Impacts of recruitment difficulty
November 2021 Spotlight

Recruitment difficulty currently affects well over half of recruiting employers and is more common in 2021 than in previous years. This month's Spotlight explores the impacts that recruitment difficulty has on employers and shows which kinds of employers are most affected.
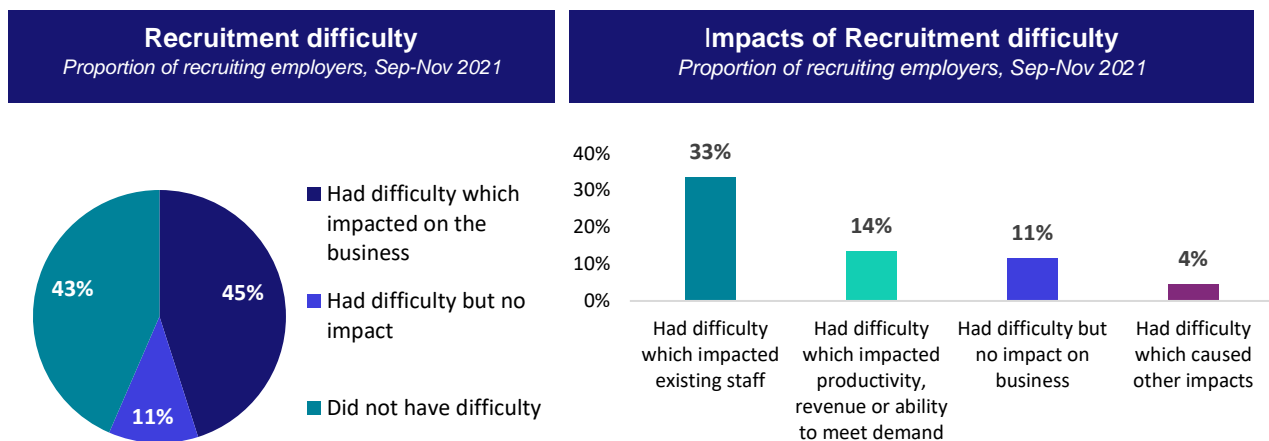
From September to November 2021, more than half of recruiting employers (57%) had difficulty finding staff for their most recent vacancies. For most of these employers, recruitment difficulty had a negative impact on their business. The 57% of recruiting employers who had recruitment difficulty can be split into 45% for whom recruitment difficulty impacted their business, and 11% for whom recruitment difficulty did not impact the business.[1]

There were two main ways in which recruitment difficulty impacted employers.

The most common impact was the **negative effect on existing staff**, mentioned by 33% of recruiting employers. Employers noted that due to their staff shortage, existing staff undertook increased hours and workloads.

The other main type of impact was that on the **business' productivity, revenue, or ability to meet demand**, mentioned by 14% of recruiting employers. Employers often reported having to turn down jobs as they didn't have the staff to do them. A lack of staff also meant that work took longer (often construction related work or manufacturing products), and there were longer 'lead times' before employers could actually start working on a particular project. For many manufacturing employers staff shortages meant they produced fewer products, resulting in less revenue.

Some 11% of recruiting employers said that recruitment was difficult, but it did not impact the business in any way. A small proportion (4%) reported a variety of other impacts including having to extend hiring and recruitment processes, hiring temporary or contracted staff to fill vacancies, and suffering damage to the business' reputation.

Recruitment difficulty	Impacts of Recruitment difficulty
Proportion of recruiting employers, Sep-Nov 2021	*Proportion of recruiting employers, Sep-Nov 2021*

- Had difficulty which impacted on the business
- Had difficulty but no impact
- Did not have difficulty

Note: employers could report more than 1 impact.

Impacts of recruitment difficulty by industry

The negative effect on existing staff was the most common impact caused by recruitment difficulty across all the reported industries[2]. In three industries, this impact was particularly prevalent: Accommodation and Food Services (42%), Health Care and Social Assistance (41%), and Retail Trade (40%). In other industries it was less common (generally reported by just over a quarter of recruiting employers), but still more common than other impacts.

