

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 and beyond. We canvassed the views of 1,386 employers and employees in April 2016. 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 specialist recruitment, recruitment process outsourcing, talent management and contracting solutions. We help our clients and candidates succeed by leveraging our expertise, market knowledge and proprietary assessment tools and techniques. Through relationships with millions of local and global specialised professionals, and via our world-class talent solutions and tailored, consultative approach, we help businesses and professionals achieve higher performance and superior business results.

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The Hudson Report

New Zealand | H2 2016

**Today's workforce
demands tomorrow's skills**



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Why we can never stay still

Times are good in New Zealand. There are building booms in two major cities. Low inflation has pushed up spending power. Low interest rates are driving business investment. And all of this is flowing through to buoyant consumer and business confidence.

Against this backdrop, it would be easy to become complacent. But that's not the case for us. Business leaders know that, in today's world, staying still means falling behind. New ideas, processes and products are critical to remaining relevant.

But what does this 'newness' mean to organisations and individuals? Are we translating an innovation mindset into business results?

Adaptability is also a key piece of the innovation puzzle. If organisations want to introduce new ways of working, their people must be adaptable enough to embrace those changes.

Finally, where do we as a nation stand on skills? Do employers feel their people are ready for tomorrow? What about employees? Which are the skills that will be most valued in tomorrow's workplace?

The Hudson Report explores these questions from the perspective of both organisations and employees, and the results may surprise you.

Roman Rogers
Regional General Manager
Hudson New Zealand

Market update

The New Zealand job market continues to enjoy record levels of confidence across all regions, with Christchurch the brightest spot. It's not all about bricks and mortar of course, with technology continuing to be a strong driver of growth. However, with 3 in 4 professionals ready to move jobs, staff turnover may cause headaches for employers in the second half of 2016.

Confidence still at record highs

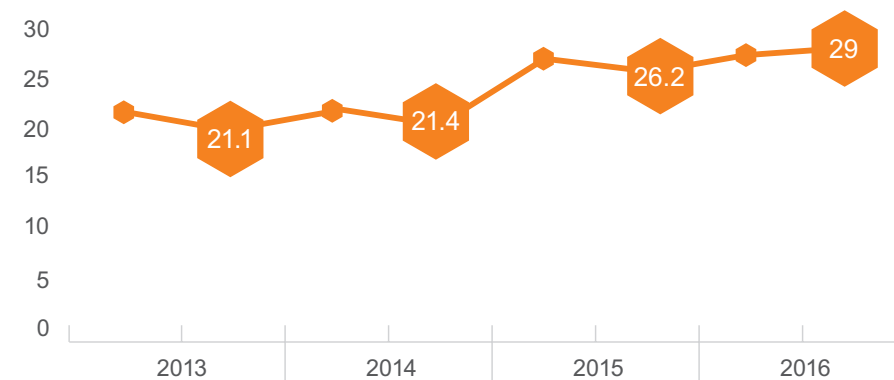


Figure 1: Permanent hiring expectations: Net effect (% of employers intending to increase headcount minus % of employers intending to decrease headcount)

The positive outlook continue

There has been no change to the positive outlook for the job market. Measured by Hudson for over a decade, the net effect is calculated by taking the percentage of employers surveyed who intend to increase permanent staff levels over the next six months, and subtracting the percentage of employers who expect to decrease staff levels.

*Ministry of Business, Innovation & Employment, (June 14, 2016). Economic Overview.

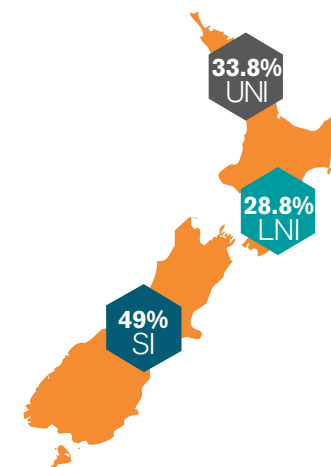


Figure 2: Permanent hiring expectations: % of employers increasing headcount by region

More than 1 in 3 organisations are planning to increase hiring, with much of the activity concentrated in the Christchurch rebuild, where almost 1 in 2 employers are looking to add headcount. However, all three regions are looking strong, meaning Kiwis have plenty of career opportunities all over the country. The positive outlook is split across a range of sectors – evidence that New Zealand has successfully diversified the drivers of its economy*, with information technology, construction, manufacturing and services all performing well.

