

Employee Intentions Report

Michael Page International
Australia, 2010/11



Executive Overview

Key findings

Employees in professional occupation groups are growing increasingly confident about their career prospects following the stagnant conditions experienced during the global financial crisis. Many will be asking their current employers for pay rises and this will place upwards pressure on salary levels and test the effectiveness of retention strategies in the first half of 2011.

The majority of employees surveyed are optimistic about the job market outlook for 2011, with 52% predicting the employment conditions for their profession will improve. Those that bided their time during the financial crisis are now seeking new employment opportunities. Some 38% of the professionals surveyed for this report believe it is highly likely they will take a new role in the next six months. This level of potential staff movement will make retention a crucial business challenge in the early part of 2011.

Companies can ill afford to lose their most skilled and experienced employees at a time when business conditions are improving and there are opportunities for growth. For the majority of respondents (35%), being financially rewarded for achievements is the most influential factor in deciding to remain in their current job. Workplace flexibility also featured prominently, particularly for Baby Boomers and Generation X. Generation Y have a clear preference for structured career development opportunities.

Some 37% of the employees surveyed will be asking their current employer for a salary increase in the next six months. Most will have an expectation of a 4-6% increase on base salary, although professionals in banking and finance will be asking for rises closer to 10%.

Many employees see a move to a new company as the best way to make up for their limited salary progression over the last two years. For most of the survey respondents, an increase of 10-12% on base salary is the objective in taking a new role. This means that employers looking to recruit talented professionals into their business in 2011 will need to offer increasingly competitive market rates.

Methodology

The Michael Page Employee Intentions Report is based on the online survey responses of 3,200 white-collar professionals across Australia. Participants represent a broad range of professional occupation groups and hold positions that range from entry level through to senior management. The scope of the report includes key indicators such as the likelihood of staff attrition, salary expectations, preferences for attraction and retention strategies. In some sections of the report, responses are broken down by criteria such as industry sector and generation to provide comparison points.

“Employees are looking for financial recognition of their efforts during the downturn”

Attracting New Talent

Job Seeker Activity

During 2010 we have seen a significant increase in the number of white-collar professionals looking to make their next career move. There are far more job opportunities available in comparison to the conditions that existed during the global financial crisis, when many employers were forced to conduct redundancy programmes and implement hiring freezes.

In addition to more jobs being available, people are more confident about changing roles because of labour market stability and

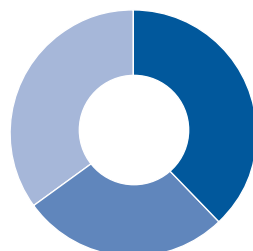
positive business sentiment. Those that bided their time during the financial crisis are now seeking new employment opportunities, with 38% of the professionals surveyed for this report saying it is highly likely they will take a new role in the next six months.

Employees in back office and support service areas such as accounting and HR are the most likely to change roles over coming months. These professionals were often required to manage increased workloads during the downturn without promotion

or salary review. Now that companies are refilling positions in back office areas to support increasing levels of business activity, new roles are being advertised and people are pursuing these opportunities for career growth and improved remuneration.

Despite a strong increase in job opportunities, technology professionals are the least likely to move roles in the next six months. Most respondents are choosing to stay with their current employer because of the competitive salaries they are already receiving.

Employee turnover next six months



Very likely 38%
 Quite likely 27%
 Not likely 35%

Top 5 areas for predicted turnover



Attracting New Talent

Preferred Attraction Strategies

For the majority of employees surveyed (40%), the opportunity for career progression was considered the most important factor in their decision to change jobs. This was particularly important for respondents from Generation Y and Generation X, who are traditionally eager to grow their skills and experience through the early and middle stages of their careers. From an industry

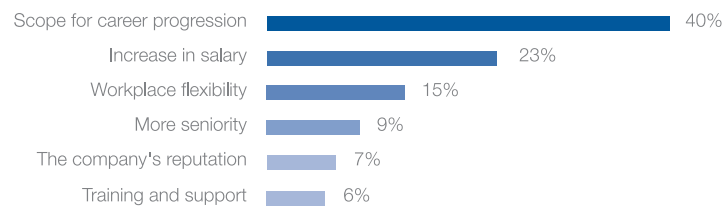
perspective, professionals in marketing, legal and retail identified career progression as the main reason to take a new position.

An increase in salary continues to be a key motivator for employees at all levels. The opportunity for pay rises was significantly restricted during the economic downturn, with many professionals now looking for the

best way in which to increase their earning capacity.

The option to work from home or negotiate flexible hours is also a leading factor in the decision to change jobs. For Baby Boomers in particular, workplace flexibility is considered a crucial factor when considering a new role.

