

2023 Report:

# SME Employment & Employer Insights

A snapshot of the SME employment landscape in New Zealand, including salary averages, wider employment trends, and results from our inaugural SME employer survey.



# Welcome

Welcome to MyHR's SME Employment and Employer insights report, our deep-dive into the latest employment trends across Aotearoa New Zealand.

FY23 has been a bumpy ride for many small and medium enterprises (SMEs). Just as we emerged from significant COVID-19 restrictions and returned to business as - somewhat - usual, new challenges arose, including rising inflation, living costs and wage expectations, labour shortages, and supply chain constrictions. On top of that, many regions were hammered by severe weather, cyclonic downpours and winds.

With so many challenges on so many fronts, it's little wonder businesses have been feeling uncertain. Insolvencies are up, business confidence has been low, and with a general election looming, businesses are looking ahead for stability.

MyHR has a client base of over 1,200 organisations in NZ, with more than 29,000 employees on our platform, so we are uniquely positioned to understand the everyday challenges that SMEs face.

We have leveraged this database to deliver never-before-seen insights into salary and employment activity over the past year and complemented this with our first-ever business confidence survey. 396 employers have shared their reflections and intentions for the year ahead, which has painted an optimistic picture against which we can frame the trends of 2023.

MyHR is all about making it easy – it's one of our core values – and our employment and employer insights report aims to empower SMEs with valuable data and insights so they can make better-informed business decisions.

We trust that you'll find this report illuminating, with a few surprises worked in.

Ngā mihi nui  
Sylvie, MyHR Chief Evangelist

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# About the report

The data presented in this report is from **over 1,200 businesses** across New Zealand. These businesses have a combined total of **over 29,000 employees**, providing us with a strong dataset to analyse salary and employment activity.

## Employees by industry (top 10)

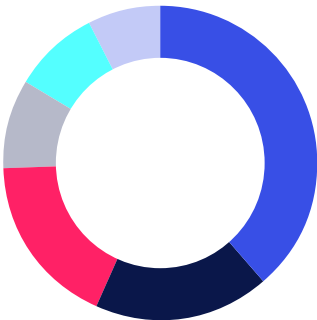
	Accommodation & Food Services	2,833
	Retail Trade	2,426
	Professional, Scientific & Technical Services	1,993
	Arts & Recreation	1,942
	Manufacturing	1,850
	Construction	1,818
	Wholesale Trade	1,148
	Utilities	1,287
	Healthcare & Social Assistance	1,534
	Education & Training	1,013



Additionally, we surveyed **396 employers** to gain insight into the challenges and trends they see impacting them in the upcoming financial year.

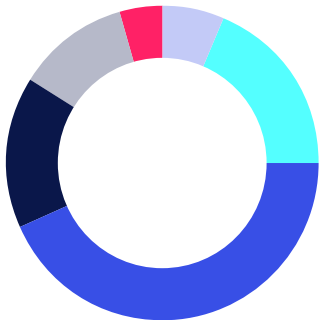
## Respondent job role

- Manager
- Business Owner
- CEO/GM
- HR Manager
- CFO/Finance
- Other



## Respondent business size

- 1-5
- 6-15
- 16-50
- 50-100
- 101-250
- 250+



# Thank you.

Before we dive in, we'd like to thank our incredible clients for participating in our employer survey.

We could not provide a level of comprehensive insight into the state of employment in Aotearoa without your support. The data collected enables us to help businesses better understand the employment landscape, and seek innovative solutions to current employment challenges.



# Key findings



Despite a 4-year low, **employee turnover remains high** across all sectors



**Pay rates continue to climb**, but show signs of slowing



**Business confidence remains cautiously optimistic**, despite the challenging backdrop



**Keeping existing staff engaged and productive** is the top business priority for FY24



**Restructure rates have dropped** but there has been an increase in restructuring requests in Q1 of F24

## Employer pain points

5 clear trends emerged when we asked employers what their single biggest pain point was in the past year:

### Recruitment & retention

"Retaining good employees."  
"Recruiting the right people at a decent rate."