A boom in building

After false starts for the Christchurch rebuild, it's on in earnest now. At the same time, Auckland has a flurry of new cranes in the sky to feed the booming housing sector. This has led to a strong outlook for both the construction/property/engineering sector and for property and construction professionals.

Technology taking off

A similar trend is evident in technology. Not only do the telecommunications and IT sectors have the highest outlooks, technology professionals are in high demand too. Not only are companies creating and commercialising new ideas, established organisations are showing a relentless appetite for adapting technology that drives efficiency and reduces costs.

Financial services thriving

Both the financial services sector, and the profession, are flourishing in New Zealand, reflecting the changing face of the economy. In fact, finance has inched ahead of agriculture, for example, in terms of its contribution to the economy (6.3% versus 6.1%)*. This helps to explain why New Zealand's economy is more resilient than ever.

*CSIRO, (May 17, 2016). Australia 2030: navigating our uncertain future.

Tech and construction jobs booming

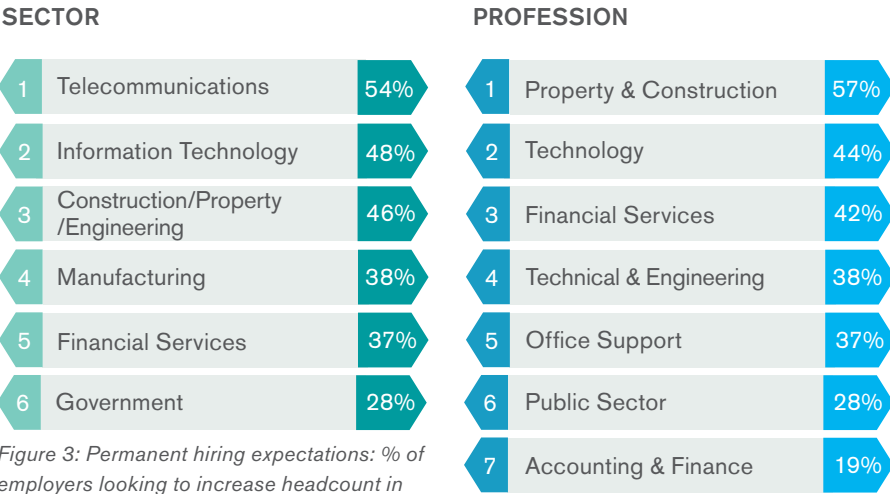
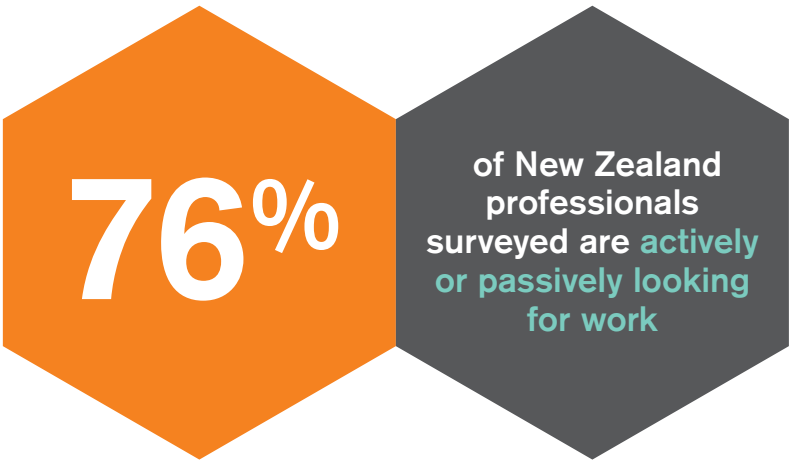


Figure 3: Permanent hiring expectations: % of employers looking to increase headcount in H2 2016.

Eyes on the door: Employees crave new opportunity



41%
Actively seeking a new job

34%
Passively seeking a new job

24%
Plan to stay in current job

Big uptick in active job seekers

The proportion of job seekers actively looking for a new job has jumped since the end of last year. The healthy job market is helping to drive this: people are constantly seeing quality roles on offer – especially as platforms like LinkedIn serve up highly targeted information. As a result, the line between active and passive is blurring.

