

THE GREAT NEW ZEALAND EMPLOYMENT SURVEY²⁰₁₁

The Great New Zealand Employment Survey for 2011



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Introduction



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The 2011 Great New Zealand Employment Survey provides us exciting insight to the thoughts and minds of both employers and employees within New Zealand.

It tells us that the majority of employees are complacent, that they are happy to remain where they are, and not just for the time being. The survey tells us that almost 65% of employee respondents are either very happy or happy in their current roles, more than 65% are not currently looking to move jobs and more than 57% want to stay with their current organisations for between the next two to five years.

On top of this, 92% of employees have said they are interested, involved and want more involvement in helping their organisations achieve their aims and objectives.

This is excellent news for employers, as this type of information provides an organization with stability and the ability to plan ahead.

It would come as no surprise, then, that employers are having a hard time filling vacant positions and finding the skills they want because employees with the relevant skills are not looking to move.

Since our previous survey in July 2010, there has been a small decrease in the number of organisations that are still being affected by the recession. We previously reported 93% of respondents were still being affected, while today that figure sits at 80%.

Communication is still an area where employers require improvement. A gap in perception exists here: employers believe that communication with their employees has increased, but the response from employees has not been as apparent. 30% of employees said communication has not changed and needs to get better.

What employers are looking for in prospective employees has been of considerable interest. The right culture fit, behavior and potential were far more important to an employer than relevant qualifications. Employers placed the requirement of relevant experience over qualifications.

This report is an incredibly insightful and interesting read for both employer and employee.

About the Survey

The Great New Zealand Employment Survey® provides valuable information on current and emerging trends in people related activities in New Zealand. Its aim is to present information from the perspective of both employers or people managers and employees.

The survey was first launched in October 2009. It was conducted voluntarily by employers and employees and is undertaken during the month of November. An interim survey is conducted in May, to keep the data relevant and up to date with employment trends.

The survey has so far represented a good cross-section of the workforce, employers, industries and locations in New Zealand.

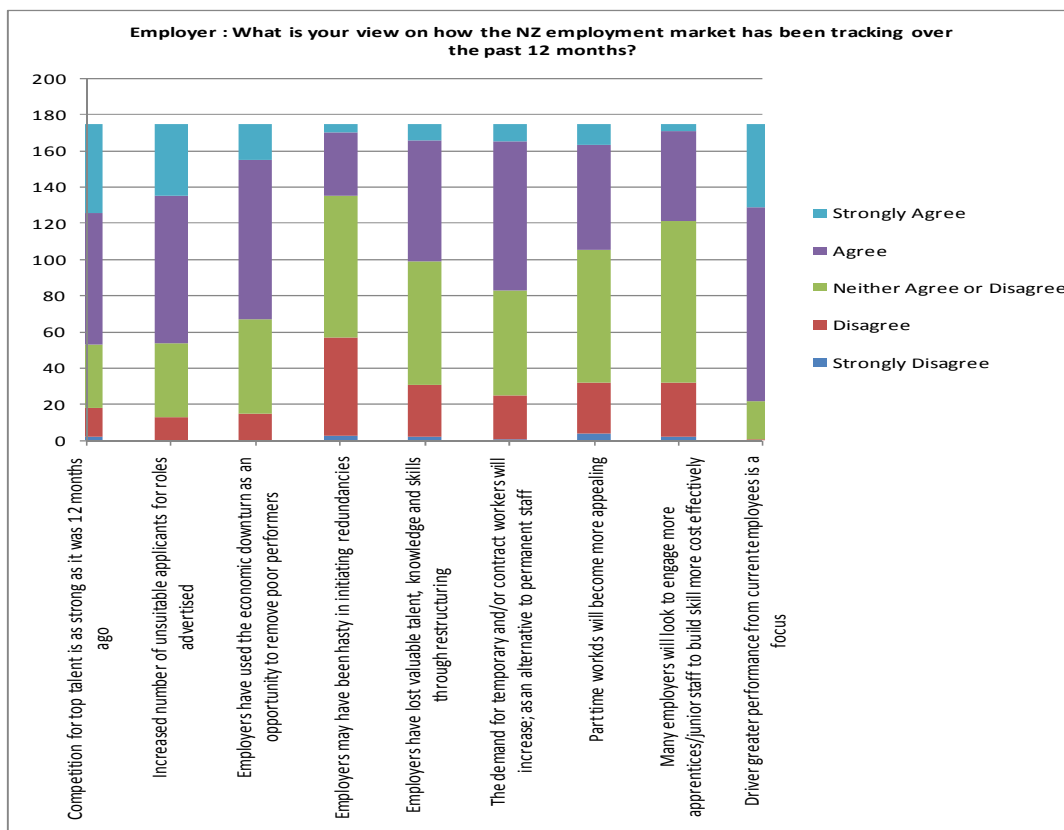
The survey results will provide benchmarking data each time it is undertaken, and we invite businesses to engage their teams in the survey so as to benchmark their own data against New Zealand's general employment environment.

Executive Summary

Employers view on how the market is tracking

The following statistics are where employers either strongly agree or agree on how the market has been tracking over the past 12 months:

- 87% of employers say driving greater performance from current employees was a focus of their organisation over the past 12 months.
- 70% believe competition for top talent is as strong as it was 12 months ago.
- 69% have said there's been an increase of unsuitable applicants for roles over the past 12 months, likely a result of the shortage of available roles.
- 62% of employers have used the downturn as an opportunity to remove poor performance.
- 53% say the demand for temporary and/or contract workers will increase as an alternative to permanent staff.
- 43% of employers have lost valuable talent, knowledge and skills through restructuring.
- 40% say part-time workers will become more appealing.
- 31% will look to engage more apprentices/junior staff to build skill more cost effectively.
- 23% of employers have been too quick to initiate redundancies

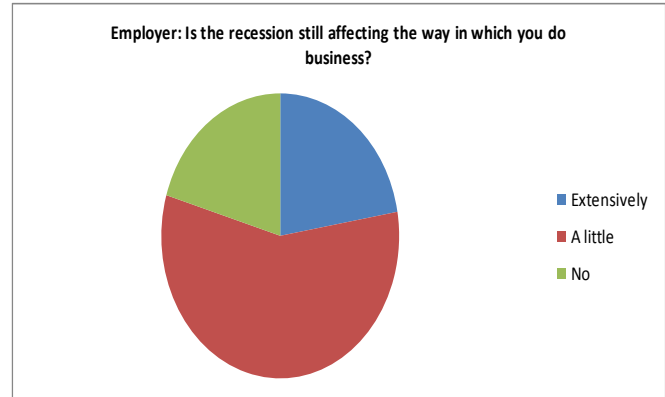


Business and People Strategy

Is the recession still affecting business?

79.6% of employers surveyed say the recession is still affecting the way in which they do business to some extent. 22.3% say it is extensively.

This is an improvement from the interim survey conducted in July 2010 where 93% of respondents said that the recession was still affecting the way in which they do business. The July survey also said 45% of businesses were affected extensively.