### Compliance

"New HR legislation/processes set down by Government when we are still recovering from COVID – both financially, physically and mentally."

### Financial pressures

"Managing cashflow – clients are nervous about the economy and many of our projects are being delayed and put on hold."

### Employee productivity and wellbeing

"Employee wellbeing and health."  
"Staff performance and productivity since COVID."

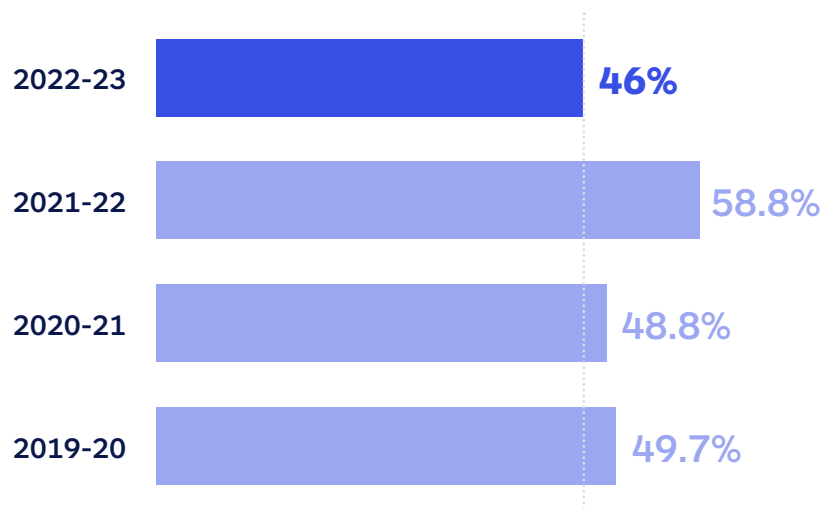
### External factors

"Weather conditions."  
"Uncertainty in the industry due to recession talk."

# Turnover activity

## Turnover drops to a four-year low

### Annual Turnover Rates



In FY23 (April 22-March 23), the average turnover rate for employees in SMEs in Aotearoa was 46%, a decrease of over 12% compared to the previous financial year.

### Top 3 business concerns reflect high turnover rates

The top three HR priorities for our survey respondents further illustrate the pressures on employers and managers to retain and motivate employees.



**58%**

Keeping existing staff engaged and productive



**52%**

Employee wellbeing



**56%**

Retaining existing staff

# Sectors with the highest turnover rates

For some sectors, high employee turnover is a feature, especially in industries that rely on specialist labour or experience high seasonal fluctuations in business activity. In other sectors, these levels of turnover are uncomfortable, and explain why so many survey respondents are prioritising retaining existing staff and improving employee engagement and wellbeing for the year ahead.



## 113%

Accommodation & Food Services



## 75%

Administrative & Support Services



## 52%

Manufacturing

## Turnover by industry

INDUSTRY	TURNOVER	% CHANGE FROM FY22
Accommodation & Food Services	112.5%	↑ 18.3%
Administrative & Support Services	74.5%	↑ 17.1%
Manufacturing	51.5%	↑ 6.9%
Retail Trade	51.0%	↑ 0.1%
Education & Training	50.2%	↓ 0.4%
Other Services	48.8%	↑ 1.7%
Agriculture, Forestry & Fishing	48.4%	↑ 0.6%
Rental, Hiring & Real Estate Services	46.5%	↑ 6.9%
Wholesale Trade	41.4%	↑ 1.3%

INDUSTRY	TURNOVER	% CHANGE FROM FY22
Transport, Postal & Warehousing	40.3%	↓ 1.5%
Health Care & Social Assistance	39.7%	↓ 10.8%
Financial & Insurance Services	39.2%	↓ 1.2%
Construction	36.3%	↓ 10.2%
Arts & Recreation Services	35.7%	↓ 13.5%
Utilities (Electricity, Gas, Water, & Waste Services)	34.5%	↓ 2.3%
Professional, Scientific & Technical Services	33.9%	↓ 11.8%
Public Administration & Safety	27.4%	↑ 8.2%
Information Media & Telecommunications	25.7%	↓ 12.3%

