



National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TĀEA

Exemplar for Internal Achievement Standard Business Studies Level 3

This exemplar supports assessment against:

Achievement Standard 91383

Analyse a human resource issue affecting businesses

An annotated exemplar is an extract of student evidence, with a commentary, to explain key aspects of the standard. It assists teachers to make assessment judgements at the grade boundaries.

New Zealand Qualifications Authority

To support internal assessment

	Grade Boundary: Low Excellence
1.	<p>For Excellence, the student needs to comprehensively analyse a human resource issue affecting businesses.</p> <p>This involves collecting evidence relevant to a human resource issue from a range of sources, evaluating the human resource issue and recommending the best possible solution through:</p> <ul style="list-style-type: none"> • integrating business knowledge relevant to a solution • integrating a Maori business concept(s) where relevant to a solution. <p>This student has established that the consumption of alcohol outside of work hours impacts at least two New Zealand businesses that have a global reach (1) as required at Curriculum Level 8. Evidence has been gathered from a range of sources (2). The issue and its impacts on productivity (3) have been evaluated.</p> <p>The student has comprehensively explained two possible solutions that one business, a hardware chain, could take to mitigate the issue (4). A recommendation has been made in the context of improving productivity (5). Relevant business knowledge has been integrated into the responses (6).</p> <p>For a more secure Excellence, the student could demonstrate further business knowledge related to the human resource cycle. For example, their solutions could be discussed in the context of change management, and would refer to the Health & Safety at Work Act 2015 and the Privacy Act 1993.</p>

The human resource issue I am investigating is the **consumption of alcohol by employees in their private time and how this contributes to preventable absences from work and lower productivity at work**. Statistics reveal that a significantly large portion of New Zealanders who are employed are drinkers and, according to research conducted by ACC and the NZ Ministry of Health's (MOH), drinking is an important part of the kiwi lifestyle. The **MOH research** found that "Over 50 per cent of New Zealand adults can be classified as 'binge drinkers' ... Therefore, it is inevitable that in any organisation, regardless of size, there will be a proportion of individuals experiencing problem drinking ..., and they are just as likely to be in the boardroom as on the factory floor, in the office or the sales force." **[Further statistical references have been omitted from this exemplar.]**

██████████ is the country's leading hardware and trade store. It sources stock locally and from overseas and has some customers overseas who buy through their website. I interviewed Mr DH, a department co-ordinator at the **██████████** branch of the company (interview transcript attached). He talked about what he knows about the alcohol consumption among his team members and how it impacts on work within his department and the store. Mr DH said it was a difficult topic for him to deal with because he had to be careful of his team members' privacy. Of the 18 people he is responsible for he considered seven had a drinking issue that regularly affected their attendance and performance at work. Mr DH and other department co-ordinators at the branch estimated that there were probably 10-15 days taken per week that they suspected were due to hangovers. Fridays and Mondays were the worst days for absenteeism. Using information Mr DH gave me I calculated that this preventable leave costs between \$1,656 and \$2,484 per week. From my calculations, **██████████** would be losing a minimum of \$86,112 p.a. before the impact and stress on other staff members is considered.

Mr DH told me about an incident that happened in December 2016. The annual 'Crate Day', started by a NZ radio station is held on the first Saturday of December to welcome the arrival of warm weather. People are encouraged to drink an entire crate of alcohol over the course of the day. Mr DH said that a record number of employees called in "sick" that day or the following day when they might have had hangovers. This then caused the people who turned up to work a huge amount of stress due to them being short-staffed and having to deal with customers complaining about the lack of staff to serve them. Some staff members became angry and resented having to cover for drunk colleagues. It took several days for all regular tasks to be up-to-date. Mr DH said this sort of problem was becoming an "increasingly alarming" issue for **██████████** as employees' contracts state the employer does not need to see a medical certificate unless they have had three days in a row off, or they have strong reason to believe there was not a genuine reason for taking sick leave. Management at **██████████** chose not to take disciplinary action against their workers, even those who had uploaded to social media drunken pictures of themselves at Crate Day parties, but they emailed all staff about inappropriate use of sick leave. This made workers who never abused their sick leave even more angry and resentful.

In Mr DH's department team members' work includes serving customers, pricing and putting out stock, arranging promotion displays, maintaining cleanliness in the department and occasionally taking part in demonstrations. Some stock, such as vanity units and pallets of plumbing fittings, needs to be moved from the warehouse to the store using a fork hoist, and sometimes there is heavy lifting required. If affected by alcohol, or if rushed because of short-staffing, workers could put customers, workmates or themselves at risk of injury either from the fork hoist or from poor or unstable stacking of stock items. This would put **██████████** in breach of health and safety legislation. When team members are absent at short notice the main focus of the other workers is on helping customers. This can mean that promotional prices are not updated, popular stock items are not replenished, aisles are not kept clear and computer records are not updated. Wrong prices and low stock levels can reduce sales and affect customers' impression of **██████████**. **[Further information of impact on productivity, using the Crate Day as an example, omitted from this exemplar.]**

Some employers take discipline action, even dismissing an employee, because their work has been affected by hangovers or alcohol-impaired performance. Mr **██████████** took a Wellington construction company to the Employment Relations Authority in 2017, complaining that he had been unjustifiably dismissed over several incidents when he had taken time off work, or come to work hungover and smelling of alcohol. The ERA found that Mr **██████████**'s dismissal had been fair.

In August 2015 Stuff published an article, 'Crackdown on boozy corporate workplaces' after three breakfast radio hosts "uttered garbled and unintelligible sentences and laughed hysterically during parts of the morning show". They had come to work still drunk after a heavy night out drinking. Kirk Hardy, chief executive of The Drug Detection Agency was quoted: "Someone might come to work and look fatigued or bleary-eyed or washed out ... and you can often smell it on them and the bosses might request an alcohol test ... Tests often came after a pattern emerged in an employee. That's your Friday mornings after a big Thursday night, or even Mondays, after a big weekend – whatever the pattern". The article also referred to how other large employers dealt with alcohol-impaired workers. "Mighty River Power, Fonterra, KiwiRail and Carter Holt Harvey all said they had zero tolerance policies towards staff who were caught with alcohol on their breath."