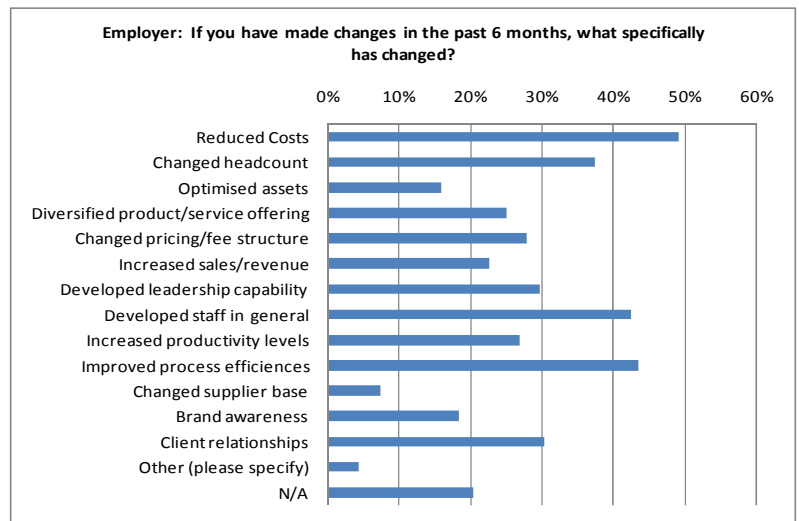
*“Business is much slower and credit is hard to get” “Recruitment is low” “Lack of demand”
“Working harder for less money” “Budget cuts” “Tighter competition”
“Slowdown in consumer spending/downturn in sales” “Overseas clients not as active”*

Strategy and direction of business

Of the employers surveyed, 63% of them have changed the strategy and direction of their business within the past six months.

Almost 50% have reduced costs, just over 40% have improved processes and developed staff and 37% have changed their headcount.

A majority of survey participants said they have not changed supplier base, optimized on assets or made any changes to brand awareness.



Growth

Over the coming 12 months, 50% of employees say growth in their business will come from improving process efficiencies and increasing sales and revenue, 43% think increasing productivity levels and 33% say developing the leadership capability.

Employers' thoughts on this are quite similar and in the past six months have put into action some of these points by making changes to the strategy and direction of their business.

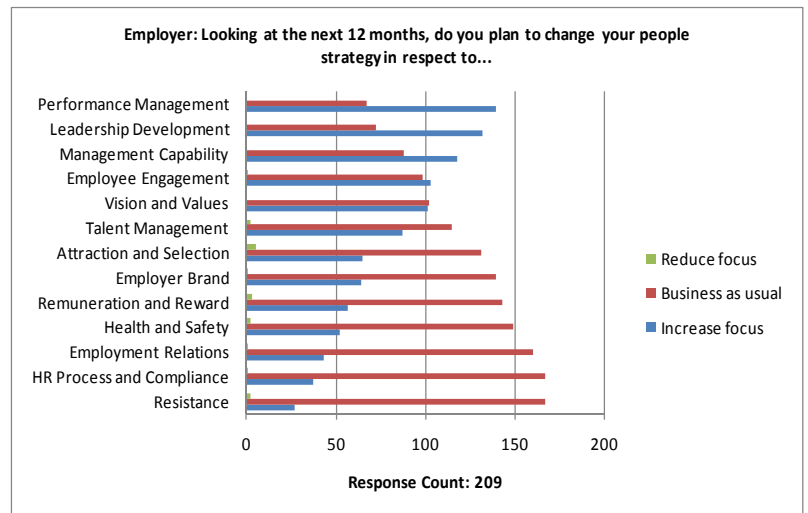
It is evident these changes have had a positive spin off, with the number of employer organisations now recruiting in particular for newly identified roles, as detailed later in this report.

People focus and priority for 2011

69% of employers say they intend to increase their focus on performance management for staff in 2011. 65% have also said increasing their focus on leadership development is key, which is in line with the change in business strategies mentioned above.

Other areas of focus are management capabilities (57%), employee engagement (51%), and vision and values (50%).

Areas that will remain business as usual are HR process & compliance (81%), employment relations (78%), health and safety (73%), remuneration and reward (70%).

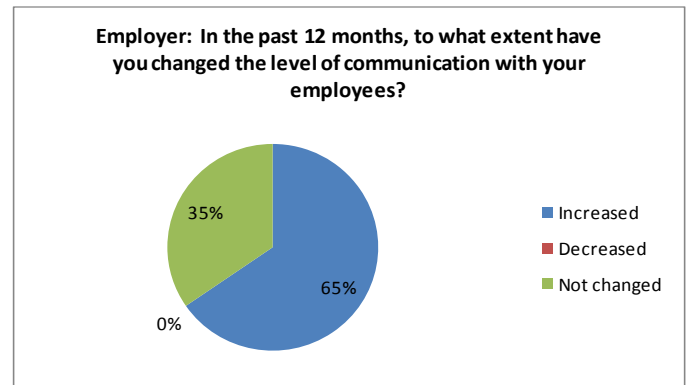


Communication

65% of employers said they have increased communication with employees over the past 12 months, whereas nearly 30% of employees said communication has not changed and needs to get better.

But, 53.3% of employees also say they have either been fully or fairly well informed of change, so communication is working to some extent. What needs to be more closely examined is how communication is spread.

Employers believe effective means of communication include face-to-face meetings as well as less formal means: a catch-up or group huddle, companywide newsletters, emails and memos. For companies with the capability, an intranet site for all employees to access is also an effective way to communicate.



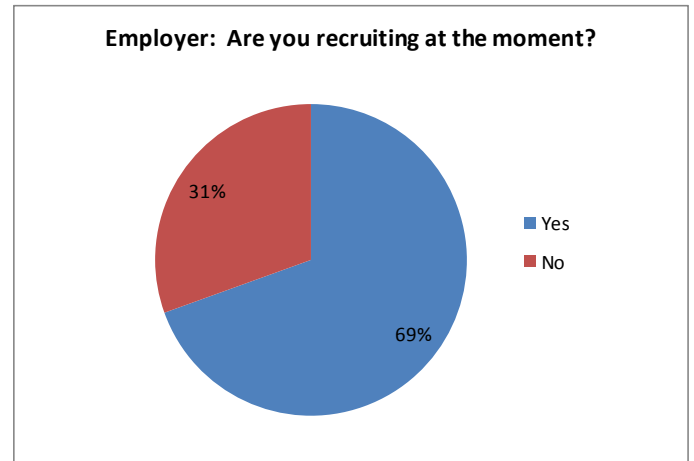
Attraction and Selection

Recruitment

Almost 70% of employers surveyed are currently recruiting. This is a 5% drop in the numbers that were recruiting in the July 2010 interim survey.

The main reasons for recruiting are to replace voluntary leavers (42.9%), to fill newly identified roles (34.9%), to accommodate for business growth (22.9%), to meet the need for new skills (17.7%) and to replace because of promotion (14.9%).

9.1% needed to replace due to retirement.



Is there a skill shortage?

Although 52% have said their skill set has remained unchanged, just over 45% have said their skill requirements have changed, which is of significance.

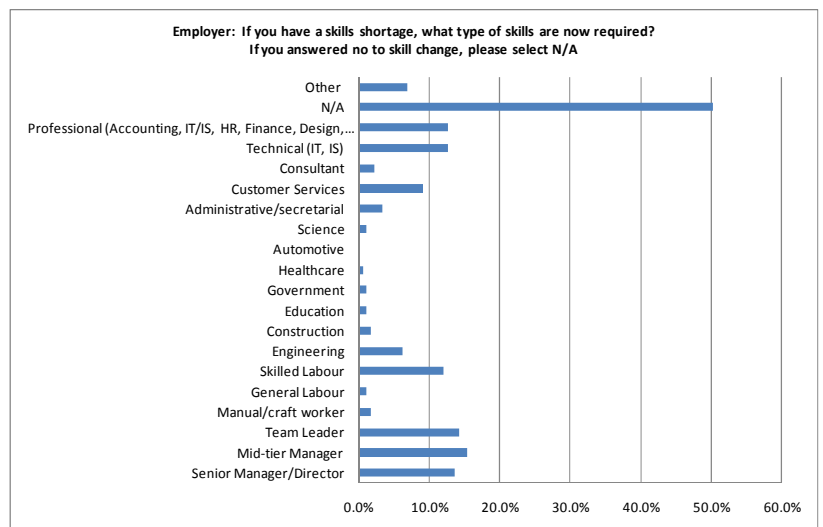
We can assume that the change in skill requirements is due to the major restructuring and change in business direction and strategy as a direct result of the recession.

