



2013

# TALENT SHORTAGE SURVEY

RESEARCH RESULTS  
AUSTRALIA & NEW ZEALAND



ManpowerGroup™



## EXECUTIVE SUMMARY

ManpowerGroup's 2013 Talent Shortage Survey, the eighth in the annual series, explores the extent of how employers in the world's leading economies are having difficulty finding talent; what jobs are most difficult to fill and why; concern over stakeholder impact; and what strategies employers are pursuing to overcome the skills gap.

While Australia and New Zealand were not as severely affected by the Global Financial Crisis as most countries around the globe, flow-on effects can still be felt today, over four years later. Approaching the midpoint of 2013, it is plain that recovery from the global recession continues at a steady but frustratingly slow pace. Unemployment remains high in many global labour markets, and jobs growth – for the most part – seems to have stalled as employers continue to navigate an uncertain economic environment.

Today's competitive business environment continues to increase the pressure on employers as they seek greater cost structure flexibility while negotiating increasingly volatile economic cycles. Business leaders must confront the challenge of executing business strategies and remaining competitive while simultaneously dealing with value/margin compression amid ongoing economic uncertainty.

As it is becoming clearer in the Human Age, securing access to the increasingly finite pool of individuals with in-demand skill sets will be fundamental to business success.

Against this backdrop ManpowerGroup asked employers in Australia, New Zealand and across the globe to participate in our eighth annual Talent Shortage Survey. The survey is intended to reveal insights into the following issues:

- If employers are experiencing talent shortages in their respective organisations
- If they are reporting shortages, which positions do they find most difficult to fill
- Why open positions in their organisations remain difficult to fill
- How talent shortages are impacting the client-facing abilities of their organisations
- What steps employers are taking to align talent management practices to secure the skills their organisations require.

Worldwide, 35% of over 38,000 employers surveyed report they are experiencing difficulty filling jobs due to lack of available talent. Results for Australia and New Zealand show that a total of 45% and a staggering 51% of employers respectively report difficulty filling jobs due to not finding the talent they need. While this represents a slight decrease for Australia it shows a significant increase for New Zealand.

Additionally, the proportion of employers telling us talent shortages impact their client facing abilities to a high or medium degree has increased to 58% in Australia and 54% in New Zealand (compared to 54% globally).

Looking at the impact categories individually, the percentage of employers who report talent shortages impact business outcomes at a high level climbed, from 11% in 2012 to 16% in 2013 for Australia and from 8% to 13% for New Zealand. Those who identify a medium impact, climbed from 36% to 42% for Australia and from 34% to 35% for New Zealand from 2012 to 2013.

Why the change? Clearly, employers last year were still measuring the lay of the land, placing many hiring decisions on hold until business settled into familiar patterns again. However, business hasn't resumed a familiar pattern, and employers waiting for it to do so will likely wait in vain.

In fact the increasing number of employers reporting a high or medium impact might be viewed as an encouraging sign. The uptick indicated more employers recognise the need for access to top talent; in an uncertain business environment the right skills are essential to leveraging opportunities once they appear. The survey results indicate fewer employers have resigned to await the return of business as usual.

This year we also asked employers to identify other impacts they associated with their organisations' inability to fill key roles. Over half of all employers in Australia and a staggering 63% of employers in New Zealand associated talent shortages with a reduced ability to serve client needs. 38% and 41% respectively actually blamed the inability to fill positions with reduced competitiveness and productivity.

The results of our research also indicated that a growing number of employers acknowledge the peril of conducting business when forward-looking talent management strategies are put on hold. As a result, in both countries, about seven out of ten employers surveyed tell us they are taking steps to grow the talent pool and ensure access to the right skills that will help drive business results. Yet 18% of employers in Australia and 17% of employers in New Zealand report that they are currently doing nothing to remedy the skills gaps, indicating that they may not understand how the talent shortage is putting their business at risk or they simply don't know how to effectively solve the issue.

## HIGHLIGHTS FROM THE 2013 TALENT SHORTAGE INCLUDE:

### AUSTRALIA:

- 16% of employers who are facing talent shortages at present say this is having a high impact on their organisation's ability to meet their clients needs.
- Business performance is most likely to be impacted by talent shortages in terms of reduced client service capability as well as reduced competitiveness and productivity.
- A lack of candidates with technical competencies such as professional qualifications and professional certifications are the most common explanations for talent shortages in Australia.
- The most likely response of employers to alleviate talent shortages is to provide additional training and development to existing staff, as well as utilising non-traditional or previously untried recruiting practices.

### NEW ZEALAND:

- 13% of employers who are facing talent shortages at present say this is having a high impact on their organisation's ability to meet their clients needs.
- Business performance is most likely to be impacted by talent shortages in terms of reduced client service capability as well as reduced competitiveness and productivity.
- A lack of candidates with technical competencies such as professional qualifications and skilled trades experience are the most common explanations for talent shortages in New Zealand.
- The most likely response of employers to alleviate the talent shortages is to provide additional training and development to existing staff, as well as utilising non-traditional or previously untried recruiting practices.