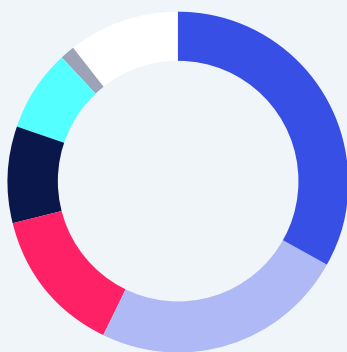
# Turnover rates reflect difficulties finding the right talent

Survey responses closely mirrored FY23 turnover figures, with almost half (49%) of respondents saying they had let an employee go from their business in the past year. Poor performance was the leading reason for dismissal, and combined with figures for misconduct and trial/probation period terminations, clearly indicates the struggles businesses have faced in finding the right talent.



**49% of survey respondents said they had let someone go from their business in FY23**

## Most common reasons for terminating



- Poor performance
- Redundancy at the end of a restructure
- Misconduct
- Employee abandonment
- Trial/probation period termination
- Medical incapacity
- Prefer not to say

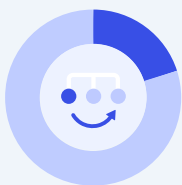
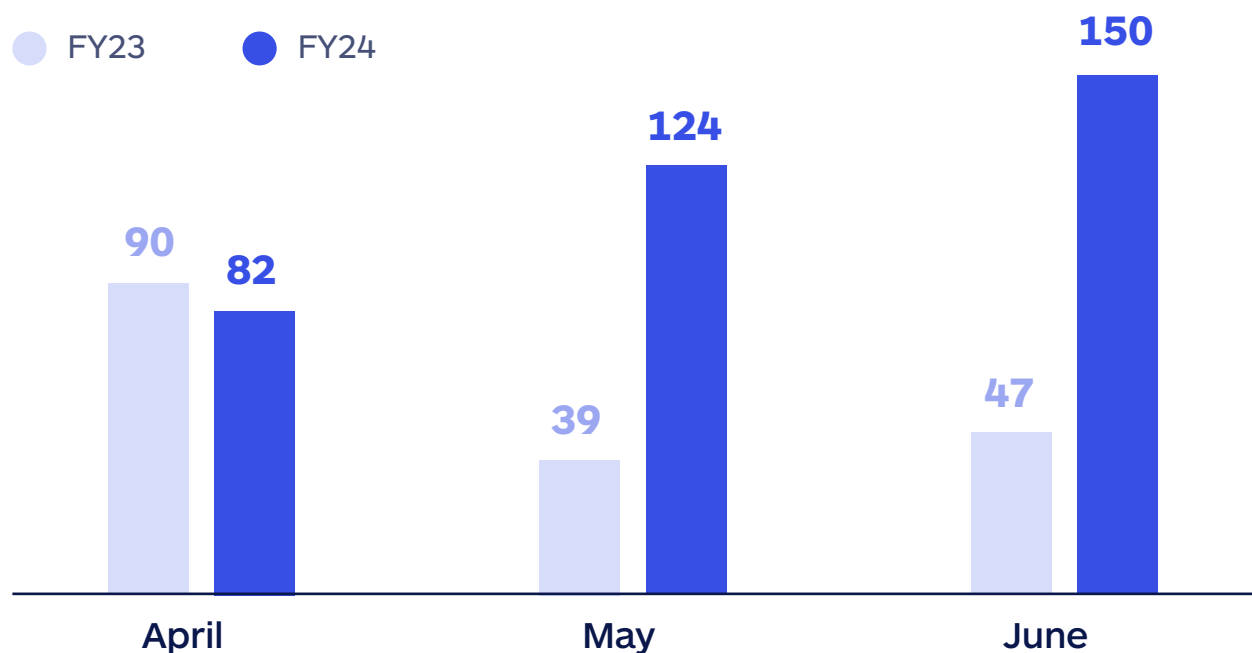




# Signs of increased restructure activity in FY24

May and June of FY24 have seen a significant increase in the number of positions affected by restructuring. This trend began at the end of FY23 (February) and has steadily grown over Q1 of FY24.

