

Tech Employment Shapers

TechShapers is back, providing insights into the tech recruitment scene over the last six months and predictions for 2023

March 2023

Sourced

TechShapers is back, providing insights into the tech recruitment scene over the last six months and predictions for 2023.

Is the recession a thing, has the hiring intensity of 2022 softened, and has the great merry-go-round of candidates shifting roles finally burned out? Maybe, not really, and mostly! Candidates who are in the market are remaining for slightly longer before taking up permanent positions, but demand for contractors has once again ramped up. International and migrant recruitment is stepping up, allowing a softening of nerves around the continued talent shortage, and more and more candidates are returning home.



Tech Shapers aims to address the questions of where have we come from, what did we predict, what actually took place, and what we can expect from the tech recruitment scene.

What Was Happening?

The presiding theme of the past 6 months has in some ways been an 'evening time' of local candidates shifting roles to other local businesses. This has continued at a diminishing pace, the sustained 'round-a-bout' effect of 2022 where recruitment was being driven largely by headcount turnover, further exacerbating the need for tech companies to grow.

Recruitment activity

Permanent recruitment has continued at pace, however with more and more international/migrant candidates being recruited as borders soften and visa options increase for those looking to relocate. With a slightly expanded pool to choose from, employers have been able to hold fast to salary levels and retain parity in their teams and be more selective in their hiring decisions rather than a knee-jerk response to a need to grab talent while it's available.

With the above in mind, roles are taking longer to fill, and clients are proceeding with slightly more caution. Employers are continuing to rely on recruitment agencies as traditional advertising continues to fail to attract the right talent, and recruitment agencies are relying more and more on deep local candidate networks and international candidate markets which are proving fruitful.

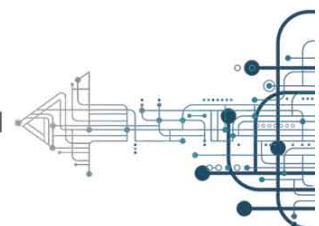
An interesting trend has been the discovery of more and more ex-pats making the return home and bringing with them a really high calibre of experience, typically working at the strategic/change/executive leadership level. This is being snapped up quickly, often into contracting pieces of work however also taking some of the higher level appointments we are seeing in the market.

Contract recruitment

The demand for contracting resources, particularly in the Professional Services space has ramped up again over the past 6 months, a trend which is fairly typical for the first 3 months of the new year.

Are we about to see a change of guard at C level

Engaged contractors are turning over at a slightly higher rate as they become aware of new project opportunities, and look to continue to diversify their experience. Longer contracts are being offered of up to 12 months which is also generating interest, where typically a 3-6



month initial offering is standard.

As with 2021, volume recruiting is on the rise again, with many clients recruiting 2-3 roles at a time and really driving to grow their businesses, despite whispers of recession and it being an election year.

Infrastructure & Support roles

For the last 6 months, but more interestingly, the last 12, L1-3 Service Desk and Support roles have been the real stars, offering excellent growth opportunities for candidates in the early years of their careers. These are roles that have proved extremely difficult to fill and have again relied heavily on migrant candidate markets to fill essential gaps. We have been recruiting within this vertical, up to 10 roles at a time, manning service desks and providing L1-3 onsite support for internal business customers, with the demand for Cloud Engineering skills on the rise.

This is absolutely indicative of new systems being deployed, cloud migrations, change programmes underway within business, and a greater appreciation of the need for internal users to have better access to support of IT systems. Customer centricity seems to be front of mind, and modern, cloud-available systems.

International candidate markets

The majority of our larger client employers have now gained Accredited Employer Status and are accessing a growing number of candidates who are document ready for relocation to New Zealand, or are here already visiting. We are continuing to see an influx of candidates who have lived and worked in NZ pre Covid returning, particularly at the senior and executive end of the market which is offering a real depth of experience to local employers.

Working Holiday Visa candidates are supplying the mid-market well - on both a contract basis, and as a foothold in permanent employment, and again there is a real depth of talent here available to be tapped for those willing.

We still feel that 100% remote working will never (can we say never?) be the majority



Staff retention

Hold onto your seats, because retention is at an all-time high, and likely to stay that way for some time. As we mentioned with the great roundabout of candidates moving in its final lurches, we have seen a really high level of retention over the past 6 months and very much expect this to carry through the year.

