

2023

# IT JOB MARKET REPORT

**MID-YEAR UPDATE**



# Contents

**03**

A Note About  
This Report

**04**

Respondent  
Overview:  
Tech Professionals

**05**

Respondent  
Overview:  
Tech Employers

**06**

Job Seeking &  
Hiring Trends:  
Tech Professionals

**08**

Job Seeking &  
Hiring Trends:  
Tech Employers

**09**

Salary &  
Remuneration

**10**

The Impact of  
**Artificial Intelligence**

**11**

Regional Spotlight:  
**Auckland**

**13**

Regional Spotlight:  
**Waikato**

**14**

Regional Spotlight:  
**Wellington**

**16**

Regional Spotlight:  
**Canterbury**

**17**

About Absolute IT

**18**

About the  
Accordant Group

# A Note About This Report

Kia ora and welcome to the mid-year update of our 2023 IT Job Market Report.

As I write this, there is a general feeling of “where has the year gone?” amongst our team, clients, and candidates. We’ve seen some significant movement in the market – some forecasted, some not – so we hope that this report is of interest to you as you consider your own tech career options and hiring intentions.

Generally speaking, the market is less active across many recruitment sectors compared to several months ago, and a recent insights report found a 28% reduction in advertised Tech and IT jobs across New Zealand for the June quarter. There remains considerable opportunity, but there’s also considerable caution. The primary reason for this is, of course, the current economic climate. There were several well-publicised tech sector restructures, primarily in the US, and while these largely did not flow through to the New Zealand market (with several notable exceptions), global caution in the tech market, alongside Aotearoa’s own economic slowdown, have resulted in more caution around recruitment and hiring.

Another factor to consider is whether this caution is also a reaction to the often frenetic pace of the 2022 tech employment market, where many organisations found themselves in a bidding war for talent and felt considerable churn in their teams. It’s perhaps not surprising that we are seeing less appetite to push forward with urgency.

Employers have told us that the underlying tension points are the talent shortages across the country, combined with significant demand for talent – largely due to the investment that organisations have already made in their tech and digital transformation journeys.

Given the market conditions, I would suggest that now may be an expedient time to start hiring processes, with less pressure on the candidate pool than this time last year, and candidates who are more open to opportunities that offer development and purpose, rather than purely increased remuneration.

For our candidates, we are seeing behaviours consistent with an economic slowdown. Some are more likely to be risk adverse or cautious when exploring new roles and workplaces. However, there is ample opportunity to be realised for our candidates in the current market, with some truly exceptional roles available.

With these factors top of mind for employers and candidates, I would also suggest it is an excellent time to tap into Absolute IT’s knowledge, experience and expertise. As the market has moved back to a more ‘normal’ state than during the pandemic, having a recruiter acting as an external advocate for your employment brand and employee value proposition (EVP) is powerful, especially to help support you in reaching passive candidates. We are currently partnering with several organisations to tailor a recruitment delivery process that focuses on articulating their purpose and EVP to passive candidates with great success, even in tight talent areas such as Data and Security.

For the next few months, we anticipate that the market will remain less active than normal in the lead up to the general election in October, but we expect to see a relatively rapid increase in hiring activity as we head into the last quarter of the 2023 calendar year, and into early 2024. It will be interesting to see if this is initially felt with permanent requirements, or if organisations who are mindful of operating expenditure turn to contract resources to help them deliver core initiatives.

I hope you find this mid-year report update insightful, and we welcome your thoughts and feedback.



A handwritten signature in black ink, appearing to read 'Steve Cotton'.

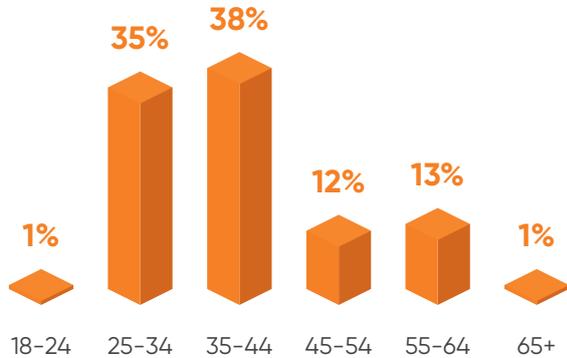
**Steve Cotton**  
General Manager

## Methodology

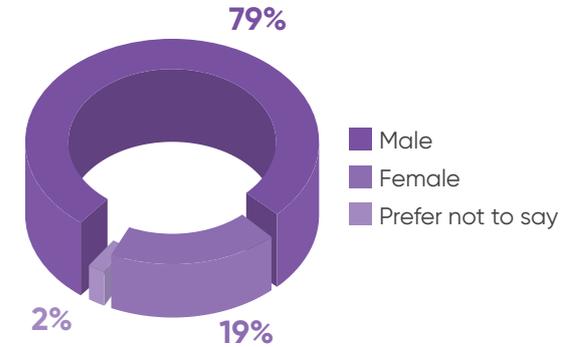
This report has been compiled from multiple sources that include Absolute IT’s mid-year Tech Professional and Employer surveys, placements made by Absolute IT throughout the year, market research, as well as staff, client, and candidate feedback.

