

AUSTRALIA

EMPLOYMENT INDEX REPORT

2013

H1

KEY FINDINGS

Employers in Australia are set to sustain their hiring activity over the first half of 2013. Some 24% of the companies surveyed for this report plan to expand their headcount over coming months, with 51% likely to recruit in operational functions like engineering and retail. A further 26% of respondents are looking to boost their back office support in areas like human resources and legal. The majority of employers (65%) will be seeking professionals at the mid level to fill upcoming vacancies in these areas.

With regards to business confidence levels, half of the employers surveyed (50%) consider current business conditions in Australia to be satisfactory, with a further 39% describing them as weak. This sentiment is set to improve over the first half of 2013. Although the majority of respondents (65%) believe that the domestic business environment will remain stable over this period, a further 19% expect business conditions will improve.

Interestingly, survey findings reveal that the reported slowdown in the mining and resources sector is not having a major impact on businesses in Australia. For most respondents, it has only had a low impact on both business activity (35%) and recruitment levels (39%) to date. This is expected to remain the case for the first six months of the year – with some 66% of respondents expecting business activity will remain stable despite the reported slowdown.

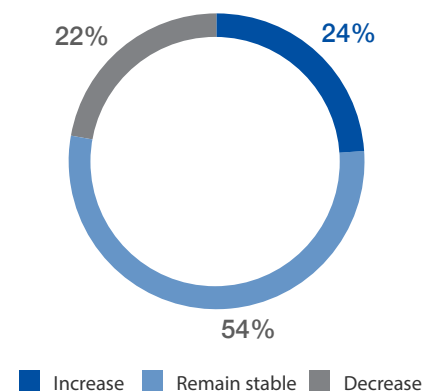
One issue that is impacting employers in Australia is the achievement of business goals within allocated budget. This was nominated as the key business concern by some 55% of respondents, and reflects the desire of employers to continue driving their business forward in the stable business environment despite budgetary constraints. The global economic outlook (18%) and people management and engagement (13%) were revealed as secondary business concerns.

Although just over half of respondents (55%) predict that staff turnover levels will remain largely unchanged over the first six months of 2013, the retention of top talent remains a key focus for many employers in Australia. The majority of respondents (68%) expect their focus on staff retention will remain unchanged over coming months; however some 25% will be increasing their focus on retention strategies. To keep their best people, most employers (36%) will be offering training and career development opportunities. Initiatives to improve company culture (24%) and performance based rewards (18%) will also be implemented as key retention strategies.

METHODOLOGY

The Michael Page Employment Index Report provides a snapshot of hiring and business confidence trends for the white collar employment market in Australia. The online survey is distributed bi-annually to a group of 2000 senior human resources professionals and hiring managers. The report is predictive and focuses on anticipated trends for the first six months of 2013. Respondents work across a range of professional sectors and are surveyed on a standard set of employment indicators, as well as a selection of topical questions to reflect current market developments.

Anticipated staffing numbers for H1 2013



“Business confidence levels remain steady.”

HIRING INTENTIONS

Steady jobs growth is expected to continue across professional markets in Australia during the first half of 2013. While 24% of the employers surveyed indicate they will be increasing staff numbers during this period, some 54% will be focusing their recruitment on replacement staff only. Most of these employers (39%) anticipate they will start increasing headcount again in the next 12 to 18 months.

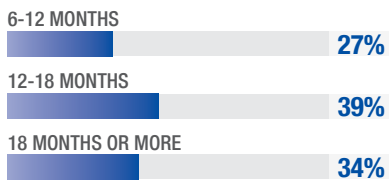
Just over half (51%) of all respondents planning to increase staff numbers in the first half of 2013 will be focusing their investment on operational roles in areas like procurement and engineering. The remaining hiring activity will be fairly evenly spread between support roles in areas like marketing and IT (26%) and front line, revenue generating roles (21%). Most employers (40%) will be increasing overall headcount by up to 5%. More substantial increases of up to 10% are expected by a further 35% of respondents. For the vast majority of companies (65%), mid level professionals will be in highest demand.

