

# SKILLS SHORTAGE: REVISED EDITION 1

Is your business suffering from a skills shortage?

How to find and keep talent in 2022



# Icehouse Insights

*A regular series introducing many of the major challenges facing SMEs today, Icehouse Insights provides a stepping-stone to kick-start the conversation, solve some common queries and win.*

## **This edition:**

One year ago The Icehouse launched the first edition of Icehouse Insights; focusing on skills shortages.

Much has changed in the past 12 months and this update attempts to provide an insight to existing challenges and alert readers to new trends for 2022.

## INTRODUCTION

New Zealand's employment landscape became incredibly uneven in early 2020 as organisations across all sectors adjusted to new ways of doing business amid the shifting sands of rapid economic upturn and downturn.

Covid-19 also brought about a renewed focus on recruitment, as some sectors experienced great upheavals in the job market while others remained unchallenged.

The current debate still focuses on finding, retaining, and nurturing talent but there are new hurdles to overcome, such as The Great Resignation, which 12 months ago wasn't a part of the conversation.

# WHAT IS A SKILLS SHORTAGE?

A skills shortage in terms of meeting the needs of a nation's long and short-term and regional skills gap occurs when there are not enough people available with the skills needed to do the jobs which need to be done. At The Icehouse, we believe that a skills shortage in terms of meeting the needs of New Zealand's SMEs occurs when there are not enough people available with the 'right' skills needed to do the jobs which need to be done.

## Is there a skills shortage in New Zealand?

Long turnaround times and low response rates for job vacancies for many of our alumni are pressing issues – to the point where many have simply pulled adverts because the people coming through the doors don't have the necessary qualifications or experience to take on the role adequately.

Each month The Icehouse publishes a poll/questionnaire on its website.

For this edition of Icehouse Insights, the question was: 'Have you found it difficult to fill vacancies in your business in the past six months?'

60% of respondents said 'yes' - to varying degrees, with a huge 20% postponing their recruitment process for the foreseeable future.

Check out the results on the next page.



## Poll Results

Have you found it difficult to fill **vacancies** in your **business** in the **past six months**?



NO. NOT AT ALL.



YES - SO WE OPTED TO FILL THE POST INTERNALLY



YES - BUT WE INTEND TO PROVIDE ONSITE TRAINING/UPSKILLING



YES - WE GAVE UP AND HAVE POSTPONED THE PROCESS FOR NOW.



## Why is there a lack of available talent?

The current domestic skills shortage is a result of skills and knowledge gaps and employee expectation gaps:

Skilled people are not using their core skills and qualifications and not willing to apply for vacancies which match those core skills and qualifications

Skilled people are keen to use their essential skills and willing to apply for positions but they lack some of the other qualities that an employer feels are important

Businesses are pivoting and failing to upskill and train the people they already have in the business to successfully complete new tasks creating a skills mismatch

Specialist talent is retraining and moving into new industries

The Great Resignation – in all its definitions – is causing people to examine their current work situation and how that aligns with future goals and aspirations.

‘About half as many people are committed to sticking with their job this year [2021] compared with 2020, a survey shows, amid suggestions that the “great resignation” reported overseas could happen here, too.

‘The survey category of people with “high turnover intentions”, that is those who were keen to change jobs, increased about 10 percentage points from 34.7 per cent to 46.4 per cent.’

Source: [stuff.co.nz](https://www.stuff.co.nz)

# THE GREAT RESIGNATION

The US Labor Department recorded 4.3 million Americans leaving their jobs in August 2021 – approximately 3% of the total workforce and the highest monthly number on record. In the UK, the Office for National Statistics reported one million ‘open’ jobs in the same month – also a record.

Clearly these are alarming figures that perhaps tell only half the story. More, the question should be how many employees are thinking of leaving their jobs?

Microsoft research revealed that 40% of the global workforce were considering leaving their current position in 2021 but a recent Trade Me survey found only 17% of people intend to leave their jobs in the next 12 months, despite the site advertising 40% more job vacancies than before the pandemic. (RNZ)

Harvard Business Review estimates the biggest-hit age group is the 30-45 year-olds, and resignations are highest in the tech and health care industries – not the retail and food service industries, which you may expect to be the hardest hit.

Why? In the US, a fear of catching Covid, poor working conditions and the search for a better work/life balance are three of the primary drivers which go some way to explain the phenomenon. It could also explain why these figures can be viewed as lopsided.

But the pandemic has got employees thinking. Lockdowns, remote working without the commute and much less time spent in the office has got workers spending more time at home with the family while feeling less connected with their workplaces.

# THE GREAT RESIGNATION

Careers.govt.nz suggests 'COVID-19 is changing how, where, when, and what work is done. Now, across the world and in New Zealand, millions of people are planning to leave their jobs.

It includes people who:

- are burnt out in their current role
- want more meaningful work or a role that fits their lifestyle better
- want better pay and conditions
- see good job opportunities available now

HR professionals say that resignations have a doubly negative knock-on effect for the employees left behind – pushing them to take on more responsibility until replacements are

found, while damaging morale because seeing colleagues happily leave for greener pastures obviously raises doubts about a company's ability to motivate and retain its staff.

