



Harvest

HR & PEOPLE SOLUTIONS

Regional Findings



The Geelong HR Index 2022-23

Harvest HR & People Solutions

Edition 3

The 2022 Geelong HR Index



Team Harvest is pleased to present the HR Index for 2022-23.

Most organisations have changed something about their approach in the new era of “Post Pandemic” or “COVID-Normal” – this report will showcase some of their initiatives.

Why conduct the HR Index?

In 2019, Harvest Director, Maree Herath recognised the pace of change had been so frenetic that many chief executives, business owners, divisional directors and HR practitioners were still playing catch up. Instead of receiving the news, we decided to create the news.

The Geelong HR Index was born. This is Harvest's third comprehensive HR Index report. The survey is conducted, analysed, interpreted and culminated in-house as our service to our community, as the region's most trusted end-to-end HR service provider.

The survey canvassed over 100 of the region's employers, across 11 industry sectors and comprises findings from a host of our region's employers. We sincerely thank all the organisations whose contribution has assisted in developing the picture for the region.

As we emerge post-pandemic, it's important to know where we've been, where we are now in order to address our direction for the future. This year survey questions centred on three key areas; first the economy and its impact; second employment trends and third HR trends which honed in on capability, talent attraction, acquisition and retention, hybrid/blended work models today and whether companies are changing the office to accommodate new ways of working.

We are proud that Geelong is fast becoming the place to Live, Work, Invest, Study and Visit.

The vast majority of our employers were keen to support a region-wide Talent Attraction Strategy that promotes and showcases the region for its lifestyle, beaches, natural environment, commutability to Melbourne, it's growth as a city (without the challenge of a bigger city), our schools and employment opportunities.

We trust the findings will increase your understanding of the Geelong region; that you will be able to use the data to respond to challenges, take advantage of opportunities and play your part in the social and sustainable development of our great City.

A handwritten signature in black ink that reads "Maree Herath".

Maree Herath
Director

2022-23 – Geelong HR Index Findings

104 Employers Surveyed

- 18 MICRO (less than 5 employees)
- 50 SMALL (5 - 100 employees)
- 28 MEDIUM (100 – 500 employees)
- 12 LARGE (greater than 500 employees)

11 Industry Sectors

1. Agriculture and Food
2. Education
3. Energy & Resources
4. Engineering & Manufacturing
5. Government & Public Sector
6. Health
7. Membership Bodies & Not for Profit
8. Professional Services
9. Property, Construction and Real Estate
10. Sport, Leisure and Hospitality
11. Wholesale, Warehouse and Transport



Executive Summary

In 2022 the catalyst for Harvest conducting the HR Index Survey was a change to the economic landscape. We were keen to see how the economy and inflationary pressures were impacting our region's employers. This year our questions centred on three key areas; first the economy and its impact; second employment trends and third HR trends which honed in on capability, talent attraction, acquisition and retention, hybrid/blended work models today and whether companies are changing the office to accommodate new ways of working.

The economy is creating concern for businesses in the region with over half of respondents feeling the changes to the economic landscape would have a slight (48%) to significant (9%) impact on their business, with micro business feeling the least confident of their future – often as these comprise those that are self-employed and any affect that is impacting consumers will impact these business owners.

Notwithstanding this, when it comes to people most of our region's employers will be hiring and if not strongly hiring in the coming six months felt their staffing levels would remain steady. Our growth sectors include

- Agriculture and Food
- Sport, Leisure and Hospitality
- Property, Construction and Real Estate
- Engineering and Manufacturing
- Wholesale, Warehouse and Transport
- Health
- Government and Public Sector

All of whom the majority reported increased staffing levels.

The biggest need was for blue collar workers with growing demand for staff coming from our key employers who employ trade, semi and unskilled labour. Agriculture, food, engineering, manufacturing and construction sectors also recorded needing technical specialists and engineers. Health is as strong as it was three years ago,

continuing to employ clinical specialists and nurses. For the Community Sector employers (who have received funding) there is significant increases in numbers of community and social workers but this was not balanced across all community service organisations. Our large public sector and government employers reported on average employing over 50 miscellaneous workers – too vast to list the disciplines across the organisation. As we head into the holidays, employers of leisure and hospitality workers report a dramatic increase in hospitality workers and our need for executive assistants and administrative staff has increased also.

