Australian Government

National Skills Commission

Employers' Insights on the Australian Labour Market

2020 Data Report

27 July 2021

Contents

Key points

The National Skills Commission conducts ongoing surveys of employers to monitor labour market conditions. In 2020, over 10,000 employers were surveyed about the impacts of COVID-19 on their businesses and their recruitment experiences and staffing outlook.

The impact of COVID-19 on businesses in 2020

- The impact of COVID-19 on businesses generally decreased from April 2020, when national restrictions were in place, to the end of the year. In April 2020, 52% of businesses reported that they were impacted "a great deal" by COVID-19. By December 2020, this figure had reduced to 14%.
- The most common impact of COVID-19 on businesses was a decrease in demand for products and services, with 67% of businesses experiencing lower demand in April. This gradually fell throughout the year to 31% in December. Businesses in the Accommodation and Food Services industry were the most heavily impacted by the pandemic, with 91% experiencing lower demand in April and 49% still experiencing lower demand in December.
- The pandemic caused an acceleration in the adoption of new technologies by companies, with many businesses implementing work from home practices. Some 34% of businesses had staff working from home in the June quarter, and 16% had staff working from home in the December quarter.

Staffing changes over 2020

- The initial impact of COVID-19 in Australia saw 27% of employers reporting decreased staffing levels in April 2020. By October, employers were much more likely to have increased than decreased staffing levels.
- In April 2020, 26% had reduced staff hours. Some 19% of employers expected their staffing levels to decrease over the coming months, while 4% expected to increase their staffing levels.
- Conditions for businesses had greatly improved by December 2020. Although 15% of employers were still reducing staff hours, just 4% of employers were standing down staff and 23% of employers expected their staffing levels to increase over the coming months.

Recruitment activity in the second half of 2020[1]

- The recruitment rate increased towards the end of the year, peaking nationally in November. It was higher in rest of state areas compared with capital cities from June to December.
- A slightly larger proportion of recruiting employers reported recruitment difficulty in 2020 as in 2019. Recruitment difficulty, however, became less common in capital cities and more common in rest of state areas.
- Recruitment websites and job boards were the most common method of recruitment. The use of social media for recruitment increased from 14% of businesses in 2019 to 19% in 2020.

[1] Detailed data on recruitment for 2020 was only collected from August to December.

Survey information

The National Skills Commission conducts ongoing surveys of employers to monitor labour market conditions. Over 10,000 businesses were surveyed across 2020.

In response to the unfolding COVID-19 pandemic, the Department of Education, Skills and Employment (DESE) began the **Impacts of COVID-19 on Businesses Survey** in March 2020 to measure the impact of COVID-19 on businesses across Australia from an employer perspective. The National Skills Commission took over the survey, when it was established in May 2020.

The survey replaced the **Survey of Employers' Recruitment Experiences** previously run by DESE (and its predecessor departments), which has provided nationally representative data about recruitment activity, recruitment difficulty and methods of recruitment since 2016.

From August 2020, the survey continued to monitor the impact of COVID-19 but expanded its scope to once again collect data on recruitment. At this point, the name of the survey changed to the **Recruitment Experiences and Outlook Survey**. This is an ongoing survey, which has continued into 2021 and is planned to continue in a similar form, providing unique insights into employers' recruitment experiences.

Data in the report have been presented either monthly, quarterly or for the whole of 2020, depending on the topic and available sample. Comprehensive data tables are available for download on the Labour Market Information Portal.

2020 timeline and key survey dates

January

25 – First confirmed case of COVID-19 in Australia

February

March

12 – Confirmed cases of COVID-19 in every state and territory
18 – Non-essential indoor gatherings of 100+ people are banned
20 – Survey of Employers' Recruitment Experiences is suspended
20 – Minimum space requirements imposed (4m^2/person)
25 – Non-essential businesses ordered to close
26 – Impacts of COVID-19 on Businesses Survey begins

April

17 – JobSeeker payments commenced
26 – WA starts easing restrictions

May

1 – NT & QLD start easing restrictions
1 – JobKeeper payments commenced
11 – SA & TAS start easing restrictions
13 – VIC start easing restrictions
15 – ACT starts easing restrictions

June

July

Early July – new restrictions imposed in VIC
20 – Childcare sector JobKeeper ends
21 – Extensions to JobKeeper announced
21 – Extensions to JobSeeker announced

August

2 – Stage 4 restrictions introduced to Metropolitan Melbourne
10 – Survey shifts focus to recruitment and is renamed the Recruitment Experiences and Outlook Survey

September

13 – VIC starts easing restrictions
25 – JobSeeker supplement reduced
28 – JobKeeper payments reduced

October

18 – Many businesses reopen in regional VIC
26 – Many businesses reopen in Melbourne

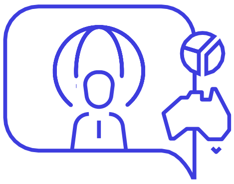
November

16 – Survey includes questions on new technology adoption
18 – Three day lockdown in SA

December

18 – Survey concludes for 2020
19 – Lockdown begins on Sydney's Northern Beaches

Part 1:
The impact of COVID-19 on businesses



The COVID-19 pandemic had a significant impact on businesses in 2020. Trading restrictions saw businesses close for a period, operate at reduced capacity or change their operational methods. Many businesses were also affected by worsening economic conditions, state and national border closures and reduced human movement. These impacts varied by industry and business location, and changed throughout the year as restrictions were introduced and eased in response to case numbers across Australia.

The Department of Education, Skills and Employment began asking businesses about the impact of COVID-19 in late March 2020. Upon its establishment, the National Skills Commission continued the survey and captured improving employer sentiment through to the end of the year. Employers were asked about the specific effects of COVID-19, such as whether a decreased demand for their goods and services, supply difficulties or staffing issues were impacting their business. The survey also collected data on work from home arrangements as the nature of this aspect of the workforce shifted rapidly, and in November and December questions about the adoption of new technologies due to COVID-19 were added.

1.1 Level of impact of COVID-19 on businesses

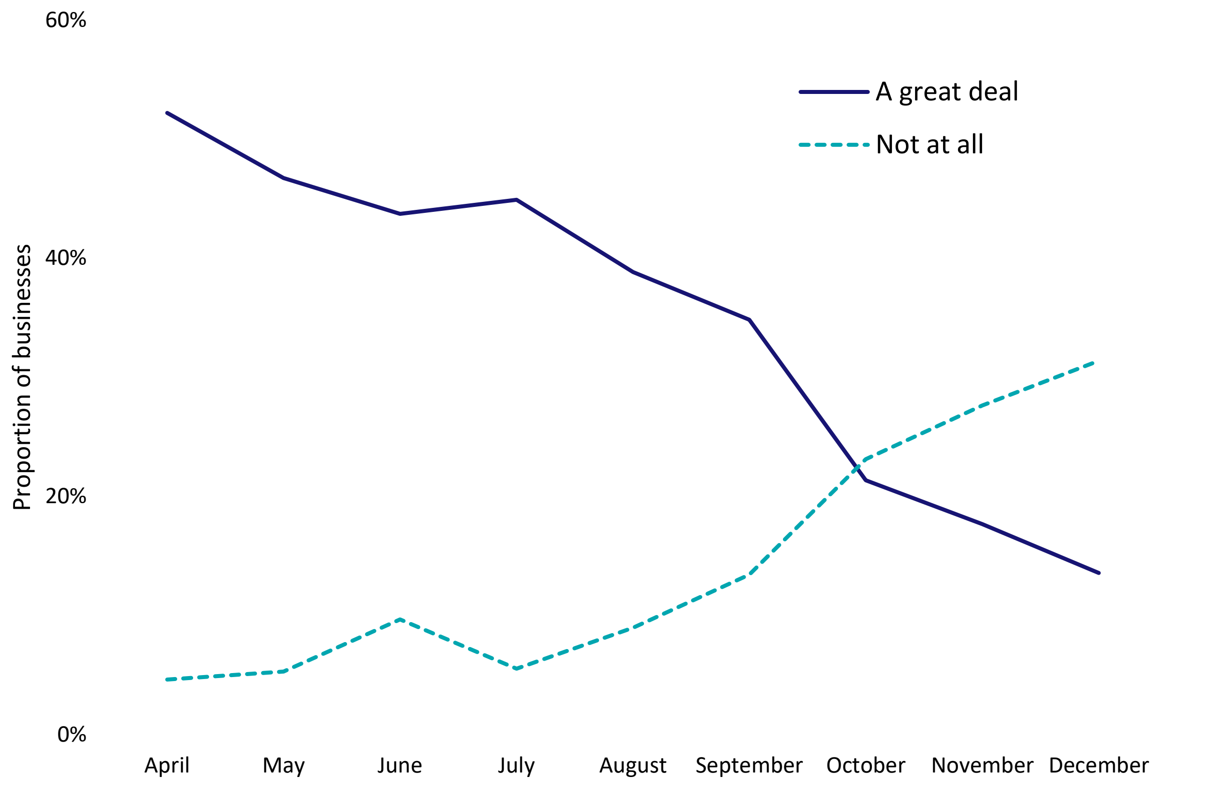
Non-essential businesses across the country were ordered to close on 25 March 2020. These restrictions began to ease on a state by state basis from late April, but businesses continued to be impacted throughout 2020 directly by the effect of restrictions and indirectly through effects such as higher unemployment and less discretional spending. While the impact of COVID-19 on businesses largely decreased over the year to December for much of the country, Victoria faced tight restrictions in August, September and October in response to a second outbreak of COVID-19 in the state, resulting in severe impacts for businesses.

National

In April, more than one in two (52%) businesses said that they were impacted “a great deal” by the COVID-19 pandemic. While restrictions were eased for much of the country by mid-June, businesses in areas such as food services and the arts continued to face tight restrictions that limited their operating capacity. The proportion of businesses impacted “a great deal” fell gradually to July, to stand at 45%. It then declined rapidly to 14% by December.

The proportion of businesses not impacted at all remained low from April, when it stood at 5%, to July, when still just 6% of businesses were not impacted by COVID-19. However, this proportion increased significantly from July to December. In December, nearly one in three (31%) businesses reported they were not impacted at all by COVID-19.

Figure 1: Businesses impacted a great deal or not at all by COVID-19, April to December 2020[2]

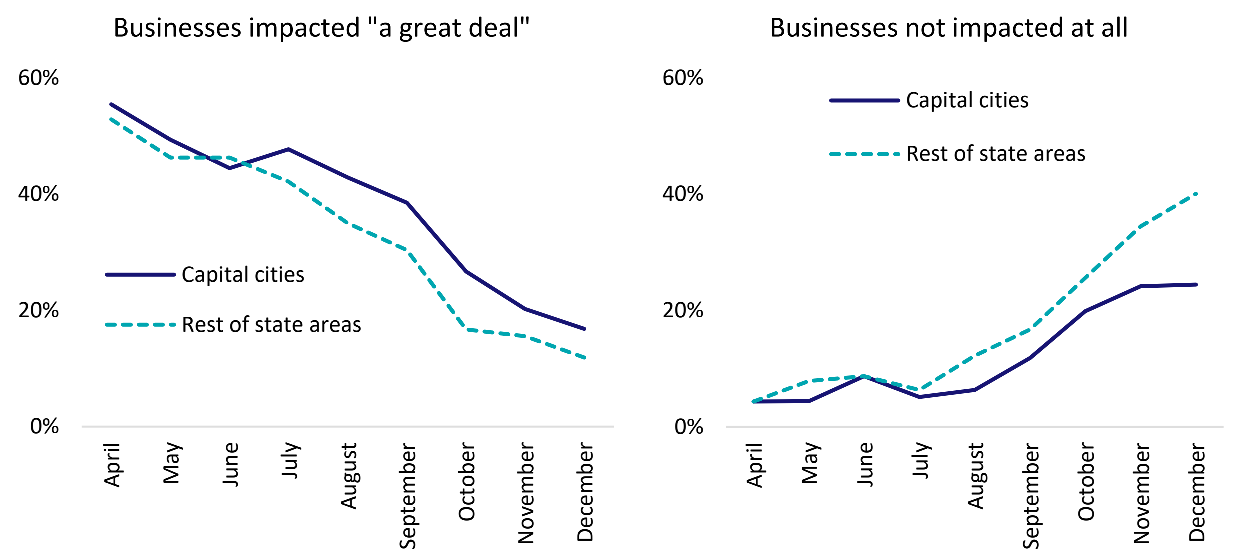


[2] Prior to August 10, employers were asked about the level of impact of COVID-19 on the business since February. From August 10, employers were asked about the current impact of COVID-19 on the business.

Region and state

From April to June, there was little difference in the reported level of business impact between capital cities and rest of state areas. From July to December, businesses in rest of state areas were less likely to say that they were impacted "a great deal" by COVID-19 and were more likely to say that they were not impacted at all. In December, some 41% of businesses in rest of state areas said that they were not impacted at all, compared with 25% of businesses in capital cities. This suggests that regional areas saw a faster recovery and were able to get back to normal business conditions faster than those in capital cities.

Figure 2: Businesses impacted a great deal or not at all by COVID-19 by region, April to December 2020

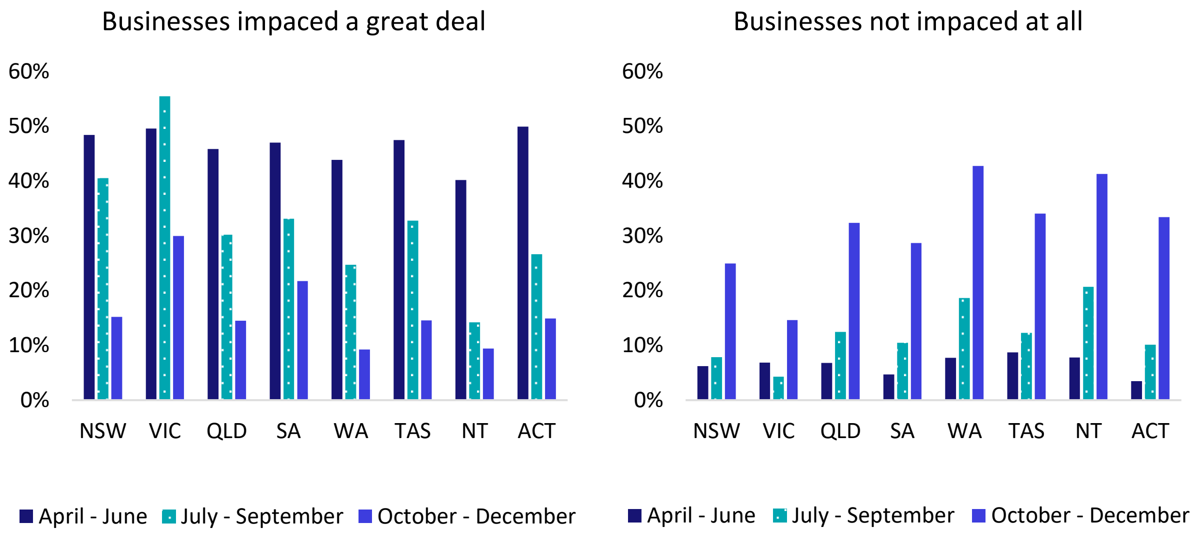


The states and territories were initially impacted to a similar degree due to the national restrictions imposed from March 25. In the June quarter, businesses in Victoria and the Australian Capital Territory were most likely to have been impacted "a great deal" by COVID-19 (both 50%), while businesses in the Northern Territory were the least likely to be impacted "a great deal" (40%).

Restrictions were lifted at various times across the states and territories, with business recovery rates differing. By December 2020, impacts had eased significantly for all states and territories, however, there remained disparity in the extent of recovery between the states and territories. In the December quarter, 43% of businesses in Western Australia reported that they were not impacted at all by COVID-19, the highest proportion of any state or territory, followed by the Northern Territory (41%) and Tasmania (34%).

Businesses in Western Australia and the Northern Territory (both 9%) were the least likely to report that they were impacted "a great deal" by COVID-19 in the December quarter. Some 30% of businesses in Victoria were impacted "a great deal", and Victoria was the only state where businesses were more likely to be impacted "a great deal" than not at all in the quarter.

