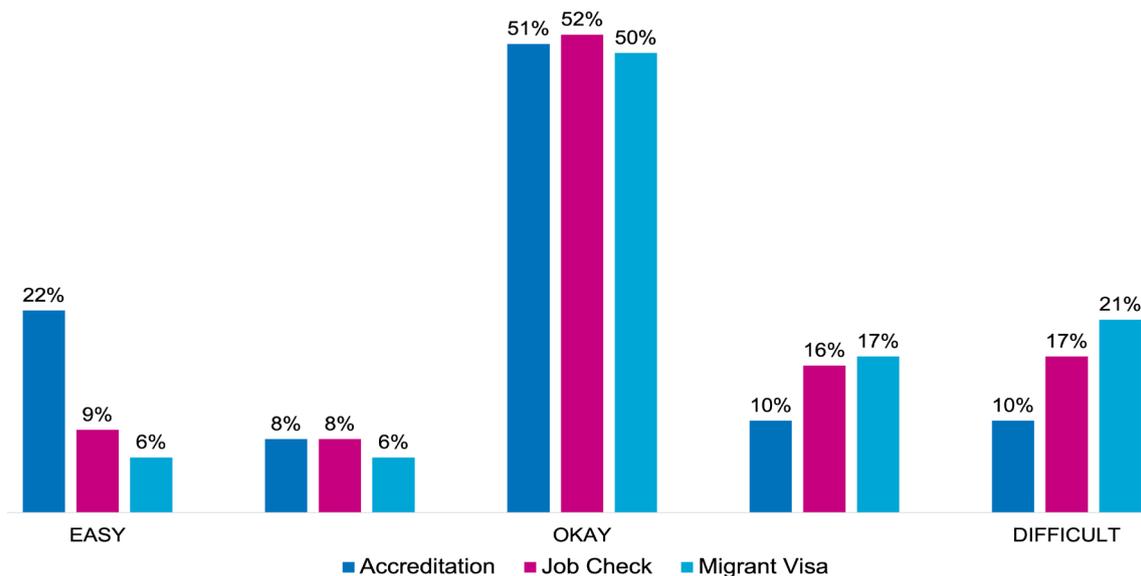
There are three main stages of the AEWV process: employer accreditation, job check, and the migrant visa.

Employers were asked if they have engaged with the AEWV category, and how they have found navigating these stages.

Most respondents (50-52%) found all three components 'okay'.

The accreditation process was ranked the easiest, and the migrant visa process was ranked the most difficult.

This may be because the migrant visa is the stage the employer has the least control over, and it takes the longest timeframe to complete, but there may be other drivers e.g. they may feel they don't have enough information to be able to support their migrant when going through an application.



The final question businesses were asked about immigration was whether they currently engage with a Licensed Immigration Advisor (LIA) to support their immigration needs.

44% of respondents did currently engage with an LIA.

This survey was conducted in partnership with Malcolm Pacific Immigration. Due to the changing immigration system and legal responsibilities placed on employers, it is risky and costly to submit an immigration application that is not complete. Whether applying for accreditation, job checks or visas, Malcolm Pacific Immigration can help employers and visa holders get it right the first time.

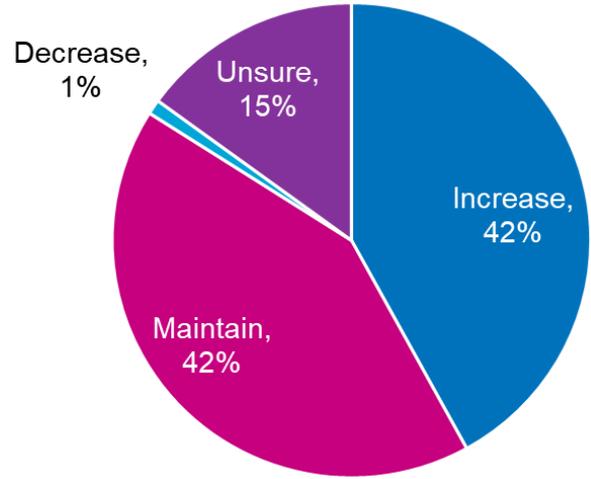
Malcolm Pacific Immigration is an EMA member reward partner, you can find more information about Malcolm Pacific Immigration and how to connect with them [here](#).

