THE HUDSON REPORT: FORWARD FOCUS 2016
NAVIGATE NEW ZEALAND'S TALENT LANDSCAPE
PERMANENT HIRING EXPECTATIONS: NET EFFECT (%)

New Zealand’s net effect intention to hire stands at 29% for the first half of 2016. Measured by Hudson for over a decade, the net effect is calculated by taking the percentage of employers surveyed who in the next six months expect to increase permanent staff levels and subtracting the percentage of employers who expect to decrease staff levels.
For the last decade, the Hudson Report has tracked ‘intentions to hire’ as a status check on the New Zealand economy and the hiring landscape.

But demand for talent is one thing, supply is another. The picture isn’t quite complete without a line of sight into the people who are being hired. As a result, the Hudson Report has now been expanded to include data on employees and their career plans.

Our objective: to provide employers with insights that help them attract and retain the best people in an increasingly fluid talent market.

Because fluidity – or liquidity as we’re calling it – is the name of the game in 2016. The new Hudson Report reveals a significant proportion of the New Zealand workforce is prepared to move this year: move jobs, move sectors and even move countries.

While the economy softened during 2015\(^1\), the outlook for 2016 is more positive. A recovery in export prices, a lift in confidence and increasing domestic demand from the rising population are expected to drive growth. We also expect that major infrastructure projects will create opportunities in the job market.\(^2\)

This is reflected in the hiring outlook for H1 2016, with almost 1 in 3 hiring managers looking to add headcount. New Zealanders can sense the renewed confidence within businesses and have their eye on the jobs and industries showing signs of strength.

If the market picks up to the extent these figures suggest, it will become apparent that the ‘war for talent’ has not disappeared. It’s just been in a temporary ceasefire – and 2016 will be the year it ratchets up again.

So how should employers prepare? Who wants to move, to where and on what terms? Who’s paying what and by when? The answers all lie ahead.

\(^{1,2}\) Reserve Bank of New Zealand, December 2015 Monetary Policy Statement
DAYS OF DISRUPTION

Volatility, uncertainty, complexity and ambiguity. This is how we work and live now. Driven by technological change and disruption unheard of since the Industrial Revolution, the implications of these characteristics on the talent landscape are significant.
TEAMS TODAY: LACKING THE COMPETENCIES TO SURVIVE & THRIVE?

The No 1 competency lacking in teams across New Zealand today: **Driving & Managing Change**

**SOFT SKILLS MOST LACKING IN THE WORKPLACE:**

1. DRIVING & MANAGING CHANGE - 46%
2. COACHING & DEVELOPING OTHERS - 34%
3. STAKEHOLDER ENGAGEMENT - 33%
4. LEARNING AGILITY - 25%
5. DATA LITERACY - 22%

**INSIGHTS:**

> **A period of historic change.** So great is the pace of change today that organisations are describing this new world order as VUCA, or Volatility, Uncertainty, Complexity and Ambiguity.

> **Fluidity is the name of the game.** Organisational demands are flexing up and down, job seekers' behaviour and expectations are changing rapidly and the nature of work itself is being transformed. The stakes are high and employers need people with the requisite skills to thrive in this environment. The question is, are organisations ready? While they must find and secure the best talent, they must also arm that talent with the skills to help them succeed in the ever-changing business environment.
A LIQUID EMPLOYMENT MARKET

The market is liquid: 63% of the New Zealand workforce are open to new opportunities in 2016.
WHO’S LOOKING FOR A NEW JOB?

INSIGHTS:

> New Zealanders are reading the market. Employees are seeing a renewed sense of business confidence and hiring optimism. After several years of high expectations, 2015 ended on an upward trajectory that is expected to continue in the first half of 2016, and job seekers are taking notice.

> Don’t be resigned to resignations. Be proactive in identifying pain points for your employees, empower managers to have frank career conversations, and work hard on getting your rewards and incentives right.

PROFESSIONALS: 63% of New Zealand professionals are actively or passively seeking a job right now

Additionally, 1 in 2 New Zealand professionals plan to move jobs within a year and more than 1 in 4 within 6 months

STATE OF JOB SEEKING IN NEW ZEALAND 2016

- Actively seeking a new job: 25%
- Passively seeking a new job: 38%
- Plan to stay in current job: 37%
EMPLOYERS: WHO'S ADDING HEADCOUNT?