As Mr DH had reported that **██████████** had not taken any disciplinary action against workers that were suspected of being hungover at work, I set out to find some possible solutions to the issue of alcohol consumption impacting on productivity at the hardware chain. Mr DH gave me a copy of **██████████** standard employment contract. It was 13 pages long but the only reference to alcohol was a statement that there must be no consumption of alcohol within the workplace or during the working day.

Solution 1: Alcohol Use Policy

██████████ could contract an outside specialist to draft an Alcohol Use Policy for management to consider. This would become part of new employment agreements that employees have to sign when they accept jobs at ██████████, just as they have to sign an Internet Use Policy. The policy would contain the consequences for a worker who is found to be under the influence of alcohol, is not able to perform to a required standard due to alcohol, or who is absent due to alcohol use. The policy would include procedures such as workplace investigations, disciplinary steps, warnings and would state that alcohol testing could be conducted. Once the Board of ██████████ approved the policy, it should be distributed to all stores, warehouses and offices of the company in the country. Employees would then have to sign their own copies of the policy to say they understand and agree with it. To increase the chances of employee buy-in ██████████ should involve the First Union which Mr DH estimates 75% of the employees belong to. Some existing employees might object that alcohol testing at work goes against their human rights. This solution would improve productivity because workers would be aware that there could be consequences of turning up to work drunk or impaired and that their behaviour might cause management to bring in an alcohol testing agency to measure their blood:alcohol measure. Knowing that their warnings could go onto their employment records or their jobs could be at risk could encourage workers who consume excess alcohol to change their habits so that their future employment at ██████████ is not affected.

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Solution 2: Education and support

Education should be a key area for ██████████ to focus on. It is likely that ██████████ workers who bring their alcohol issues to work will know about the health disadvantages of drinking alcohol, but they might not have thought about the knock-on effects on ██████████ and their colleagues of taking unplanned leave because of their alcohol use. If excess drinkers are made aware of the extra stress and the health and safety risks hangovers at work or absenteeism due to alcohol abuse cause, they might be less likely to behave that way. The education should be done in a supportive way so that everyone feels safe and not victimised. ██████████ could have a video that used interviews with well-liked and respected staff within the company talking about their personal struggles with stress and lack of motivation due to colleagues' absenteeism caused by alcohol. Getting excess drinkers to think of the impact their reduced performance or absenteeism has on their peers could be very successful and could lead to them coming to work fresh and unimpaired by alcohol, leading to fully staffed stores, levelling out workloads and reducing stress. The short video could be shown at team meetings and made available on the staff intranet. Another way that could help employees drink responsibly would be to provide professional assistance or counselling to those who wanted to address their drinking. ██████████ could sign up to the Employee Assistance Programme. EAP is a confidential service where employees of registered businesses can access up to three counselling or support sessions, e.g. for lifestyle or health issues. The service is free to the employees and they are guaranteed confidentiality. EAP would invoice ██████████ for three sessions for a worker without saying who the worker was or what the counselling was about. Offering EAP to its workers would increase expenses for ██████████ but in the long term could reduce leave payments, improve team morale and maintain the expected level of sales. On its own I don't think this is a full solution to the problem ██████████ has but it would work well if used with the education strategy.

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I recommend that ██████████ should use a combination of solutions 1 and 2. The company needs to let their employees know that, like other employers like Carter Holt Harvey and NZ Post, they will have zero tolerance for staff reporting to work under the influence of alcohol or when it can be proved that a worker has taken sick leave because of excessive use of alcohol. To make sure that any Alcohol Use Policy can stand up in an employment court, ██████████ should have a specialist research the wording of policies used by other companies, examine successful relevant cases taken to the Employment Relations Authority, consult with First Union who can advise from the viewpoint of employees' rights under law. Once it is finalised the policy would become part of the employment contract process. Current employees would also be asked to sign the policy but some might refuse to because they are worried about alcohol testing. Someone who is a light social drinker whose work is not affected by alcohol they drank the night before might be concerned that alcohol might show up in their test and they might be disciplined for this. ██████████ would need to reassure staff that testing would only be done if the employer smelt of alcohol or if there were good reasons to suspect they were under the influence of excess alcohol. If an existing employee refuses to sign the policy ██████████ could not force them as it is a change to their original employment conditions, however if necessary the employer could implement investigation and disciplinary procedures as this is an option open to all employers. When the policy is ready for introducing to employees, ██████████ management should contact employees to explain the new policy and the requirement for them to sign the policy. They should explain that under health and safety legislation ██████████ has the primary responsibility for the health and safety of their staff members but workers must also take reasonable care for their own health and safety and make sure that their actions don't harm the health and safety of others. If a worker is used to driving a fork hoist while hungover learns that they might be alcohol tested and might be found guilty of causing harm to others, they might be shocked enough to change their drinking habits.

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The business could make an information video about the new policy to explain consequences for breaking it, investigation and disciplinary procedures, how alcohol testing would work, etc. This could be uploaded to the ██████████ website and shown in team meetings. ██████████ union representatives could appear on the video to discuss the union's consultation with management. The education and support programme could be launched at the same time to coincide with introduction of the new alcohol policy. This might encourage heavy drinkers whose work is affected by alcohol to change their habits for the sake of their employer and co-workers, and to make use of EAP counselling to make better lifestyle decisions.

To find out whether the new policy and support programme improves productivity at ██████████ the company could compare leave records and sales figures for three monthly periods to see if any changes can be put down to a change in employee behaviour.