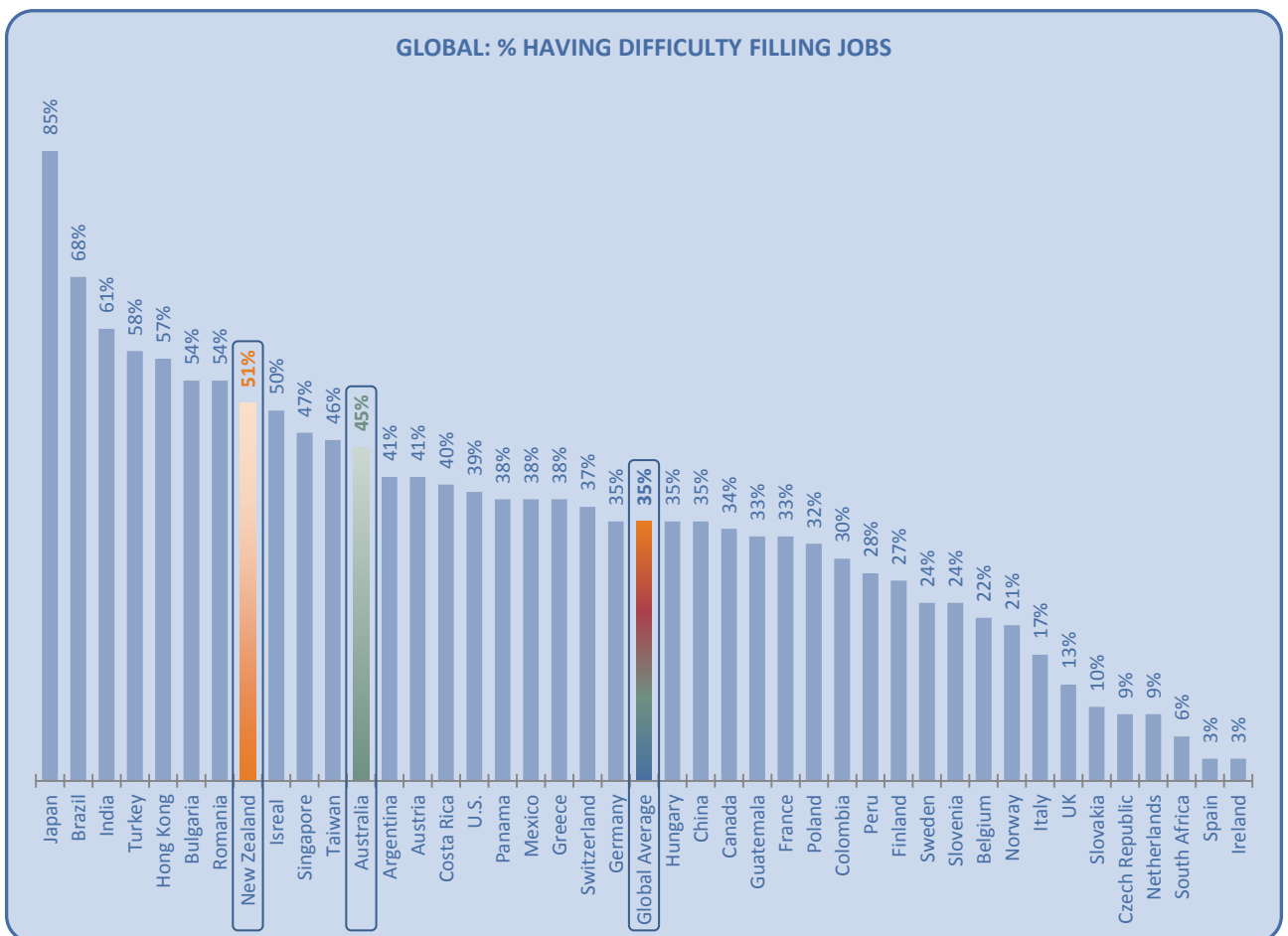
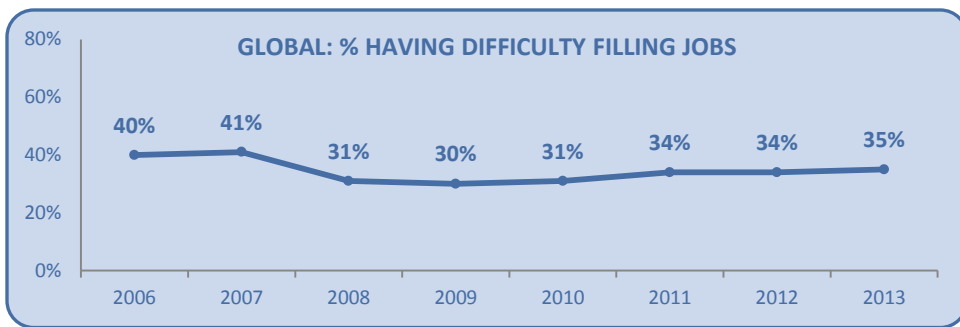
# GLOBAL