Difficulty which impacted on productivity, revenue, or the ability of the business to meet demand was most common in the Construction (23%), Manufacturing (22%) and Professional, Scientific and
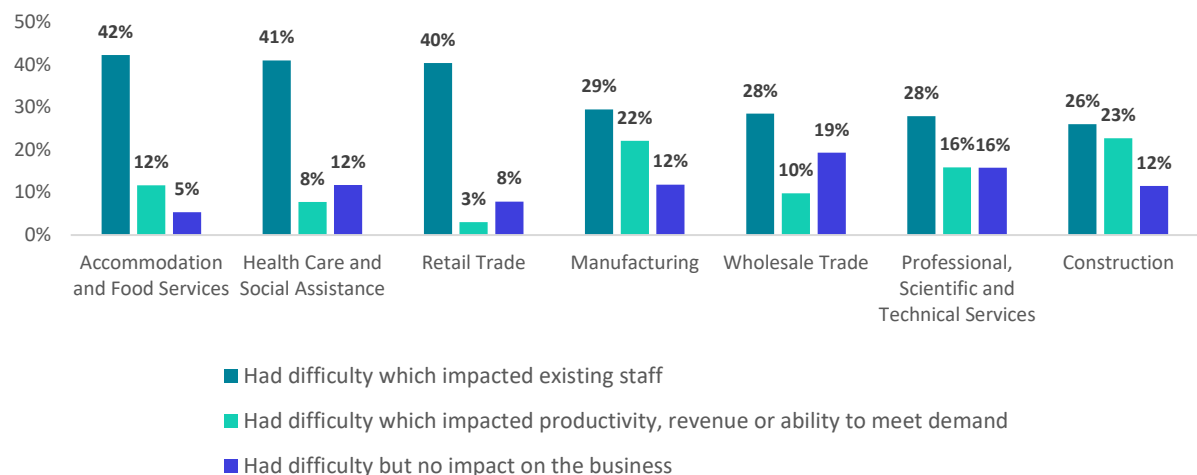
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[1] Reported figures sum to 56% instead of 57% due to rounding error.
[2] Some industries have not been reported due to small sample size.

Technical Services (16%) industries. Employers in these industries had to delay or turn down jobs, produce a lower volume of goods, or take longer to complete projects due to their staff shortages.

Recruiting employers in Wholesale Trade (19%) and Professional, Scientific and Technical Services (16%) were the most likely to have difficulty which had no impact on the business.

Impacts of decruitment difficulty – by selected industries
Proportion of recruiting employers, Sep-Nov 2021

Legend:
- Had difficulty which impacted existing staff
- Had difficulty which impacted productivity, revenue or ability to meet demand
- Had difficulty but no impact on the business

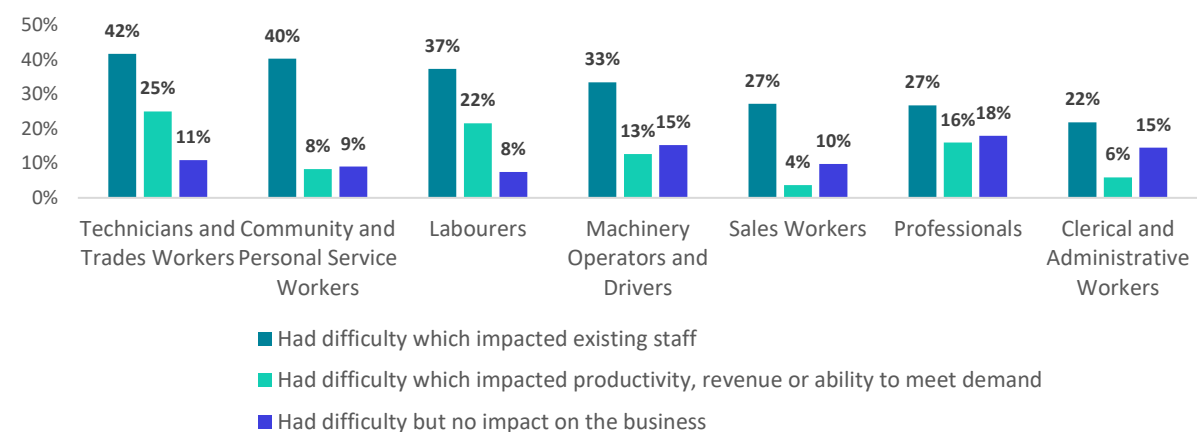Note: employers could report more than 1 impact.

Impacts of recruitment difficulty by occupation[3] being recruited for

Employers recruiting for Technicians and Trade Workers (42%), Community and Personal Service Workers (40%) and Labourers (37%) were most likely to have difficulty which negatively impacted on existing staff, in comparison to other occupations.

Difficulty which impacted on productivity, revenue, and the ability to meet demand was most common for employers recruiting for Technicians and Trades Workers (25%) and Labourers (22%). For these two occupation groups, recruitment difficulty often impacted employers in more than one way.

Meanwhile, 18% of employers recruiting for Professionals said their recruitment difficulty had no impact.