	Grade Boundary: High Merit
2.	<p>For Merit, the student needs to analyse, in depth, a human resource issue.</p> <p>This typically involves collecting evidence relevant to a human resource issue, fully explaining the human resource issue and a range of possible solutions through:</p> <ul style="list-style-type: none"> • including business knowledge relevant to a solution • including a Maori business concept(s) where relevant to a solution. <p>This student has thoroughly analysed the human resource issue of the distraction of social media and its effect on productivity on New Zealand businesses. While specific global businesses have not been identified, evidence relevant to the issue has been gathered from a range of secondary research sources. Some primary research has also been conducted (1).</p> <p>The student has suggested a range of possible solutions to the issue, and included business knowledge relevant to these solutions (2).</p> <p>To reach Excellence, the student could have strengthened business knowledge with suggestions to enable a continued positive employment relationship. For example, they could discuss the implications of management not following through with consequences for non-compliance and further risks stemming from that.</p>

Some of the sources and statistics in this document are fictitious and merely exemplify a possible response.

This investigation is about the **distraction of social media websites and how it affects New Zealand businesses**. In many workplaces it is common to find workers checking their mobile phones and computers constantly for Facebook updates, tweets or Instagram feeds. Workers are off-task and being distracted by social media, causing a lack of productivity and a loss of profit for their employers.

This report investigates whether or not the use of social media websites is a problem in workplaces in New Zealand and whether it affects a range of businesses. Three solutions to this issue will be provided and I will recommend which in my opinion is the best solution.

A **Massey University study** stated that the “proliferation of collaboration and social tools designed to increase productivity is actually costing businesses millions of dollars per year in lost productivity”. It also stated that “nearly 60% of work interruptions now involve either using tools like email, social networks, text messaging and IM, or switching windows among disparate standalone tools and applications. In fact, 45% of employees work only 15 minutes or less without getting interrupted, and 53% waste at least one hour a day due to all types of distractions”.

1

These distractions reduce productivity as workers are not able to complete given tasks in time due to the distractions of social media websites. The employer still has to pay the employee on an hourly rate even if the employee is not achieving the requirements of the job.

In an article titled ‘Who wastes the most time at work?’ published in **NZ Investigate magazine** it was concluded that “64% of employees visit non-work related websites each day. In this category, the amount of time wasted per week on non-work related websites is as follows: less than one hour 39%, 1-2 hours 29%, 2-5 hours 21%, 6-10 hours 8% and 10+ hours 3%. Contributing to these percentages are social media networks. The winners for the time-loss war are Tumblr (57%), Facebook (52%), Twitter (17%), Instagram (11%) and SnapChat (4%).”

1

In February and March 2015 **salary.co.nz** surveyed more than 3,200 people to find out how and why people waste time at work on their computers. Of the top six reasons why employees waste time at work, being underpaid ranked dead last at 18 percent. Most employees - 35 percent - said they waste time at work because they're not challenged enough. That was followed closely by the 34 percent of employees who claimed they waste time because their hours are too long, 32 percent whose company gives them no incentive to work harder, and 30 percent who are unsatisfied. Additionally, 23 percent of respondents said they waste time at work simply because they're bored.

1

While this personal use of social media sites is going on, productive work is not happening. With reduced productivity, businesses cannot grow. The worst effect is that reduced productivity affects a business's profitability. A decrease in profitability affects stakeholders such as shareholders and investors, and customers. A dramatic decrease in productivity will affect shareholders who could receive lower dividends as a consequence of lower profit. Customer service may suffer if staff members are distracted by being slow to respond to emails or and not completing their work in a timely manner. Customers may take their business somewhere else, further decreasing profit. An ultimate consequence is that lower profit may mean a business has to make some staff redundant.

Results of student's survey of five workers from different office-based workplaces, omitted from this exemplar.

1

From my research, and after looking at the results of my survey of workers, I have come up with three possible solutions to the issue of distraction of social media in the workplace.

Solution 1 – ban access

Ban access to social media sites on the employer's computer system and **make known to employees in the induction process** that social media sites cannot be accessed during working hours. The first part of this is easy as undesirable sites, ones that people waste time on, can be blocked in the computer system. The second part is hard to police because while an employee may sign the policy saying they will not use work time to visit social media sites, it is hard to prevent them from accessing them using their personal cell phones. Therefore **it is important that the business has a policy that informs employees of the consequences of breaching the internet usage policy. There should be consequences.**

2

2

The advantage of a ban is that the firm's computer system will not be at threat of viruses and malware that often come from social media sites. Also, workers will be less likely to be distracted from their work. A disadvantage is that workers may feel resentful and feel that they are being treated like children.

Solution 2 – set limits and restrictions on the use of social networking sites

It is possible for a computer system to be set up so that workers have only a certain amount of “quota time” per day, such as one hour. Under this system workers may only access restricted sites such as Facebook, Twitter, Instagram and TradeMe for the limited number of minutes. If the quota time is 60 minutes then this time can be used any time during the day so the person may access the sites when they should be working, not necessarily during their break times.

The advantage of this solution is that workers are less likely to be distracted during work hours and therefore are more likely to be productive. By setting boundaries on social media use, the employer is indicating some trust in employees, while ensuring they do not ‘waste’ an excessive amount of time using websites that are clearly not related to their work.

A disadvantage is workers might be resentful if their access is limited, their morale might be lower and they might not be any more productive. Another disadvantage is that the limit is only imposed on employees who use the workplace computer to access the sites; it does not prevent workers from wasting time on the sites using their own phones or small devices, using the workplace’s wi-fi or using their own data.

Solution 3 – allow access but monitor employees’ use of social networking sites

Under this solution there is free access to all sites but employees are made aware that there might be random or targeted monitoring of their use. **At the time of their appointment employees would sign an internet usage policy** that includes a warning that software has been installed to monitor the sites visited and the time spent at sites by each of the firm’s computers. This should act as a deterrent. The policy might state that overuse of the sites will be detected and that there will be consequences for excessive usage.

2

The advantage of this approach to the employee is that they are allowed access and are being trusted not to abuse the access. For the employer

A disadvantage is that the monitoring software must be bought and installed and that an IT administrator must have the monitoring as part of their workload. Both of these are additional costs (capital investment in the technology and the staff expense for the administrator) which reduce profits.

Also, this solution could affect employment relations. This can reduce the morale of a hardworking staff member who gets through a lot of work but is resentful because their colleague is shirking work by spending far too much time checking their Facebook updates.