## Restructure requests Q1 FY24 (vs FY23)



**20% of survey respondents expressed their intention to restructure in the next six months.**

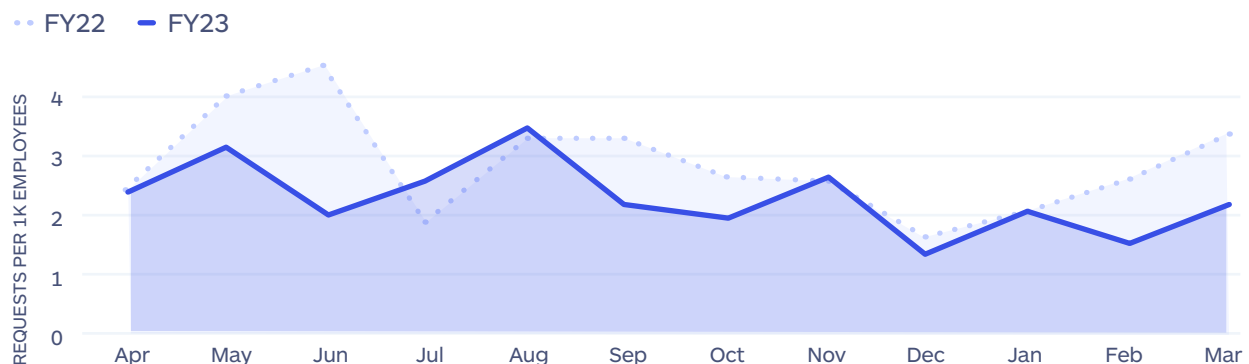
Rather than a harbinger of darker days to come, this appears to be a short period of organic correction following a year of economic uncertainty.

# Recruitment

## Lower rates of recruitment reflect wider labour and economic pressures

In general, recruitment requests for FY23 remained stagnant and experienced a decline compared to the previous year. The traditional hiring period after Xmas holidays saw an initial decrease in FY23 and only started picking up in March. This contrasted with the more typical hiring pattern observed in FY22.

### Recruitment requests FY23 (vs FY22)



### Of our survey respondents:



**53%**

said finding enough staff to fill vacancies was their biggest HR challenge in FY23



**92%**

hired someone new in FY23, with 59% finding it hard or somewhat hard to find the right person



**56%**

said their biggest recruitment challenge was finding candidates with the right skills and experience

# Remuneration trends

## Employers offering more to attract and retain employees

Employee retention is a top business priority. While SME businesses may not be able to offer the competitive salaries larger corporates can to attract and retain top talent, they are able to be more flexible in tailoring attractive benefit packages for employees.



**39%**

of survey respondents said that **managing pay expectations** was a top business challenge in FY23.

