

South Australian Wine Industry Employment Strategy Project

SUMMARY OF SURVEY FINDINGS

EMPLOYEE, LARGE EMPLOYER AND SMALL EMPLOYER SURVEYS

AUGUST 2007

The SA Wine Industry Employment Strategy project was funded through the Department of Further Education, Employment, Science and Technology, South Australia Works program which is an initiative of the Government of South Australia in partnership with the Food, Tourism & Hospitality Industry Skills Advisory Council SA Inc.

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This report has been prepared with the assistance of Truscott Research.

LARGE AND SMALL EMPLOYER SURVEYS – SUMMARY OF FINDINGS

INTRODUCTION

Survey Methodology

The Project Steering Committee agreed the project should undertake both employer and employee surveys to gather information about the wine and grape industry workforce, due to a lack of solid, referenced data. Because of the disparity in operations of small to large wine and grape businesses, it was decided to utilise separate survey mechanisms.

The SA Wine Industry Association (SAWIA) selected twelve large companies by considering:

- number of employees out of vintage
- employees employed during vintage,
- highest level of tonnes of wine grapes crushed and
- highest number of hectares of wine grapes grown.

A comprehensive paper based survey was considered most appropriate for these 12 largest employers. The survey contained 94 questions, seeking both quantitative and qualitative information, divided into sections covering:

- business demographics
- workforce planning
- industry trends
- recruitment turnover and retention
- training and skills development and
- workplace conditions.

As many of these questions were not applicable to small operations, a modified questionnaire was developed for micro–medium employers. In order to ensure a good response and even geographic spread, it was felt a telephone survey of small–medium employers would provide the most effective result. The final survey contained 39 questions, covering the same sections as above.

SAWIA distributed a pre-survey email to the Winetitles Industry Directory database, advising them of the forthcoming telephone survey and requesting their support.

The telephone survey was conducted by Truscott Research during late May to mid June. A random sample of 235 employers was selected from the Winetitles database, minus the 12 large companies identified above. This provided a suitably robust sample size, with a 95% confidence level and 5% confidence interval to be statistically valid.

In addition, Truscott Research was instructed to ensure the number of employers selected from each GI Zone was proportional to enable a good geographic/regional spread.

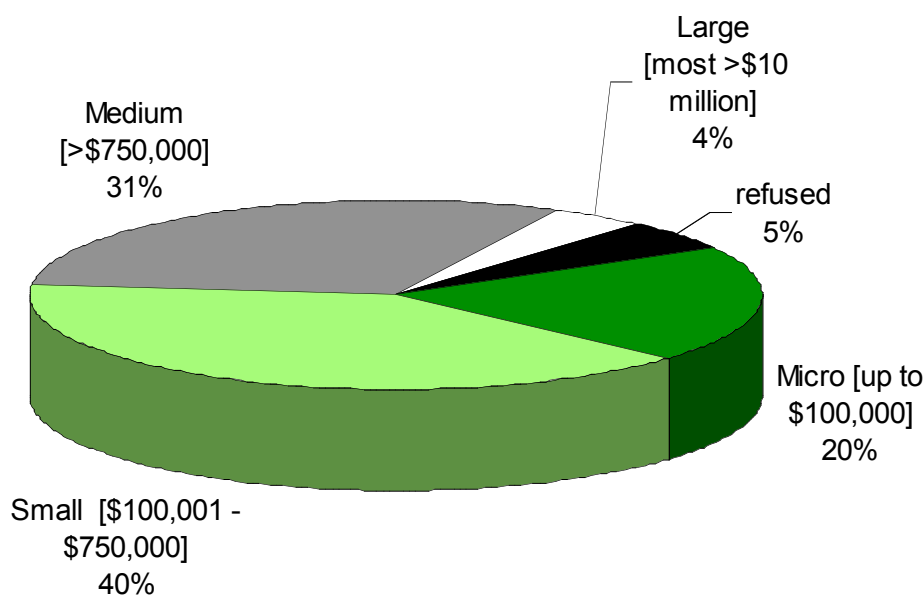
Ten of the 12 large companies participated in the paper based survey.

The main findings are summarised on the following pages.

FINDINGS

WINE AND GRAPE BUSINESS DEMOGRAPHICS

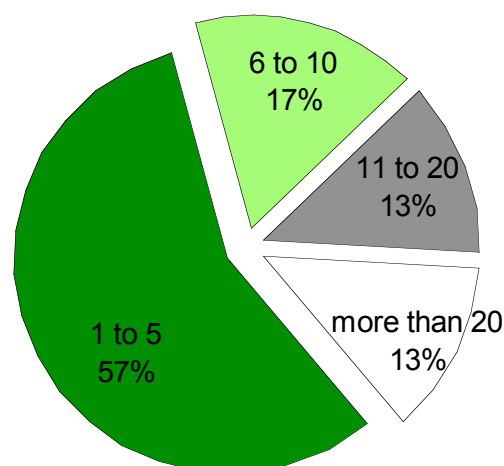
- 245 wine and grape industry businesses (of the 563 enterprises listed in the Winetitles Industry Directory) participated in this exercise.
- Micro, small and medium sized businesses (according to annual turnover) each made up a significant proportion of the telephone sample (total 235) and 10 major employers were surveyed separately. (NB – 2 of the large firms were actually medium in terms of turnover)