What job seekers are looking for in their next role



Sectors in which career progression is most important



Attracting New Talent

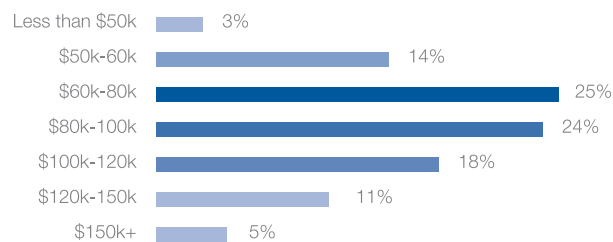
Jobseeker Salary Expectations

Now that the employment market is recovering, many professionals are actively looking to secure an increase to their current salary. Although a degree of caution still exists with respect to job security, employees are far more confident about changing jobs in order to improve their level of income.

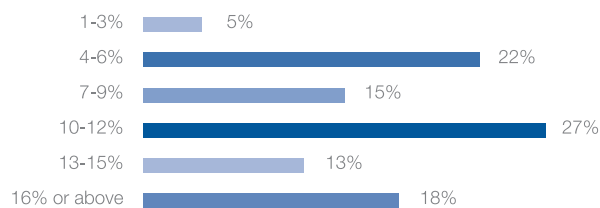
Given the challenges involved in taking a role with a new company, salary expectations are typically higher than they would be with the current employer. For the majority of respondents (27%), an increase of 10-12% on base salary is required in order to leave their current role. A further 22% of respondents would change jobs for a rise of 4-6%.

To enjoy a comfortable standard of living in Queensland and Western Australia, most of the professionals surveyed for this report require a base salary of \$60-80k. The majority of respondents working in New South Wales and Victoria require a higher base salary of \$80-100k.

Base
salary
required
to live
comfortably



Salary
expectations
for job
change



Retaining Top Performers

Preferred Retention Strategies

Employers cannot afford to lose their best talent at this stage in the business cycle and need to work hard to keep employees engaged. For the majority of respondents (35%), being financially rewarded for achievements is the most influential factor in deciding to remain in their current job. The salaries of many professionals were capped during the economic downturn and now that business conditions are improving, there is an expectation that this will be reflected in salary reviews.

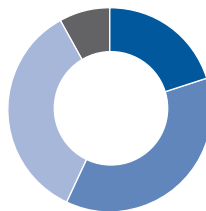
Companies will need to review salary levels and offer competitive market rates in order to keep top performers from seeking financial rewards elsewhere. Employers that do not address this expectation risk losing their most capable and experienced staff at a time when their skills are crucial to support business growth.

Survey respondents ranked workplace flexibility as the second most influential factor in remaining in their current role. Workplace

flexibility was especially valued by mature age workers and those from Generation X with family responsibilities. Generation Y had a clear preference for structured career development opportunities.

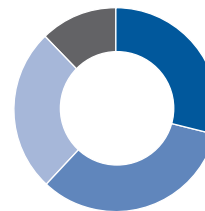
What will keep employees in their current role

Generation Y



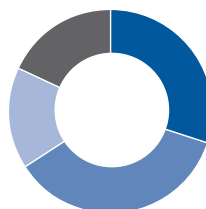
Workplace flexibility 20%
 Financial reward 37%
 Career development 35%
 Motivating manager 8%

Generation X



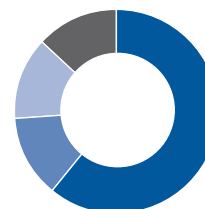
Workplace flexibility 29%
 Financial reward 33%
 Career development 26%
 Motivating manager 12%

Baby Boomers



Workplace flexibility 30%
 Financial reward 36%
 Career development 16%
 Motivating manager 18%

Before 1946



Workplace flexibility 61%
 Financial reward 13%
 Career development 13%
 Motivating manager 13%

Retaining Top Performers

Employee Salary Expectations

As market conditions improve, more companies are now in the position to review the salary levels of their employees. Many professionals managing increased responsibilities during the downturn without a review of salary and are now looking to make up for earnings that have remained static over the last two years.

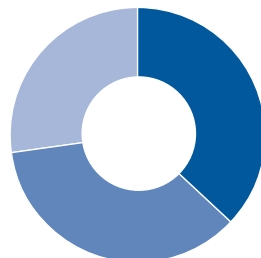
The majority of respondents (37%) will be asking their current employer for a salary increase in the next six months. Most employees will have an expectation of a 4-6% increase on base salary. Companies that cannot meet salary expectations will need to

ensure they have strong alternative strategies in place to retain expectant employees.

Professionals in the banking and financial services and sales industries are the most likely to ask their current employer for a salary increase over the next six months. Employees in these industries are optimistic as economic recovery drives strong demand for financial and front line, revenue generating roles. Most employees in banking and finance will be asking for a 10% increase on base salary, with the majority of sales professionals requesting a 5% increase.