92% of New Zealand employers intend to either increase or maintain their permanent headcount in the first half of 2016.

1 in 3 employers intend to add permanent headcount in H1 2016.

INSIGHTS:
> Desire to grow a key factor. Many organisations have been waiting for consistent growth before investing in their workforce; it appears that 2016 will be the year they make the move to invest in talent to grow their businesses.
> If the war for talent is back, are you ready? With more than 1 in 3 employers intending to grow their workforce, the market will be hot. If you haven’t developed a robust talent attraction and management plan, now is the time.
EMPLOYERS: WHY THE HEADCOUNT GROWTH?

Organisational growth the No 1 reason for increasing headcount

TOP REASONS FOR INCREASING HEADCOUNT

- Our organisation is growing: 52%
- Increased workload: 43%
- New team project/s: 31%
- To deliver new strategies/plans: 24%
- Specialist skillset/s required: 23%

TOP REASONS FOR DECREASING HEADCOUNT

- Headcount reduction/budget cuts: 46%
- Organisational restructure: 43%
- Technological advancements: 12%
- Increased efficiencies: 11%
- Offshoring/outsourcing: 10%

INSIGHTS:

> Growth is a good problem to have. The hiring intentions of New Zealand employers are a positive sign for the economy. While it makes talent attraction harder, it also means more potential customers and revenue for your business. The key is to plan for this uptick in hiring activity so you aren’t caught short.

> Relief is in sight for overstretched teams. For several years organisations have had a keen eye on operating costs, which has meant a hesitancy to increase headcount. Meanwhile, employees are working incrementally more each year to meet demands. It now appears we’re at a tipping point whereby employers face losing people as a result of their workload, but have increased confidence in the performance of their business. To alleviate pressure on current employees, a significant proportion of employers are now investing in new people.
A STATE OF FLUX:
EMPLOYERS HIRING ACROSS NEW ZEALAND

WHERE EMPLOYERS ARE ADDING PERMANENT HEADCOUNT
- 35% in Upper North Island
- 32% in Lower North Island
- 43% in South Island

TOP INDUSTRIES WHERE EMPLOYERS ARE ADDING PERMANENT HEADCOUNT

Upper North Island:
- IT: 52%
- Construction Property/Engineering: 46%
- Telecommunications: 38%
- Professional Services: 36%
- Transport: 36%

Lower North Island:
- IT: 34%
- Government: 32%
- Healthcare (Government): 29%
- Financial Services/Insurance: 28%

South Island:
- IT: 50%
- Construction Property/Engineering: 46%
- Manufacturing: 36%
- Government: 28%

INSIGHTS:
> The tech sector has regained momentum. Driven by strong consumer expectation for businesses to become digital, as well as growth of companies in Christchurch and Auckland's technology hubs, demand for IT professionals is strong in every market. Demand in this sector is also increasing in Wellington as a result of large public sector projects.
> Two cities battling for one workforce. While the Christchurch rebuild continues to drive demand for Construction/Property/Engineering, big infrastructure projects in Auckland are also seeking to access the same talent pool.
A STATE OF FLUX: PROFESSIONALS OPEN TO NEW OPPORTUNITIES ACROSS NEW ZEALAND

BY LOCATION: PERCENTAGE OF RESPONDENTS ACTIVELY OR PASSIVELY SEEKING JOBS

62% UP净土
65% 低土
63% 南土

BY INDUSTRY: PERCENTAGE OF RESPONDENTS ACTIVELY OR PASSIVELY SEEKING JOBS

GOVERNMENT 17%
CONSTRUCTION/PROPERTY/ENGINEERING 12%
FINANCIAL SERVICES/INSURANCE 12%
INFORMATION TECHNOLOGY 8%
MANUFACTURING 7%
PROFESSIONAL SERVICES 7%
EDUCATION 4%

INSIGHTS:
> Public servants feel the squeeze. While the government sector is talking about doing more for less, it is also investing in both projects and the talent needed to see those projects through. Those in the public sector know that the best way to accelerate their career is to stay within government but to look for change and career progression.
PROFESSIONS SPOTLIGHT: HR PROFESSIONALS IN DEMAND

THE PROFESSIONS ADDING HEADCOUNT

- **Human Resources**: 50%
- **Information, Communication & Technology**: 46%
- **Property & Construction**: 42%
- **Technical & Engineering**: 38%
- **Office Support**: 36%
- **Public Sector**: 33%
- **Financial Services**: 30%
- **Accounting & Finance**: 21%