To attract quality candidates, respondents plan to use a variety of attraction strategies such as promoting their company's reputation (30%), offering competitive salaries (28%), and providing career development opportunities (26%).

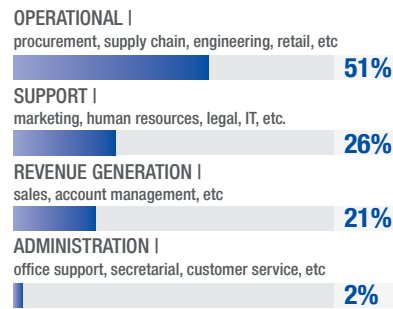
"51%

of companies are focusing hiring on operational roles over H1 2013."

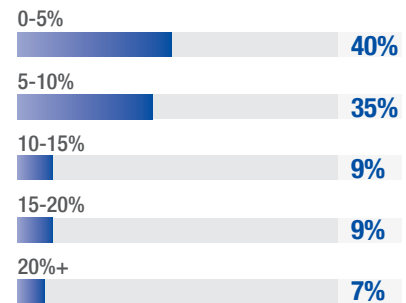
Expected timeframe for increasing headcount



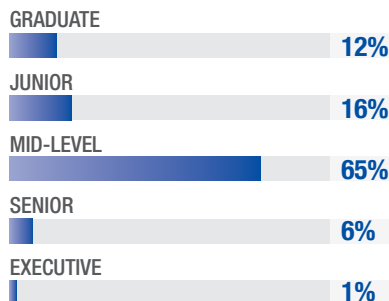
Hiring focus by business function



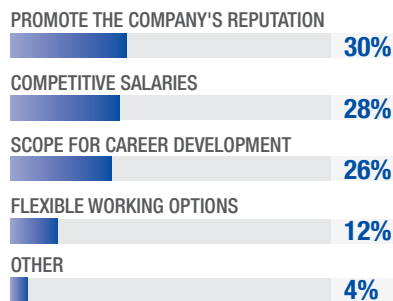
Anticipated headcount increase



Hiring focus by level of experience



Attraction strategy most likely to be implemented



TALENT MANAGEMENT

With sustained hiring activity in the professional employment market expected to continue over coming months, the retention of top talent remains a key focus for many employers in Australia. Although the majority of employers surveyed (68%) expect their focus on staff retention will remain unchanged over the first half of the year, some 25% of respondents will be placing a greater focus on retention strategies during this period.

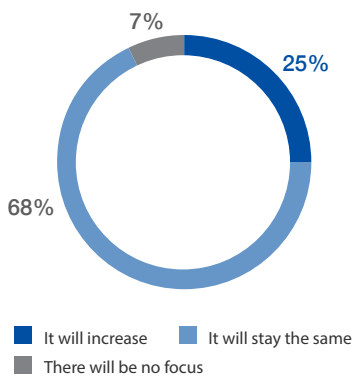
In an effort to keep top performers within their business, most of the employers surveyed (36%) will be offering training and career development opportunities. A further 24% identified 'initiatives to improve company culture' as their key retention strategy over coming months, with another 18% focusing primarily on performance based rewards.

Although retention remains a focus for most employers, just over half (55%) of all respondents predict that staff turnover levels will remain largely unchanged over the first half of 2013. Interestingly, some 23% of respondents expect staff turnover will decrease during this period, which reflects a perception of limited opportunities in the job market.

“55%”

of employers expect staff turnover levels will remain stable over H1 2013.”