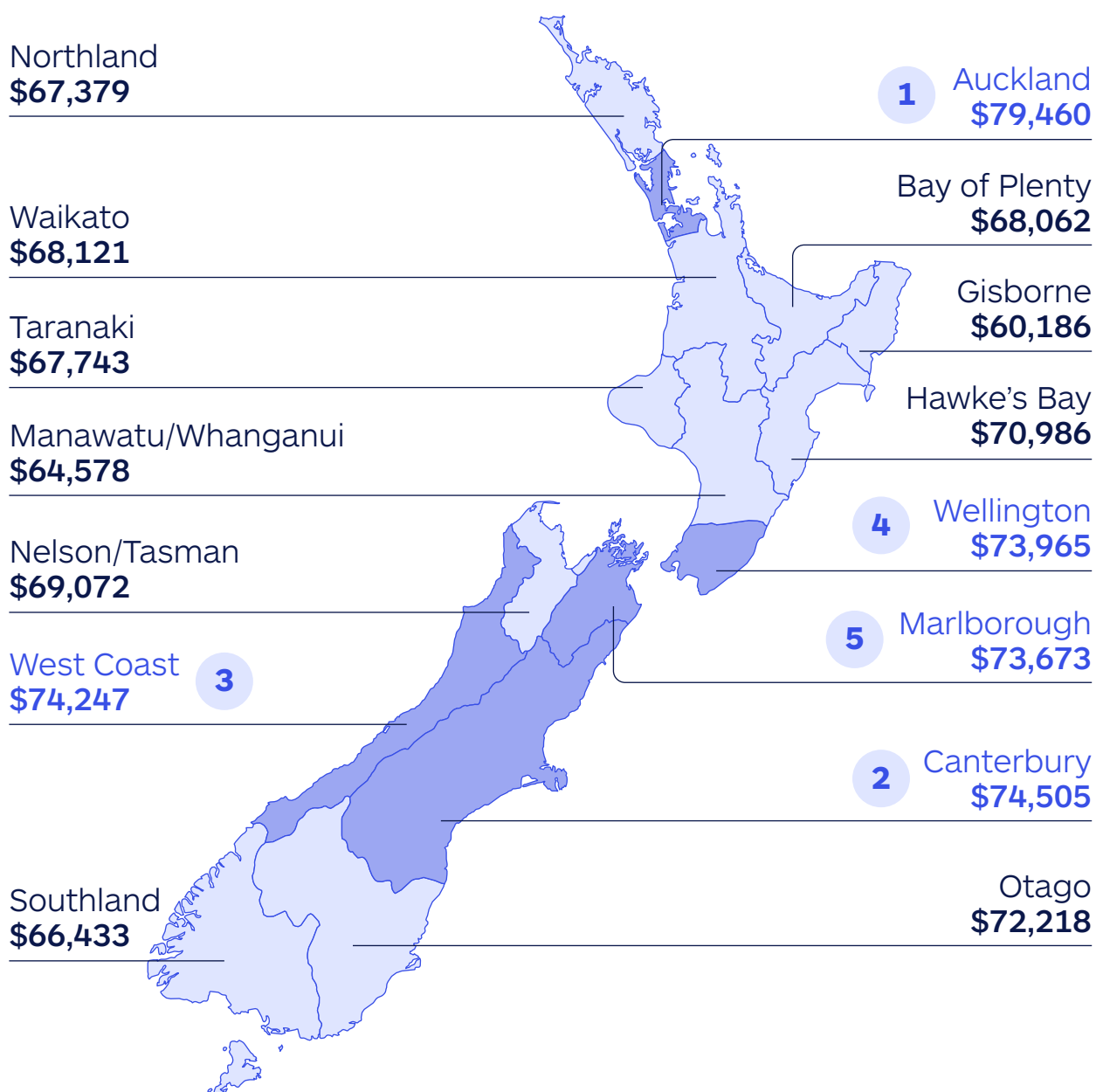
### Benefits employers are offering

	<b>Flexible working arrangements</b> <i>e.g. remote working, part-time hours, flexible start and finish times</i>	69.4%
	<b>Training and development</b> <i>e.g. company-paid or allowance for training courses or mentoring</i>	68.9%
	<b>Personal mobile phone or plan</b>	57.1%
	<b>Free or subsidised car parking</b>	37.6%
	<b>Company vehicle</b>	37.4%
	<b>Performance bonuses</b>	34.6%
	<b>Health &amp; wellness perks</b> <i>e.g. company-paid or allowance for gym membership, yoga classes</i>	31.8%
	<b>One-off bonuses</b>	30.5%
	<b>Extra parental leave benefits</b> <i>e.g. additional time away from work, salary top-ups</i>	25.0%
	<b>Tool allowance or payment</b>	14.9%
	<b>Extra KiwiSaver contributions</b>	7.8%
	<b>Subsidised transport</b> <i>e.g. money towards the use of public transport</i>	3.5%

# Major cities aren't the only ones paying top dollar

With higher salaries on offer in almost all regions across the country, where you live is becoming less of a barrier to competitive pay. While the two main centres of the North and South Island topped the salary averages, West Coast and Marlborough regions were ahead of Wellington and Otago.