It's human nature to stay alert for new, exciting opportunities elsewhere. The challenge for employers is to identify who is a flight risk, and how to address their 'push' factors. The last Hudson Report found that salary is just one factor: a lack of career progression and boredom are the bigger culprits. Employers who provide stretch assignments or secondments, and create clear, meaningful career plans, will be better placed to retain their top talent.

Innovation is in our DNA

This is a nation built on the belief of doing it for ourselves. Far from the rest of world we have often invented our own solutions. Now, in a world of disruptive change, this quality will serve us more than ever. Fortunately, your people want to be innovative and adaptable, and employers have a real opportunity to channel their enthusiasm for the good of the business.

Room for improvement on innovation culture



YET ONLY

21%

of employees say their organisation **encourages innovation to a strong extent** in the workplace

97%

of employers say their organisation has a culture that **drives and rewards innovation**

AND ONLY

23%

of employees believe their organisation creates a culture **that drives and rewards innovation**

Work to be done

Most employers – and their people – believe their organisation exhibits signs of being innovative. But they are decidedly lukewarm about it.

This is a signal for employers that there is more work to be done if they want to build a culture of innovation. Achieving this goal requires more than just a love of new ideas – it must be built into the structures and behaviours of the organisation. Additionally, innovative traits can be identified and fostered among employees by means of targeted assessment and development initiatives.

If we want to continue to develop New Zealand as a progressive, future-focused place to do business, then we must all do more to create a culture of innovation in our workplaces.

Divergent views

If innovation is to become more than a buzzword, employers need to put in place practices to drive it. At the moment, it seems employers overestimate how effectively they are doing this.

Only a third of employees feel they have time and space to come up with new ideas, while closer to half of employers do. Only a quarter of employees feel they are afforded opportunities to take risks and make mistakes, versus 39% of employers. And a culture of discussing new ideas is apparent to less than half of employees, versus almost three quarters of employers. Clearly, if leaders are open to innovation, that message is not getting through to staff.

Taking steps to innovate

Communication is crucial here. Everyone can contribute to innovation, but they need to be told that. Leaders need to say, 'It's okay to experiment – possibly even fail.' And people need to be rewarded for new ideas that go beyond business-as-usual KPIs. The key is to experiment in a safe space: test and learn with customers who love you already, roll out new processes on a small scale first, build in feedback along the way. People feel more comfortable with the risk of failure if they know it's being managed well.

Innovation practices: the missing piece of the puzzle?

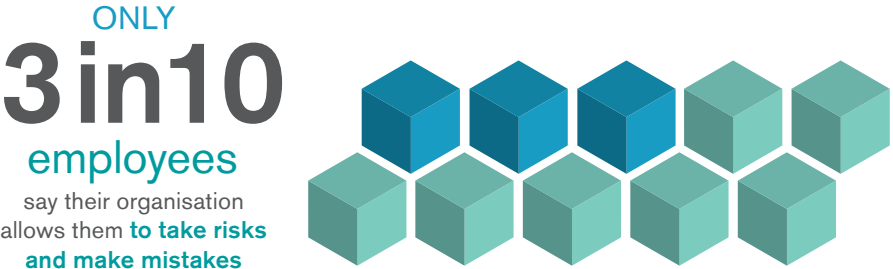
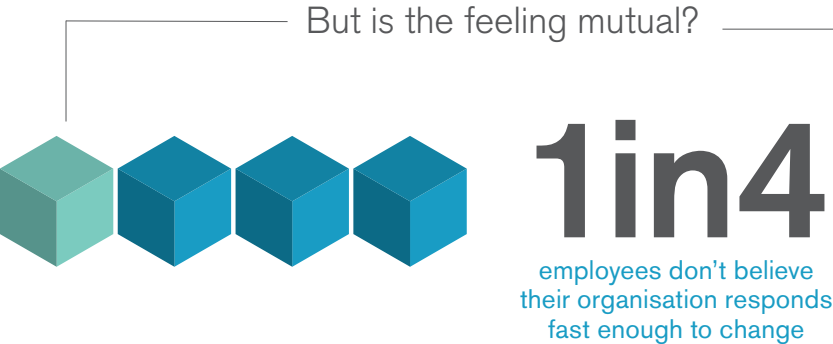


Figure 4: Employers and employees tell: The innovation practices their organisation encourages in the workplace.

