

April 2011

# HR Market News



## Market Insights

We have lost count recently of how often we have heard candidates say "There doesn't seem to be much out there at the moment." Their perception has been based on advertising, be that print or web, and an increasing suspicion of what is real and what's not. It seems to be common practice by some recruitment agencies to advertise every job they get regardless of whether the client organisation is advertising or not. Especially over the last year or so, candidates have become increasingly frustrated that what looks like 2 or 3 jobs would all be in fact, the same one. With (unfortunate) experience has come (keener) discernment.

Roughly 90-95% of our HR work is not advertised. While that may present an impression that we don't have much on, those who know and have worked with us over time understand that this is certainly not the case. The value we provide for clients is less about running a process and more about knowing where good people are, sourcing talent with the right skills, experience and fit for

a particular client, and attracting the candidates to the proposition. The value we provide for candidates is having the knowledge and the relationships to source a well matched position for *them*. Moral of the story; the state of the market can't always be judged by the jobs on seek.

And what are candidates looking for? According to recent research up to 82% of employees are open to moving for the right role and benefits. It would appear that there are 3 key drivers fuelling this: financial security, job satisfaction (at its lowest recorded level) and – for the first time - a big gender divide with an *additional* 920,000 men and 220,000 *fewer* women actively looking. The factors most likely to motivate an employee to change jobs this year are: not being motivated by management (44%, up from 30%), lack of new challenges (40%, up from 23%), waiting too long for a pay rise (39%, up from 28%) and an unclear career path (37%, up from 27%) The most important "pull factors" this year include work that is closer to home, a better team and higher remuneration.

## Employment Law Update



### GETTING TO THE BOTTOM OF THE NEW ADP FORMULA

One of the more significant changes to the Holidays Act in force on 1 April 2011 is a new alternative formula for calculating relevant daily pay, called "average daily pay" or ADP. Relevant daily pay is used to calculate the payment for public holidays, alternative holidays, sick leave and bereavement leave.

Previously, if it was not possible to determine what an employee would have received on the day on which the leave was taken, employers could use an averaging formula over the previous four weeks. However, the new ADP formula is based on gross earnings over a much longer 52 week period. This should smooth out any irregular or discretionary payments (e.g. overtime, commission or bonus payments), and therefore remove the perceived incentive of taking leave on "higher rate" days.

The trigger for using the new ADP formula will also be more permissive. Previously employers had to use the primary relevant daily pay formula unless it was "not possible" to calculate with it. From 1 April however, employers may choose to use the new ADP formula where it is not possible "or practicable" to determine what an employee would have received.

Although the ADP will be welcomed, there remain some issues. Some employees may receive a higher or lower payment compared with relevant daily pay, depending on whether the day's leave is taken as a day when employees are normally paid less or more. ADP may deter some employees from taking sick leave on days they would otherwise have been paid more using relevant daily pay so that they are not financially disadvantaged by not working.

To have a further discussion about anything in this newsletter, to share suggestions or for a general chat about anything HR please feel free to contact any of us in the Wheeler Campbell HR team. We would love to hear from you.

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