## Average salaries by region





# Salaries in almost all industries we support experienced a year-on-year increase.



↑ **12.8%**

CHANGE FROM FY22

**Professional,  
Scientific &  
Technical Services**



↑ **20.7%**

CHANGE FROM FY22

**Construction**



↑ **13.7%**

CHANGE FROM FY22

**Agriculture,  
Forestry  
& Fishing**



↓ **3.6%**

CHANGE FROM FY22

**Accommodation  
& Food Services**



**92% of survey respondents said they had increased the salaries or hourly wages of their employees in FY23.**

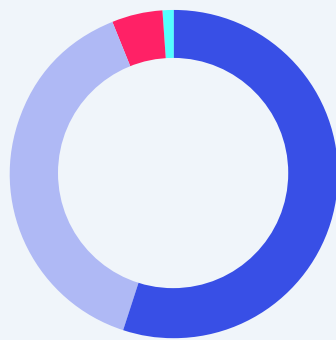
## Average salary by industry

Professional, Scientific & Technical Services	<b>\$98,149</b>	Arts & Recreation Services	<b>\$75,509</b>
Financial & Insurance Services	<b>\$95,965</b>	Rental, Hiring & Real Estate Services	<b>\$74,791</b>
Public Administration & Safety	<b>\$91,252</b>	Transport, Postal & Warehousing	<b>\$72,228</b>
Construction	<b>\$84,396</b>	Information Media & Telecommunications	<b>\$71,700</b>
Other Services	<b>\$81,282</b>	Manufacturing	<b>\$71,010</b>
Wholesale Trade	<b>\$79,182</b>	Education & Training	<b>\$64,865</b>
Agriculture, Forestry & Fishing	<b>\$79,026</b>	Retail Trade	<b>\$63,391</b>
Utilities (Electricity, Gas, Water, Waste)	<b>\$76,665</b>	Administrative & Support Services	<b>\$54,817</b>
Health Care & Social Assistance	<b>\$75,580</b>	Accommodation & Food Services	<b>\$50,058</b>

# Salary growth showing signs of slowing

Looking ahead, although more than half of respondents are intending to increase pay again in the next 6 months, the rate of growth should be sustainable with over 50% of salary increases expected to be between 0.1 - 5%.

**60% of survey respondents expect to raise employee salaries or wages in the next six months**



**Intended rate of salary/wage increase**

- 0.1-5%
- 5-10%
- 10-15%
- 15-20%

# Looking ahead



## Businesses are cautiously optimistic

Despite facing numerous local and global challenges in the past year, the large majority of SMEs see better things ahead in FY24. Over 85% of survey respondents expect business conditions to improve or stay the same in the coming year, while more than 90% of respondents expect business revenue to improve or remain unchanged over the same period.

### In the next year, our survey respondents expect:

#### Business conditions will



**Improve**  
48%



**Stay the same**  
38%



**Worsen**  
13%

#### Business revenue will



**Increase**  
64%



**Stay the same**  
27%



**Decrease**  
9%

# Appendix: survey results

## Job role

CEO/GM	17.78%
CFO/Finance	8.76%
HR Manager	9.28%
Manager	38.66%
Business owner	18.04%
Other	7.47%

## Business size

1-5	6.51%
6-15	18.75%
16-50	43.23%
50-100	15.63%
101-250	11.46%
250+	4.43%

## What were your biggest HR challenges in 2022? (Choose all that apply)

Staying on top of my people processes (e.g. performance reviews, onboarding, regular exit interviews)	37.63%
Looking after my employees' wellbeing	33.84%
Finding enough staff to fill all my vacancies	52.78%
Keeping existing staff and trying to limit resignations	27.53%
Managing employee expectations around pay rises	38.89%
Managing poor performance or difficult behaviour	40.15%
Keeping my existing staff engaged and productive	28.03%
Keeping on top of compliance, paperwork, and administration	7.07%

