

February 2005

SKILL SHORTAGE ASSESSMENT OCCUPATION: HAIRDRESSER

Current Situation: Recruitment difficulty

Short term outlook: Recruitment difficulty

Executive summary

1. Demand for hairdressers increased slowly over the past decade in contrast to declining demand in many trades. Population growth, increases in household disposable income and consumers spending more money on personal appearance services all contributed to the growth. The short-term outlook for hairdressers remains positive and demand is likely to continue to rise in the short term.
2. The number of hairdressers being trained at national certificate level 4 has been reasonably stable at a level (relative to the number of hairdressers employed) which is higher than for most trades analysed by the Department of Labour (DOL). However, the number of hairdressers available for employment has been significantly diminished by hairdressers leaving the occupation. Supply has been further reduced by outward net migration.
3. The Survey of Employers who have Recently Advertised (SERA) shows a low vacancy fill rate for hairdressers, with just 42% of vacancies being filled within six weeks of advertising. For every ten positions advertised, there was an average of only 14 suitable applicants.
4. However, despite the low fill rate, DOL does not regard this as a genuine skill shortage, but rather as a recruitment difficulty. A recruitment difficulty occurs when there is an adequate supply of individuals with the required skills in the potential labour market, but they are unwilling to take up the positions on offer at current wages and working conditions. It is likely that a significant number of skilled hairdressers have not made themselves available for employment as wages for hairdressers were more than 30% lower than the average wage for all trade occupations in 2004.
5. Recruitment difficulties are likely to persist until wages and working conditions improve sufficiently to retain currently employed hairdressers in the occupation and attract back others who have left.

Table 1: employer survey indicators, 2004

	Fill rate	Average number of suitable applicants
Hairdressers	42%	1.4
All trades surveyed	41%	0.7

Source: Department of Labour, SERA

Introduction

This report presents the results of an investigation into shortages of hairdressers in New Zealand. The report aims to provide an assessment of whether there is a shortage of hairdressers and to provide an insight into the demand and supply factors contributing to this situation. It also offers an outlook for shortages in this situation.

Hairdressers are skilled tradespeople who provide services such as shampooing, cutting, colouring, perming, straightening, and styling hair. They also advise their clients on hair care, suggest suitable products, and clean and style wigs and hairpieces. The majority of hairdressers are female (87%). The Department of Labour (DoL) estimates that approximately 10,200 hairdressers were employed in New Zealand in 2003.

A background and technical note to this report is available from DoL. The note provides an overview of the broader Job Vacancy Monitoring Programme, of which this report is an output. It also provides a brief description of the employer survey conducted for this report and explanations of indicators and definitions used in the report.

Note on occupational classification

This report presents analysis for the 5-digit occupational category of *hairdressers* (code 51411 in the New Zealand Standard Classification of Occupations). However, certain data sources, such as External Migration and Household Labour Force Survey (HLFS) are only available at the broader 3-digit category of *hairdressers and other personal service workers* (code 514). This category includes hairdressers, beauty therapists, massage therapists, weight loss consultants, child care workers and funeral directors. Hairdressers comprise 43% of this broader group according to census data from 2001. Trends measured at the broader occupational level are therefore considered to be reflective of trends in the detailed hairdresser occupation.

Demand for hairdressers

Historical demand

Table 2 shows that employment of hairdressers increased 1.3% per annum from 1991 to 2001 in contrast to declining employment in most other trades.

Table 2: employment growth of hairdressers, 1991-2001

	Annual average growth in employment		
	1991-1996	1996-2001	1991-2001
Hairdressers	0.6%	2.0%	1.3%
All trades	0.0%	-0.4%	-0.2%
All occupations	3.2%	1.2%	2.2%

Source: Statistics New Zealand, Census of Population and Dwellings 1991, 1996 and 2001

Factors contributing to the growth in demand for hairdressers include:

- New Zealand's population growth, which measured 1.6% in 2003, and is projected to grow steadily over the coming years.
- A solid increase in household disposable income of 38% (in real terms) from 1991 to 2003.
- Consumers willing to spend more money on personal appearance services.

Future demand

In the short term, continued (albeit slower) economic growth and rising private consumption make it likely that demand for hairdressers will continue to rise steadily.

