

July 2022
Recruitment activity¹
59%

Monthly change: ▲ 1% pt
Yearly change: ▲ 16% pts

July 2022
Recruitment difficulty rate
75%

Monthly change: ▲ 8% pts
Yearly change: ▲ 22% pts

July 2022
Expect to increase staff
25%

Monthly change: ▼ 3% pts
Yearly change: ▲ 7% pts

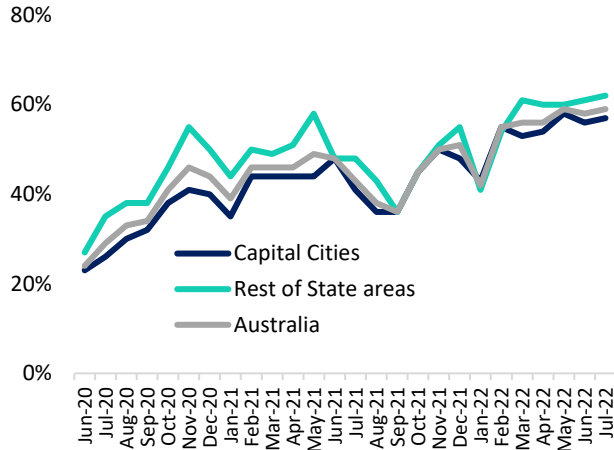
Key findings from the Recruitment Experiences and Outlook Survey (REOS)

- REOS results for July 2022 continue to reflect a tight labour market. Recruitment activity remained high, while the recruitment difficulty rate reached a new peak. Expectations to increase staff have eased for the third consecutive month but remain higher than a year ago.
- Some 59% of employers reported recruitment activity, which is 1 percentage point higher than last month, and equal with the peak recorded in May 2022.
 - In Capital Cities, the recruitment rate increased by 1 percentage point to 57%, while in Rest of State areas the rate also increased by 1 percentage point, to 62%.
 - The share of recruitment that was due to turnover is at a record high: nearly two thirds of recruiting employers (65%) were recruiting due to turnover alone, while 16% were recruiting due to both turnover *and* new positions.
- The recruitment difficulty rate increased substantially over the month to reach a record high of 75% of recruiting employers (representing 44% of all employers). This is an increase of 8 percentage points from last month and a new record high for the series.
 - The recruitment difficulty rate was 74% in Capital Cities (up 8 percentage points on last month) and 77% in Rest of State areas (up by 10 percentage points).
 - Some 80% of employers had difficulty when recruiting for Higher Skilled (ANZSCO Skill Level 1-3) occupations, an increase of 9 percentage points over the month. For Lower Skilled (ANZSCO Skill Level 4-5) occupations, the recruitment difficulty rate increased by 8 percentage points to stand at 71%.
- In July 2022, 15% of employers had increased staffing levels over the past month (an equal high with March, May, and June 2022), while 11% had decreased staffing levels.
- The proportion of employers who expected to increase staffing levels over the next 3 months declined by 3 percentage points to 25% (from 28% in June 2022). This is the third consecutive decline in this proportion since the peak of 36% recorded in April 2022. However, the July 2022 figure is 7 percentage points higher compared with a year ago.
- This month's Spotlight shows how the rate of retention difficulty has changed from 2021 to 2022 to date. It highlights how the increase in the level of retention difficulty is most pronounced for medium and large employers.

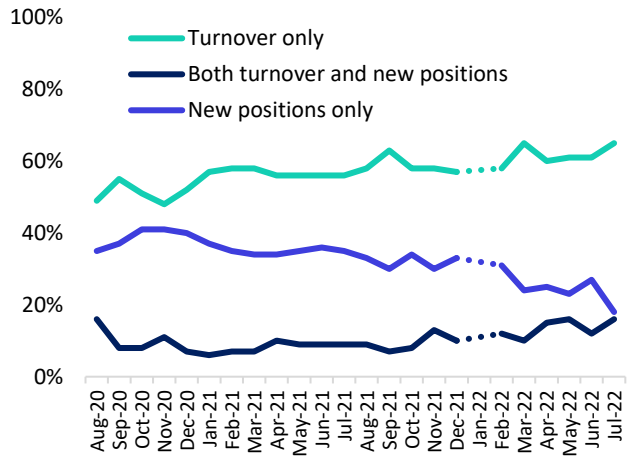
¹ Note: Recruitment activity (also referred to as the 'recruitment rate') refers to the proportion of all employers who are either currently recruiting or who had recruited in the previous month. The recruitment difficulty rate is the proportion of recruiting employers who experienced difficulty hiring staff. The 'expect to increase staff' figure is the proportion of all employers who expect to increase staff numbers over the next three months.