INSIGHTS:

> **Investment in people and technology.** That Human Resources professionals are the most in demand suggests organisations are taking their talent strategies seriously and hiring the professionals who can drive and execute their plans. This is a recent trend – increases to headcount in HR have previously flat-lined – but we’re now seeing a move to invest in the HR function to build existing workforce capacity and manage risks around retention. Additionally, many businesses are finding they don’t have clear ways to identify and develop leadership capability, a key driver of this investment in the HR function. ICT is also an area of investment, as employers grow the number of professionals who can help create a competitive edge through technology.
INSIGHTS:
> Technical professions on the hunt. Almost 1 in 5 New Zealand job seekers are in the ICT profession, demonstrating the highly fluid nature of ICT today. ICT employees are on the lookout for the next move that will enhance their career and allow them access to major new projects.
New Zealand professionals are open to moving industry and even country for the right role, with 85% saying they would move industry and 46% saying they would move country.
## THE JOB SEARCH: HOW JOB SEEKERS ARE LOOKING FOR NEW ROLES

### WHERE NEW ZEALANDERS FOUND THEIR LAST/CURRENT JOB

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Job Board</td>
<td>40%</td>
</tr>
<tr>
<td>Recruitment Agency</td>
<td>26%</td>
</tr>
<tr>
<td>My Personal Network</td>
<td>12%</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>11%</td>
</tr>
<tr>
<td>Direct Contact with Firm</td>
<td>4%</td>
</tr>
<tr>
<td>General Publication/Site</td>
<td>2%</td>
</tr>
<tr>
<td>Specialist Publication/Site</td>
<td>1%</td>
</tr>
<tr>
<td>Social Media</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

### WHERE THEY’LL LOOK FOR THEIR NEXT JOB

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Job Board</td>
<td>89%</td>
</tr>
<tr>
<td>Recruitment Agency</td>
<td>67%</td>
</tr>
<tr>
<td>My Personal Network</td>
<td>48%</td>
</tr>
<tr>
<td>Specialist Publication/Site</td>
<td>27%</td>
</tr>
<tr>
<td>Direct Contact with Firm</td>
<td>24%</td>
</tr>
<tr>
<td>General Publication/Site</td>
<td>19%</td>
</tr>
<tr>
<td>Social Media</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

### INSIGHTS:

> **Job boards and recruitment agencies dominate.** The desire among New Zealand’s professionals to work with a recruiter suggests candidates appreciate the networks and the advice they provide in a competitive job market.

> **Fish where the fish are swimming.** People are keen to use their networks, so have an incentive scheme for referrals. Leverage social media, where almost 1 in 5 professionals will be looking. Create a compelling online careers proposition to appeal to direct approaches. And of course, work with recruitment professionals: we’re the first ones job seekers speak to when considering a move.
ON THE MOVE: INDUSTRIES

85% of professionals would change industries for the right job. The No 1 choice? Technology.

THE TOP SECTORS NEW ZEALAND PROFESSIONALS WOULD JOIN FOR THE RIGHT JOB

- Technology: 14%
- Professional Services: 12%
- Financial Services/Insurance: 11%
- Government: 9%
- Advertising/Marketing/Media: 9%

INSIGHTS:
> Field wide open. While technology has a slight edge as a perceived growth area, overall there is a broad spread of preferences. As there is no particular 'golden child' when it comes to industries, the field is wide open for employers with the right offer for individual professionals.
ON THE MOVE: COUNTRIES

46% of professionals would move countries for the right job

INSIGHTS:

> Two-way traffic. The two-way movement of workers across the Tasman is an established trend that ebbs and flows depending on the buoyancy of each job market. With a move to Australia, New Zealanders are typically looking for more senior opportunities or to deepen their specialisation, but this year they may find the going tough: unemployment levels in Australia and New Zealand are now neck and neck (at 6%), so there will be more competition from local candidates in both markets, making a jump across the ditch more challenging.