2

My recommended option is to set limits on social media usage by using a quota time system (solution 2). As part of a new employee’s induction they should be informed in writing that automatic access to certain sites, such as Facebook, is blocked but that limited access is available to a maximum of, say, 60 minutes per day. This time is not cumulative – if it is not used in a day the time is lost. The reason for limiting access needs to be explained in the context of workers being expected to focus on their work, rather than on personal use of social networking sites. The quota time approach indicates that the business has trust in their employees and is treating them with respect. Some people may choose to go to the gym during their lunchbreak, others will read hardcopies or online versions of a newspaper, or do crosswords, so it is acceptable that workers be able to access their social networking accounts. Some workers might choose to work through their ‘lunch break’ and then spend time at another part of the day using quota time to explore the net or check their TradeMe listings or job-hunt on Seek. The cost of installing the Websense software will reduce profits but as it is an automated system that can produce user access reports so there is no need for an IT person to spend any of their time monitoring the employees’ usage.

Employers also need to take notice of why people actually waste work time on social media. The salary.co.nz research showed that most people who waste work time do so because they are not happy in their work – they are bored, not challenged or do not feel valued. Through conversations between workers and their managers or **more formally through an appraisal process**, employers should try to gather information about how workers are feeling about their work and how committed they feel to the business aims and goals.

2

All sources cited and a bibliography provided.

	Grade Boundary: Low Merit
3.	<p>For Merit, the student needs to analyse, in depth, a human resource issue.</p> <p>This typically involves collecting evidence relevant to a human resource issue, fully explaining the human resource issue and a range of possible solutions through:</p> <ul style="list-style-type: none"> • including business knowledge relevant to a solution • including a Maori business concept(s) where relevant to a solution. <p>This student has analysed the problem of recruiting seasonal workers and its impact on two New Zealand agribusinesses (1). The issue has been fully explained from the perspective of the businesses (2). The student has given a range of possible solutions to seasonal recruitment problems (3). Some business knowledge has been explained (4).</p> <p>For a more secure Merit, the student could have included more explicit business knowledge relevant to the solutions. For example, reference could have been made to firms undertaking workforce planning prior to the start of each season. A staffing needs analysis could be carried out to ensure that recruitment is successful. In discussing on-the-job training, the student could refer to the repetitive nature of fruit packing, and could make reference to the employer's obligations under the Health & Safety at Work Act.</p>

The issue I will be reporting on is the **difficulty of successfully recruiting and retaining seasonal workers.**

ABC Fruit Packers is a small fruit packing business located in [rural area of New Zealand]. They are the only kiwifruit pack house in the region. Here they pack green and gold varieties of mostly organic kiwifruit for export through Zespri International. ABC is an example of a business that relies on seasonal workers and has had issues in the past with finding enough staff to match the work. Owner of ABC, Ms X previously advertised a job for an administration worker. She received over 200 applications but only two were suitable for the job. ABC need seasonal staff all year round however demand for them vastly increases between March and June which is the peak picking season. Seasonal workers are imperative to ABC as they fill in the holes that are created when demand for work is greater than the supply of staff. Employing a large number of seasonal workers saves businesses like ABC money as it is cheaper to hire seasonal staff than hire a permanent employee who will be entitled to more employee benefits and to whom the firm will have more legal obligations. When demand for workers exceeds the number of staff available, ABC loses productivity. That is, if ABC Fruit Packers does not have enough seasonal staff to harvest the huge amount of kiwifruit that is produced in peak kiwifruit season, overall profits decrease due to fewer fruit picked and packed. As a result, less are sold and the surplus product is wasted.

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The well-known supermarket Pak'nSave is a business that also understands the importance of recruiting and retaining seasonal staff. The ZZZ branch of Pak'nSave typically requires seasonal staff during holidays, especially Christmas. Just like ABC they rely hugely on seasonal workers and for similar reasons. I interviewed the human resources manager at ZZZ Pak'nSave's, MH, who informed me that they do not have any major issues when it comes to hiring seasonal staff because "there are always people waiting in line to get a job with us". But I think that this is just a result of Pak'nSave being a large corporation which happens to be right in town with relatively easy work, compared to a small business requiring hard physical work that is located in a rural area.

Unlike Pak'nSave which is in a fortunate position of easily being able to recruit seasonal workers, **Plentiful Pipfruit** is an apple and fruit orchard in Nelson. From my email correspondence with the owners W and G, I learned that their experience is very similar to Ms X at ABC Fruit Packers. They offer a range of roles throughout the year but cannot employ enough workers during the peak harvest season. The seasonal workers they employ are almost all tourists/backpackers so every season there is an almost complete turnover of staff with no continuity of experience.

1

There are many perspectives about the cause of the lack of seasonal workers. Unpleasant and undesirable work is the first cause. It is human nature for a person to try to avoid something that is unattractive or unpleasant. For example, people may not like the cold or not like physically demanding work or sitting in an office and because of that they simply won't apply for certain jobs. An unpleasant job will always have less potential staff than a pleasant one unless another factor outweighs the negatives of the job, which brings us to the next cause, not enough pay.

The level of pay is a huge if not the best motivator for workers. It can determine whether an employee just drags along and does the job, or does it extremely well. In this particular case the workers are not getting paid enough, which is the reason firms are having difficulty with the recruitment and retention of seasonal workers. People are reluctant to work at a particular business if the pay is perceived as too low compared to the work that is being conducted. Take a paper run for example. The average paper run is between 100 and 200 papers, taking roughly an hour for each delivery, through rain and shine and pays a mere 2.5 cents per paper, with an overall total of \$25 to \$50 per delivery. The reason the paper run is so undesirable to many people is because of the amount of physical effort that is demanded and the fact that it must be done regardless of the weather. The negatives of the job clearly offset the positives.