Training and Upskilling

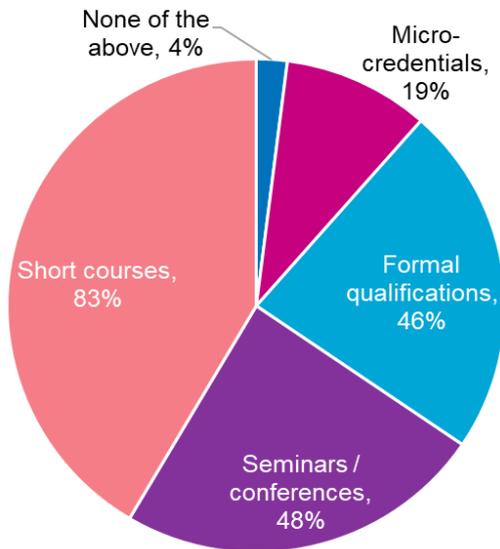
Respondents who selected training and upskilling as an area they have already used or are planning to use to address the current talent shortage were asked follow-up questions.

Businesses were asked how they plan to change their education and training expenditure over the next 12 months.

84% of respondents planned to increase or maintain their current education and training expenditure.



This is very positive and shows how seriously employers take upskilling. However, we need to ensure the right subjects and formats are available for industries looking to the future.

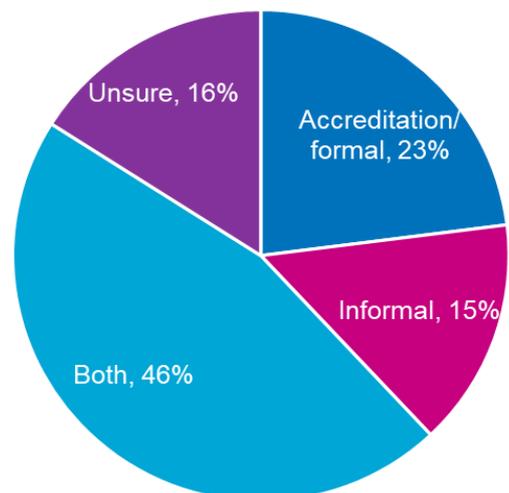


Businesses were asked which types of training their business plans to undertake in the next 12 months. Respondents were able to select multiple answers.

Most respondents (83%) selected short courses.

Multiple respondents also selected seminars and conferences (48%) and formal qualifications (46%).

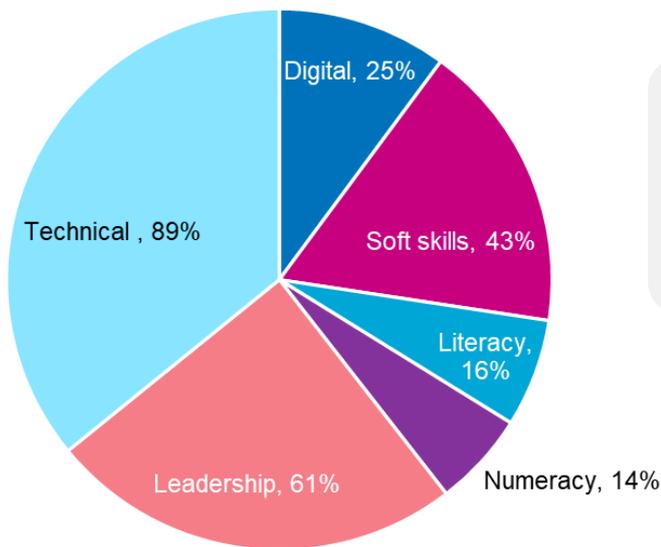
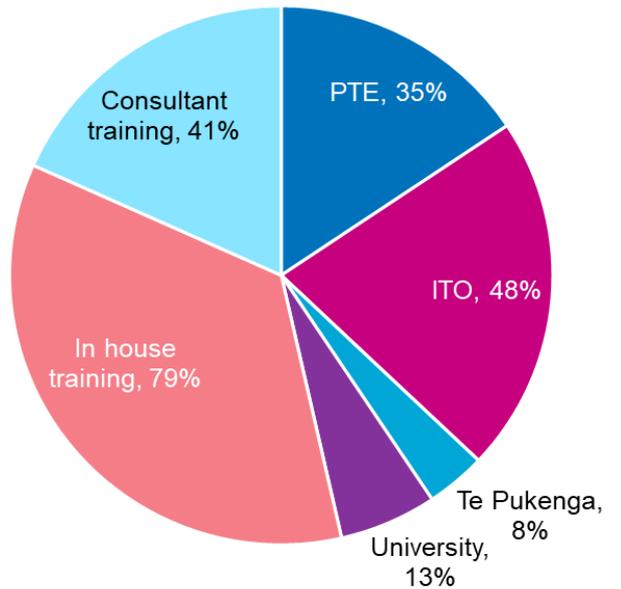
When asked which types of qualifications employers planned to seek for their employees (formal or informal), most respondents said both (46%).