Recruitment indicators – key charts

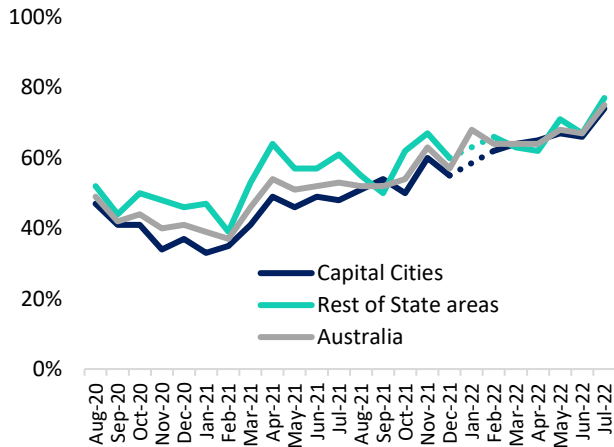
Recruitment activity *Proportion of employers*



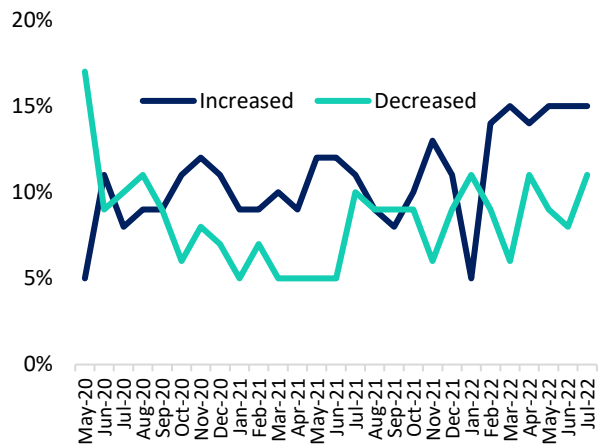
Reasons for recruitment *Proportion of recruiting employers*



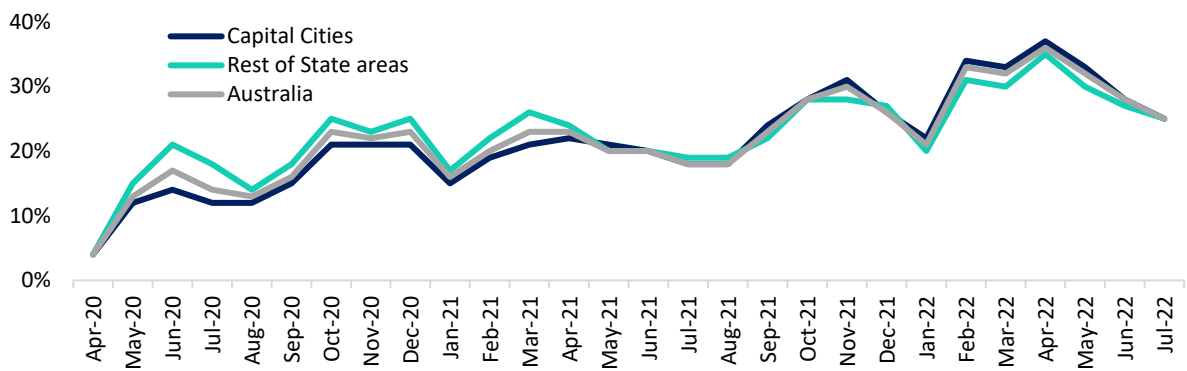
Recruitment difficulty *Proportion of recruiting employers*



Increased / decreased staff over the past month *Proportion of employers*



Employers who expect to increase staff numbers over the next 3 months *Proportion of employers*