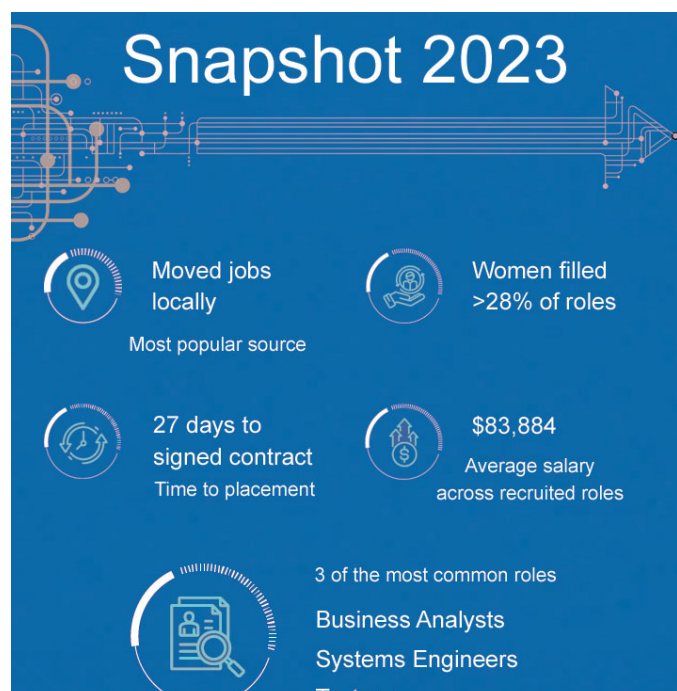
There is obviously a real awareness of the demand levels for skills in the candidate market, but most have now made their move. Those left who will move in 2023 are being very selective, more demanding in their negotiations and looking for strong incentives to make their move.

So what's next?

As we commented in our last report, as we closed out 2022, we were in the throes of *the great resignation*, and this is now starting to cool. **Surely more than 50% of the local tech market changed jobs in 2022 so this had to at some point fizzle.**

Local candidates were actively headhunted, approached regarding multiple opportunities (in Canterbury, New Zealand and offshore) and offered incentives and higher salaries to join new employers. While this is still the case, those available and willing to move has significantly diminished. The 'if there was ever a time to move and reap the rewards, now is that time' rhetoric has really cooled and we're now moving into a more settled period, where demand remains extremely high, but less competition locally exists. It is our strong hope that by bringing in more and more international candidates, we will see a continuing cooling of the heat from the local candidate market, and some settling in salary rises.

Last reports we talked about candidates not moving for advancement or promotion, but moving for more money, work from home/remote work, and great lifestyle benefits. This has also definitely shifted, with those left locally looking to move, taking serious consideration of their career ambitions, desire for work-life



balance, looking for really positive, productive teams, and wanting to make a long-term move. This is a really great space to see the candidate market moving back to, and where the really good quality hires are made.

Employer Intentions

Six months ago, we genuinely felt like the vast majority of bulk recruitment was done and just those really specialist roles were left to fill, but the last 6 months have proven that the foot really hasn't come off the accelerator. There are a number of significant transformation programmes underway, with clients moving into cloud environments, reorganising and reimagining their ways of working and looking at future-proofing their businesses, and this is all throwing up new and interesting role opportunities.

Security, customer centricity, and digital/cloud are all highly topical and it's a definite time of evolution within the enterprise business systems/technology space.

Going remote

Let's address remote working. It's swinging back in. While we have seen more and more so over the past 6 months a swing out to often 90-100% WFH, many on both the candidate and client side are feeling siloed, disconnected and isolated and are starting to come back in. The settlement appears to be around the 2-3 days in or out level, meaning there is sufficient time to keep teams connected both within their teams and with their stakeholders. For those clients unwilling to consider working from home, we are still seeing strong pushback from candidates, but the compromise is much more agreeable.

We still feel that 100% remote working will never (can we say never?) be the majority as we see clients realise that highly productive, highly engaged teams that come together are still at the centre of better outcomes.

The great migration?

6 months ago we were seeing very little migration of local talent to overseas destinations and a really strong flow of international candidates looking to come to New Zealand. That intention has now materialised to more and more international candidates being on the ground in New Zealand and a continuation of the theme of very few local candidates leaving the country.

Visa processing times appear to be speeding up, and more and more employers are making the most of these international markets, which we can only see as a win.

CIO/IT Executive roles

Have a look around and you'll start to notice the number of CIO roles that have either hit the market over the past 6 months or are coming to market as we write this. The CIO market in Canterbury is notoriously contained, with roles (particularly those at the executive table) rarely coming to market and being highly contested when they do. Sourced alone has worked on 3 of these appointments in the past 6 months, with another the on the go as we write this, and an awareness of two more coming to market.