We asked businesses what type of provider they intend to use for training. They could select multiple responses.

Most respondents selected in-house training (79%) as the preferred provider.

This shows how much employers value being able to deliver training at their location in their own time.



We asked businesses what topics they intend to train employees on. Respondents could select multiple answers.

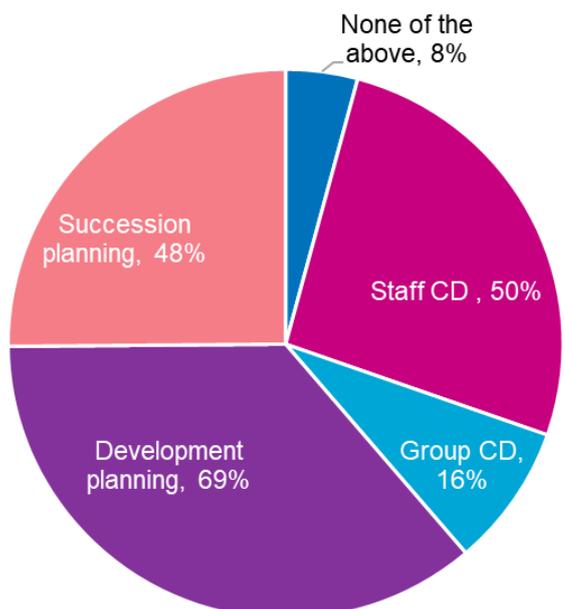
Most respondents selected technical and job-specific topics (89%).

This was closely followed by leadership topics (61%) and soft skill topics (43%).

Businesses were asked about the tactics and strategies they have in place to develop internal talent.

Several respondents selected personal and professional development planning (69%).

Career development programmes for all staff (50%) and succession planning (48%) were also popular tactics.



Workforce Development Councils (WDCs) were established as part of RoVE (Review of Vocational Education). Their role is to ensure the vocational education system meets industry needs.

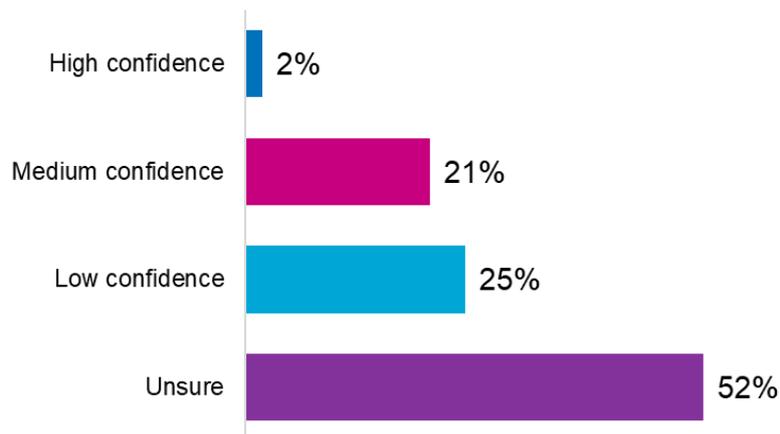
There are six WDCs. Their responsibilities are to set skill standards, develop qualifications, and give Government advice on workforce development policies specific to their industry.

We asked businesses if they were aware a WDC was established in 2022 for their industry.

83% of respondents were unaware a WDC was established for their industry.

Of the respondents that were aware, **only 17% had engaged in skill needs and workforce planning discussions with their relevant WDC.**

*When respondents were asked how much confidence they have that WDCs will add value to industry skill development, **many seemed unsure (52%)** with mixed levels of confidence, and only 2% expressed high confidence.*



This uncertainty may be due to how new WDCs are but does point to a need for engagement and results.

