



[absolute]

executive recruitment

[absolute] executive recruitment

Market Update | 2010

[Market Review]

What an extraordinary outcome - the National unemployment rate eased to 5.3% in January! According to the Australian Bureau of Statistics the economy added just over 52,000 jobs for the month. While this is a great result, there are still plenty of challenges and dynamics at play for both job seeker and employers.



Trends

The employment picture by state is interesting. The good news is Australia's biggest economy; NSW experienced jobs growth of 0.3 percent in January to an unemployment rate of 5.6 per cent. South Australia and Queensland have led the way with the biggest improvements in unemployment to 4.4 per cent and 5.5 percent respectively. Western Australia (5 per cent), Victoria (5.3 per cent) and Tasmania (5.2 per cent) were steady.

Job advertisements increased in December to their highest level in 31 months, building on the previous month's momentum. The ANZ Job Index shows the total number of jobs advertised rose by 6 per cent in December, after a 5.2 per cent increase in November. Newspaper job ads rose 11.6 per cent in December, while internet job ads increased by 5.6 per cent. Job ads are now 19.1 per cent higher than the cyclical trough seen in July 2009. However, it is important to highlight while the index last month reached its highest level since May 2007, it remains 22.6 per cent lower than December 2008.

The desire by employers to maintain a flexible workforce continued to be reflected in the data. Nearly 37,000 of the 52,000 jobs created in January were part-time positions. As previously highlighted, companies have also been restructuring more flexible employment arrangements with their existing staff. This also means there is pent up productivity in many companies.



The major Western economies are still struggling in their recoveries. The US economy has lost 8.4 million jobs since moving into recession in December 2007 with its unemployment rate at over 10% and jobs growth flat. The picture in Europe isn't much better.

Business confidence is returning with a NAB survey rating it the highest in 15 years. Our anecdotal evidence suggests a return of confidence for job seekers (active and passive) and subsequently the pool of potential talent.

The Market

We are entering a unique period - the demand for and the pool of talent, are both increasing and are in some sort of equilibrium. It is a characteristic consistent with a job market in an economy that is well on its way to recovery. Historically it is a window of 3 – 6 months before demand outstrips candidate supply and we return to skill shortages.

Commerce/Industry is characterised by 2 distinct markets; Firstly, Australian companies who have generally restructured at some level, in many cases performed well and have been opportunistic in securing talent, particularly at middle and senior manager level. Secondly, multinational subsidiaries that, irrespective of the performance of their Australasian operations, have been operating under the conservative direction of parent mandates. As such, much of the recruitment activity in the last 6 months has been dominated by the ASX Top 300 listed companies.

The demand has generally been across the spectrum of sectors including retail, infrastructure, utility, energy, health-care /beverage. We don't see this changing in the next 6 months.

The challenge for the multinational subsidiaries will be playing catch up. We don't believe the shackles will be loosened until the economies of parent companies improve. On this basis we don't believe there will be great activity in this market until the second half of 2010.



The picture in Financial Services has not changed much in the last 6 months. There has been noise around profits, remuneration and bonuses. The Financial Services sector has rebounded profitably and beyond most people's expectations. We believe that the sector bottomed out last year with most job losses realised. The challenge for white collar professionals in Banking & Finance is that their skill set is specialised and not overly transferable to other sectors. Low demand in the financial services employment market has provided some real career challenges. However, we believe the market for these individuals will gradually start to improve in the early part of 2010 and this should flow through at all levels.

The Demand Areas

Employers have been conservative throughout the last 18 months. Employers, if hiring, have wanted all the boxes ticked, not negotiable! This has been achievable, particular as candidate confidence increased towards the end of 2009. A window of opportunity continues to exist, however the pendulum will quickly swing back to skill shortage. As it does, employers are going to start to prioritise key competencies, become more flexible, and importantly market careers (not jobs) with their organisation to attract the best candidates.

The past 6 months have been characterised by demand for middle to senior management positions. However, in the last 3 months we have seen demand for middle managers and their direct reports increase proportionately to senior roles – a reflection of growing confidence.

The areas of demand in the last 12 months will continue and are; Group Financial Control; Internal Audit/Risk Management; Treasury; and Management Reporting.

However, as businesses head back into sustained growth mode (organic and acquisitive) the demand for commercial support is increasing. We are seeing a noted increase in demand for business and commercial support roles including; Commercial Managers; Financial/Business Analysts; and Planning/Strategy specialists.

We see the second half of 2010 moving to skill shortage. As this occurs we will see upward pressure on remuneration, presenting a challenge to both employer and economy alike. The foreseeable challenge for organisations is going to centre on retention of key talent and attraction on new talent. We are running a series of boardroom lunches tackling these challenges. If you would like to participate please register your interest by emailing us at info@axr.com.au.



To meet with a member of our Principal Consulting team to discuss your team and talent requirements please call Greg Madden or Greg O'Shea on 02 8243 1313.

sydney

t +61 2 8243 1300
f +61 2 8243 1333
a level 4, 50 clarence st sydney nsw 2000
abn 94 105 793 968

melbourne

t +61 3 9999 1320
f +61 2 8243 1333
a 504/685 burke rd, camberwell vic 3124
abn 99 137 434 578

e info@axr.com.au
w www.axr.com.au