The types of skills (represented by percentage) that employers and managers now require are:

- Mid-tier Management (15.4%)
- Team Leaders (14.3%)
- Senior managers/Directors (13.7%)
- IT & IS (12.6%)
- Professionals i.e. Accountants, HR, Finance, Sales & Marketing, Legal (12.6%)
- Skilled Labourers (12%)

The skills that are proving hardest to find are:

- Mid-tier Managers
- Professionals i.e. Accountants, HR, Finance, Sales & Marketing, Legal
- Skilled Labourers
- Engineers
- Interestingly, only 7.4% say it was hard to find IT & IS skilled people.



**What are the skills of employees surveyed?
What are their plans?**

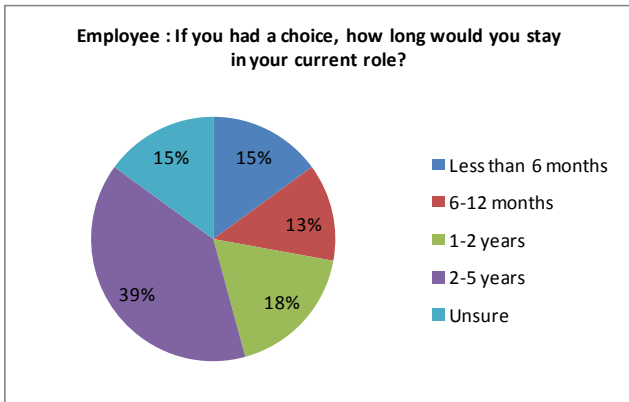
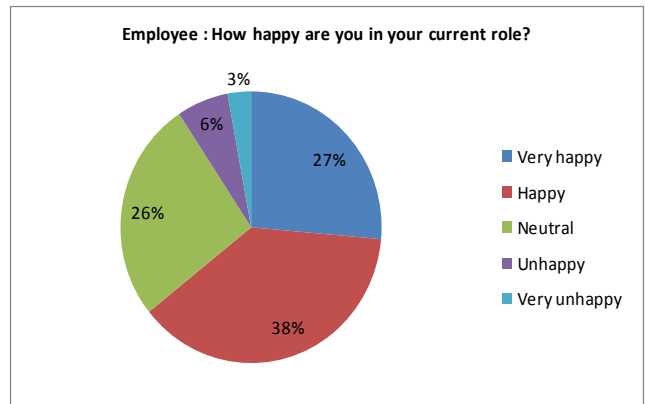
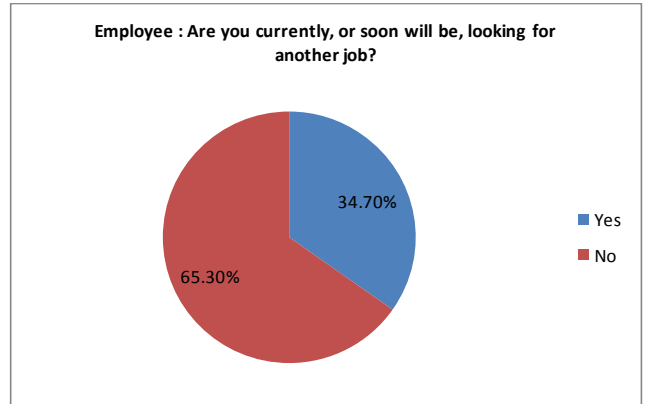
Almost 73% of employee survey respondents falls into one of the skills shortage categories.

Thirty two percent of employee respondents are professional, 20% are senior management and 20.8% are mid-tier managers.

Overall, 65.3% of employees say they are not currently looking for another job.

An overwhelming 64.3% of employees stated they are either happy or very happy in their current role, and 57.2% are happy to stay in their current role for up to the next 5 years.

From this information we have gathered, we can safely assume employers are having a hard time seeking the skills they want because employees with the relevant skills are not looking to move from their current roles.



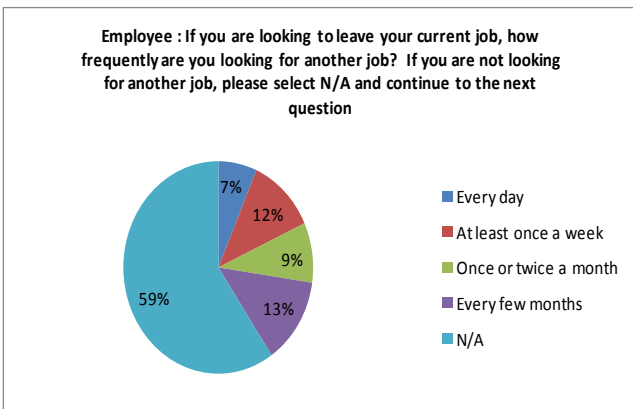
Employee’s level of satisfaction

According to the survey, employees are satisfied with their current organisations, as 39% have said they would want to stay in their existing role for between the next 2-5 years. If you were to look at these figures between 1 and 5 years it increases to 57% of employees wanting to stay put.

These statistics are on top of the 30% of employees who said they have already been with their organisation for between 2 – 5 years, 21% for between 6-10 years and 23% over ten years.

Of the 34.7% of employees that are looking to leave their current role, only a small number (6.6%) are actively looking daily. Majority (13.2%) is only looking for new work every few months.

These figures correspond with how happy employees say they are in their current roles, the fact that 65.3% are not looking for another role and how 68.6% of employees are interested, involved and committed to their organisation.

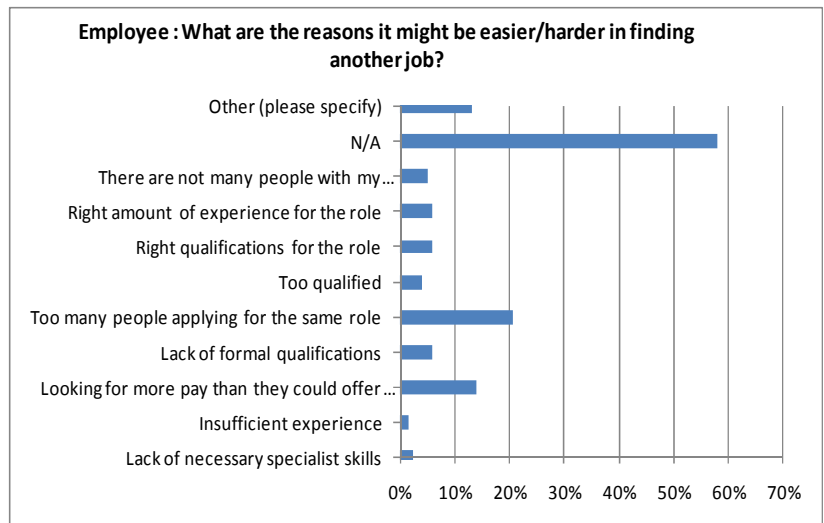


How difficult has it been to find a job?

Just over 24% of employees have said finding another job has been either difficult or very difficult. On the other hand 12.4% said it was neither easy nor difficult.

The main reason for it being difficult to find suitable roles is due to too many people applying for the same role (20.7% said this). 14% found that they were looking for more pay than what was being offered. 11.6% said that organisations are only looking for their industry expertise.

Interestingly, 11.6% said they were not having any problem with getting the jobs they apply for.