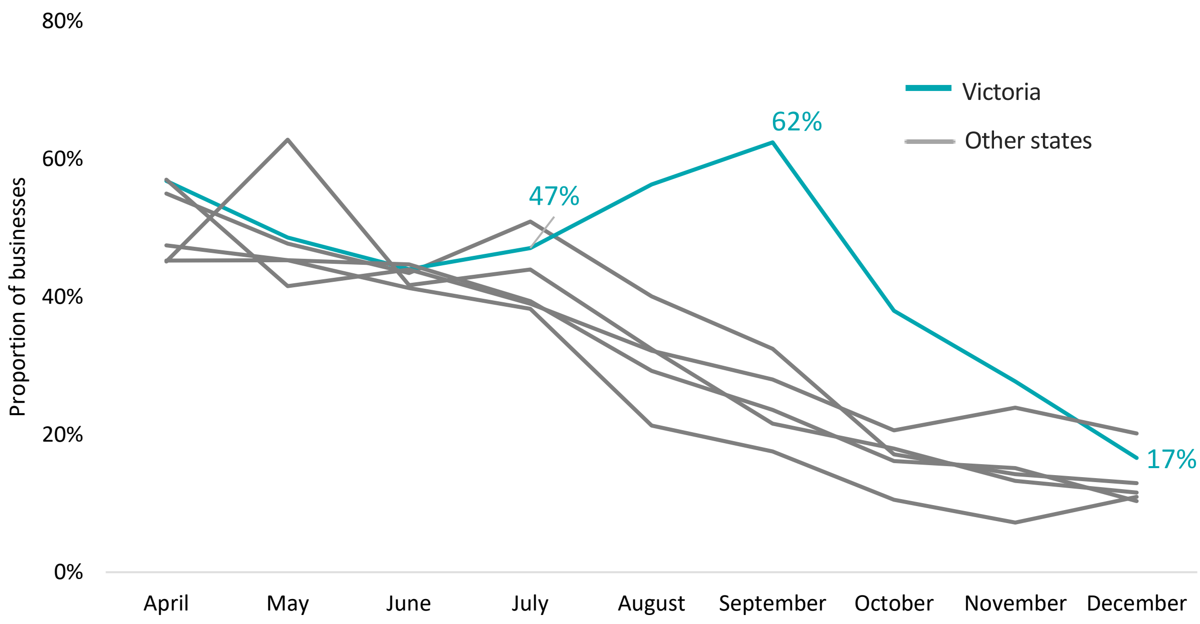
Figure 3: Businesses impacted a great deal or not at all, December quarter 2020, by state and territory



Victoria felt the impact of COVID-19 substantially more than other states in 2020. In late June and through July, various restrictions were introduced in Victoria in response to a growing number of cases of COVID-19. In early August, metropolitan Melbourne was moved to Stage 4 restrictions, which included movement restrictions and a curfew.

From April to June, the proportion of businesses in Victoria that were impacted a great deal by COVID-19 was decreasing in line with the other states. This increased slightly in July, then significantly to a peak of 62% in September – nearly twice the level of New South Wales (32%). By December, 17% of businesses in Victoria said that they were impacted a great deal, only slightly above the national average (14%). South Australia had the highest proportion of businesses that reported they were impacted a great deal (20%) in December, likely due to the increase in cases and subsequent lockdown in the state during November.

Figure 4: Businesses impacted "a great deal", April to December 2020, Victoria compared with other states

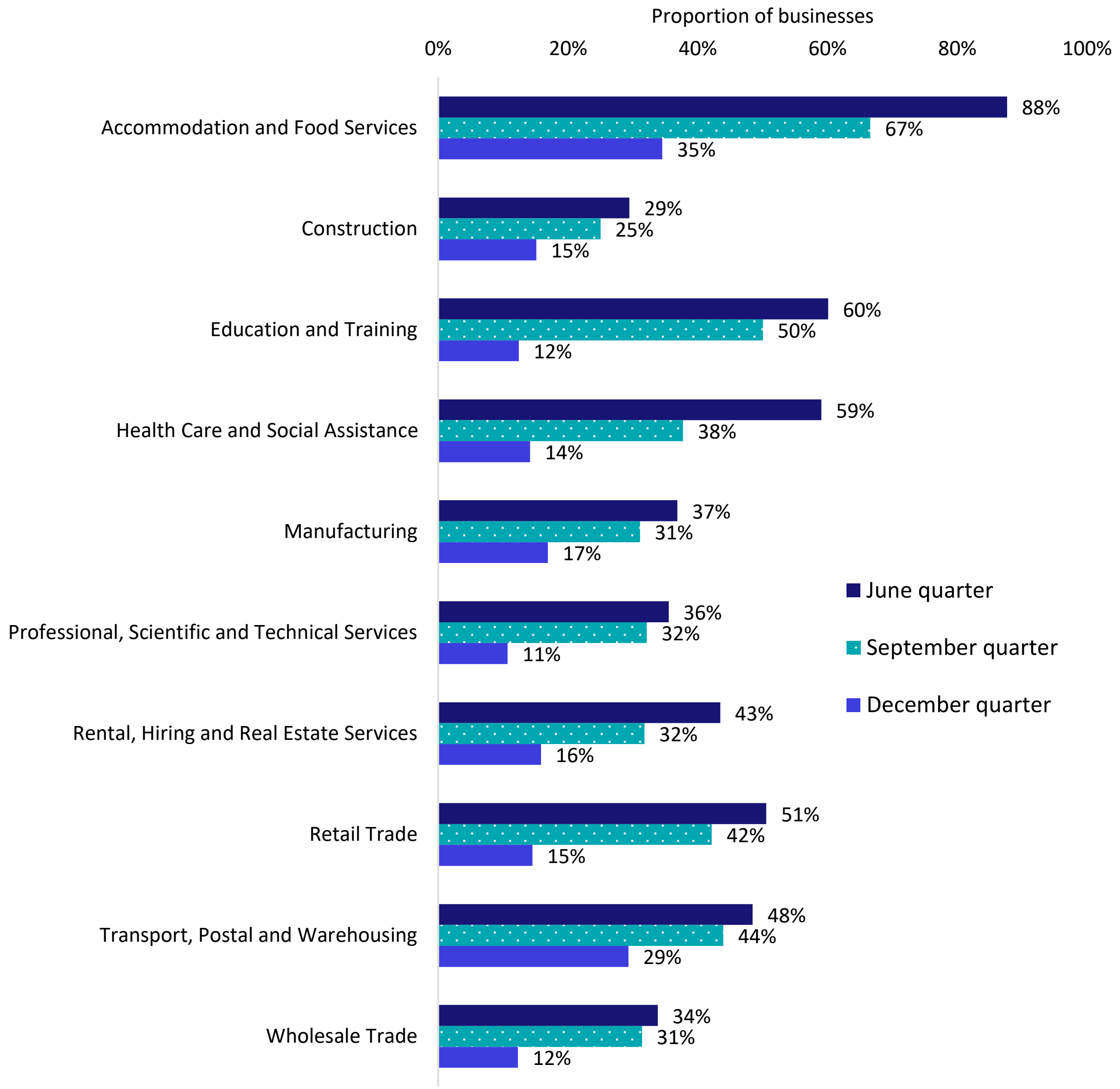


Industry

The extent of the impact of COVID-19 on businesses differed greatly by industry. In the June quarter, some 88% of businesses in the Accommodation and Food Services industry said that they were impacted “a great deal”, along with 60% of businesses in the Education and Training industry and 59% in Health Care and Social Assistance. This was significantly higher than the proportion of businesses reporting that they were impacted “a great deal” in the Construction (29%), Wholesale Trade (34%) and Professional, Scientific and Technical Services (36%) industries, noting these are still large proportions in their own right.

While the proportion of businesses greatly impacted fell substantially for all industries, businesses in Accommodation and Food Services were still much more likely to be impacted “a great deal” in the December quarter, with more than one in three businesses (35%) in this category.

Figure 5: Businesses impacted “a great deal” by COVID-19 by select industries and quarter



1.2 Effects that COVID-19 had on businesses

The pandemic had a range of impacts on businesses, including lowering demand for goods and services, supply issues and operational restrictions. Many businesses changed the way they operated, often increasing cleaning procedures or implementing social distancing measures. A number of businesses also saw a positive impact from COVID-19 due to an increasing demand for their goods and services.

National

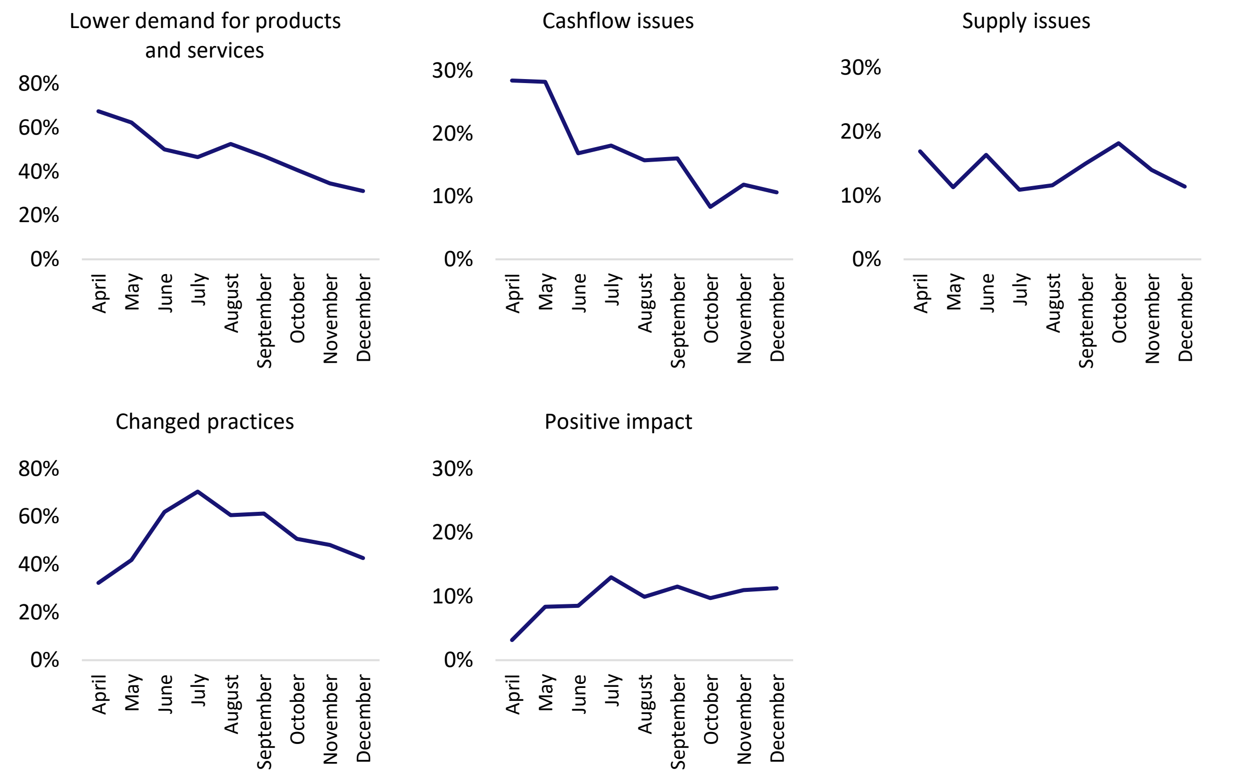
The most common impact of COVID-19 on businesses was a decrease in demand for their products and services. Two in three (67%) businesses experienced lower demand in April. This fell gradually through the year to one in three (31%) in December. Similarly, the proportion of businesses that reported cashflow issues was at 28% in April, before falling to 11% in December.

This same trend was not seen in the proportion of businesses that reported experiencing supply issues. Some 17% of businesses reported supply issues in April – this figure did not fall below 11% in any month, and peaked at 18% in October.

In July, 70% of businesses were operating with changed business practices. This rose from 32% in April, likely due to the time needed to implement changes, uncertainty early in the pandemic on the changes required, and businesses re-opening with strict measures after temporarily closing. This proportion decreased to 43% in December as the need for changed business practices diminished.

Across the whole period from April to December, 9% of businesses reported that COVID-19 was having a positive impact on their business. This figure increased from 3% in April to a peak of 13% in July, before remaining relatively steady.

Figure 6: Effects of COVID-19 on business, April to December 2020, proportion of businesses

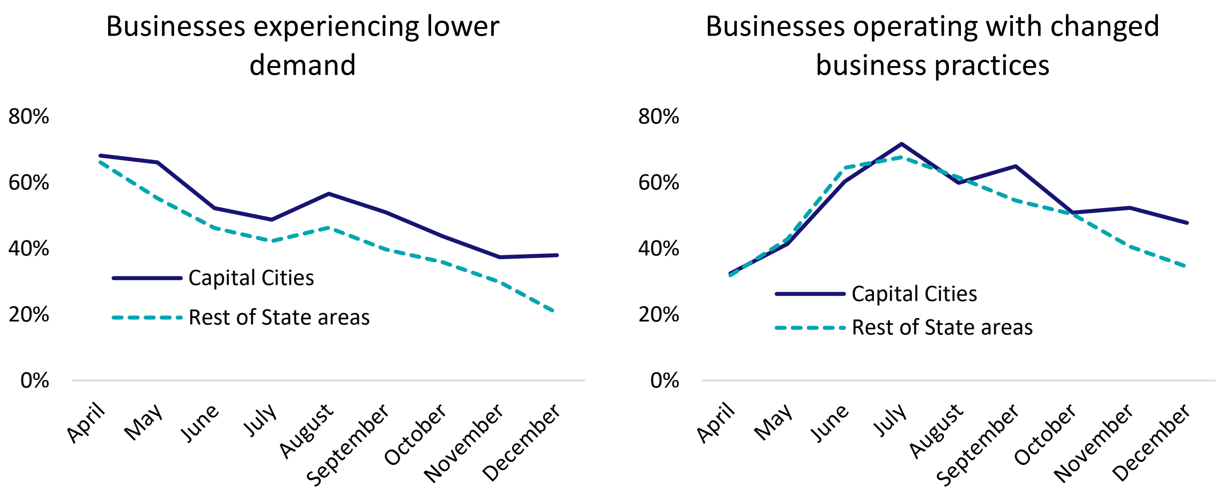


Region and state

Businesses in rest of state areas were less likely to be experiencing lower demand for their goods and services due to COVID-19 than those in capital cities across 2020. In December, some 20% of businesses in rest of state areas were experiencing lower demand, compared with 38% in capital cities.

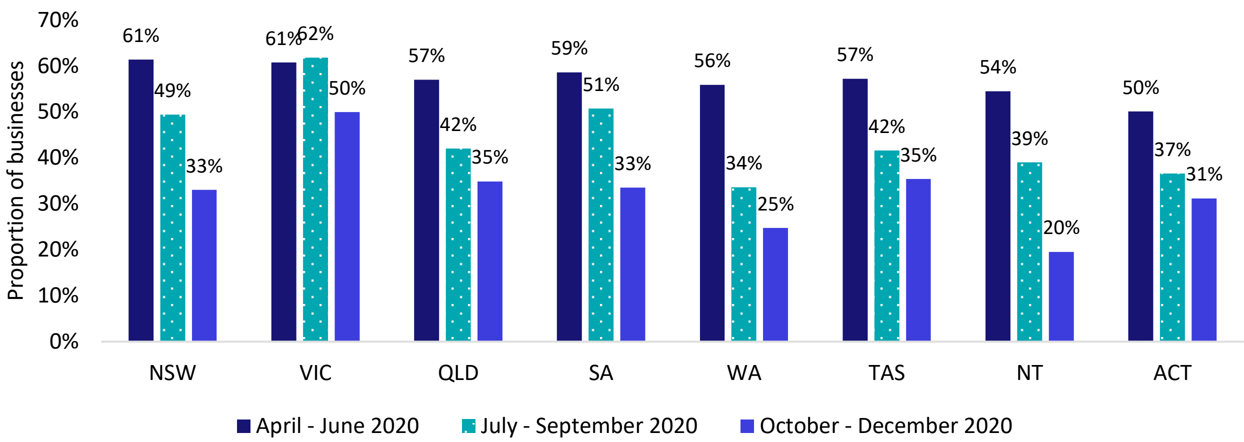
Between April and August, a similar proportion of businesses in capital cities and rest of state areas were operating with changed business practices. However, from July, this impact was generally more common in capital cities than rest of state areas. In December, 48% of businesses in capital cities reported changing business practices compared with 35% in rest of state areas. This highlights that the impact of COVID-19, while still present, was diminished in rest of state areas by the end of the year.

Figure 7: Businesses experiencing lower demand or operating with changed business practices in capital cities and rest of state areas, April to December 2020



In the June quarter, at least half of businesses in each state and territory were experiencing lower demand. This proportion had decreased in the September quarter for every state other than Victoria, where it remained elevated in the September quarter (62%) and the December quarter (50%). In most other states around one in three businesses reported experiencing lower demand in the December quarter, but this was notably lower in Western Australia (25%) and the Northern Territory (20%).

Figure 8: Businesses experiencing lower demand, by state and quarter



Industry

Businesses in the Accommodation and Food Services industry were among the most heavily impacted by the pandemic, facing complete closures, ongoing limited seating capacity, decreased consumer activity and decreased tourism. In April, some 91% of businesses in the industry were experiencing lower demand due to COVID-19, the highest of any of the reported industries[3]. By December, one in two (49%) businesses in Accommodation and Food Services were still experiencing lower than usual demand for their products and services, however the proportion experiencing cashflow issues had decreased from 43% to 9% in the same timeframe.

While there had been a significant recovery from the height of the impacts of COVID-19 on Australian businesses, demand was still lower than normal for businesses across many industries in December – some 37% of businesses in Manufacturing and 34% in Construction reported that lower demand due to COVID-19 was impacting their business.