For SMEs the impact is huge. It's tough to build a business with high employee turnover, especially when departments of just one or two personnel are common. It also costs money to advertise and find new staff – a minimum of 50-60% of an employee's annual salary just to replace them.

# SAVE ON RECRUITMENT COSTS

In the time it takes to advertise, interview and train up a new employee, that position is operating at non-existent to minimal productivity levels.

Your new person takes time to get up to speed and to meet the level of the previous employees' productivity.

Further, when an employee departs an organisation, projects are left behind and the skills go with them.

In 2019, Amazon ring-fenced US\$700 million in training 100,000 employees for higher-skilled jobs over the next six years.

Amazon staffers are also encouraged to take part in free leadership and professional development programmes the moment they officially join the company.

It's an intelligent move, which large organisations have deployed for a while. Investing in people is a two-way street and motivates the employee to invest in the business.

People aren't staying in jobs for as long as they used to. The average lifespan for an employee at a company is 4.4 years. That number is dwindling each year, and is much less for employees aged under 30.



## Three new ways to save

### Establish an employee referral programme

'16.7% of applicants from personal referrals became hires, whereas only 1.3% of applicants from job boards became hires. In our experience, an applicant who is referred to a job is much more likely to be excited about the position and to be a good match.'

Tap into your contacts, speak to your competitors, local business network and development groups to see if they know of any good candidates actively seeking work.

### Streamline your hiring process

'Small-to-medium businesses can benefit most from streamlining their hiring process because they have less time, money, and attention to devote to recruiting, hiring, and onboarding. After all, they have a business to run!

Consider investing in a tracking system to help you eliminate paperwork, save time on administrative tasks, automate communication with applicants, pre-qualify candidates with assessments, and accelerate hiring decisions.'

### Write compelling job postings

'Job seekers are busy people too, and the best candidates will only invest their time in applying to roles that sound enticing. Your job posting should be clear and bold in presenting the value you are offering.

Taking a little time up front to update the copy on your job postings is a great low-effort, low-cost strategy that will save you time and produce better results in the long run.'

*All sources: careerplug*

# WHY UPSKILL YOUR TEAMS?

## Employee retention

When ongoing training and active learning is a company priority it shows employees that you care about future career development.

## Workplace morale

Upskilling creates a comforting workplace environment where employees feel valued and supported.

## Creates more talent

The opportunity to work for a business that values its people attracts highly-qualified applicants.

## Higher productivity

Well-trained and highly-developed people with the right skills are better-able to perform and complete specific and complex tasks.

## Create a better business

Businesses that adopt innovative approaches to tackling skills shortages show that they are willing to experiment with the core organisational structures that have driven their business since day one.

It also indicates that they are solutions-based, willing to find new ways to solve old and existing problems, and that training and professional development is a pillar of company culture.

Innovative problem-solving is a positive admission that what you've been doing isn't always the best way forward, and that you are willing to make continual improvements.

Identifying the skills needed to move the business forward shows a dedication to future-proofing the organisation and the future of work.

# NINE WAYS TO WIN

How can SMEs beat the skills shortage? Here are nine ideas to try...

## Expand the search

'If you can't find the right people, it's possible you're not looking in the right places. Experiment with new approaches to recruitment – that might mean anything from changing your recruitment consultant to advertising in new places, attending job fairs and putting the word out on social media.' Close Brothers UK

## Build your brand

'Engaging your current employees with a range of perks, benefits and training opportunities will position your business as an employer of choice. Word will get around and people will want to work with you.'

'Remember, company review sites like Glassdoor are slowly becoming more and more popular as a research tool for potential job candidates, so keeping your current staff happy and building a positive company profile that shows you value and reward your staff, will help to attract the best talent too.'

Coburg Banks

## Open your age criteria

If you have an ideal age for a vacancy, forget about it. Is there a good case for looking at apprenticeships or, at the other end of the scale, actively seeking older employees, who bring life experience and workplace knowledge to the table?

The Icehouse

# NINE WAYS TO WIN

## Understand new skills

‘The top three skills required for the future, as viewed from an SME employer perspective, are: the ability to quickly adapt to changes in the working environment, the ability to work across a variety of tasks and areas of a business that are outside of a traditional job description and the ability to accurately predict the future impact of business decisions.’ CIMA

## Pay your people

‘Minimum wage jobs do not meet living costs for many workers who face sky rocketing rents, accommodation shortages and rising prices. It may be worth running a skills audit within your business so you can determine if you have a skills shortage – or a pay shortage.

