



UKGTM

2025 ANZ Industry Insights Report

Empowering leaders through workforce analysis
Manufacturing Edition

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data provided by

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Welcome

Manufacturing in Australia and New Zealand plays a vital role in sustaining innovation and economic growth. In Australia alone, the sector accounts for the highest research and development (R&D) intensity relative to its economic output, contributing AUD 20.6 billion in R&D expenditure in 2021–22. Working in manufacturing presents an opportunity to be part of cutting-edge industries—from advanced materials to robotics—yet younger generations are overlooking the sector. Even as manufacturing across the region undergoes significant transformation powered by artificial intelligence (AI) and automation, employers consistently report that attracting and retaining skilled workers remains a major challenge. A 2025 Ai Group survey revealed that 79% of Australian manufacturers struggle to find or train technical and trade workers, including CNC machinists, toolmakers, and machine operators. Research by the UKG Workforce Institute™ echoes these challenges, noting that U.S. production lines are understaffed nearly a third of the time (31%) — a data point that reflects broader global workforce pressures. Manufacturers across ANZ face parallel challenges in sourcing and retaining skilled labour. In New Zealand, 30% of manufacturers say that staffing challenges are moderately affecting their operations, while another 24% report significant impact — highlighting persistent labour shortages on the production line. This report details a series of interconnected strategies and technologies manufacturers are using to strengthen the frontline—employee experience, close the skills gap, and remain competitive — because prioritising people unlocks innovation, always.

Kylene Zenk

Sr. Principal and Industry Fellow, Manufacturing, UKG

Kylene Zenk



By anticipating industry trends and aligning talent strategies with future demands, manufacturers are ensuring they have a skilled and adaptable workforce ready to meet the evolving needs of the industry.



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Creating a better employee experience

Investing in the workplace fuel innovation

Millennials, the pandemic, and now Gen Z have consecutively disrupted traditional workplace expectations and reshaped how work gets done. For manufacturers, adaptability is crucial to attract younger generations who prioritise work-life balance and purpose-driven careers.

The traditional frontline experience will no longer suffice; instead, the employee experience must evolve to embrace modern demands and stay competitive.

Putting it into action

Electronics manufacturer Jabil empowers its employees around the world to engage in community outreach and shared volunteer experiences year-round. The company's "Your Day, Your Cause" initiative additionally provides employees with one paid day off of work per year to volunteer with a local cause of their choosing.

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Flexibility is more important than ever

In Australia, 63% of frontline employees in manufacturing and other trades consider flexibility as important or more important than pay, compared to 67% of frontline workers in New Zealand.

77%

Competitive employee benefits program

47%

Flexible work arrangements (flexible shifts, shift swapping, split shifts, etc.)

38%

Accessible training and upskilling opportunities

Nearly two-thirds (63% AUS, 67% NZ) of manufacturing leaders across Australia and New Zealand recognise that their employees want more flexibility than is currently offered, according to the UKG Workforce Institute. Despite this, due to the operational requirements for on-site work, many manufacturers balk at the idea of flexibility since "work from home" is typically not an option for frontline employees. However, flexibility for the frontline is possible; it simply requires an alternative approach. For instance, research from staffing agency Randstad reveals that frontline employees are 2.5 times more likely to value flexible work arrangements, such as flexible schedules (28%) or the ability to flex their hours (26%).

Implementing flexible practices demonstrates to employees that their personal needs and wellbeing are valued, fostering a more loyal and committed team. Moreover, analysis of flexible work trends by the Manufacturing Institute links workplace flexibility to higher applicant rates, wider talent pools, reduced absenteeism, lower attrition, and better overall performance.

Putting it into action

Tasmanian shipbuilder, Incat, introduced a compressed workweek for its production staff, giving employees the option to work four longer days instead of the traditional five. The Australian Manufacturing Workers' Union noted "the overwhelming majority" of Incat workers backed the change and described it as a way to have more time for themselves and their families. Flexible arrangements like these help manufacturing businesses meet operational needs while empowering employees with greater choice in how they structure their working week.