When queried if employers are investing in building capability in the coming 12 months, 92% answered yes. There is a significant desire to boost skills with the top priority being optimising performance of employees in their current roles, followed by leadership, professional development or further training and upskilling. This is partly due to many organisations L&D agenda being paused with pressing priorities amidst the pandemic, recognising the need to boost productivity and an understanding that underperforming staff cannot simply be replaced so the best strategy is to work to improve their abilities in the workplace.

The vast majority of our employers were keen to support a region-wide Talent Attraction Strategy. The gaps, according to our employers were strongly around, accommodation, transport and connecting outlying regions (Surf Coast, the Bellarine and Golden Plains) more seamlessly with central Geelong.

Additionally, employers would support a talent attraction strategy that promotes and showcases the region for its lifestyle, beaches, natural environment, commutability to Melbourne, its growth as a city (without the challenge of a bigger city), our schools and employment opportunities.

Talent acquisition challenges are being felt across the region with many employers stating the lack of supply as the key recruitment challenge followed by an inability to compete on an individual's growing salary expectations or the benefits that larger employers can offer.

Executive Summary (cont)

The biggest reason employers gave for employees moving is for career progression. With over two-thirds of respondents employing up to 100 staff, to commenting they cannot compete with larger organisations on career progression. Headhunting and cannibalism are now a common strategy with over one-quarter commenting there was cannibalism within their sector. This was particularly true for Energy and Resources as well as Property Construction and Real Estate. Many companies also found their employees were leaving for greater salary and benefits packages, a result of economic pressures having employees re-think their value with their employer.

The hybrid/blended model for workers that don't need to be at site continues to be a topic of debate. At the peak of the pandemic, employers were highly in favour of blended work arrangements but now many are seeking a return to site or the hybrid three days at office and two from home. Employers are becoming more fixed on their preference of their employees. Bigger companies seem to entertain the prospect of teams determining their best working model or a model that considers the work to be done to inform the work location for employees. There still appears to be a divide on this topic between the employer and employee.

As we cast our eyes across the globe to inform the workspace of the future, we find that Geelong's organisations are not undertaking significant office design changes that reflect organisational design. The majority of employers said they would not be making any changes to their office due to changes in the way employees work. The large employers were those that were putting greater emphasis on changing office fit out/layout as they have a greater number of staff who continue to work in a hybrid manner.

Other trends being addressed by employers today is how to manage sick workers amidst home working, where employees are still working (because they can) when they are sick. From home they continue working even at lower productivity levels than when well. Added to this, sick leave that was once taken is now accruing. This challenge is causing consideration to overhauling sick leave policies for those on flexible working arrangements.

Another trend starting to come into play is the 4-day week, 9-day fortnight and 19-day month, where workers compress their time.

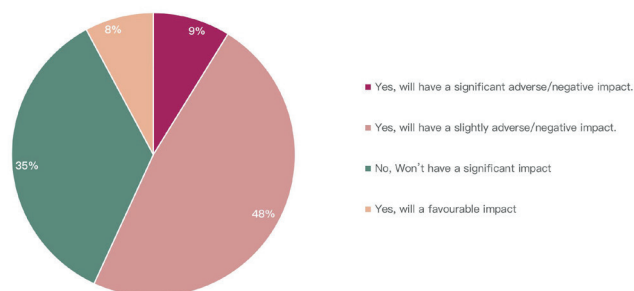
Also, and not going away, many employers have not seen the end to mental health challenges in the workplace. The everlasting impact the pandemic has had on an individual's mental health cannot be discounted nor dismissed.

Regional Findings

1. Economic Impact

The economy is starting to have an impact on our businesses in the region with half of surveyed respondents stating the current economic challenges reporting a slight adverse impact on their organisation. Interestingly 35% of respondents stated the economic influencers would have no impact and 8% reported a favourable impact on business performance. It will be interesting to see how this plays out in the coming 12 months.

Do you anticipate the global national economic challenges having an impact on your business' performance?

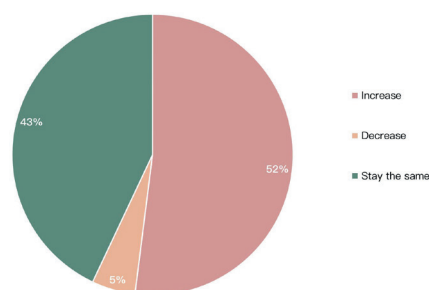


2. Permanent Staffing Levels

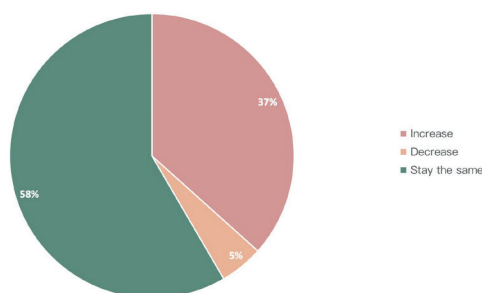
Over half of the region's employers will be hiring in the next six months, yet 43% felt they would be holding steady, meaning recruitment is slowing. Only 5% reported a decrease in permanent staffing levels for the period.