## HOW MUCH DIFFICULTY DO EMPLOYERS HAVE FILLING JOBS DUE TO LACK OF AVAILABLE TALENT?

Of the 38,000 employers who participated in the 2013 survey, more than one in three reported difficulty filling positions as a result of a lack of suitable candidates; the 35% who report shortages represent the highest proportion since 2007, just prior to the global recession.

According to the 2013 survey results – and for the second consecutive year – the most acute talent shortages are reported in Japan (85%) and Brazil (68%). The problem is widespread in Asia Pacific, with more than half the employers surveyed in India (61%), Hong Kong (57%) and New Zealand (51%) saying that talent shortages prevent them from hiring people with needed skills.

It is worth noting that the degree of difficulty employers report does not always correspond to a country's jobless rates.



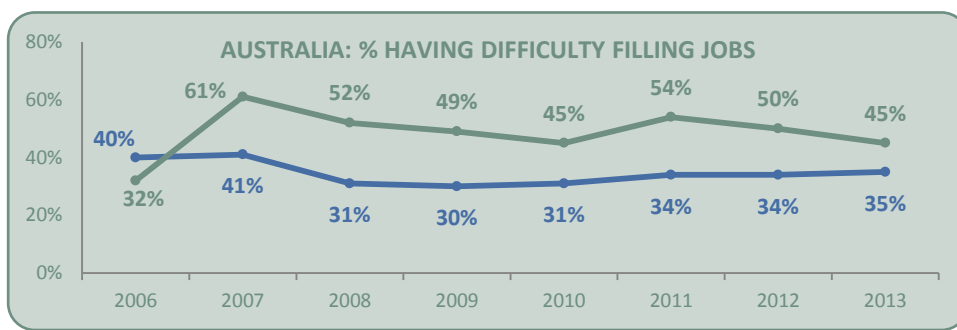
# AUSTRALIA

## HOW MUCH DIFFICULTY DO EMPLOYERS HAVE FILLING JOBS DUE TO LACK OF AVAILABLE TALENT?

The 2013 Talent Shortage Survey includes responses from about 2,250 hiring managers across Australia. The percentage of employers who report difficulty finding the talent their organisations require dips from 50% in 2012 to 45% in 2013. This means a decrease for the second consecutive year. However the percentage of hiring managers who indicate talent shortages are having a significant impact on their abilities to serve clients and stakeholders grew significantly from 47% in 2012 to 58% in 2013.

Clearly the current economic sentiment suppresses employer hiring trends, making talent supply less of an issue across most industries.

When compared to the first Talent Shortage Survey in the series back in 2006, the proportion experiencing hiring difficulties has increased considerably by 13 percentage points. The proportion of employers reporting difficulties is also 10 percentage points above the global average of 35%. Overall Australia ranks 12<sup>th</sup> out of all 42 surveyed countries across the globe.



## WHAT IS THE ONE JOB EMPLOYERS HAVE THE MOST DIFFICULTY FILLING?

The top three most-difficult-to-fill talent categories are identical to those reported in 2012: Skilled Trades continues to be the most challenging position to fill in Australia, followed again by Engineers and Sales Representatives. The Skilled Trades role has topped the Australian list every year in the series since 2007.

Employers also report a growing concern over the availability of candidates for management/executive posts, with the category climbing from sixth to fourth on the list year-on-year.

For the first time since the survey began back in 2006, Doctors and other non-nursing health professionals made it into the top 10 list of the hardest to fill jobs. Labourers re-entered the list for the first time since 2008, ranking eighth, while Drivers and Chefs/Cooks didn't make it into this year's top 10.

### AUSTRALIA: TOP 10 JOBS EMPLOYERS ARE HAVING DIFFICULTY FILLING

- 1 | Skilled Trades
- 2 | Engineers
- 3 | Sales Representatives
- 4 | Management / Executive (Management / Corporate)
- 5 | Accounting & Finance Staff
- 6 | IT Staff
- 7 | Technicians
- 8 | Labourers
- 9 | Machinists / Machine Operators
- 10 | Doctors and other non-nursing health professionals

