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Skill Shortages in the Riverina

by

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Presentation Structure

- 1. Motivation and Purpose of the study**
- 2. Data Collection & Sample Characteristics**
- 3. Data Analysis & Results**
- 4. Summary & Policy implications**

Motivation for the Study

- What are skill shortages?

- Why is it important to investigate skill shortages?
 1. Seen as a major problem for business survival
 2. Nature and extent of skill shortages is not fully known
 3. Provide advice to Government and the University & TAFE sectors on how to address the problem

Purpose of the Study

- To measure the rate of vacancies for the Riverina region by identifying differences across locations, industry types, size of business and occupations.
- To measure business perceptions about the causes and implications of skill shortages.
- To identify the main strategies employed for reducing skill shortages.
- To identify business perceptions about the role of Government and the TAFE & University sectors to address skill shortages.

Survey Instrument and Data Collection

- Survey distributed electronically (Survey Monkey)
- Regional Development Australia (Riverina) mailing list.
- A media release and media interviews for motivation.
- Initial invitation plus two follow-up email reminders.
- The survey was open for 6 weeks during July-Aug 2015.
- 93 responses were initiated, but only 46 usable responses.

Sample Characteristics

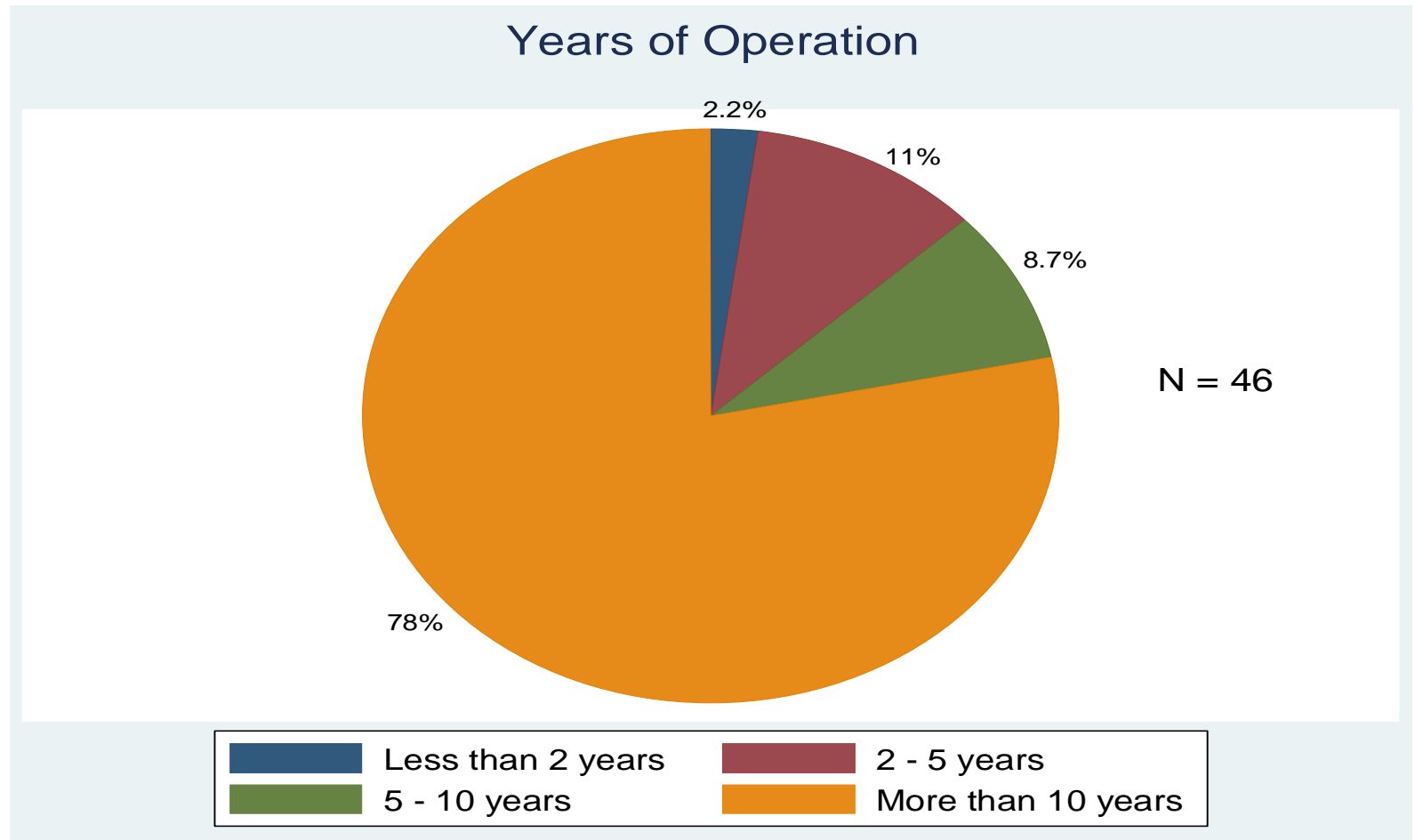
- **Location:** responses from 9 out of 16 LGAs
Griffith (n = 16, 35%), Wagga Wagga (n = 9, 20%),
Narrandera (n = 6, 13%), Temora (n = 4, 9%)
- **Industry Type:** responses from 13 out of 19 types
Manufacturing (n = 11, 24%), Agriculture (n = 7, 15%)
Accommodation & Food (n = 5, 11%),
Health Care (n = 5, 11%)
- **Employee Size:** responses from all 4 categories
1-4: (n = 9, 20%), 5-19: (n = 15, 33%),
20-199: (n = 17, 37%), 200 +: (n = 5, 11%)