Summary

Employment of hairdressers increased slowly during the past decade in contrast to declining employment in most other trades. Population growth, increases in household disposable income and consumers spending more money on personal appearance services contributed to the steady growth. The short-term outlook for hairdressers remains positive with demand likely to continue rising over the next couple of years.

Supply of hairdressers

Training – National certificate (Level 4) qualifications and equivalent

This section investigates the growth in supply of *fully qualified* hairdressers through training. It considers three sources of supply:

1. The award of the National Certificate in hairdressing Level 4 by the Hairdressing Industry Training Organisation (HITO). This is the nationally recognised qualification for hairdressers which is designed by HITO to meet the needs of employers of hairdressers in the hairdressing industry. It takes an average of four years for trainees to attain the qualification.
2. The award of the National Certificate in Hairdressing Level 4 by other providers such as polytechnics.
3. The award of qualifications apart from national certificates which are deemed to be equivalent to the national certificate in terms of level and number of credits.

Table 3 shows that the majority of trainees are enrolled for the National Certificate in Hairdressing (level 4) through HITO while a smaller number are registered for this qualification through other providers. There are no non-national certificate qualifications which are equivalent to the national certificate. New enrolments and total enrolments have remained relatively stable between 2001 and 2003 which suggests that the number of trainees achieving this qualification will remain relatively constant over the next few years. Table 4 shows that achievements of the national certificate awarded by HITO have risen from 139 in 2001 to 201 in 2003. A list of national certificate level 4 and equivalent qualifications and the proportion of trainees enrolled for these qualifications is provided in Appendix 1.

Table 3: enrolments for National Certificate in Hairdressing Level 4 and other equivalent qualifications

		National Certificate in Hairdressing Level 4 (HITO)	National Certificate in Hairdressing Level 4 (Other providers)	Other equivalent qualifications	Total
2001	Total enrolled	Not available	Not available	None	-
	New enrolments	742	Not available	None	
2002	Total enrolled	1941	337	None	2278
	New enrolments	767	Not available	None	
2003	Total enrolled	1949	327	None	2276
	New enrolments	735	Not available	None	

Source: HITO, Tertiary Education Commission (TEC)

Table 4: number of trainees achieving the National Certificate in Hairdressing Level 4 and other equivalent qualifications, 2001-2003

	National Certificate in Hairdressing Level 4 (MITO)	National Certificate in Hairdressing Level 4 (Other providers)	Other equivalent qualifications	Total
2001	139	Not available	None	
2002	197	48	None	245
2003	201	55	None	256

Source: HITO, Tertiary Education Commission (TEC)

Training rate indicators are shown in table 5. A comparison of the number of trainees achieving the national certificate (NC level 4) and equivalent qualifications with the number of hairdressers employed yields a training rate of 2.5%. This indicator provides a crude measure of the rate at which the supply of fully qualified hairdressers can potentially grow through training¹. This training rate is somewhat higher than the average training rate of 1.8% for all trades surveyed in the SERA but is lower than the hairdresser training rate of 6.0² in New South Wales (NSW) Australia.

An alternative measure of training levels is the training enrolment rate (National Certificate Level 4) which compares the number of trainees enrolled for the national certificate with the number of hairdressers employed. The enrolment rate for hairdressers was 43.3% in 2003 (table 5).

Training – Other related qualifications and courses

While the national certificate level 4 qualification may be regarded as the qualification required to be a fully qualified hairdresser, there are numerous other qualifications available in hairdressing including diplomas and certificates. The majority of these qualifications are at a lower level and of shorter duration than the national certificate level 4 but may be regarded as adequate to some employers of hairdressers, especially during times of acute skill shortages. They are also of significance as these qualifications may staircase trainees towards the national certificate level 4 qualifications. Credits obtained in these qualifications may be recognised towards a national certificate level 4, should the trainee later wish to become a fully qualified tradesperson. The importance of these qualifications in numeric terms is highlighted by the fact that there are considerably more trainees enrolled on them compared with enrolments on national certificate level 4 qualifications.