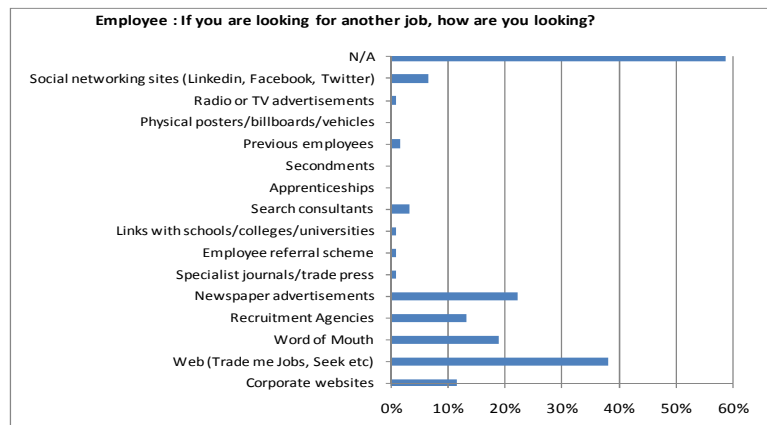
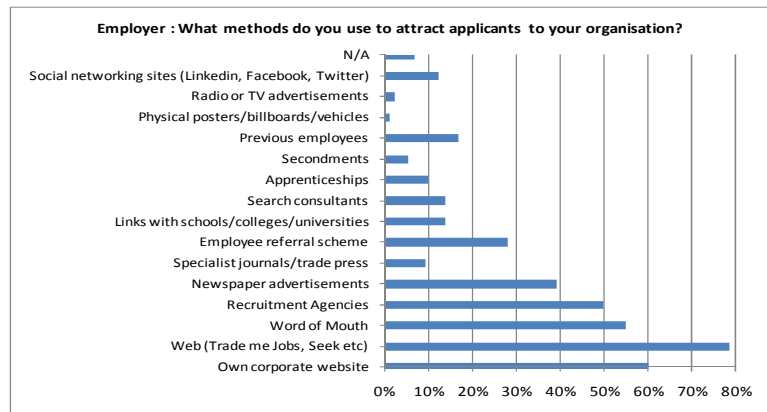


Where to look for the right candidate or the right job

According to the survey, 78.4% of employers and 38% of employees say the most common place for them to either seek or search a role is via the web (e.g. Trade Me, Seek etc).

A word of advice for anyone looking for a job: 60% of employers try to attract candidates by advertising them via their own corporate website and 55% attract by word-of-mouth. These appear to be more successful methods than the 49.7% that use recruitment agencies, 39.2% that use newspaper advertisements and 28.1% who have an employee referral scheme.

The survey results also show 22.3% of employees look at newspaper adverts, 19% are referred by word-of-mouth, 13.2% use recruitment agencies and only 11.6% look at corporate websites.



What are employers looking for in a candidate?

Culture fit, behavior and potential all rank higher than a candidates level of or relevant experience and qualifications. 85% look for the right culture fit, 70% look for good behavior and 61% for potential. Only then do relevant qualifications with experience (55%) and the right technical skills (46%) apply.

Note that the relevant qualifications preferably with experience. Qualifications on their own are less attractive to employers, as only 21% look for this.

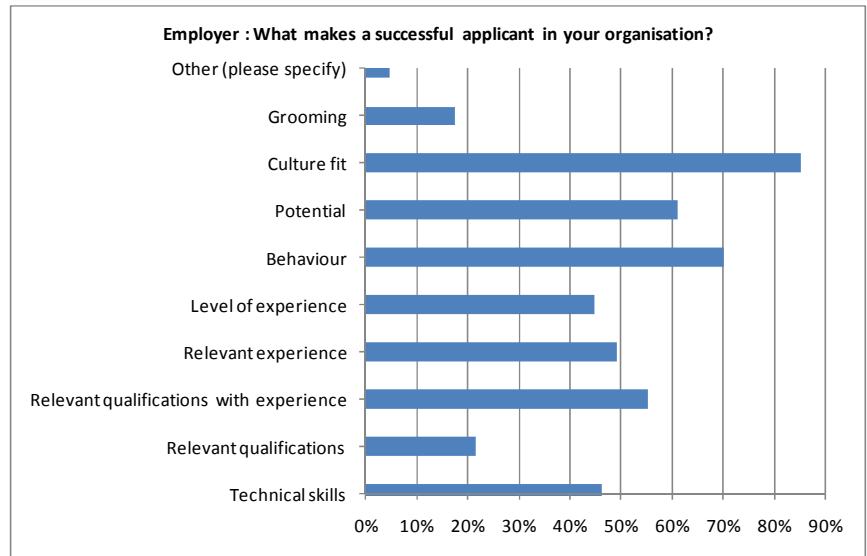
New graduates shouldn't be discouraged by this information. Given time, the more junior positions in organisations will need to be filled by new graduates, as those with experience will have moved onwards and upwards.

Perhaps a word of advice in the meantime:

Don't wait until the end of your study to consider your future and which direction you want to take. Just completing your study may not be enough. What sort of a job do you want post-study? Consider how well you already know the industry and get to know it better. Take any opportunity that may arise when meeting people especially those who are in your chosen industry. Pick their brains on what their organisation looks for in their candidates, whether their organisation take on interns and what you could do to increase your chances of being employed once your study is complete.

Social Networking

Just over 12% of employers use social networking sites such as Facebook, LinkedIn and Twitter as a way to find suitable candidates, and only 6.6% of employees use social networking sites as a means to find a job. Although a small increase in the use of social networking sites since the July 2010 interim survey, it is still not a major player for either employers or employees.



Employees are attracted to your organisation because

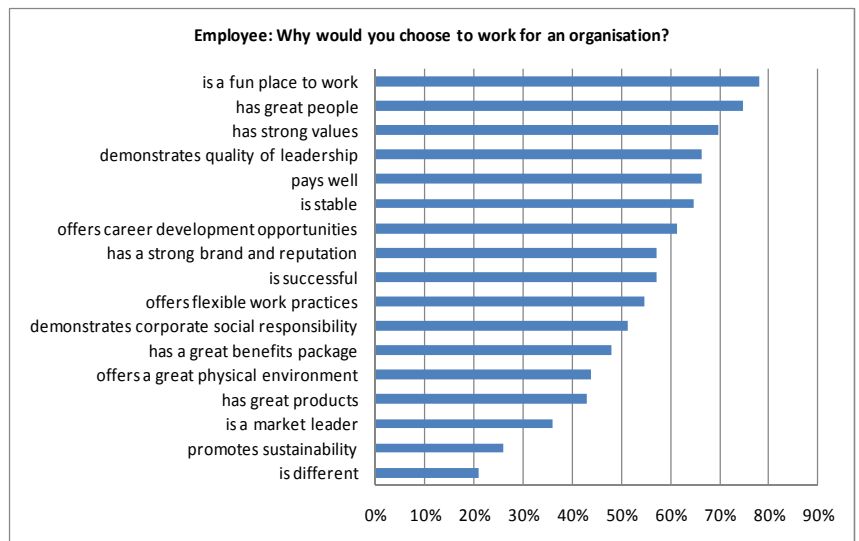
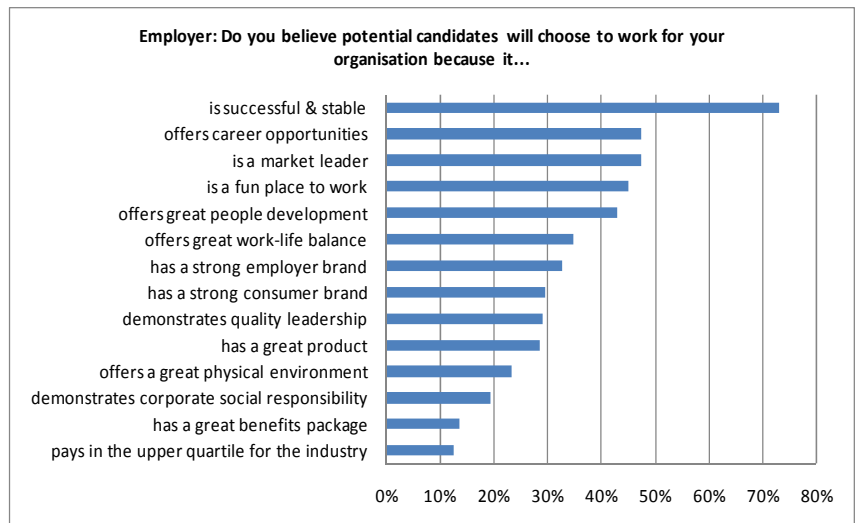
There are some important differences between employers and employees here.