# Respondent Overview: Tech Professionals

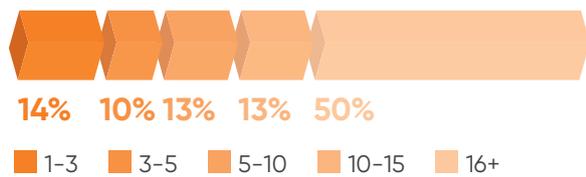
## Age Group



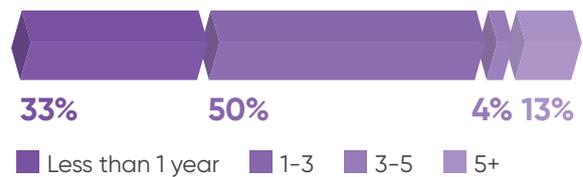
## Gender



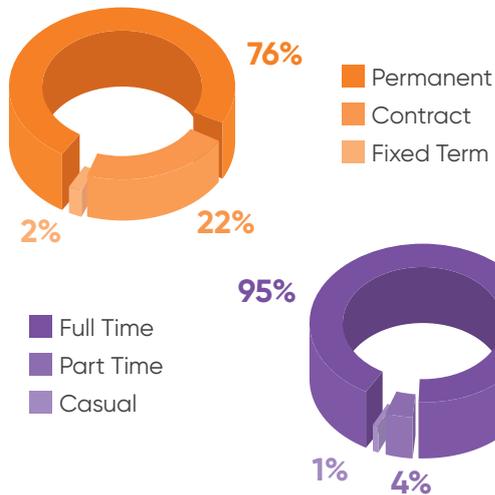
## Years of Experience



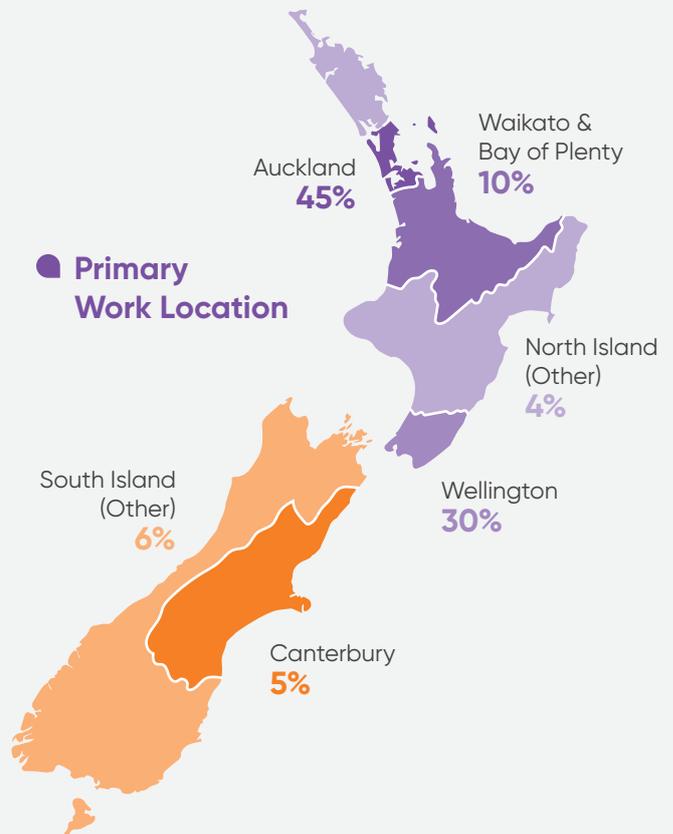
## Tenure in Current Role



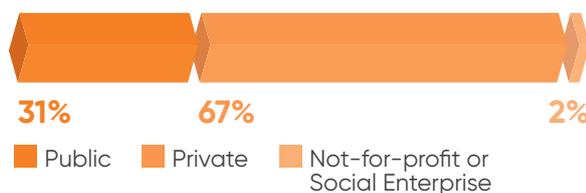
## Type of Employment



## Primary Work Location



## Business Sector



# Respondent Overview: Tech Employers

## Business Sector



## Company Size



22%

**Small**  
(up to 50 people)



27%

**Medium**  
(51-250 people)



22%

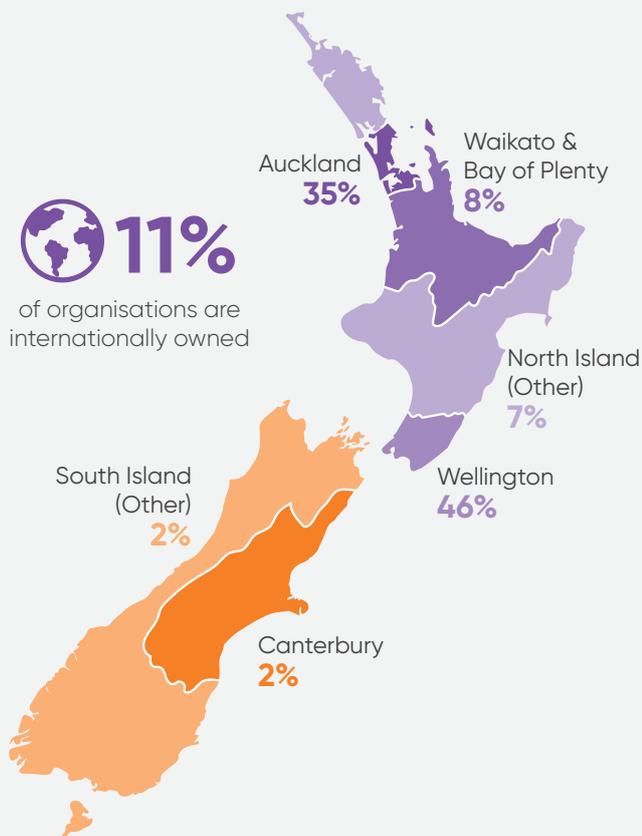
**Large**  
(251-2,000 people)