Training in these courses is reflected in the training enrolment rate (all related training) which compares the number of trainees enrolled in all hairdressing related training with the number of employed hairdressers. The high level of training in these courses is reflected in the 2003 enrolment rate (all related training) of 43.3% (table 5).

¹ This assumes that there is full employment of hairdressers. This is a reasonable assumption in the current environment of low unemployment and skill shortages.

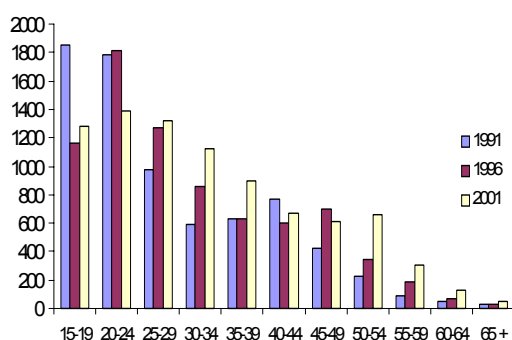
² Source: NSW Labour Economics Office, Department of Employment and Workplace Relations.

Table 5: training rates for hairdressers

Indicator	Explanation	Hairdressers (NZ)	All SERA trades surveyed (NZ)	Hairdressers (NSW)	All trades (NSW)
Training rate (national certificate L4 and equivalent)	Number of trainees achieving relevant national certificates (level 4) and equivalent non-national certificate qualifications expressed as a percentage of employment in that occupation.	2.5%	1.8%	6.0%	2.8%
Training enrolment rate (national certificate L4 and equivalent)	Number of trainees enrolled for relevant national certificates (level 4) and equivalent non-national certificate qualifications expressed as a percentage of employment in that occupation.	22.2%	16.4%		
Training enrolment rate (all related training)	Number of trainees enrolled in all relevant courses expressed as a percentage of employment in that occupation.	43.3%	30.5%		

Source: Department of Labour (New Zealand), Department of Employment and Workplace Relations (Australia)

Figure 1: age profile for hairdressers



Source: Statistics New Zealand, Census

Some employers interviewed in the SERA said that there were fewer apprentices entering the hairdressing occupation than in the past. These comments are supported by the data in figure 1, which show a decrease in the number of hairdressers aged 15-24 years. In 1991, 25% of hairdressers were aged 15-19 years. By 2001, this percentage had dropped to 15%. Employers thought that the lack of new apprentices was largely due to young people being encouraged to attend university rather than taking up a trade such as hairdressing. Employers also felt that hairdressing was not always

perceived as an artistic occupation when in fact an artistic nature and flair were important prerequisites for a successful career.

Migration

The historically high annual departure rate of *hairdressers and other personal service workers*, (the broad occupational category which includes hairdressers) has resulted in a net migratory loss of more than 900 workers over the seven-year period from June 1997 to June 2004. Recently the number of *hairdressers and other personal service workers* departing from New Zealand has slowed. However, there was still a net migratory outflow in 2003 in contrast to most other skilled occupation groups, which saw strong inward migration in that year.

Table 6: permanent and long-term (PLT) annual arrivals, departures and net migration of other personal service workers, June years

	1998	1999	2000	2001	2002	2003	2004
PLT annual arrivals	490	445	499	428	493	533	568
PLT annual departures	643	625	698	731	581	541	575
PLT annual net migration	-153	-180	-199	-303	-88	-8	-7

Source: Statistics New Zealand, External Migration

With economy-wide net migration into New Zealand expected to slow considerably in 2005, net migratory outflows of *hairdressers and other personal service workers* are expected to continue in 2005.

Retirement

It is estimated that 0.4% of the hairdressing workforce retires each year. This is a relatively low retirement rate, which reflects the young age profile of the occupation. It amounts to a loss of between 40 and 50 hairdressers each year.

Occupational wastage

Employers reported that a considerable number of trained hairdressers leave the occupation. Comments were made about the number of hairdressers leaving just as they acquired enough experience to be considered 'experienced', and then not returning. One employer summed up the situation. 'This is a mainly female dominated occupation so once women have got a few years experience under their belt they take off and have kids. They don't usually come back, it's too hard their bodies, standing all day...plus even if they do want to come back, most need retraining before they can'.

