

# IT Recruitment and Retention Report

Autumn 2005



**Melbourne:** Level 21, 303 Collins Street Melbourne VIC 3000 t: 03 9963 4888 f: 03 9963 4880 e: [vic@ccsrecruit.com.au](mailto:vic@ccsrecruit.com.au)

**Sydney:** Level 11, 39 York Street Sydney NSW 2000 t: 02 9200 4444 f: 02 9200 4440 e: [nsw@ccsrecruit.com.au](mailto:nsw@ccsrecruit.com.au)

**Canberra:** Level 8, 15 London Circuit, Canberra 2600 t: 02 6202 7700 f: 02 6202 7799 e: [act@ccsrecruit.com.au](mailto:act@ccsrecruit.com.au)

## A note from our Managing Director

Firstly, thank you to all those organisations who contributed information to the report.

Over the last 12 months the employment market for IT professionals has continued to strengthen. The pendulum is swinging from candidate rich/jobs poor towards job rich/candidate poor.

In any market, there needs to be a reasonable balance between supply and demand. Recently, the IT employment market has struggled to find this balance, with periods of acute candidate shortage (1998-2000) and periods of very low job generation (2001 – 2003).

Importantly, the results of our report indicate continued demand for IT professionals without evidence of overheating. Reasonable equilibrium looks set to continue for the next 12 months.

I hope you find value in the report. Feel free to call me at any time if you want an update.

Best wishes

A handwritten signature in blue ink that reads "Ben Wood". The signature is written in a cursive, slightly slanted style.

Ben Wood  
Managing Director  
e: [benw@ccsrecruit.com.au](mailto:benw@ccsrecruit.com.au)  
t: (03) 9963 4884  
w: [www.ccsrecruit.com.au](http://www.ccsrecruit.com.au)

## 1. Executive Summary

During March, we received around 300 responses to an electronic survey sent to organisations across a range of industries in Sydney, Melbourne and Canberra.

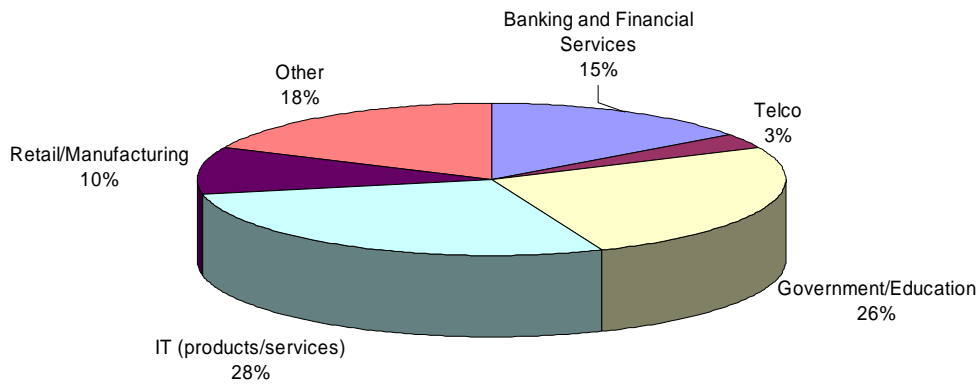
This is the 6<sup>th</sup> edition of our IT Recruitment and Retention Report. It makes comparisons to data gained 12 months ago.

In summary the data reveals:

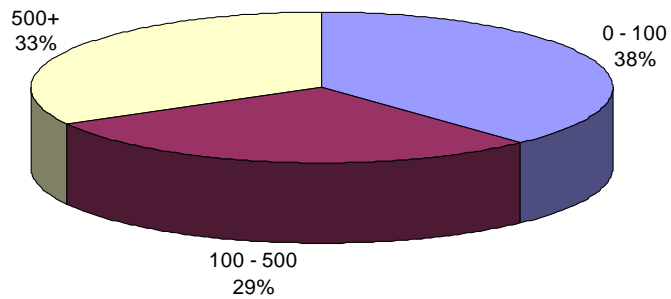
- The overall business environment is positive with 71% of organisations expecting to increase sales over the coming 12 months
- 47% of organisations plan to increase their IT budgets over the coming 12 months
- 37% of organisations plan to increase their number of IT staff, only 10% plan to decrease
- Demand for IT contractors will continue to rise. Rates have firmed, and with supply tightening, they will continue to rise in a controlled fashion.
- Permanent recruitment activity has risen sharply over the last 12 months. The number of IT workers without jobs has dropped and responses to job advertisements have fallen by 55%. 41% of organisations plan to increase their permanent IT staff numbers.
- Salaries for IT staff are still under control with an average increase of 3.5% expected over the next 12 months.
- With increased hiring activity, organisations are placing greater emphasis on retention strategies
- Skills in demand: Demand is strongest in Application Development and Infrastructure Support. Practitioners experienced in enterprise level .Net and Java development are in particularly strong demand.