People are more adaptable than organisations



Employers confident

Reflecting the Kiwi belief in our capacity for adaptation, employers are quite confident that their people have the ability to respond positively to change. After all, people are at the heart of innovation: it cannot work if your people don't adapt to new ways of doing things.

But 'adaptability' can also means different things to different people – from a willingness to learn new skills through to welcoming new processes.

Two sides of the coin

There are two sides to this equation: if people need to respond fast to change, so too do organisations. And a significant number of employees aren't seeing this happen.

Organisations must tap into employees to find out where they see opportunities, and use these insights at a leadership level when considering their innovation strategy.

Kiwis believe they can 'go with the flow'

Appetite for adaptability and innovation

Kiwis are keen to ride the innovation wave, and they enjoy being adaptable. Employers therefore have an opportunity to harness this enthusiasm for change, as long as they do it thoughtfully.

We know that, in practice, organisational change isn't easy. But by giving individuals some degree of control over the process, and involving them in the development of new ideas, organisations have a much higher chance of getting buy-in from their people.

Risk to employers

The downside of this is that employees can choose their employer based on a promise of change, innovation and excitement – and then get disappointed. Organisational innovation can move at a glacial pace and is subject to false starts. Beware the risk of promising a fast-track to the future, then providing a slow train to nowhere.

78%

of employees surveyed say they increasingly **need to be more adaptable** and/or responsive in the workplace



ALMOST

9 in 10

say they **enjoy being adaptable** every day in the workforce



98%

say it is important or extremely important that their next employer **encourages innovation**

The pressure to be future-proof

There is an inherent tension in today's workforce. Employees crave innovation and new skills – but feel pressure to keep up in a competitive job market. And while employers are confident about their people's skills for today, they are uncertain about their readiness for tomorrow. We need a clearer view about what the skills of the future look like, and who's responsible for developing them.

A tension in the soft skills each side wants delivered?

Employers and their teams agree that change is a constant in today's workplace. This agreement should send a strong signal to leaders about where they should focus training budgets, and provides an opportunity to deliver learning and development that gets people excited, while delivering for the business.

However, one striking mismatch in the list – digital literacy – suggests individuals are keen to stay up to date with ever-changing technology, while employers are more focused on the interpersonal soft skills needed for their teams. This tension speaks to the complex workplace of today, where individuals need to master people skills, while all the time keeping up with the relentless evolution of technology. Employers can help by asking their people what digital skills they want, and offering learning solutions around these – in addition to the interpersonal skills that are so important.

While there are certainly differences in what employers and team members want, there is much common ground too. It's up to employers to find where their needs meet their employees' interests, and build a win-win leaning framework.

Finding common ground on learning priorities

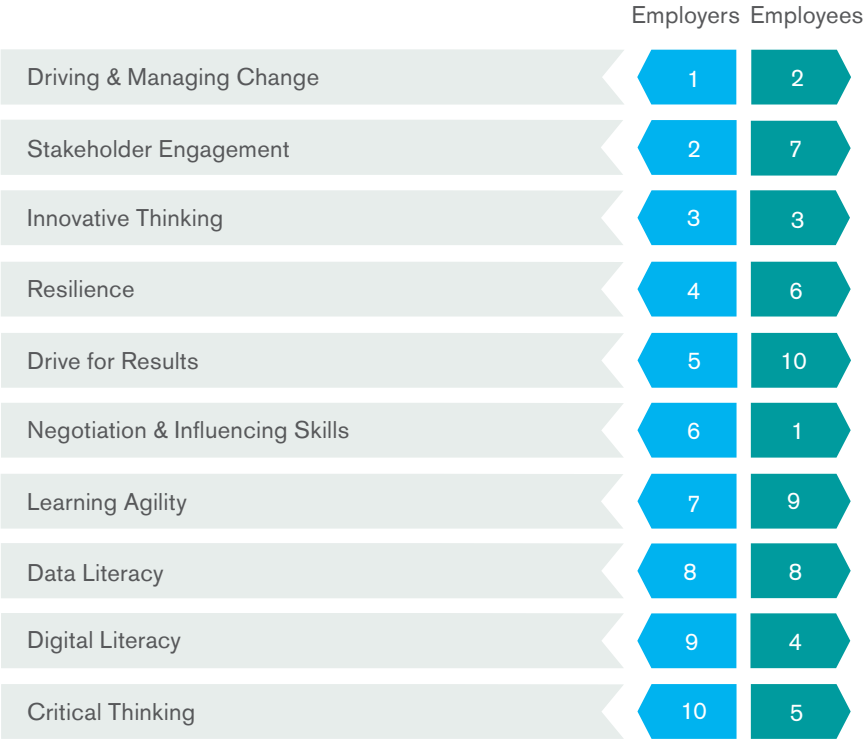
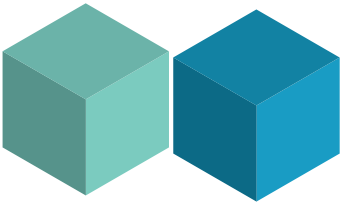


