



HUMAN RESOURCES

SPECIAL FEATURE

This feature first published in the Sep/Oct 2018 edition of *Paradise* magazine.



© Copyright 2018 Air Niugini and contributors

WWW.AIRNIUGINIPARADISE.COM

 **Business Advantage**
INTERNATIONAL

Challenge to attract workforce



The human resources challenges in Papua New Guinea are different from developed economies because so much of the workforce is in the informal sector. According to the consultancy Deloitte, 2.5 million people work in the informal economy, compared with about 500,000 in the formal sector.

The challenge is thus to encourage workers to migrate into the formal sector. One challenge, according to Deloitte, is to look at policies around foreign workers. "In the short term, the use of foreign labour is essential to the continuation of Papua New Guinea's growth and

development agenda," a Deloitte report says.

"However, in the long term, it is critical to ensure that only those skills for which there is no local equivalent are brought into the country. Developing a national skill needs list is a key first step."

The report says adapting and improving education to improve skills development is a priority and it is also important to lessen job turnover. "Finding the right skills is only half the challenge; the other is retaining them. High turnover rates add an enormous cost to businesses by forcing them to continually hire and train new staff in a never ending cycle." ■

Investment

A recent survey has identified the need for investment in local talent to support better outcomes for the country's professionals and organisations. The 2018/19 Papua New Guinea Salary Survey Report, by human resources consultancy Peopleconnexion PNG, surveyed professionals across the country about salaries and attitudes at work.

The research uncovered stagnating wage growth over the last two years in most industries

Key findings from the report highlight gender parity as a major ongoing challenge in PNG. According to the report, women surveyed earned considerably less than men with the same level of qualifications and years of experience.

The report notes that there has been a greater focus on gender equality in recent years by large businesses, however more work is still needed to achieve better outcomes.

"There is anecdotal evidence worldwide suggesting that (when

“

Organisations must make serious investments in professional training, strategic recruitment and succession planning.

”

as organisations adapt to the downturn in the resources sector.

Wages in Port Moresby were reported as being significantly higher than the rest of the country. But when it comes to management or specialised professions, such as engineers or aviation professionals, positions based in remote or regional hubs are likely to have higher base salaries and more comprehensive packaging options available. This is despite there being lower levels of hiring activity. "The mining, oil and gas industries in particular continue to pay a premium for remote workers," the report says.

there is investment in gender equality) there is a clear business case to improving business profitability.

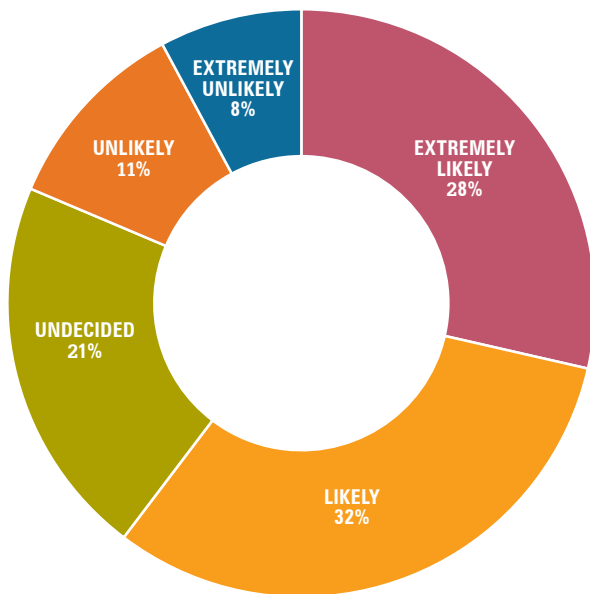
"A major implication of skill shortages throughout the country is the prevalence of the expatriate workforce," the report says. Discrepancies between salaries were observed throughout the survey between expatriates and PNG citizens.

The research also highlights the need for strong strategies to address retention. "Papua New Guinea is known for having a particularly high level of turnover, which in turn, reduces the incentive for organisations to



needed in local talent

HOW LIKELY ARE YOU TO CHANGE JOBS IN THE NEXT 12 MONTHS



invest and train staff, creating a destructive loop. This can create major challenges for organisations as they aim to grow and expand operations.”

Peopleconnexion examined workers’ motivations for making a career move.

The number one motivation was career development (35 per cent of professionals), followed by better remuneration (25 per cent) and leadership opportunities (12 per cent). The need for career development outranked the need for better remuneration in every industry except community services and development.

“A desire for further career development was recorded strongly from the education and training, real estate and property,

manufacturing and production industries,” the report says.

“Professionals in real estate and property, science and technology, telecommunications and trades however, were more likely to prioritise better remuneration than other industries.