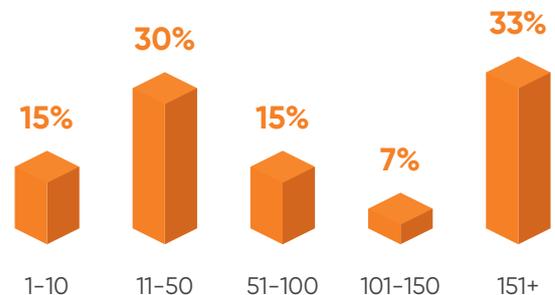
29%

**Enterprise**  
(2,001+ people)

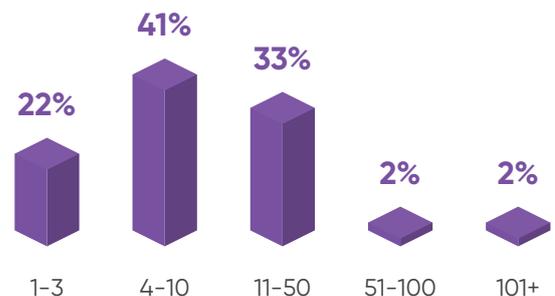
## Organisation's Primary Location



## Number of Full Time Tech Employees at Organisation



## Number of Direct Reports for Hiring Manager



# Job Seeking & Hiring Trends: Tech Professionals



**26%**

of Tech Professionals  
have changed jobs since  
the start of this year

## Top 3 Reasons 26% of Tech Professionals Have Changed Jobs this Year

1



Career Development  
or Promotion

2



Contract or Project  
came to an end

3



Better Salary/  
Improved Income

Previously, the top reason Tech Professionals were looking for a new role was for better salary/income, with **36%** of respondents also saying it would be the deciding factor when considering a job offer. However, the primary reason Tech Professionals actually changed jobs this year was for career development.

**45%**

of Tech Professionals are  
considering changing jobs  
before the end of the year



## Top 3 Reasons 45% of Tech Professionals are Considering Changing Jobs this Year

1



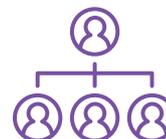
Better Salary/  
Improved Income

2



Career Development  
or Promotion

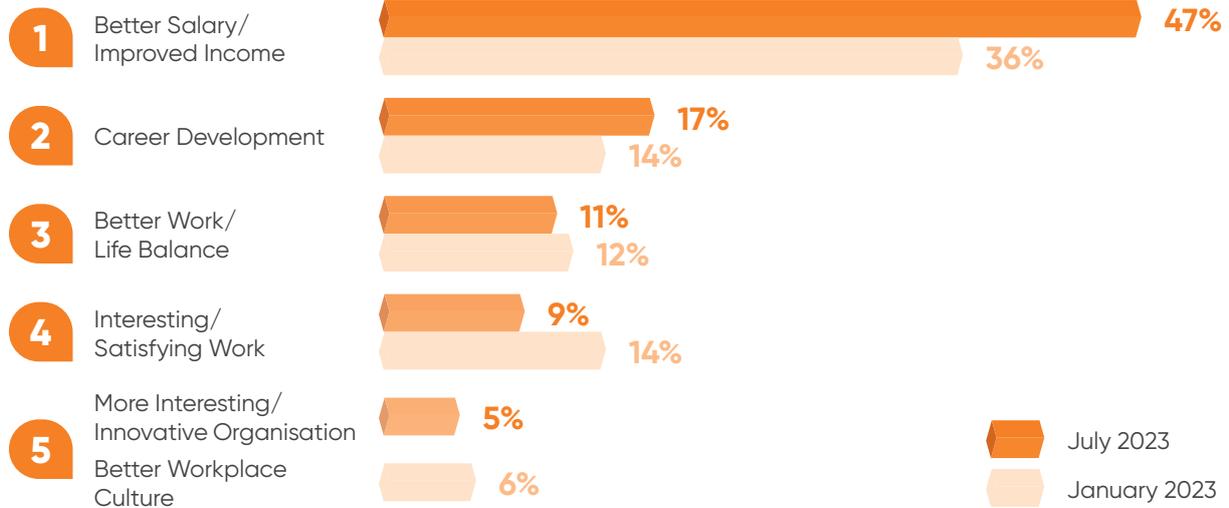
3



Better Management

Based on feedback from our recruitment consultants, many candidates are exercising more caution in their job-seeking decisions as a direct result of the uncertain economic environment. There has been a notable **15%** decrease from earlier this year, when **60%** of Tech Professionals were considering changing jobs. There has also been a **29%** increase in respondents listing better salary/improved income as their top reason for changing jobs.

## Top Reasons Tech Professionals Would Accept a New Job Offer



### Top Tip:

When hiring, make sure you emphasise the above factors in your job advertisements.

