



REOS Spotlight: Employers' greatest concerns for the future

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Key indicators from the Recruitment Experiences and Outlook Survey (REOS) are published in the monthly *Recruitment Insights Report*, including the recruitment rate, recruitment difficulty and employers' staffing outlook. The *REOS Spotlight* series features analysis on topics of interest, utilising a greater range of data available in the rich survey dataset.

This month's Spotlight presents findings on employers' greatest concerns for their business in the future, based on REOS data collected from September quarter 2021 to June quarter 2023. The issue is captured by one question in the survey: *"Thinking about all aspects of your business, what (if anything) is your single greatest concern in the next 3 months?"*. While the question is a somewhat blunt tool to capture information about potentially complex issues, it serves as a useful barometer of employer confidence and helps identify what they see on the horizon for their business.

Trends over the last 2 years

In the September quarter 2021, employers notably cited Covid-19 and its direct impacts such as lockdowns, infections, and vaccination mandates and requirements as their greatest concern for the future. By the June quarter 2022, Covid-19 was no longer cited as the greatest concern for most responding employers.

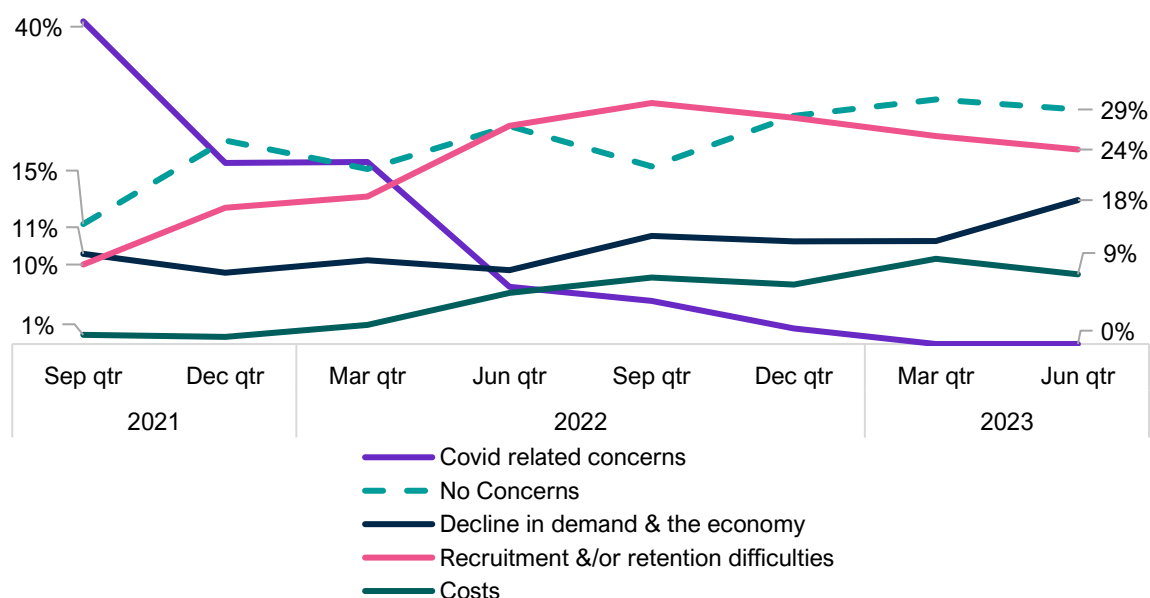
'Recruitment and/or retention difficulty', including skills shortages, has increased over time, peaking in the September quarter 2022 (30%) and is now the second highest response cited by employers in the June quarter 2023 (24%), behind 'No concerns'.

With so much focus in the last year or so on the economy and consumer demand for products and services, some 18% of employers cited the 'Decline in demand and the economy' as their greatest concern in the June quarter 2023, rising from the 11% recorded two years earlier. In addition to these general concerns, some 9% of employers cited 'Costs' as their greatest concern for the June quarter 2023, compared with the 1% recorded in the last half of 2021. This category includes the impacts of inflation on the balance sheet and increasing interest rates.

- Combined, this represents 27% of responding employers citing economic and financial concerns in the latest quarter, up from 11% in September quarter 2021.

Not all employers report having concerns about the future. 'No concern' is now one of the most common responses, cited by 29% of respondents in the June 2023 quarter, a substantial rise from the 15% of respondents that cited 'No concern' in September 2021 quarter. This can vary significantly by industry or by whether employers experienced difficulty recruiting (see further details below).

