

# RISING RECRUITMENT & INDUSTRY GROWTH

ABSOLUTEIT EMPLOYER INTENTIONS REPORT

SEPTEMBER 2010

[www.absolutelT.co.nz](http://www.absolutelT.co.nz)

absolutelT  
RECRUITMENT SPECIALISTS

## INTRODUCTION

absolutelT is pleased to present our inaugural Employer Intentions Survey, capturing the hiring intentions for contract and permanent employees in the next 3-6 months. A total of 536 respondents took part in the survey throughout August 2010.

We see employer hiring intentions as a key indicator of both sector health and current and future issues within the ICT employment environment.

Released every six months, this new survey will provide up-to-date information and comprehensive analysis reflecting key issues and trends around recruitment.

It is complementary to absolutelT's current regular ICT sector surveys covering Employee Intentions and Salaries.

We believe the information provided in these three reports will provide an important knowledge base to support employers, key-decision makers and stakeholders in New Zealand's ICT industry.

## SUMMARY OF KEY FINDINGS

- Hiring intentions are very positive with more than three quarters of respondents intending to recruit new staff over the next 12 months. More than 1300 vacancies are due to hit the market over that time.
- As a result, wider-spread talent shortages are imminent adding to the already tight labour market in specific skill areas such as architects, business analysts and software developers.
- Employer business confidence is high with more than 80% of respondents stating that they have no plans to reduce staff in the next year.
- A significantly higher level of permanent personnel recruitment activity compared to contractors indicates that we can expect to see a more settled workforce.
- For the majority of employers, supporting new projects and business growth is the main reason for any planned recruitment activity.
- On a location basis, positive employer intentions are spread nationwide reflected in similarly high levels of recruitment activity in all the main centres.
- However, there is a higher level of permanent recruitment activity among employers in the Auckland region than in Wellington.
- There are major implications for New Zealand's ICT talent pool already suffering from the 'brain drain'. Seen in conjunction with absolutelT's Employee Intentions Survey January 2010, these new results indicate the need for employers to develop more talent retention strategies.

## Take Outs

- More than 1300 vacancies are due to hit the market over the next 12 months.
- Over 80% of respondents state that they have no plans to reduce staff in the next 12 months.
- Three quarters of respondents intend to recruit new staff over the next 12 months.
- Currently the labour market is tight in specific skill areas such as architects, business analysts and software developers.

## Drivers of Recruitment



- Increase due to new projects 34.62%
- Due to increase in customer demand 21%
- Increased demand from the internal business 18%
- Due to expected employee churn 17.5%
- Other 8.88%

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## THE CURRENT MARKET

This research along with general sentiment amongst those in the recruitment sector paints a rosy picture of New Zealand's ICT sector.

The data shows a significant rise in permanent recruitment activity reflecting a significant growth after a flat 18-20 months.

The recruitment market has changed significantly over this period following a major reduction in permanent recruiting by Government in favour of contracting. Significant growth in the private sector is resulting, reflected in the current increased permanent recruitment activity which always follows a surge in contracting needs.

Technology is now an essential component in New Zealand's drive to improve productivity. As a key enabler in all change initiatives, ICT delivers greater efficiencies and growth. Consequently, the industry's future is very exciting.

However, the steadily growing demand for talent raises serious concerns over the increasing shortage of skills as talent moves offshore. Our June 2010 Employee Intentions survey revealed that 35% of respondents are considering moving to work overseas in the next 6 months, 60% of those for more than 2 years or longer.