Sample Representativeness

- Comparison made against ABS characteristics.
- **Location:**
 - Sample over-represents: Griffith and Narrandera
 - Sample under-represents: Wagga Wagga
- **Industry Type:**
 - Sample over-represents: Manufacturing
 - Sample under-represents: Agriculture
- **Employee Size:**
 - Sample over-represents: (20-199) & (200 +)
 - Sample under-represents: (1-4)

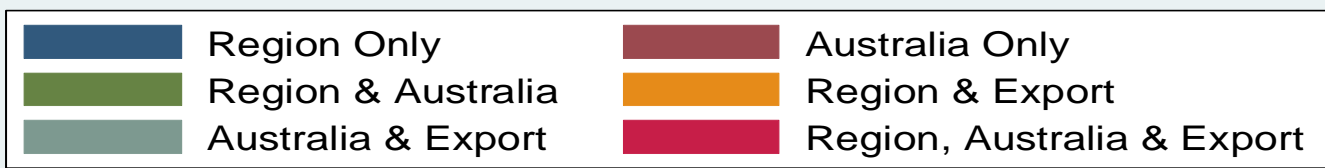
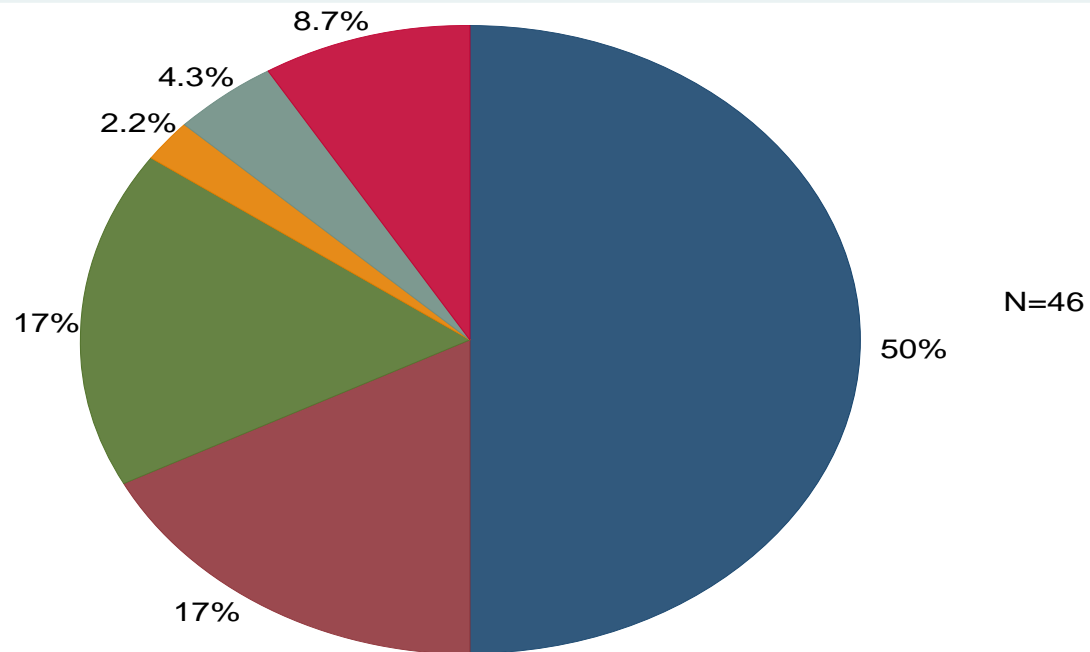
Results are preliminary and suggestive!