In New Zealand, manufacturers often face workforce challenges that require more adaptable staffing models. Some organisations offer part-time, seasonal, or regionally adaptable shift patterns to align staffing with workforce availability and production demands. A feature in NZ Manufacturer highlights that embracing flexible practices, like staggered hours, hybrid roles, or part-time arrangements, helps employers attract talent who may otherwise struggle to commit to full-time schedules.

63% of Australian and 67% New Zealand's manufacturing employees cite flexibility as a reason they stay with their employer.¹

When it comes to flexibility, trust is a must

Manufacturing offers a unique opportunity to innovate and make a global impact. From food production to technology and pharmaceuticals, this essential sector is integral to our society. Fostering a sense of pride among frontline employees can contribute to a more engaged and committed workforce.

Creating connections between work and impact

It's important that manufacturing employees understand how their individual contributions and the products their company manufactures create an impact on the world. Giving employees opportunities to connect directly with customers through plant tours reinforces the value and impact of their contributions, as does participation in product innovation days, where employees' ideas can be heard and considered, making them feel integral to their company's success.

At KYOCERA SLD Laser, Inc., "demo days" allow employees to see, hold, and experience the products they've helped produce, including one such product that helps save lives in the hands of rescue teams and firefighters. By receiving feedback from end-users and seeing photos of the products in use, employees can tangibly understand the impact of their work. Employees are 120% more likely to want to stay with their employer when they feel a sense of pride in their work.²

LaShawna Harrison,
Senior Payroll Specialist, Purple Wave Auction

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Encouraging pride by demonstrating strong corporate values and a commitment to ESG (environmental, social, and governance) practices also serves to strengthen retention. For example, paid time off to do volunteer work enables employees to give back to their local communities, fostering pride in their company for being socially responsible and helping to build relationships among employees.

Putting it into action

Electronics manufacturer Jabil empowers its employees around the world to engage in community outreach and shared volunteer experiences year-round. The company's "Your Day, Your Cause" initiative additionally provides employees with one paid day off of work per year to volunteer with a local cause of their choosing.

Employee volunteerism is a medium-to-high priority for 56% of manufacturing organisations.³

Employee experience and engagement on the frontline need a tune-up³

Elevate connection in the workplace

Social bonds are nearly as important as pay when deciding to stay at a company. In fact, in Australia 46% of manufacturing employees say their colleagues – and coworkers and managers – are critical to their retention. While in New Zealand over half (54%) echo the same sentiment.

To foster belonging and connection, manufacturers should encourage values such as kindness, fairness, and respect in the workplace and provide opportunities for community building, such as employee resource groups (ERGs). Managers play a vital role, too. Traditionally focused on meeting production goals, frontline managers today must also address employee needs and expectations.

People are key to meeting production goals in the modern manufacturing workplace. Tangible business outcomes are linked to workplace practices that empower leaders to create a positive experience for their teams, such as recognising and rewarding good work, sending frequent and transparent employee communications, addressing employee feedback, and coaching team members.

40%

manufacturers identify employee recognition (41%) or employee communications (39%) as a "high priority."

25%

manufacturers identify employee engagement surveys (27%) or ERGs (23%) as a "high priority."

Nurturing a multigenerational talent pipeline

Regional partnerships and upskilling prime the pump for healthy hiring and development

Regional partnerships and upskilling prime the pump for healthy hiring and development. Overcoming talent challenges starts with understanding changing workforce expectations and creating an employee experience that supports workers at every stage — from the corporate office to the plant floor. In Australia and New Zealand, building a robust talent pipeline requires collaboration between industry, education, and government to attract, upskill, and retain talent.

Manufacturers across the region are increasingly partnering with TAFEs, polytechnics, universities, and industry bodies to align training with the skills needed in advanced manufacturing. For example, in New Zealand, Muka Tangata (Workforce Development Council for Food & Fibre) collaborates with employers, Māori communities, and education providers to create vocational pathways that reflect the evolving needs of the manufacturing and processing sectors.