73% of employers believe employees would want to be part of their organisation because it has proven stability and success. Over 47% think employees would find them to be a market leader with great career opportunities and 45% think an employee would want to look for a fun place to work.

Employers at least know that in the current times employees wouldn't necessarily be attracted to them because of the level of pay and benefits on offer. Only 12.6% and 13.7% respectively thought this would be attractive.

Employees on the other hand would be attracted to an organisation first and foremost because it would be a fun place to work (78.2% said this). 74.8% would be looking to see if the organisation has great people and 69.7% look for strong organisational values. 66.4% are after an organisation that pays well and demonstrates quality leadership. Great career opportunities were also a key requirement, as 61.3% of employees would also be looking for this.

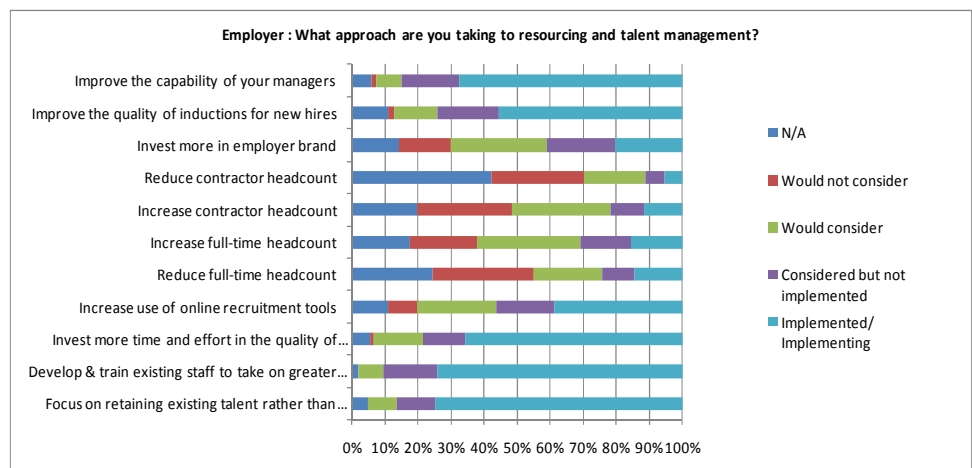
Being a market leader only rated with 36.1% of employees



How are you managing your talent?

More than 74% of employers are focusing on developing and training existing staff to retain talent rather than recruiting.

68% will improve the capability of managers to better equip them for managing talent and 66% are looking to invest more time and effort in the quality of candidate hire.



Leadership & Performance

Leadership in the past 12 months

71% of employers have said their leadership structure has remained unchanged. Of the 29% that have changed their leadership structure, it is because of:

- A reduction in staff
- Restructure
- Resignation
- New appointments (including new roles created)
- Demotion in management status

What is a good leader?

Employers and employees agree on what traits make a good leader.

76% of employers strongly agree that a good leader needs to treat employees consistently, fairly and with respect. 49.6% of employees agree with this.

Between 69% and 74% of employers also say a good leader should:

- Be open and honest
- Support and encourage your team members
- Make it clear what is expected of employees
- Communicate organisation strategy and vision

Between 93% and 95% of employees believe a good leader should:

- Be open and honest
- Treat employees consistently, fairly and with respect
- Recognise and promote good work
- Manage poor performance promptly and efficiently

Although employers believe treating employees consistently, fairly and with respect rates as the highest priority as a leader, in practice and according to employees, they aren't making it the highest priority.



Are leaders being developed?

Almost 65% of employer respondent organisations are providing coaching and/or mentoring for leaders to support their development. 61.5% run internal development programmes and 57% send leaders out on external development programmes.

Performance expectations in the past 12 months

Nearly 63% of employers have changed their expectations of staff performance to some extent. 17.2% said they have to a lesser degree.

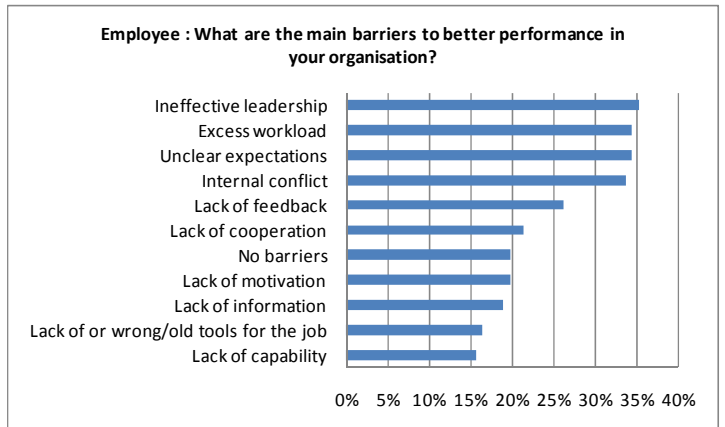
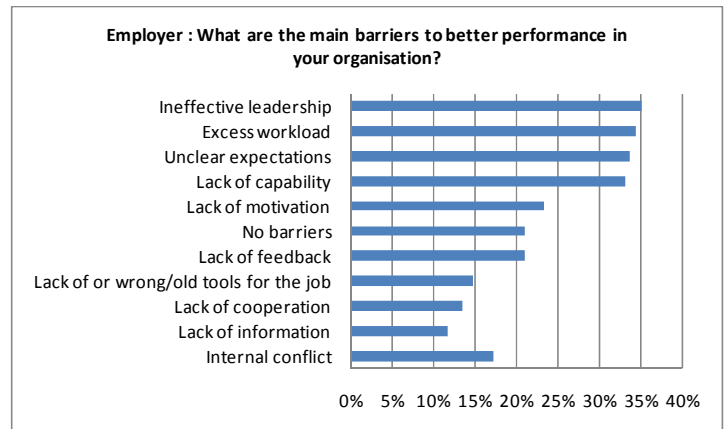
Some of the reasons given for why their expectations have changed are because of:

- Lower headcount
- Wanting better results
- Wanting to see more accountability
- Wanting to see greater productivity

Both employers and employees agree the main barriers to better performance in their organisation are due to ineffective leadership, excess workload and unclear expectations.

Where they disagree:

- 33.1% of employers believe lack of capability is a main barrier but only 15.6% of employees believe this
- 33.6% of employees believe internal conflict is a main barrier but only 17.2% of employers believe it is



Performance management

Just over 70% of employees surveyed receive formal performance appraisals from their manager, with 63% stating the review is either yearly or twice yearly. 62% also say they have informal meetings. This is in line with what employers surveyed say where 80% have formal performance reviews and planning processes in place.

Thirty nine percent of employees say that managers undertake providing regular feedback to each individual and set objectives and targets. Employers feel they are doing a better job than what employees are saying, as 69% say they provide regular feedback to individual employees, 65% set employee objectives and/or targets and 60% have regular review meetings with employees.