## 2. About our sample

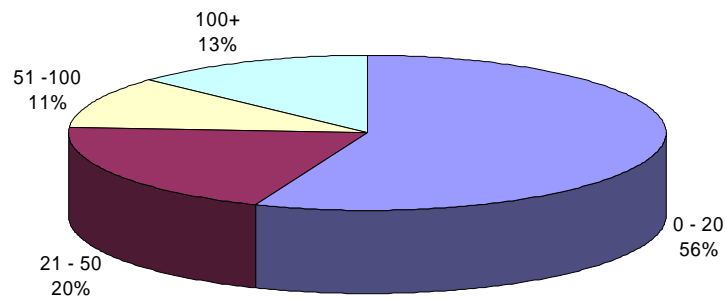
### 2.1 Survey respondents by Industry Sector



### 2.2 Survey respondents by Company Size (total employee numbers)



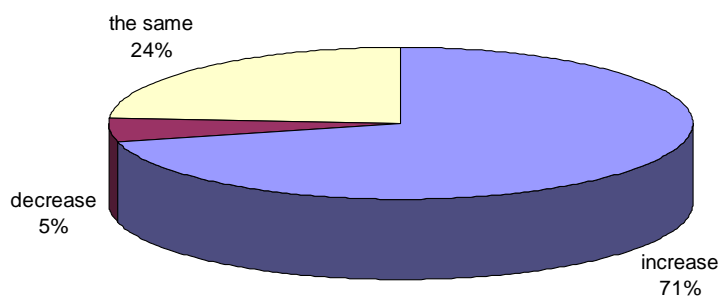
### 2.3 Survey respondents by Number of IT Staff



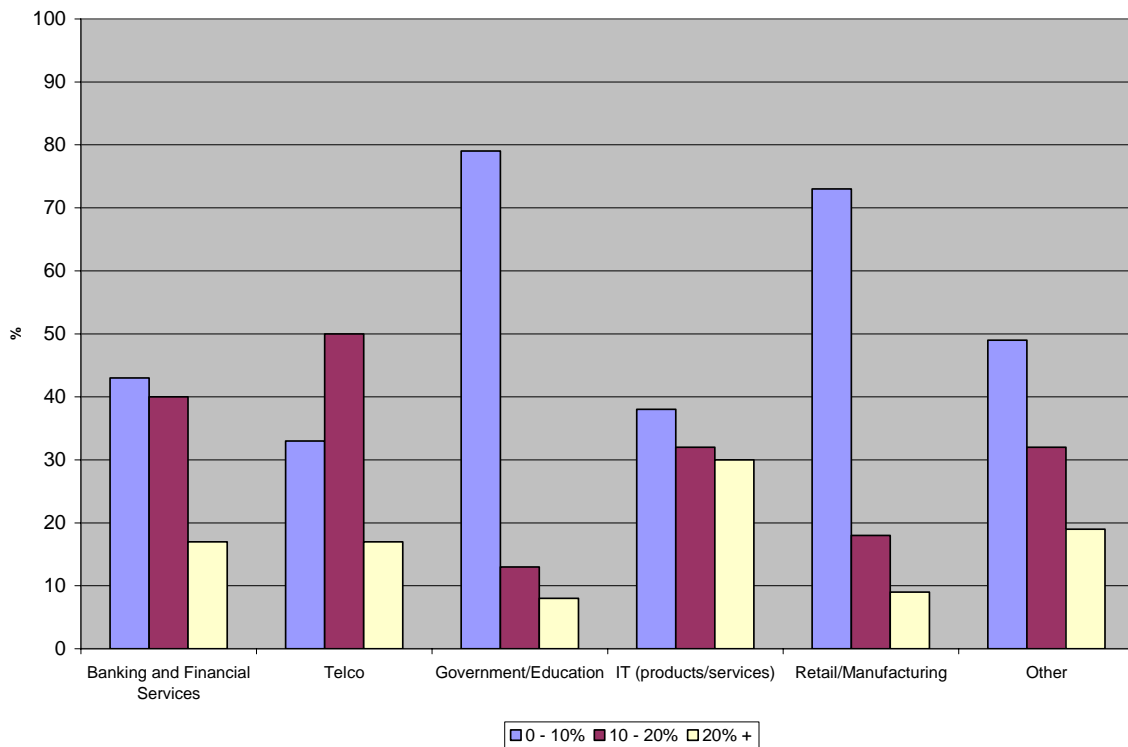
### 3. Sales Trends

Overall the business environment has a positive outlook for the next 12 months with 71% of respondents expecting an increase in sales (\$ turnover). 43% of respondents expecting growth of 10%+ are from the IT (products/services) sector giving it the strongest outlook.

#### 3.1 Over the next 12 months, how do you expect your sales (\$ turnover) to change (all respondents)



#### 3.2 If you expect an increase, by what percentage (by Industry sector)



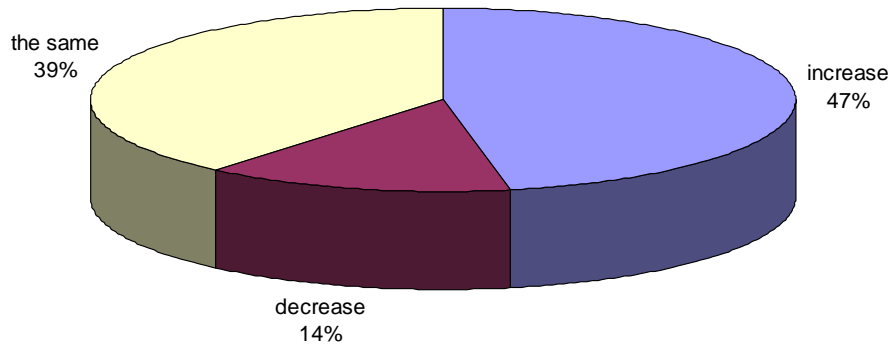
## 4. IT Budget

47% of respondents expect an increase in their IT budgets over the next 12 months. Medium sized organisations (100 – 500 employees) have the strongest outlook with 53% expecting an increase. Large organisations (500+ employees) have the weakest with 17% expecting a decrease.