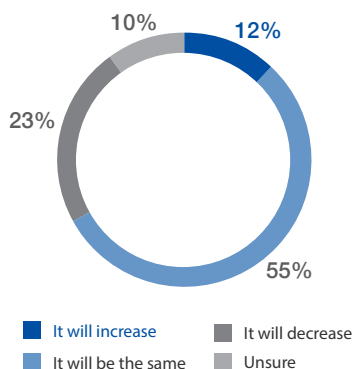
Change in focus on staff retention in H1 2013



Retention strategy to be most focused on in H1 2013



Expected staff turnover for H1 2013



BUSINESS CONFIDENCE

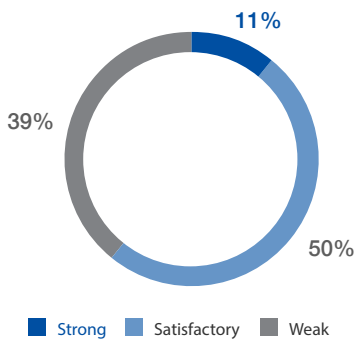
With regards to the business environment in Australia, half of all respondents consider current business conditions to be satisfactory, and a further 39% describe them as weak. However there is a more positive outlook for business conditions over the first six months of 2013, according to survey respondents. While the majority of employers (65%) believe that domestic business conditions will remain largely stable over the first half of 2013, a further 19% expect conditions will become more positive during this period.

In terms of key business concerns, just over half of the employers surveyed for this report (55%) nominated 'the achievement of business goals within allocated budget' as the key challenge facing their business over coming months. Despite budgetary limitations, this result reflects the desire of employers to continue driving their business forward in the stable business environment. This was followed by concerns around the global economic outlook (18%), people management and engagement (13%), and staying ahead of competitors (9%).

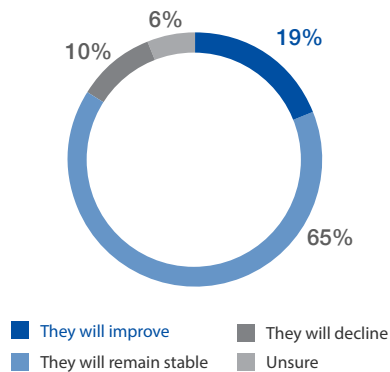
65%

of employers expect business conditions to remain stable over coming months."

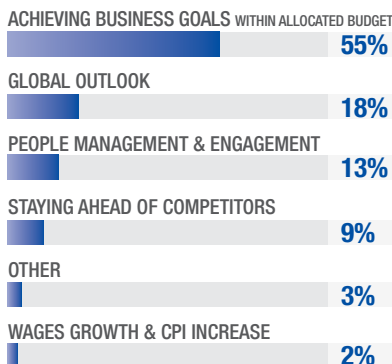
Current business conditions



Expected business conditions for H1 2013



Key business concerns for H1 2013



IMPACTS ON BUSINESS ACTIVITY

The majority of the employers surveyed for this report (63%) agree somewhat with recent media reports claiming that activity in the mining and resources sector is slowing. A further 32% completely agree with this statement. According to survey findings, the reported slowdown is not having a major impact on businesses across Australia. For most respondents, it has had a low impact on both business activity (35%) and recruitment levels (39%).

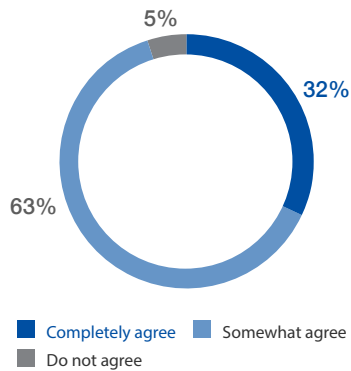
Looking ahead, the majority of employers surveyed (66%) expect that business activity will remain stable over the first six months of 2013 despite the reported slowdown in the mining and resources sector.

The high Australian dollar is also having a mixed impact on domestic businesses. While some 54% of respondents report no impact, the remaining 46% agreed that the high currency rate is affecting business activity levels. This primarily applies to export-led businesses, such as those in the mining sector. In addition, over half of the employers surveyed (54%) said that the high Australian dollar is impacting hiring intentions and activity. An example of this can be seen in the retail sector, where the high currency rate propels Australian consumers to shop with online retailers based overseas. For some manufacturing companies, this has meant a restructure of headcount in order to adjust to the competitive retail environment. For a quarter of respondents (25%), however, the impact of the high Australian dollar is translating into businesses limiting their hiring activity to replacement hiring only.