Getting better productivity

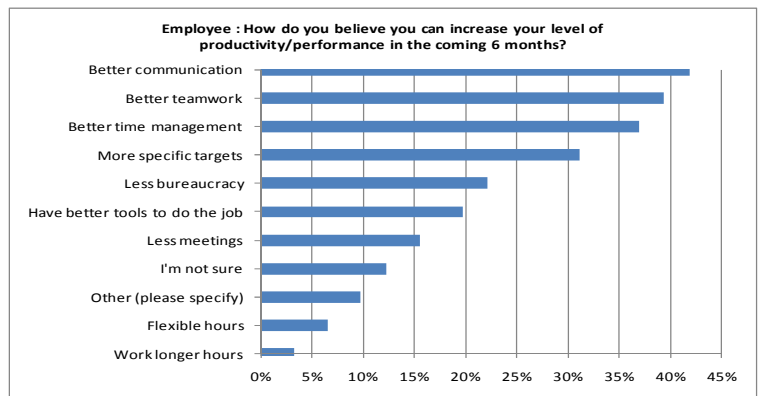
63% of employers think that better productivity and performance will come from setting employee expectations.

More than 55% also believe that providing coaching and/or mentoring, giving effective feedback and setting good levels of communication will also lead to better productivity and performance.

They do not believe that decreasing the workload or offering bonuses will work.

Almost 42% of employees say better communication is what's required to increase the level of productivity and performance. Although a high percentage of employers thought this, it only ranked fifth in its priority.

Employees also believe better teamwork (39.3%), better time management (36.9%) and more specific target setting (31.1%) will contribute to an increase in productivity and performance.



Staff Development

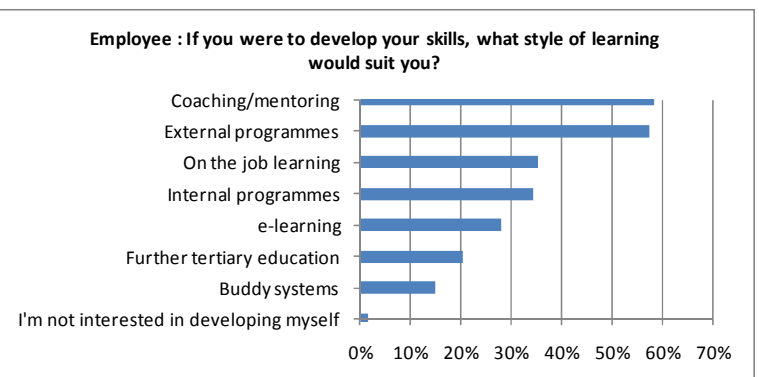
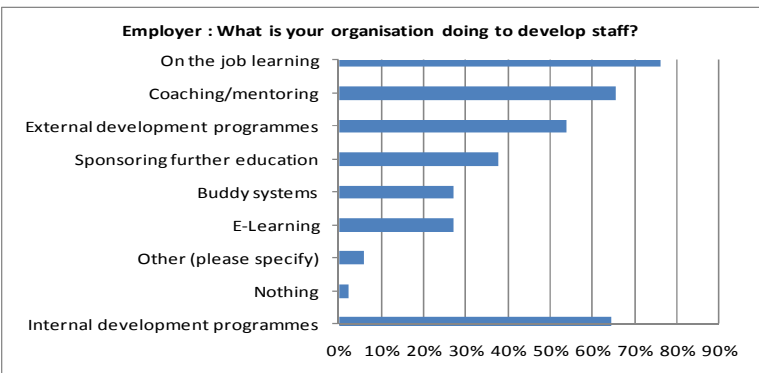
76% of employer respondent organisations prefer to develop employees by on the job learning, followed closely by providing coaching/mentoring.

The preferred method of development for employees is being provided with coaching/mentoring (58%) and going on external courses (57%).

We also asked employees what type of learning and development opportunities their organisation currently provides, 52.5% said on the job learning.

Coaching/mentoring was only offered to 26.2% of employee respondents.

Lack of development or career opportunities was the second highest reason why employees want to leave their current organisation. That's 22.3% of employees that are currently looking for a new role.



Engagement & Retention

Staff Turnover – who’s leaving and why

For a majority of employers (58%), turnover for the past 12 months has been less than 10% and 87% say less than 20%.

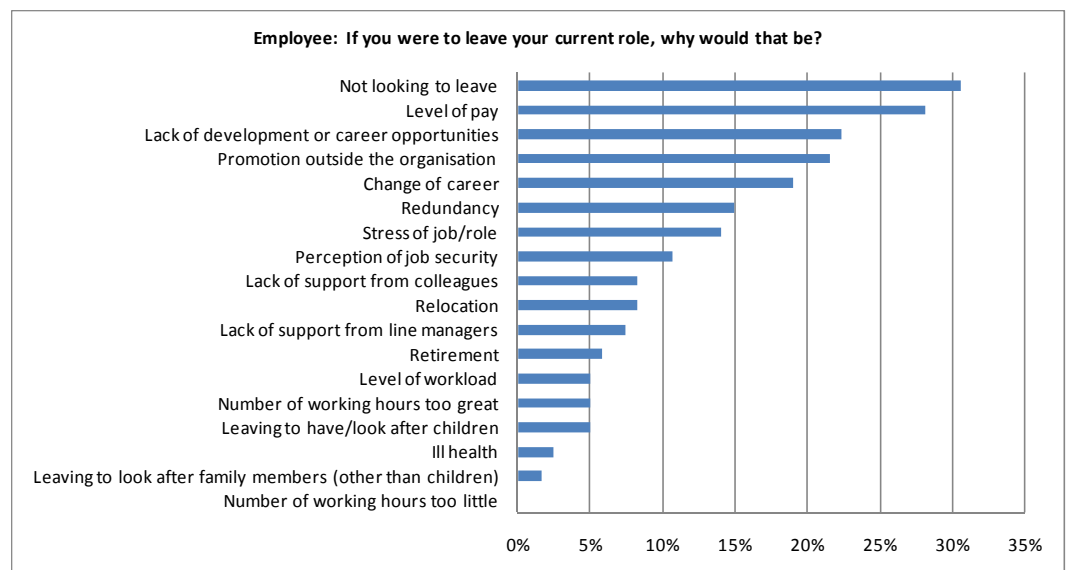
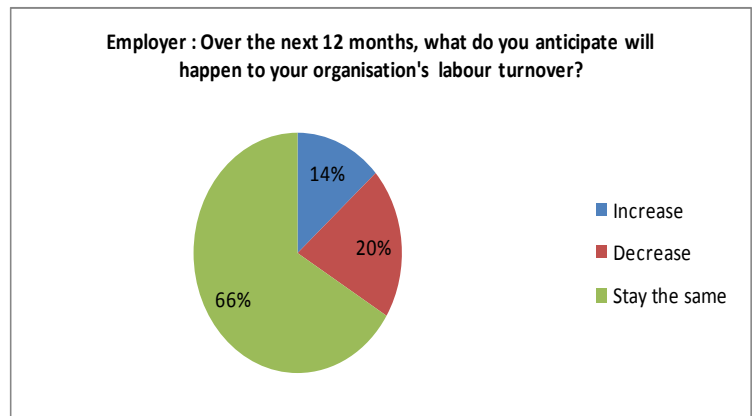
It is likely that the coming 12 months won’t see much change, with figures likely to remain the same. 20.4% of employers have even said turnover will decrease.

According to 64% of employers, the main reason employees are leaving is voluntarily, due to personal circumstances. Other reasons are: 41% left for better career opportunity elsewhere, 32% left to move overseas, 28.7% left for better money and/or benefits and 26.7% left due to redundancy.

Employers said the skills that are leaving are professionals (25.9%), mid-tier management (25.3%), customer service and general labourers (22%), skilled labour and team leaders (20%).

The skills that appear to be most stable are construction workers, scientists, healthcare workers, consultants and teachers.