Are we about see the 'Great change of Guard at C level'?

So how did we do?

In the last TechShapers report and Quarterly update, we noted the following as the 'things to watch'

How did we do?

- ✓ Recruitment remaining difficult as staff retention levels remain high
- ✓ Employers taking longer to make recruitment decisions or holding out for the most suitable talent with access opening to international markets.
- ✓ International markets may work well to soften local salary demands.
- ✓ There is little to no chatter about the recession this simply doesn't appear to be a factor.
- ✓/✗ Work/life balance, learning opportunities, growth and development and a positive work environment are still top on candidates' wish lists, however, salary will be a dominant feature.
- ✓ We expected 2023 to start as a year of review for employers, ensuring salaries are relevant to the new normal and placing culture and well-being front and centre.

Recruitment has absolutely remained difficult with those staff retention levels remaining high. This sits front of mind as a primary concern for any NZ employer looking to hire in 2023 who will not or cannot explore international or NZ migrant markets.

Employers are absolutely taking longer to make recruitment decisions, with an acceptance of the scarcity of local talent, an openness to exploring international candidate markets which come with longer lead times, and simply ensuring that the right people are moving into the right positions. As retention levels remain high there is less fear and urgency around plugging holes and the ability to take a more considered approach to recruitment.

As we have covered well in this article, international markets are working well to soften local salary demands, and we firmly believe that we are at the peak, if not tipping back off it, of rising salary demands.

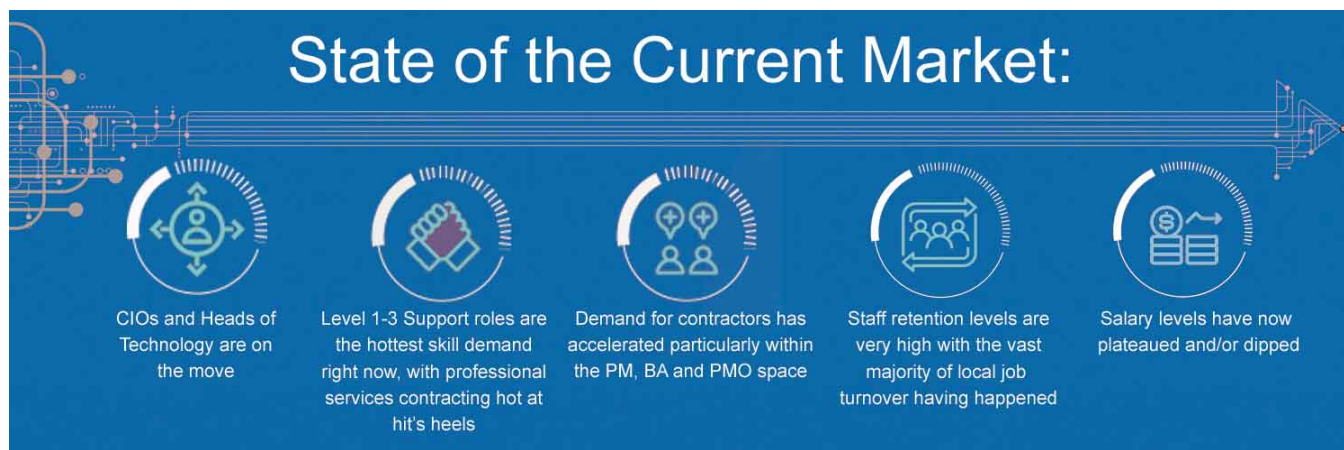
While we are hearing chatter about an impending recession, and it being an election year, we feel like this has had little impact on hiring intentions and business confidence in general. It will certainly be interesting to see how this plays out as we do near the 2023 general election.

Learning and development and work/life balance are front in centre for those considering moving roles, with **salary discussions no longer dominating the conversation.**

With salaries now reviewed and revised, employers have set their new salary benchmarks and are tending to hold fast to these for new recruitment underway. As predicted, culture and well-being remain front and centre, and with retention now at a high level, there is space to really focus in on cultivating positive, product team environments.

The Market in a Nutshell

So, to summarise the state of the current market, this is where we are at:



Three things to watch:



CIO appointments coming to market in numbers



Candidates who have made the move into less than satisfactory roles are considering a move to contracting to tide them over



Contractor rates climbing as multi options are present to those seeking

As further developments unfold, we will continue to watch the market and share more about how it's shaping up. Keep an eye out for our next update to learn more about the challenges and opportunities of the current landscape, and feel free to [get in touch](#) to discuss any of these insights further.