- 41% described their operation as a company. It should be noted that the choices offered to respondents in this question were not mutually exclusive – family businesses (18%) and trusts (13%) may also operate as companies.
- During the course of the interviewing, it became apparent that a significant proportion of smaller businesses surveyed do not employ anyone other than the proprietor and family members. We have termed these as 'family only' businesses and they make up 29% of the telephone sample.
- The ten large companies crushed a total of 458,700 tonnes of grapes in SA [including grapes bought in]. All ten companies indicated a projected increase in the tonnes of grapes crushed in 2010, with a combined total increase of 16, 570 tonnes.
- The ten large companies collectively produce over 330 million litres of wine annually in SA, with an average value of \$2.58/litre.

- 91% of businesses use contractors, spending an average of \$143,115 a year. In round figures, micro businesses spend about \$20,000 on average, rising to \$50,000 for small businesses and \$250,000 for medium sized businesses. The large segment on average paid \$1.5 million.
- On average, businesses canvassed in the phone survey have 9 staff.

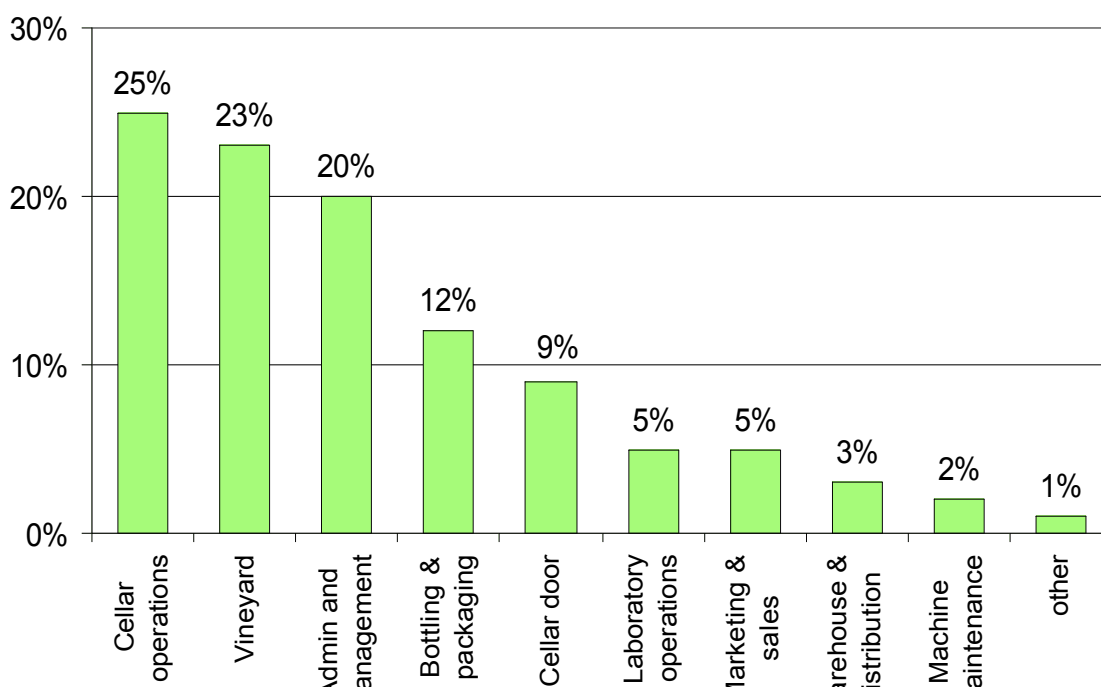
NUMBER OF EMPLOYEES (MICRO-MEDIUM BUSINESSES)



- Large businesses are by definition very different, with 456 staff on average. The number of employees ranged from 74 to 1309.
- In addition, the ten large companies in total employed 729 Full Time Equivalent (FTE) seasonal workers.
- Based on the figures provided it is estimated that the 12 largest companies employ 53% of the workforce.
- Approximately 51% of large company employees are paid based on an award (NAPSA) OR an enterprise agreement OR a workplace agreement.

- Employees work in the following areas:

DISTRIBUTION BY WORK FAMILIES



EMPLOYEE MIX – LARGE COMPANIES

The number of employees in each category varied widely across the large enterprises, for example one company employed two people in bottling and packaging while another 377. The ranges can be seen in the table below.