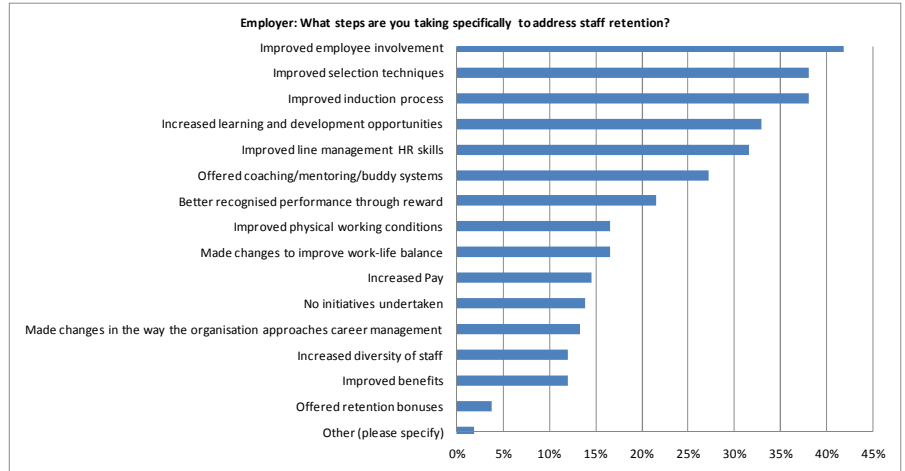
When we asked employees if they were to look for another role (remembering that 65% are not currently looking), 28% would because of their current level of pay, 22% because of the lack in career development and just over 20% would because of a promotion outside of the organisation.



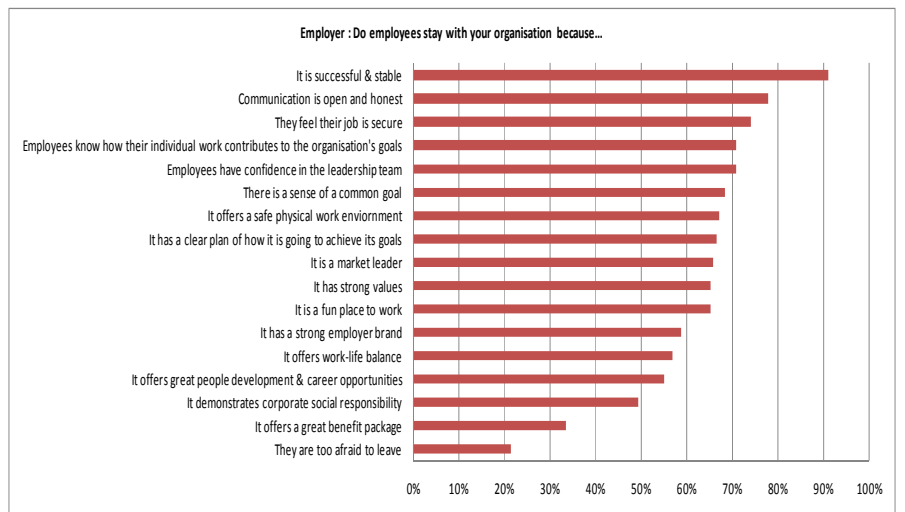
Methods used to retain, are they the right ones?

By improving employee involvement within the organisation, 42% of employers believe they can retain staff.

Additionally they have been improving their selection techniques and induction process (38%), increasing learning and development opportunities (33%) and improving line management HR skills (32%) to help to retain staff.



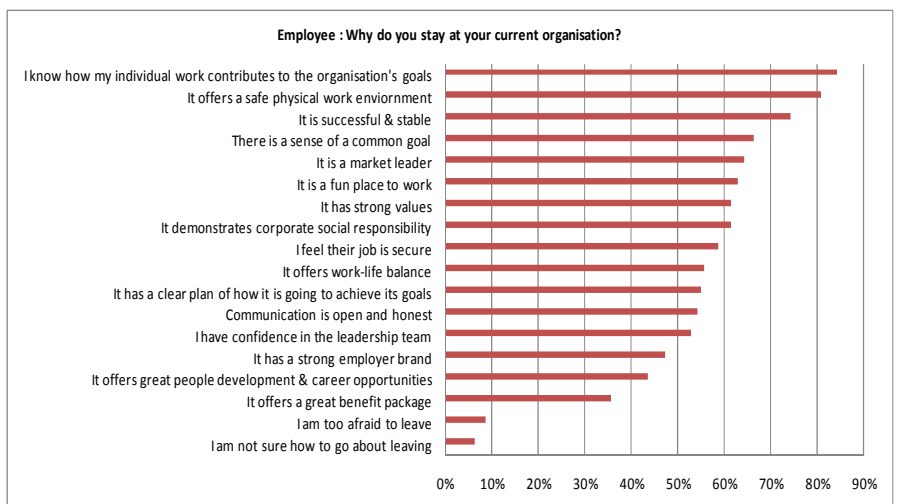
When employers were asked why employees may want to stay with their organisation, 91% either agree or strongly agree it's because their organisation is stable and successful. 78% say their communication with employees is open and honest therefore giving them a reason to stay and 74% believe employees feel their job is secure. In addition 71% believe employees have confidence in their leadership team and know how their individual work contributes to the organisation's goals.



Employees agree. 74% surveyed said they remain with their current organisation because they are stable and successful.

However, it is not the main reason why they stay. 84% know how their individual work contributes to their organisation's goal and 81% know their organisation offers them a safe physical work environment.

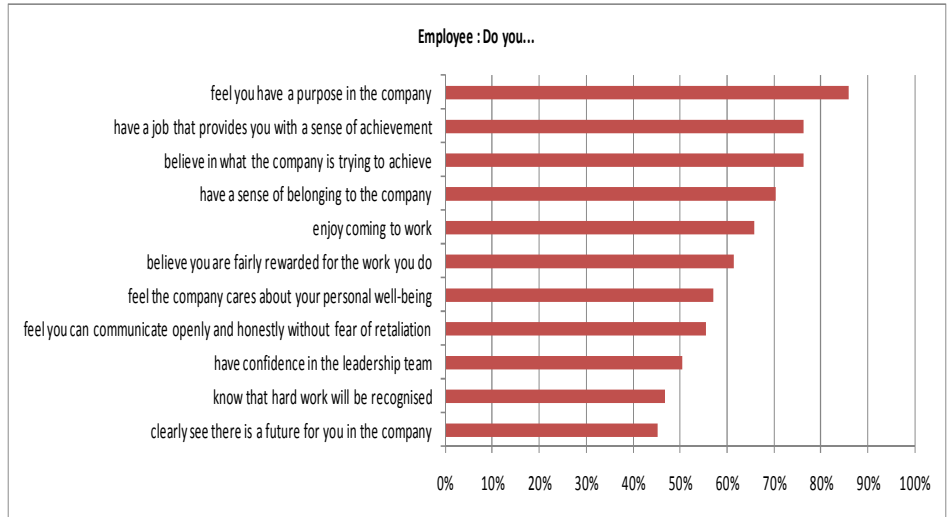
Clearly employers are getting it right, as almost 74% of employees have been with their existing employer for more than 2 years and a staggering 23% of them have been with their current employer for more than 10 years.



How engaged are employees?

When employers were asked what the main drivers of employee engagement are, 73% said employees have a sense of belonging within the organisation. 65% also think employees feel they have a job that provides them with a sense of achievement and believe they are fairly well rewarded for the work they do.

Employees agree. 86% say they have a purpose in the company, 76% believe in what the organisation is trying to achieve and feel they have a job that gives them a sense of achievement. 70% also say they have a sense of belonging to the organisation.