Overall, the findings suggest that business is not being significantly impacted to the point that staffing numbers will decrease. A good result given the inflationary pressures being witnessed.

In the next 6 months, permanent staffing levels will:



In the next 6 months Casuals and/or Contractors staffing levels will:



3. Casual Staffing Levels

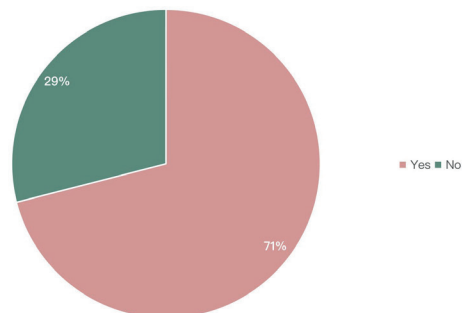
37% reported an increase and 60% said their casual numbers would remain steady. Again, no significant decrease was reported (5% of respondents).

Regional Findings

4. New hires?

Over 70% mentioned they would be hiring new staff for the coming period.

For the period September 2022 to April 2023, will you be hiring new staff or new disciplines?



5. Quantity being hired

A coup for the region is that more than 20 employers from our survey reported volume hires. 12 of the region's employers stated they would be hiring between 21-50 staff and 8 would hiring more than 50 head count.

Conservatively this represents over 1000 new hires from our survey sample (104 employers).

If we were to project the quantity being hired based on the size of the region this amounts to a conservative estimate of 30,000 new roles being hired in the coming six months. *

A quarter of those who anticipated adding to their team were adding 1-2 new staff members, 19% were adding 3-5 team members; 22% projected 6-10 and 5% 11-20.

Overall, these are health signs as the majority of businesses are growing.

*Geelong reports over 19,000 small businesses according to Economic Development Geelong with 97% of all businesses being small business (up to 20 staff). Looking at the micro and small business employment trends this can be extrapolated to 18,000 new hires (31% of micro and small business respondents commented they would add 1-2 people and 11% 3-5 people). Add our 3% of the region's businesses that comprise larger employers, being 600 companies, who on average employ 100 people** (**conservative estimate). These companies reported adding 21 – 50 employees (for 25%) and more than 50 employees (16%). Taking the larger employers trend data this accounts for a further 12,000 employees. A total of 30,000.

Regional Findings

5.1 Disciplines being Recruited



The biggest needs for the region from the survey respondents were

- Blue Collar,
- Health Workers,
- Community and Social Workers,
- Leisure, Tourism and Hospitality
- Administration, and
- Engineering and Technical

Agriculture and foods, tourism and hospitality (witnessing an upswing with the season), health, community services and construction have been identified as the key growth sectors for the region. Large organisations, particularly in public sector, report volume hires across miscellaneous disciplines.

Hires in these sectors include corporate services, digital, stakeholder/community/client or technical services disciplines.