Impacts of recruitment difficulty – by occupation group
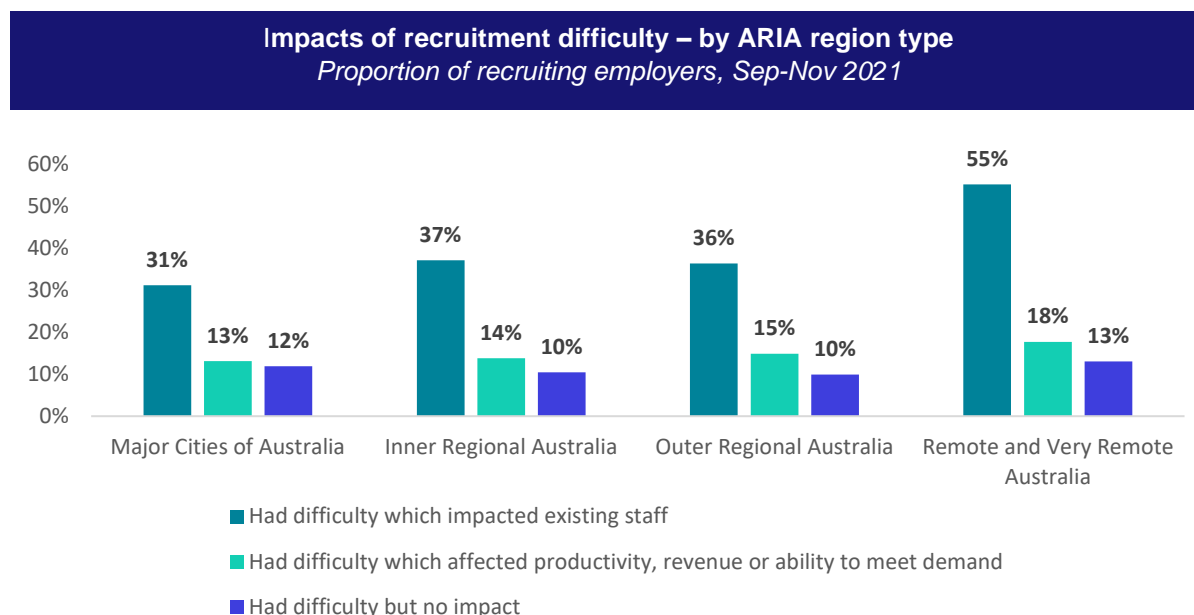*Proportion of recruiting employers, Sep-Nov 2021*

Legend:
- Had difficulty which impacted existing staff
- Had difficulty which impacted productivity, revenue or ability to meet demand
- Had difficulty but no impact on the business

Note: employers could report more than 1 impact.

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[3] Recruitment for the Managers occupation group has not been reported due to insufficient data.

Impacts of recruitment difficulty by ARIA region type[4]

The chart below shows that employers in regional areas were slightly more likely than city employers to have difficulty which impacted on existing staff. Employers in remote areas, however, were by far the most likely to have this kind of difficulty. This impact was experienced by 55% of recruiting employers in remote areas, with these employers mostly in the Retail Trade, Accommodation and Food Services, and Health Care and Social Assistance industries.

Difficulty which impacted on productivity, revenue or the ability to meet demand was also more common in regional and remote areas, although this trend was less prominent.

Impacts of recruitment difficulty – by ARIA region type
Proportion of recruiting employers, Sep-Nov 2021

- ■ Had difficulty which impacted existing staff
- ■ Had difficulty which affected productivity, revenue or ability to meet demand
- ■ Had difficulty but no impact

Note: employers could report more than 1 impact.

Impactful recruitment difficulty by severity of difficulty

Employers were also asked about the severity of their difficulty, as well as the impacts. Employers who reported having 'a great deal' of difficulty were more likely to have difficulty which impacted on the business (9 in 10 employers who had 'a great deal' of difficulty said it impacted on the business in some way). On the other hand, only two thirds of employers who had 'a little' or 'some' difficulty said their difficulty did not impact the business.

Impactful recruitment difficulty and severity of difficulty
Proportion of employers who had difficulty, Sep-Nov 2021