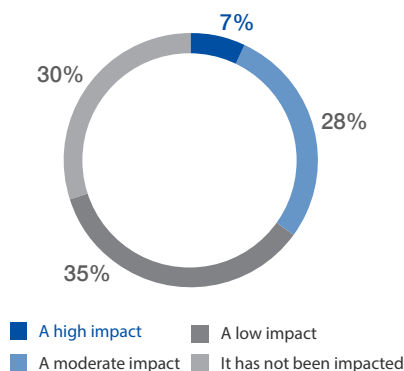
“46%

of companies agree the high currency rate is affecting business activity levels.”

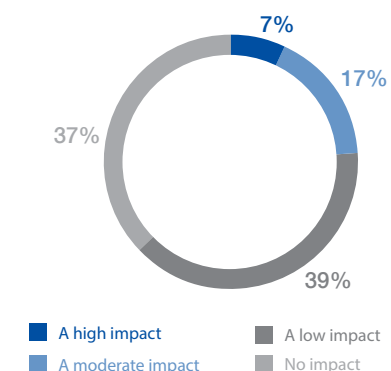
Activity in mining and resources is slowing



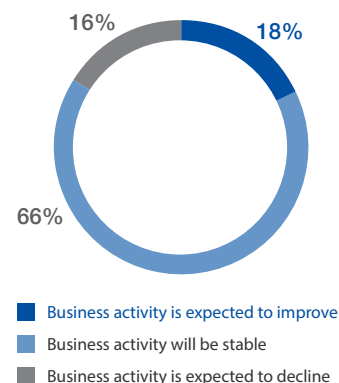
Impact of mining and resources slowdown on business in H1 2013



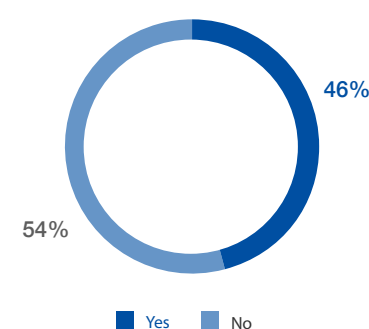
Anticipated recruitment activity based on impact of mining and resources slowdown



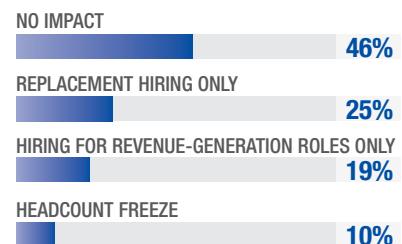
Expected business activity based on impact of mining and resources slowdown



High level of the Australian dollar impacting businesses



Impact of high level of the Australian dollar on hiring intentions and activity

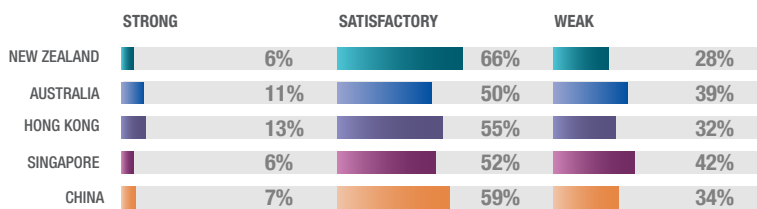


REGIONAL TRENDS

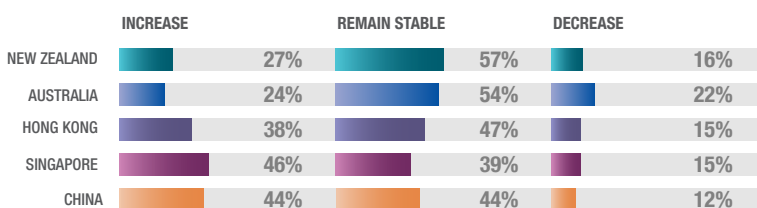
Current business conditions in the Asia Pacific region are considered to be satisfactory, according to the majority of employers surveyed across New Zealand (66%), China (59%), Hong Kong (55%), Singapore (52%), and Australia (50%). It follows that jobs growth in the professional recruitment market is expected to remain largely steady across the Asia Pacific region over coming months, with most respondents in Australia, Hong Kong and New Zealand intending to keep staff numbers stable. Sentiment is more positive among most of the employers surveyed in Singapore (46%), who plan to increase staff numbers in the first half of 2013. In China the view is split, with 44% anticipating it will be stable and 44% looking to increase.