## Top 5 Contributors to Workplace Satisfaction



## Top 5 Detractors to Workplace Satisfaction



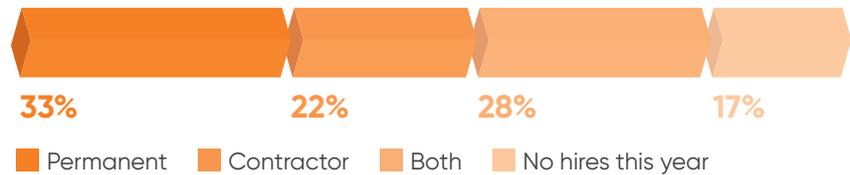
The top five contributors to workplace satisfaction remain the same as in our last report, emphasising that these areas should be a priority for businesses focusing on retaining staff. The top three detractors are also the same as earlier this year, with poor management remaining in first place. This aligns with 'better management' being one of the top three reasons tech professionals are considering changing jobs, and indicates the importance of comprehensive training and support for managers.

# Job Seeking & Hiring Trends: Tech Employers

## 83%

of Tech Employers have already hired staff this year

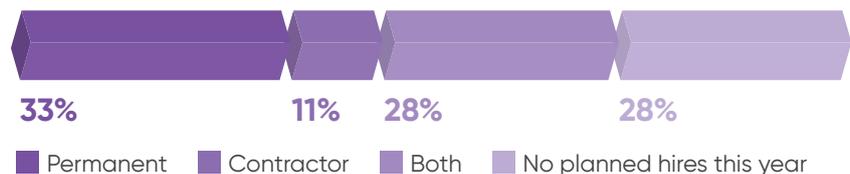
### Staff Hired in 2023



## 72%

of Tech Employers are still planning to recruit staff before the end of this year

### Planned Hiring Before 2024



## Top 5 Skills in Demand

1



Business Analytics

2



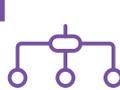
Software Development

3



Testing/QA

4



Architecture

5



Cloud

While business analytics and software development remain the top in-demand skills for 2023, project management has moved from third to seventh place. This may correlate to a number of projects coming to completion in the first half of this year, which aligns with 'Contract or project coming to an end' being one of the main reasons tech professionals have changed job this year.

### Top Challenges for Tech Employers for the Rest of the Year

Budget Constraints/Funding



Attracting & Retaining Staff



Growing Market Share



Creating a Positive Workplace Culture



Budget constraints/funding is now the biggest challenge for employers, moving up from second place in our last report. Interestingly, this is not necessarily related to the impact of the wider economy, with only 10% of employers identifying the current economic environment as their biggest challenge.

An organisation's ability to support a positive workplace culture is also in the spotlight. It is now tied for third place at 13% (alongside growing marketing share), while in our last report only 4% of employers identified this as their biggest challenge.

# Salary & Remuneration



68%

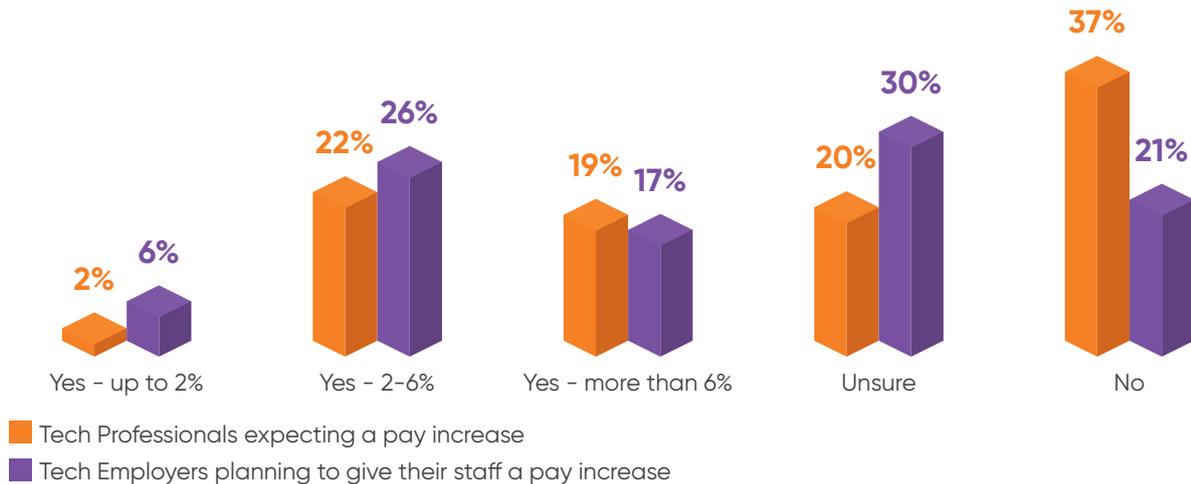
of Tech Employers have given some of their staff a pay increase since the start of this year



49%

of Tech Employers are planning to give some of their staff a pay increase before the end of the year

## Expected Pay Increase Before the End of the Year



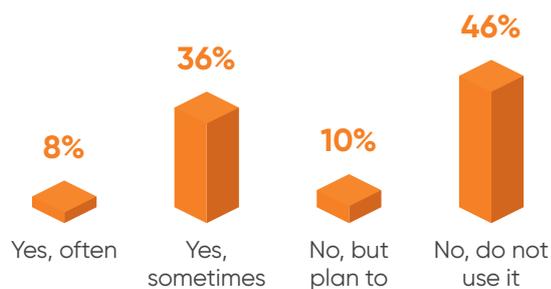
Pay rise expectations of Tech Professionals and Tech Employers are more aligned than they were at the beginning of the year. Previously, **17%** of Tech professionals were expecting a pay increase of more than **6%**, while only **8%** of Employers were planning to give staff a pay rise of that amount. Also of note is that most of the **21%** of Employers who are not planning on giving their staff a pay increase have already given them an increase earlier this year.