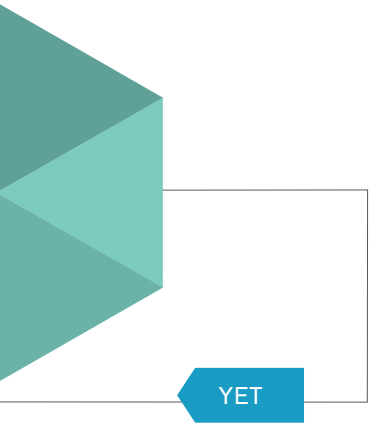
Figure 5: Soft skill disconnect: Employers select top soft skills required for the year ahead, while employees select the soft skills they personally want to develop.

Heads in the sand?
Employers lack a game-plan for building future skills

ONLY
50%
of **employers** believe
their team has the **right**
skills in place to deliver
in the future



ONLY
1 in 2
employers have a **defined**
strategy to train their people



A great divide

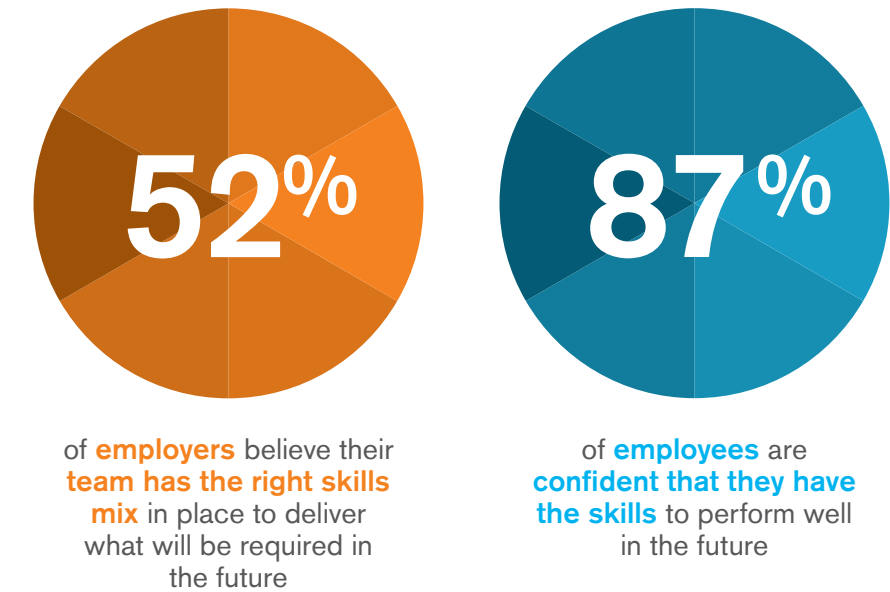
Some organisations are feeling confident about the skills of their workforce. Some have a well-defined plan to develop the skills of the future. But there are also plenty who don't.

For some organisations, it's a lack of time and resources; for others it's a lack of clarity about what the future holds. But what's clear is that the laggards – those with neither confidence in their people nor a plan to improve – will be left behind by those competitors with a firm eye on the future.

Game-plan needed

A well-articulated and structured training and development plan will equip your people to deliver results in the future. And there are a range of tools that allow organisations to assess potential hires on their future potential, not just their capability for their current role.

A disconnect:
Are employees playing a
confidence game on key skills?



