



Recruitment Experiences and Outlook Survey – 2023 in Review

Overview

The Australian labour market has been resilient over the last year, although the pace of employment growth has eased in recent months. While remaining close to 50-year lows, the unemployment rate increased over the year, by 0.4 percentage points to 3.9% in December 2023. The participation rate was 66.8% in December 2023, close to record highs. Against the softer backdrop, the annual rate of growth in hours worked also slowed over the year as employers hoarded workers in a tight labour market but adjusted their employee hours downwards, as economic activity continued to weaken.¹

Jobs and Skills Australia's Recruitment Experiences and Outlook Survey (REOS) provides early signs of changes in labour market conditions. Early in 2023, REOS findings pointed to a slowdown in labour market conditions. Recruitment activity in Australia (in smoothed terms²) declined consistently over the first half of 2023 and at 50%, the average recruitment rate for 2023 was well below that recorded for 2022 (56%). While recruitment activity edged up marginally towards the end of 2023, this likely reflected seasonal recruitment leading up to the Christmas period.

The decline in recruitment activity in the first half of 2023 was more pronounced in the capital cities compared with regional Australia. As was the pattern in 2022, employers in regional Australia were more likely to report having difficulty recruiting than their capital city counterparts.

Recruitment difficulty has been steadily declining since early-to-mid 2023, reflecting an increasing pool of candidates available for vacant positions. The recruitment difficulty rate stood at 51% as at December 2023 and in smoothed terms, was at its lowest level since September 2021, and was well below the peak levels recorded in mid-2022.

All reported industries recorded declining recruitment activity in 2023, compared with 2022, and employers reported having less difficulty recruiting in almost all industries and occupations over this period. However, there were considerable differences in patterns of recruitment activity across industries and recruitment difficulty also varied considerably depending on the occupation being recruited for.

¹ ABS Labour Force Survey, Australia, January 2024

² Selected REOS data in this report are 'smoothed', a process to remove statistical noise and highlight underlying trends. REOS monthly data are smoothed by applying a Henderson 13 term moving average. REOS data are not seasonally adjusted.

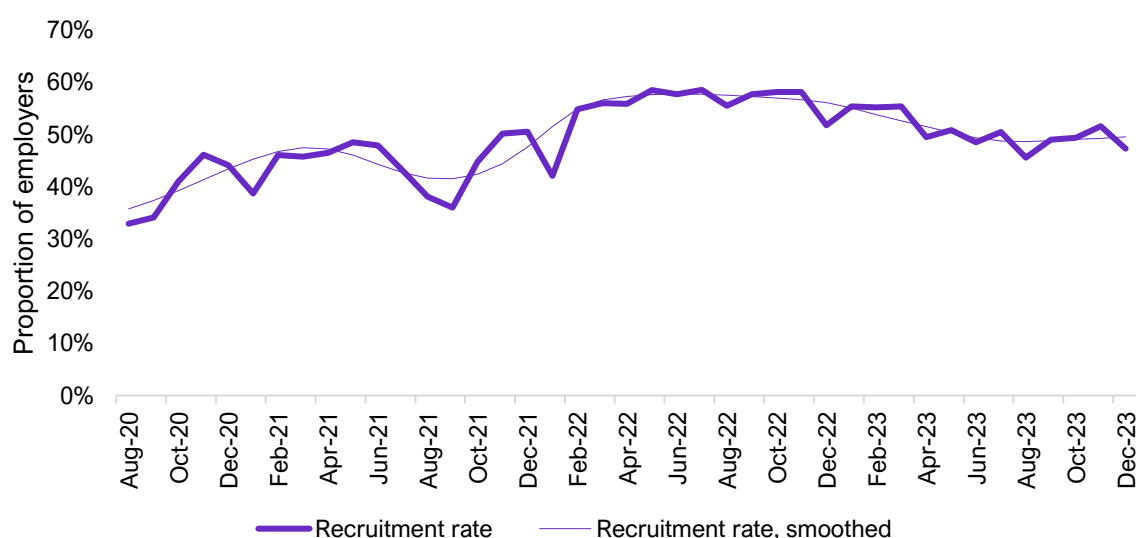
Recruitment activity

National level

The REOS reports on recruitment activity through the ‘recruitment rate’ which is the proportion of employers who were either recruiting at the time of the survey, or who had recruited in the previous month.

The recruitment rate peaked at 59% in May 2022 and hovered around that level until November 2022, decreasing to 52% in December 2022 and averaging 56% for the year. In the first half of 2023, recruitment activity eased off, falling to a low point of 46% in August 2023, and was relatively flat for the remainder of the year. The average recruitment rate for 2023 was 50%.

Figure 1: Recruitment rate (August 2020 to December 2023)



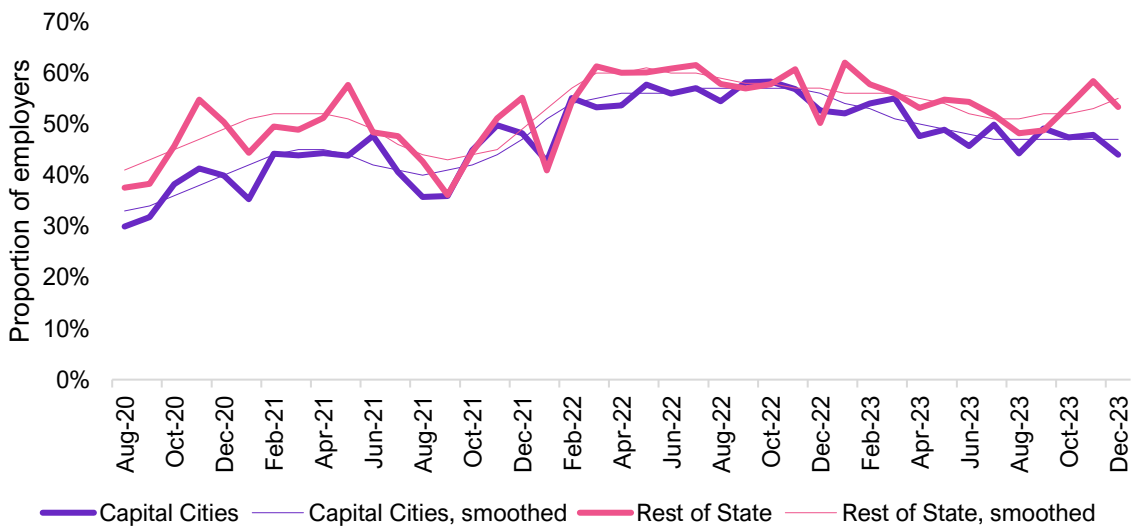
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Capital City and Rest of State areas

Proportionally, fewer employers recruited in Capital Cities than in Rest of State areas throughout 2023. The smoothed recruitment rate data indicate that Capital City recruitment rates were consistently lower than in Rest of State areas over the year. The recruitment rate in Rest of State areas was more resilient through 2023, averaging 53% for the year, while recruitment activity in Capital Cities showed a gradual decline through the year with an average recruitment rate of 49% for 2023.

In comparison to December 2022, the smoothed recruitment rate for Capital Cities decreased by 8 percentage points from 55% in December 2022 to 47% in December 2023, while the recruitment rate for Rest of State areas decreased by 2 percentage points from 57% in December 2022 to 55% in December 2023.