## What are your HR priorities going into the 23/24 financial year? (Choose all that apply)

Improving people processes and compliance e.g. performance, onboarding, admin, etc.	47.47%
Employee wellbeing	51.77%
Recruitment: filling job vacancies	34.85%
Retaining existing employees	56.04%
Managing employee pay expectations	35.86%
Managing poor performance or difficult behaviour	31.31%
Keeping my existing staff engaged and productive	57.83%
Improving employee payroll and payments processes	12.37%

## Did you recruit anyone new into your business in the 22/23 financial year?

Yes	91.92%
No	8.08%

## If yes – did you find it easy to find the right person, or hard?

Easy	2.88%
Pretty easy	15.27%
Neither easy nor hard	23.34%
Pretty hard	44.96%
Hard	13.54%

## What was your biggest recruitment challenge in the 22/23 financial year?

Attracting candidates	13.28%
Offering a competitive salary	15.36%
Selling the company culture	0.78%
Managing employee expectations around flexible working/benefits	5.21%
Getting candidates with the matching skills and experience for the role	56.77%
Nothing: it was easy to recruit	8.59%

## In the 22/23 financial year, was employee retention a challenge for your business

Yes	35.68%
No	59.11%
Prefer not to say	5.21%

## In the 22/23 financial year, did you increase the salaries or hourly pay of your employees?

Yes	91.67%
No	8.33%

## Will you be increasing employee salaries or hourly pay in the next 6 months?

Yes	60.42%
No	39.58%

## If yes – by how much?

0.1% - 5%	55.30%
5% - 10%	39.02%
10% - 15%	4.55%
15% - 20%	1.14%

## What are some of the other perks and benefits that you offer your team? (Choose all that apply)

Extra KiwiSaver contributions	7.83%
Performance bonuses	34.60%
Flexible working arrangements (including but not limited to remote working, part-time hours, flexible start and finish times)	69.44%
One-off bonuses	30.05%
Company vehicle	37.37%
Car parking (free, or subsidised)	37.63%
Health and wellness allowance or perks (e.g. allowance towards a gym membership, company paid for membership, yoga classes)	31.82%
Subsidised transport (e.g. money towards the use of public transport)	3.54%
Tool allowance or payment	14.90%
Training and development (e.g. allowance for training courses, company-paid-for courses or mentoring)	68.94%
Mobile phone or plan (full personal use)	57.07%
Extra parental leave benefits (e.g. additional time away from work, salary top-ups paid for by the organisation)	25.00%

### Have you let anyone go from your business in the 22/23 financial year?

Yes	48.72%
No	47.18%
Prefer not to say	4.10%

### If yes – what was the primary reason for the termination?

Redundancy: at the end of a restructure	24.18%
Poor performance	33.20%
Medical incapacity	1.64%
Misconduct/Serious misconduct	13.93%
Trial period or probation period termination	7.79%
Abandonment: the employee stopped coming to work and responding to us	9.02%
Prefer not to say	10.25%

### Do you intend to restructure your business in the next 6 months?

Yes	20.00%
No	71.03%
Prefer not to say	8.97%

### If yes – what is the primary reason for the restructure?

Change in business strategy or processes	30.30%
Shift in market/consumer demands	12.12%
Financial constraints	6.67%
Technological changes	3.64%
Product changes	36.36%
Prefer not to say	10.91%

### In the next 12 months, are you expecting your business revenue to:

Improve significantly	13.64%
Improve moderately	50.00%
Stay the same	26.77%
Decrease moderately	7.58%
Decrease significantly	2.02%

### In the next 12 months, are you expecting conditions for your business to:

Improve	48.48%
Stay the same	37.88%
Worsen	13.64%



MyHR keeps our finger on the pulse of the people challenges faced by SMEs across New Zealand and Australia.

We look forward to making HR easy in FY24.



[www.myhr.works](http://www.myhr.works)

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