Undertake a competitor analysis, compare sector pay rates and look at the cost of living in your region. Offering competitive pay may be the first step to retaining your workers – or attracting new ones.’ The Alternative Board NZ

## Job SWOT

You’ve probably done a SWOT analysis in the past – assessing the strengths, weaknesses, opportunities and threats to your business. Consider going more acute and performing a SWOT on your current employee structure to solve problems like key person syndrome, departmental cohesion and refining job tasks and titles. The Icehouse

# NINE WAYS TO WIN

## Recognition, retention and reward structures

'Use of recognition has been a growing trend for a while. An annual bonus is not hugely motivational, but more frequent recognition can be. To get pay, career, skills development, etc. right, organisations need robust job structures and underpinning technologies.' KMPG

## Create awesome managers

'75% of people who voluntarily left a job did so because of their bosses and not the position itself (Gallup). The old saying goes... "Employees don't leave companies, they leave managers". So investigate ways you can train and upskill your leaders and senior people.' Applicant Pro

## Flexible/Hybrid working

'Future Forum, a consortium launched by Slack in September 2020, shared its latest global Pulse survey [February 2021].

'Over 10,000 knowledge workers, from the U.S., Australia, France, Germany, Japan, and the U.K., weighed in, and overwhelmingly they want jobs offering a hybrid model—part-time in the office and part-time working from home.

'The percentage of knowledge workers in hybrid working arrangements has increased to 58%, up from 46% in May 2021, and the share of workers who say their teams work exclusively in either the home or the office has dropped off, Future Forum's survey found.' Fortune

# SQUARE PEGS, ROUND HOLES

Another question organisations need to ask themselves is whether they have the right people in the right positions, so the business can always operate as efficiently as possible.

If this isn't the case, then it can be argued that your business has a skills/talent shortage or a skills mismatch.

Reassigning people to more appropriate roles based on their skillset and experience is a smart way to plug any gaps within the organisation.

Evaluating who does what can not only untap any hidden potential but also foster a fluid work structure and encourage training and personal growth.

Constantly revisit your recruitment strategy whether you're recruiting from within or externally.

No matter where you are in the world, your business might have the best-qualified HR professionals available, but organisations don't always have the right strategies in place to attract the people they need to make their businesses grow.

'Business owners need to understand that their recruitment strategy needs to be 12 months a year, not just when somebody hands in their resignation.

'The level of talent is getting thinner and thinner, particularly outside of Auckland and good profitable growth requires great people,' says Michaela Vodanovich, East Coast regional manager for The Icehouse and Programme Director and facilitator for The Icehouse's Owner Operator Programme and Effective Leadership Programme.

# FOUR QUICK FIXES TO HIRE GREAT PEOPLE

## Look in-house for talent

Can you tap into the latent talent which sits within your organisation? Employees respond positively to professional development opportunities and access to opportunities has been shown to increase staff loyalty.

## Tick some, not all, of the boxes

If your business is struggling to find the right talent, the answer could lie in your recruitment criteria. Rarely does a successful candidate tick all the boxes when they're hired.

Can you be flexible on areas such as experience and qualifications if you have a robust developmental culture in your business and understand that an ideal candidate can be developed over time?

## Create a manageable timetable

Be realistic about your timelines around interview availability, notice periods, and onboarding. If you find the right person, create achievable outcomes as quick hires aren't always best hires. If you're recruiting external and previously allocated three months to fill a role, double it. Finding the right person can be worth the extra wait.

## Promote from within?

Consider transferring your most talented individuals from other departments. Just because one of your team has worked in one department for the duration of their time, it doesn't follow that they have to stay there. Transferable skills and a pre-existing company knowledge around how things are done are invaluable.

# CONCLUSION

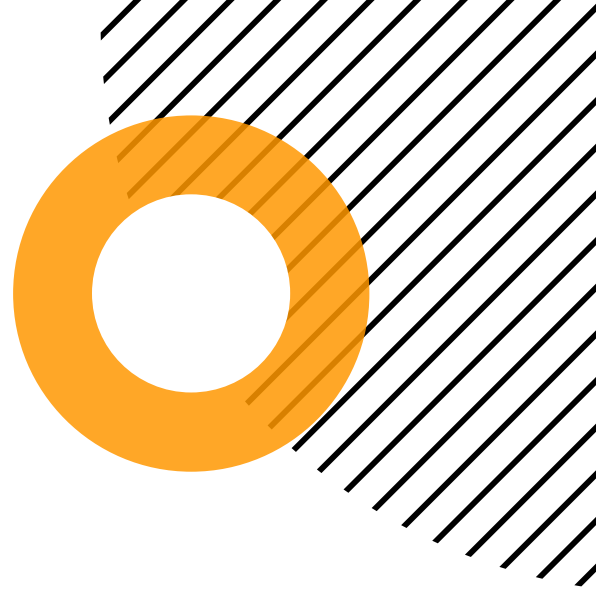
Covid-19, The Great Resignation, 'the anti-work movement'; there's clearly a seismic shift taking place in the way people are thinking about work, their attitude to work, and what individual career paths may look like now in the future.

Could upskilling, training and a true focus on real, tangible career development for all employees be the magic bullet for firms?

Organisations are under pressure to not only find the talent they need, but to retain good employees by keeping them stimulated and interested in their role long-term.

New attitudes to recruitment and staff retention will certainly help bridge the gaps.





**THE Icehouse<sup>o</sup>**  
**INSIGHTS**