Table 1: Businesses experiencing lower demand, supply issues or cashflow issues, by selected industries in April and December 2020

	Lower demand -		Cashflow issues -		Supply issues -	
Industry	**April**	**December**	**April**	**December**	**April**	**December**
Accommodation and Food Services	91%	49%	43%	9%	5%	8%
Construction	68%	34%	29%	17%	17%	16%
Health Care and Social Assistance	63%	26%	25%	2%	18%	9%
Manufacturing	71%	37%	24%	8%	24%	19%
Professional, Scientific and Technical Services	52%	21%	37%	11%	14%	0%
Retail Trade	56%	18%	20%	7%	21%	16%
Wholesale Trade	69%	17%	24%	5%	25%	13%

Businesses in the Accommodation and Food Services and Health Care and Social Assistance industries were the most likely to have implemented new business practices – nine in ten (89%) businesses in these industries had introduced new measures in July. Across 2020, some 21% of businesses in the Retail Trade industry reported that COVID-19 had a positive impact on their business, likely driven by increased sales volume at grocery stores and for home office equipment such as electronics and furniture.

1.3 Work from home and new technologies

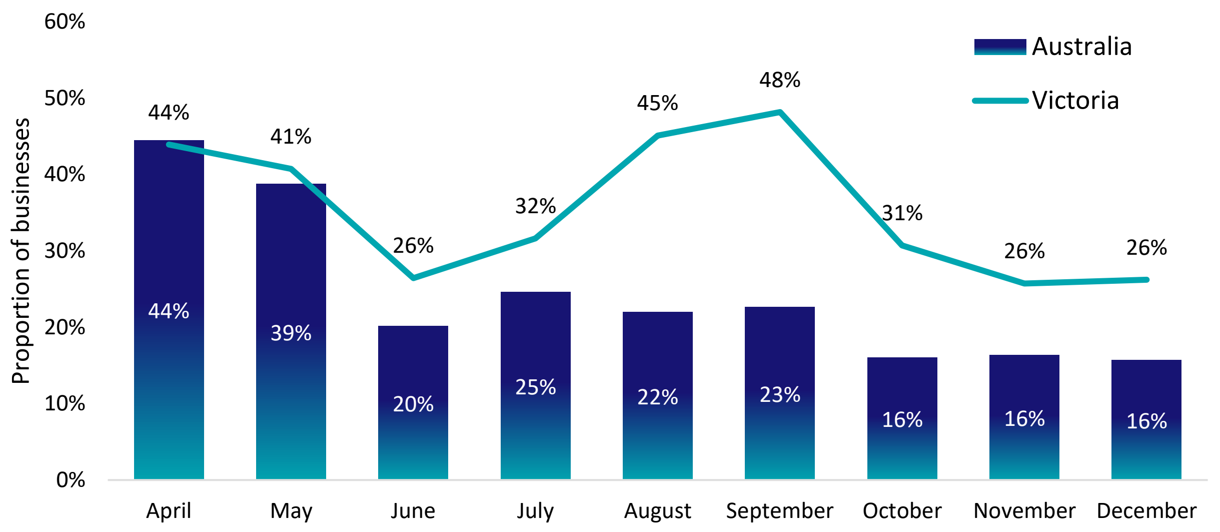
In late March, the National Cabinet announced that all non-essential businesses would close, and that people would need to work from home if they were able to do so. The ability to work from home kept many businesses operating. Technology to work from home, such as secure network facilities and video conferencing, were embraced by many businesses out of this necessity. Other technologies such as online sales and automated check-in procedures also saw increased adoption by businesses.

[3] Some industries are not reportable due to small sample sizes.

In April, 44% of surveyed businesses had staff working from home. By December, this proportion had dropped to 16%.

The outbreak of COVID-19 in Victoria in July saw many businesses across the state continue with working from home arrangements in the second half of the year. Some 48% of businesses in Victoria had staff working from home in September, compared with a national figure of 23%. In December, 26% of businesses in Victoria still had staff working from home with office capacity restrictions in place for the state moving into 2021.

Figure 9: Businesses with working from home arrangements by month, Australia and Victoria[4]



The ability of staff to work from home depended on the nature of work conducted. In the December quarter, around half (49%) of the businesses in the Professional, Scientific and Technical Services industry still had staff working from home, compared with just 6% of businesses in Retail Trade and 3% of those in Accommodation and Food Services.

A move to working from home was one of the reasons for an accelerated adoption of new technologies by businesses through 2020. One in three (33%) businesses brought in new technology due to COVID-19. Of these businesses, more than a quarter (29%) noted a "substantial acceleration" of the adoption of new technologies due to the pandemic, while 64% had a "moderate acceleration". The long-term impacts of COVID-19 on businesses are unknown, however it is likely that many of these technologies, such as video conferencing replacing business travel, will remain in use at higher levels even once the health impacts of the pandemic have largely passed.

There was little difference between capital cities (34%) and rest of state areas (32%) in the uptake of new technologies. Businesses in New South Wales (40%) and South Australia (39%) were the most likely to report that they introduced new technologies. Of the businesses that adopted new technologies, those in Victoria (36%) were most likely to say that the pandemic caused a substantial acceleration in their technology adoption.

[4] A number of changes were made to this question over time to ensure the question was appropriate at the time of asking it. This means the data should be treated with some caution. In April 2020 businesses were asked whether they had staff working from home since the onset of the pandemic; in May 2020 businesses were asked whether they had staff working from home *in the past month*; while from June 2020 businesses were asked whether they *currently* had staff working from home. Prior to mid-July 2020, the small proportion of businesses that reported no impact from COVID-19 were not asked whether they had staff working from home.

Table 2: New technology adoption and acceleration, 2020, by state and territory

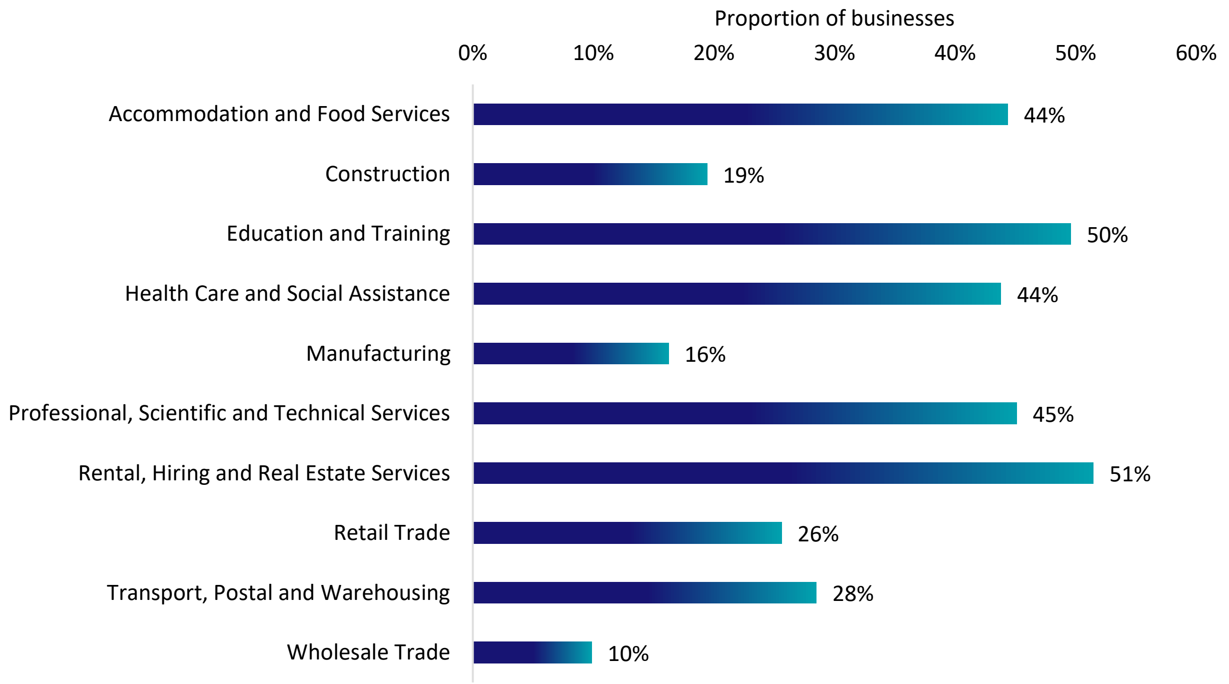
State	New technology was adopted due to COVID-19	COVID-19 caused a substantial acceleration in technology adoption*	COVID-19 caused a moderate acceleration in technology adoption*
New South Wales	40%	27%	66%
Victoria	32%	36%	58%
Queensland	27%	25%	60%
South Australia	39%	24%	72%
Western Australia	26%	21%	73%
Tasmania	26%	*n.p*	*n.p*
Northern Territory	22%	*n.p*	*n.p*
Australian Capital Territory	34%	*n.p*	*n.p*

* As a proportion of the businesses that adopted new technology due to COVID-19

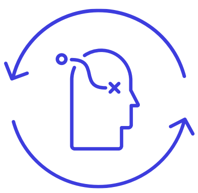
n.p. = not publishable due to insufficient data

Among the major industries, businesses were most likely to have introduced new technologies in the Rental, Hiring and Real Estate Services industry (51%), likely driven by new leasing and inspection procedures, and the Education and Training industry (50%), driven by requirements for remote learning in both schools and higher education. Businesses in Manufacturing (16%) and Wholesale Trade (10%) were least likely to adopt new technologies.

Figure 10: Businesses that adopted new technology due to COVID-19 in 2020, by selected industries



Part 2:
Staffing changes over 2020



The impact of COVID-19 on business operations, as discussed in Part 1 of this report, caused changes to staffing levels over the course of 2020.

From late March 2020, employers were asked how their staffing levels had changed over the previous month and their expected change to staffing levels over the coming months. Employers were also asked whether staff employed had been stood down, meaning that they were still employed but on unpaid leave or zero hours, and whether staff were on reduced hours.

In April and May, many employers had reduced staffing levels in response to the impacts of COVID-19. By October, however, more employers were increasing staffing levels than decreasing, as business conditions improved.

2.1 Employers increasing or decreasing staffing levels

The COVID-19 pandemic caused many businesses to face trading restrictions, a lower demand for goods and services, supply issues and cashflow issues. These factors contributed to changing operational requirements and a business' need for employees.

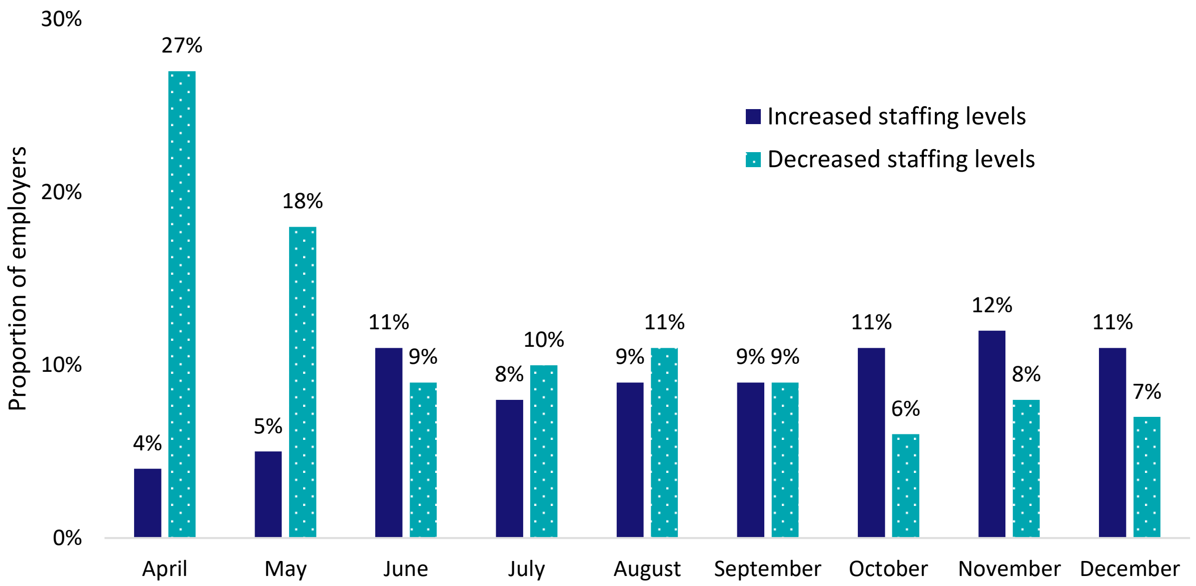
National

One in four (27%) employers in April 2020 reported that they had decreased staffing levels in the previous month. This proportion remained high in May (18%) but fell to 9% in June. In December, 7% of employers had decreased staffing levels in the previous month.

Conversely, only 4% of employers reported that they had increased staff over the previous month in April 2020. While this proportion only marginally increased to 5% in May, it more than doubled to stand at 11% in June. It remained at around this level for the remaining months of 2020.

In October, November and December, employers were more likely to have increased than decreased staffing levels, which indicates a significant improvement to business conditions compared with the period from April to September.

Figure 11: Employers increasing or decreasing staffing levels, April to December 2020

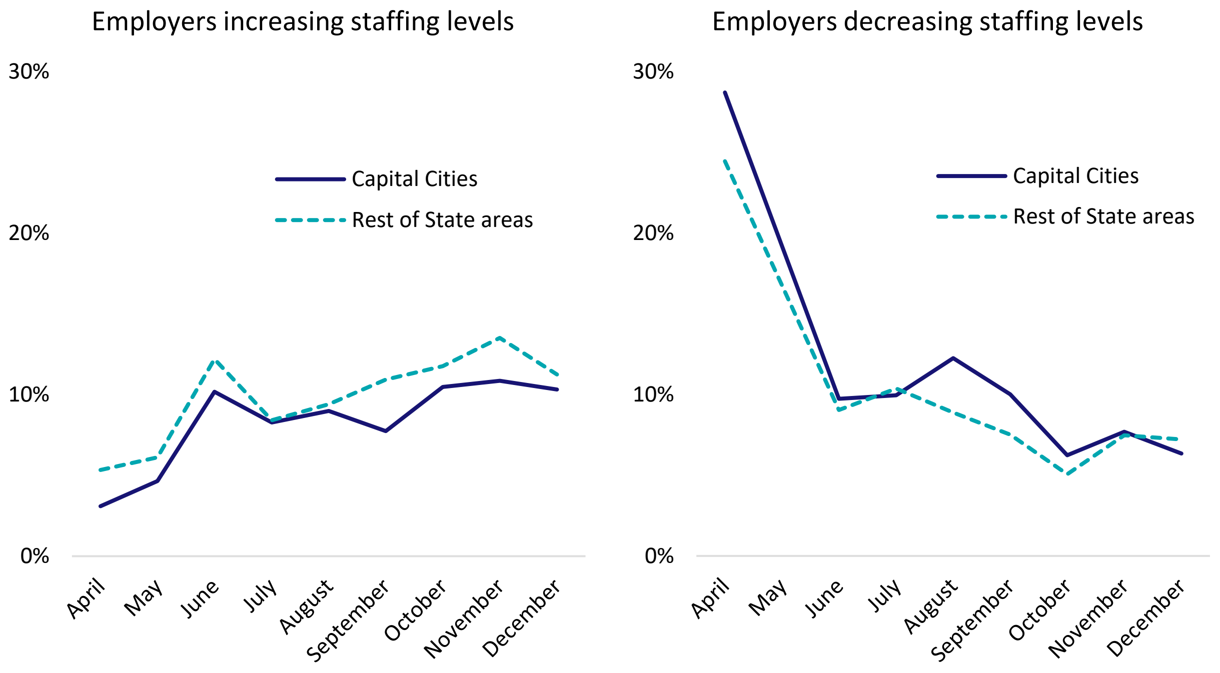


Region and state

In April 2020, some 29% of employers in capital cities reported a decrease in staffing levels, compared with 24% of employers in rest of state areas. In May and June, there was a sharp decline in the number of employers reducing staffing levels in both capital cities and rest of state areas, with both sitting at 10% in July.

In April, 5% of employers in rest of state areas, and 3% in capital cities, had recently increased staffing levels. These proportions increased to 12% and 10% respectively in June, and stayed at similar levels for the rest of the year. Employers in rest of state areas were generally more likely than those in capital cities to increase staffing levels.

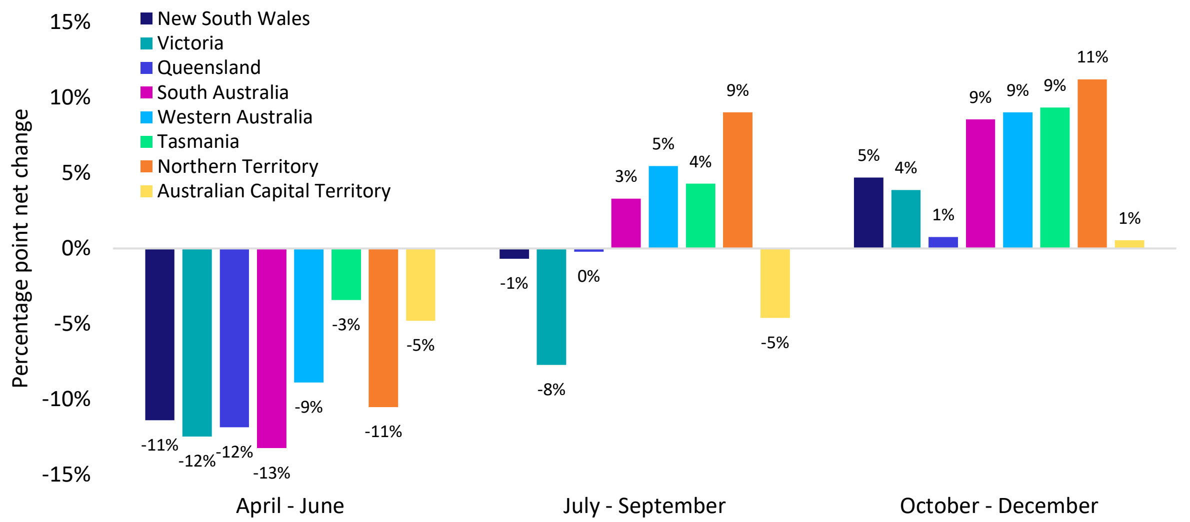
Figure 12: Employers increasing or decreasing staffing levels by region, April to December 2020



Staffing level changes can also be analysed in terms of the net change, defined as the proportion of employers that increased staffing levels minus the proportion of employers that decreased staffing levels. Employers were more likely to decrease than increase staffing levels in each state for the June quarter, with the largest negative net changes seen in South Australia (-13%), Victoria (-12%) and Queensland (-12%).

