

EMPLOYER INTENTIONS REPORT

May 2011

absoluteIT
RECRUITMENT SPECIALISTS

Welcome to the second Absolute IT Employer Intentions Survey for May 2011, a six-monthly survey capturing the hiring intentions for contract and permanent employees in the next 3-6 months.

Absolute IT sees employer hiring intentions as a key indicator of sector health and current and future issues within the ICT employment environment. Our six monthly survey provides up-to-date information and analysis reflecting key issues and trends around recruitment.

This survey complements our two other regular surveys on Employee Intentions and ICT Sector Salaries to create an important knowledge base supporting employers, key-decision makers and stakeholders in New Zealand's ICT industry.

CURRENT MARKET

Despite a small drop in hiring intentions over the past 6 months, we're seeing consistently high employer hiring intentions.

This reflects the ongoing buoyancy of New Zealand's ICT sector. Contract recruiting continues to rise in the public sector, while overall permanent recruitment remains high with around 10% more permanent positions available in Auckland than in Wellington.

In the face of rising talent shortages, more employers now see remuneration, flexible workplace options and improved career development initiatives as effective tools to combat the brain drain.

However, nearly two thirds of employers expect ultra fast broadband to increase employment in the sector. We are confident UFB will attract talent back into the market by stimulating new projects, encouraging creative thinking and making it easier for Kiwi businesses to operate internationally.

HIRING INTENTIONS

- Nearly 75% of respondents plan to hire in the next 12 months - 48.7% within the next 3 months; 13.5% in the next 6 months and 11.4% in the next 12 months.
- Around 72% of recruiting is for permanent positions, with the majority of the 28.5% in contract recruiting focused in Wellington (19.2%) compared to 9.3% in Auckland.
- More than half the respondents will increase their team by between 1-2 staff followed by around 30% recruiting 3-5 staff and nearly 11% by 6-10.
- Key reasons for hiring are new projects (27.4%); replacement of staff (24.3%); increased customer demand (22%) and increased internal ICT demand (17.7%).
- Of the 6.5% who are planning to reduce staff, key reasons include improved efficiency and productivity 31.3%; headcount cut 25%; other 25% and continued challenging business conditions 12.5%.

KEY FINDINGS

- Nearly two thirds of employers believe ultrafast broadband will increase employment in the ICT sector.
- Nearly 75% of respondents plan to recruit in the next 12 months bringing around 1200 new vacancies to the market.
- Employer confidence remains high with nearly 80% of respondents having no plans to cut staff.
- The majority of recruiting will occur over the next 3 months, nearly a third in Wellington where contract recruiting is rising.
- New projects are the key motivator for recruiting. However, staff replacement has risen by 5.5% as a key motivator.
- Talent demand remains high for business analysis, software development and project management.
- More employers are willing to combat brain drain by increasing remuneration, improving flexible work hours/location and better career planning initiatives.
- Workplace flexibility is now seen by most employers as beneficial to team success and many are offering flexible hours and locations.
- Key barriers to investing in flexible workplace technology include lower staff productivity working remotely, security issues and cost of technology.

EMPLOYER INTENTIONS REPORT

May 2011

absoluteIT
RECRUITMENT SPECIALISTS

- Staff cuts are generally low with nearly 40% of respondents planning cuts of between 1-2 and 25% by 3-5.
- In general, supervisors are managing larger teams without additional resources indicating that employers are trying to be efficient in their hiring. Nearly 80% of supervisors have no plans to reduce their team size.

COMBATING STAFF CHURN

- The majority of respondents (68.5%) feel greater workplace flexibility in hours and locations will help their team succeed.
- Nearly 40% of respondents already offer flexible works hours, nearly 30% remote access and nearly 19% flexible locations.
- The main barriers to investing more in flexible workplace technology include staff being less productive when working remotely (27.6%); security issues (19.7%) and cost of technology (15.4%).
- Around one third of employers see increased remuneration as the most effective way to combat brain drain followed by more flexible work hours and location (18.7%) and better career planning initiatives (17.48%).
- 63% of respondents feel ultra fast broadband will increase employment in the ICT sector; with nearly 25% seeing an increase of 1%-4%; 23.2% by 5%-10%; 8.13% by 11%-15% and 7.11% by more than 16%.