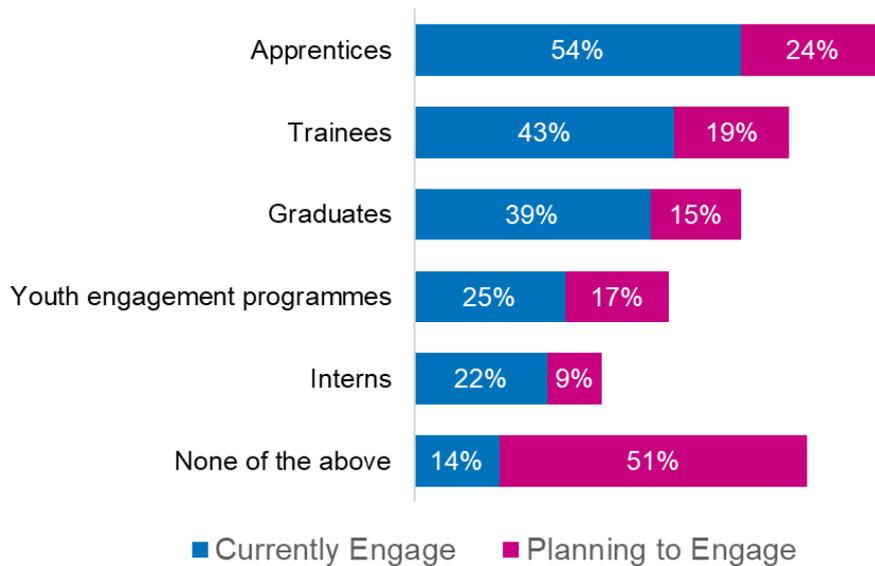
With 71% of respondents (earlier question) indicating that their business and job applicants are lacking technical skills and experience, WDCs must set the right standards and investments in qualifications.

Youth Engagement / Apprenticeships

Respondents who selected youth engagement/apprenticeships as an area they have already used or are planning to use to combat the current talent shortage were asked follow-up questions. This section is broader than just youth engagement programmes or apprenticeships and also includes other early career groups such as trainees, interns and graduates.

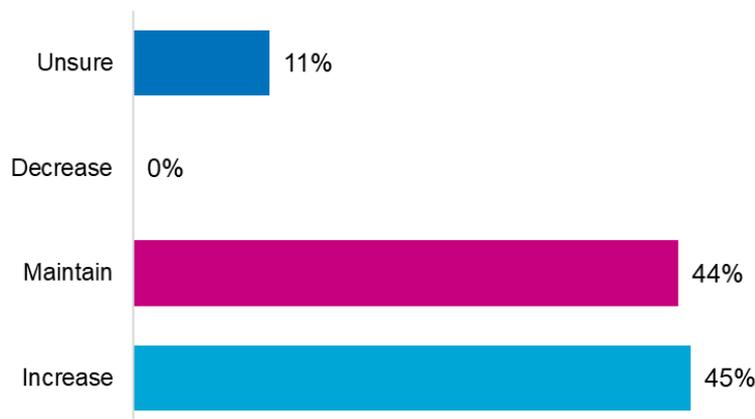
We asked businesses which of these groups they currently engage with and which areas they plan to engage with that they do not currently.

Apprentices were the most popular group, with 54% of respondents currently engaging, and 24% planning to engage in the next 12 months. This is closely followed by trainees and graduates.



We also asked businesses if they intend to increase or decrease their engagement in these areas over the next 12 months.

Many respondents said they would increase (45%) or maintain (44%) engagement. There were 0% of respondents that said they would decrease engagement.



Conclusion

The EMA Skills Shortage 2023, in partnership with Malcolm Pacific Immigration, highlights the ongoing challenges that New Zealand businesses face in finding and retaining employees with the necessary skills and experience.

These findings indicate that New Zealand's current labour market is lacking a range of crucial skills, resulting in considerable skill and talent gaps for businesses across various sectors and regions.

These gaps, coupled with a tight immigration system, have become a persistent problem for companies, and are likely to have a significant negative impact on the productivity and growth of businesses and the well-being of employees, as well as the overall economy.

The survey also reveals that many businesses have already taken and are planning to take further steps to address skill and talent challenges. With 71% of respondents already using or planning to use training and upskilling to solve talent gaps, and 42% looking to increase expenditure on training, businesses are already doing what they can to retain and grow their staff.

Employers are already focusing on upskilling current staff, as well as looking at how to increase their youth engagement/apprenticeship or similar programmes. However, the struggle to fill vacancies remains.

The New Zealand immigration system needs to help businesses gain access to the skills they need now in a simple and streamlined way while working hand in hand with an efficient tertiary education system that can grow skills sectors need into the future.

The EMA provides various services that can help businesses overcome many of the challenges highlighted in this survey, such as:

- Guides and advice for employers on subjects like Attracting and Retaining Top Talent, Creating Professional Development Plans, and Succession Planning.
- Training for staff in skills like Leadership, Communication, and Personal Effectiveness.
- Member rewards with our immigration partner, Malcolm Pacific Immigration.

By partnering with the EMA, businesses can take proactive steps to ensure they have the skilled workforce they need to stay competitive in today's rapidly evolving business environment.

This survey was conducted in partnership with Malcolm Pacific Immigration, you can find more information about them and how to connect with them [here](#).

If you wish to contact the EMA regarding this analysis

Email: myvoice@ema.co.nz