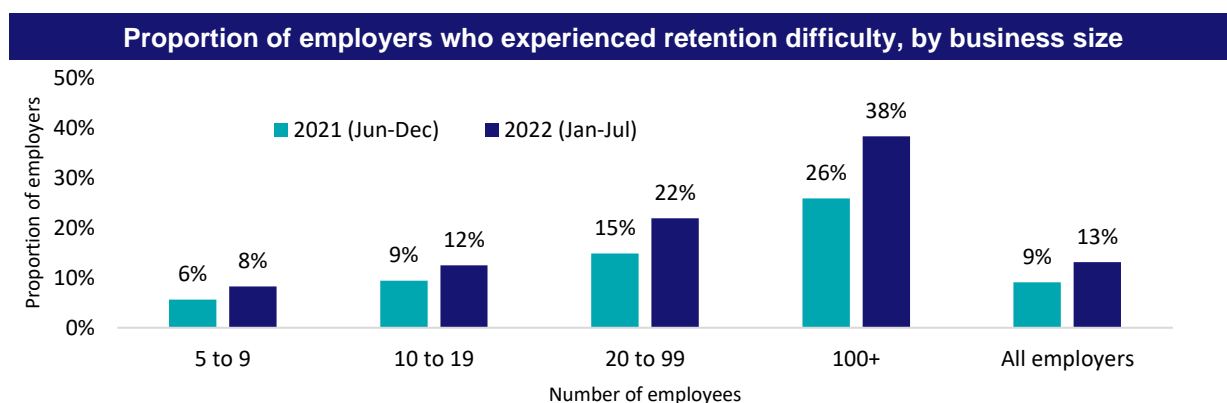
Note: Some disaggregated data was not publishable in January 2022; hence in some of the above charts data points from December 2021 to February 2022 have been joined by a dotted line.

Spotlight: Retention difficulty from 2021 to 2022

The past year has largely been characterised by declining levels of unemployment and strong growth in job vacancies². With so many job opportunities becoming available it is unsurprising that there has been an increase in the proportion of people who recently changed jobs, with the latest ABS data showing this to be at its highest level since 2012³. Consistent with these findings, employers are increasingly finding it difficult to retain staff. Data from the *Recruitment Experiences and Outlook Survey* (REOS) show a recent increase in the proportion of employers who had difficulty keeping staff in the previous 3 months (referred to in this Spotlight as having ‘retention difficulty’).

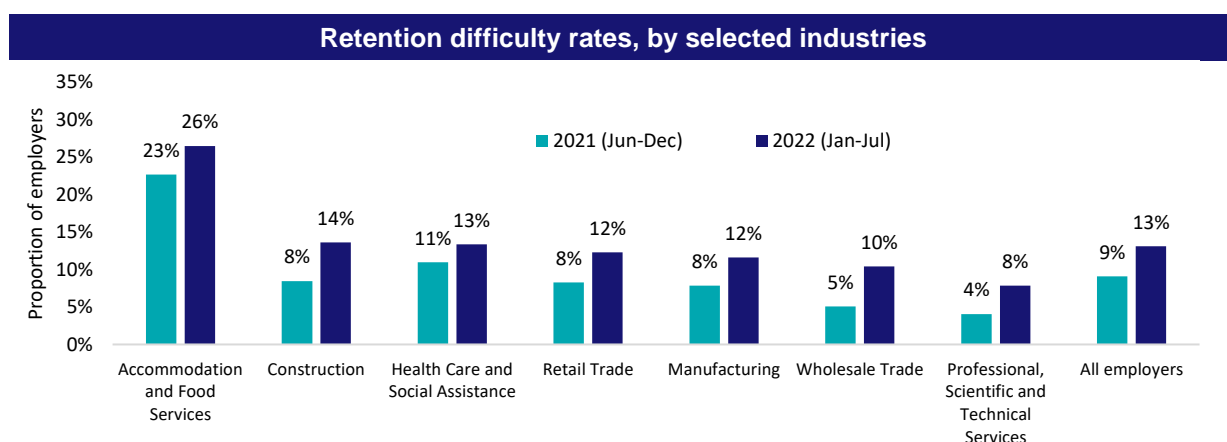
Retention difficulty has become more common – especially for larger employers

The proportion of employers who had difficulty retaining staff in the previous 3 months increased from 9% in 2021 (noting that this covers June to December 2021) to 13% in 2022 to date (January to July). The increase in retention difficulty is much more pronounced for medium and large businesses. The rate of retention difficulty for employers with 20 to 99 staff increased from 15% in 2021 to 22% in 2022 to date, while for employers with 100 or more staff it increased from 26% to 38% over the same period.



Retention difficulty is most common in Accommodation and Food Services

In 2022 to date, the industries (of those reported⁴) most likely to have had retention difficulty were Accommodation and Food Services (26%) and Construction (14%). For all the reported industries there was an increase in retention difficulty from 2021 to 2022 to date, with the largest increases occurring for Construction (8% to 14%) and Wholesale Trade (5% to 10%).



² ABS, Labour Force, Australia, June 2022; NSC, Internet Vacancy Index, July 2022.