Figure 2: Recruitment rates in Capital Cities and Rest of State areas (August 2020 to December 2023)

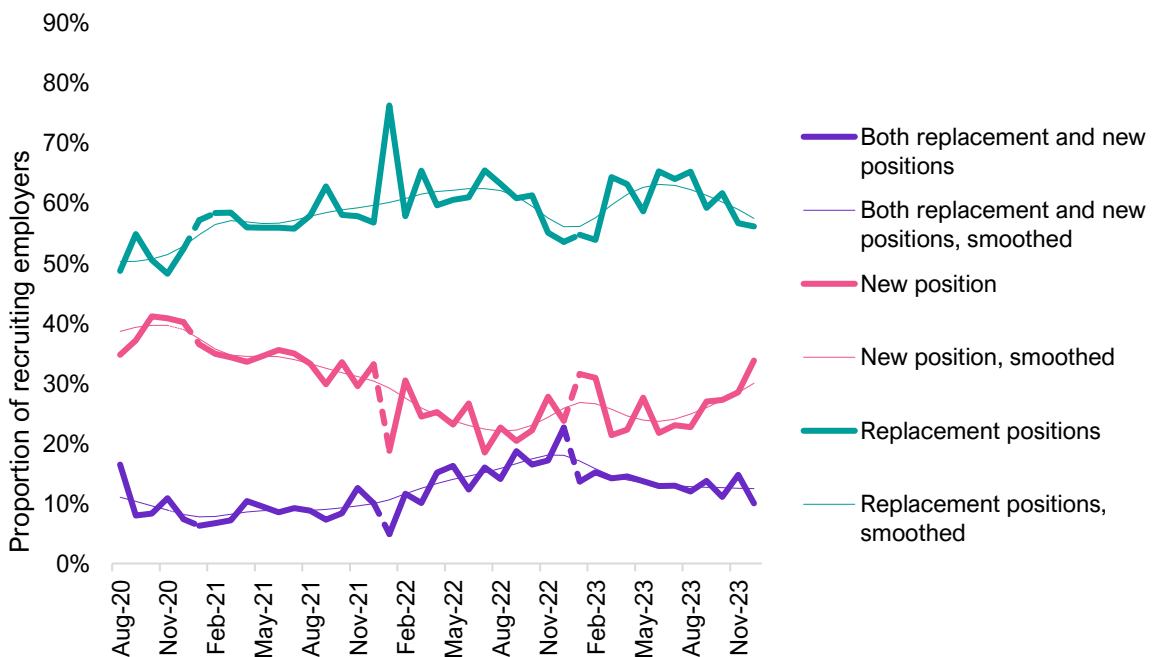


Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Reasons for recruitment

As shown in Figure 3, staff turnover was the primary reason for recruitment in 2023, with 56% of employers recruiting to replace staff only and a further 34% recruiting for only new positions in December 2023. Employers who were recruiting to fill a mix of roles to cover both replacement and newly created positions increased slightly compared with December 2022.

Figure 3: Reasons for recruitment (August 2020 to December 2023)



Note: Disaggregated data (in original terms) for January 2021, January 2022 and January 2023 are not available and are inferred with a dotted line between the months of December and February.

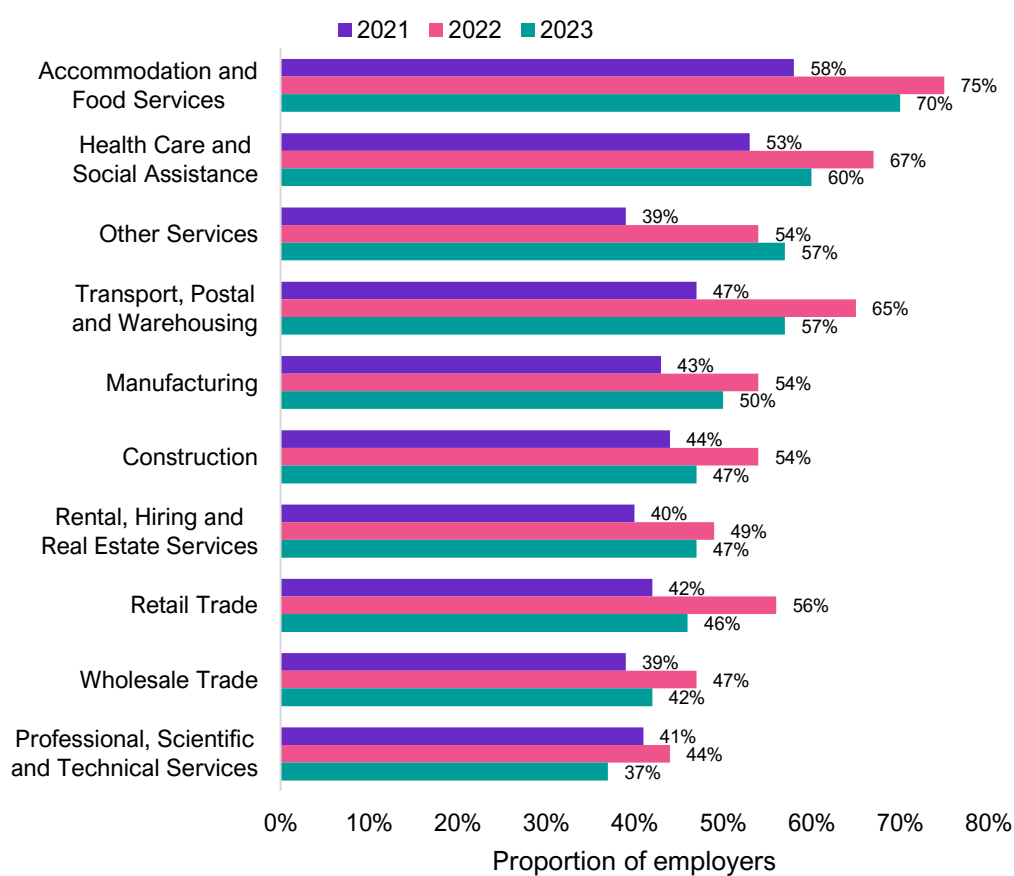
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Selected industries

The recruitment rate for almost all reportable industries³ has decreased from 2022 to 2023. The exception was 'Other Services', a catch-all industry Division that covers repair and maintenance (e.g. for cars, machinery and clothing); and personal and other services (such as hair and beauty, funeral services, dry cleaning, and religious services). The recruitment rate for this industry increased in 2023, to 57% of responding employers (from 54% in 2022).

In 2023, the industry divisions with the highest recruitment rates were Accommodation and Food Services (70%) and Health Care and Social Assistance (60%). They were lowest for Professional, Scientific and Technical Services (37%) and Wholesale Trade (42%).

Figure 4: Recruitment rates by selected industries (2020 to 2023)



Note: The 'Other Services' division includes a broad range of personal services; religious, civic, professional and other interest group services; selected repair and maintenance activities; and private households employing staff.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

³ These include all industry divisions for which sufficient sample and coverage is available in REOS to release reliable estimates. Industries are classified to the ABS Australian and New Zealand Standard Industrial Classification (ANZSIC).