Hairdressers often work with unpleasant chemicals and have health problems associated with their backs, hands and arms. All these factors, along with low wage rates, may go some way to explaining the large occupational wastage experienced by the hairdressing occupation.

Summary

The number of hairdressers being trained at national certificate level 4 has been reasonably stable at a level (relative to the number of hairdressers employed) which is higher than for most trades analysed by the Department of Labour (DOL). However, the number of hairdressers available for employment has been significantly diminished by hairdressers leaving the occupation. Supply has been further reduced by outward net migration.

Employer recruiting experiences

Is there a shortage of hairdressers?

Results from the SERA indicate employers had considerable difficulty filling vacancies of hairdressers in New Zealand. Employers who were interviewed had filled only 42% of their hairdresser positions within six weeks³ of advertising. This is very similar to the average of all trades surveyed (41%). The average number of suitable applicants for every 10 hairdresser positions advertised was 14. There are more suitable applicants for hairdressing roles than most of the other trade occupations surveyed.

Table 7: employer recruitment experiences

	Number of employers	Number of Positions	Positions filled	Fill rate	Suitable applicants	Average number of suitable applicants
Hairdressers	15	19	8	42%	26	1.4
All trades surveyed	479	1028	398	39%	780	0.8

Source: Department of Labour, SERA

³ Employers are approached approximately six weeks after having advertised a vacancy. If they have not completed their recruitment process after six weeks employers are approached at a later stage when the process has been completed.

Employers interviewed in the SERA said they were experiencing great difficulty in finding qualified staff and when asked if they needed someone with specialised qualifications, skills or experience, the majority answered they just needed someone who was qualified, or at least someone who had passed most of their units.

Employers who could not find staff to fill their vacancies dealt with this in a number of ways. Some used managerial staff on the shop floor or increased the number of hours worked by the normal staff. Others simply turned people away, and in extreme cases employers talked about substantially reducing opening hours, selling their business, or closing it down.

What are employers paying?

Information from the Labour Cost Index (LCI) suggests that wage rates for hairdressers are extremely low⁴ compared with other trades. The June 2004 survey measured the average wage of hairdressers at \$13.00 per hour, compared with \$19.54 for all trade occupations. Employers in the SERA were offering slightly higher than average wages for hairdressers (\$13.83). This suggests that the difficulties these employers report in filling their vacancies are not related to them paying below-average wages compared with other employers of hairdressers.

Table 8: average hourly wage rates

	Mean
SERA – hairdressers	\$13.83
LCI – hairdressers	\$13.00
LCI – all trades	\$19.54

Source: Department of Labour (SERA, Statistics New Zealand (LCI))

Recruitment difficulties are occurring

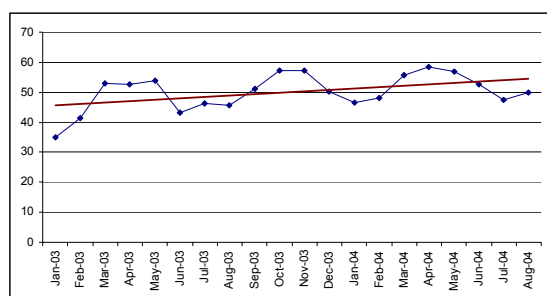
While fill rates are low for the hairdresser occupation (42%), this is not an indication of a genuine skill shortage. There is strong evidence of a pool of skilled hairdressers who have left the occupation and are not prepared to return. They leave the occupation or leave the workforce because of low wages and the physical demands of the work. It is not the absence of skilled individuals that precludes employers from filling positions for hairdressers, but rather the attractiveness of positions on offer. We therefore conclude that this is not a genuine skill shortage but rather a recruitment difficulty.

Changes in market conditions

The DoL's Job Vacancy Monitor (figure 2) shows gradual growth in the number of advertised hairdresser vacancies since January 2003 suggesting that demand for hairdressers is growing and recruiting conditions have become more difficult over time.

This is supported by comments made by employers included in the SERA. Employers were asked whether it was harder or easier to fill their recent

Figure 2: advertised hairdresser vacancies



Source: Department of Labour, Job Vacancy Monitor

⁴ The Labour Cost Index is not designed to produce statistically accurate estimates of the wage levels. The LCI estimates of wage levels are merely indicative.

hairdresser vacancies compared with twelve months earlier. A net 100%⁵ of employers felt that it was harder.

