

TECHSTAFF

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Business Confidence Survey

June/July 2009



TECHSTAFF | Scientific & Technical Recruitment

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TECHSTAFF launched and conducted their inaugural annual "Business Confidence Survey" targeted at organisations employing scientific and technical staff across Australia.

The survey is a valuable economic tool which provides important information on key business confidence indicators within the scientific industry. For example; current levels of business activity and anticipated business performance, employment levels and trends, and perceptions of the local economic climate and industry conditions.

TECHSTAFF will use the results of the survey to identify trends and emerging issues within the business community; analyses the survey results across different business sectors and industries; and enables the development of business support programs and relevant initiatives to address specific business issues.

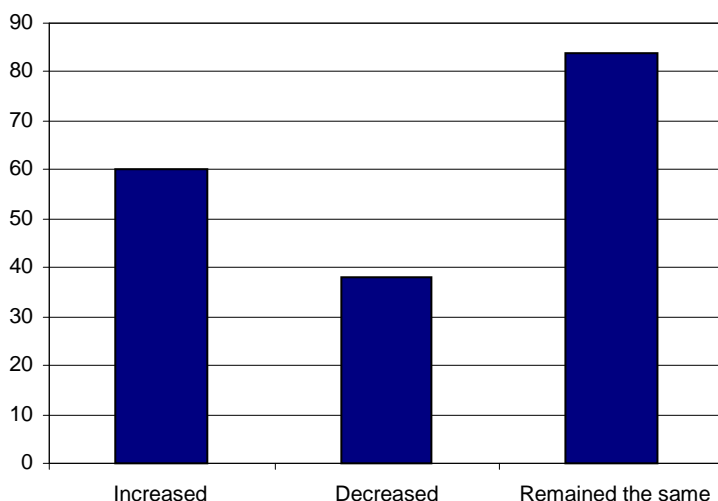
Local businesses and industry are also able to use the results of the survey as a planning tool for success and growth in the marketplace and to track and benchmark economic health.

A total of 188 senior managers and human resource representatives across Victoria, New South Wales and Queensland participated in the June/July 2009 survey. Most of the respondents employ less than 100 people and more than 80% of them are made up of 75% or more in permanent employees.

The respondents are from a broad cross-section of organisations from different industry sectors; with the largest response being from the food/FMCG (34%), pharmaceutical (16%), industrial (14%) and medical/pathology sectors (13%).

Current Economic Climate

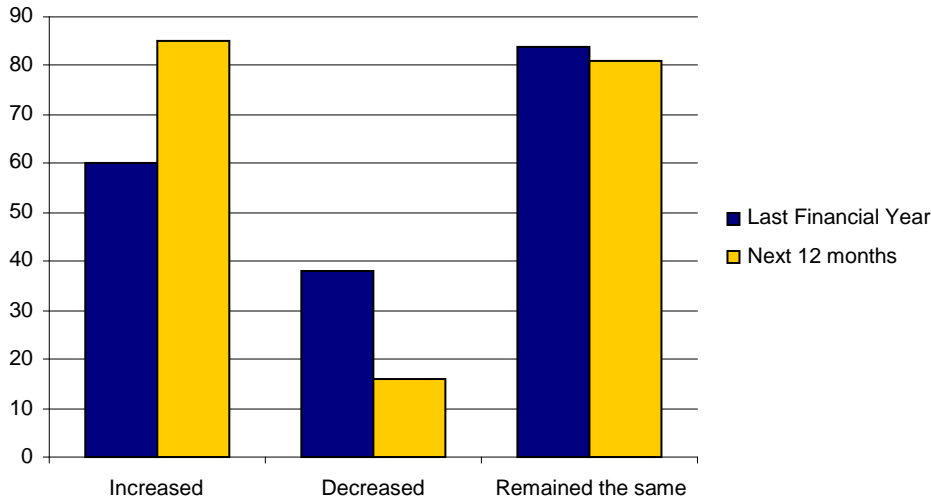
Respondents were asked how they rated business activity and demand for their products/services for the past financial year, compared with forecasts from the year previous.



For almost one in four (21%) businesses business conditions have declined in the last 12 months and one in two (46%) have seen little or no change to business activity.

Economic Climate Outlook

Similarly, respondents were asked to rate how they foresee business activity and demand shift in the next 12 months.

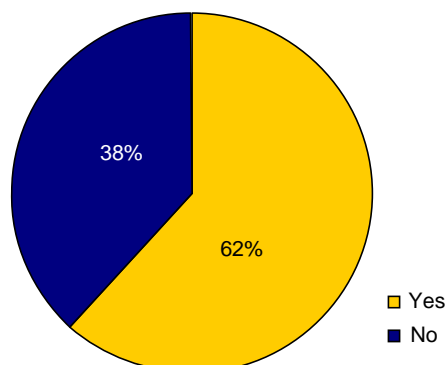


The aggregated results from across all industry sectors show a significant shift towards more favourable conditions.

Industries such as pharmaceutical, food/FMCG and medical/pathology that experienced no change or an increase in business activity over the last financial year appear most confident in our economy and in their projected business performance over the next twelve months. Additionally, respondents in the above industries foresee a favourable upcoming twelve months, although those specific to industrial and specialty chemical manufacturing still see a further decline in operations ahead.

Skilled Labour Shortages

Over 60% of respondents across all the different industry sectors identified that they are currently experiencing a skilled labour shortage of scientific and technical professionals. Skill shortages were identified as chemists (20%), QC analysts/validation engineers (17%), technical (12%) and microbiologists (10%).