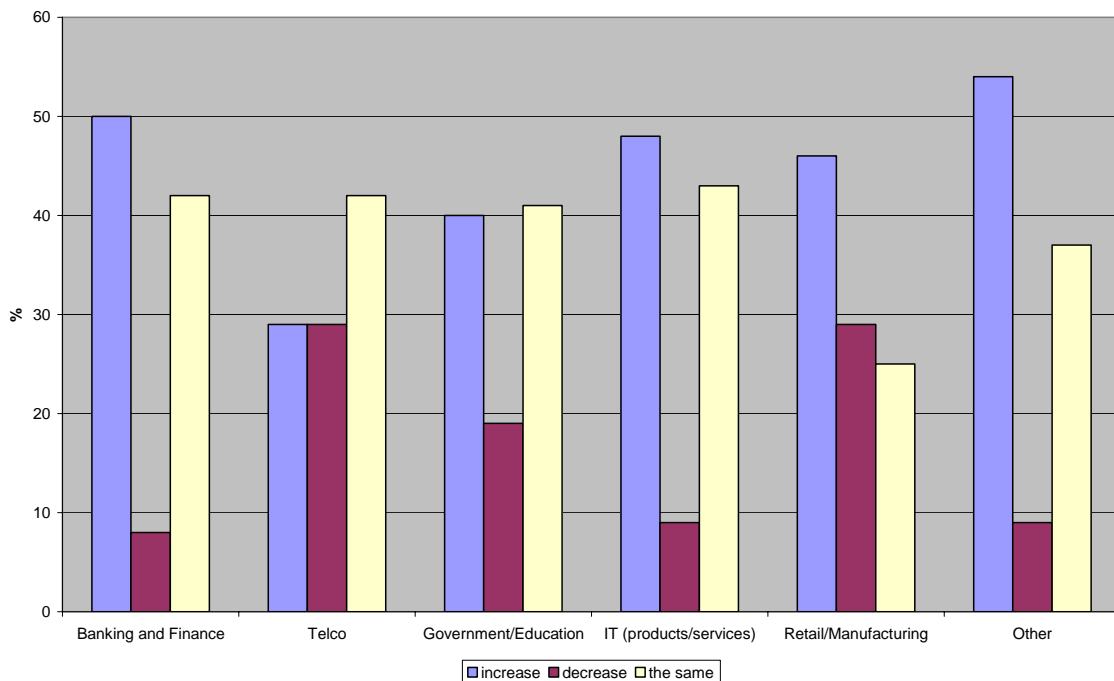
The main drivers for increasing budgets are:

- competitive pressure – “improve our service to customers”, “we are lagging behind similar organisations”
- Increased internal customer demand – “increased utilisation of our ERP software”
- Business growth – “more business equals more users”