Regional Findings

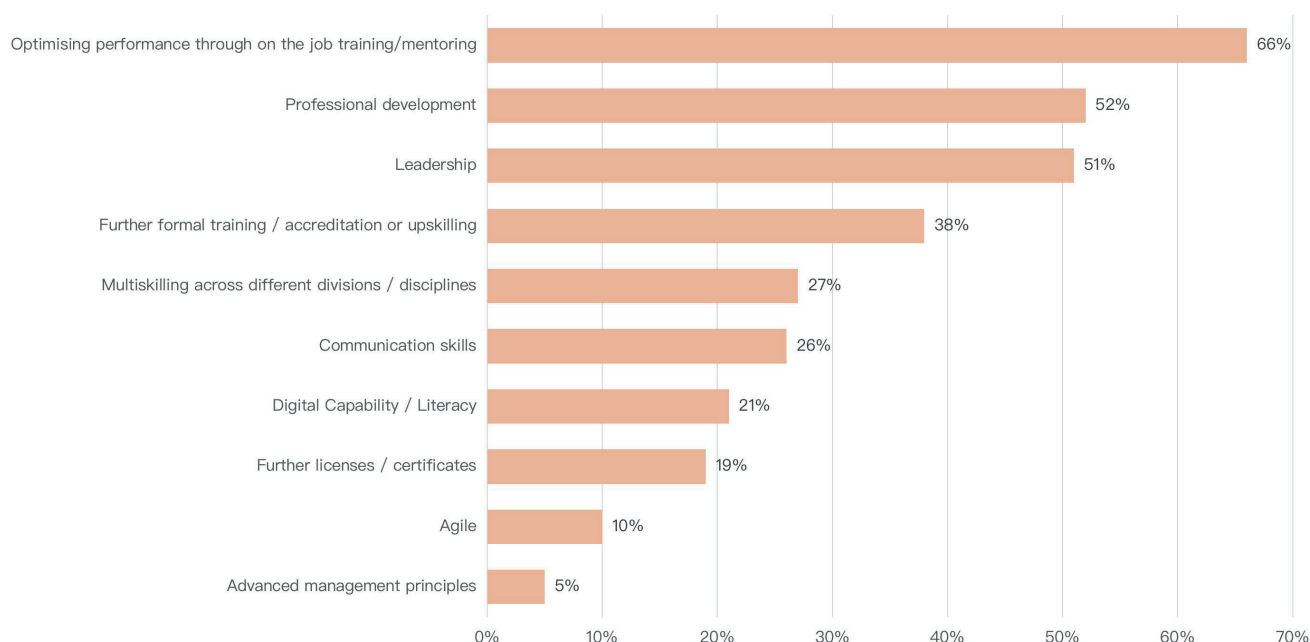
6. Investment in Capability

We were intrigued as to how many of our region's employers are focusing on building capability of their team.

At the end of 2020 Harvest's HR Index reported only 48% of employers focus was "Building Capability" with workplace health and safety the higher priority at the time with 73% of respondents having WHS as a key focus.

Two years later and partly from the pandemic and partly the difficulty in measuring performance and productivity in remote/hybrid models; this is now a major focus for organisations with 92% of those surveyed stating they would invest in building capability in the coming 12 months.

What areas are you increasing capability of your people?



Optimising employee performance in current roles was the highest priority with two-thirds of survey respondents commenting they would aim to optimise performance of their staff.

After this, leadership and further professional development were seen as significant areas for investment with more than half seeing this as a need.

Next were licenses/tickets – 38%; multiskilling across different disciplines - 27% and communication skills - 26%.

Digital literacy is sought, but only one fifth of companies surveyed were investing in this future of work skill set.

7. Talent Attraction

There's never been a better time in investing in a region wide talent attraction strategy.

80% of our region's employers, who continue to invest in their own employee value proposition, would welcome a region-wide talent attraction strategy.

This includes addressing the gaps which included of highest priority accommodation, transport and infrastructure. Of all the regional cities in Australia, Geelong experienced the highest population growth from 2011 – 2021. With this comes a severe challenge – keeping up with the demand to come to our beautiful region. Once you leave central Geelong, there simply is not enough development of accommodation and connections to sustain Geelong's population growth. If Geelong can't keep up with demand by developing accommodation, affordable accommodation and allowing ease of commutability within and beyond the region, we will short circuit this opportunity for growth and development here.