## WHY EMPLOYERS ARE HAVING DIFFICULTY FILLING JOBS

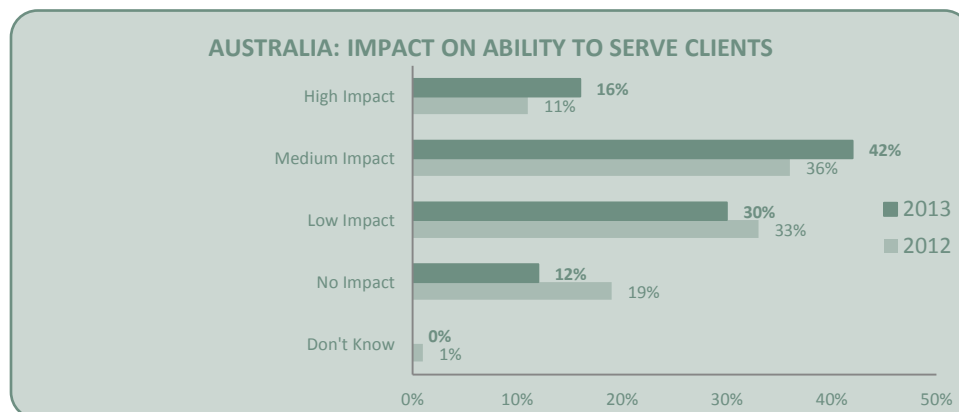
As in 2012, an overall lack of applicants is the most commonly reported challenge among employers facing a talent shortage in Australia. Nearly 40% say this is a concern, although this proportion declines three percentage points when compared with the previous year. Second on the list of reasons behind the skills gaps is the lack of technical competencies among candidates (21%, up six percentage points on 2012). Employers who cite a lack of technical/hard skills are most likely to say the shortage is due to either a lack of relevant professional qualifications or skilled trades certifications.



The proportion of employers who report candidates lacking experience (17%) as a shortcoming is slightly higher in 2013 than the previous year. However, reported instances of candidates looking for more pay than is offered is slightly lower than in 2012 (down by 1%).

## WHAT IS THE DEGREE OF IMPACT TALENT SHORTAGES HAVE ON THE ABILITY TO MEET CLIENT NEEDS?

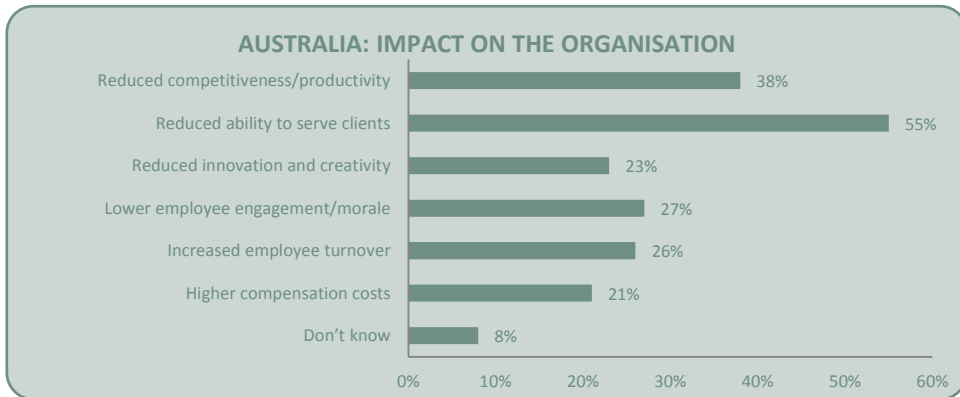
Nearly three in five Australian employers who are facing talent shortages at this point in time believe this is having a high (16%) or medium (42%) impact on the ability to meet client needs. A further 30% say talent shortages have a low impact on client facing activity, while 12% feel service is not affected by their ability to fill particular roles.



Comparing this year's results to 2012 numbers, shows that the proportion of employers responding that a talent shortage has either a high or medium impact has risen considerably, while the proportion of employers saying it wouldn't have any impact went down by a 7%.

## HOW TALENT SHORTAGES IMPACT THE OVERALL ORGANISATION

Among the Australian employers who report challenges resulting from skills gaps, over half (55%) say shortages impact their ability to serve clients. In addition, 38% say that skills shortages result in reduced competitiveness and productivity. Over one in four employers cite lower engagement and morale as well as increased employee turnover as the main consequence for their business. 23% say skills gaps result in a reduced innovation and creativity and about one in five say the inability to fill vacancies results in higher compensation costs.