	<i>Actual</i>	<i>Max</i>	<i>Min</i>	<i>Average</i>
Vineyard (wine grape growing)	733	378	1	74
Cellar operations	911	266	6	92
Cellar door sales	340	193	4	38
Administration and Management	840	372	10	84
Laboratory operations	161	63	1	17
Marketing and sales	475	213	3	53
Warehouse and distribution	473	177	1	48
Bottling and Packaging	549	377	2	79

WORKFORCE PLANNING

- Two thirds (65%) of businesses surveyed undertook some workforce planning activities. Notably:
 - Identify skills/labour needed in the future (44%),
 - succession planning (41%),
 - identify employees working preferences (36%).
- Overall, 22% are either facing shortages currently or expect to face shortages in the next three years. However, large employers acknowledge this more readily than smaller ones (80% and 14% respectively).
- Only three of the ten large companies had integrated workforce planning into business plans.

WINE AND GRAPE INDUSTRY TRENDS

- Three quarters (72%) of all respondents expect **markets** to be significantly different in 2010. Almost all respondents are expecting some change, with other significant shifts perceived as affecting ...

○ Business climate	49%	[78% of large employers]
○ Technology	40%	
○ Production	37%	
○ Product	29%	
○ Types of business	27%	
○ Workload cycles	25%	
- However, **markets** was expected to have the most impact on respondents' business [66%]. Exchange rates featured amongst large companies (50%) as the key external factor impacting generally on the industry.
- Those expecting positive impacts outnumbered those anticipating negative impacts by 3 to 1 in the phone sample, with opinion split 50-50 amongst large employers.
- 82% of respondents could name some external factor specific to their region which impacts on their business. **Water** was the top response overall (42%),

RECRUITMENT, TURNOVER AND RETENTION

- The aspects that phone survey respondents consider attract people to the industry include **lifestyle** (41%) and having a **passion for wine** (36%), followed by the **romance/glamour of the industry** (29%) or **good business opportunity** (19%).
- Large companies indicated that **major employers provide stable employment in regional areas** and the **romance/glamour of the industry** as the key aspects.
- The most frequently cited deterrent to entering the industry by phone survey respondents was **capital outlay/hard to get established** (33%). Other factors were **oversupply/too much competition/low prices** (23%), the **low return to owners** (17%) and the **hard physical work** involved (16%).
- Large companies most frequently indicated that **hard physical work/uncomfortable working conditions and regional locations** deterred people entering the industry.
- Half of all respondents sourced most of their staff from local networks (52% - including 9 out of 10 big employers). Industry networks (12%) were cited more frequently than recruitment agencies or educational institutions.
- 81% intend to adopt strategies to ensure that they have a sufficient supply of skilled labour to meet the demand in 2010. These include:
 - Upskill existing workers 47%
 - Increased use of contractors 45%
 - Introduce new technology 44%
 - Improve productivity 40%
 - Recruit and train new staff 39%
 - Work closely with education/training providers 25%
 - Job redesign/rotation 21%
- Over half of all respondents (55%) felt their business would need additional staff in 2010. This figure ranged between 73% of medium sized firms and 40% of large ones. The number of additional staff specified ranged from 1 to 35. These additional staff are anticipated to be primarily needed in cellar operations, vineyard occupations, sales and marketing.
- The same proportion (55%) were not anticipating a problem with employee retirements. A further 22% were not expecting a problem before 2012. Only 14% were expecting a problem before then. Large businesses were again different, with 60% expecting problems in 3-5 years.

- One quarter (26%) of wine and grape industry businesses surveyed stated that they had difficulties in finding suitable applicants the last time they hired staff. This figure includes 60% of large businesses. However, few could pinpoint barriers or issues.

- Overall, one quarter reported that staff have left because of negative feelings about working at that business, such as ...
 - Limited career path 13%
 - Interpersonal conflict 11%
 - Wages not high enough 8%
 - Working hours not suited to employee 6%
 - Fixed term contract expired 4%
 - Employee wanted better conditions 2%

- Again, large businesses were atypical, with all of these reporting staff losses due to these factors, including 80% citing limited career path. A total of 777 employees resigned, retired or were dismissed from the large companies in the last 12 months.

- Two thirds reported trying strategies to attract particular groups, namely:
 - Women returning to the workforce 41%
 - Older workers 29%
 - Young people 29%
 - Workers with disabilities 13%
 - Indigenous workers 5%

- 57% of large employer representatives indicated they had targeted young people in this way.

- Over half (59%) of the wine and grape industry businesses surveyed had considered at least one strategy for retaining existing workers. The most popular strategies were as follows [these were each cited by 80-90% of large employers]:-
 - access to education & training, new technology (43%)
 - reviewing remuneration packages/entitlements (41%)
 - introducing family friendly policies and practices (39%).

WORKPLACE ENTITLEMENTS/CONDITIONS

■ Entitlements included the following:

○ Time off for personal matters	53%
○ Salary packaging	24%
○ Policy allowing volunteering	23%
○ Performance related pay	23%
○ Formal performance assessment	23%
○ Compressed work week / banking of hours	22%
○ Bonus / profit-sharing / share ownership	20%
○ Paying out accrued holidays	20%

■ Most large businesses offered these and more.

■ One third (31%) of respondents rated their overall employee morale as excellent. A further 63% rated morale generally good and 6% OK.

■ Less than 1% of all respondents felt morale was low.