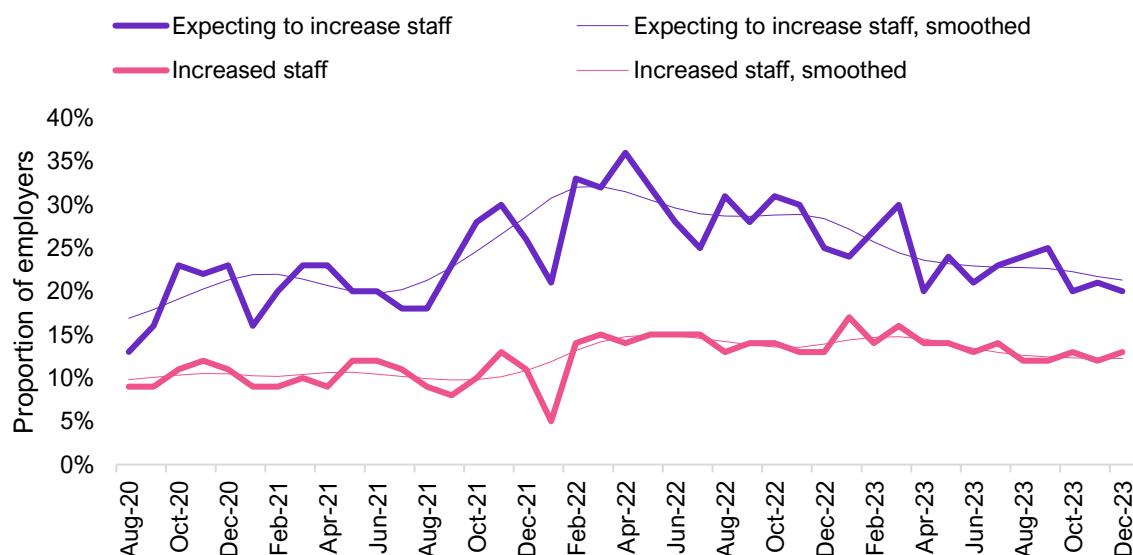
Changes in staffing levels

As part of the REOS, employers are asked about their expectations to increase or decrease their staffing levels in the three months following the survey. This measure is an indication of business confidence and employers' staffing outlook for the near future.

After peaking at 36% in April 2022 and remaining high for most of that year, the proportion of employers that expected to increase staff in the coming three months was on a mostly downward trend over 2023. It decreased by 7 percentage points between December 2022 and December 2023 to stand at 21%.

In smoothed terms, the proportion of employers who increased staffing in the month prior to the survey generally followed the same overall trend as those expecting to increase staff, albeit at a lower level and with a lag (Figure 5). The direction of the smoothed series can function as a sign of business sentiment.

Figure 5: Proportion of employers who expect to increase staffing levels in the next three months, compared with employers who increased staffing levels in the month prior (August 2020 to December 2023)



Note that the REOS is not a longitudinal survey, each month a unique group of employers are surveyed.

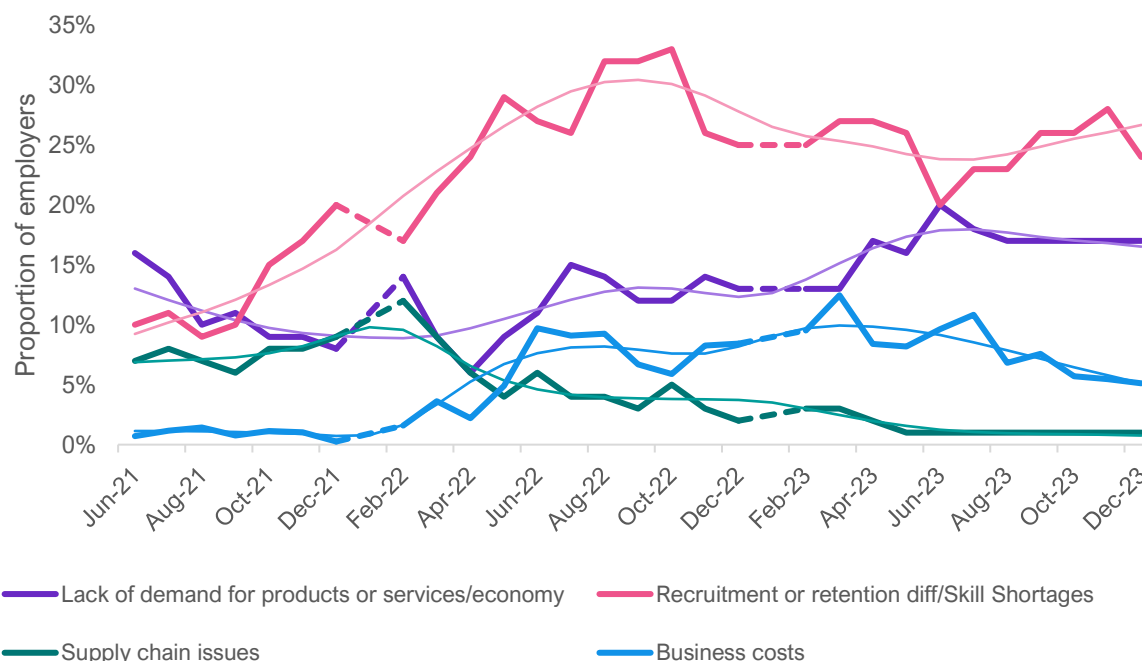
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Employers' greatest future concern for the next three months

In 2021, employers understandably cited COVID-19 and its direct impacts as their greatest concern for the future. In 2022, reflecting tight labour market conditions, employers increasingly reported that recruitment or retention difficulty and skills shortages as their greatest concern. Recruitment or retention difficulty and skills shortages became employers' top concern in February 2022 and remained at the forefront of possible concerns, standing at 24% at the end of 2023.

In 2022, business costs, which includes costs associated with increases in both inflation and interest rates, was reported by up to 1 in 10 employers as their greatest concern. Elevated concerns around this continued into the first half of 2023 (peaking at 12%) but eased in the second half of the year.

Figure 6: Selected employers' greatest concern for the next 3 months (June 2021 to December 2023)



Note: Disaggregated data (in original terms) for January 2022 and January 2023 are not available and are inferred with a dotted line between the months of December and February.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Recruitment difficulty

The proportion of employers reporting difficulty filling their vacancies in their most recent recruitment round⁴ is referred to as the 'recruitment difficulty rate'. The recruitment difficulty rate decreased over 2023 signalling easing labour markets in comparison to the previous year, when recruitment difficulty rates and recruitment rates both reached record highs. Recruitment difficulty may also be a sign of labour mismatch, which occurs when the skills and attributes of job seekers do not match employer requirements.

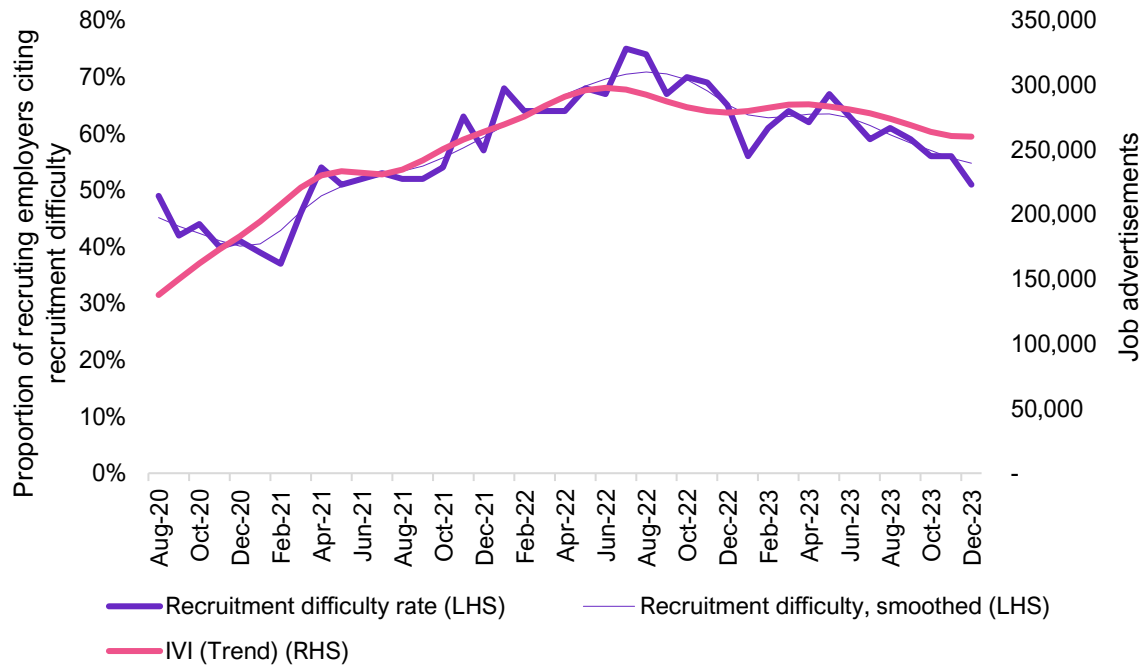
National

The recruitment difficulty rate continued to decrease from record high levels in 2022, peaking at 75% in July 2022. Recruitment difficulty increased in the first half of 2023, rising by 11 percentage points to reach its highest level of 67% in May 2023. Recruitment difficulty then fell by 16 percentage points to December and ended the year with 51% of recruiting employers reporting difficulty filling their vacancies. The recruitment difficulty rate has decreased in line with the number of job advertisements as measured by Jobs and Skills

⁴ Within the month prior to being surveyed.