## WHAT STRATEGIES DO EMPLOYERS PURSUE TO OVERCOME TALENT SHORTAGES?

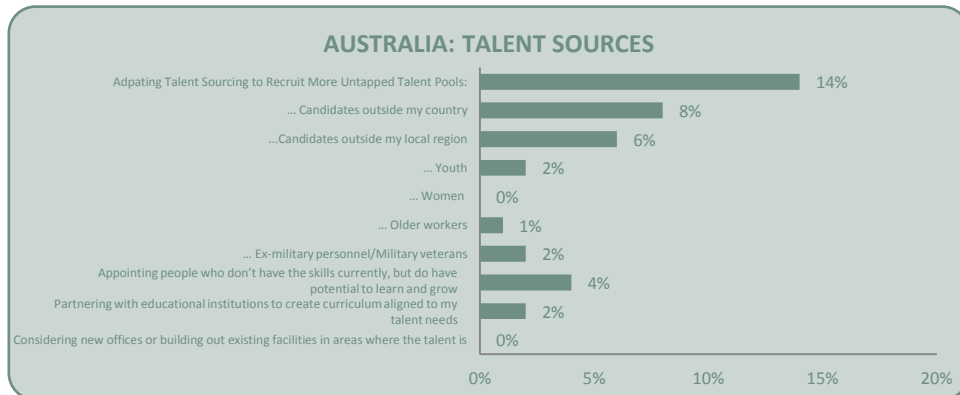
Nearly half of Australian employers who face a talent shortage at present say that their strategic response involves modified people practices, while 20% adopt strategies which include talent sourcing solutions and 11% focus on work models.



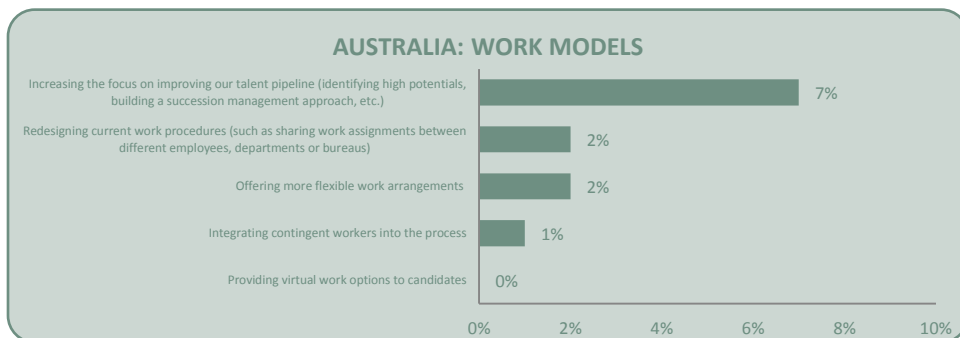
The most common people practice strategy is to provide additional training and development to existing staff (21%), and a further 18% seek to utilise previously untried recruiting practices. Other approaches based on people practices include offerings on enhanced benefit packages (5%) or increased starting salaries (4%). Some employers redefine qualifying criteria to include individuals who lack some required skills or formal qualifications but have potential to acquire them (3%).



Organisations that pursue a talent sourcing strategy are most likely to look at untapped talent pools (14%). The most important of these is candidates from outside the country (8%) as well as candidates from outside the local region (6%). Other approaches which fit in this category include appointing people who don't currently have the necessary skills but do have the potential to learn and grow (4%) and partnering with educational institutions to create curriculum aligned to the talent need of the business (2%).



Where strategies to address skills gaps involve work models, the most frequently used approach is to increase the focus on improving the talent pipeline, for example through succession management and identifying high potentials (7%). Employers are also redesigning current work practices, for example by sharing work assignments across departments (2%) and are offering more flexible work arrangements to their employees (2%).



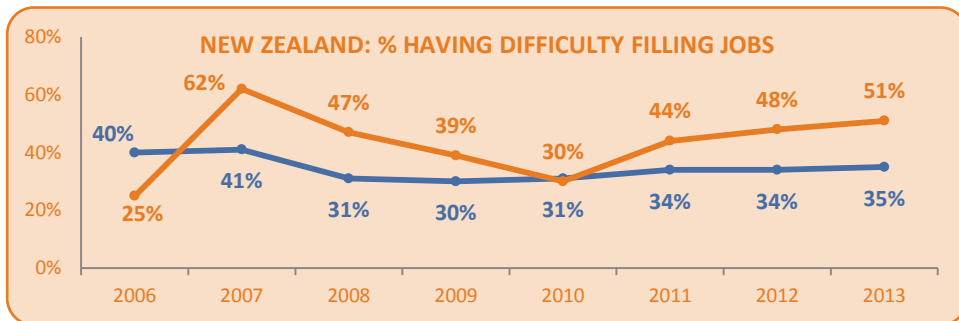


# NEW ZEALAND

## HOW MUCH DIFFICULTY DO EMPLOYERS HAVE FILLING JOBS DUE TO LACK OF AVAILABLE TALENT?

For the first time since 2007 more than half (51%) of the New Zealand employers surveyed say skills gaps are posing difficulties in the hiring process. Survey responses come from nearly 660 hiring managers across the country.

When compared with 2012, the proportion increases by three percentage points, but is still 11% lower than in 2007. The proportion of employers reporting difficulties is 16% above the global average of 35%. Meanwhile, when the global list of 42 countries and territories is ranked by the proportion reporting talent shortage issues, New Zealand occupies 8<sup>th</sup> place.