## Top Non-Financial Benefits Tech Professionals Find Most Valuable

- Working Remotely
- Flexible Working Hours
- Career Development Opportunities
- Culture Building/ Social Events
- Health Insurance

# The impact of Artificial Intelligence

## Tech Professionals Using AI for Work

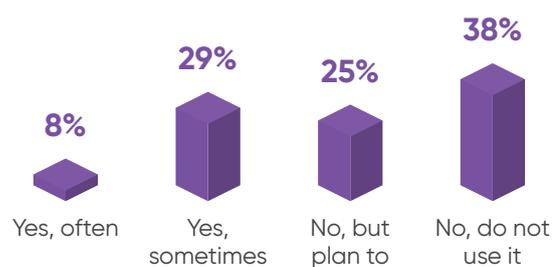


As widely predicted, the use of AI is becoming more and more common, with **45%** of Tech Professionals and **37%** of Employers surveyed saying they either sometimes or often use AI, and another **10%** of Tech Professionals and **25%** of Employers saying they're planning to use AI in the future.

The most common uses mentioned were to help write internal and external documents (such as emails, product documentation, website content, sales collateral and proposals) and to quickly and easily generate code. Specific platforms referred to were Chat GPT and Microsoft 365 Copilot for writing, and GitHub Copilot for generating code.

Many tech professionals also stated that they use Chat GPT as a quicker, more detailed, and sometimes more accurate alternative to Google, especially when problem-solving. While Employers mentioned using AI in similar ways, some were testing broader applications, for example in the security and support/helpdesk spaces. Many also said they used platforms with inbuilt AI, like project management or collaboration tools.

## Tech Employers Using AI for Work



The main concerns about AI raised by both Tech Professionals and Employers were security and privacy, especially the risk of uploading commercially sensitive or proprietary information, with some concerns around bias of information and plagiarism too.

In terms of impact, many Tech Professionals said they were already seeing improved speed, efficiency and accuracy in their work. Some Employers also mentioned improved productivity, while other were more reserved in their assessment of the current impact of AI, but expected to see significant positive gains for their team or organisation over time.

We expect to see AI become more integrated into daily life across both the tech industry and other industries in the near future, with larger and more tangible impacts to businesses over time as we continue to explore AI's potential and the many possible applications.



Auckland

## Regional Spotlight: **Auckland**

One of the biggest changes we've seen in the Auckland market over the past six months is the flattening of IT contract rates and salaries, which had increased significantly post-COVID. So while the rising cost of living continues to add pressure, broader global economic conditions have led to a deceleration of remuneration levels.

This is adding tension into the job market and may present some obstacles when recruiting in the second half of this year. The salary expectations of talented IT candidates have shifted upwards, yet we are beginning to see some roles now paying less than six months ago, despite greater demand for new technology knowledge.

## Top 3 Non-Financial Benefits Auckland Tech Professionals Find Most Valuable

1



Remote Working

2



Flexible Work Hours

3



Career Development Opportunities

If we had to identify one major skills trend, it would be 'everything Cloud'. Many organisations in Auckland are moving their tools, business applications, storage, and networking solutions to cloud-based solutions, and there has been a subsequent increase in demand for related experience and skills. Hot roles include Data Analysts, Platform and Data Engineers, DevOps roles to align automation, and Cloud cyber-security.

Late 2022 saw OpenAI launch ChatGPT, soon followed by a flurry of competitors, and the impact on the labour market has been swift and potent. Machine-learning and AI skills were not something we had many requests for in the previous 12 months, but there has been a significant rise in demand for these skills, which will only increase over time.

### Top Business Challenges for Auckland Tech Employers



As we move into the last months of the year, there remains a sense of caution in the employment market. In some cases this has resulted in organisational 'reshuffles', with a key focus on efficiency and setting up for future growth rather than massive reductions to the size of the workforce.

A change to this subdued hiring mood is expected in the near future. Much of the commentary from economic experts suggests