SKILLS SOUGHT

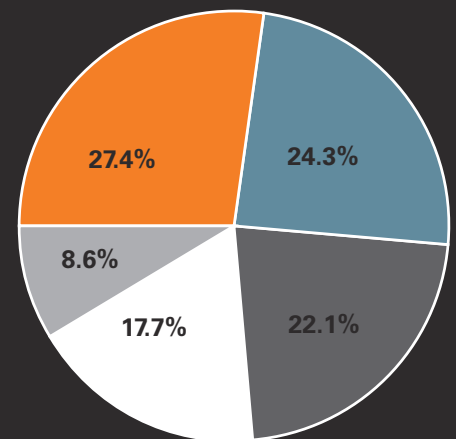
- A wide spread of skills will be sought by employers in the coming months – by order of demand these are Business Analysts, Software Development, Project Managers, Networking and Infrastructure, Testers, DBA/Support, Strategy or Consultancy, Web Design/Development and Productions and Operations.
- There are currently shortages in Solution and Application Architects, Business Analysts and Software Developers, which are becoming increasingly difficult to find.
- In response to this increased demand we are seeing more employers looking at salary and workplace packages as a direct means of competing in a market where candidates are enjoying multiple job offers.

PUBLIC vs PRIVATE SECTOR

- Government and regional/local councils are showing high recruiting activity, with 70% (central) and nearly 80% (local) planning to recruit in the next year
- The main reasons for public sector recruitment include staff replacement, increased internal demand and efficiency and productivity.
- Private enterprise is equally buoyant with nearly 80% of private enterprise and around 70% of publicly listed company respondents planning to recruit in the next year.
- The main reasons for private sector recruitment include increased customer demand, new projects and staff replacement.

KEY REASONS FOR HIRING

- New projects (27.4%);
- replacement of staff (24.3%);
- increased customer demand (22%)
- increased internal ICT demand (17.7%)
- Other (8.6%)



... the majority of employers now favour flexibility in hours and locations as not only the most cost-effective way to help attract and retain staff, but as an enabler to team success.

EMPLOYER INTENTIONS REPORT

May 2011

absoluteIT
RECRUITMENT SPECIALISTS

RESULTS BY LOCATION AND CONTRACT VS PERMANENT

- 51.42% of respondents were Wellington-based; 39.2% Auckland; 7% from other North Island locations; and 2.2% from the South Island.
- Contract recruitment activity is continuing to grow, up by 2.6%, in keeping with the upward trend of the past year.
- Auckland has a higher availability of permanent employment (78%) compared to Wellington (67%).
- Nearly 70% of Auckland employers are planning to recruit in the next year, the main reason being new projects (34%); compared to 73% of Wellington employers planning to recruit, the main reason being replacement of staff (27.7%).
- Recruiting activity in Hamilton, Christchurch and other North and South Island regions mirrors the positive recruitment activity occurring in the larger centres.

How will Ultra fast broadband effect employment?

- 63% feel ultra fast broadband will increase employment in the ICT sector
- 25% see an increase of 1%-4%
- 23.17% by 5%-10%



METHODOLOGY

The Absolute IT Employer Intentions Survey captures the hiring intentions for contract and permanent employees in the next 3-6 months.

A total of 560 New Zealand ICT sector employers took part in the electronic survey throughout May 2011. Of these, 25.9% represented Central Government, 4.9% Local Government; 45.5% Private Enterprise, 18.6% Publicly Listed Company and 4.7% Not for Profit. The online survey asks 15 questions, all answered by selecting the multiple choice drop down menus.

For further comment please contact:

Grant Burley, Director, on **04 499 7848** or email grant@absoluteit.co.nz

To visit Absolute IT website's go to

www.absoluteit.co.nz or www.itsalaries.co.nz

About Absolute IT

Absolute IT is a specialist I.T recruitment solutions company, employing over 30 staff with offices in Auckland, Wellington and London U.K.

Absolute IT 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 I.T recruitment solutions.

For further comment please contact Grant Burley, Director on 04 499 7848 or email grant@absoluteit.co.nz

To visit the Absolute IT websites go to: <http://www.absoluteit.co.nz>

There are currently shortages in Solution and Application Architects, Business Analysts and Software Developers, which are becoming increasingly very difficult to find.