The next cause is location which is a significant factor that needs to be considered when it comes to looking for seasonal staff. Workers care about how far they must travel to work because it costs time and money. People who travel a fair distance to get to work have to forfeit a portion of their pay to cover petrol or public transport costs. Having a fair distance to drive also means sacrificing time spent on other things such as sleep, relaxing or spending time with family or friends. It would cost more money and time if a seasonal worker at ABC Fruit Packers had to drive from [nearest city], than a worker who lived in [the rural location]. It is more likely that a person will take a job close to home, such as at Pak'nSave.

A large reason firms find it difficult to find adequate seasonal workers is because some of the applicants lack basic work skills. For example, Ms X from ABC has come across workers who lack basic skills for the workforce, such as critical thinking and communication. This makes things difficult because they are unable to complete the work that needs to be done and they operate at a slow pace.

2

Another problem seasonal employers, especially ABC Fruit Packers, face is the fact that the majority of available and willing workers are either still in high school or are studying at university. The students are only available to work when they are on study break and holidays. So it is easy to find enough workers during the Christmas holiday period

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because school and university is out, but once the academic year starts there is a big drop in seasonal workers. Ms X has found that most students have the right attitude and mind-set for holiday packing work as they are used to being occupied and organised and they are usually highly motivated and have a very clear purpose, to earn as much money as they can to fund their study, their living or their fun. This is also the case for tourists or backpackers but for those people Ms X has to check they have the right visas to legally work. In Ms X's experience those who have been unemployed for a while can take a long time to settle into the work as they need to re-establish good work habits and may see the work as a filler until better work comes along.

The consequences of not having enough seasonal staff on board are that less product is sold overall, generating less income for the business. There are many consequences which occur due to a lack of seasonal staff, however those that are most detrimental to the company are those that have a negative impact on production, productivity and motivation. Understaffing means that customers' demand for fruit cannot be met so these customers might buy the competitor's product. Workers who are overworked or feel they are under pressure due to understaffing may become resentful and less careful in their work. An attitude of 'why bother' may fill their heads.

Solutions

- 1 The firm could find out what makes their jobs unappealing and add/remove or alter an aspect of the job until it is more appealing than before, to the point a person would no longer be repelled by it. For example, if work at ABC Fruit Packers was unappealing because the work location was too hot or too cold, workers could be provided with drink bottles, sunhats, glasses etc, making it easier for workers to cope. Ms X should take care that environmental conditions comply with the Health & Safety at Work Act 2015. Consultation and communication are important for good workplace relationships. Ms X could consult with some long-term seasonal/casual workers to get their feedback on how the job could be made more appealing to potential workers. 3
- 2 A response to pay being perceived as too low – alter the existing pay or conditions to make the work more attractive. The pay rate might be able to be increased or other strategies such as offering bonuses or extended paid work breaks, could be introduced to appeal to seasonal workers. For example, a firm could offer to pay for petrol costs and offer light meals for packers who have to travel a certain distance to and from work. 4
- 3 A solution for workers' lack of basic skills could be on-the-job training so that new workers can develop the skillsets required for their jobs. For example, a worker at ABC Fruit Packers would have an experienced staff member allocated to them as part of the induction process to teach safe and appropriate work practices, including how to use technology. 4
- 4 The living wage movement supports paying higher than the minimum wage to address the growing gap between the rich and the poor as poverty increases. Adopting the living wage could be a solution for some employers of seasonal agribusiness workers. If they are being paid the hourly living wage workers may be more motivated and have a better work ethic as they will be less stressed through coping with living costs. Companies like The Warehouse can see the value of paying a living wage as their employees feel more valued and are now much more likely to be fully productive. That's what ABC is trying to achieve. If ABC were to pay the living wage it might attract a much higher calibre of applicants for seasonal work.
- 5 There is a fruit picking company in [region] that has been hiring church members who are saving to go on mission and service projects. This could be a solution because it fills the gap of seasonal workers and also provides employment for the church members. As the workers have a common goal the employers could have more confidence that work ethic will be high and the work will be performed well. Another alternative is to market to recruit overseas travellers and backpackers. In this case employers would need to make sure that non-NZ residents who are already in New Zealand on student or visitor visas have successfully applied for work visas so that they may legally be employed to do seasonal work in the horticulture industry. 4

Conclusion

I recommend ABC Fruit Packers adopt the living wage for their employees as it is a sustainable yet rewarding solution that will increase the level of motivation and productivity. This will help with the retention of present staff and the recruitment of new workers. It will also result in happy employees who can afford to cover their living costs without an added amount of stress that can affect their work ethic. Although this solution increases the firm's staffing costs it will benefit the business through increased productivity, sales and profits. 4

All sources cited, interview notes provided as an appendix, and a bibliography provided.

	Grade Boundary: High Achieved
4.	<p>This typically involves collecting evidence relevant to a human resource issue, explaining the human resource issue and a possible solution through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to a solution • stating a Maori business concept(s) where relevant to a solution. <p>This student has collected evidence from two employees and a minimum wage earner as part of their analysis of the current issue of businesses feeling pressured to pay the living wage. While the small café is unlikely to have a global reach (as required at Curriculum Level 8), the student has demonstrated that calls to introduce a living wage impact on businesses.</p> <p>The issue has been explained from a range of stakeholder perspectives, however the focus of the standard is how the issue impacts the business community (1).</p> <p>Two possible solutions were described, only one of which could be initiated by a business (2). The student has stated some business knowledge by linking the living wage to further training in their solution (3).</p> <p>To reach Merit, the student could have recommended two solutions that businesses could initiate to address the issue. Imposing a government subsidy is not within the scope of an employer. The student could research case study material from the Living Wage Movement Aotearoa NZ to inform their analysis and the construction of a further solution.</p>

Minimum and living wage rates current at the time of writing.

The issue I am exploring is **the pressure on businesses to introduce a living wage** for their lowest-paid employees.

The living wage is a wage that was decided as being appropriate for a 'typical' family of four (two adults, one working full-time and the other part time, and two school-aged children) to get by on. The living wage is an issue that affects businesses that currently paying below the living wage of \$18.40. This is almost \$4.00 more than the legal minimum wage and yet still considered only just enough for the family to buy the necessities they need, i.e. feed the family, pay for school uniforms, buy fuel for the car etc.