Figure 1: Employers single greatest concern for the future
Proportion of all employers, September quarter 2021 to June quarter 2023



A cautionary note

The REOS is a short telephone survey administered by trained interviewers, taking on average around 5 minutes. Most survey questions are about recent, current and future staffing and recruitment issues. The survey flow may impact a respondent's way of thinking about their *single greatest future concern* and may bias them towards recruitment related concerns rather than other aspects of the business. However, the current high reporting of 'Recruitment and/or retention difficulty' as a concern in the REOS is supported by other labour market data and evidence, particularly in relation to skill shortages.

- See [Jobs and Skills Australia's 2023 Skills Priority List](#), released on 4 October 2023 for more information.

It is also possible that the 'No concerns' category is overstated, due to survey fatigue, with respondents wanting to conclude their telephone interview; and/or the respondent may feel unqualified to answer this question on behalf of the business owner.

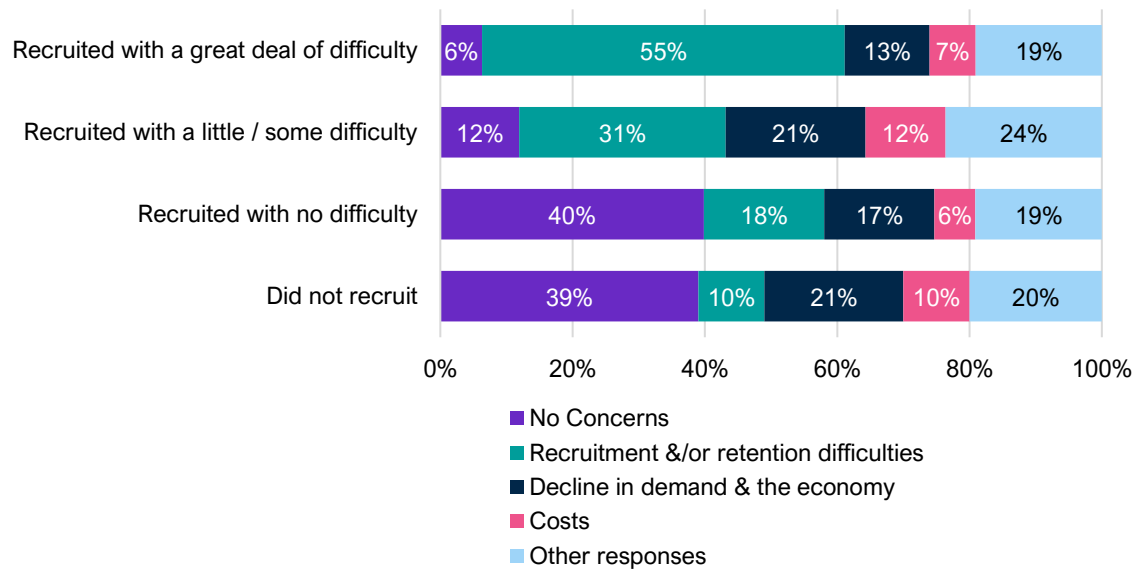
Further work is planned to investigate these issues further.

Single greatest concern – degree of recruitment difficulty

A key indicator from the REOS is whether employers who had recruited in the last 3 months or were currently recruiting, had experienced difficulty recruiting. Perhaps unsurprisingly, employers' concerns varied depending on their degree of difficulty recruiting staff: employers that reported having no recruitment difficulty were more likely to have 'No concerns' for the next three months (40%), compared with employers with a great deal of difficulty (6%). Those employers who hadn't recruited predominantly cited having 'No concerns' (39%).

By contrast, 'Recruitment and/or retention difficulty' (55%), and 'Decline in demand and the economy' (13%) were commonly mentioned by employers who had experienced a great deal of recruitment difficulty in their most recent recruitment round.