By strengthening partnerships across education and industry, manufacturers in Australia and New Zealand can nurture student interest in STEM (science, technology, engineering, and mathematics), expand access to skill-building opportunities for emerging talent, and foster ongoing technical training and upskilling throughout employees' careers.

Creating excitement about careers in modern manufacturing

Manufacturers in Australia and New Zealand are confronting growing workforce pressures. In New South Wales, 80% of regional manufacturers report difficulty recruiting locally, often due to a shortage of qualified tradespeople and technical staff. Meanwhile, in New Zealand, the manufacturing and engineering sectors are forecast to face a shortfall of 40,000 workers by 2028 if current trends persist. To address these challenges, the sector must continue investing in apprenticeships, vocational training, and multigenerational workforce pathways to build a sustainable talent pipeline.

Ongoing efforts are underway to overcome outdated perceptions of manufacturing, which many employers say still affect their ability to attract younger workers. Research from the UKG Workforce Institute found that nearly half of manufacturers across Australia and New Zealand believe industry stereotypes hinder their ability to recruit younger talent.

To address this, manufacturers across Australia and New Zealand are engaging with schools, vocational providers, and local communities to promote modern manufacturing careers. Apprenticeships, education partnerships, site tours, and hands-on learning opportunities are some of the ways employers help students explore advanced technologies and diverse career pathways within the sector. These initiatives aim to shift perceptions, build excitement about the industry, strengthen the talent pipeline.



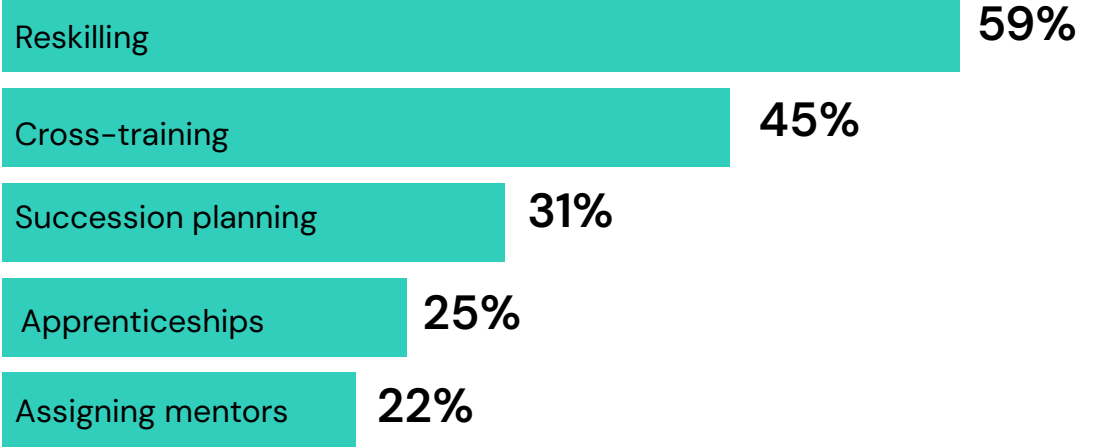
Putting it into action: Spotlight on the Northern Territory

In Australia's Northern Territory, the "Making It Real" program connects high school students with local manufacturers through immersive site tours and hands-on activities. Companies like Steeline GRP, Aeromech NT, and NT Engineering Services open their doors to students, providing real-world exposure to modern manufacturing processes such as metal fabrication, robotics, and precision engineering.

Complementing this, government-led initiatives like Northern Territory Learning Adventures provide funding for schools to organise educational excursions to industrial sites and manufacturing training centres. These experiences allow students to engage directly with the practical applications of science, technology, engineering, and trades.

Together, these programs aim to demystify manufacturing careers and showcase the diverse opportunities available in the sector, encouraging students to consider careers in manufacturing and related skilled trades within the region.

What New Zealand manufacturers are doing to fill labour gaps and build a skilled talent pipeline



Source: UKG Workforce Institute, 2024

Skill-based development & advancement

As quality talent has become harder to find and emerging technologies redefine factory roles, manufacturers are increasingly focused on upskilling and reskilling, enabling current employees to apply new skills to their evolving positions or pursue new career pathways.