TRAINING AND SKILLS DEVELOPMENT

■ Only 13% of businesses [including 80% of large businesses] had employed apprentices or trainees under a formal contract to fill job openings in the last five years. A further 2% claimed they had attempted to employ apprentices/ trainees but had been unsuccessful.

■ Overall, only 18% of respondents surveyed considered their business to suffer from skill gaps or shortages. However, the situation was very different for larger businesses, with 60% acknowledging this problem, and finance and trades the most commonly cited areas of skill gaps or shortages.

■ Two thirds (64%) of phone survey respondents could name some skill that their business would need more of in 2010 – often marketing and sales (35%). Administration and management and cellar operations were also relatively popular responses (11% each).

■ Large companies cited cellar operations (30%) and engineering (20%) as the main skill areas that their businesses would need more of in 2010.

■ While half of respondents felt there are barriers to increasing the knowledge or skill of their staff, there was no major negative with the largest response being not having the resources to send staff away for training (14%). Large businesses were again atypical – all acknowledged some barriers exist and 60% said they need customised training, but it's not locally available.

- Large companies spend on average 1.4% of turnover on skills development annually.
- Half (54%) of respondents use mentoring, coaching or some other action to enable knowledge transfer from experienced workers to other employees. This includes all of the large businesses surveyed.
- One in five micro – medium businesses surveyed and six out of ten large companies reported having clearly defined career paths in their company.

EMPLOYEE SURVEY – SUMMARY OF FINDINGS

INTRODUCTION

The survey tool was created by compiling a list of questions related to attraction and retention, skill development and employee engagement into a question bank. This went through Steering Committee and DFEEST reviews before being finalised by Truscott Research. A cover sheet with a letter to employees outlining the importance of the survey and displaying the logos of government, industry and the union was attached.

In addition a very basic skills audit tool was developed to meet project KPI 4. The list of tasks was lifted from the wine industry units of competence in the Food Processing Training Package, with the addition of marketing and general administration and management units from other related packages.

Through Food, Tourism & Hospitality Industry Skills Advisory Council SA Inc. a reply paid facility was secured. This allowed surveys to be returned free of charge. A three-pronged approach was designed to get the survey to as many employees as possible and also ensure a good regional distribution:

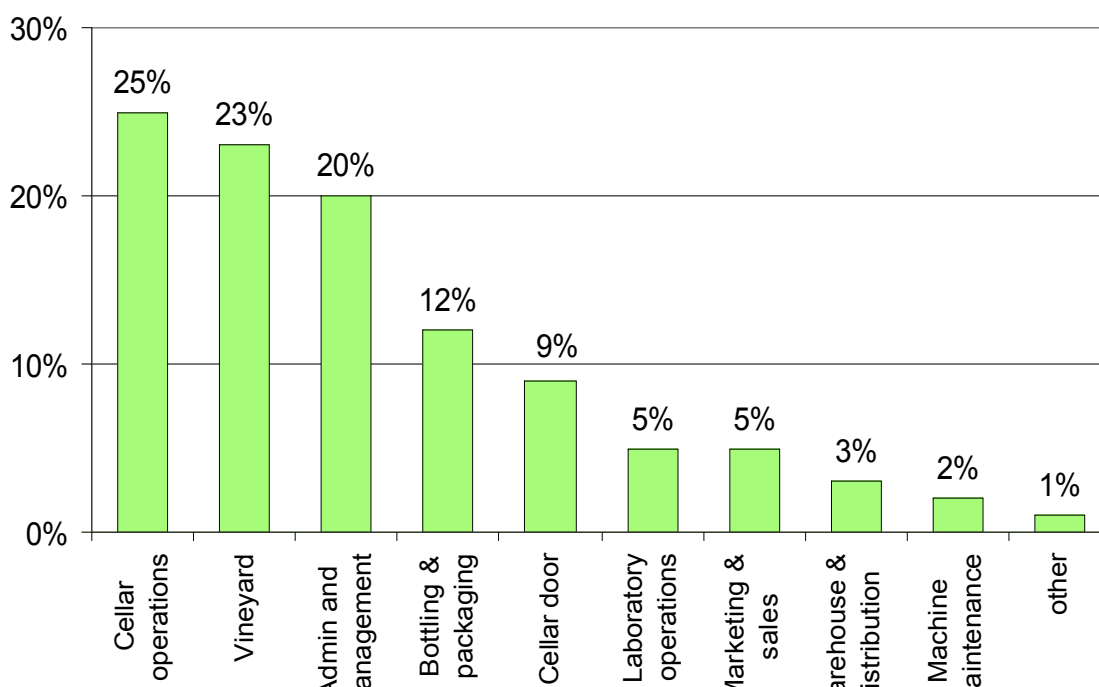
1. Direct mail (post or electronic) to identified small-medium employers
2. Emailed to regional wine and grape groups for forwarding to members
3. Distributed by large employers through internal mechanisms