In the September quarter, Victoria (-8%) and the Australian Capital Territory (-5%) had the largest net negative changes, while those in the Northern Territory (+9%) and Western Australia (+5%) had the largest net positive changes. This highlights the varied recovery rates in staffing level changes by state. Each state recorded a net positive rate of staff change in the December quarter.

Figure 13: Employers net change in staffing levels, by state and quarter



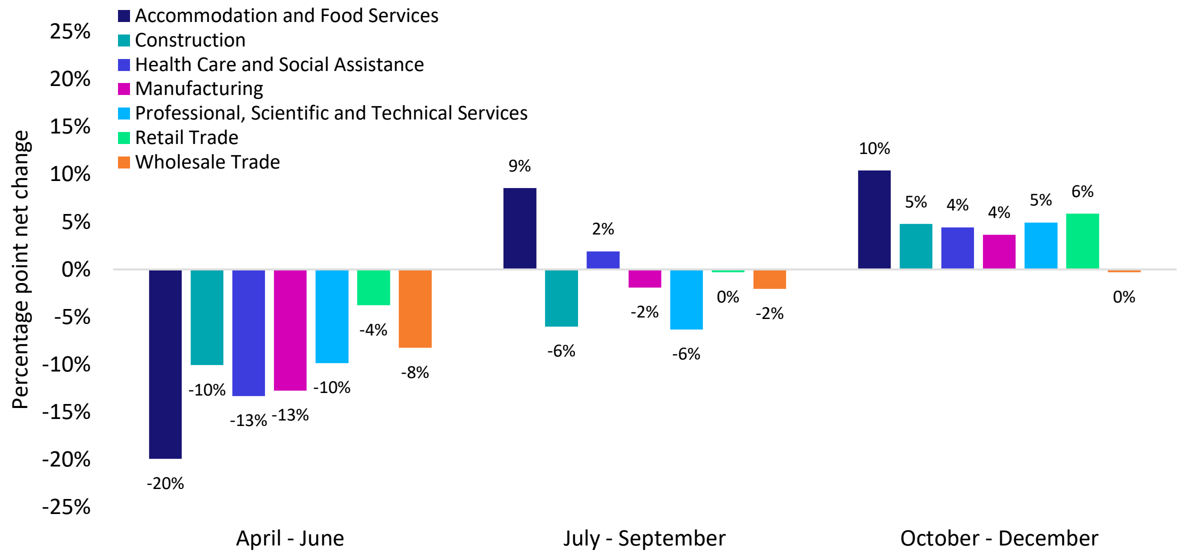
Industry

The industries with the largest negative net changes in staff in the June quarter were Accommodation and Food Services (-20%), Health Care and Social Assistance (-13%), and Manufacturing (-13%).

In the September quarter, employers in the Construction (-6%) and Professional, Scientific and Technical Services (-6%) industries were significantly more likely to decrease than increase staffing levels. Staffing levels began to rebound in the Accommodation and Food Services industry, where a +9% net increase was recorded.

In the December quarter, all of the reported industries other than Wholesale Trade (which recorded a net change of 0%) were more likely to increase than decrease staffing levels, with the largest net positive change seen in the Accommodation and Food Services industry (+10%), followed by Retail Trade (+6%).

Figure 14: Employers net change in staffing levels, by selected industries and quarter



2.2 Employers standing down staff

Many employers stood down staff in response to restrictions and economic conditions. These staff were maintained as employees but put on unpaid leave or on zero hours.

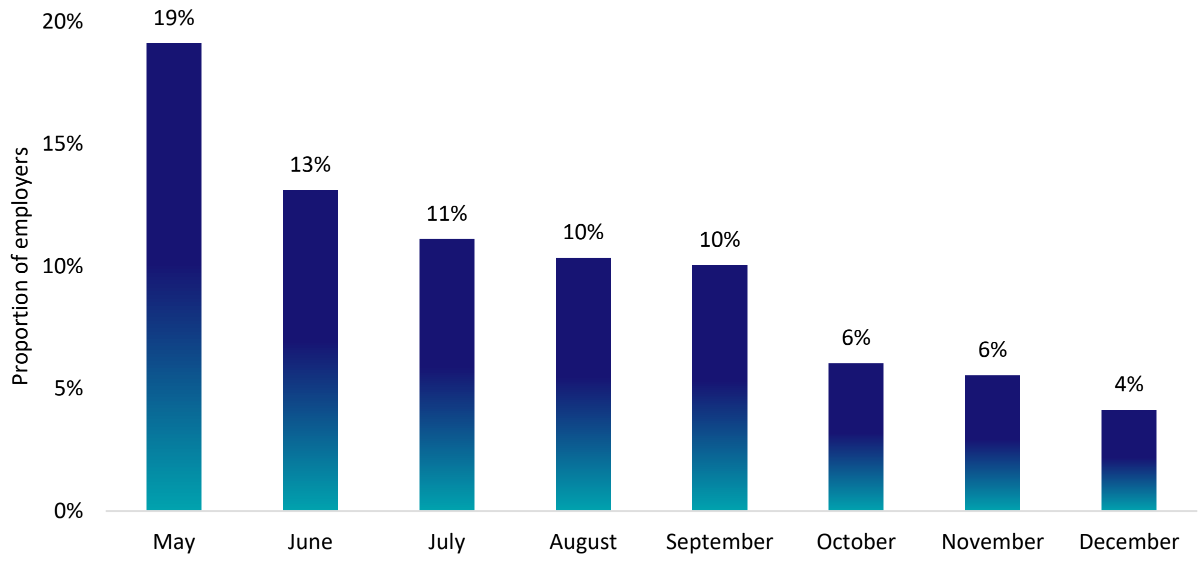
The JobKeeper scheme[5] allowed many eligible businesses to retain staff even if they were stood down and working zero hours.

National

In May 2020, the proportion of employers who had stood down staff was 19%. As restrictions began to ease throughout May and into June, this figure decreased to 13% in June and 11% in July. This proportion remained at similar levels until October, elevated by conditions in Victoria in particular, before falling to 6% in October then to a low of 4% in December.

[5] For a more detailed description of the JobKeeper scheme please visit: [JobKeeper Payment | Treasury.gov.au]

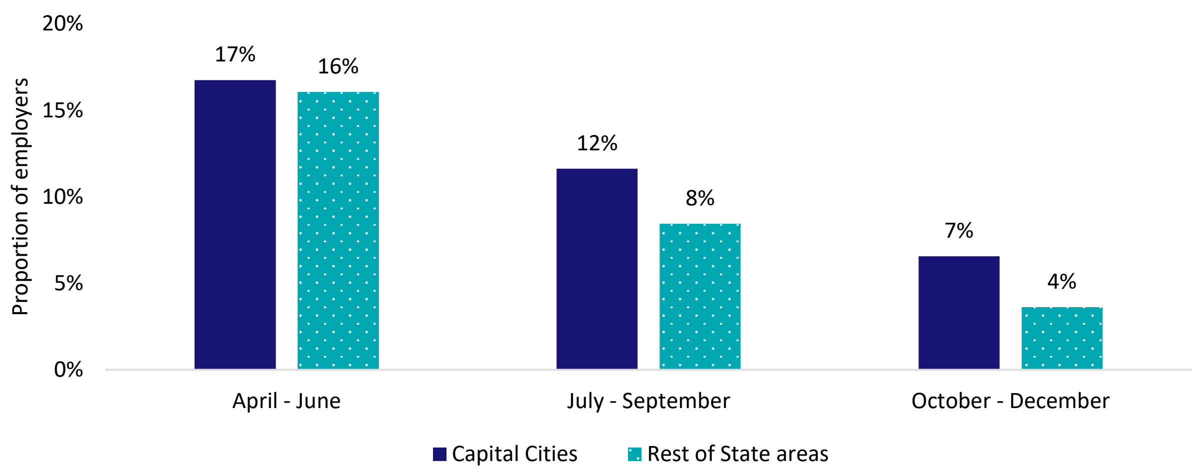
Figure 15: Employers who had stood down staff, May to December 2020[6]



Region and state

Employers in capital cities were more likely to be standing down staff than those in rest of state areas. For the June quarter, the average proportion of employers who stood down staff over the previous month was 17%, which was marginally higher than the 16% of businesses in rest of state areas. In the September quarter these proportions fell to 12% of employers in capital cities and 8% in rest of state areas. These proportions continued to decrease in the December quarter, with 7% of employers in capital cities and 4% of employers in rest of state areas standing down staff.

Figure 16: Employers who have stood down staff, by region and quarter

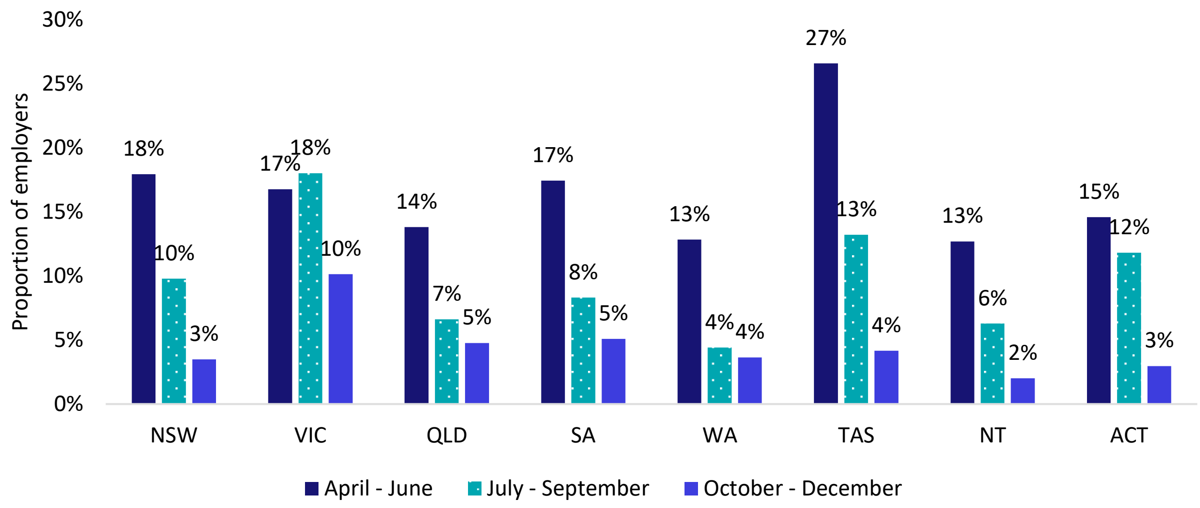


[6] A number of changes were made to this question over time to ensure the question was appropriate at the time of asking it. This means the data should be treated with some caution. In late April 2020 employers were asked whether they had staff stood down since the onset of the pandemic; In May 2020 employers were asked whether they had stood staff down *in the past month*; while from June 2020 employers were asked whether they *currently* had staff stood down. Prior to mid-July 2020, the small proportion of employers who reported no impact from COVID-19 were not asked whether they had staff stood down.

One in four (27%) employers in Tasmania stood down staff in the June quarter, the highest proportion in any state, followed by New South Wales (18%). All states and territories other than Victoria gradually had a decrease in the proportion of employers who stood down staff through the September and December quarters.

In Victoria, a slightly higher proportion of employers were standing down staff in the September quarter (18%) compared with the June quarter (17%). This fell to 10% in the December quarter, though this remained far higher than in any other state. After Victoria, employers in Queensland and South Australia (both 5%) were the most likely to be standing down staff in the December quarter.

Figure 17: Employers who stood down staff, by state and quarter, 2020

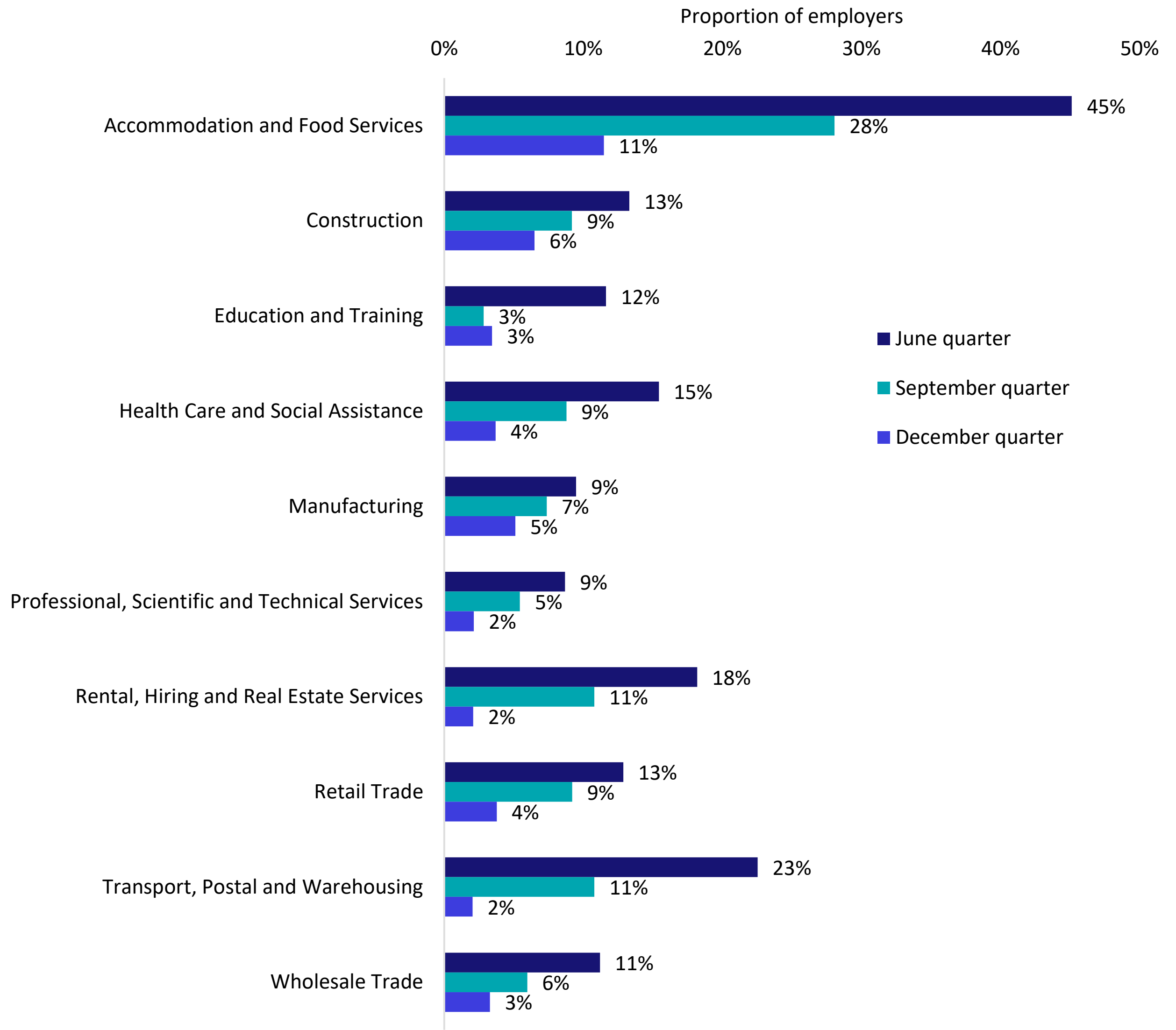


Industry

Employers in the Accommodation and Food Services industry were much more likely to be standing down staff than in any of the other reported industries in the June quarter, with nearly one in two (45%) employers standing down staff. This was followed by the Transport, Postal and Warehousing (23%) and Rental, Hiring and Real Estate Services (18%) industries. Employers in the Professional, Scientific and Technical Services and Manufacturing industries (both 9%) were the least likely to be standing down staff in the June quarter.

As restrictions eased, the proportion of employers standing down staff fell in all the reported industries in the September quarter, then fell further again in the December quarter.