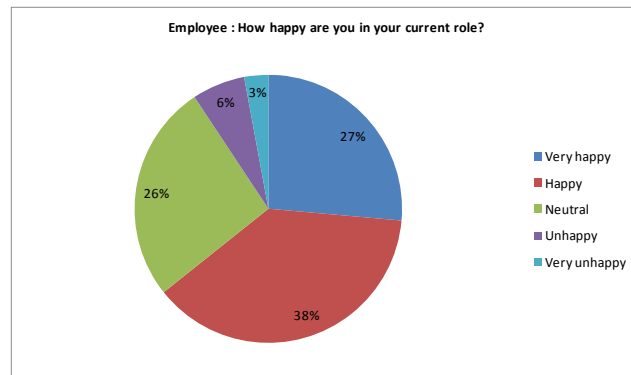
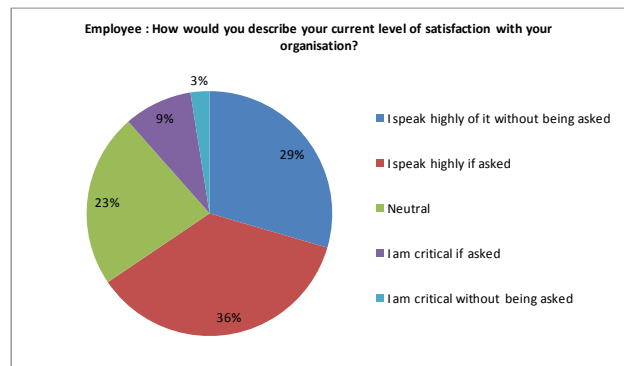
However, only 44% of employees will stay with their current organisation because of the training and development opportunities.

It comes as no surprise that 42.3% of employees would like improved pay.

Given the choice, nearly 40% of employees would stay in their current organisation for the next 2-5 years and 31% would stay between the next 6 months to 2 years.

More than 65% of employees speak highly of their organisation. Only 9% are critical when asked.

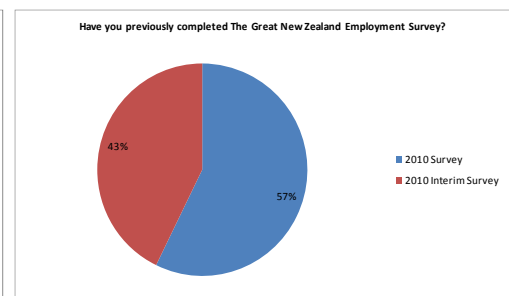
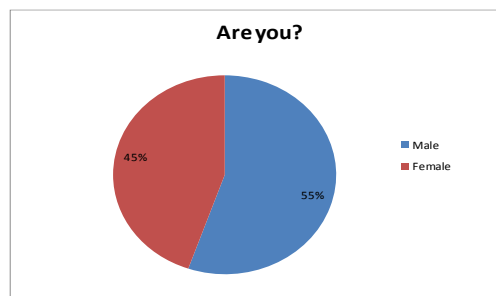
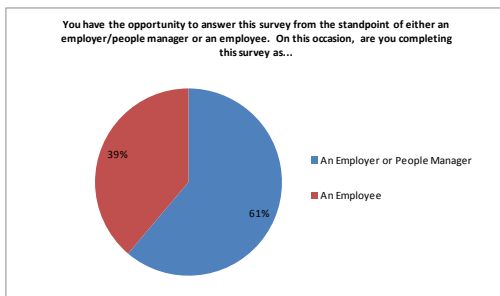
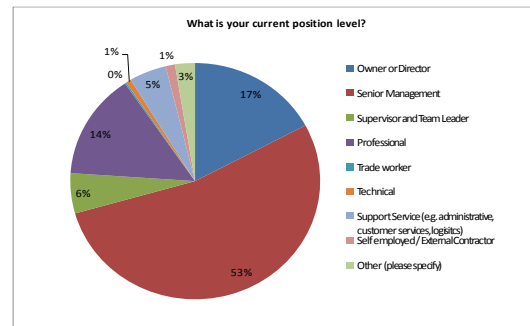
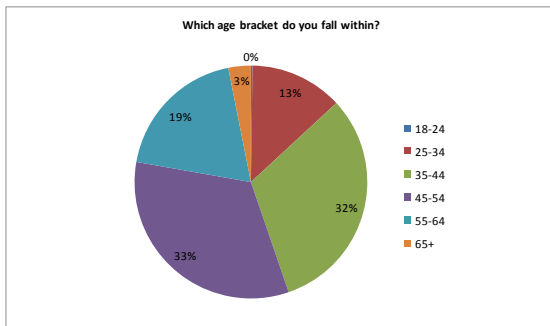
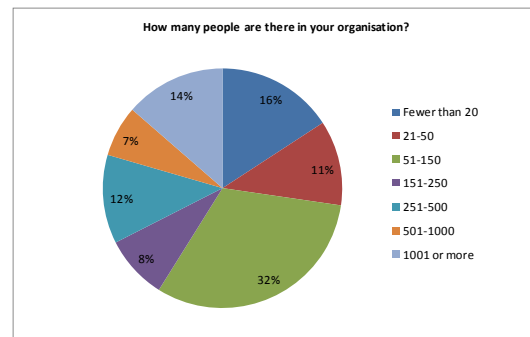
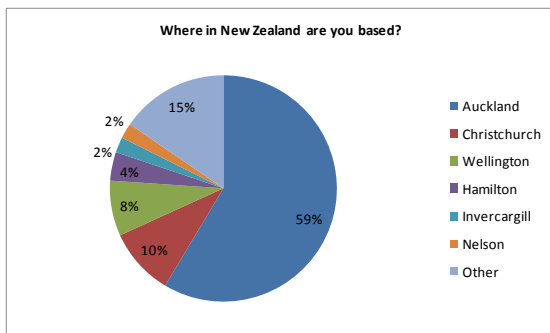
Almost 65% of employees are either very happy or happy in their current role and 92% are interested, involved and want more involvement in helping their organisation achieve its aims and objectives.



Survey Participants

The 2011 survey participants are based in:

Alexandra, Ashburton, Auckland, Blenheim, Christchurch, Dunedin, Gisborne, Gremouth, Hamilton, Hastings, Hokitika, Invercargill, Kawerau, Masterton, Napier, Nelson, New Plymouth, Oamaru, Otorohanga, Paeroa, Palmerston North, Queenstown, Rotorua, Stratford, Taupo, Taumarunui, Tauranga, Thames, Timaru, Wanaka, Warkworth, Wellington, Whanganui, Whangarei



About Clarian HR

Clarian Human Resources is a leading provider of outsourced Human Resource services in New Zealand.

We specialise in outsourced HR solutions for medium to large businesses and organisations. We offer a unique approach to HR that provides our clients with a breadth of expertise.

At Clarian we work with our clients to improve their people productivity. Our model means that we are able to provide the resource required when needed, enabling our clients to have greater control on their budget.

We are able to provide:-

- **HR Administration support**
HR Helpline, Recruitment, Starters, Probation, Changes to documents, Leavers, Training & Development
- **Organisational Development**
Organisation Design, Change Management, Culture Change, Mergers and Acquisitions, People and Business Strategy, Engagement, Process Alignment, Workforce Planning
- **Development and Performance**
Learning and Development, Leadership Development, Management Development, Coaching, HR Business Partnering
- **Project Work**
Variety of projects including Remuneration, Recruitment, HR Audit, Strategic HR Review

Clarian Thought Leadership explores people management and development issues with an aim to share knowledge, increase learning and understanding and help HR practitioners and business leaders make informed decisions about improving people practices in their organisations.

Our aim is to fill the information void, providing relevant employment-related research that prompts industry, professional and internal thinking in the New Zealand market.