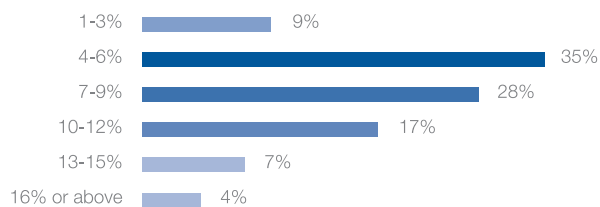
Professionals in support functions like marketing are less likely to ask their current employers for a substantial salary increase over the next six months. Support areas were heavily impacted during the global financial crisis when the requirement for back office functions decreased significantly. These functions are still being re-established following the initial investment in front line revenue generating roles.

Salary pressures over the next six months



Will request a pay rise 37%
 Will not request a pay rise 36%
 Unsure 27%

What employees will ask for



Top 5 areas for predicted pay rise requests



Job Market Confidence

Current Job Market

The volume of hiring activity is steadily increasing across all industries, with more staff movement predicted as business conditions continue to improve. Employee confidence in the job market is rising, with 38% of respondents considering the current market to be strong.

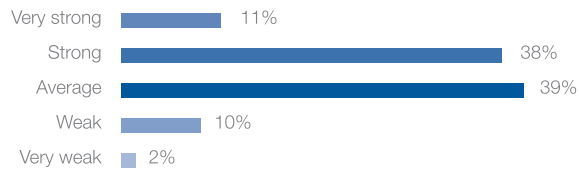
Professionals in the mining and resources and technology industries are the most confident about the current strength of their

professions. The demand for technology skills has increased across all sectors as projects that were on hold during the downturn gain approval to recommence. In the mining and resources sector, strong resource requirements from Asia continue to drive the requirement for skilled professionals.

Human resources professionals have the least confidence in the strength of their profession at present. Staffing levels in human resources

were heavily reduced during the global financial crisis, with confidence not expected to return until operational capabilities are restored and businesses experience a sustained period of growth. Despite the limited optimism toward the current market, some 44% of human resources professionals do expect to see improvement in their job markets in 2011.

Employee confidence in job market



Top 5 areas of strongest confidence



Outlook for 2011

Job Market Outlook

Despite ongoing caution about the strength of the recovery, hiring confidence has generally returned to the market. Business activity is expected to increase further in 2011 in response to consistently improving economic conditions. Employers are investing in their teams again to secure business critical skills before the job market tightens.

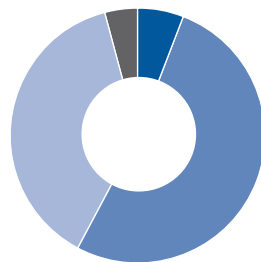
The majority of employees surveyed are optimistic about the job market outlook for

2011, with 52% predicting employment conditions for their profession will improve next year. The highest levels of optimism come from professionals in the legal and mining and resources industries. Hiring volumes in the legal profession are heavily dependant on the commercial activity and legal requirements of the general market, so increasing business confidence in 2011 will positively influence recruitment in this sector. The demand for skilled mining and resources professionals is

also predicted to increase sharply in response to ongoing commodities demand from China.

Human resources and supply chain employees are the least optimistic about improvements in the job market in 2011, with the majority of respondents in these industries believing it will stay the same.

Employee confidence in 2011 job market



- It will have vastly improved 6%
- It will have improved 52%
- It will be the same 38%
- It will be worse 4%

Top 5 areas of job market optimism



Outlook for 2011

Employee Concerns

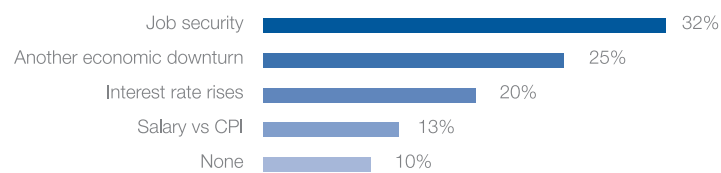
Despite increased hiring activity occurring across all white-collar professional occupation groups, an element of caution still exists around the strength of the recovery. During the global financial crisis, many workers either lost their jobs or saw colleagues lose theirs and people have not forgotten this experience. Consequently job security continues to be the issue of most concern for the majority of employees surveyed (32%).

Professionals in the supply chain sector are the most concerned about job security. Hiring activity in the supply chain area is heavily dependant on consumer confidence and the consequent demand for goods, making job security in this sector particularly reliant on consistently positive conditions.

Another economic downturn is the next key concern for respondents (25%). While

the Australian economy and labour market proved resilient during the global financial crisis, conditions in the US and Europe remain weak. The economic recovery is not consistent globally and with many of the multinationals in Australia headquartered in overseas markets, there is ongoing concern about conditions outside of the Asia Pacific region.

Employee concerns over next six months



Areas most concerned about job security



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