“A need for work-life balance was identified strongly in the defence and military industries, sales and marketing, engineering, and mining and resources. Leadership opportunities were more likely to be the most important factor when choosing a new career for professionals in the science and technology sector, agriculture, advertising and banking and financial services. In our experience, these factors have a strong effect on retention, in

addition to attracting talent to new roles.

“To achieve enduring economic growth and sustainable opportunities to all Papua New Guineans, organisations must make serious investments in professional training, strategic recruitment and succession planning,” according to Peopleconnexion.

“These are not easy processes. Conducting internal audits of pay scales, remuneration packages, workforce demographics, and succession plans can be lengthy and resource-intensive processes

requiring training and up-skilling of current staff.

“However, to build a strong organisation able to withstand economic and demographic change, it is necessary to establish strong foundations. It will take a collaborative effort by multiple stakeholders – organisations, education providers, government and Papua New Guinean citizens themselves – to invest in the careers of professionals throughout the country.” ■

What would you prefer?

**42% Tax
or
as low as 2%**

and income in AUD?

Contact Aon Superannuation today

jimmy.musial@aon.com or telephone 322 4544



Special report

How PNG companies are working well with their employees

CASE STUDY ONE: PEOPLE POWER WINS THE DAY

One of the biggest human resources challenges a company can face is having to respond to a crisis. That was the situation facing Mahesh Patel, chief executive of the CPL Group, when the company's operations were burned down in 2017.

Patel says the response from staff was surprising and impressive. "To bounce back from such a disaster to a temporary office in just two weeks – that was phenomenal. "I had a town hall meeting two days after the fire to give faith to people to hang on, that we would survive. Many Papua New Guineans had been with us for 25 years.

"They thought we wouldn't bounce back and the company was doomed. There were lots of tears, lots of emotion. One Papua New Guinean wrote an email saying she would work for free to get the company up and running. "I am in awe really. Our strength is our people."



Mahesh Patel ... in awe at the strength of his employees.

CASE STUDY TWO: LOYALTY BRING REWARDS

Developing a strong company culture is key to good human resources management, especially in Papua New Guinea. Often, this is related to the family history of the company, which is then related to the management of the staff.

An example is Brian Bell, which is celebrating its 60th year in operation. The company goes out of its way to reward staff for their longevity of service, which has the effect of creating a sense of shared history. Another example is KK Kingston, many of whose PNG employees have been with the company for

decades. The company aims to reward that continuity, and to put Papua New Guineans into senior management positions by giving them exposure to best practice, providing mentoring and training. For corporates, the approach to culture is different. Stanley Ng Plyler, chief executive of Datec, says the company aims to have

a "single internal culture". That to some extent means countering the external culture in PNG, where people come from as many as 800 different tribes. The Datec approach, according to Plyler, is to define a quality way of serving customers, which is then used to shape how the staff will be treated.

CASE STUDY THREE: THE CARE FACTOR

In difficult economic times, companies often seek to rationalise their staff numbers to remain profitable. One example of this was Ok Tedi, which in 2015 and 2016 experienced severe interruptions to its operations because of drought and accidents. In 2016, then newly appointed chief executive Peter Graham and his management team met with every employee to discuss the company's vision, values, goals objectives and expectations. Graham said the aim at the time was to get staff to understand that the company cared for them but they had to understand what needed to be done and that non-performance would not be tolerated.

The message was that the company expects "every employee to give their best every day". Staff numbers were cut and operational performance greatly improved. Speaking in London recently, Graham said the mine has gone from being one of the most costly in the world, and on "death row", to being one of the most efficient. "We have been able to lower our costs, get them down to the best quartile of copper producers around the world." Graham said resources adjacent to the existing operations are now being explored, and the company is reinvesting in the mine. Such rationalisation is now being undertaken by a number of companies in PNG.

The ANZ has sold its PNG retail, commercial and SME businesses to Kina Securities; the CPL Group has sold Paradise Cinemas to RH Group's Vision City; Steamships Trading Company has sold Laga Industries to manufacturer Paradise Company, which produces Paradise Foods, Paradise Beverages and Queen Emma Chocolates. The acquiring firms are also faced with a human resources challenge. Kina, for example, will have to absorb the ANZ operations it has bought into its existing operations. Paradise Foods will also be faced with a management challenge. Anthony Smare, chairman of the board of the Paradise Company believes, however, that the manufacturing sites and



Peter Graham ... expects the best from every employee every day.

staff will be unaffected, saying both companies (Paradise and Laga) have "first class systems and procedures with strong management frameworks" in place. "It really is business as usual for all staff as ownership changes to Paradise." ■