### 4.1 Change in IT budget over the next 12 months



### 4.2 Change in IT budget by Industry sector

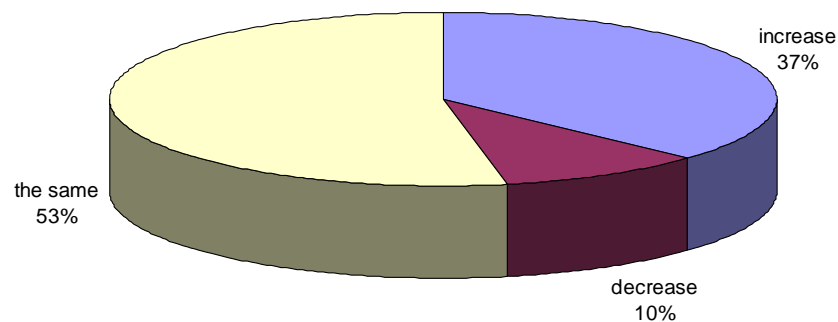


## 5. IT Staffing Trends

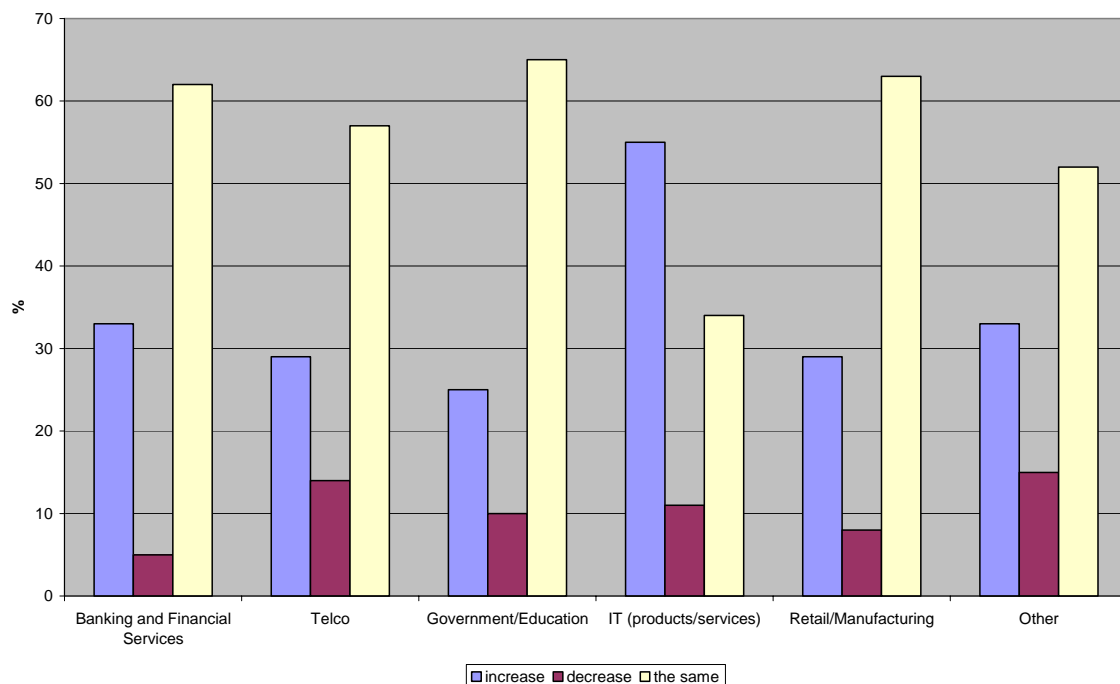
A healthy 37% of respondents expect to increase their IT staff numbers over the next 12 months. This is not enough to cause either candidate supply issues or salary “break outs”.

Small organisations (0 - 100 employees) have the strongest outlook with 41% expecting to increase their staff numbers. 56% of those organisations expecting to increase staff numbers will do so by less than 10%.

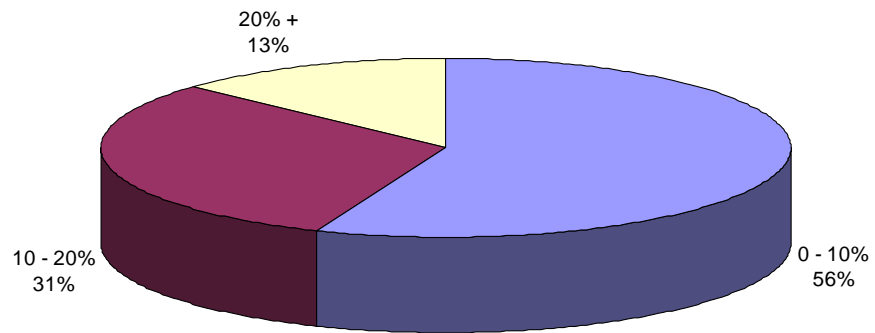
### 5.1 Over the next 12 months, how do you expect your total IT staff numbers to change? (all respondents)



### 5.2 Percentage of organisations expecting to increase IT staff numbers over the next 12 months (by Industry sector).



### 5.3 If increasing, by what percentage?





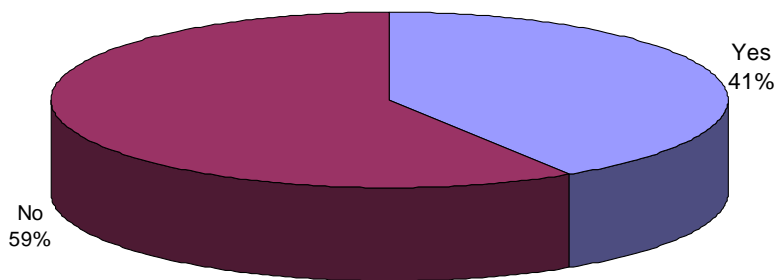
## 6. IT Staff Mix

35% of respondents indicate they will have greater demand for contractors; 41% expect to increase permanent staff numbers.

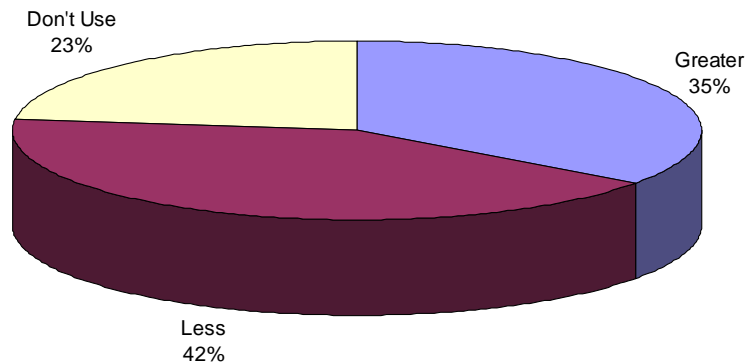
Over the last 2 years the contracting market has been in recovery and in the last 18 months has been growing quickly. Lately there have been some minor supply problems caused by contractors being retained in existing assignments for longer periods and available contractors having multiple opportunities presented to them.