Figure 18: Employers who have stood down staff, by selected industry and quarter, 2020



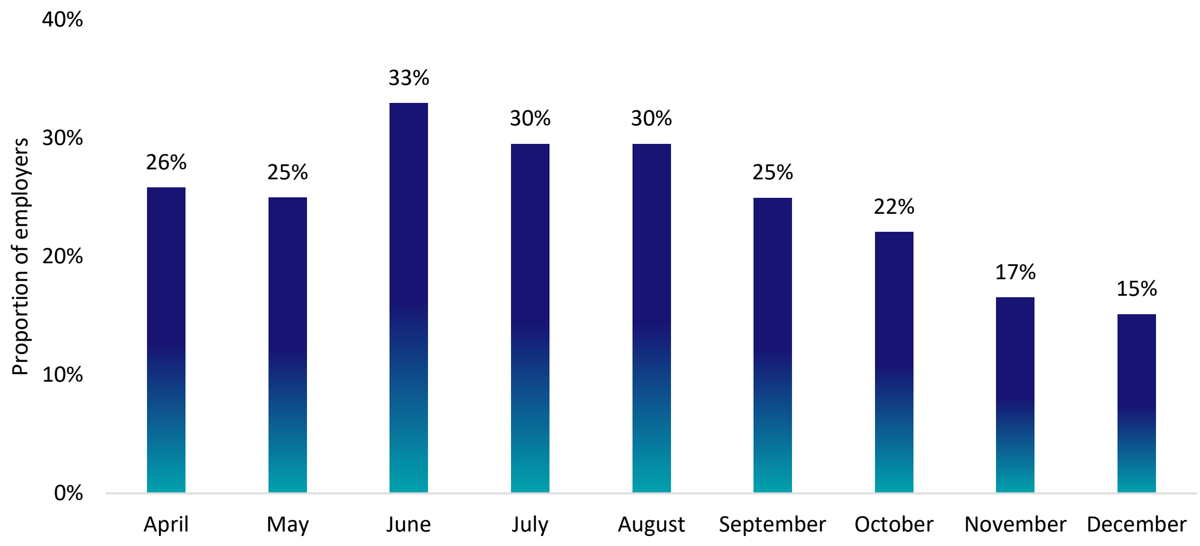
2.3 Employers reducing staff hours

One of the most common actions taken by employers in response to the COVID-19 pandemic was reducing staff hours. These employees were working one or more hours, but less than their usual weekly hours worked.

National

In contrast to employers reducing staff numbers or standing staff down, the proportion of employers reducing staff hours peaked in June (at 33%) rather than April and it did not see a significant drop until later in 2020. This proportion was 25% or higher for each month between April and September, before dropping over the last three months of the year to 15% in December.

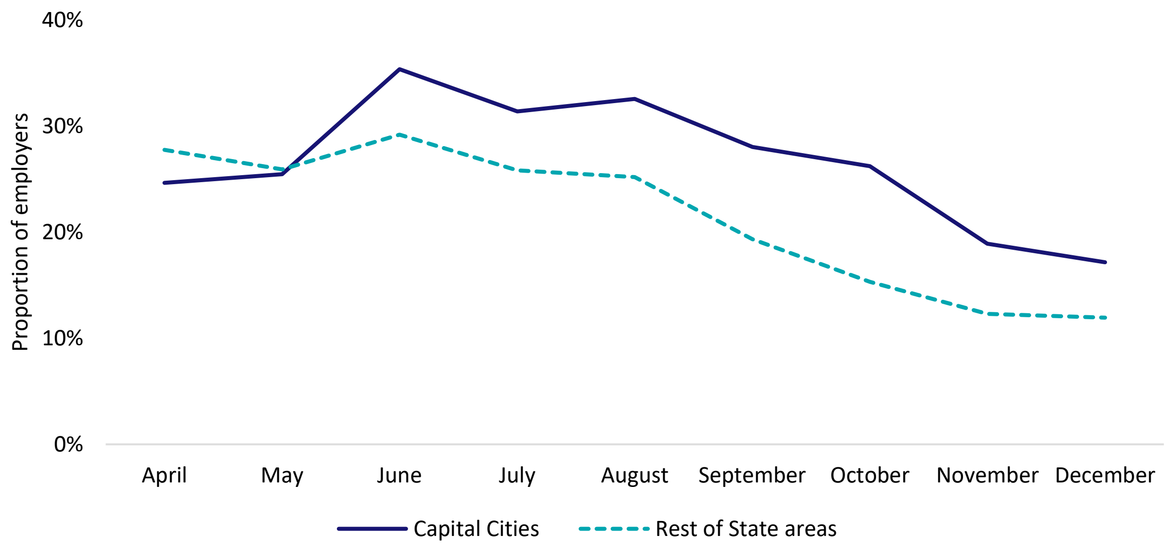
Figure 19: Employers reducing staff hours by month, April to December 2020[7]



Region and state

Employers in rest of state areas were slightly more likely to have reduced staff hours in April and May, but from June through to September this was reversed – employers in capital cities were much more likely to be reducing staff hours. In December, 17% of employers in capital cities were reducing staff hours compared with 12% in rest of state areas.

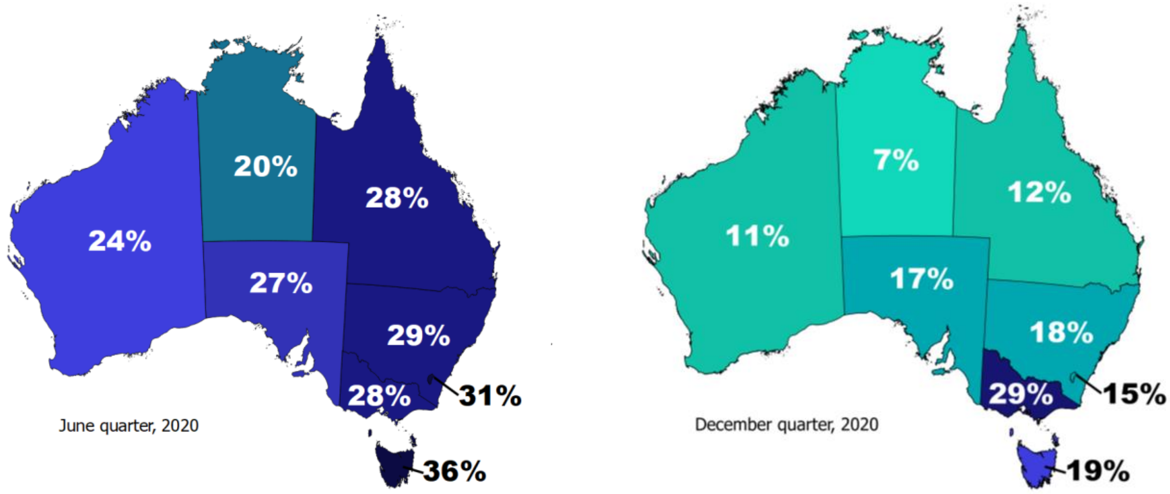
Figure 20: Employers reducing staff hours for capital cities and rest of state areas by month, 2020



[7] A number of changes were made to this question over time to ensure the question was appropriate at the time of asking it. This means the data should be treated with some caution. In April 2020 employers were asked whether they had reduced staff hours since the onset of the pandemic; in May 2020 employers were asked whether they had reduced staff hours *in the past month*; while from June 2020 employers were asked whether they *currently* had staff on reduced hours. Prior to mid-July 2020, the small proportion of employers who reported no impact from COVID-19 were not asked whether they had staff on reduced hours.

In the June quarter, employers in the Northern Territory were the least likely to be reducing staff hours (20%), while those in Tasmania (36%) and the Australian Capital Territory (31%) were the most likely. This proportion dropped in each state into the September quarter, with the exception of Victoria, which jumped to 44%. It remained higher in Victoria than in other states into the December quarter, where 29% of businesses were reducing staff hours.

Figure 21: Employers reducing staff hours by state, June and December quarters, 2020

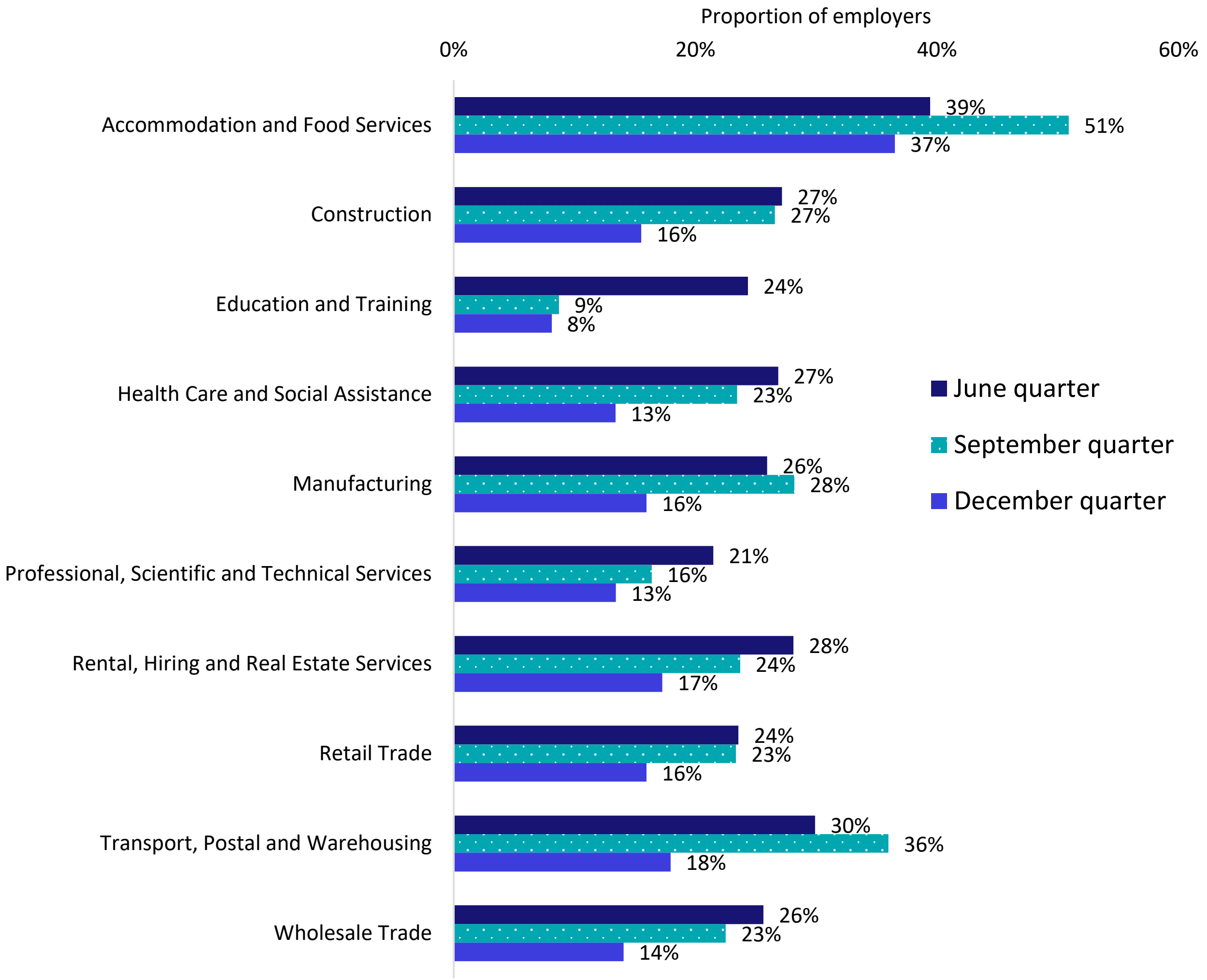


Industry

Employers in the Accommodation and Food Services industry were the most likely to be reducing staff hours in each of the June, September and December quarters, peaking at 51% in the September quarter.

Employers in the Professional, Scientific and Technical Services industry were the least likely to be reducing staff hours in the June quarter (21%). In the September and December quarter, employers in the Education and Training industry were the least likely to be reducing staff hours (9% and 8% respectively).

Figure 22: Employers reducing staff hours by industry and quarter, 2020



2.4 Employer staffing expectations

Business staffing expectations – whether employers expected their staffing levels to increase, decrease or remain the same over the coming months – showed trends in business confidence throughout the year.

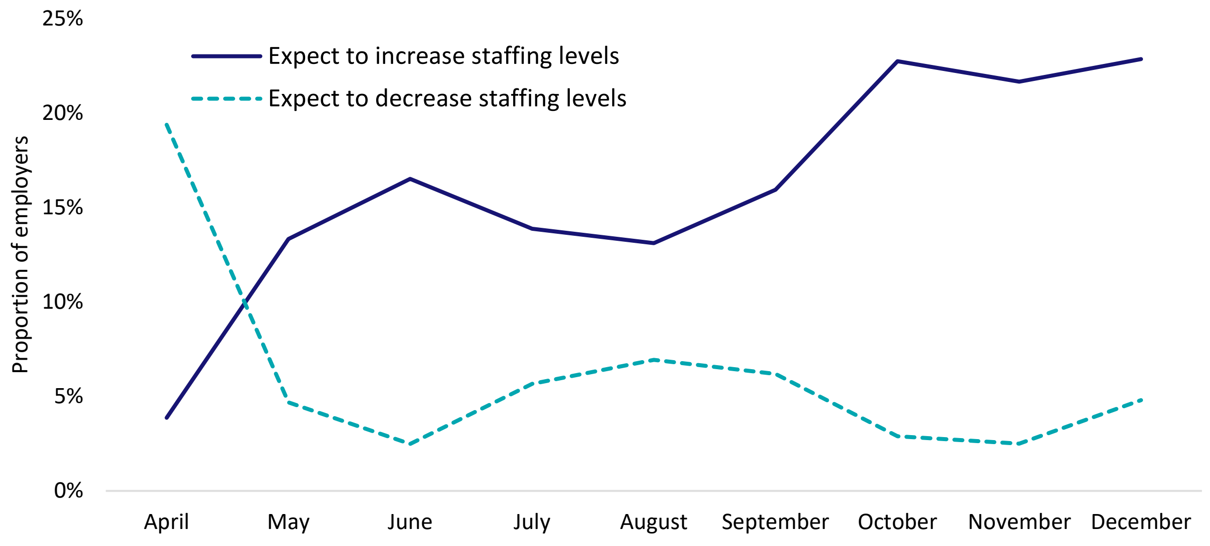
National

In April 2020, 19% of employers expected their staffing levels to decrease in the coming months, while just 4% expected their staffing levels to increase. The impact of the national restrictions in reducing case numbers of COVID-19 saw business confidence rapidly improve by May, when 13% of employers expected staffing levels to increase compared with 5% that expected a decrease.

For the remainder of 2020, employers were more likely to expect an increase than a decrease in staffing levels. The proportion expecting to increase staffing levels grew strongly from August to October, while the proportion expecting to decrease remained relatively low.

In December 2020, 23% of employers were expecting to increase their staffing levels and 5% were expecting to decrease their staffing levels.

Figure 23: Expectations to increase and decrease staffing levels over the coming months, April to December 2020

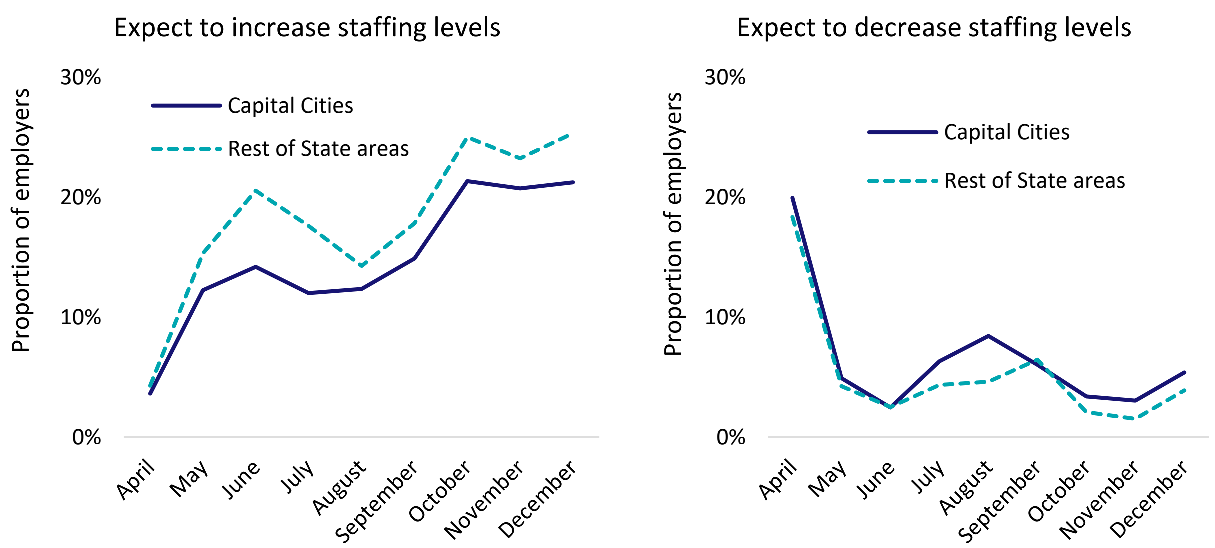


Region and state

Employers in rest of state areas were more likely to expect to increase their staffing levels compared to those in capital cities for each month from April to December, when the data were collected, particularly in June and July when the gap between the two was the largest. This points to a much faster recovery of business sentiment in regional areas after the initial national restrictions in late March and April.