Australia's Internet Vacancy Index (IVI)⁵ with both series showing an easing in labour demand in 2023.

Figure 7: Recruitment difficulty (original and smoothed) and IVI job ads (trend) (August 2020 to December 2023)



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023; Jobs and Skills Australia, Internet Vacancy Index, December 2023.

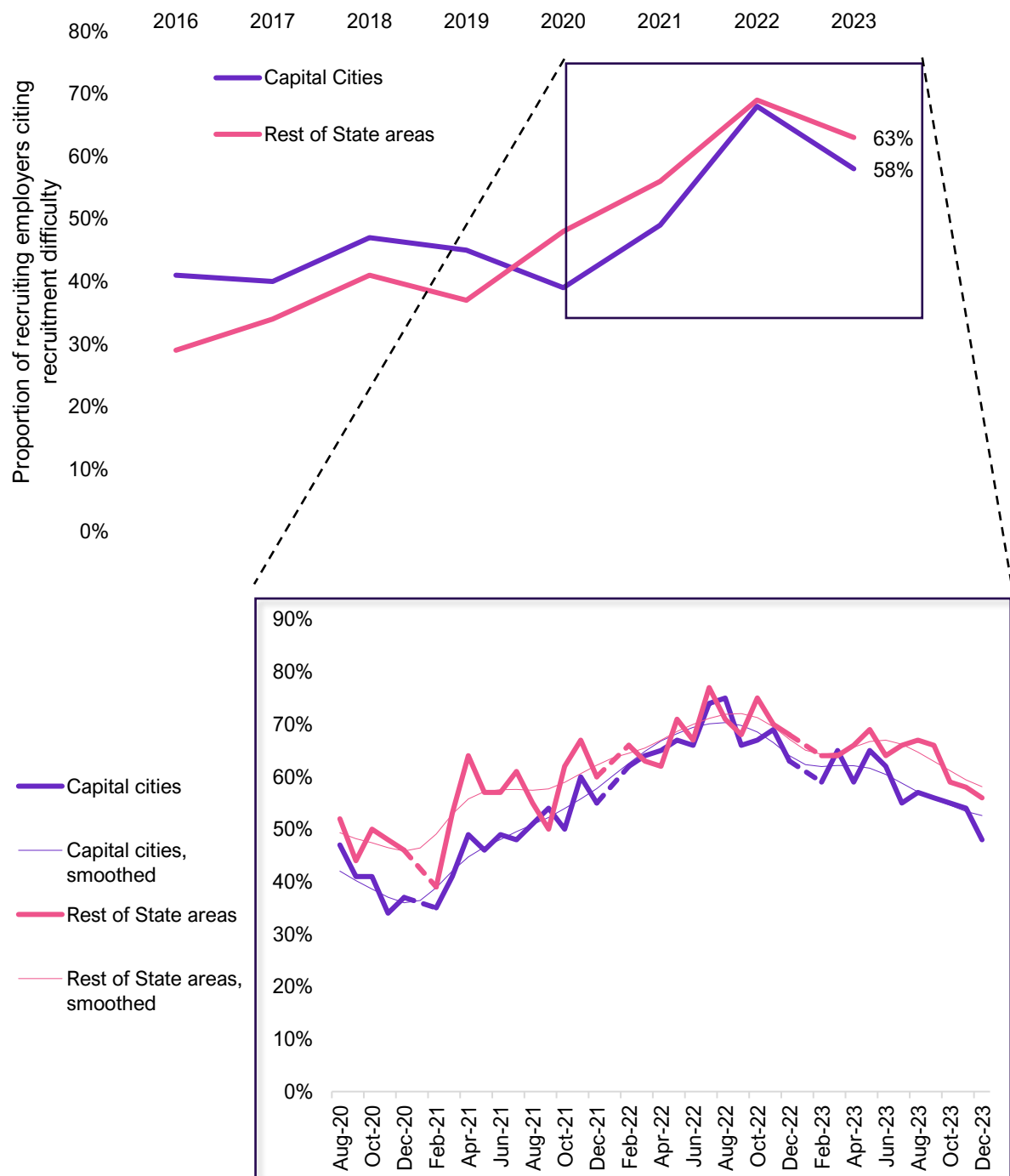
Capital Cities and Rest of State areas

In annual terms (Figure 8), the recruitment difficulty rate for both Capital Cities and Rest of State areas rose sharply soon after the COVID-19 pandemic, from August 2020 through 2022, before declining in 2023. Despite this decline, the recruitment difficulty rate remained at high levels. Interestingly, prior to the COVID-19 pandemic employers in Capital Cities generally reported higher recruitment difficulty compared with those in Rest of State areas. Since 2020 this trend has reversed, and employers outside Capital Cities now generally report greater difficulty recruiting.

The recruitment difficulty rate was 48% for Capital Cities in December 2023, a decrease of 27 percentage points from its peak of 75% in August 2022. Around 56% of employers in Rest of State areas reported recruitment difficulty in December 2023, a decrease of 21 percentage points from its peak of 77% in July 2022.

⁵ Data from Jobs and Skills Australia, *Internet Vacancy Index*, is available here: [Internet Vacancy Index | Jobs and Skills Australia](#).

Figure 8: Annual recruitment difficulty rates, by Capital Cities and Rest of State areas (original), 2016 to 2023. Inset: monthly data (original and smoothed), August 2020 to December 2023



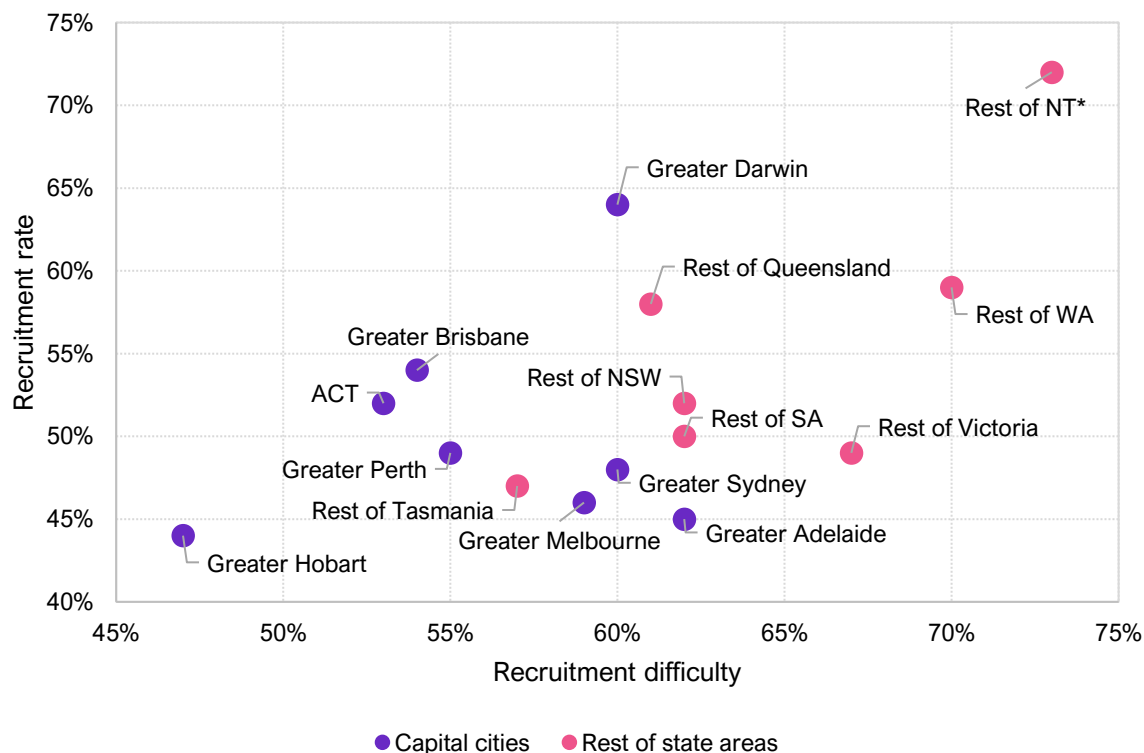
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, August 2020 to December 2023; Survey of Employers' Recruitment Experiences, 2016-2019.