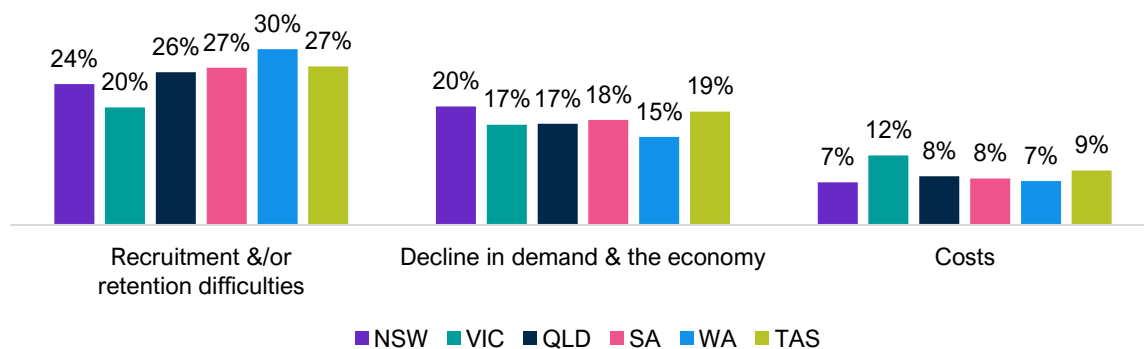
Figure 2: Employers greatest single concern by level of recruitment difficulty
Proportion of recruiting employers, June quarter 2023



Single greatest concern by state

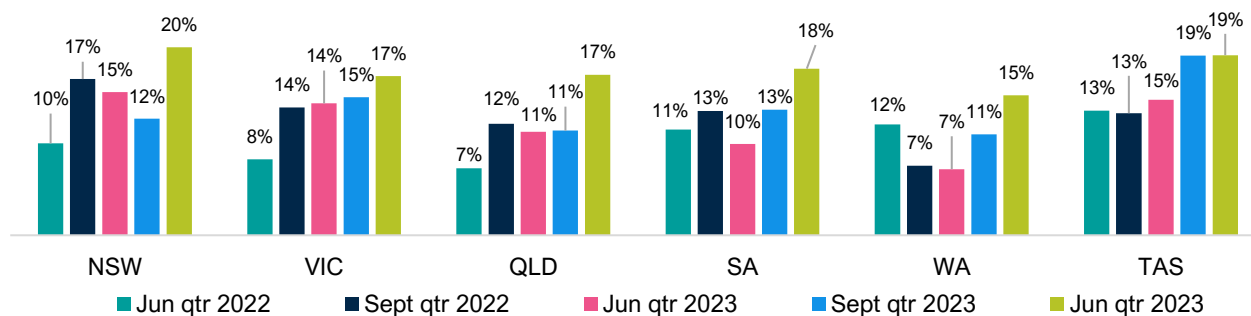
In the June quarter 2023, the proportion of employers citing 'No concerns' was similar across all states. For employers with concerns, 'Recruitment and/or retention difficulties' was a common concern amongst employers in all states, but particularly for employers in Western Australia (30%), South Australia and Tasmania (each 27%). Notably, employers in Victoria were less likely to be concerned about 'Recruitment and/or retention difficulty' (20%).

Figure 3: Employers single greatest concern by state
Proportion of all employers, June quarter 2023



Employers' concerns about how the economy is performing and the demand for their products and services has changed significantly since June last year (see Figure 4). For employers in all states, this issue was a significant concern but particularly so for employers in Queensland, New South Wales and Victoria where the proportion has more than doubled over the period.

Figure 4: Employers concern about ‘Decline in demand and the economy’ by state
Proportion of all employers, June quarter 2022 to June quarter 2023