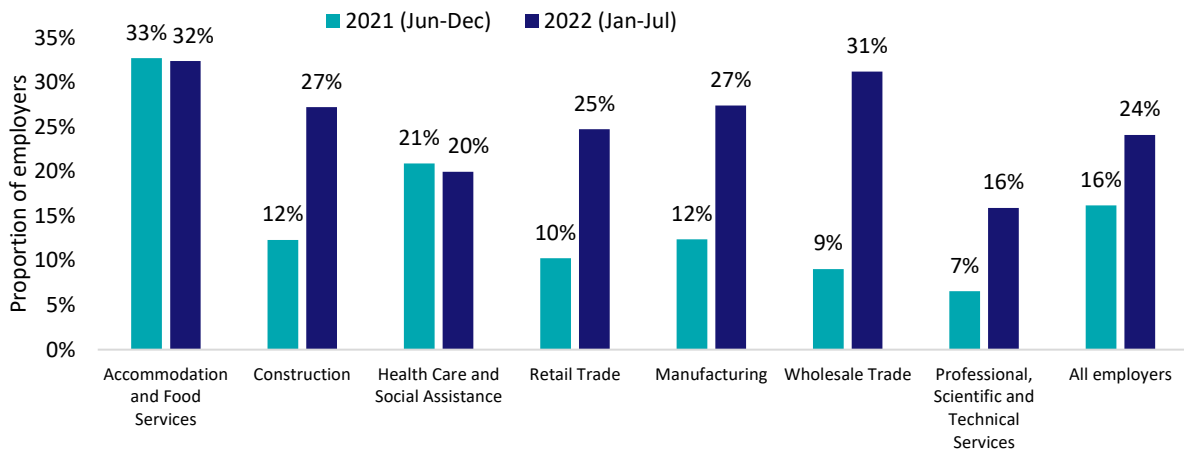
³ ABS, Job Mobility, February 2022.

⁴ Reported industries have been selected based on sample size. ‘All industries’ includes industries not separately reported due to low sample sizes.

Retention difficulty has become much more common for medium-to-large employers in particular industries

For certain industries the increase in retention difficulty rates from 2021 to 2022 to date was even more pronounced among medium-to-large employers (those with 20 or more staff). Over this period retention difficulty rates increased substantially in the Wholesale Trade industry (increasing by 22 percentage points), as well as the Manufacturing, Construction and Retail Trade industries (all increasing by 15 percentage points). Medium-to-large employers in Accommodation and Food Services had a high retention difficulty rate in 2022 to date (32%), although this had changed little since 2021 (33%).

Retention difficulty rates, by selected industries, for medium/large employers (20 staff or more):

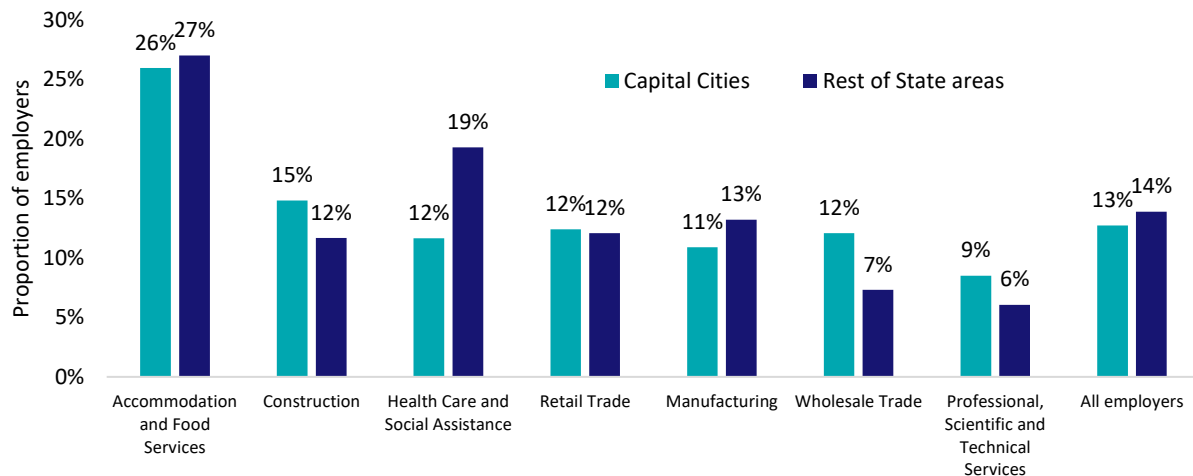


Note: Results for Professional, Scientific and Technical Services, and Wholesale Trade are based on low samples sizes and should be interpreted with caution.