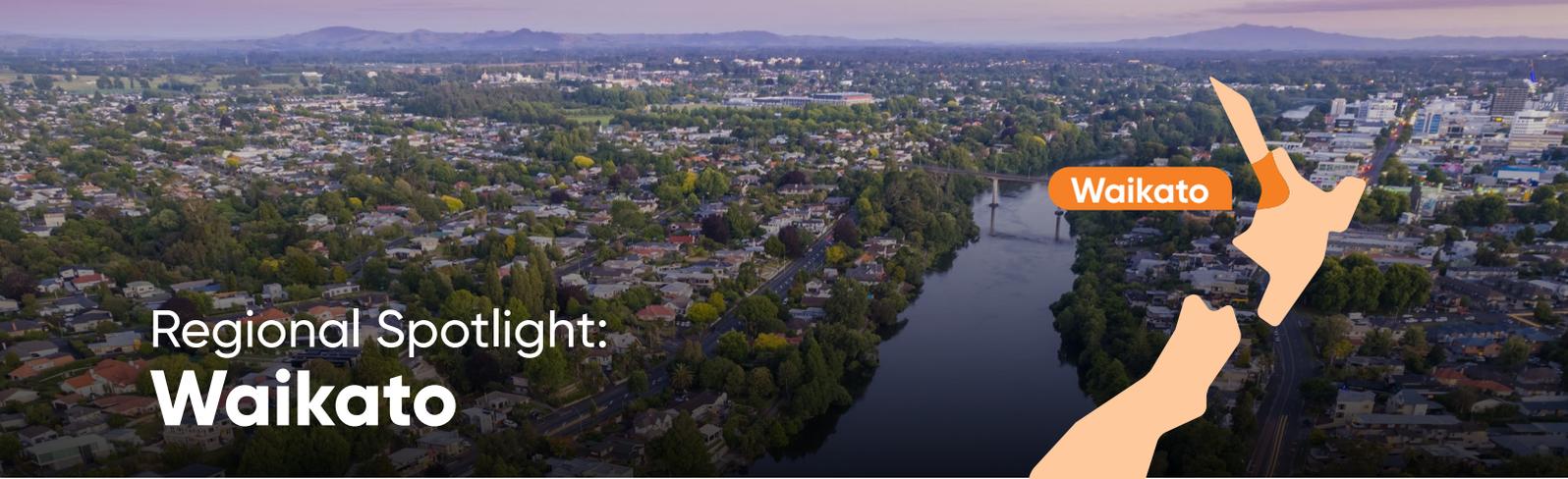
that the negative impacts of the recession on New Zealand may not be as dire as previously experienced or expected. We may have moved past the lowest point, and there are signs (e.g. inflationary decreases, house prices stabilising) that indicate an upwards turn, with market confidence predicted to rise once the general election is complete. For the rest of the year, and into 2024, we anticipate a continuation of the newer patterns that have emerged; Cloud, DevOps, and roles that sit under the Data Science umbrella will continue to be in demand.

Given the pace of technological change, tech professionals need to upskill where they can. Self-driven home learning and gaining relevant industry certifications will be valuable. However, when it comes to employer preferences, candidates with on-the-job experience still offer significant value for many organisations.

The New Zealand market remains short of IT talent, and while we're seeing increases in skilled international applications, the relocation process often takes too long to be a viable option for most Auckland employer requirements. Long-term workforce planning and lengthening the lead time for hiring may help to alleviate this issue. Many organisations continue to miss out on excellent candidates who find alternate opportunities when the recruitment process is too long or convoluted. Therefore, one key area for improvement for Auckland tech employers is the length and clarity of the permanent recruitment process.



**Steve Cotton**  
General Manager



## Regional Spotlight: **Waikato**

The second half of this year has brought perceptible changes to the pace and format of the IT employment market in the Waikato. While New Zealand is now officially in a 'technical recession', this has had less impact on the tech sector than others, with the key change in the local job market being a steady recalibration of previously giddy heights of both hiring activity, and salary levels.

Much of the work we are seeing at the moment is of the business-as-usual variety. Given economic uncertainties and lack of additional funding, some organisations are hesitant to launch new projects or programmes of work, although we are starting to see this change. The primary repercussion of recession in this region seems to be a fairly calm level of organisational caution. There is some restructuring activity, but this has not yet led to widespread redundancies.

Unemployment remains low, and there continues to be a shortage of skilled, experienced tech talent in the Waikato. Candidate profiles that are currently sought after include Architects, Business Analysts, Developers, all types of security professionals, and experienced Engineers. The in-demand skills are following a similar pattern to what was evident earlier this year and throughout 2022.

One interesting change is that we are now seeing a closer alignment between job seeker remuneration expectations and what employers are offering. There is still negotiating back and forth at the offer stage, but we are reaching an agreement point much earlier than in comparison to the same time last year, when candidate expectations were sky-high, and would not budge. Understandably, the rising costs of living continue to nudge the overall trajectory of candidate remuneration requirements upwards.

External pressures are shaping and changing the recruitment process. We have moved from the snappy pace of one interview and rapid appointment, back to a longer process, with two to three interviews becoming the norm (again). The

pendulum has swung. Organisations are trading carefully, wary about hiring the wrong person, or committing dollars unnecessarily. However, the risk of missing out on great candidates remains. Key to avoiding this is to keep the process moving quickly so that candidates can't be plucked by competitors. Multiple interviews can be deployed, as long as the communication is excellent, the candidate relationship is nurtured, and the timing and decision making is speedy.

Immigration changes have had a positive impact on supply, and we have seen a lot of 'good on paper' resumes including excellent technical skills. However, there is still reluctance from local organisations to consider international candidates, with concerns voiced about motivation, and potential tenure. While we have seen some successful international recruitment over the first half of this year, this remains an area of opportunity, and a partial solution to supply shortages. Ideally we will then see a rise in international candidate placements in the coming twelve months.