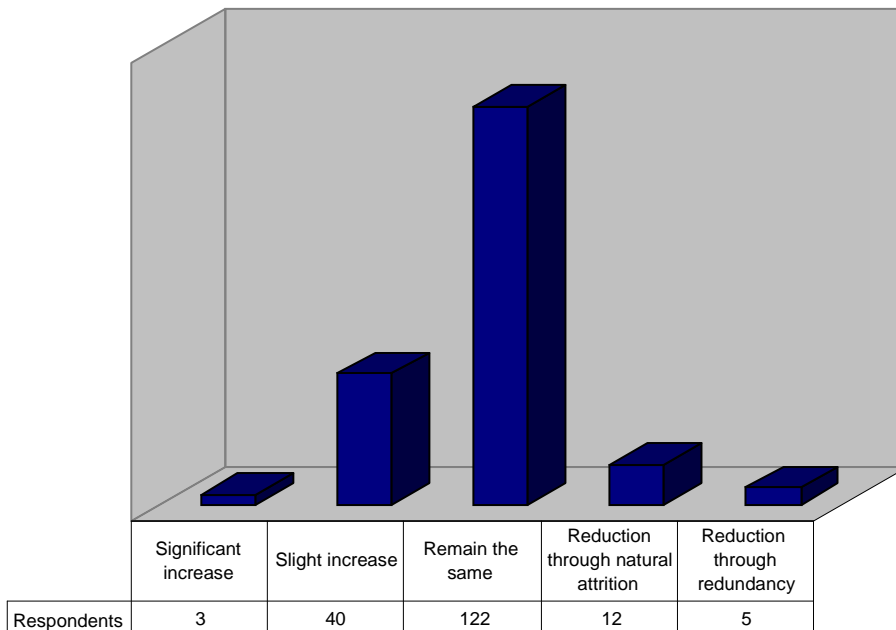


Additionally, they were asked to compare the quality of scientific and technical candidates in current times to that experienced in the previous year. Almost 70% of respondents believe that, although there has been an influx in available candidates, there has been no evidence that there is access to more highly skilled professionals, and could identify specific skill shortages that related to their industry and/or businesses.

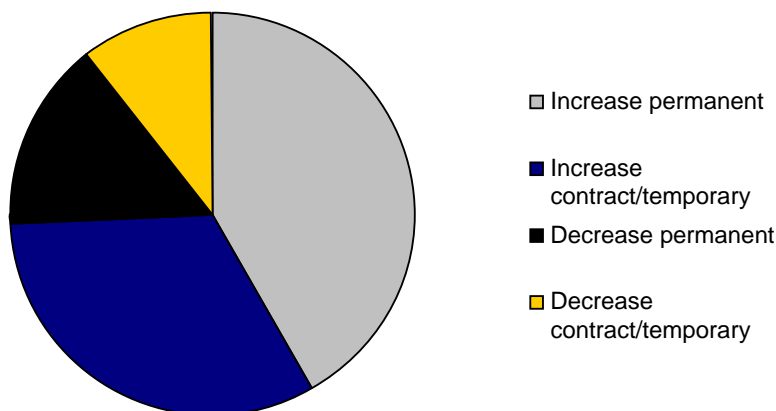
Salary could be seen as a factor in the lack of skilled scientific and technical professionals seeking employment with 43% of respondents commenting that salaries do not accurately reflect the skills and experience and more money should be paid to the highly skilled within the scientific industry. This is further indicated in response to salary movement within organisations over the last financial year. According to 61% of respondents, there has been little or no movement in salaries and 37% of respondents experiencing a slight increase over the last twelve months.

Staffing Intentions

When asked what best describes the staffing intentions for scientific and technical positions for the next twelve months, 67% of businesses believe their workforce will remain the same and 22% forecast a slight increase.



Of the businesses that foresee a change in workforce over the next 12 months, there are positive signs for business growth and unemployment levels as 89% of respondents forecasting an increase in workforce.



Results indicate there will be little or no change forecasted in regards to business' recruitment strategies with over 70% of businesses sourcing candidates via a combination of in-house HR methods and use of specialist recruitment agencies.

Conclusions

From the results of the June/July 2009 Business Confidence Survey, the economic outlook for Australian businesses within the scientific industry appears optimistic and strong. Although the market is moderately 'depressed' Australian businesses are being conservative and operating cautiously. Furthermore, the results indicate confidence in the national economy, the local economy and in industry conditions.

> Market Conditions

Although at the time of this survey, the macroeconomic position and outlook for the Australian and the world economy is 'gloomy', it appears that many businesses that employ scientific and technical staff believe that the demand for their products and services will go against the general trends, citing an increase in demand. With this result, coupled with the general perception of respondents, many organisations will trade successfully through the downturn. However this general positivity may not necessary translate into an increase in overall staffing populations with many respondents stating that they have very cautious hiring intentions for the coming twelve months and no clear bias to hiring permanent or contract employees. It will make for an interesting observation over the coming twelve months if the positive outlook continues and if there are increases in staffing populations as a result.

> Skills Availability and Salaries

With 60% of respondents believing that there is a shortage of skills and 70% of respondents stating that the overall quality of candidates in the marketplace has not improved, it is safe to say that the "battle for talent" is not over and is set to intensify over the coming years. Increased competition for talent around Australia and the world will mean that identifying, recruiting and retaining skilled staff will continue to be expensive and labour intensive. It may be prudent to address skills shortages whilst the employment market is relatively subdued minimising effects on business as the upswing takes hold.

As competition for skills increases, many of the cost intensive up skilling programs, retention and recruitment practices prevalent in the pre-downturn economy are re-emerging. Additionally, this increased competition will create upward pressure on salaries particularly for high skilled and/or skilled short areas of the science industries.

To comment on our findings or for information on our services please contact Matthew Christensen, National Manager on 03 9864 6050 or visit www.techstaff.com.au.