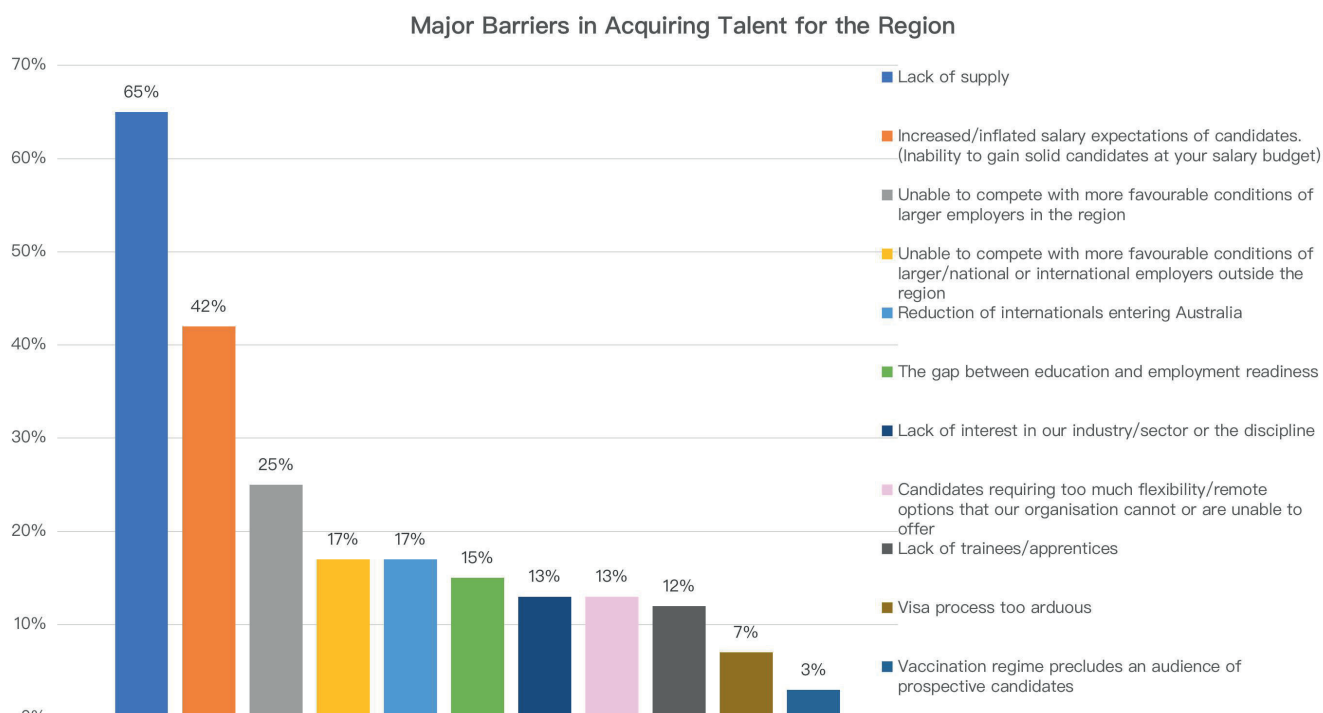
We need our developers and our shires to open up areas for development (that includes affordable accommodation) or reduce the barriers to infill by diversifying zoning within the city precincts. Of utmost importance we need better road, connection and public transport options to be a destination of choice.

What we've learned is we do have what it takes to attract people to our region. We have the lifestyle, be it regional, being a city (with city amenities) without the burden of a city, commutability to Melbourne, our glorious beaches and natural environment. We have great schools, health services and career choices many respondents highlighted.

There is plenty of scope for a region wide Talent Attraction strategy.



8. Talent Acquisition



The supply of talent is now the greatest challenge faced by the region when it comes to recruitment with 65% of respondents stating that they can't employ because they don't have a supply of appropriate candidates for their vacancies.

Geelong has always been known as a place where you can access lifestyle first and foremost. A place where you may not attract a capital city wage, but it's made up by the work-life balance.

That was until today.

Candidates are seeking wage increases beyond what employers have been accustomed to providing.

With wage increases comes the expectation of employers on employee productivity and deliverables and employers are often finding employees falling short.

A conundrum for today and companies will be pressured to lift prices of goods and services if this wage hike becomes the "new normal".

Added to this our Enterprise Agreement regime where sectors that are governed by Enterprise Agreements, such employers cannot simply increase wages as market forces dictate without looking at an organisation-wide remuneration review.

Noteworthy 25% of our employers simply can't compete with the big end of town. The opportunity and benefits package of our region's largest employers becomes a challenge to attract talent to medium and smaller businesses which make up \$7 billion* or 30%* of total annual revenue in greater Geelong (*according to the Economic Development Geelong).

9. Talent Retention



Small to medium enterprise struggle to meet today’s worker’s career progression expectations.

At Harvest’s recent Geelong HR Roundtable, it was quoted from PwC People that millennials will have 17 different jobs and 5 different careers in their lifetime.

When such opportunities simply aren’t available, employees know there will be a “bigger, better deal” elsewhere. Our region’s employers’ biggest challenge for staff retention with one-third of respondents saying their employees move as they see greater opportunity outside the company.

Noteworthy is that Geelong workers can now attract the capital city employer without physically being in Melbourne. More than a quarter of respondents report this as the reason for losing their employees, while the same number of employers report pure “cannibalism” for talent as their reasons for departing employees.

The great resignation has arrived and individuals are making the most of the lucrative opportunities presented to them.

10. Hybrid/Blended Work

For employees that don't need to be physically at site to do their work, what is your/your company's orientation towards flexible working moving forward?