Rates have firmed over the last 12 months, but are still below the boom of 1999/2000. Forward demand indicates these situations will continue to occur, but demand for contractors over the next 12 months is not expected to increase sharply enough to create a supply crisis or significant pressure on contractor rates. Also, we expect there to be increased pressure to convert contractors to permanent staff.

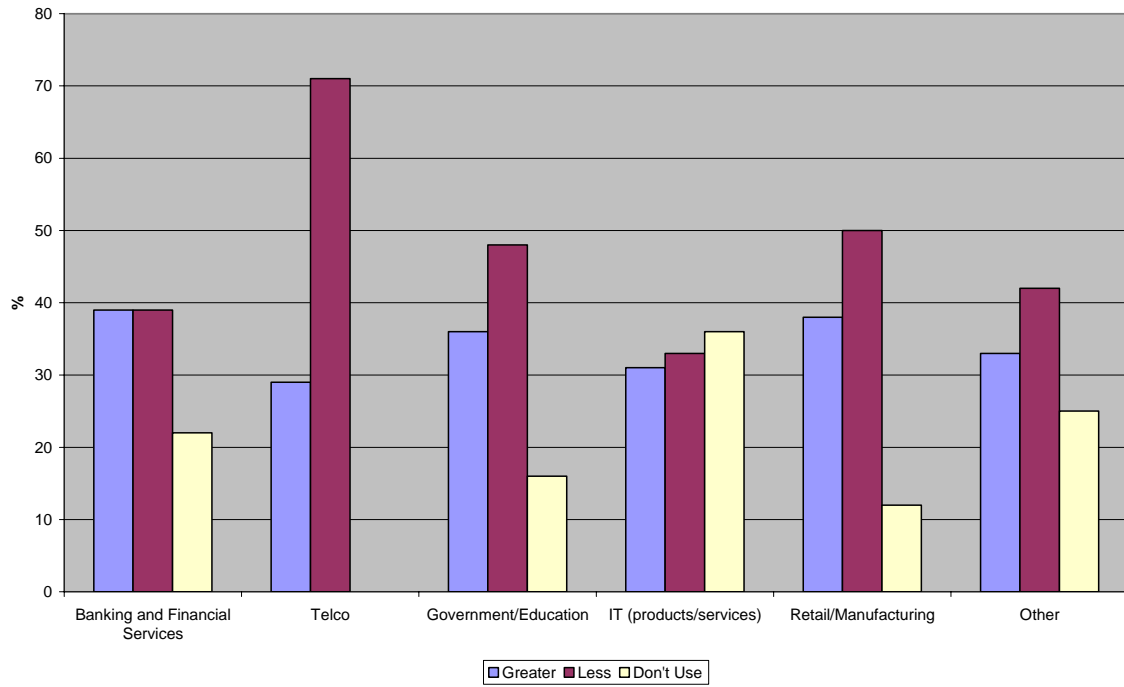
### 6.1 Do you expect to increase the number of your permanent IT staff over the next 12 months?



### 6.2 Over the next 12 months do you expect your usage of IT Contractors will be greater or less than over the last 12 months?



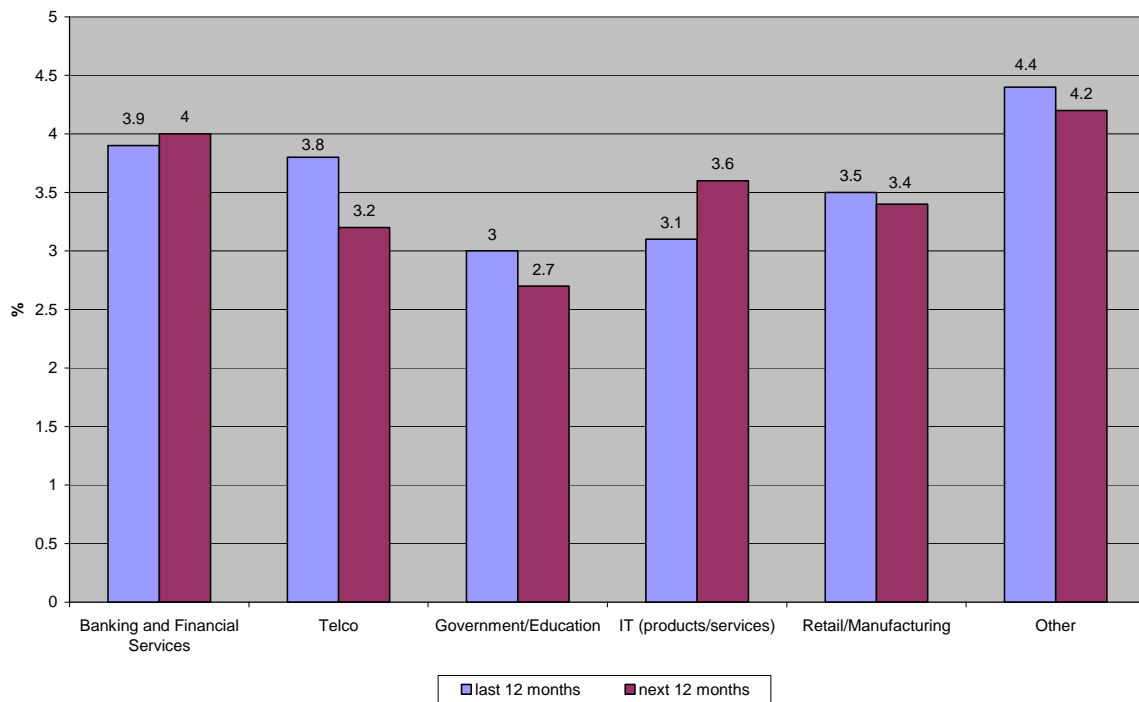
### 6.3 Over the next 12 months do you expect your usage of IT Contractors will be greater or less than over the last 12 months? (by Industry sector)