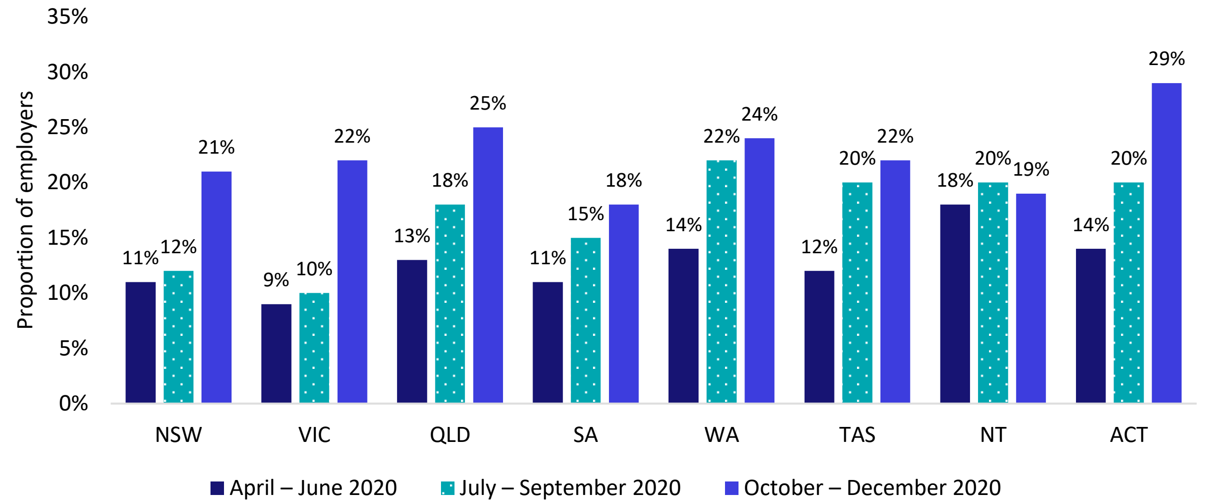
In December 2020, employers in rest of state areas were more likely expect to increase staffing levels than those in capital cities (25% compared with 21%), and slightly less likely to expect to decrease staffing levels (4% compared with 5%).

Figure 24: Staffing level expectations, capital cities and rest of state areas, April to December 2020



Employer expectations to increase staffing levels differed by state across each quarter of 2020. In the June quarter, 18% of employers in the Northern Territory expected to increase their staffing levels, the most of any state or territory and double the proportion of Victoria (9%). Expectations to increase staffing levels remained low in Victoria (10%) and New South Wales (12%) in the September quarter. In the December quarter, employers in the Australian Capital Territory (29%), Queensland (25%) and Western Australia (24%) were the most likely to expect to increase staffing levels, while expectations in Victoria (22%) and New South Wales (21%) had improved considerably.

Figure 25: Employers who were expecting to increase staffing levels, by state and quarter

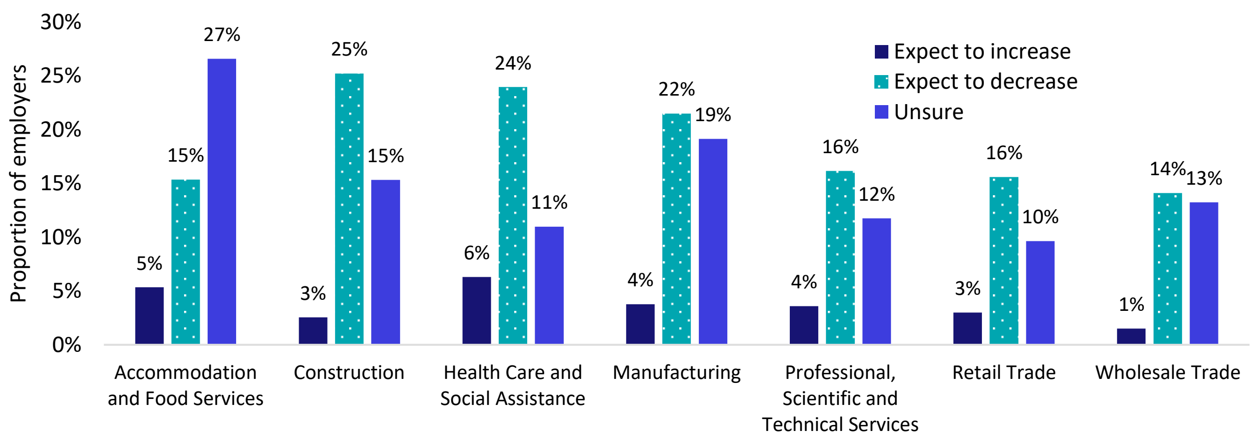


Industry

In April 2020, employers were much more likely to expect to decrease than increase staffing levels in each of the reported industries. Employers in the Construction (25%), Health Care and Social Assistance (24%) and Manufacturing (22%) industries were the most likely to expect to decrease staffing levels in the next few months.

Staffing level expectations also captured the uncertainty around business conditions in the coming months. In April 2020, 27% of employers in the Accommodation and Food Services industry were unsure of how their staffing levels would change.

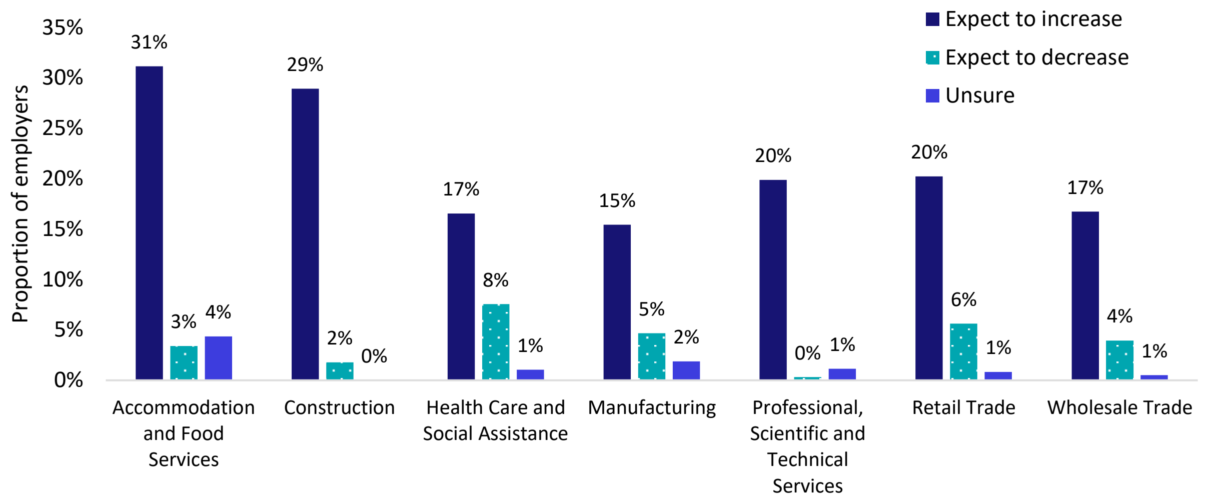
Figure 26: Staffing level expectations by industry, April 2020



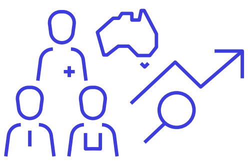
By December 2020, expectations had shifted dramatically. In each of the reported industries, employees were far more likely to expect to increase than decrease staffing levels. Very few employers were unsure of how their staffing levels would change.

Some 31% of employers in the Accommodation and Food Services industry expected to increase their staffing levels, the most of any industry, followed by Construction (29%).

Figure 27: Staffing level expectations by industry, December 2020



Part 3:
Recruitment activity in late 2020



Labour market conditions improved as restrictions implemented to control the spread of COVID-19 eased, the focus of the survey shifted from measuring the impacts of COVID-19 to collecting and reporting information on recruitment activity, the methods used for recruitment and the difficulty faced by employers when looking for staff. In August 2020, the survey was renamed the **Recruitment Experiences and Outlook Survey** to reflect this shift in focus.

From August 2020, recruitment activity grew as the needs of employers changed. Many employers faced difficulty recruiting towards the end of the year, in part due to COVID-19 restrictions but also due to not being able to find the applicants they were looking for. While the methods used for recruitment were similar to 2019, there was a significant rise in the use of social media to recruit.

3.1 Recruitment activity

Recruitment activity in 2020 was heavily impacted by the pandemic. In April 2020, the National Skills Commission's Internet Vacancy Index recorded the lowest level of online job advertisements since the series began in 2006. The index remained below pre-pandemic levels through to November, before rising to record highs in early 2021[8]. The National Skills Commission began asking employers whether they were recruiting in June 2020 and these reflect a similar trend. The recruitment rate as recorded in the survey increased towards the end of the year, peaking nationally in November.

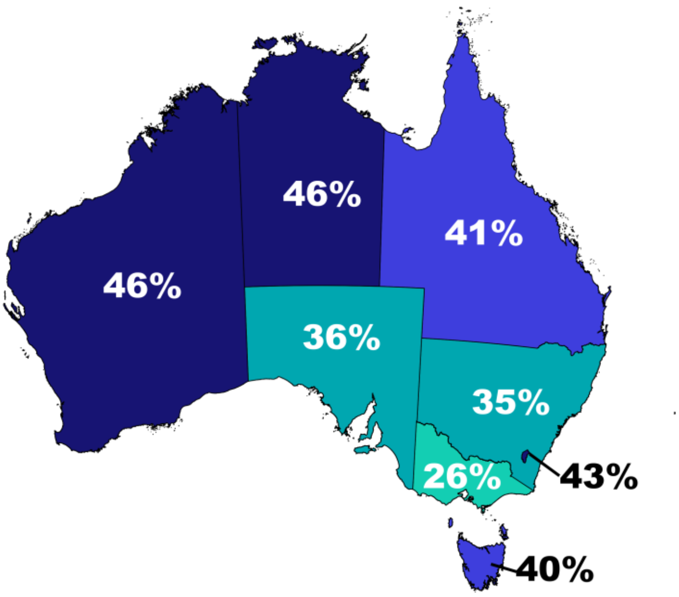
National

Across the period from June to December, 36% of surveyed employers were recruiting or had recruited in the previous month. This proportion steadily increased from June (24%) to November (46%), before dipping slightly to 44% in December.

Region and state

The recruitment rate varied between the states in late 2020. Victoria, hit hardest by restrictions during the state's second wave of COVID-19, recorded the lowest rate with 26% of businesses recruiting in the survey period from June to December. This was significantly lower than the proportion of employers who had been recruiting in New South Wales (35%), South Australia (36%) and Queensland (41%). The highest recruitment rates were recorded in Western Australia and the Northern Territory (both 46%).

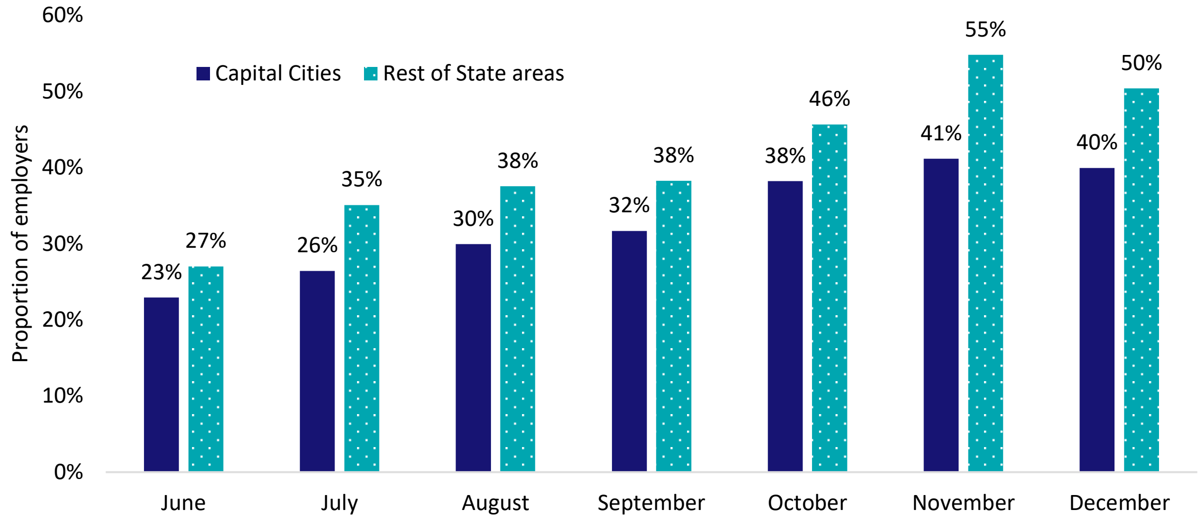
Figure 28: Recruitment rate by state, June – December 2020



Employers in the capital cities were less likely to have been recruiting than those in rest of state areas in each month from June to December. This gap was largest in November, when 41% of businesses in capital cities were recruiting compared with 55% in rest of state areas.

[8] National Skills Commission, *Vacancy Report: April 2021*

Figure 29: Recruitment rate in capital cities and rest of state areas, June – December 2020

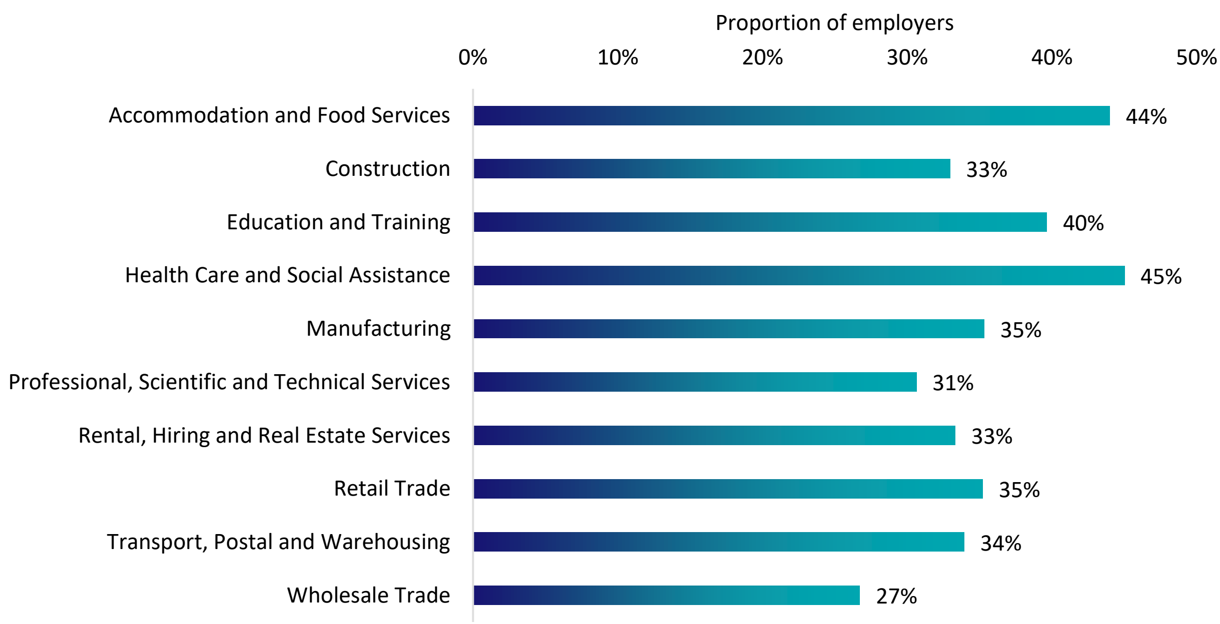


Industry

Recruitment in late 2020 varied considerably by industry. From June to December, 45% of employers in Health Care and Social Assistance were recruiting or had recruited in the previous month, the highest among the reported industries. Accommodation and Food Services had a similarly high rate of recruitment (44%) which may in part reflect the high proportion of employers in this industry that had decreased staffing earlier in the year, and the relaxing of restrictions in most areas of Australia which increased demand in cafes, restaurants and pubs.

Of the reported industries, the lowest level of recruitment was seen in Wholesale Trade (where 27% of businesses were recruiting) and Professional, Scientific and Technical Services (31%).

Figure 30: Recruitment rate by industry, June – December 2020



3.2 Applicants per vacancy in 2020

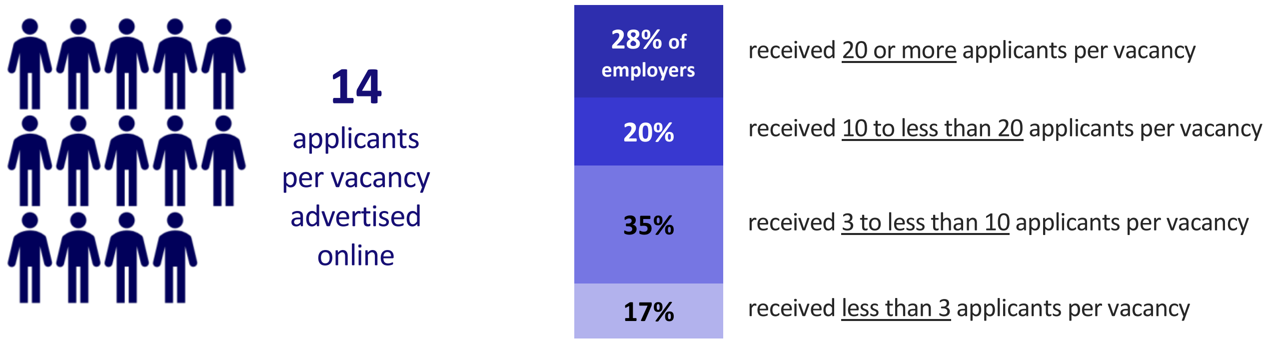
From August to December 2020, employers were asked how many applicants they received in their most recent recruitment round.[9] Measures of applicants can provide an indication of the competitiveness of the labour market.