Health Care and Social Assistance employers are more affected in regional areas

In 2022 to date there has been little overall difference in retention difficulty rates between Rest of State areas (14%) and Capital Cities (13%). Results by industry, however, show a notable difference for the Health Care and Social Assistance industry, with its retention difficulty rate notably higher in Rest of State areas (19%) than in Capital Cities (12%). The results also suggest that for the Wholesale Trade, Construction, and Professional, Scientific and Technical Services industries, retention issues were somewhat more common in Capital Cities than in Rest of State areas.

Retention difficulty rates, by region type and selected industries, 2022 (Jan-Jul)



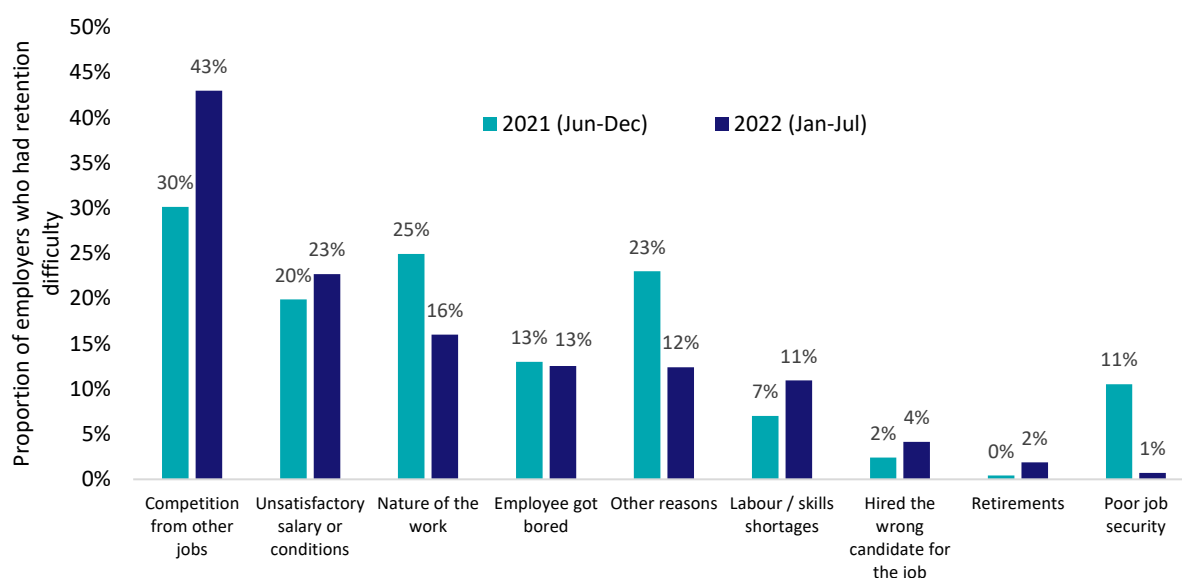
‘Competition from other jobs’ is the most common reason for retention difficulty

The reasons employers gave for their retention difficulty have shifted from 2021 to 2022 to date, reflecting the tightening labour market over this period.

The most significant change was in the proportion of retention-affected employers citing ‘competition from other jobs’ as a reason for their retention difficulty, which increased from 30% of retention-affected employers in 2021 to 43% in 2022 to date. There were also increases in the proportion of retention-affected employers citing ‘unsatisfactory salaries or conditions’ (20% to 23%) and ‘labour or skills shortages’ (7% to 11%) as reasons for retention difficulty.

On the other hand, from 2021 to 2022 to date employers *less* commonly reported the ‘nature of the work’ (25% to 16%), ‘poor job security’ (11% to 1%), and ‘other reasons’, which includes health concerns related to COVID-19, vaccination requirements, or excessive commute times (23% to 12%).

Reasons why retaining staff was difficult As a proportion of employers who had retention difficulty



Background

Information in the monthly Recruitment Insight Reports is based on the *Recruitment Experiences and Outlook Survey* (REOS), which is an ongoing survey of employers across Australia. Approximately 1,200 employers are surveyed each month, with data published on the Labour Market Insights website (labourmarketinsights.gov.au). 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. In addition, the survey is targeted towards employers with 5 or more employees, and excludes many government organisations.

REOS results may not reflect the full impact that outbreaks of COVID-19 and associated restrictions have had on employers and their recruitment experiences since the survey is unable to gather data from employers who have closed down (even temporarily) and response rates can vary significantly by industry in areas under lockdown restrictions.

Please note that data collection paused over the Christmas and New Year period from 21 December 2020 until 8 January 2021, and 18 December 2021 to 7 January 2022.

Data in this release should be referenced as – National Skills Commission, Recruitment Insights Report, July 2022.

For additional information email RecruitmentAnalysis@skillscommission.gov.au.