2 Australian Bureau of Statistics Labour Force, as at Nov 2015 and New Zealand Labour Market Statistics, as at end Sept 2015
ON THE MOVE:
COUNTRY BY GENDER AND GENERATION

Young New Zealanders most likely to move countries

- Gen Y: 59%
- Gen X: 41%
- Boomers: 38%

Men more likely than women to relocate

- Men: 56%
- Women: 39%

INSIGHTS:
> Gen Y keen for new horizons. A global outlook, a sense of wanderlust and the ease of keeping in touch through technology have made snagging an overseas job a badge of honour for many Gen Ys. For many of their older colleagues, it’s a case of ‘been there, done that’, and the challenges of uprooting their families that can make them less keen to move.
The market is moving, but are employers prepared? 54% of employers do not expect to pay more for people they hire today than they did a year ago.
FORCES AT WORK: “THE PUSH FACTOR”

WHY PROFESSIONALS WOULD LEAVE THEIR CURRENT ROLE

- BORED AND NEED A NEW CHALLENGE: 26%
- LACK OF CAREER PROGRESSION: 16%
- DISAPPOINTMENT WITH SALARY: 15%
- BETTER WORK LIFE BALANCE: 8%
- POOR RELATIONSHIP WITH MANAGER/DIRECT BOSS: 5%
- CAREER CHANGE: 5%
- RELOCATION: 4%
- WORK CLOSER TO HOME: 3%
- WORKING TOO MANY HOURS: 3%
- LACK OF TRAINING: 2%

INSIGHTS:

> Boredom is the enemy of retention. Our attention spans are shorter than ever, even at work. Providing employees with stretch assignments, showing them a clear path for career progression, looking for internal transfer opportunities and having honest career conversations are among the most powerful ways to hang on to your talent.

> Leadership matters. Effective leaders ensure their team members feel valued, engaged and challenged. They will also be alert to signs of disengagement in employees who are at risk of leaving. Employers need to ensure they develop the skills these leaders need to foster a strong team environment.
FORCES AT WORK:
“THE PULL FACTOR”

WHAT PROFESSIONALS MOST WANT IN A NEW ROLE

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The right salary</td>
<td>57%</td>
</tr>
<tr>
<td>Work life balance</td>
<td>51%</td>
</tr>
<tr>
<td>Career progression</td>
<td>34%</td>
</tr>
<tr>
<td>Cultural fit</td>
<td>32%</td>
</tr>
<tr>
<td>A manager I respect</td>
<td>26%</td>
</tr>
<tr>
<td>A company whose values are close to mine</td>
<td>22%</td>
</tr>
<tr>
<td>Good benefits package</td>
<td>15%</td>
</tr>
<tr>
<td>Training opportunities</td>
<td>9%</td>
</tr>
<tr>
<td>An employer with a strong brand</td>
<td>6%</td>
</tr>
<tr>
<td>Good job title</td>
<td>2%</td>
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</tbody>
</table>

INSIGHTS:
> Money gets you a seat at the table. Salary is crucial when hiring, so you’ll need reliable pay data and a willingness to negotiate to ensure you’re competitive. But there are other powerful tools in your toolbox: don’t underestimate the value of introducing potential candidates to your culture (build a relationship by allowing candidates to familiarise themselves with your organisation), providing flexible working conditions and mapping out a clear career path. Getting salaries right is vital in attracting candidates, but there are many other factors they value when considering a new role.
“PUSH”: BY DEMOGRAPHIC

Very few differences on the “Push” factor

1. Bored and need a new challenge
   - Y: 27%
   - X: 25%
   - BB: 13%

2. Lack of career progression
   - Y: 17%
   - X: 15%
   - BB: 17%

3. Disappointment with salary
   - Y: 17%
   - X: 15%
   - BB: 13%

INSIGHTS:
> There’s one thing all ages agree on. Work needs to be stimulating. Employers must take note of New Zealanders’ sense of adventure and thirst for the new, and build this into their talent strategies.
Notable differences on the “Pull” factor

**Y**

1. The right salary
2. Career progression
3. Work life balance

**X**

1. The right salary
2. Work life balance
3. Cultural fit

**BB**

1. Work life balance
2. The right salary
3. A company whose values are close to mine

**INSIGHTS:**

> Understand what your ideal talent really wants. Salary tops the list for men, but for women, work life balance is equally important. Salary is the foremost consideration for both Gen X and Gen Y, but the Baby Boomers look for work life balance and cultural fit as well as the right remuneration.
**THE MONEY QUESTION:**
**ARE ORGANISATIONS PREPARED?**

Salary is now the third highest reason an employee leaves a job and the No 1 reason a job seeker would move to a job, so are employers listening?