While manufacturers have always played a role in training employees, companies need to get more creative about filling vacancies by looking at where the industry is headed and developing talent management strategies to match demand.



Upskilling is a necessity to being and staying competitive, and for us competition is not just local, it's global.

Aaron Collett,
Operations Manager at Convex,
a New Zealand-based plastic packaging manufacturer



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Career development at Stryker exists at all levels of the organisation. Talent programs include management and leadership training, peer-to-peer learning, mentoring, partnerships with outside experts, and “action learning” — an opportunity for employees to apply new insights to solve real-time business challenges. Further differentiating the company’s career development offerings is a global network of more than 300 certified coaches with whom employees can connect for additional individualised development.



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Diversifying talent pools

Focusing on skills opens a more diverse talent pool for manufacturers.

In today's competitive job market, diversifying talent pools has become a crucial strategy for organisations to fill critical labour gaps. Prioritising practical skills over job experience or formal education enables manufacturing companies to access a broader spectrum of talent that can be trained to fill frontline roles.

Hard-to-fill roles, hard-to-find skills

Finding talent with the right experience (53% in AUS and 60% in NZ) and the right skills (50% in AUS and 55% in NZ) are the most common recruitment challenges facing manufacturers, according to the UKG Workforce Institute. Manufacturers are especially challenged to fill technical roles dealing with AI and automation as well as engineers, machinists, welders, and installation workers. In many cases, manufacturers are taking matters into their own hands with on-the-job training programs for new hires.

Putting it into action

Facing a projected shortage of 70,000 skilled welders by 2030, Weld Australia launched a 12-week ISO 9606 microcredential program to rapidly supply job-ready welders for industries like energy, infrastructure, and manufacturing. This intensive course not only prepares participants to immediately contribute on site but also feeds into traditional apprenticeship pathways. The program particularly prioritises inclusivity by supporting school leavers, Indigenous Australians, women, and long-term unemployed individuals— helping manufacturers fill precision welding roles while building a more diverse and skilled workforce.



Recruiting nontraditional employees

For many frontline roles, degrees and certifications are less important than transferable skills. Some people may have the aptitude for a role but lack related job experience or a conventional educational background. To reach a broader pool of potential employees and strengthen talent pipelines, manufacturers should consider modifying their experience or education requirements in job postings.

According to forthcoming research from the UKG Workforce Institute, 61% in AUS and 63% in NZ of manufacturers hired people with no industry experience to fill critical workforce gaps within the past 12 months, opting instead to provide on-the-job training. Additionally, manufacturers are diversifying candidate pools by hiring people with conviction histories (AUS 66%, NZ 49%), refugees or immigrants (AUS 68%, NZ 59%), and retirees (AUS 85%, NZ 77%).

In Australia and New Zealand, many individuals with a criminal record face barriers to stable employment, despite possessing skills that are in demand.

Second-chance employment programs help create pathways for motivated workers to reenter the workforce, providing manufacturers with a valuable source of skilled labour while supporting social reintegration.

Putting it into action


In Australia, the Industry 4.0 Higher Apprenticeship Program—a partnership between Siemens, Ai Group, and Swinburne University—helps expand the manufacturing talent pipeline by combining paid, on-site work with formal education. Apprentices split their time between the factory floor, where they gain hands-on experience with advanced technologies like automation and robotics, and the classroom, where they build technical knowledge in areas such as data analytics and cyber-physical systems.

Narrowing the gender gap

Women currently make up 33% of Australia's manufacturing workforce and 43% in New Zealand. These are promising figures that reflect meaningful progress. However, recruitment efforts are not keeping pace. In Australia, only 31% of manufacturers are actively recruiting women. In New Zealand, that number drops to just 12%.

This disconnect between representation and recruitment highlights a significant and ongoing opportunity. By proactively engaging more women in manufacturing careers, organisations across Australia and New Zealand can help close critical labour gaps while building inclusive teams equipped with the skills needed for tomorrow's manufacturing landscape.