National

On average, from August to December 2020, employers received an average of 14 applicants per online vacancy. Note that this figure is not directly comparable to previously published applicants figures due to changes in the survey question in 2020 and calculation methodology.

It is important to remember that 14 is an average, and does not reflect the range of applicant numbers that different employers receive. Some 28% of employers who advertised online received an average of 20 or more applicants per vacancy, while 17% received an average of less than 3 applicants per vacancy.

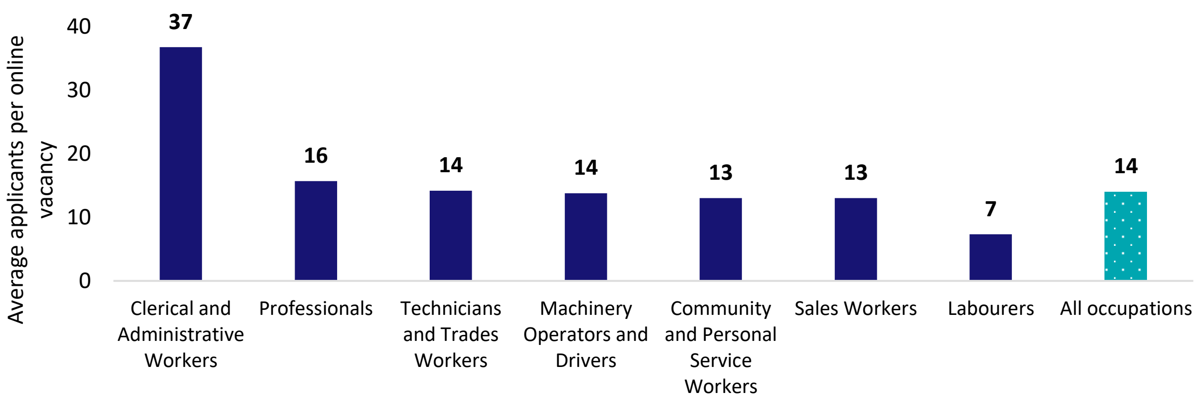
Figure 31: Average number of applicants per vacancy advertised online (August to December 2020)



Occupation

Employers recruiting for Clerical and Administrative Workers received the highest number of applicants per vacancy on average (37), while employers recruiting for Labourers received the lowest number (7). There was little difference in the average number of applicants per vacancy between the other major occupation groups.

Figure 32: Average number of applicants per vacancy advertised online – by occupation group (August to December 2020)

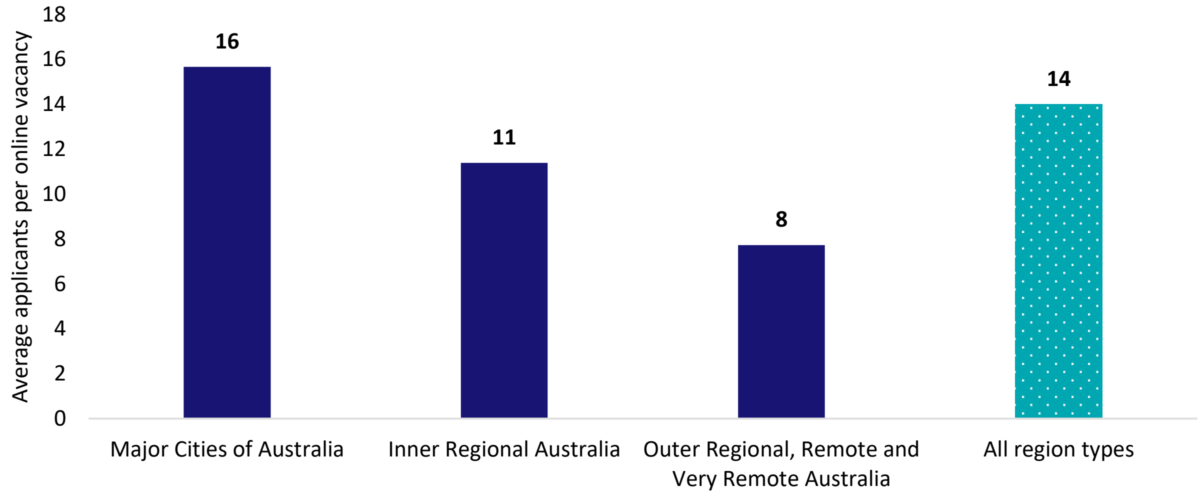


[9] Employers who are still in the process of recruiting are not asked about applicant numbers.

Region type[10]

Employers in city areas receive the most applicants per vacancy (16), in part due to the higher population densities that exist in these areas. Employers in outer regional and remote areas receive the lowest average number of applicants (8).

Figure 33: Average number of applicants per vacancy advertised online – by Remoteness region (August to December 2020)



3.3 Recruitment difficulty

The proportion of employers experiencing difficulty in their recruitment processes can be an indication of skill shortages or a measure of labour market tightness – a labour market in which there are relatively few job seekers and a relatively high number of job vacancies. The data collected on recruitment difficulty in late 2020 showed some significant shifts from data from 2019 recorded in previous iterations of the survey, and pointing to the substantial changes in the labour market occurring.

National

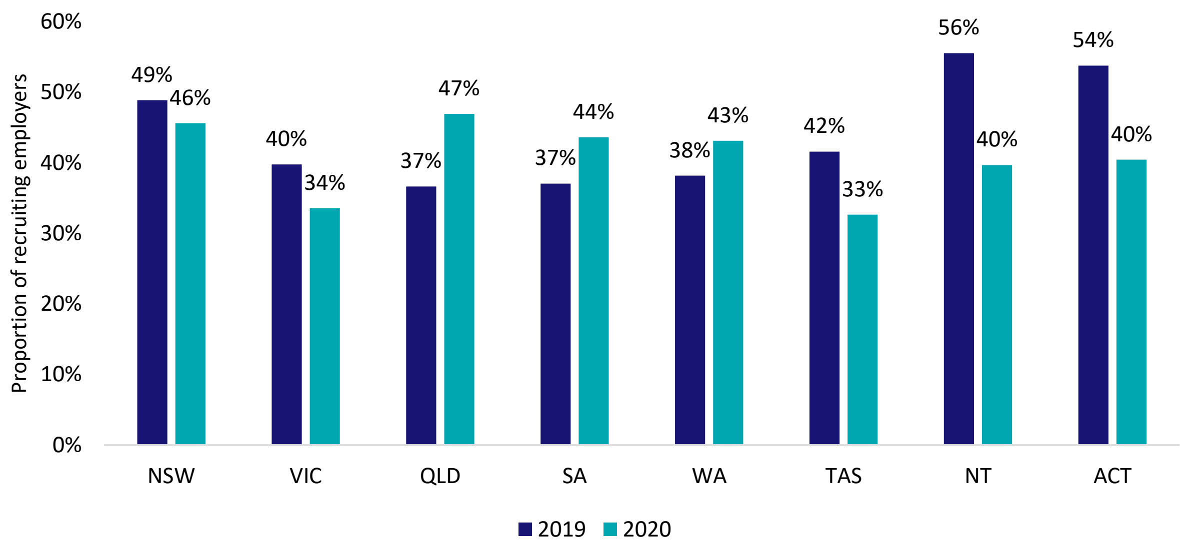
Nationally, around 43% of recruiting employers experienced recruitment difficulty between August and December. This was only one percentage point higher than the level of recruitment difficulty in 2019, however this national view masks shifts within segments of the labour market as discussed in the coming sections.

Region and state

While there was just a one percentage point increase in the national level of recruitment difficulty, there was more variation across the regions. In 2020, employers in Queensland (47%), New South Wales (46%) and South Australia (44%) were the most likely to report that they had difficulty in recruitment. Among the states, recruitment difficulty decreased between 2019 and 2020 in New South Wales, Victoria and Tasmania, but increased in Queensland, South Australia and Western Australia.

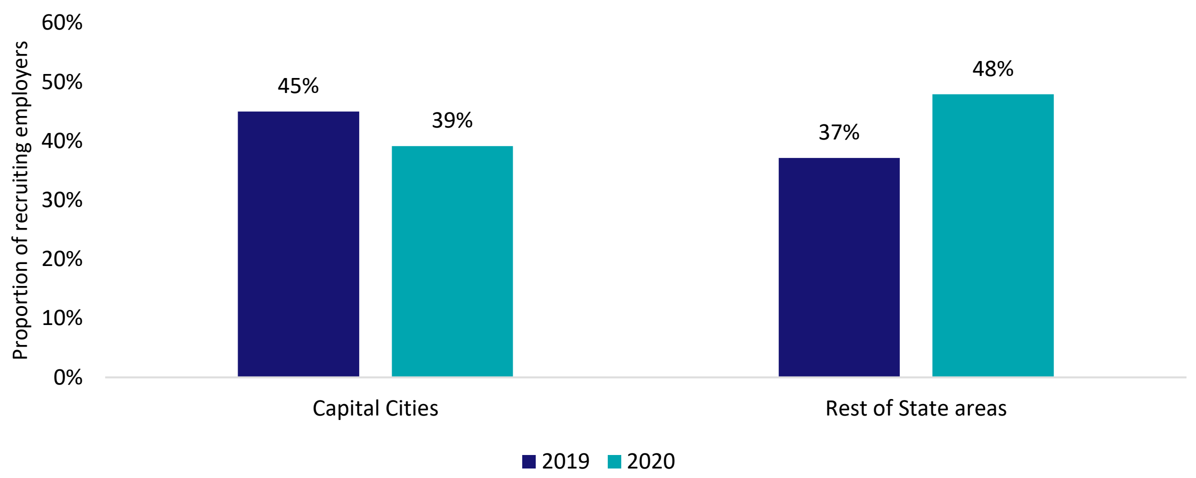
[10] The classification used in this section is based on the Accessibility and Remoteness Index of Australia (ARIA+), which divides Australia into 5 'Remoteness Areas': Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia. In this analysis, Outer Regional Australia, Remote Australia and Very Remote Australia have been combined into one category due to small sample sizes.

Figure 34: Recruitment difficulty by state, 2019 & 2020



Between 2019 and 2020, recruitment difficulty increased in rest of state areas (37% in 2019 to 48% in 2020), but decreased in capital cities (45% in 2019 to 39% in 2020).

Figure 35: Recruitment difficulty by capital city and rest of state area, 2019 & 2020



Industry

Employers in the Transport, Postal and Warehousing industry were the most likely of the reported industries to experience recruitment difficulty from August to December 2020, with 60% of recruiting employers having difficulty filling their vacancies. Recruitment difficulty was also reported by 49% of recruiting employers in the Manufacturing industry.

The industries where employers were least likely to experience recruitment difficulty were Rental, Hiring and Real Estate Services (30% of employers) and Education and Training (32% of recruiting employers faced difficulty filling vacancies).

Figure 36: Recruiting employers who experienced recruitment difficulty, August – December 2020

The Transport, Postal and Warehousing industry also saw the biggest increase in recruitment difficulty from the previous year. In 2020, some 60% of recruiting employers in the industry had difficulty in their recruitment process, compared with 48% in 2019. A significant increase in recruitment difficulty was also seen in the Accommodation and Food Services industry (37% in 2019 to 47% in 2020).

The largest falls in the instance of recruitment difficulty were noted in the Professional, Scientific and Technical Services industry (43% in 2019 to 38% in 2020) and the Wholesale Trade industry (46% in 2019 to 41% in 2020).

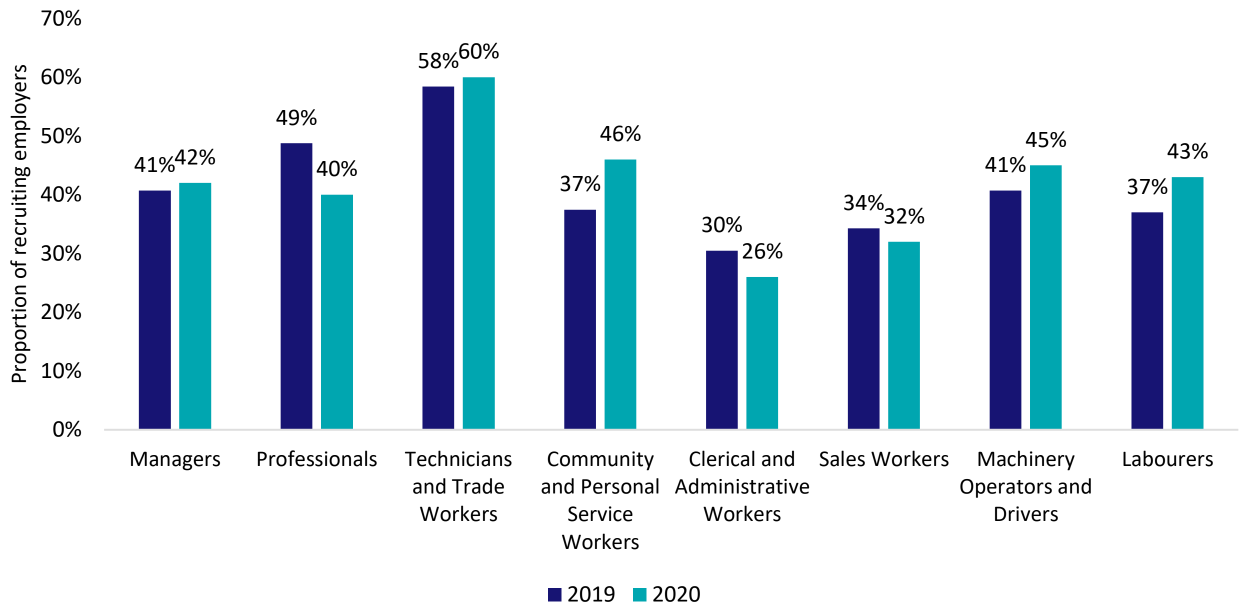
Occupation

Employers recruiting for Technicians and Trade Workers were the most likely to experience difficulty in their recruitment process. Recruitment difficulty in this occupation category (60%) was significantly higher than in any other occupation and points to skill shortages in this area. This proportion was similar in 2019 (58%).

There was a significant increase in the instance of recruitment difficulty for employers hiring Community and Personal Service Workers, from 37% in 2019 to 46% in 2020. Community and Personal Service Workers provide a wide range of services, including in the areas of aged and disability care, health and social welfare and childcare. This increase in recruitment difficulty may indicate increasing skill shortages in these areas. There were also increases in recruitment difficulty for Labourers (37% in 2019 to 43% in 2020), Machinery Operators and Drivers (41% in 2019 to 45% in 2020) and Managers (41% in 2019 to 42% in 2020).

Recruitment difficulty decreased for businesses hiring Professionals (49% in 2019 to 40% in 2020), Clerical and Administrative Workers (30% in 2019 to 26% in 2020) and Sales Workers (34% in 2019 to 32% in 2020).

Figure 37: Recruitment difficulty by occupation, 2019 & 2020



3.4 Recruitment methods

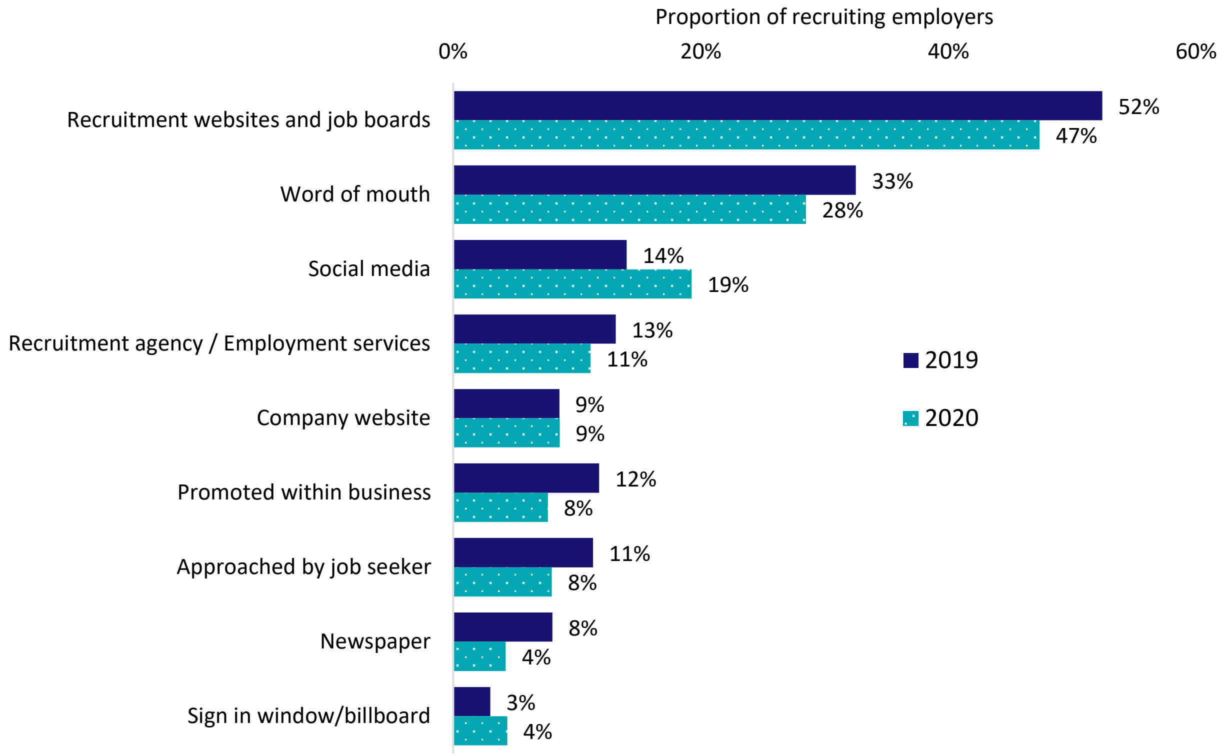
Change since 2019[11]

The methods of recruitment used by businesses in 2020 were similar to 2019.[12] Around one in two employers used recruitment websites and job boards for recruitment, making it the most common method. Around 28% of employers used word of mouth to promote their positions, a fall from 33% in 2019. There was a significant rise in the use of social media for recruitment, from 14% in 2019 to 19% in 2020. This is a continuation of a trend seen over the past few years, and is discussed in further detail in Part 3.5 of this report. The use of newspapers for recruitment fell from 8% of recruiting employers to 4% between 2019 and 2020.