Note: Disaggregated data (in monthly original terms) for January 2021, January 2022 and January 2023 are not published and are inferred with a dotted line between the months of December and February.

Figure 9 provides insights into the relationship between the recruitment rate and recruitment difficulty rate for each Capital City and Rest of State region. Capital Cities generally had lower recruitment rates and lower recruitment difficulty compared to their respective Rest of State regions, as can be seen by their clustering in the lower left quadrant of the chart (purple dots). Greater Hobart had both the lowest recruitment rate (44%) and lowest recruitment difficulty rate (47%) across the regions; Rest of NT had the highest recruitment

rate (72%) and highest recruitment difficulty (73%). Interestingly, Greater Adelaide was one of the lowest recruiting capital cities but had the highest level of recruitment difficulty of the capital cities during the year.

Figure 9: Rates of recruitment and recruitment difficulty by region (2023)



Note: Rest of NT are based on a small sample size (between 50 and 125 responses) and results should be interpreted with caution.

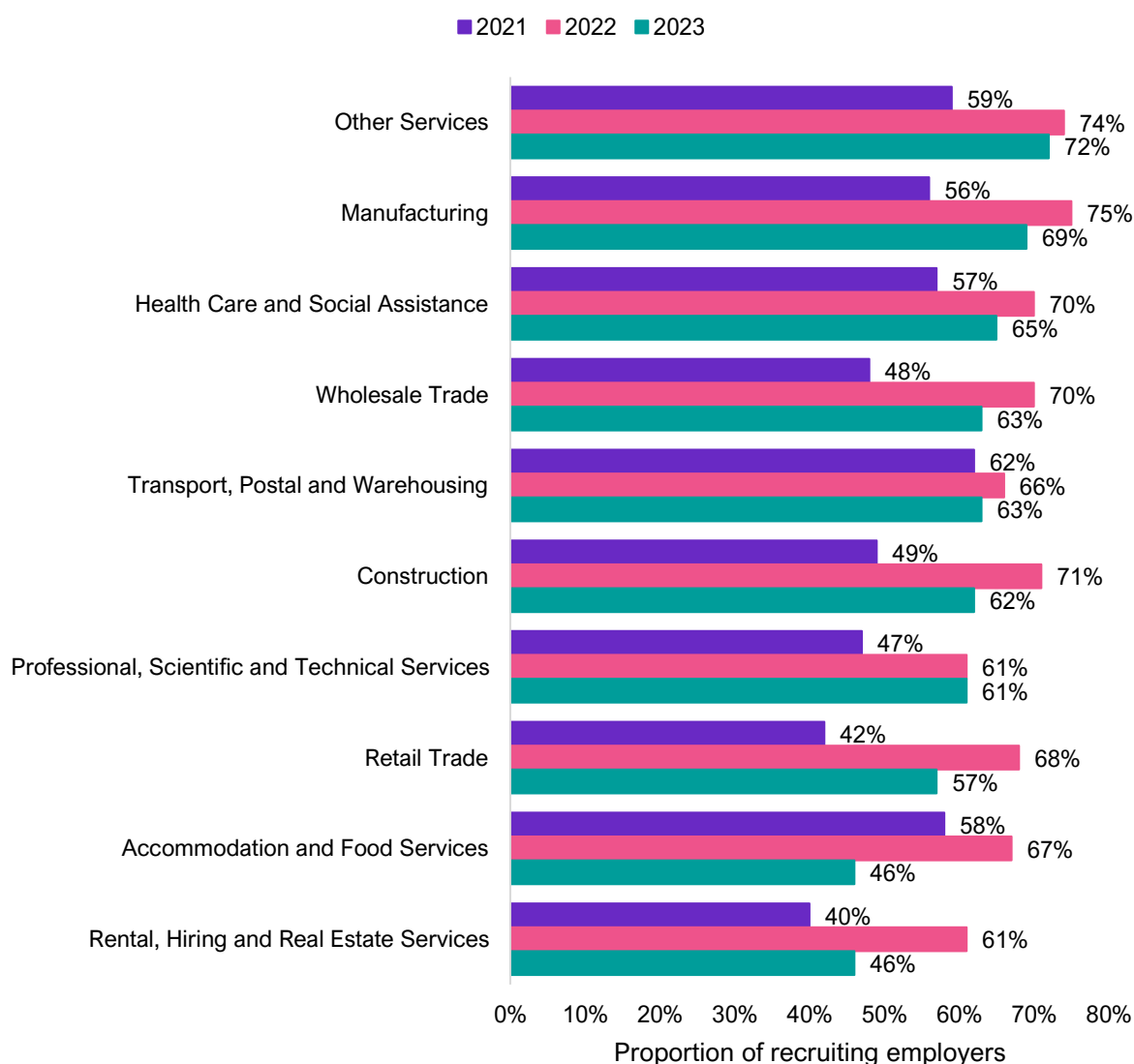
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Selected industries and occupations

Recruitment difficulty rates were lower in 2023 across almost all reported industries⁶ relative to 2022 but still higher compared with 2021 (see Figure 10). The highest annual recruitment difficulty rate for 2023 was for Other Services, with 72% of recruiting employers having difficulty recruiting. Manufacturing (69%) and Health Care and Social Services (65%) had the second highest and third highest annual recruitment difficulty rates of 2023, respectively.

⁶ Analysis in this section only includes those industry divisions for which sufficient sample and coverage is available in REOS to release reliable estimates (included industries are shown in Figure 10).