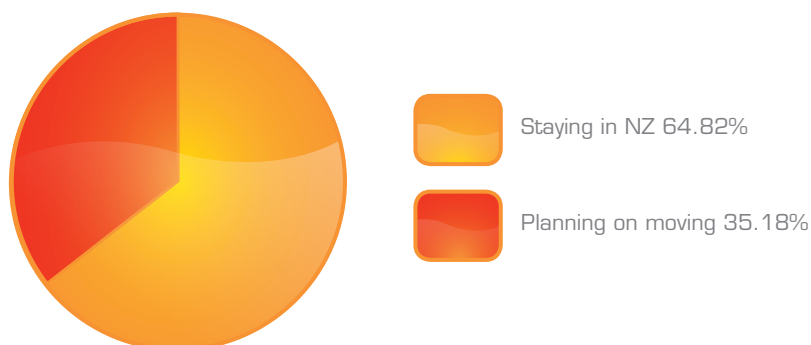
Lifestyle, career advancement and remuneration are some of the key reasons talent is moving. So employers here must respond by making themselves as attractive as possible, including initiatives such as flexible hours and remote access, career advancement opportunities and bonuses.

The future is exciting, but keeping the talent is the challenge.

## HIRING INTENTIONS – KEY FINDINGS

- 76.5% of those surveyed are intending to hire in the next 12 months. Of this, 48% are increasing headcount in the next 3 months, 15% in the next 6 months, and 13% in the next 12 months. 23.5% are not planning to recruit at all.
- Amongst the 500 plus employers who responded, over 1300 vacancies will be recruited for in the next 12 months.
- Permanent recruitment activity is high with 74.6% of respondents planning to recruit permanent staff and 25.3% contract staff; this signals a move toward a more settled work force perhaps underpinning continued employer confidence.
- Business growth is a key driver of recruitment with 34.62% of respondents increasing due to new projects, 21% due to increase in customer demand, 18% increased demand from the internal business and 17.5% due to expected employee churn.

## % OF EMPLOYEES CONSIDERING WORKING OVERSEAS



### Take Outs

- 35% of respondents are considering moving to work overseas in the next 6 months.
- 60% of those are considering working overseas for 2 years or longer.
- 76.5% of those surveyed intend to hire in the next 12 months.
- 23.5% are not planning to recruit at all.
- Amongst the 500 employers who responded, over 1300 vacancies will be recruited for within the next 12 months.

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## SKILLS SOUGHT - KEY FINDINGS

- A wide spread of skills are going to be sought by employers in the coming months – by order of demand these are Business Analysts, Software Development, Project Managers, Testers, Networking and Infrastructure, DBA/Support and Architecture.
- There is already a shortage in Solution and Application Architects, Business Analysts and Software Developers, which we believe will become increasingly very difficult to find.
- This increased demand will see employers requiring reviews of their salary and workplace packages to ensure they are getting the best people the market has to offer. In particular employees are seeking greater flexibility.

## PUBLIC VS PRIVATE SECTOR – KEY FINDINGS

- Government and regional/local councils represent the most pessimistic outlook in the industry with nearly half the respondents (45%) having NO PLANS to recruit at all in the next year.
- In contrast, more than half (52.46%) of the private enterprise and publicly listed company respondents DO PLAN to recruit within the next 3 months.
- This partly reflects the Government's clampdown on permanent ICT recruitment in favour of contracting as part of its overall spending cuts.
- As early as January 2010, absoluteIT recorded a spike in demand for contracting compared to previous years and this trend has continued upward showing no signs of slowing.

## RESULTS BY LOCATION AND PERMANENT VS CONTRACT

- Our results indicate a higher availability of permanent work in Auckland compared to Wellington.
- In Wellington 59% of employers are planning to recruit in the next 12 months, 43% in the next 3 months.
- 68% of Wellington employers are taking on additional permanent staff and 32% contractors.
- In Auckland 64% of employers are planning to recruit in the next 12 months and 51% in the next 3 months.
- 79% of Auckland employers are taking on additional permanent staff and 21% contract.
- Recruiting activity in Hamilton, Christchurch and other North and South Island regions mirrors the positive recruitment activity occurring in the larger centres.

### Take Outs

- Skills sought by order of demand: Business Analysts, Software Development, Project Managers, Testers, Networking and Infrastructure, DBA/Support and Architecture.
- 45% of government and regional/local councils have no plans of recruiting within the next 12 months.
- 52.46% of private enterprises and publicly listed company respondents plan to recruit within the next 3 months.
- Results indicate a higher availability of work in Auckland compared to Wellington.
- 59% of Wellington employers plan to recruit within the next 12 months.
- 68% of Wellington employers are taking on additional permanent staff.
- 64% of Auckland employers plan to recruit in the next 12 months.
- 79% of Auckland employers are taking on additional permanent staff.