[11] Data on recruitment methods has been collected from the Recruitment Experiences and Outlook Survey since August 2020 (this data was not collected from April 2020 to August 2020, as the survey was focussing on the impacts of COVID-19 on businesses during that period). Data from 2019 are from the Survey of Employers' Recruitment Experiences previously run by the Department of Education, Skills and Employment (and its predecessor departments).

[12] Results on recruitment methods reflect how employers advertise and do not take into account the role that other parties (such as recruitment agencies or job aggregating websites) may have played in promoting the vacancy.

Figure 38: Methods of recruitment used, as a proportion of recruiting employers, 2019 and 2020



Industry

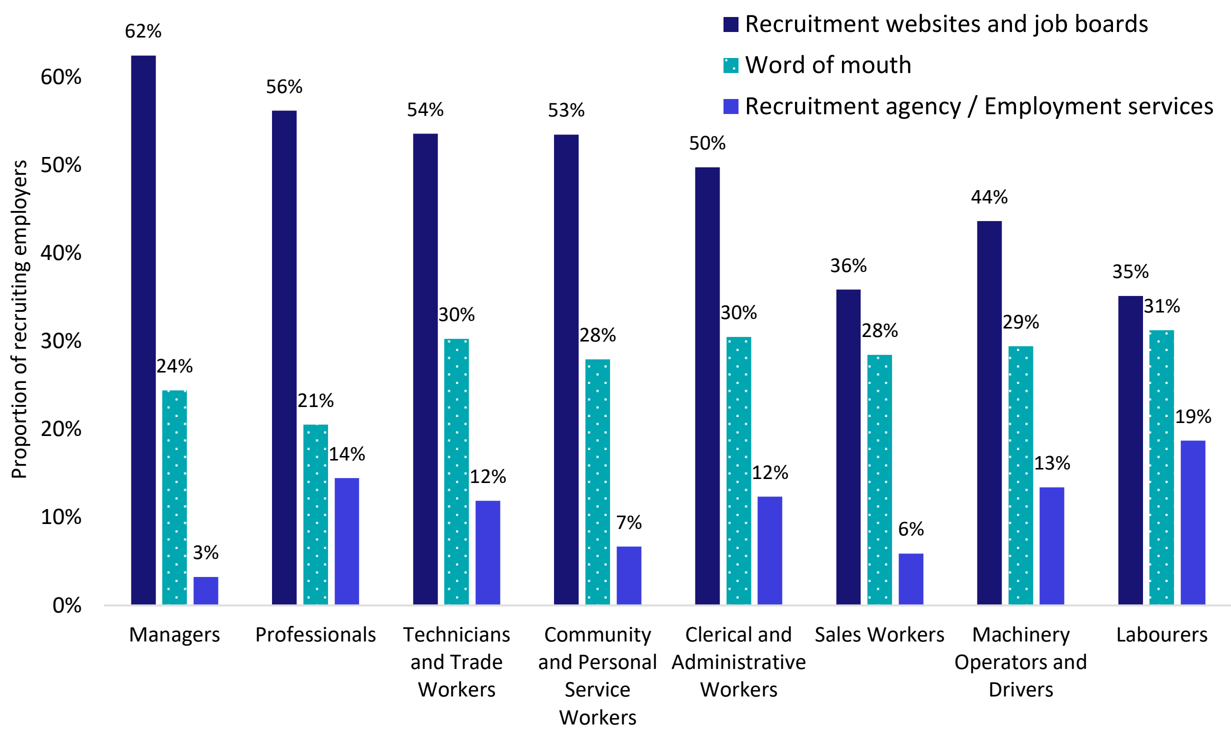
Recruitment methods differ significantly by industry. Recruitment websites and job boards were the most commonly used recruitment method in all industries, but this ranged from 63% of employers in Education and Training to 37% of employers in Accommodation and Food Services.

Word of mouth was most commonly used in Transport, Postal and Warehousing (where it was used by 36% of recruiting employers), Wholesale Trade (33%) and Construction (33%). One in five businesses recruiting in the Manufacturing industry used recruitment agencies or employment services providers. Direct approaches by job seekers were most commonly used for recruitment in Retail Trade (13%), Accommodation and Food Services (11%) and Transport, Postal and Warehousing (10%).

Occupation

Recruitment websites and job boards were also the most commonly used recruitment method for each occupation, however their usage varied from 62% of employers recruiting for Managers, to 35% of employers recruiting for Labourers. The use of word of mouth was less common in recruitment for Professionals (21% of recruiting employers), and was highest in recruitment for Labourers (31%). Recruitment agencies and employment service providers were most commonly used by employers recruiting for Labourers (19%).

Figure 39: Use of major recruitment methods by occupation (*excluding social media), 2020



* Social media was the third most common method after recruitment websites/job boards and word of mouth, but is covered separately in section 3.5.

Employers recruiting Sales Workers were the most likely to use a company website (19%), direct approaches from job seekers (12%) or a sign in a business window (11%).

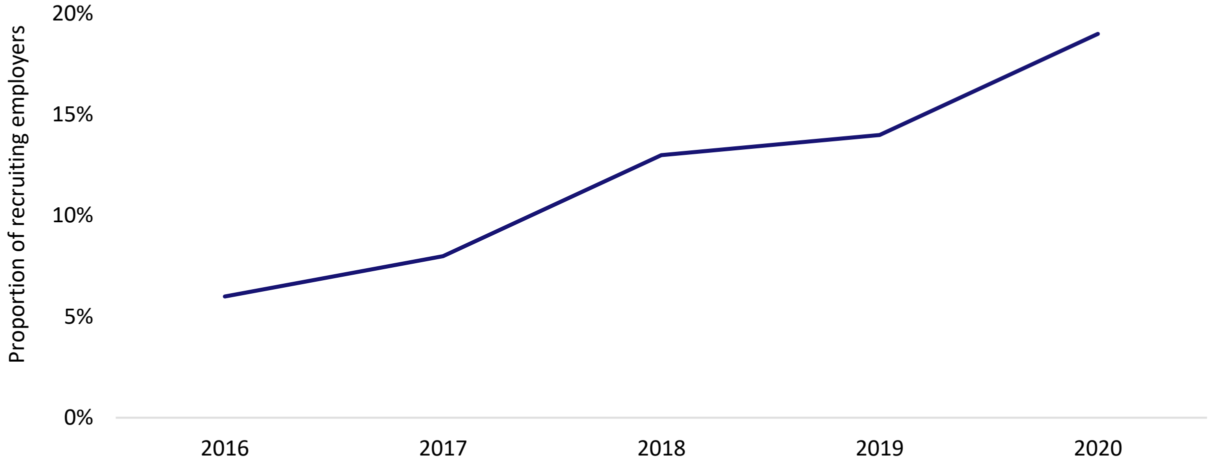
3.5 Social media in recruitment

An emerging trend over the past few years has been the increasing use of social media for recruitment. This is when employers advertise a vacant position on a social media platform, which includes advertising on Facebook job groups[13] and Instagram. The proportion of recruiting employers using social media as a method of recruitment increased from 6% in 2016 to 14% in 2019, then had a sharper rise to 19% in 2020.

The rise in the use of social media for recruiting is an ongoing trend which may have been accelerated by the impacts of COVID-19 as businesses were forced to use online methods of recruitment rather than relying on in-person methods such as word of mouth. Employers use social media for recruitment because it is inexpensive, fast, and allows job ads to have wide exposure amongst local job seekers.

[13] The research paper on Facebook job groups for recruiting and job seeking on the Labour Market Information Portal (LMIP) website (lmip.gov.au) provides more information on the use of social media in the recruitment process.

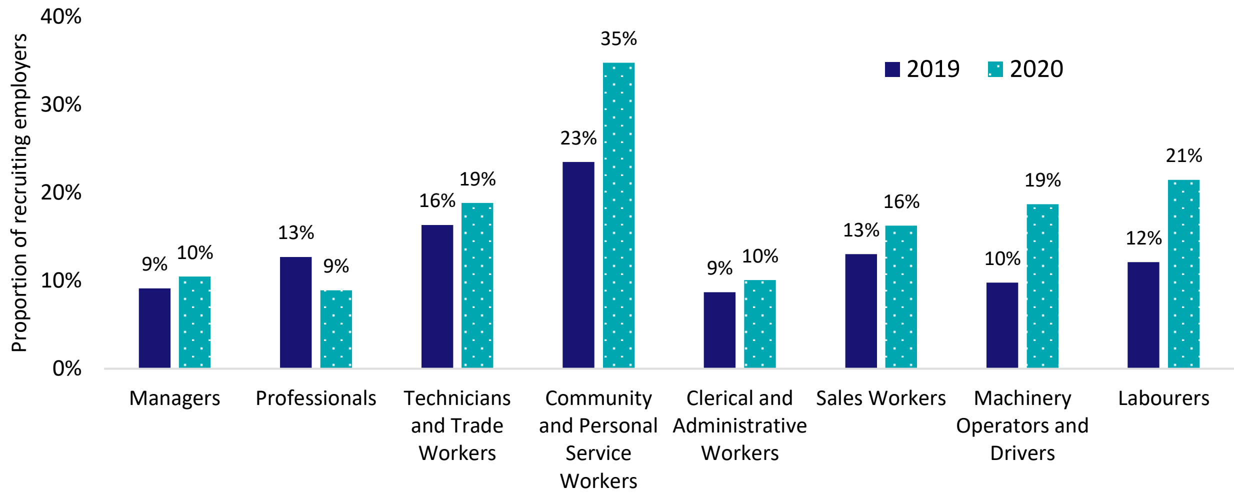
Figure 40: Employers using social media for recruitment, 2016 to 2020



In 2020, social media was used most often for recruitment in rest of state areas (where 25% of employers used it) compared with capital cities (15%). The industries where it was most commonly used were Accommodation and Food Services (36%), Education and Training (23%), Transport, Postal and Warehousing (22%) and Retail Trade (20%).

Some 35% of employers recruiting for Community and Personal Service Workers in 2020 used social media, more than any other occupation category. This increased significantly from 23% in 2019. There was also a large increase in the proportion of employers using social media when hiring Labourers (from 12% in 2019 to 21% in 2020) and Machinery Operators and Drivers (10% in 2019 to 19% in 2020).

Figure 41: Employers using social media for recruitment by occupation, 2019 & 2020

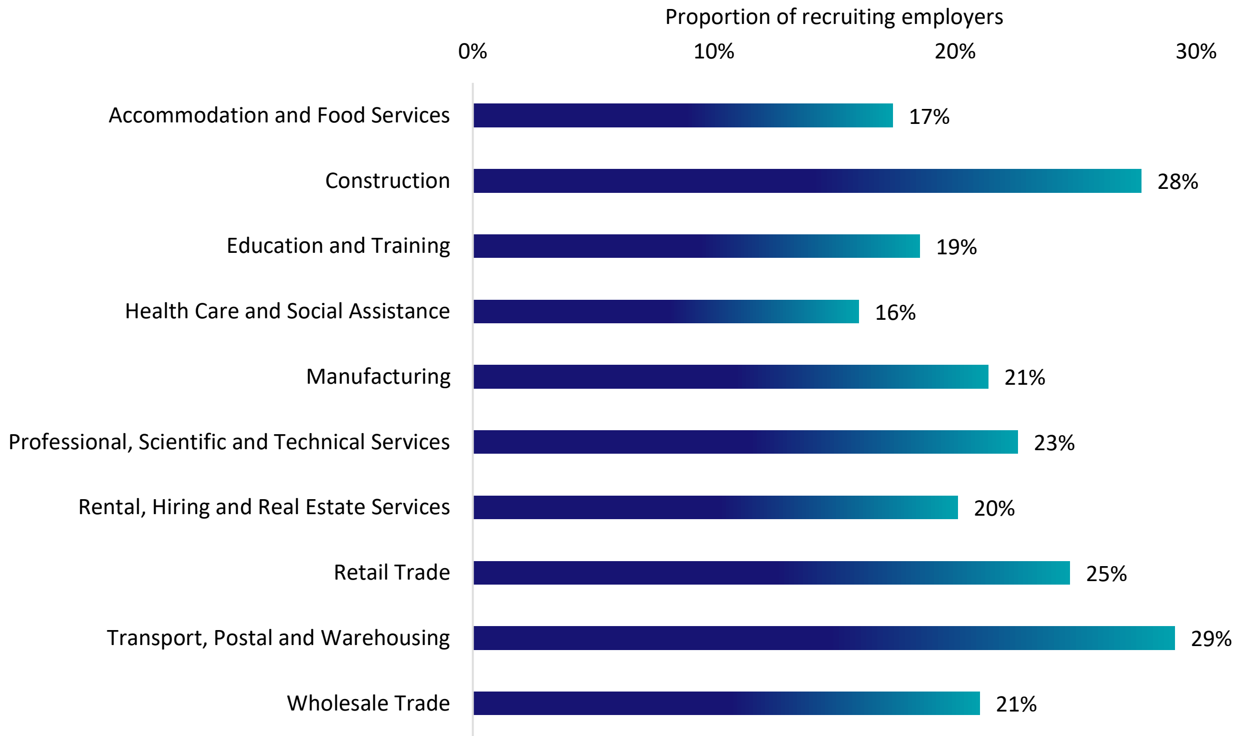


3.6 Employers that did not advertise

Employers sometimes do not advertise their vacancies, instead relying on word of mouth or recruiting the job seekers that approach the business looking for work. In 2020, more than one in five employers (22%) that recruited did not advertise the positions that were available. This proportion was unchanged from 2019.

Employers in the Transport, Postal and Warehousing (29%) and Construction (28%) industries were the most likely to not advertise when recruiting. It may be harder for job seekers to find opportunities in these industries without previous connections.

Figure 42: Employers who did not advertise when recruiting by selected industries, 2020



Further insights from the survey

Further data and insights from the Recruitment Experiences and Outlook Survey can be found on the Employers' Recruitment Insights page of the Labour Market Information Portal (www.lmip.gov.au). These resources include:

- **Comprehensive 2020 data** – The data found in this publication and more comprehensive breakdowns of each topic by industry and state can be downloaded in a spreadsheet format.
- **Previous annual reports** – Annual reports were published in 2018 and 2019 based on previous iterations of the survey.
- **Recruitment Experiences and Outlook Survey data file** – Updated data on recruitment and future staffing expectations is published regularly.
- **Recruitment Insights Report** – A report on data from the Recruitment Experiences and Outlook Survey is published monthly, highlighting key findings and trends in recruitment activity, recruitment difficulty and future staffing expectations.
- **Trends in vacancies and recruitment in Capital Cities and Rest of State areas** – This report outlines key trends across time in internet vacancies and recruitment difficulty, focusing on differences between capital cities and rest of state areas.
- **What are employers looking for?** – A resource for job seekers, this report outlines insights on what employers are looking for when recruiting.
- **Information, resources and tips for career advisors and job seekers** – Fact sheets and presentations have been developed for job seekers and career advisors such as Employers' tips for finding a job and Improving the employment prospects of young people.

Technical notes

The Recruitment Experiences and Outlook Survey is a telephone administered survey with the business owner or other person in the business responsible for recruitment.

All figures presented in this report and the associated data file have been weighted by location and workplace size, according to the Australian Bureau of Statistics Counts of Australian Businesses, including Entries and Exits (June 2015 to June 2019) 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 1.4.
- 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.
- Remoteness areas are defined by the Australian Statistical Geography Standard (ASGS): Volume 5 – Remoteness Structure, July 2016.

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