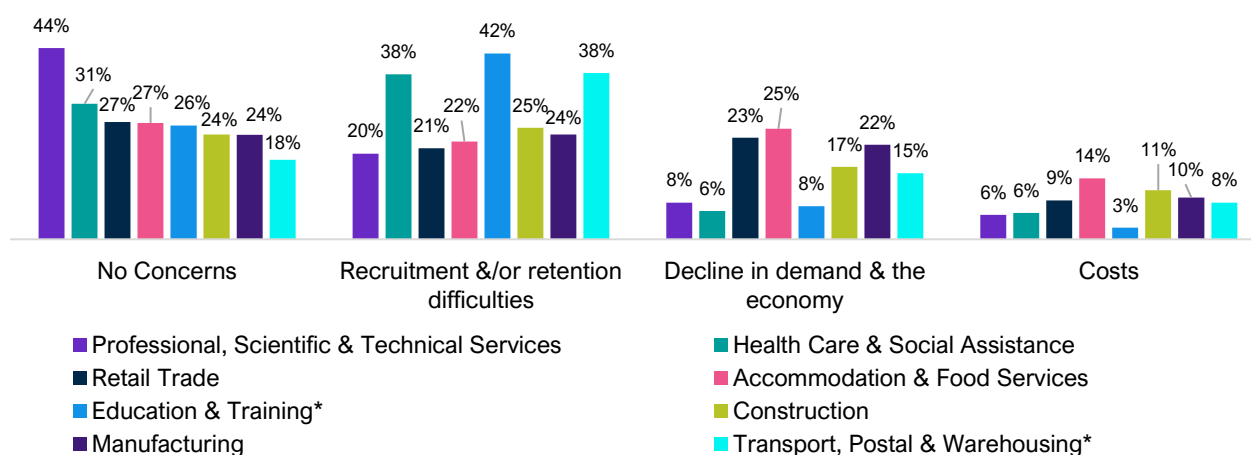


Single greatest concern by selected industries

June quarter 2023 results for selected industries¹ reveal that employers in the Professional, Scientific and Technical Services (44%) were most likely to have ‘No concerns’ while those in Transport, Postal and Warehousing were the least likely to have ‘No concerns’ (18%).

‘Decline in demand and the economy’ was a common concern for employers in Accommodation and Food Services (25%), Retail Trade (23%) and Manufacturing (22%). In the Health Care and Social Assistance industry however, only 6% of employers thought that economic factors were of concern; conversely, 38% of employers in this sector were more worried about staff recruitment and retention. Similarly, 42% of employers in Education and Training and 38% of those in Transport, Postal and Warehousing were concerned about staff recruitment and retention (noting slightly smaller samples for the latter two industry groups).

Figure 5: Employers single greatest concern by industry
Proportion of all employers, June quarter 2023



* Caution should be taken with these categories due to smaller sample size.

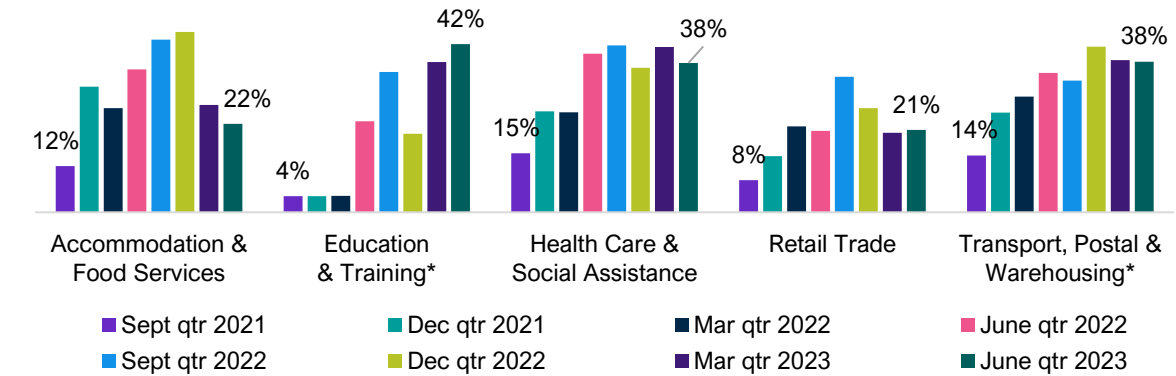
Cost pressure was a common concern for employers in Accommodation and Food Services (14%), Construction (11%) and Manufacturing (10%) but was rarely mentioned by employers in Education and Training (3%).

¹ Not all industries can be reported on a quarterly basis due to sample size constraints.

Trends by industry over the last 2 years

Over the last two years, there have been significant increases in the proportion of employers citing 'Recruitment and/or retention difficulty' as their single greatest concern, as shown in Figure 6 for selected industries. 'Recruitment and/or retention' issues has risen as a concern for employers in Education and Training the most, increasing by 38 percentage points over the period. By contrast, this peaked as a concern for employers in Accommodation and Food Services and Retail Trade late last year but has since been decreasing.

Figure 6: Employers concern about 'Recruitment and/or retention difficulty', by industry
Proportion of all employers, September quarter 2021 to June quarter 2023



* Caution should be taken with these categories due to smaller sample size.

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 (jobsandskills.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. The survey is targeted towards employers with five or more employees and excludes many government organisations. Further information is available at: jobsandskills.gov.au/work/reos-survey-methodology

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:

- [Employers' unrealised vacancies](#) (published September 2023): based on special questions included in 2023, finding that at least 11% of employers had vacancies they had given up on trying to recruit for.
- [Recruitment patterns for entry level vacancies](#) (published August 2023): examined the trends in recruitment for entry level jobs (across skills levels, industry, occupation, and other key factors).

Earlier topics include trends in recruitment difficulty, recruitment conditions in capital cities and rest of state areas, and recruitment difficulty for hospitality workers.

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: Employers' greatest concerns for the future.*

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