## 7. Salary Policy

Overall, the average rate of salary increase across all respondents is 3.5%. At present, there is no evidence of any great pressure on salaries. Only 14% of respondents indicated that they planned to increase salaries by more than 5% and these were mainly (56%) small organisations (0 – 100 staff).

### 7.1 On average, at what percentage rate have your salaries for IT staff increased over the last 12 months and at what percentage rate do you expect salaries for IT staff to increase over the next 12 months? (by Industry sector)

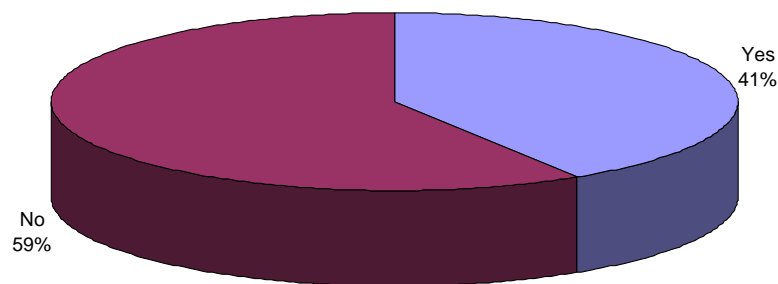


## 8. Recruitment Activity and Approach

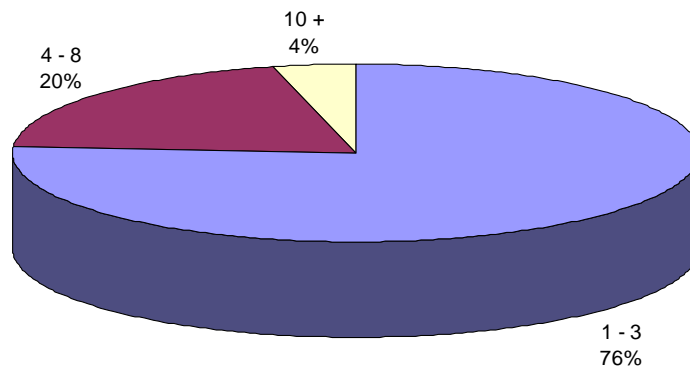
There has been a small decrease in the number of organisations that have a preferred supplier for IT recruitment (down to 41% from 46% 12 months ago) and the number of suppliers on a panel has fallen slightly too.

In terms of service, the key factor in the relationship you have with your recruitment partner is their ability to find you the best people. The cost of the recruitment exercise is of secondary importance. Increasingly, organisations recognise that most hiring “costs” are in the post hiring phase and are caused when a bad hire “costs” lost time and productivity. Hence, the focus on hiring processes becomes most important.

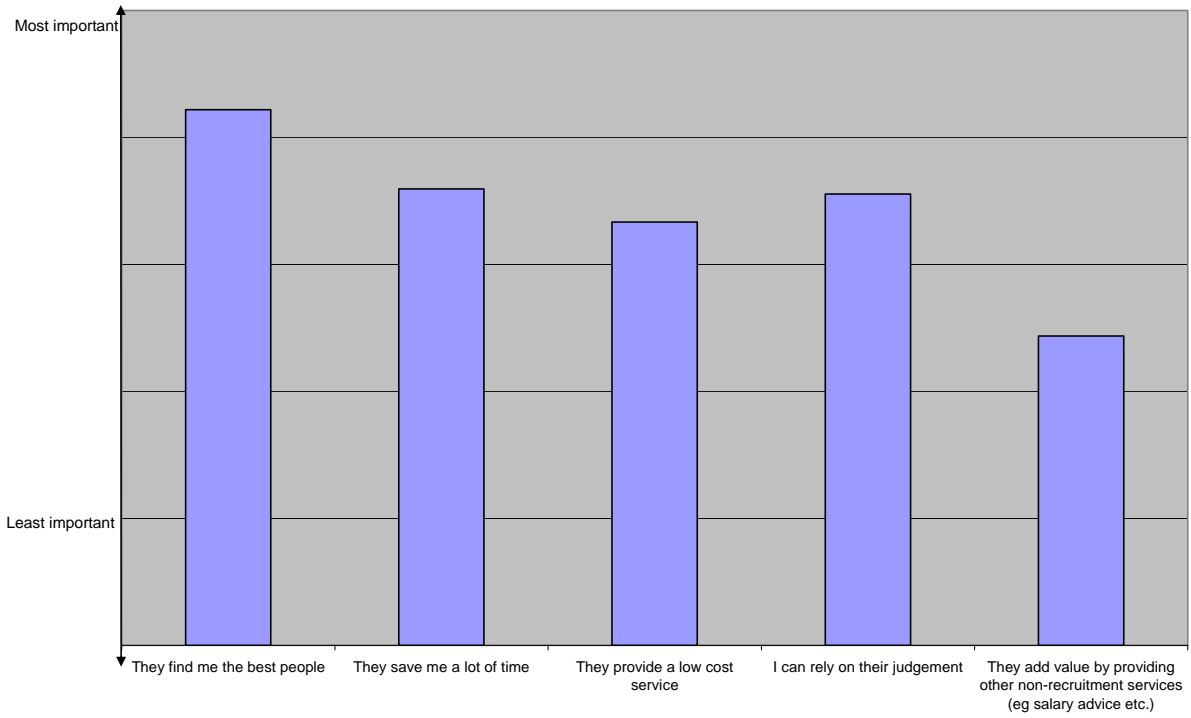
### 8.1 Do you have a preferred supplier for IT Recruitment?