Effect on Employees

Currently employees under the living wage in New Zealand find it difficult to live on the minimum wage of only \$14.25. They want to be paid the living wage as it would allow them to live comfortably and not have to worry about being late on a payment or not being able to pay it at all. "The wage was calculated on a modest household budget where people could buy the basics, spend time with their families and enjoy occasional recreational activities, such as a monthly trip to the movies", stated a newspaper article on the stuff.co.nz website. Employees would benefit from this raise in wages significantly. They would have more freedom and not as many worries about what they can and cannot afford. "The difference it would make for my family would be helping with food, housing, hobbies for my kids, like music lessons, and attending holiday programmes", said one factory worker, Tania from Hamilton.

Effect on Businesses

Paying a living wage would be harder on smaller businesses. Joe owns a small cafe in a suburban shopping centre in Auckland. He employs a sous chef, two kitchen hands and three front-of-house staff. One of the kitchen hands and two of the serving/cleaning staff are paid the minimum adult wage. Joe said he would really struggle to pay those three workers the living wage rate as the café already runs on very low margins and he doesn't always manage to pay himself. He also feels that it would then be only fair to increase the wages of the more experienced staff who carry more responsibility. Joe is very pleased with the quality of his employees' work and cannot imagine that they would work even harder for more pay. He would really like to be able to pay the minimum wage earners more, however he has no problem recruiting kitchen hands and front-of-house staff at the moment.

Mr JD, managing director of NameOmitted Foods Ltd (50 employees), said that in one way paying the living wage would be a positive for his business as it would give his lowest-paid workers more incentive to increase their work output, but he would require them to have higher skills before reaching this level of pay. He also says it comes down to what the business can afford to pay. It would add a significant amount to his wage bill so the business would need a good reason, such as being assured of much higher productivity. Mr JD says only his most inexperienced staff members (approximately 10) are paid the minimum wage and they already have prospects of pay rise increments as they gain more experience. He is concerned that if he introduced the living wage he would have to increase the pay rate of many of his other workers to keep some relativity, otherwise there could be resentment and disharmony within his team.

Effect on the Government

While employers are thinking about perhaps paying minimum wage earners the living wage, the government might bring in legislation that the living wage is compulsory. The Minimum Wage

Act could be repealed in favour of a living wage act. This would require the government to think about the impact on businesses, and also to pay minimum wage government workers (such as parliament cleaners) the living wage. To fund the pay increase the government would have to be getting more money from taxpayers. This would require higher taxes (such as an increase in GST) or a cutback on other government spending. This would almost defeat the purpose of paying the living wage. Raising the minimum wage to the living wage may also cause a cut in jobs as many smaller businesses may not be able to keep on as many staff with their wages being a lot higher. This would cause more unemployment and more people may go on the benefit, in which case the government would have to take the fall and pay out. The living wage could also cause much political controversy as the living wage seeks to address poverty in the community.

Effect on the Community

The effect on the wider community could be that the increase from the minimum wage to the living wage could result in number of job losses as businesses may not be able to keep up with the higher wages that they would have to be paying their staff. This would significantly affect those smaller local businesses that don't bring in as much profit as a larger business. For example, a dairy would bring in less profit than a supermarket therefore they wouldn't be able to pay as many staff members because of the higher pay rate. However, living wage would also impact positively on families as they'd be able to go out and buy more, increasing the profit for the businesses they shop at.

1

SOLUTIONS

Solution 1

I think that a solution to the problem that businesses face in being able to pay their minimum-wage workers a living wage instead, would be the government offering businesses a subsidy to cover the increases. Smaller business would need a higher subsidy as they would have a harder time meeting the cost of the living wage, with lower subsidies for larger businesses that are better able to absorb the extra wage cost.

An advantage of this is that the business will have to carry only part of the extra wage cost with the rest of the cost covered by the government. A disadvantage is that it is a short-term fix. At the end of the subsidy period the business may struggle to pay these wages which may force the loss of some jobs.

Solution 2

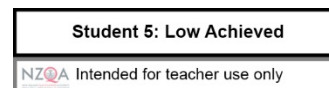
The business could write a medium to long term strategic plan to work towards paying a living wage. In the short-term there could be consultation with staff about the firm's intentions and wage earners could be required to complete additional training so that the higher wages will be assured of increasing productivity. The plan could also address how the business will be able to afford wage increases for their other employees.

2

3

All sources cited, interview notes provided as an appendix, and a bibliography provided.

	Grade Boundary: Low Achieved
5.	<p>For Achieved, the student needs to analyse a human resource issue.</p> <p>This typically involves collecting evidence relevant to a human resource issue, explaining the human resource issue and a possible solution through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to a solution • stating a Maori business concept(s) where relevant to a solution. <p>The student has identified that the shortage of digital skills workers is an issue for New Zealand businesses (1). Impacts of the issue on the business community have been stated (2).</p> <p>The student has recommended two solutions to the skills shortage issue, only one of which can be implemented by the business community (3). Some business knowledge has been stated (3). While not discussed in the context of the human resource cycle, such as recruitment and retention, the student's references to outsourcing and foreign workers bringing diversity to the workforce are sufficient for business knowledge (4).</p> <p>For a more secure Achieved, the student could have strengthened their response with further accurate business knowledge. For example, they would indicate that although some employees from overseas might not have high expectations of working conditions, businesses must comply with employment legislation in terms of minimum wage, breaks etc.</p>



In this report I will cover the growing information technology (IT) skills shortage issue within New Zealand. The lack of skilled IT workers has become a real issue for local businesses. As technology is constantly developed, there is a growing need to employ capable workers. A skill shortage exists when there are not enough appropriately skilled people to meet the demand for labour within an industry, in this case, the IT industry.

Information about the range of IT roles has been omitted from this exemplar.

IT is one of New Zealand's growing industries and there is no possibility of expanding markets without capable workers. IT technology is used in most jobs these days, meaning the majority of New Zealand workers and consumers may be affected by the IT skills shortage.