- ■ Difficulty did not impact the business
- ■ Difficulty impacted the business

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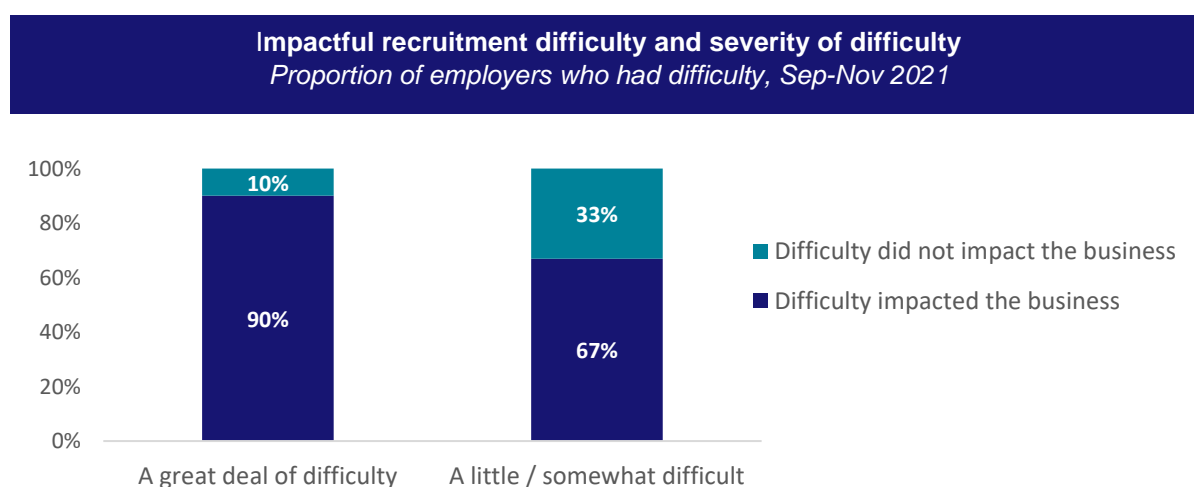
[4] The classification used in this section is based on the Accessibility and Remoteness Index of Australia (ARIA+), which divides Australia into 5 'Remoteness Areas': Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia. In this analysis,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

Impacts of recruitment difficulty by time taken to fill vacancies

The proportion of employers citing impactful recruitment difficulty increases dramatically with the length of time taken to fill the vacancies. More than four in five employers (83%) who had unfilled vacancies for more than a month had difficulty which impacted the business, compared to just 13% for employers who filled their recent vacancies in 2 weeks or less. For employers who had difficulty which did not impact the business, this trend was not as clear.

Impactful recruitment difficulty and time to fill vacancies
Proportion of recruiting employers, Sep-Nov 2021
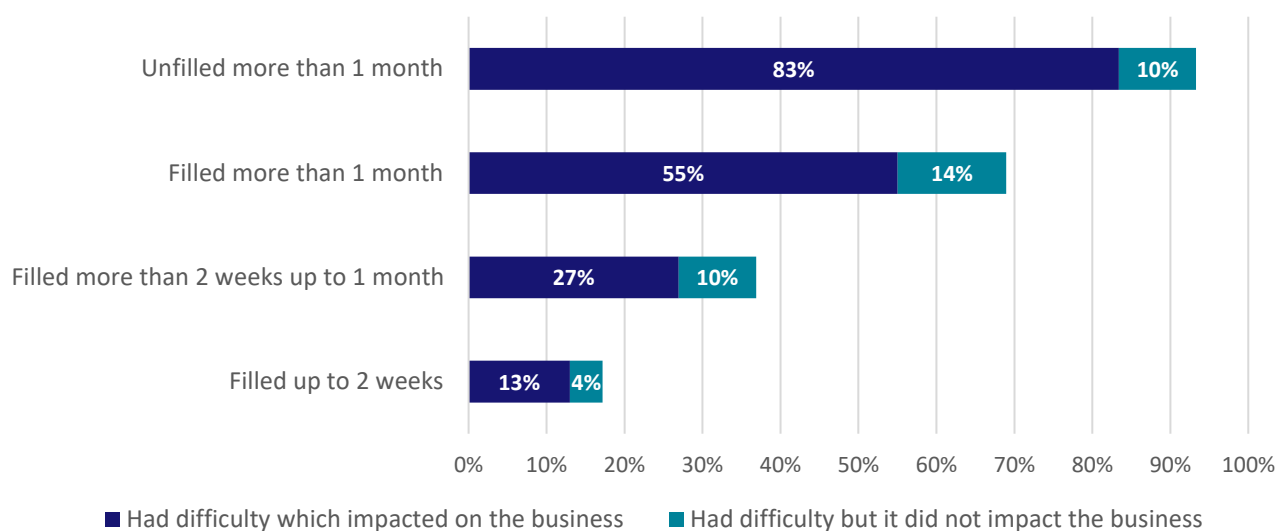
■ Had difficulty which impacted on the business   ■ Had difficulty but it did not impact the business

Note: employers who had unfilled vacancies for less than 1 month have been excluded from this chart.

The chart below shows how the two main types of impacts become substantially more common when employers are unable to fill their vacancies in a month.

Employers who filled their recent vacancies within a month were very unlikely to report difficulty which impacted productivity, revenue or their ability to meet demand (3%). However, for employers whose vacancies were *not* filled within a month, more than a quarter (27%) reported this impact.

Similarly, while 14% of employers who filled their vacancies within a month had difficulty which impacted on existing staff, this increased more than three-fold (to 51%) for employers who were not able to fill their vacancies in a month.

Selected impacts of recruitment difficulty by time to fill vacancies
Proportion of recruiting employers, Sep-Nov 2021

Note: employers who had unfilled vacancies for less than 1 month have been excluded from this chart.