Figure 10: Recruitment difficulty rates, by selected industries (2021 to 2023)



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

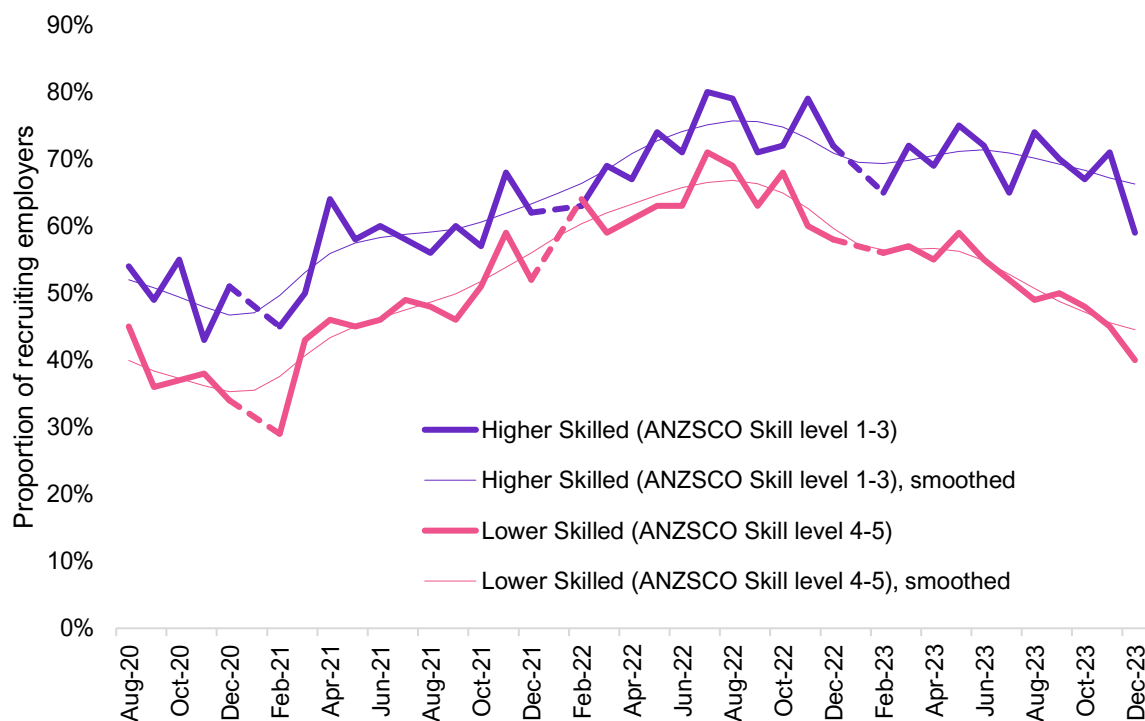
Skill level⁷

During 2023, employers recruiting for higher-skilled (Skill levels 1-3) occupations generally experienced higher recruitment difficulty compared with those recruiting for lower skilled (Skill level 4-5) occupations (see Figure 11). In December 2023, 59% of employers recruiting for higher skilled occupations experienced recruitment difficulty compared with 40% of employers recruiting for lower skilled occupations. While the rates for each series peaked in July 2022, the rate for higher skilled occupations decreased by 21 percentage points to December 2023 and the rate for Skill level 4 and 5 occupations decreased by 31 percentage

⁷ Skill level is defined by the range and complexity of the set of tasks performed in a particular occupation. Occupations for: Skill level 1 are commensurate with a Bachelor Degree or higher qualification; Skill level 2 is commensurate with an Associate Degree, Advanced Diploma or Diploma. Skill level 3 is commensurate with a Certificate IV or Certificate III including at least two years of on-the-job training. Skill level 4 is commensurate with a Certificate II/III. Skill level 5 occupations are commensurate with a Certificate 1 or completion of compulsory secondary education.

points from its peak. Since mid-2023, the gap between recruitment difficulty for higher and lower skilled positions widened compared with earlier years.

Figure 11: Recruitment difficulty by skill level of occupation (August 2020 to December 2023)

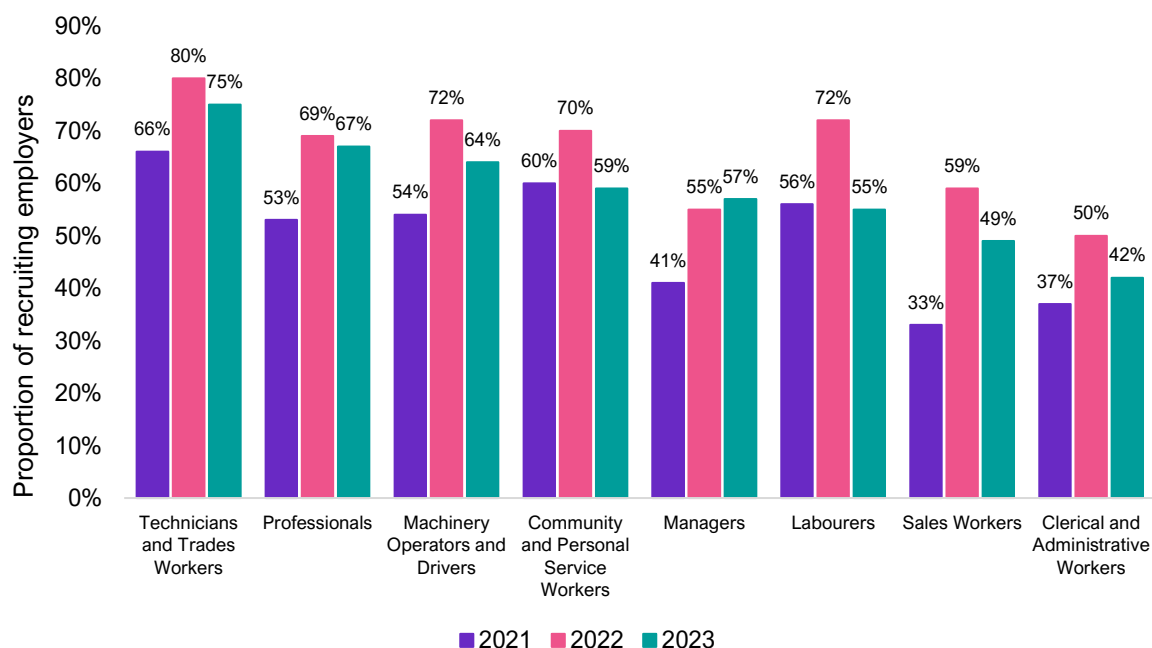


Note: Disaggregated data (in original terms) for January 2021, January 2022 and January 2023 are not published and are inferred with a dotted line between the months of December and February.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Recruitment difficulty rates vary notably across occupation groups (see Figure 12), with the highest rates in 2023 attributed to employers recruiting for Technicians and Trades Workers (75%), Professionals (67%) and Machinery Operators and Drivers (64%). Employers recruiting for Clerical and Administrative Workers had the lowest rate with less than half of these employers reporting difficulty filling these vacancies (42%). The recruitment difficulty rate for each occupation group has decreased since 2022, except for Managers, which increased by 2 percentage points to 57% in 2023.

Figure 12: Recruitment difficulty rates, by occupation group (2021 to 2023)



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Reasons for recruitment difficulty

Recruiting employers who experienced recruitment difficulty were asked why their recruitment was difficult.

In 2023, a 'lack of suitable applicants', and 'undesirable working conditions/hours/wages' were the top reasons given for recruitment difficulty. The frequency of employers reporting these reasons also increased in 2023:

- Lack of suitable applicants: increased from 28% in 2022, to 32% in 2023
- Undesirable working conditions/hours/wages: rose from 19% in 2022, to 26% in 2023.

By contrast, there was a decrease in employers who reported having recruitment difficulty due to 'lack of applicants', from 36% in 2022 to 23% in 2023. 'Lack of applicants' was the most common reason for recruitment difficulty in 2022, but the fourth most common reason for recruitment difficulty in 2023.