### 8.2 If so, how many suppliers do you have?

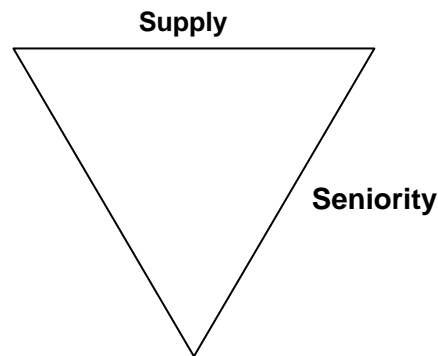


### 8.3 What is most important to you in the service you receive from your recruitment partner?



## 9. Skills in Demand

Based on the response we have analysed, the pattern of demand is best explained by Figure 9.1. The more senior the role, generally the better the supply of candidates.



**Figure 9**

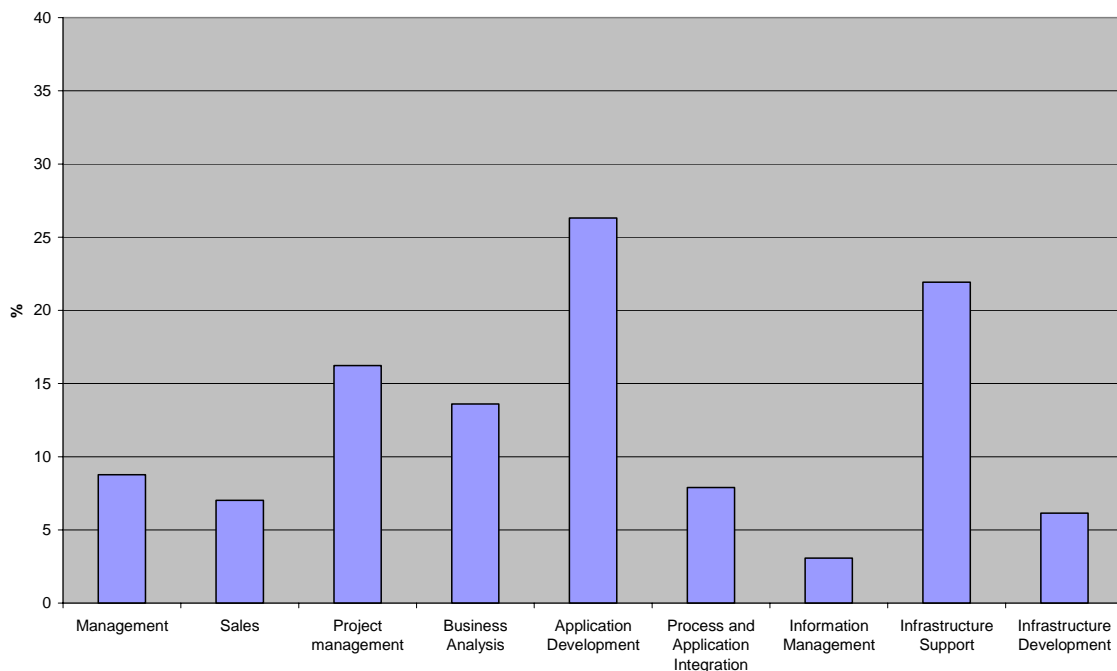
The most in demand skills are lower level, such as:

- Software developers (particularly Java, J2EE and .Net)
- Infrastructure Support Specialists (ranging from Helpdesk to Systems and Network Engineers to Systems Administrators, particularly UNIX).