- **36%** of professionals have not had a pay increase in the last year.
- **57%** of employers do not expect to pay more for talent today than they did a year ago.

### PAY RISES AWARDED TO PROFESSIONALS LAST YEAR

- **0-5%**: 63%
- **6-10%**: 17%
- **11-15%**: 6%
- **16% OR OVER**: 11%
- **CAN’T RECALL**: 3%

**INSIGHTS:**

> Employers are going broke saving money. Withholding pay rises can be a false economy, given the direct and indirect costs of replacing staff. For those New Zealanders who have patiently waited for a pay increase in the last two years, an uptick in the economy and job market will create expectations. Employers who have tightened their purse strings cannot do so indefinitely without losing staff.
## PAY RISE ALTERNATIVE: THE BENEFIT IN BENEFITS

**If you were given a choice, what would you consider swapping a pay rise for?**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Annual Leave</td>
<td>42%</td>
</tr>
<tr>
<td>Bonuses</td>
<td>39%</td>
</tr>
<tr>
<td>Work Life Balance</td>
<td>27%</td>
</tr>
<tr>
<td>Increased Superannuation</td>
<td>18%</td>
</tr>
<tr>
<td>Shares in the Business</td>
<td>18%</td>
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</tbody>
</table>

**Insights:**

> *Money isn’t everything.* If your organisation really can’t afford to increase salaries, there are other options that may not affect the bottom line. The key is to seek feedback: ask employees what they want. We all value different things, so consider offering a range of non-financial or longer-term rewards that will increase engagement and retention.
PAY RISE ALTERNATIVE: THE POWER IN PROMOTIONS

PROFESSIONALS’ VIEWS ON PROMOTIONS

THE VIEW 67% of all professionals say a promotion is important or very important

THE IDEAL 71% expect to be promoted within 2 years

THE REALITY 22% have been promoted in their current role

Promotions a priority for Gen Y

86% say getting a promotion is important or very important

79% would generally expect to be promoted within 2 years in a role

23% only 23% have been promoted in their current role

INSIGHTS:

> Employees are hungry for promotion. The majority of employees – particularly young people – will go elsewhere if they feel overlooked. Employers need to treat this risk seriously: not everyone is ready for promotion, but individuals need to know when, why and how they can create a path to promotion.

> Promotions aren’t simply about titles. Promotions are proof that a team member’s skills and contributions are valued. If your organisation doesn’t have the structure or budget to make promotions, consider alternative ways to recognise people and demonstrate that they are building their career with you.
KEY TAKEOUTS

Don’t be complacent.
If, as predicted, 1 in 3 employers increase hiring, employees will soon get the message that the market is heating up and that opportunities abound. Passive job seekers will become active, your best people will be courted by your rivals and it will be War for Talent 2.0. In 2016, smart employers will be proactive and step up their attraction, retention and engagement strategies.

Don’t ask, don’t get.
The Hudson Report shines a light on the minds of employees and what it reveals is a diversity of wants, needs and expectations. Your hiring and talent strategy needs to reflect the diversity of the workforce, across genders, ages and industries. But you don’t need to guess it all – ask your people what they want. Use surveys, manager feedback and social media to take the pulse of the organisation.

Ask for help.
Mastering a talent strategy is difficult. There are so many moving parts: keeping the employees you have, building a pipeline of potential talent, then finding and selecting new people. In an unpredictable and highly liquid market, partnering with talent and recruitment experts will help you succeed in both strategy and execution.
METHODOLOGY

Hudson undertook quantitative research with hiring managers and employees across New Zealand to analyse the talent landscape and provide insights on what employers might expect in 2016.

We canvassed the views of 1,188 employers and 1,286 employees in November 2015. From these findings we developed this report – a combination of the survey findings and Hudson's insights on the hiring landscape. Percentages don’t always total 100% as respondents could select more than one option for certain questions.

ABOUT HUDSON

Hudson is a global talent solutions company with expertise in leadership and specialised recruitment, recruitment process outsourcing, talent management and contracting solutions. We help our clients and candidates succeed by leveraging our expertise, deep industry and market knowledge, and proprietary assessment tools and techniques. Through relationships with millions of specialised professionals globally, we bring an unparalleled ability to match talent with opportunities by assessing, recruiting, developing and engaging the best and brightest people for our clients. We combine broad geographic presence, world-class talent solutions and a tailored, consultative approach to help businesses and professionals achieve higher performance and outstanding results.