Outlook

Existing demand and supply trends are expected to continue for hairdressers, including the tendency of many hairdressers to move out of the occupation due to low wages and the physical demands of the work. Recruitment difficulties are likely to persist until wages and working conditions improve enough to retain currently employed hairdressers in the occupation and attract back others who have left.

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⁵ The net estimate is calculated by subtracting the percentage of employers who found it harder to fill the vacancy from the percentage of employers who found it easier to fill the vacancy. This sum is then divided by one, less the percentage of employers who did not answer this question.

APPENDIX 1. TRAINING ENROLMENTS FOR HAIRDRESSING TRADE: 2003

Enrolments in National Certificate Level 4 and equivalent qualifications

Qualification Title	Qualification Code	Provider Name	Level	Credits	Share of Enrolments (%)
NC in Hairdressing - Hairdressing Practice	NC5237	Hairdressers ITO	4	399	92.2%
NC in Hairdressing - Barbering Practice	NC5237	Hairdressers ITO	4	399	0.9%
NC in Hairdressing	NC5237	Eastern Institute of Technology	4	399	3.1%
NC in Hairdressing	NC5237	Southern Institute of Technology	4	399	0.6%
NC in Hairdressing	NC5237	Waikato Institute of Technology	4	399	1.7%
NC in Hairdressing	NC5237	Otago Polytechnic	4	399	0.8%
NC in Hairdressing	NC5237	Northland Polytechnic	4	399	0.7%
					100.0%

Enrolments in other qualifications

Qualification Title	Qualification Code	Provider Name	Level	Credits	Share of Enrolments (%)
Certificate in Hairdressing	AO3152	Aoraki Polytechnic	2	na	0.6%
Certificate in Hairdressing	BP3144	Bay of Plenty Polytechnic	2	120	1.2%
Hairdressing Level 1-4	PC3006	Directions Appearance Technology Trgn	2	284	3.8%
A CAREER IN HAIRDRESSING	PC1931	Headquarters Hairdressing School	2	142	0.9%
Pre-Trade Hairdressing	PC2198	Northland Hairdressing Training Centre	2	142	1.7%
NP Cert. in Hairdressing (SS) and Beauty Services	NT4648	Northland Polytechnic	2	126	0.4%
Certificate in Hairdressing	OT4757	Otago Polytechnic	2	149	0.7%
Certificate in Hairdressing (Salon Support)	OT4846	Otago Polytechnic	2	64	0.2%
Associate Diploma in Hairdressing(compressed)	PC2769	Servilles Academy of Hairdressing	2	70	0.9%
Servilles 34 week Certificate in Hairdressing	PC1694	Servilles Academy of Hairdressing	2	120	4.5%
HAIRDRESSING (FOUNDATION)	ST4773	Southern Institute of Technology	2	68	1.4%
NC IN HAIRDRESSING (SALON SUPPORT)	NC5463	Southern Institute of Technology	2	72	0.6%
NC in Hairdressing (Salon Support)	NC5463	Tai Poutini Polytechnic	2	72	0.9%
Hairdressing (Salon Support)	NC5463	Te Kotahitanga Kokiri Inc	2	72	0.5%
WHAKAPAI MAKAWA \ Hairdressing	PC1591	Te Wananga O Aronui Inc	2	240	2.3%