Nature of Businesses



Nature of Businesses

Location of Sales



Data Analysis and Results

- A commonly used indicator of skill shortages is the **Vacancy Rate (VR)**, defined as the number of unfilled vacancies divided by the total number of unfilled vacancies plus total employment, all multiplied by 100.
- Two measures of VR are employed:
 - Total VR** which aggregates within groups and uses the total number of vacancies and employees in a group of businesses*
 - Average VR** which averages the individual business VRs across a group of businesses.*

Vacancy Rates (%)

Location	Ave VR	Total VR	N
Griffith	7.5	3.7	6
Wagga Wagga	15.5	3.6	9
Narrandera	18.8	2.8	6
Temora	2.3	5.4	4
Leeton	3.6	8.9	4
Cootamundra	22.2	41.7	3
All	9.6	3.7	46

Vacancy Rates (%)

Industry Type	Ave VR	Total VR	N
Manufacturing	8.6	3.1	11
Agriculture,..	10.2	4.4	7
Accommodation ..	18.9	28.4	5
Health Care ..	0.6	1.1	5
Public Admin ..	2.1	0.8	4
Professional ..	11.1	18.2	3
All	9.6	3.7	46

Vacancy Rates (%)

Employee Size	Ave VR	Total VR	N
1-4 employees	15.2	25.9	9
5-19 employees	11.5	16.8	15
20-199 employees	7.5	5.7	11
200+ employees	0.7	0.9	5
All	9.6	3.7	46

Vacancy Rates (%)

Occupation Type	Ave VR	Total VR	N
Accounting, Finance & Admin	4.8	3.2	29
Sales & Marketing	5.9	2.8	17
Mechanical Engineering	4.4	1.6	12
Information Technology	1.6	1.1	13
Production & Process Workers	4.6	2.8	20
Trades	12.7	2.1	22
Managers & Other Professionals	7.8	3.3	32
All	9.6	3.7	46

Causes of Skill Shortages

(% of strongly agree/agree responses)

Shortage of qualified applicants:	81%
Applicants lack sufficient experience:	72%
Lack of technical ability:	67%
Unattractive pay rates:	40%
Competition from other employers:	40%
Lack of succession planning:	13%

Impact of Skill Shortages

(% of strongly agree/agree responses)

Failure to meet deadlines:	58%
Impact on company's credibility:	54%
Low productivity:	50%
Higher running costs:	48%
Impact on company's viability:	45%
Lower quality goods/services:	41%
Loss of orders:	29%

Actions taken to address Skill Shortages

(% of strongly agree/agree responses)

Train existing staff:	71%
Just carry on looking for workers:	67%
Recruit less qualified staff:	47%
Increase reliance on automation:	41%
Recruit from other companies:	28%
Recruit internationally:	28%
Increase salaries:	26%

Role of Government in addressing Skill Shortages

(% of most important/important responses)

Improve services, facilities & infrastructure: 79%

Provide tax incentives: 76%

Invest in TAFE & Universities: 52%

Improve recruiting for skill migrants: 33%

TAFE & University Graduate Skills Required by Business

(% of most important/important responses)

Communication	86%
Information Technology	67%
Accounting, Finance & Admin	60%
Research & Development	57%
Engineering	57%
Manufacturing & Production	52%
Sales & Marketing	48%
Design	38%

Summary & Policy Implications

Main skill shortage problem areas (using VR) include:

Location:	Cootamundra and Leeton
Industry:	Accommodation & Food
Employee Size:	1-4 employees
Occupations:	Trades and Managers

Most dominant responses summary:

Shortages *result from* a shortage of qualified applicants

Shortages *result in* an inability to meet deadlines

Shortages *are addressed* by training existing staff

Summary & Policy Implications

Main roles for Government include:

- Improving services, facilities & infrastructure
- Providing tax incentives

The most important skills TAFE and Universities need develop in Graduates are:

Communication Skills

Information Technology Skills

Results and recommendations are at best preliminary and suggestive given the sample limitations.