In the Waikato, we have been a little slower to embrace hybrid work. However, in the last six months there has been an increase in roles with this type of flexibility, and we are now more in line with other regions. Interestingly, and this is a nationwide trend—one hundred percent remote work is definitely starting to taper off, and employer expectations are that people are in the office a few days per week. For the most part, candidates are content with this arrangement; we are even seeing requests for roles that are wholly office based. Candidates who have moved from Auckland are probably the group that are pushing back more on client expectations, but generally there is a spirit of openness towards negotiating. Flexible work has successfully become embedded into the industry.



**Brian Bernard**  
Regional Manager  
– Hamilton



## Regional Spotlight: **Wellington**

Wellington

Last year the Wellington labour market could certainly be described as dynamic. Today, with aspects such as interest rates, the cost of living, local and global economic challenges, and the upcoming election top of mind for employers and job seekers alike, we are seeing a considered approach to hiring from many organisations. The labour market in our Capital city is closely linked with government, and whilst there is a degree of caution there is still work to be done, with projects continuing to be successfully delivered.

Thus, the making-do-with-whomever, compromising and quick-fire recruitment activity of last year has been replaced by a more steady, cautious approach to recruitment. Organisations are taking

stock, clients are more picky and waiting for the 'right' quality candidate, and similarly, job seekers are more hesitant about making a move.

In line with this more sedate pace, Wellington candidate salary expectations have stabilised. As an example of the dizzying heights we reached during 2022, we saw some Project Coordinators (with fairly average skill sets) enjoying \$70 per hour. These peaks have now ended. Throughout the job market there has been a cooling off, and some might say, correcting of remuneration levels. Client organisations are saying no to boosted salary demands –and candidates are not resistant to negotiating and revising their requirements.

## Top 3 Business Challenges for Wellington Tech Employers

1



Budget Constraints/  
Funding

2



Attracting &  
Retaining Staff

3



Creating a Positive  
Workplace Culture

Organisations are managing more junior resourcing internally, and permanent recruitment is on the rise. Partially spurred on by market chatter that some public sector organisations are considering cuts to their contingent spend some IT professionals, previously 'career contractors', are now considering a move into safer, permanent employment.

The hot topic in the Wellington tech market is security. In our digital world, cybersecurity has become an essential part of every company's strategy for sustainability, security, and growth, and GRC (governance, risk and compliance) is especially important from a government perspective. Thus, candidates with direct experience in cyber security, and anything that touches on protecting business; Security Technicians, Security Advisors and Cybersecurity Analysts, are in high demand.

**50%**

of Wellington Tech Professionals surveyed have changed jobs this year

Over the last year we've seen Wellington organisations introducing AI into their digital strategies. This has of course, led to machine learning and hands-on AI knowledge becoming increasingly desirable. Employers are on the hunt for Machine Learning/AI Engineers, and all levels of Data Specialists. We don't anticipate this easing off any time soon.

Rapid technological advances and industry changes mean job seekers need to keep their skills current and relevant, or get left behind. There is always pressure for candidates to ensure they are maximising their opportunity to develop a new

skill within their job, and in our experience, most good job seekers want to work with the latest technologies. Therefore organisations also need to upskill or risk losing their talented employees. Learning and development opportunities are key drivers of candidate movement.

**76%**

of Wellington Tech Employers are still planning to hire staff this year

With an ongoing talent shortage in Aotearoa, hiring international talent is a potential solution to supply issues, but the usual concerns around time-to-hire, lack of localised experience and tenure have prevented many organisations from using this channel effectively. However, Wellington employers have demonstrated more willingness to hire international skilled candidates, as long as they have the right visas, and there has been some successful recruitment completed in this space. If the employer is accredited, then feedback indicates that the process to hire has been relatively painless. Over the last few months, we have seen a rise in the number of overseas applications, and as this channel remains relatively untapped, we anticipate that the next six months may see an increase in migrant hiring, as the talent shortage persists.



**Ben Stevenson**  
Regional Manager  
- South

# Regional Spotlight: Canterbury



The Canterbury tech labour market was challenging in 2022 and the first half of this year has proven equally difficult. Tricky economic conditions have now resulted in the predicted recession. Yet despite the slowdown, the classic, expected jump in unemployment has not eventuated. Regional unemployment currently sits at under 3 percent and the talent shortages remain.

The skills most sought after in Canterbury echo patterns seen across Aotearoa, though with differences due to the plethora of local startups and big market players present in the area. There is often high demand for experienced Developers (both Front End and Back End), Solution Architects, Business Analysts, Project Managers, and IT management roles. Non-technical skills are also a focus for local employers, with communication, collaboration and problem solving high on the requirements list.

Like most of the other regions, the general mood of the candidate market is one of caution. Tech professionals are reluctant to consider a move without significant impetus and those that are looking to move seem to be primarily looking for security in the form of permanent roles. This aligns with the general preference of both Tech Professionals and tech organisations across Canterbury for permanent or fixed term assignments – in general, the South Island doesn't have the same market share of contractors as other parts of the country.

Traditional advertising channels are not always effective in the current climate, so sourcing tech

talent in this market frequently involves networking, shoulder tapping, and head hunting. With the rising cost of living and the perceived market risk of changing roles during a recession, candidates can sometimes have unrealistic salary requirements.

However, many employers have put the brakes on the salary highs we saw in the immediate post-Covid period and are now equally as cautious as candidates. The combination is creating a constriction in successful recruitment. However, we do expect that over the next six months, candidate expectations will once again align more closely with employers, as we are beginning to see in other cities and regions.