FINDINGS

WORKFORCE DEMOGRAPHICS

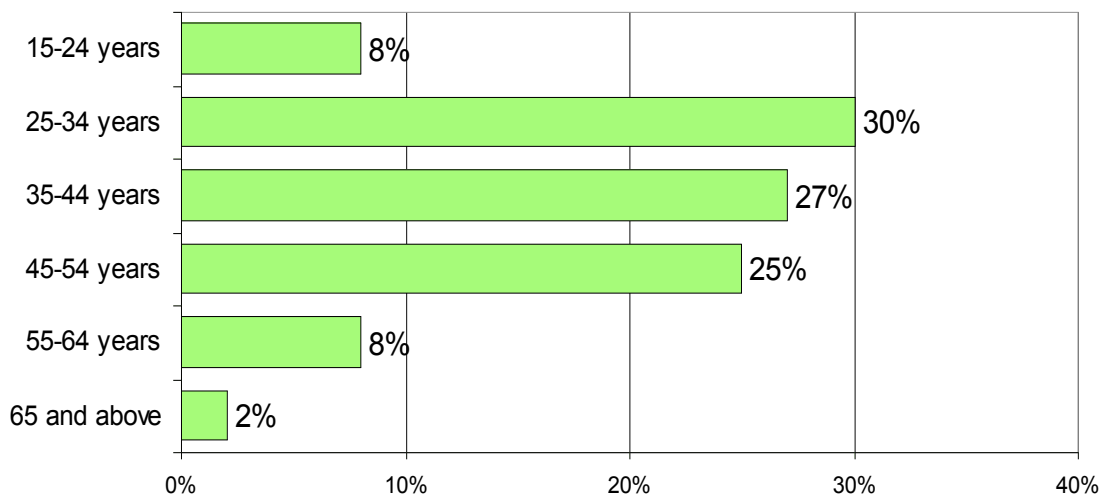
- 306 wine and grape industry employees participated in this survey.
- Cellar operations, vineyard and administration/management employees were the largest groups with between 20% and 25% of the sample working in each area.

DISTRIBUTION BY WORK FAMILIES

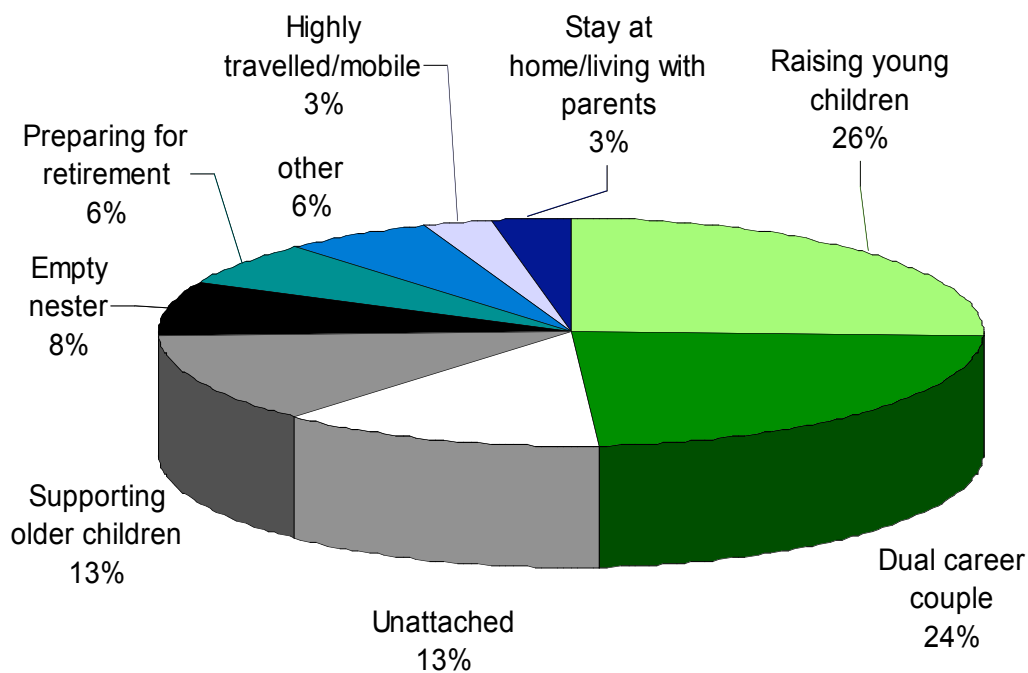


- The majority of wine and grape industry employees who completed the survey were full-time employees working at least 30 hours a week (91%). Almost three quarters (71%) claimed to work more than 38 hours a week. 78% were full-time permanent and a further 9% were full-time casuals.
- 27% of survey respondents were new to the industry, having worked in wine and grapes for less than five years. 30% had worked in the industry for five to nine years and 32% for ten to nineteen years. Only 10% had worked in the industry at least twenty years.
- 44% have had only one employer in the industry.

■ 62% of respondents were males and the age distribution was as follows:



■ The life stage distribution of the sample was as summarised below:



■ Only 7% of the respondents identified with any ethnic/cultural group.