Companies in Hong Kong are making the largest investment in business growth over coming months, with some 71% of employers focusing recruitment on revenue generating roles in areas like sales and account management. As a regional comparison, 50% of employers in China intend to boost their front-line capability, followed by 40% in Singapore, 21% in Australia and 19% in New Zealand. Interestingly, increasing operational roles is the main focus for Australia (51%), Singapore (47%) and New Zealand (33%).

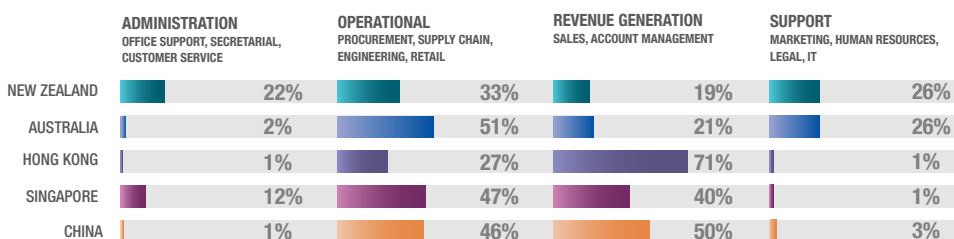
Current business conditions



Anticipated staffing numbers for H1 2013



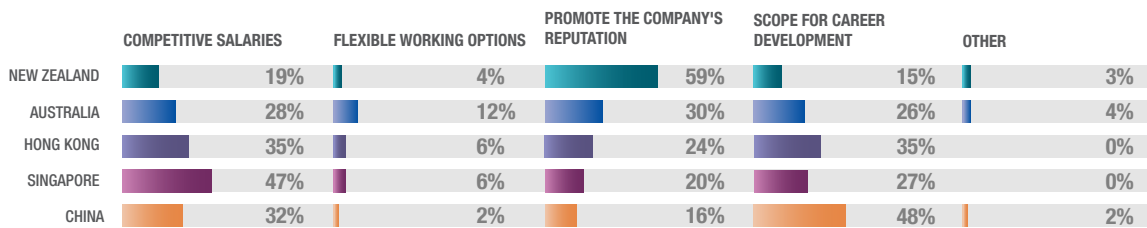
Hiring focus by business function for H1 2013



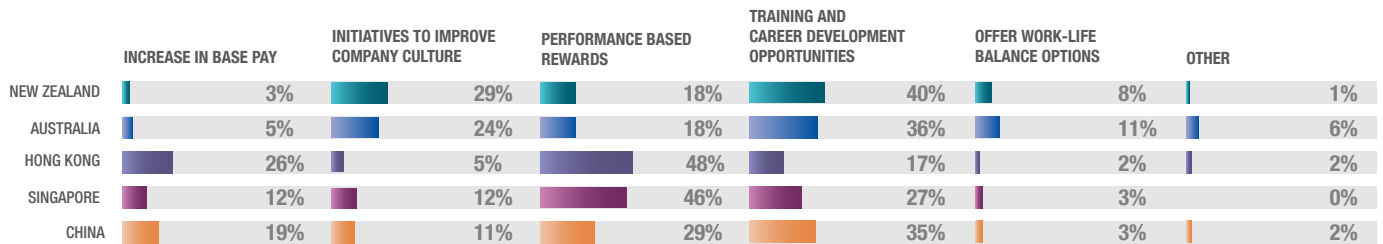
REGIONAL TRENDS CONT'D

In an effort to attract and retain the best talent, employers in Hong Kong and Singapore plan to focus on monetary incentives like competitive salaries and performance based rewards over coming months. Non-monetary rewards like career development opportunities and promotion of the company's reputation are the favoured talent management strategies for companies in New Zealand, Australia and China.