A notable, positive feature of the Canterbury market is the increasing willingness of local employers to embrace all forms of flexible work, with many open to providing flexible options. This might be a hybrid work from home arrangement, set office days, flexibility with start or finish, or simply the trust to manage workload. We are even seeing organisations asking candidates what flexibility they want and then adapting the role to suit. Overall, this has provided a very attractive feature to the local tech market.



**Ben Stevenson**  
Regional Manager  
- South

# About Absolute IT

Absolute IT was established in Wellington in 2000. We opened our Auckland branch in 2004, our Hamilton branch in 2012 and Christchurch in 2013. As a specialist IT recruitment agency, we take the time to really know the unique New Zealand technology market inside and out. We focus on understanding the needs of the businesses and the people we work with, so that we can make the absolute best connections.



Specialist IT  
recruitment company



Passionate about  
IT and Tech



In-house Marketing, IT,  
People & Culture and  
Finance teams

## A local story

We're proud to be 100% New Zealand grown, with a global focus. As a business, we share a common vision of being New Zealand's top technology recruitment company. This means being the best connected, the most knowledgeable and most effective in meeting our clients' and our job seekers' needs - our success comes from your success.

## Great people

We know first-hand that hiring the right people is essential for business success. That's why all of our employees go through a rigorous recruitment and induction process. We offer robust career progression, and we're proud of our expertise and experience. We believe we have the best team in the market.

## Built on values

Absolute IT is built on honesty and integrity. We operate guided by our values. One of our key strengths is our ability to consistently provide quality people solutions to our business partners. We make sure we use leading edge technology, and the most effective marketing and advertising available.

## The Kiwi Tech Sector Supporter

We have been a passionate contributor to New Zealand's Tech Sector for over 22 years, and we are proud to invest in recurring annual sponsorships including supporting the national CIO Summit, and the Canterbury Tech Summit. We are also involved in a variety of events linked to the Technology Investment Network (TIN), which is the leading independent source of information on New Zealand's technology sector.

The highlight of our annual partnership with TIN is our sponsorship of the Absolute IT Supreme Scale-Ups award. This accolade celebrates the top ten companies from the 'Next 100' (who are ranked between 101-200 in the TIN200). These are organisations that have demonstrated the largest revenue growth in the past year - a clear acknowledgment of the significance of these Kiwi companies, taking the world by storm.

From application and software development to AI, Automation, Cloud, Cybersecurity, Analytics, CX, UX and Technical Support, we are a leading provider of talent to New Zealand's IT sector.

## Areas of Expertise

- Architecture
- Business Analysis
- Cloud & Infrastructure
- Data – Analysis, Engineering & Development
- Digital
- Development & Testing
- Engineering
- Executive & Management
- Procurement & Commercial
- Programme & Project Services
- Security
- Software Development
- Technical Support
- Testing & Quality Assurance
- Web & Application Development

### AUCKLAND

09 374 4467  
Level 10, 51 Shortland Street,  
Auckland, New Zealand

### HAMILTON

07 834 0411  
Level 5, 127 Alexandra Street,  
Hamilton, New Zealand

### WELLINGTON

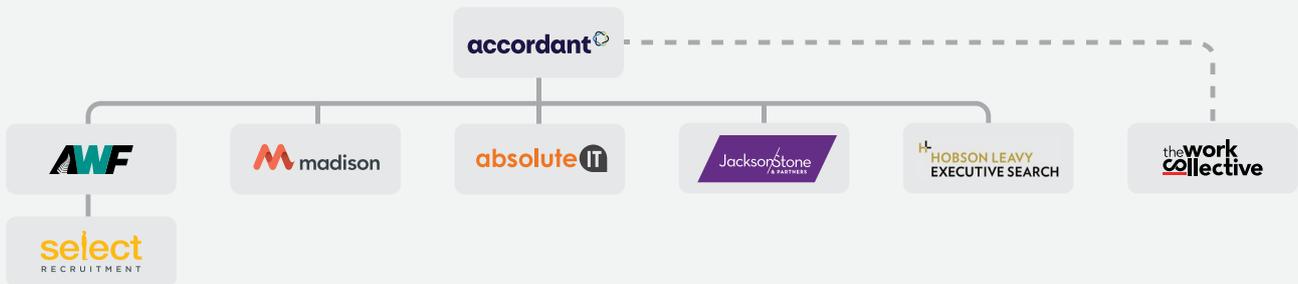
04 499 7848  
Level 7, 36 Customhouse Quay and Johnston Street,  
Wellington, New Zealand

### CHRISTCHURCH

03 943 5299  
Floor 4, 77 Hereford Street,  
Christchurch, New Zealand



## About the Accordant Group



Absolute IT is part of the Accordant Group, a leading New Zealand recruitment company and the only staffing provider listed on the NZX.

The Accordant Group comprises of five New Zealand-grown trading entities; Absolute IT, AWF, Madison, JacksonStone & Partners and Hobson Leavy; with capability spanning almost all aspects of commercial and industrial recruitment services including permanent, temporary and contractor assignments.

In 2019, Accordant established The Work Collective, an employment initiative that delivers positive social impact through connecting employers, Employment Support organisations and our businesses, in order to provide meaningful work opportunities for those who face barriers to employment.



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