"A growing digital skills shortage is sounding a warning bell to industry, government and the education sector, says New Zealand Digital Skills Forum chair Victoria MacLennan. A report commissioned by the forum released today showed the country had a significant and growing digital skills shortage, primarily due to the speed and scale of the increase in demand for tech skills. New Zealand was facing an 11 per cent annual increase in demand for software programmer jobs, the report said. More than 120,000 people were employed in the tech sector last year and about 14,000 new jobs were created. However, only 5,090 tech students graduated in 2015, and 5,500 tech visas were granted in same period, demonstrating a shortfall."¹

1

Using seek.co.nz (a job search website for New Zealanders) as an example, a search for "IT" shows over 6,700 results. I compared this to a search for the keyword "retail" and there were 1,700 results. There is a huge difference in job demand between the two industries. Xero, New Zealand's largest software development business, have 373 jobs available according to jobseeker.co.nz. With so many IT jobs to be filled at Xero, the company could fall behind its competitors and be unable to develop its output.

1

The ICT, Electronics and Telecommunications category is on Immigration NZ's immediate skills shortage list² which means "there are no New Zealand citizens or residents available to take up the positions", and the long-term skills shortage list³ which means "there is a sustained and on-going shortage of highly skilled workers both globally and throughout New Zealand".

1

Information & Communications Technology workers are basically computer support jobs at all levels such as programmers, engineers, network security consultants, database managers, system administrators etc. There would be at least one ICT worker (not including teachers of ICT) in every school and large businesses and organisations could employ hundreds of these people. They are all jobs that need training, and usually qualifications as well. Businesses cannot function without these important workers so to not be able to hire suitable people would mean the businesses might not be able to operate effectively or at all. Without a system administrator or technician to help solve computer problems staff members in a school might get really frustrated and they might not be able to look up student timetables, for example. In a big business such as Spark or in a call centre a shortage of appropriate staff might mean that customers' needs cannot be met and they might go to a competitor. Another implication is that a lack of skilled workers can limit the amount of expansion/ innovation a company can undertake.

2

An IT skills shortage can develop into a major problem for businesses in New Zealand as workplaces cannot find enough eligible workers to fill vacancies. A business that is affected by this issue usually only has two options to continue production. They could employ people who are under-skilled for the jobs – this will cost the business time while the workers are being trained and money for training them. Or, they could employ skilled workers from overseas, though this can lead to cross-cultural problems, miscommunication, etc.

A shortage of skilled workers increases a business's employment costs. The cost of locating and recruiting skilled workers is higher when there are fewer available candidates because a special effort must be made to

2

¹ https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11961871

² <http://skillshortages.immigration.govt.nz/immediate-skill-shortage-list.pdf>

³ <http://skillshortages.immigration.govt.nz/long-term-skill-shortage-list.pdf>

find suitable people. If an employment agency is used the business will have to pay a fee to the agency. Average salaries could increase because the workers might need to be paid high salaries to take jobs, or bonuses might need to be paid to keep skilled workers and stop them from taking other IT jobs.

James Corbett, recently employed by Xero after graduating last year, says, “There was a lot of employer interest. I didn’t have to go searching and found a job quite easily. I was quite lucky in that I had a few opportunities offered to me.” James is a prime example of a graduate who was in control over who he worked for, showing there is competition in the IT industry.⁴ Someone like James is in high demand so could be tempted to go overseas to work, probably for more pay. When skilled workers leave New Zealand to use their skills or experience, this is known as the brain drain.

Solution – use foreigners to perform the IT work

3

Outsourcing is a business practice where a business hires another business or an individual to perform tasks, handle operations or provide services that are either usually, or used to be, performed by the company's own employees. Outsourcing could involve contracting an overseas provider to do the work for the New Zealand based company. For example, a telecommunications company might have its call centre staff based in another country.

4

An alternative is to hire IT specialists from foreign countries. Job advertisements would be placed on foreign recruitment websites, or recruitment agencies in other countries could be contracted to recruit staff for the New Zealand businesses. There can be numerous advantages to employing workers from overseas. These people may bring new ideas and an alternative perspective to the business. In addition, migrant workers are usually highly educated and aware of current and emerging industry trends from their experiences in overseas markets. Outsourcing IT workers is a short-term solution to providing businesses in New Zealand with workers.

Positives of Solution

- Cheaper costs – foreign workers might be so keen to get a working visa to New Zealand and eventually residency that they will accept working conditions that are worse than New Zealand workers demand.
- Foreign workers have an alternative perspective on work and business and could potentially provide some new and innovative ideas. Having a diverse workforce is highly valued by many large companies because it reflects global markets and is good for the image of the companies.

4

Negatives of Solution

- Cross-cultural differences – foreign workers sometimes take time to understand the culture of the business and New Zealand. However, this is usually a short-term challenge.
- Outsourcing foreign workers will benefit businesses but will not fix the skills shortage from within New Zealand.

Solution – expose students to IT at school

If IT as a subject was more hyped at school I believe students would be more engaged and encouraged to study IT at tertiary level. If students knew exactly how many jobs were open in the IT industry in New Zealand, and what their salaries could amount to (\$130,000+) they might study IT to degree level, get jobs in the IT field and help fix this human resource issue of having a lack of skilled IT workers. The only downside to this solution that I can think of is that this is not an immediate fix. However, it would be a work-in-progress which would be a solution to the long-term problem.

Conclusion

From my research and study of this topic, I believe that from the solutions outsourcing is the most suitable. Outsourcing would be a quick fix to Xero and other companies’ problem of finding skilled workers in the IT field as it is quick and effective. In conclusion, the issue of skills shortage in IT, is a growing one as the possibility of finding workers is becoming worse. This could mean the only short-term solution is outsourcing.