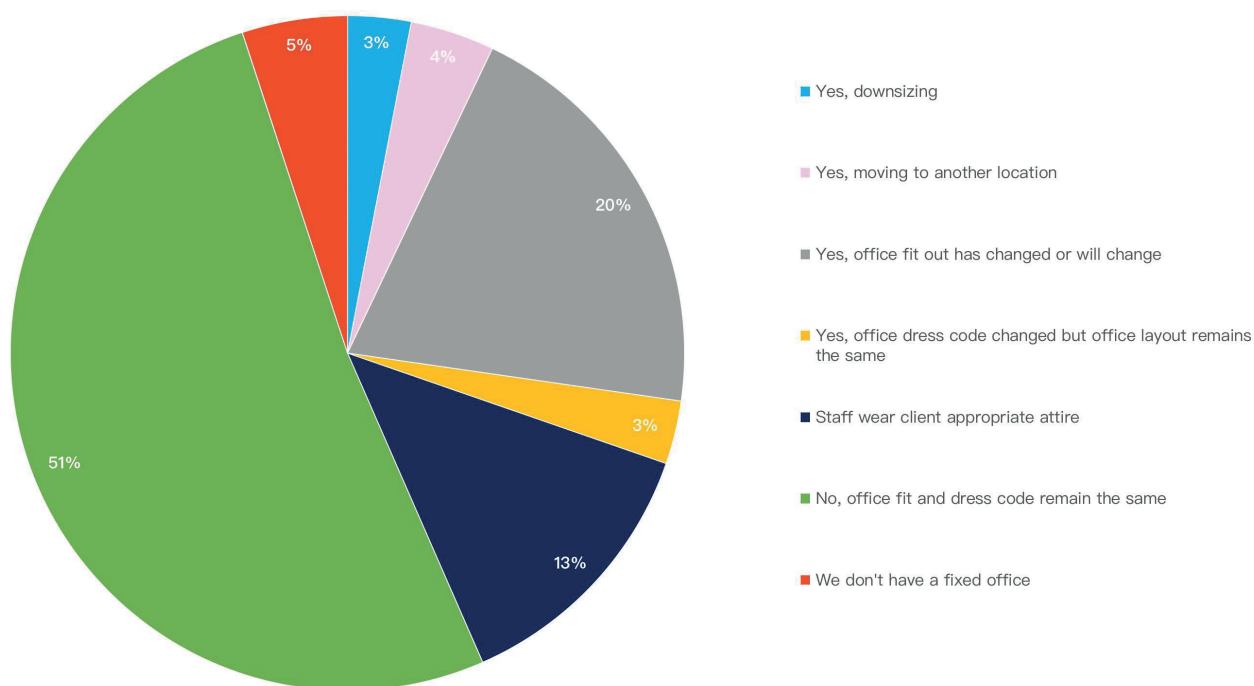
Geelong's approach to Hybrid is still not clear.

The question of hybrid/blended working did not have a resounding answer from the region's employers. However, reflective of Geelong's move to public administration, many organisations follow government directives and just under one-third of employers stated that their work arrangement would be site based unless government recommendations dictate otherwise.

Other organisations have allowed for a team-based approach with one quarter of those surveyed reporting that teams determine the best working arrangement to achieve deliverables. One-fifth of employers are looking at hybrid working comprising two days at home, three in the office. Higher degrees of flexibility including hybrid – three remote, two at the office or employees choosing their preferred work arrangement were not supported by employers and only 4% of employers surveyed said their employees were completely remote.

11. The Corporate Office into the Future

Have you or will you be addressing office requirements or office layouts in light of the above



Geelong's office requirements will, for the most part, remain unchanged.

Over half of respondents said they would not change their office layout however 20% are changing their office layout. Companies are adding fitness/health or wellbeing to the office dynamic, more collaboration

spaces and upgrading technology to accommodate better communication with remote workers.

A minority are considering downsizing (3%) or moving to another location (4%) and 5% reported not having a fixed office.

12. General HR Trends witnessed by our Region's Employers

- Working while sick (productivity issues)
- Wellbeing – more being done but more possibly needed
- Continuing need for flexible/remote working as employees seek it also because Covid still is present there is the need for employees to come and go from remote arrangements – not allowed to gain that “stability” around working arrangements
- 4-day week, 9-day fortnight, 19-day month arising

“Our ambition is to be the region’s most trusted end to end HR services firm”