Based on feedback from survey interviewers, three new categories for reason for recruitment difficulty were introduced into the survey in 2023.⁸

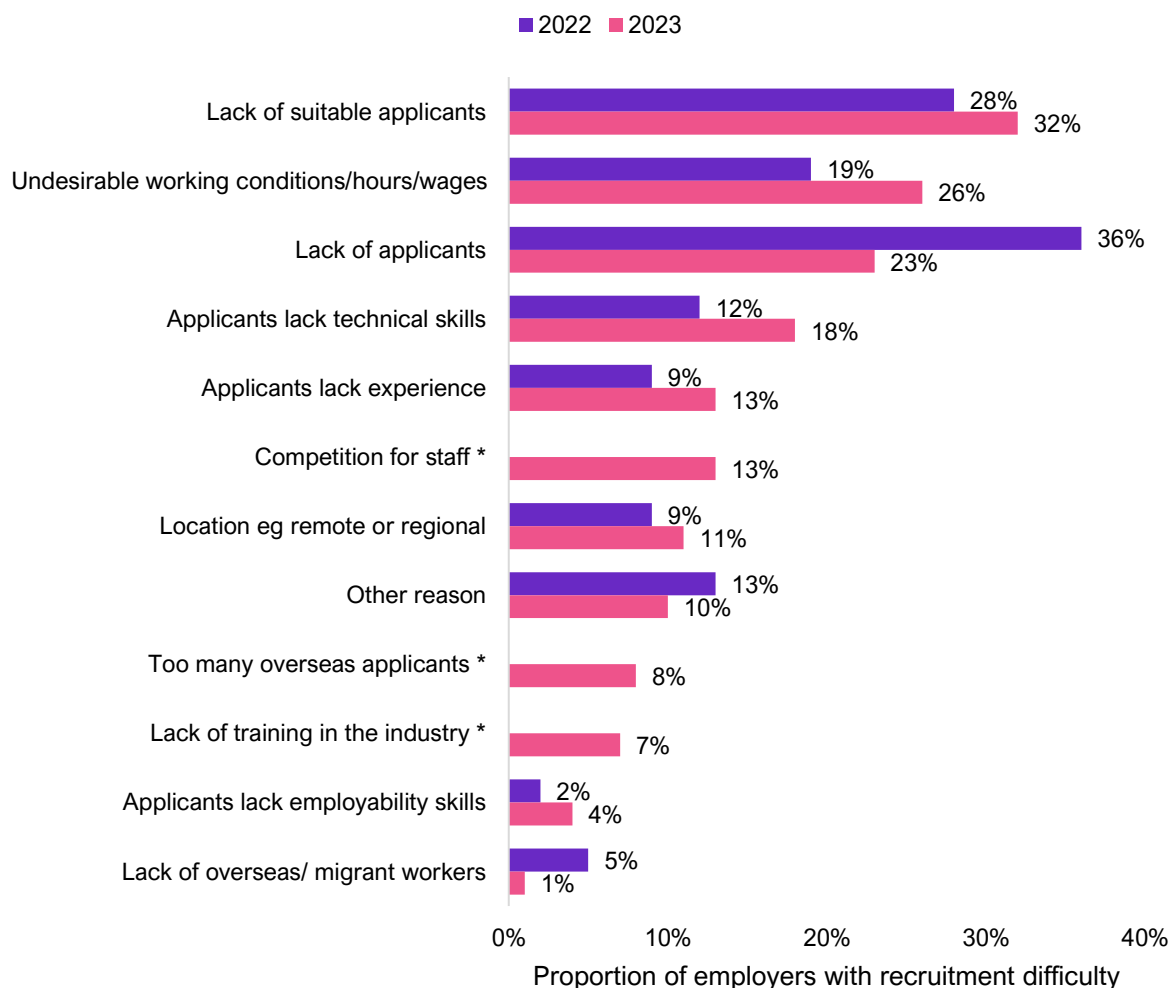
- Competition for staff (13%) – respondents indicated that other businesses were competing for staff with the same skills, experience and qualifications.
- Too many overseas applicants (8%) – a contributor to recruitment difficulty due to the time and effort needed to sift through applications. Employers comment that these

⁸ The variable 'Competition for staff' was introduced in April 2023 while the other categories were introduced at the start of 2023.

applicants may not be genuine and may not have work rights in Australia; and/or may not have the rights skills, qualifications or experience for the position.

- Lack of training in the industry (7%) – usually in positions that have specific skill requirements for which on-the-job industry specific training is highly valued.

Figure 13: Reasons for recruitment difficulty (2022 to 2023)



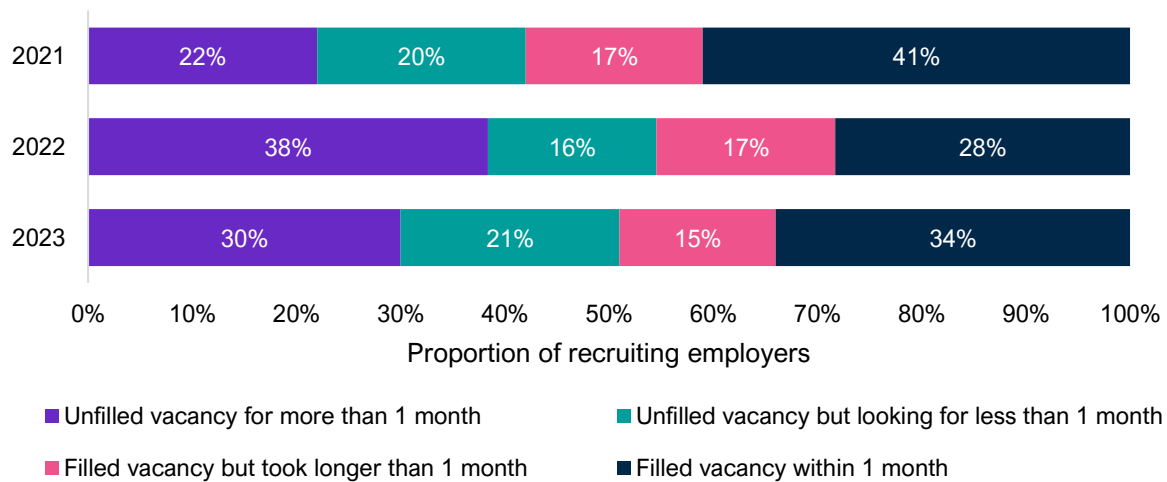
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.
 Note: 'Competition for staff' includes data from April 2023 to December 2023 while 'Too many overseas applicants' and 'Lack of training in the industry' includes data from January 2023 to December 2023.

Time taken to fill vacancies and recruitment difficulty

Compared with a year earlier, employers are finding it less time consuming to fill their vacancies (Figure 14). Of those recruiting employers surveyed in 2023 (whether they had finished their recruitment or not):

- 21% had not yet filled vacancies but had been looking for less than a month (up from 16% in 2022)
- 34% filled vacancies within a month (up from 28% in 2022)
- 15% filled vacancies but it took longer than a month (down from 17% in 2021 and 2022) and
- 30% had unfilled vacancies for more than a month (down from 38% in 2022).

Figure 14: Time taken to fill vacancies (2021 to 2023)