## WHAT IS THE ONE JOB EMPLOYERS HAVE THE MOST DIFFICULTY FILLING?

Engineers continue to be the most difficult recruits to locate across New Zealand. Employers have placed this worker category at the top of the list every year since 2010. As in 2011 and 2012 the next hardest-to-fill vacancy are Sales Representatives.

The country's employers also report that talent is increasingly in short supply at the Management and Executive level. The category moves up the ranking from seventh last year to fifth this year. As a result Technicians and Accounting & Finance Staff both slip down the ranking.

Back in the top 10 after not making the list in 2012 are Customer Service Representatives & Customer Support roles.

For the first time since 2007 Machinist/Machine Operators made it back into the top 10 ranking ninth, and for the first time since the survey started back eight years ago, Supervisors made it into the top 10 hardest to fill vacancies in New Zealand.

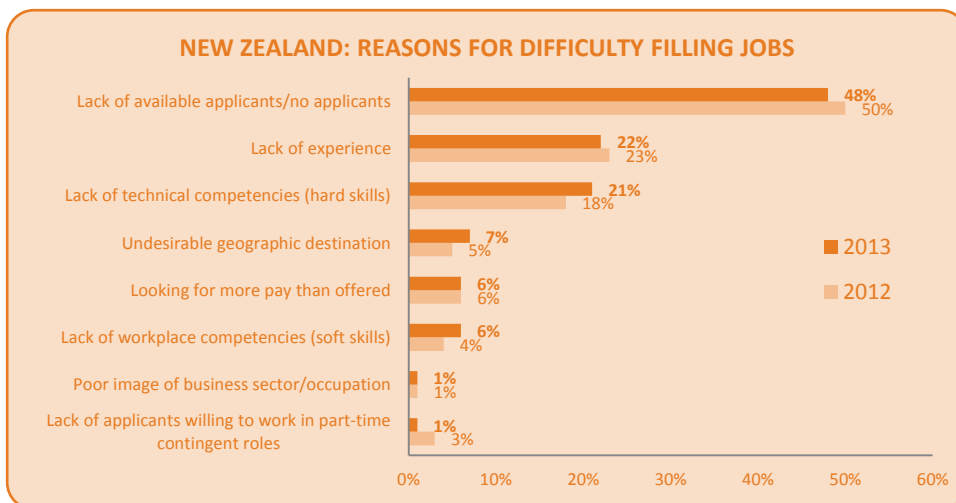
### NEW ZEALAND: TOP 10 JOBS EMPLOYERS ARE HAVING DIFFICULTY FILLING

- 1 | Engineers
- 2 | Sales Representatives
- 3 | IT Staff
- 4 | Skilled Trades
- 5 | Management / Executive (Management/Corporate)
- 6 | Technicians
- 7 | Accounting & Finance Staff
- 8 | Customer Service Representatives & Customer Support
- 9 | Machinist/Machine Operators
- 10 | Supervisors

## WHY EMPLOYERS ARE HAVING DIFFICULTY FILLING JOBS

When asked to provide further insight as to why talent shortages were preventing them from filling particular positions, New Zealand’s employers said they simply cannot find enough applicants for particular posts, although this proportion has gone down by 2% compared to last years results.

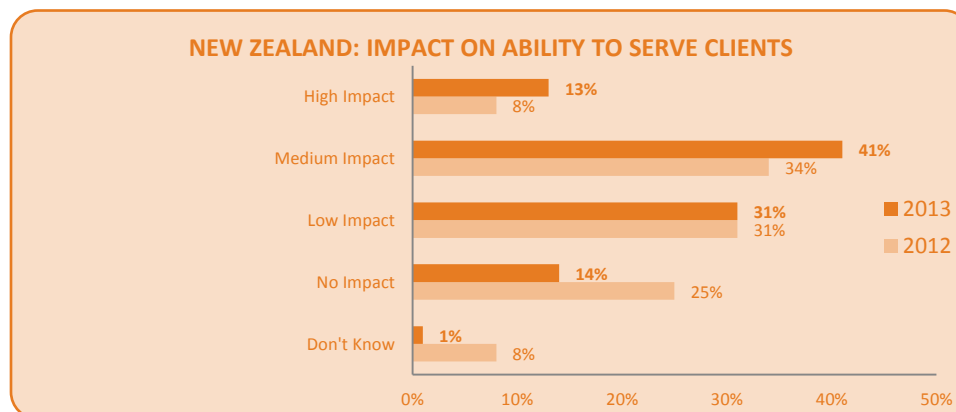
Over one in five employers say existing candidates lack experience, while 21% report a shortage of candidates with relevant technical competencies.



The proportion of employers who report the reason behind their skills gaps is because of their undesirable geographic destination increased by 2% compared to 2012, while employers reporting candidates lacking work place competencies as a reason increased by two percentage points.