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### BATTLING THE BRAIN DRAIN

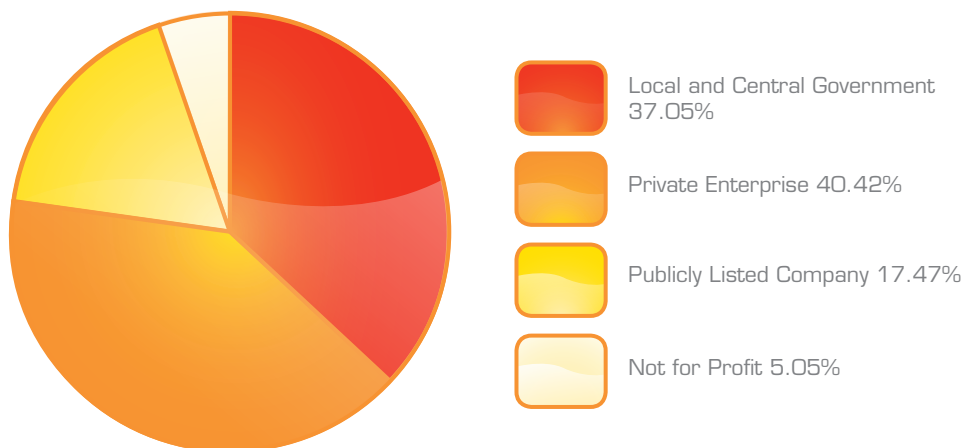
- Our June 2010 Employee Intentions Survey showed that more than a third of respondents (35%) are considering working overseas in the next 6 months – 60% of those for more than 2 years or longer.
- The top three motivations for working offshore are: better lifestyle 23.5%, improved remuneration 23%, and further career development 22%.
- Employers consider the most effective methods of helping change employees' minds to be: increasing remuneration 34%; better career planning initiatives 22%; flexible work hours, and locations 16%; Government stimulus to attract more IT projects, and investment to New Zealand 10%; additional benefits 7%; and 3% additional training.
- We believe workplace flexibility could be one of the most important initiatives in reducing staff churn, especially as lifestyle is the leading motivation for moving overseas.
- Flexibility in the workplace is a growing trend with 74.42% of employers offering flexible hours; more than 60% remote access; 36.5% flexible work locations, and 15% set days working in the office and offsite.
- This is a benefit we know employees value highly especially those who may be returning to the workforce.
- A help or a hindrance? An overwhelming 75.5% of respondents believed flexibility will help with the success of their team and related projects.

### METHODOLOGY

The inaugural absoluteIT Employee Intentions Survey captures the hiring intentions for contract and permanent employees in the next 3-6 months. The survey was undertaken during the month of August, closing on 31 August 2010.

Of the 536 New Zealand ICT employers who responded to the survey, 37.05% represented Local and Central Government, 40.42% Private Enterprise, 17.47% Publicly Listed Company and 5.05% Not for Profit.

The online survey asks 15 questions, all answered by selecting the multiple choice drop down menus.



#### About us

absoluteIT is a specialist ICT recruitment solutions company, employing over 30 staff with offices in Auckland, Wellington and London, United Kingdom.

absoluteIT was established in 2000 and over this time has established an excellent reputation in recruitment services in the New Zealand Government and Corporate sectors.

Using some of the latest international recruitment practices, together with smart ideas, has enabled absoluteIT to position itself as a leader in the delivery of ICT recruitment solutions.

For further comment please contact: Grant Burley, Director, on 04 499 7848 or email [grant@absoluteit.co.nz](mailto:grant@absoluteit.co.nz)

To visit the absoluteIT website go to:

<http://www.absoluteit.co.nz>  
<http://www.itsalaries.co.nz>