CERTIFICATE IN HAIRDRESSING	PC1608	The Cut Above Academy Ltd	2	120	7.3%
Certificate in Pre-Apprentice Hairdressing (including NC)	WA2185	Universal College of Learning	2	122	1.1%
Certificate in Hairdressing (Salon Support) Level 2	HV4152	Wellington Institute of Technology	2	122	1.4%
WITT Certificate in Hairdressing	TK4945	Western Institute of Technology Taranaki	2	120	2.0%
Hairdressing (Salon Support) (Levels 1 and 2)	NC5463	Whitireia Community Polytechnic	2	72	1.3%
Avonmore Certificate in Hairdressing - Pivot Point Programme	PC9210	Avonmore Tertiary Academy	3	147	2.1%
Certificate in Intermediate Hairdressing	BP3268	Bay of Plenty Polytechnic	3	60	0.8%
Certificate in Advanced Hairdressing	HB3909	Eastern Institute of Technology	3	101	0.5%
Certificate in Hairdressing Year 1	PC3508	Hair to Train (T/A Tauranga Hair Des Ac)	3	151	0.9%
Hairdressing	PC2436	International College Of Camille	3	120	0.3%
MEA Certificate in Hairdressing Skills	PC9221	Manawatu Education Academy (PN) Ltd	3	96	1.2%
MIT Certificate for Salon Assistants	MN4355	Manukau Institute of Technology	3	60	0.0%
MIT Certificate in Barbering	MN4386	Manukau Institute of Technology	3	60	0.8%
Mr BARBER Dynamic Training Programme	PC3432	Mr Barber Ltd T/A Mr Barber Trg Centre	3	136	1.4%
Pre Trade Hairdressing	PC1812	Patrick's Hairdressing Training School	3	120	2.3%
Servilles Foundation Certificate in Hairdressing	PC3578	Servilles Academy of Hairdressing	3	120	1.5%
Certificate in Commercial Hairdressing (incorporating mark-u	PC9270	The Hairdressing Academy	3	120	0.9%
Hair and Beauty Diploma	PC9020	The Hairdressing Academy	3	87	3.0%
Creative Hairdressing Skills	PC1227	Waikato School of Hairdressing	3	120	0.9%
Avonmore Designer Programme in Hairdressing	PC3208	Avonmore Tertiary Academy	4	120	0.4%
Certificate in Professional Hairdressing(EQL2,EQL3,E QL4)	CH3831	Christchurch Polytechnic Inst of Tech	4	240	3.7%
Certificate in Hairdressing Year 2	PC3509	Hair to Train (T/A Tauranga Hair Des Ac)	4	147	1.2%
MEA Advanced Certificate in Hairdressing Skills	PC9265	Manawatu Education Academy (PN) Ltd	4	101	0.4%
MIT Certificate in Hairdressing	MN4356	Manukau Institute of Technology	4	300	2.7%
Winters Diploma in Hairdressing Programme	PC1223	NZ Institute of Hairdressing/Winters	4	288	6.1%
Certificate in Hairdressing	OT4920	Otago Polytechnic	4	120	0.2%
Servilles Graduate Certificate in Hairdressing	PC3577	Servilles Academy of Hairdressing	4	120	0.9%

GRADUATE CERTIFICATE IN HAIRDRESSING	PC2608	The Cut Above Academy Ltd	4	84	3.4%
Certificate in Commercial Hairdressing	PC9273	The Hairdressing Academy	4	118	0.8%
Advanced Hair Skills	PC2410	Waikato School of Hairdressing	4	120	1.2%
Hairdressing Fashion Workshop	G78121	Bay of Plenty Polytechnic	na	na	0.3%
Hairdressing Qualifications Course	PC2098	Hair to Train (T/A Tauranga Hair Des Ac)	na	78	0.9%
Intermediate Hairdressing	PC2272	Hair to Train (T/A Tauranga Hair Des Ac)	na	78	1.3%
Certificate in Professional Hairdressing	NE4446	Nelson Marlborough Inst of Technology	na	120	0.7%
SKILLS 'SMART START' INTRODUCTION TO HAIRDRESSING	PCTOP	NZ Institute of Hairdressing/Winters	na	na	0.0%
Hairdressing	PC1738	Premier Hairdressing College (Admin)	na	120	14.8%
Hairdressing & Professional Development	PC1948	Ruben Blades Hairdressing Academy	na	120	5.7%
Senior Hairdressing	PC2245	Ruben Blades Hairdressing Academy	na	131	0.2%
Waiariki Certificate in Hairdressing	WR2770	Waiariki Institute of Technology	na	240	2.8%
Certificate in Hairdressing	WK2277	Waikato Institute of Technology	na	120	0.8%
NC in Barbering		Hairdressers ITO	na	na	0.3%
Hairdressing Technical and Further Education	MN1006	Manukau Institute of Technology	na	na	1.2%
Total					100.0%