## WHAT IS THE DEGREE OF IMPACT TALENT SHORTAGES HAVE ON THE ABILITY TO MEET CLIENT NEEDS?

Over one in five New Zealand employers who report any concerns about talent shortage in 2013 say the issue is having a high or medium impact on their ability to meet clients needs. A further 31% believe there is a low impact, while 14% say that although they are struggling to fill some vacancies, this is not yet impacting their ability to meet client expectations.

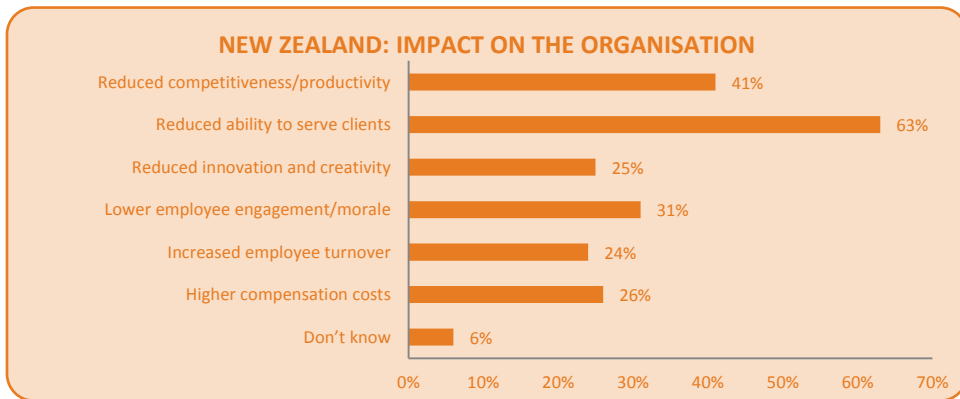


Comparing this year’s results to 2012 numbers, it shows that the there is a significant increase of employers reporting high or medium impact on their ability to serve client needs. With a proportion of only 1% of employers responding that they don’t know what impact can be expected, it shows most respondents spend some time analysing the effects of a skills gap and the resulting implications to their business.

## HOW TALENT SHORTAGES IMPACT THE OVERALL ORGANISATION

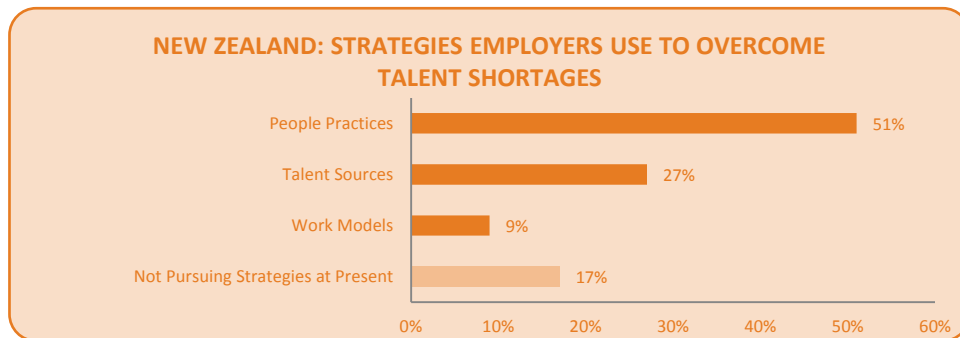
In 2013 we asked employers to provide us with additional details on how the inability to find talent impacts their organisation as a whole. The impact on client service remains the primary concern, but the survey reveals additional ways that skills gaps negatively impact an organisation.

Chief among these is the reduced ability to adequately serve clients, reported by 63% of employers. In addition 41% say that talent shortages reduce competitiveness and productivity in general. According to 31% of employers, talent shortages result in lower employee engagement, while 26% report it leads to higher compensations cost.



## WHAT STRATEGIES DO EMPLOYERS PURSUE TO OVERCOME TALENT SHORTAGES?

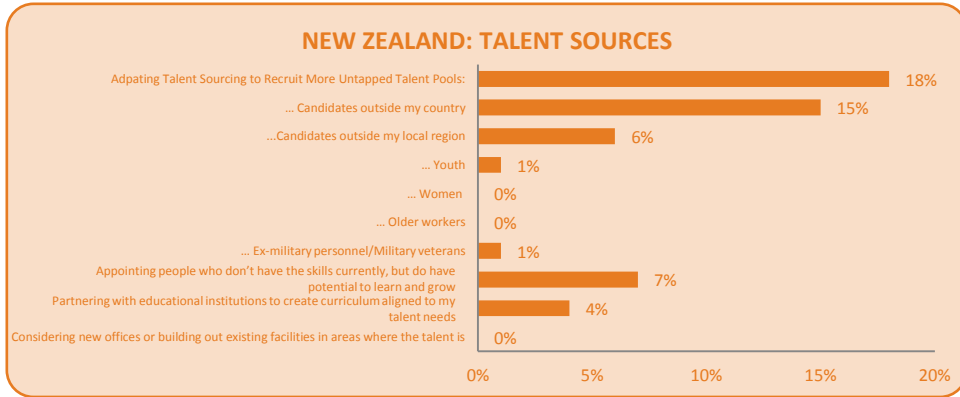
Over one in two employers in New Zealand who face a talent shortage at present say that their strategic response involves modified people practices, while 27% adopt strategies which include talent sourcing solutions, and 9% focus on work models.