To address this gap, manufacturers can turn to industry associations such as Women in Manufacturing, which provide valuable resources for recruiting and developing female talent. Investing in dedicated training opportunities for high-performing and high-potential female employees can help bridge the gap by advancing women into management roles and increasing representation at the leadership level. In these roles, women can serve as role models and mentors, helping build a more inclusive culture that is supportive of women in manufacturing.



Women are more impacted than their male counterparts (63% vs. 39%) when workplace flexibility is lacking, further widening manufacturing's visible gender gap.⁶

Putting it into action

In New Zealand, the Women in Trades Collective, with support from Competenz, launched national surveys to better understand barriers for women entering trades, including manufacturing, engineering, and construction. The insights are helping shape initiatives that promote apprenticeships to women, encourage employer inclusivity, and improve workplace culture.

Leverage technology to complement human potential

Keeping people at the center of automated production processes is crucial.

Instead of viewing AI and automation as replacements for human workers, these technologies should be seen as tools that empower employees. Training and development programs are essential to equip the workforce with the skills needed to operate and collaborate with new technologies, ensuring the workforce evolves alongside AI and digital advancements.

Embracing technology with a human-centered approach will lead to a more resilient and innovative manufacturing industry, enhancing operational efficiency and creating a more engaging and fulfilling work environment for employees.

People-focused technologies help manufacturers zero in on the moments that matter.

Providing consumer-grade technology

Leaders investing in modern solutions to serve the frontline employee, enhance training (think AI headsets for virtual training), and aid recruitment are creating a more engaged, agile, and mobile workforce

Meeting employee expectations for flexibility

Visibility into all things scheduling in the palms of employees' hands is a game changer for frontline workers. Digital scheduling solutions and people-centric policies empower employees to view schedules, swap shifts, and foster a rewarding work-life balance that leaves them satisfied and motivated on the job.



Putting it into action

A cloud-based workforce management app creates a positive experience for employees of UKG customer John B. Sanfilippo & Son. Hourly employees benefit from having self-service access to their timecard, accruals, and paycheck information and use the mobile app to request time off, anytime, anywhere.

Creating people-centric frontline leaders

Supporting frontline managers with digital decision support tools gives them more time to spend with their teams, while proactive reminders about employee work anniversaries and birthdays empower managers to invite fun into the workplace, further improving the employee experience.

Putting it into action

Flexible scheduling gives employees at UKG customer Simpson Strong-Tie greater work-life balance — an output of the organisation's ongoing commitment to creating a workplace culture that puts people first.

Building a culture of connection

Feeling connected in the workplace is critical to retention. Bringing people together starts with creating intentional spaces for communication and connection that are digital and easily accessible to frontline employees — places where they can form bonds with peers, receive mentorship, be recognised for good work, and quickly stay current on the latest company news, policies, and safety standards. Using this forum to monitor employee sentiment in real time enables managers to lean in and support frontline employees who need it, which is a key factor in building employee trust.

Improving employee productivity & performance

Giving frontline managers real-time visibility into operational and people data and analytics guides them on how to help employees perform at their very best.

Supporting employees financially

Pay is the No. 1 driver for employment. A powerful digital platform for financial wellness gives people access to their earned wages and the power to take charge of their finances through financial education content and budgeting tools.

Putting it into action

Analysing global benchmark data integrated into employee surveys, UKG customer ARCH Global Holdings regularly compares its employee engagement and satisfaction ratings against industry averages. At locations scoring above industry benchmarks, the organisation is studying which tactics were used by local leaders to optimise the employee experience.

Next Up: Get started creating distinct and equitable experiences for frontline employees in your organisation. Download the Frontline Worker Playbook from UKG.

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About UKG

UKG is the workforce intelligence platform that puts workforce understanding to work. With the world's largest collection of workforce insights, and people-first AI, our ability to reveal unseen ways to build trust, amplify productivity, and empower talent, is unmatched. It's this expertise that equips every worker to deliver experiences that set their brand apart — because great organizations know their workforce is their competitive edge.



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