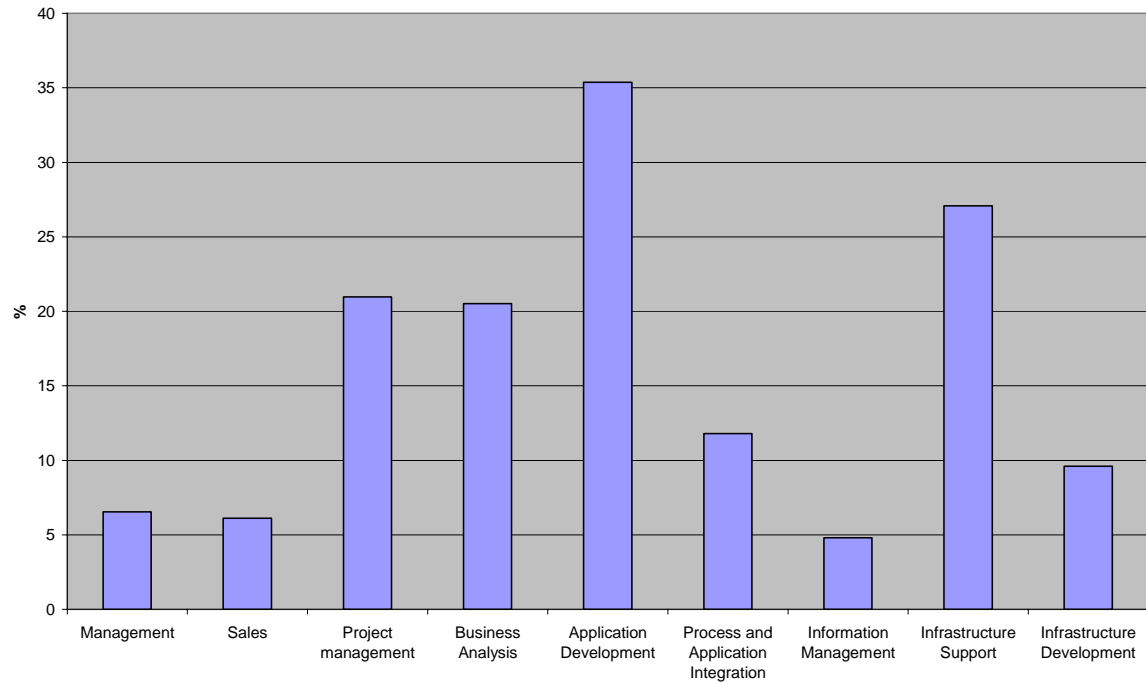
Obviously there are some pockets where supply is tight. These could be product or tool specific technical roles (areas such as Security, Business Intelligence and EAI) or where a specific combination of technical and industry experience is required.

Supply will continue to tighten over the coming 12 months.

### 9.2 Over this last 12 months, which IT role type have you had most difficulty in recruiting?



### 9.3 Forecasting demand for your organisation over the next 12 months, which IT role type do you expect to be in greatest demand?

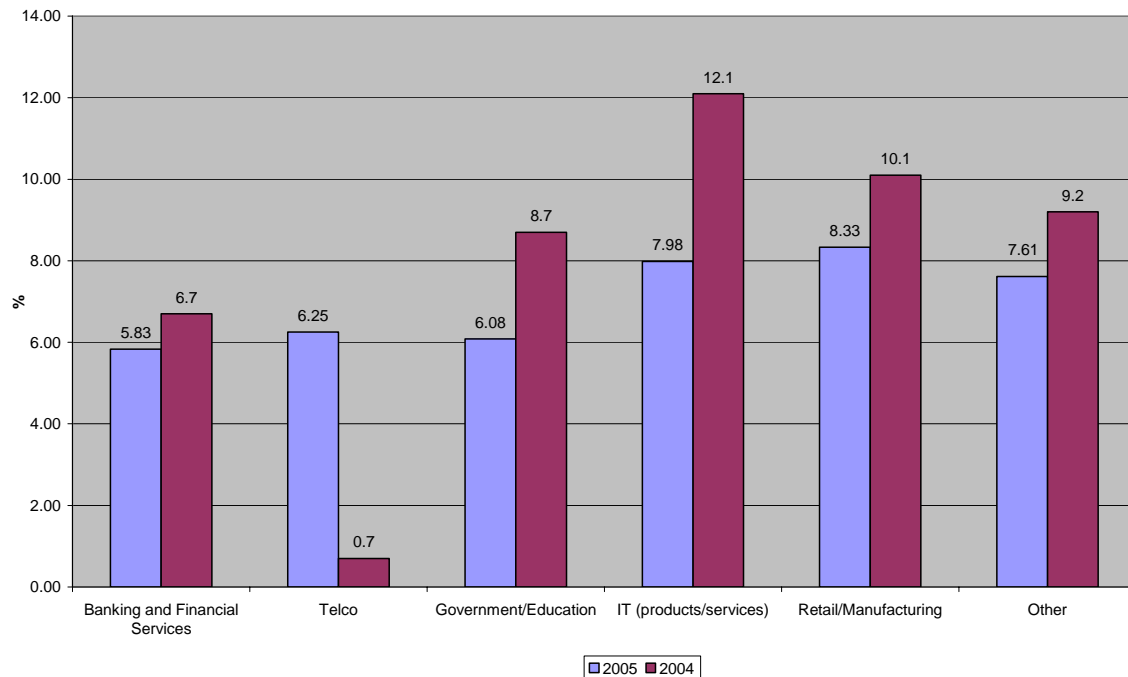


## 10. Retention Rates

Overall, retention rates have improved with the employment market. However, as increasing numbers of organisations move into hiring mode, their ability to keep people will be the critical success factor.

Responses regarding initiatives that organisations use as retention tools indicate a preference for **management tools** that focus on the needs of an individual (performance reviews; maternity/paternity leave; rotation programs to develop skills; training; participating as part of a team) over **gimmicks** (tickets to the Grand Prix; massages on site).

### 10.1 What has been the approximate % rate of your IT staff turnover over the last 12 months?





## 10.2 Which of these special initiatives does your organisation provide to improve your staff retention?