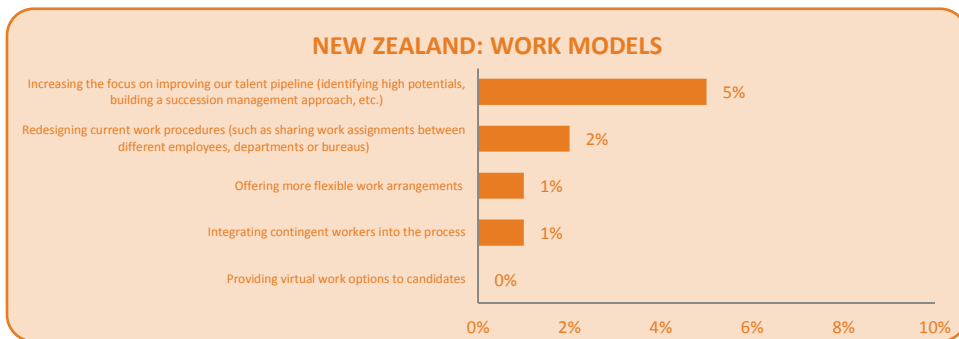
The most common people practice strategy is to provide additional training and development to existing staff (23%), and a further 21% seek to utilise previously untried recruiting practices. Other approaches based on people practices include offerings on enhanced benefit packages (5%) and employers redefining qualifying criteria to include individuals who lack some required skills or formal qualifications but have potential to acquire them (4%).



Among the employers who turn to talent sourcing remedies to close skills gaps, 18% indicate they are recruiting from talent pools not previously used. Commonly pursued untapped talent pools are candidates from outside the country (15%) and candidates from outside the local region (6%). Appointing candidates who don't currently have the requisite skills but do have potential to learn and grow is a tactic adopted by 7%, while 4% partner with local educational institutions to create curriculum aligned to the talent need of the business.



Some of the employers interviewed use work model strategies to improve their talent pipeline. For instance, 5% of employers indicted they identify high potentials and then structure a succession management plan to accommodate them. Some employers report redesigning current workforce practices such as initiating shared work assignments between employees or departments (2%). Other work model based strategies include implementing more flexible working arrangements (1%) or the integration of contingent workers (1%).



## ABOUT THE RESEARCH

ManpowerGroup's 2013 Talent Shortage Survey, the eighth in the annual series, explores the extent to which employers in the world's leading economies are having difficulty finding talent; what jobs are most difficult to fill and why; concern over stakeholder impact; and what strategies employers are pursuing to overcome the talent shortage. A total of over 38,000 interviews were conducted with employers in 42 countries and territories.

## QUESTIONS EXPLORED

- *How much difficulty are you having filling jobs due to lack of available talent?*
- *What is the one job you are having most difficulty filling due to lack of available talent?*
- *What level of impact does this talent shortage have on your ability to meet client needs?*
- *How are talent shortages/skills gaps most likely to impact your organisation*
- *Why are you having difficulty filling this specific job?*
- *What strategies are you pursuing to overcome these difficulties?*

## ABOUT MANPOWERGROUP

ManpowerGroup™ (NYSE: MAN) is the world leader in innovative workforce solutions that ensure the talent sustainability of the world's workforce for the good of companies, communities, countries, and individuals themselves. Specialising in solutions that help organisations achieve business agility and workforce flexibility, ManpowerGroup leverages its 65 years of world of work expertise to create the work models, design the people practices and access the talent sources its clients need for the future. From staffing, recruitment, workforce consulting, outsourcing and career management to assessment, training and development, ManpowerGroup delivers the talent to drive the innovation and productivity of organisations in a world where talentism is the dominant economic system. Every day, ManpowerGroup connects more than 630,000 people to work and builds their experience and employability through its relationships with 400,000 clients across 80 countries and territories. ManpowerGroup's suite of solutions is offered through ManpowerGroup™ Solutions, Manpower®, Experis™ and Right Management®. ManpowerGroup was named one of the World's Most Ethical Companies for the third consecutive year in 2013, confirming our position as the most trusted brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible at [www.manpowergroup.com.au](http://www.manpowergroup.com.au) and [www.manpowergroup.co.nz](http://www.manpowergroup.co.nz) Follow ManpowerGroup Chairman and CEO Jeff Joerres on Twitter: [Twitter.com/manpowergroupjj](https://twitter.com/manpowergroupjj)