RETENTION

- The most popular anticipated retirement age was 56-60 (34%), followed closely by 61-65 (28%).
- Respondents were asked to indicate the circumstances under which they would still want to work when they reached retirement age.
- Popular responses were part time work / flexible hours (40%), if I needed the money (21%) and if work was still interesting (19%).
- Half (50%) of all respondents intended to be in the same job in five years' time.
- Another third (30%) intended to be in a different position but still within the wine and grape industry.

WORKPLACE CONDITIONS

- Most frequently nominated factors in deciding to leave an employer were:
 - Unfriendly workplace 25%
 - Wages not high enough 23%
 - Limited career path 18%
 - Working hours not suited 8%
- Common benefits were:
 - Time off for personal matters 65%
 - Support for education and training 62%
- Followed by:
 - Paying out accrued holidays 29%
 - Salary packaging 28%
- Common perceptions of the workplace were as follows:
 - Friendly work environment 73%
 - Provide opportunities to learn 53%
 - Pay staff well 45%
 - Provide flexible working 40%

- Perceptions about the extent of control employees have over their work were mixed:
 - Most people have a lot of control 39%
 - Most people have a little control 36%
 - A few people have a lot of control 19%
 - Effectively, individuals have no control 5%

- Employment conditions most often cited as important were:
 - Access to education and training 50%
 - Remuneration packages 49%
 - Family friendly policies and 46%
 - Recognition/reward programs 41%
 - Flexible working hours 39%

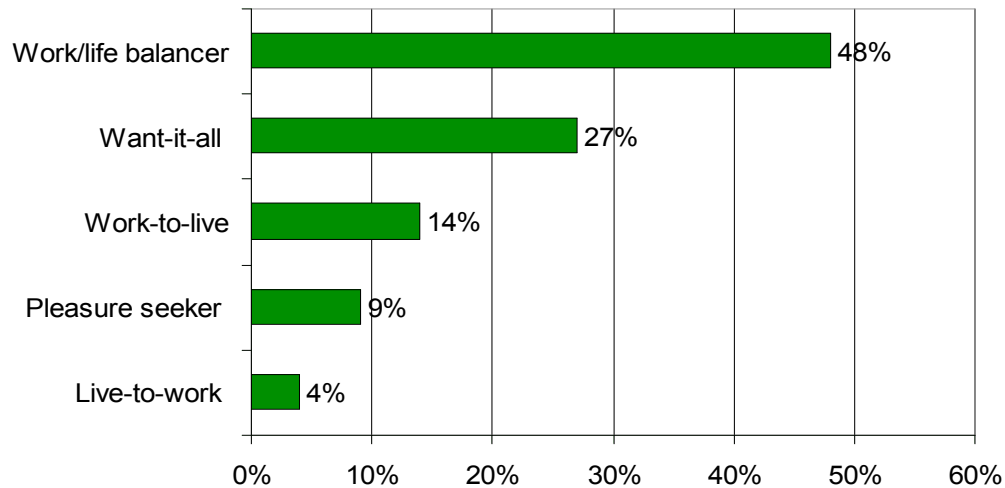
EMPLOYEE ATTITUDES

- Likes and dislikes about working in the wine and grape industry were as follows:

LIKES	DISLIKES
People in industry/friendly (15%)	Weather (13%)
Variety of jobs/tasks (14%)	Long hours at vintage (12%)
Wine/passion for wine (13%)	Attitudes -superior, pretentious (9%)
Interesting/exciting /dynamic (11%)	Money (7%)
Challenging work (10%)	
Working outside (10%)	

- Work was viewed as follows:

ATTITUDE TO WORK



Want-it-all (*ambitious, need challenging, varied, well-paid work*)

Work/life balancer (*flexible hours/part-time, stimulating work with responsibility*)

Pleasure seeker (*don't want work to affect personal and social life*)

Live-to-work (*ambitious, work long hours, desire promotion, work before home life*)

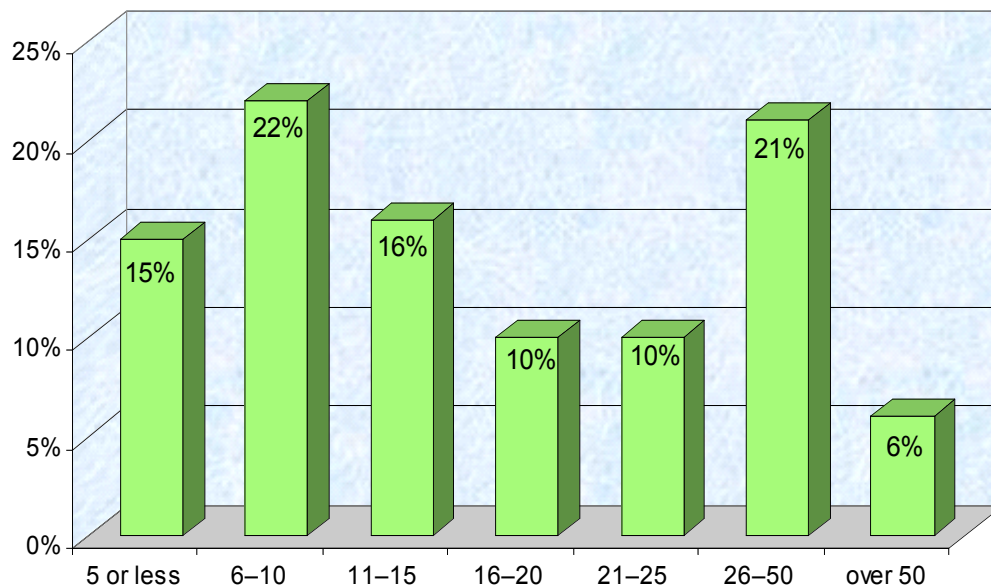
Work-to-live (*don't mind repetitive tasks, not interested in long hours or promotions*)