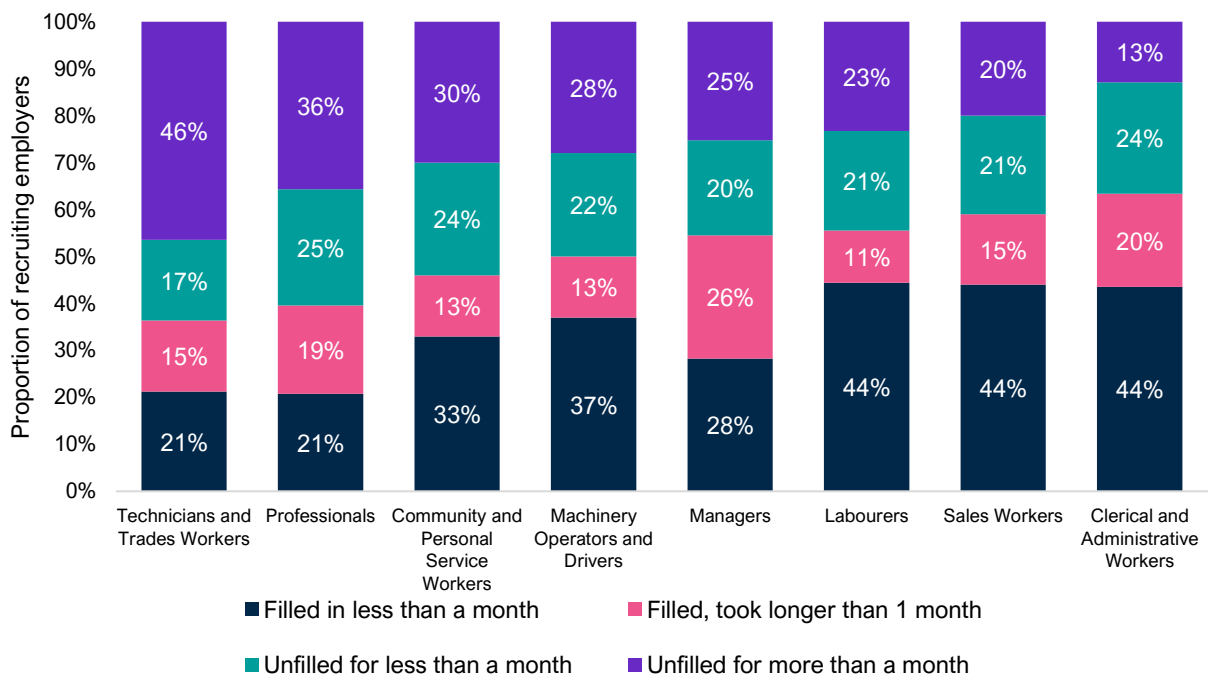


Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Time to fill by occupation

In 2023, employers recruiting for Technicians and Trades Workers were the most likely to have unfilled vacancies which they had been trying to fill for over a month (46%), followed by Professionals (36%) and Community and Personal Service Workers (30%). Conversely, only 13% of employers recruiting for Clerical and Administrative Workers had unfilled vacancies which they had been trying to fill for over a month.

Figure 15: % of recruiting employers by time taken to fill vacancies, by occupation group (2023)

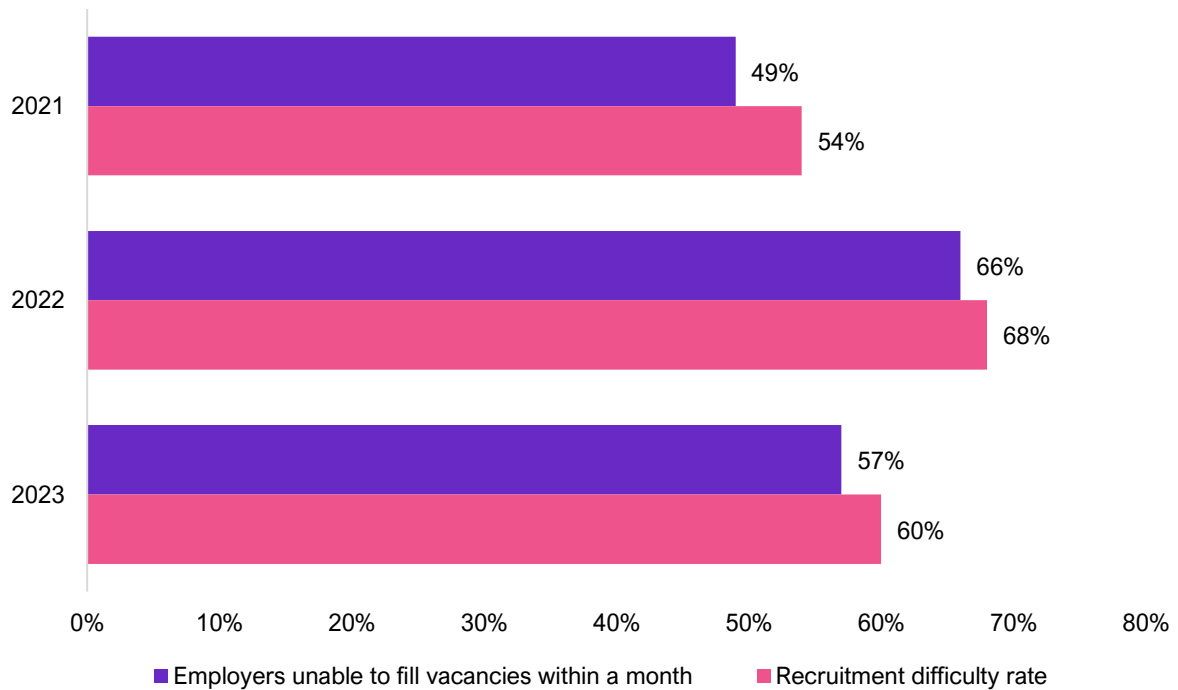


Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Time to fill – excluding unfinished recruitment

Excluding those employers who may not have had time to finish recruiting, 57% of employers were unable to fill their vacancies within the first month, a decrease from 66% in 2022. As shown in Figure 16, movements in the recruitment difficulty rate are associated with movements in the time taken to fill vacancies. In other words, and unsurprisingly perhaps, the more difficult it is to fill vacancies, the longer employers tend to take to fill them.

Figure 16: % of recruiting employers with vacancies that took longer than a month to fill and recruitment difficulty rate (2021 to 2023)



Note: Calculations exclude employers with unfilled vacancies who had been recruiting for less than a month. Collection of data on the time vacancies took to fill commenced in May 2021. For consistency the 2021 recruitment difficulty rate only covers the period from May 2021 to December 2021.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, December 2023.

Background

The Recruitment Experiences and Outlook Survey (REOS) is an ongoing survey of employers across Australia. Approximately 1,000 employers are surveyed each month, with data published on the [Jobs and Skills Australia](#) website. While the data are indicative of recruitment activity, they may be subject to seasonal factors and other volatility and should therefore be used with caution. The survey is targeted towards employers with five or more employees and excludes many government organisations. Further information is available in the [REOS methodology paper](#).

Data from the REOS are published monthly in the *Recruitment Insights Report* which is generally published on the 3rd Tuesday of the month. Spotlights are also produced in most months, generally released in the first week of the month.

Recent Spotlight topics include:

- *REOS December quarter 2023 report (published February 2024)*: more detailed REOS data disaggregated by state, area, industry and occupation are released in this quarterly report.
- *Employers who hired a jobless applicant (published December 2023)*. This looks at the industries more likely to hire jobless applicants, and the types of jobs they were hired for.

Earlier topics include employers greatest concerns for the future, unrealised vacancies, recruitment patterns for entry level workers and trends in recruitment difficulty.

Technical notes

The REOS is a telephone administered survey with the business owner or other person in the business responsible for recruitment. All figures presented in this report have been weighted by location and workplace size, according to the Australian Bureau of Statistics [Counts of Australian Businesses, including Entries and Exits](#) (June 2018 to June 2022) publication. The weighted figures are intended to create nationally representative results by correcting for the oversampling of smaller regions compared with larger regions.

Data collected in the survey have been coded and reported according to the following ABS classifications:

- Industry is defined by the [Australian and New Zealand Standard Industrial Classification \(ANZSIC\)](#), 2006, Version 2.0.
- Occupation is defined by the [Australian and New Zealand Standard Classification of Occupations \(ANZSCO\)](#), 2013, Version 1.3.
- Capital City and Rest of State areas are defined by the [Australian Statistical Geography Standard \(ASGS\): Volume 1 - Main Structure and Greater Capital City Statistical Areas](#), July 2016.
- Data in this release should be referenced as: Jobs and Skills Australia, REOS Spotlight, 2023 in Review

For more information, email: REOS@jobsandskills.gov.au