Attraction strategy most likely to be implemented in H1 2013



Retention strategy to be the most focused on in H1 2013

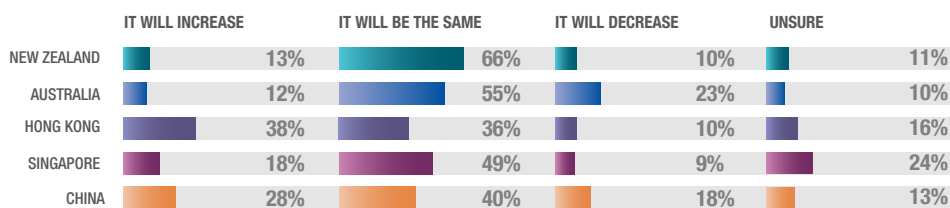


REGIONAL TRENDS CONT'D

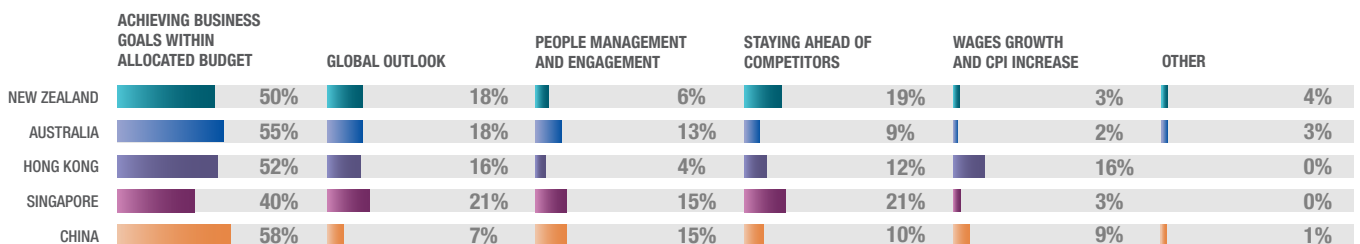
The level of staff turnover is expected to remain relatively stable during the first half of 2013, according to employers across the Asia Pacific region. Some 66% of respondents in New Zealand expect that turnover levels will remain unchanged over coming months, along with 55% in Australia, 49% in Singapore, and 40% in China. While 36% of respondents in Hong Kong expect turnover to remain stable, a further 38% predict an increase in employee movement.