Yet employees increasingly
are feeling the pressure



The retention issue

Only 1 in 2 feel their employer is a true partner in meeting their skills needs. This should sound alarm bells for employers, given the high proportion of people planning to leave their jobs. Our last Hudson Report revealed that a lack of career development is a major factor behind employees seeking out greener pastures, and learning and development is a core part of that equation. Progressive employers not only create a clear career development path, they provide the training needed to meet those career aspirations.

Room to improve

This creates a huge opportunity for employers who are seeking to improve engagement and retention outcomes. There is significant scope for frontline managers, L&D teams and senior leaders to address the learning gap, and get closer to their employees clamouring to be upskilled.

Marrying people's confidence with future trends – and where the organisation is headed

Despite concerns from their employers, New Zealand's professionals feel very confident about their skills for the future.

The underlying question here is: what are the skills of the future? Employees will have their own views about the skills they need, what makes them employable, and their ability to nurture those skills. Employers need to ensure these skills map to their business strategy. By having more candid career conversations, leaders can help knit these two views together, and allow both the organisation and the individual to chart a course for the future more effectively.

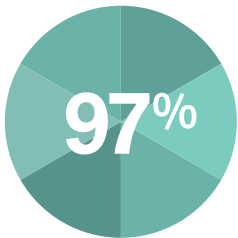
A sense of responsibility

New Zealanders are taking their careers into their own hands. They are learning new skills – many in their own time – based on their own interests and future plans. While it's good news that we are a nation of learners, this self-directed approach creates a risk for employers. If people drive their own learning agenda, it may not align with the business priorities of the organisation. A balance is needed between giving individuals scope to develop their interests while still ensuring the organisation is equipped with the skills that drive business results.

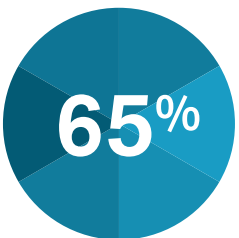
Stepping up to the plate

There is a sense of pressure for Kiwis to keep up with the market, as most are doing it to stay ahead. If time-poor professionals are feeling the pinch when it comes to their own development, employers need to step up and support their staff. By building L&D opportunities into employees' daily jobs, organisations will benefit from higher engagement and retention, and a better-skilled workforce.

In the driver's seat: employees take charge of learning

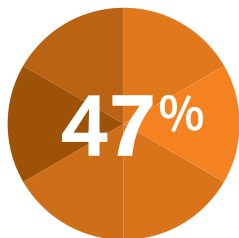


of employees **personally take responsibility** for their professional development



are spending 3 or more hours a month on **professional development**

But it's not enough



say the time they spend on professional development each month **is not enough**

No.1

reason employees are developing skills: to remain competitive in the jobs market

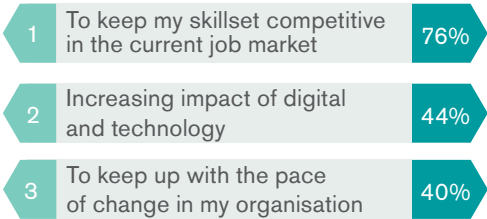


Figure 6: Employees name their top reasons for learning new skills.

Key takeouts

Employees are on the move

A buoyant job market is piquing the interest of ambitious employees. Employers need to get back to basics on their retention strategies, while also gearing up for what is potentially a higher level of churn in the second half of this year.

Innovation is in our DNA

Kiwis show a keen interest in being adaptable and innovative. However, organisations need to provide the processes and development opportunities that will help bring good ideas to life. They also need to look at which traits will foster innovation, and either hire or develop them.

Your people want to grow

The results reveal a hunger for more skills development and a level of disappointment with the support they receive from their employer. A well-designed L&D program is not only your best defense against staff churn – it will help create a change-responsive organisation.

Individuals taking the reins

Individuals are taking charge of their careers. They no longer wait for someone to tell them what skills they need. This is positive for employers keen to hire self-motivated staff, but it changes the dynamic for organisations currently managing diverse and complex workforces. Communication is key: find out what your people want and where it aligns with your needs.

We can help

Hudson offers industry-leading tools that enable organisations to identify, attract and develop long-term high performers. Beyond assessing for technical skills alone, our recruitment technology identifies core performance drivers such as the right motivation, attitude, behaviours and cultural fit. And our leadership development programs help businesses define and build the capabilities they need to deliver results today and prepare for tomorrow.