- One in three considered any of the following to be barriers to employment:

- Distance to work too far 11%
- Lack of public transport 10%
- Affordable housing 6%
- Accessing child care 5%
- other 4%

- When specifically asked about travel to work, 37% travel no more than 10 kilometres, with 27% travelling more than 25 km.

DISTANCE TO WORK - kilometres



TRAINING AND SKILLS DEVELOPMENT

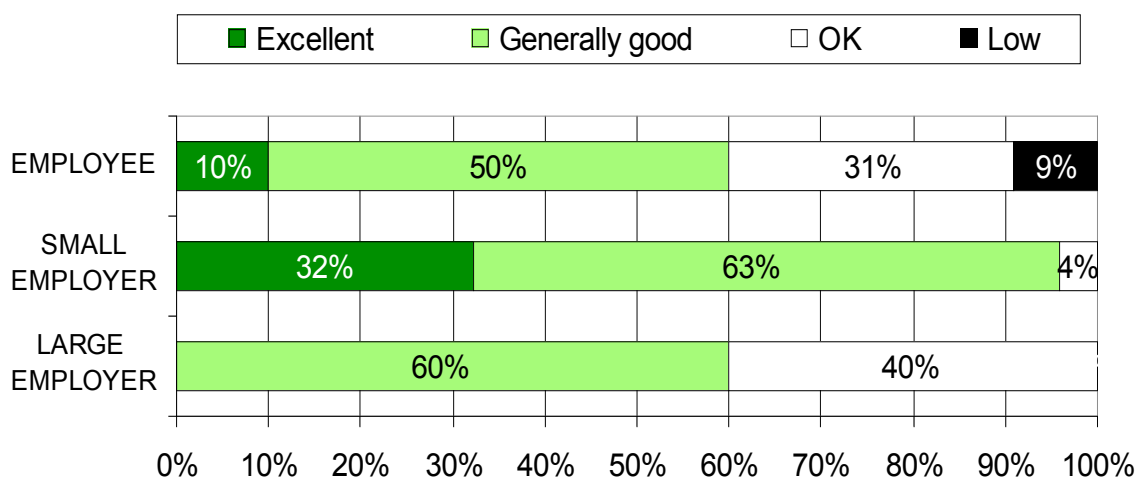
- Most workers surveyed have either tertiary (26%) or post secondary (31%) qualifications.
- 67% of respondents named qualifications specific to the wine industry and 46% named qualifications that they regarded as not being specific to the industry.
- 65% indicated that they had undertaken training in the previous 2 years. This was almost always employer – sponsored (92%) and provided during work hours (85%).
- However, more than half (56%) indicated they were willing to contribute to the cost of further training.
- Respondents were asked to think about their current job and indicate which skills were most important to job success.
 - The most popular responses were **technical skills** eg pruning, machine work, wine making (21%), **customer service** (21%) and **communication** (18%).
 - Other relatively popular responses were **time management** (14%), **knowledge of product/region/work area** (14%), **business** skills eg financial, planning, negotiating (12%), **people management / supervising** (11%), **attention to detail / concentration / accuracy** (10%) and multi-tasking / flexibility (10%).

EMPLOYERS AND EMPLOYEES – COMMON QUESTIONS

A small number of issues were covered in comparable ways amongst both employers and employees. These are summarised below.