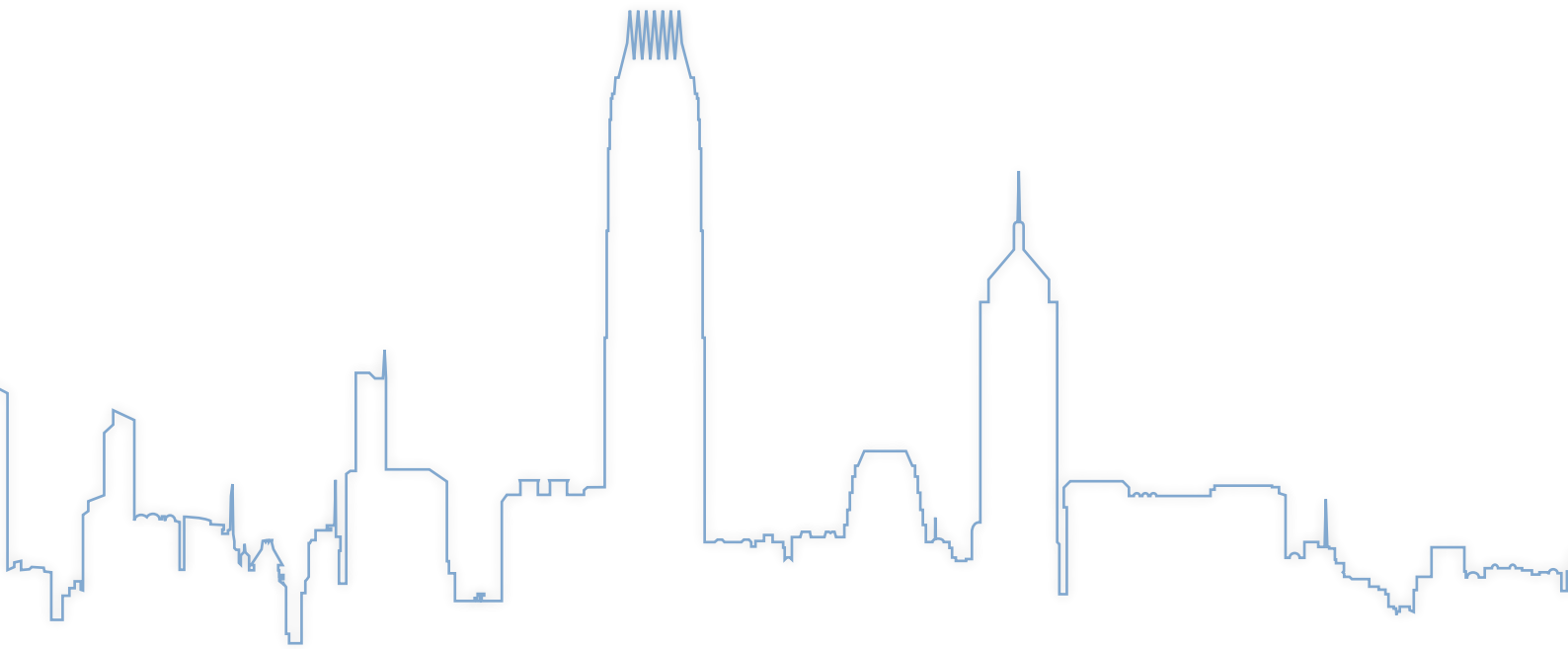
For the vast majority of employers surveyed across the Asia Pacific region, the achievement of business goals within allocated budget was revealed as the key business concern over coming months. Employers in China are the most concerned about this issue (58%), followed closely by 55% employers in Australia, 52% in Hong Kong, 50% in New Zealand and 40% in Singapore. This reflects the intention of employers to continue pursuing their company goals despite budgetary constraints.

Expected staff turnover for H1 2013



Key business concerns for H1 2013





OFFICE LOCATIONS

Sydney - CBD

Level 7
1 Margaret Street
Sydney, NSW 2000
Tel + 61 2 8292 2000
Fax + 61 2 8292 2001
enquiries@michaelpage.com.au

Sydney - North Shore

Level 6, Tower B, Zenith Centre
821 Pacific Highway
Chatswood, NSW 2067
Tel + 61 2 8292 2500
Fax + 61 2 8292 2501
enquiries@michaelpage.com.au

Sydney - West

Level 4,
110 George Street,
Parramatta, NSW 2150
Tel + 61 2 8836 0700
Fax + 61 2 8836 0701
enquiries@michaelpage.com.au

Melbourne - CBD

Level 19
600 Bourke Street
Melbourne, VIC 3000
Tel + 61 3 9607 5600
Fax + 61 3 9607 5666
enquiries@michaelpage.com.au

Melbourne - South East

Suite 10, Level 2
622 Ferntree Gully Road
Wheelers Hill, VIC 3150
Tel + 61 3 8562 5400
Fax + 61 3 8562 5499
enquiries@michaelpage.com.au

Brisbane

Level 5
100 Creek Street
Brisbane, QLD 4000
Tel + 61 7 3414 6100
Fax + 61 7 3414 6101
enquiries@michaelpage.com.au

Perth

Level 6 Westralia Plaza
167 St Georges Terrace
Perth, WA 6000
Tel + 61 8 9215 9500
Fax + 61 8 9215 9599
enquiries@michaelpage.com.au

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