⁴ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10871198

	Grade Boundary: High Not Achieved
6.	<p>For Achieved, the student needs to analyse a human resource issue.</p> <p>This typically involves collecting evidence relevant to a human resource issue, explaining the human resource issue and a possible solution through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to a solution • stating a Maori business concept(s) where relevant to a solution. <p>The student has identified issues associated with making cleaners redundant and outsourcing cleaning to a contractor. Impacts of the issue on the business/school have been stated/explained (1).</p> <p>The student has recommended three solutions that could feasibly be implemented by the business (2), and understanding of business knowledge relevant to the human resource cycle has been demonstrated (3).</p> <p>To reach Achieved, the student could provide evidence of at least one other New Zealand business with a global reach (as required at Curriculum Level 8) that has experienced the issues associated with making employees redundant in favour of outsourcing work.</p>

XXX College is an independent co-ed secondary school which has over 650 students including approximately 50 international students. It is in AAA and has both boarding and day students. The college operates from a mixture of income sources such as government funding, school fees, fundraising events in the school community and donations. I recently interviewed the Human Resources manager at XXX College, Ms ABC. The current human resource issue for XXX College is contracting out the role of the cleaners. Restructuring the role of the cleaners at XXX College requires sensitivity and excellent leadership skills to guarantee the successful transition and change management.

XXX College wants to reduce expenses to allow them to spend more money in other areas and departments of the college. Like any other business in today's economy it is vital to cut costs and operate with low expenses to make maximum profits. This is one of the main reasons that XXX College has made the difficult decision to outsource its cleaning. Although she didn't want to discuss financial details, Ms ABC said that outsourcing cleaners would save enough to allow the College to refurbish some classrooms.

①

Most of the current 20 permanent and casual cleaners have worked for XXX College for many years and have developed a strong team culture. Ms ABC said that most of the cleaners were "devastated" by the restructure and it had also had a big emotional impact on her. Ms ABC explained the business structure of the current cleaners at the College: they are on permanent contracts and, since 2016 have been paid the living wage. They are guaranteed a certain number of hours each week, even if they work less. For example, one cleaner might clean the performing arts centre and the administration block and get the work done to the supervisor's satisfaction in three hours per shift, even though they are paid for four hours. Another cleaner who works in the boarding house might be paid for a four-hour shift and it might take her all that time.

The Board of XXX College has decided to contract out the cleaners' roles to an organisation called Professional Cleaning [not its real name] from February because in the long-term it is going to be more cost effective for the College. Managing a change like this can be very difficult especially when the cleaners have been part of the establishment for a long time. Professional Cleaning has agreed to contract all the current cleaners who want work and will "try" to give them work at XXX College but they will be paid the minimum wage and their hours might be reduced.

The principal and business manager of the College know that outsourcing cleaning will have a big impact on other teaching and non-teaching staff, but especially on the cleaners themselves. The cleaners will face a competitive environment because Professional Cleaning already employs over a hundred casual cleaners and lots of them might want to start cleaning at XXX College because it is close to home. The existing cleaners will have to be motivated to work harder and faster but might not earn what they are earning now. There will be an impact on other members of staff, including administration staff and the matrons. The matrons in the boarding houses will have to get to know the new cleaners and work alongside them to show them what needs to be done. Teaching staff who remain at school after the teaching day working in their offices or with students on co-curricular activities will need to form new relationships with cleaners who will not necessarily have a knowledge of how the College runs. There will need to be a transition period. Ms ABC said that she is working on a change management plan that will be developed in consultation with the staff and Professional Cleaning.

①

Further information about the impact outsourcing cleaning may have on College stakeholders such as students, staff and venue hirers has been omitted from this exemplar.

①

Solutions

②

1 The first solution that I would put forward is that XXX College should not send the cleaners to negotiate their own job contracts with the outsourced business, Professional Cleaning. Rather, the College's HR manager should offer them support and advice when entering negotiations. This means providing them with moral support as well as legal advice. XXX College should also get involved with the negotiations to ensure the cleaners are treated fairly during the negotiation process. XXX College could help support the cleaners to get a guaranteed number of hours each week and a wage that is more than the minimum wage of \$16.75 per hour. This will ensure the cleaners will continue to work at XXX College under the new management of Professional Cleaning. Supporting the cleaners through this process will benefit them, XXX College and the XXX College wider community. XXX College will be seen to be supporting the cleaners and helping them find new employment even though they are outsourcing the cleaning roles. By offering moral support and her HR specialist knowledge and experience, the manager can help to empower the cleaners and let them know that the College still cares for their welfare.

2 Another solution XXX College could offer is a training course for the cleaners. This would give the cleaners confidence, develop their skills, and help increase opportunities in the wider workforce. The training could happen by sending the cleaners to an off-site course during paid working time, or a trainer could be brought into the school. It would be optional for the cleaners to attend. They might be able to get unit standard credits for the course. Providing the cleaners with extra training will help improve their skills and provide them with more qualifications and this could help in negotiations for increased salary with Professional Cleaning. The extra training could give the cleaners more confidence at a time when they are feeling uncertain about their jobs.

3

3 Apart from a few cleaners who are on casual contracts, most are on permanent contracts, so the College is making them redundant. A formal process had to be followed for this. There was consultation with the cleaners and the College provided documentation to show why the decision was made. The cleaners made redundant have been given lots of notice and will be paid redundancy pay and they will be given written references. As a goodwill gesture the College could offer some other benefits like helping to prepare CVs which the cleaners could use for Professional Cleaning or for other employment. The College could also invite the cleaners to a farewell function.

3

Justified Recommendation

I think XXX College should use solutions 2 and 3.

Even if the HR manager tries to negotiate with Professional Cleaning on behalf of the cleaners, in the end that business can make their own decisions about who to employ and how much to pay per hour. They have lots of cleaners who want and need work so probably wouldn't be interested in employing the College's ex-cleaners for more than the minimum wage.

3

Solution 2 will cost the College for training, but this is a way of showing the cleaners their work has been valued and it could benefit XXX if they do continue to clean there as the cleaners would be trained in safe, hygienic, and up-to-date cleaning practices. The one-off cost of this training would be covered by the long-term saving from outsourcing the cleaning to the contractor.

Solution 3 is really a goodwill gesture that is good for employment relations. The College might receive negative publicity over making 20 local employees redundant, but they will be able to feel proud that the employees have been respected and treated well.