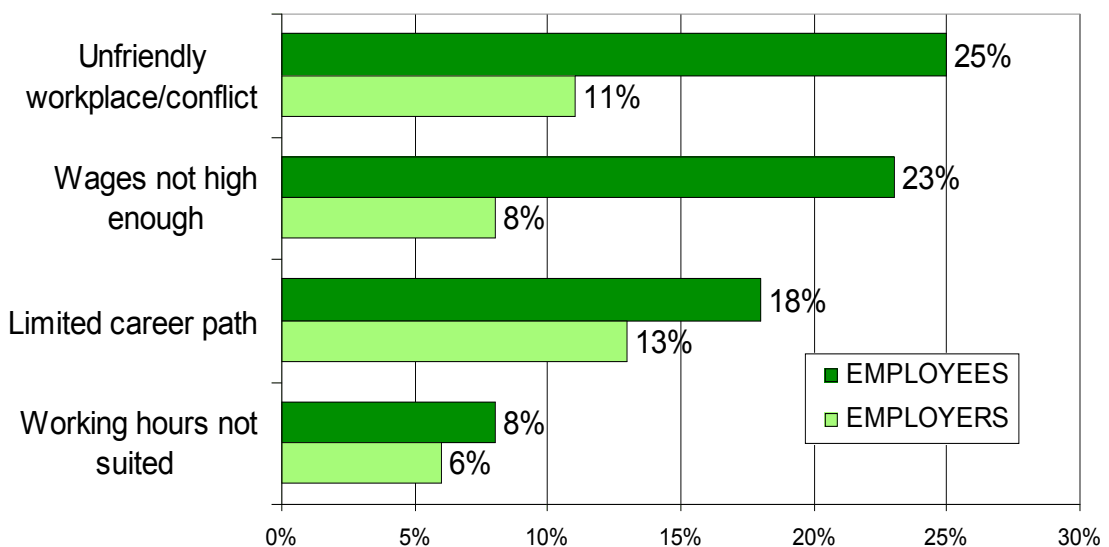
- Employee morale was rated less favourably by employees themselves than it was by employers in the small employer survey. The response pattern for large employers is less polarised but not dissimilar to that of employees.

EMPLOYEE MORALE

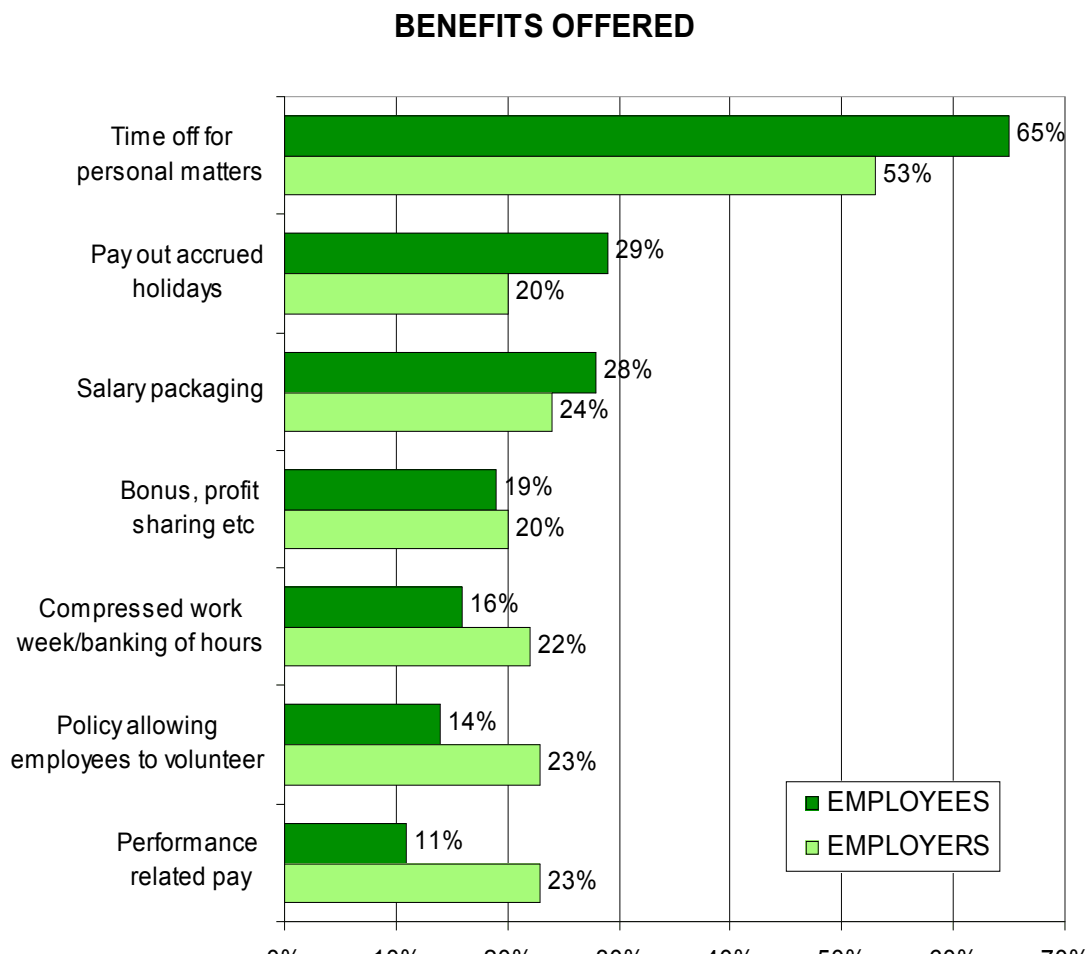


- The chart below contrasts factors workers say would influence them to leave an employer with reasons employers say have cause people to leave:

REASONS TO LEAVE



- The following summarises benefits and entitlements employers indicated were offered to most staff and those employees believed were offered to them.



- The following chart compares the regional distribution of employers and employees who participated in these surveys. Several of the large employers operated from multiple locations and so large employers are excluded from this analysis.

