



Employers' experiences with retention issues

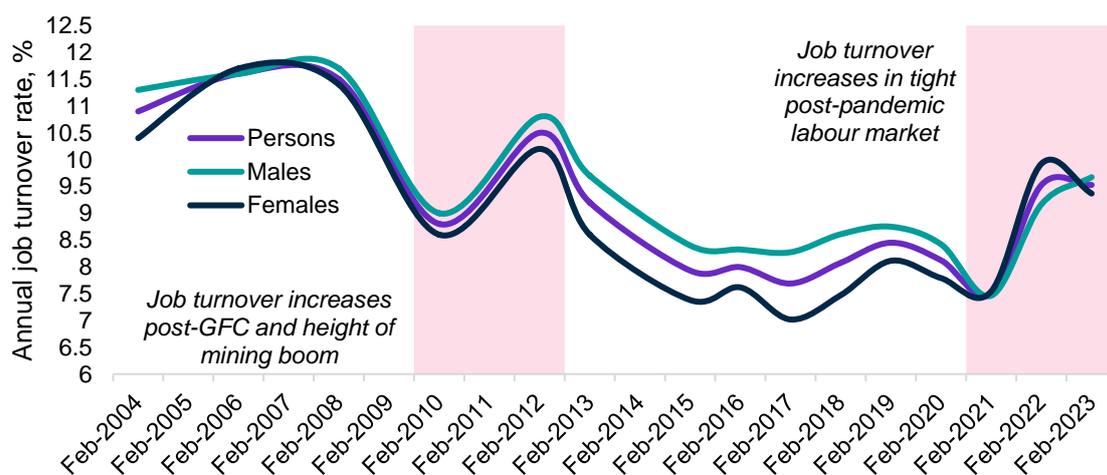
Contextual overview

Over the last few years, more workers have changed jobs compared with years prior to the COVID-19 pandemic. In the 12 months to February 2023, 1.3 million people changed jobs, resulting in a job mobility rate of 9.5% — the highest rate of job mobility experienced since February 2012 (10.5%).¹ The increasing rate of job mobility since the COVID-19 pandemic mirrored that of the increase seen over 2010-2012 in the aftermath of the Global Financial Crisis (Figure 1). It is worth noting that despite this recent increased rate of job mobility, it is still relatively low compared to earlier decades and has generally been trending downwards since the late 1980s.

While the labour market became tighter following the pandemic, workers were able to take advantage of the increased competition for staff among businesses — evidenced by soaring levels of job advertisements through to 2022, seen through Jobs and Skills Australia's Internet Vacancy Index.²

Higher rates of job mobility can be detrimental to businesses in several ways, including reduced productivity, increased time spent on recruitment and training, as well as a loss of experience in the business.

Figure 1: Annual job turnover rate, proportion of employed people, February 2004 – February 2023



Source: Australian Bureau of Statistics (ABS), Job mobility, February 2023 (data from 2015-2023); Participation, Job Search and Mobility, Australia, February 2018 (data pre-2015).

¹ Australian Bureau of Statistics (ABS), Job mobility, February 2023.

² Jobs and Skills Australia, Internet Vacancy Index, January 2024.

To gain a better understanding of employers' retention issues, a module on the topic was included as part of the Recruitment Experiences and Outlook Survey (REOS). Please see [Appendix A](#) for the full set of questions and response categories, as well as response sequencing. This month's spotlight provides analysis from this set of questions, and is based on more than 2,200 responses, received from August 2023 to December 2023.

Note about the data

The data obtained does not seek to provide a view of **overall** retention issues within businesses, but rather highlights the extent of staff replacement of those employers who had *most recently recruited to replace staff for a given occupation*.

Key findings

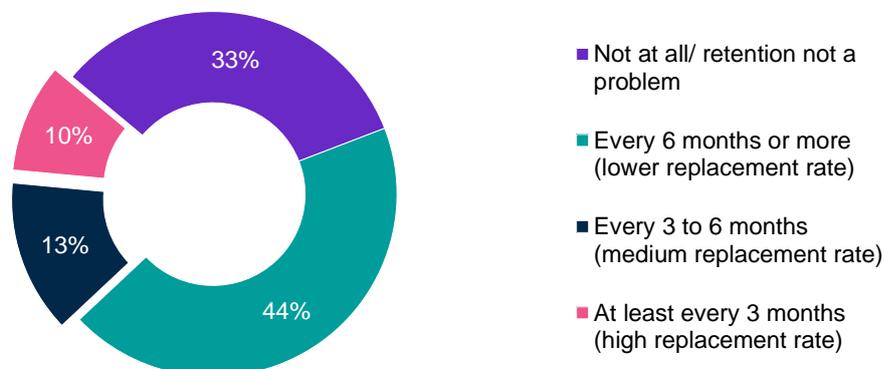
- Of employers who had most recently recruited to replace staff, nearly 1 in 4 replace staff at least every 6 months.
 - This was most common for employers in Accommodation and Food Services and employers who recently recruited to replace Labourers.
- Staff leaving for other job opportunities and the nature of jobs were the most common reasons for employers needing to regularly replace staff.
- Many employers who regularly replaced staff were offering higher wages or other incentives (such as free accommodation) as strategies to retain staff.

Frequency of staff replacement

Close to a quarter (23%) of employers surveyed from 21 August to 15 December 2023 who recruited to replace staff in their most recent recruitment round (within the past 3 months or were currently recruiting) noted that they generally replace staff at least every 6 months for the occupations they recruited for (Figure 2) — an indication of medium to high replacement rates.

A third of employers who recently recruited to replace staff reported that they do not often replace for the occupation, or that retention was not an issue. A further 44% reported that they generally only replaced staff for the occupation every 6 months or more, indicating a lower rate of replacement for the occupations recruited for. While replacing staff every 6 months may still be considered a high rate of replacement in some professions, for the purposes of this analysis, boundaries had to be set relative to each other.

Figure 2: Frequency of replacing staff, proportion of recruiting employers who replaced or both replaced/had new positions for their most recently recruited occupations



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

By selected industries

Half of the recruiting employers in Accommodation and Food Services (who had replaced staff) reported having medium to high replacement rates for the occupations they most recently recruited for (Figure 3). This was the industry with the highest proportion of employers reporting medium to high rates of replacement — due in part to the type of roles in that industry, which are often lower skilled in nature.

Figure 3: Frequency of replacing staff for most recently recruited occupations – selected industries



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

Conversely, very few employers (12%) in the Professional, Scientific and Technical Services industry reported medium to high rates of replacement for the occupations they most recently recruited for. This industry usually comprises higher skill level occupations, which generally have lower turnover rates.

By major occupation groups

Employers who recently recruited to replace Labourers or Community and Personal Service Workers most commonly reported medium to high rates of replacement (Figure 4). On the other hand, very few employers who recently recruited to replace Professionals and Managers faced retention issues for these occupations.

Figure 4: Frequency of replacing staff for most recently recruited occupations – main occupation groups



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

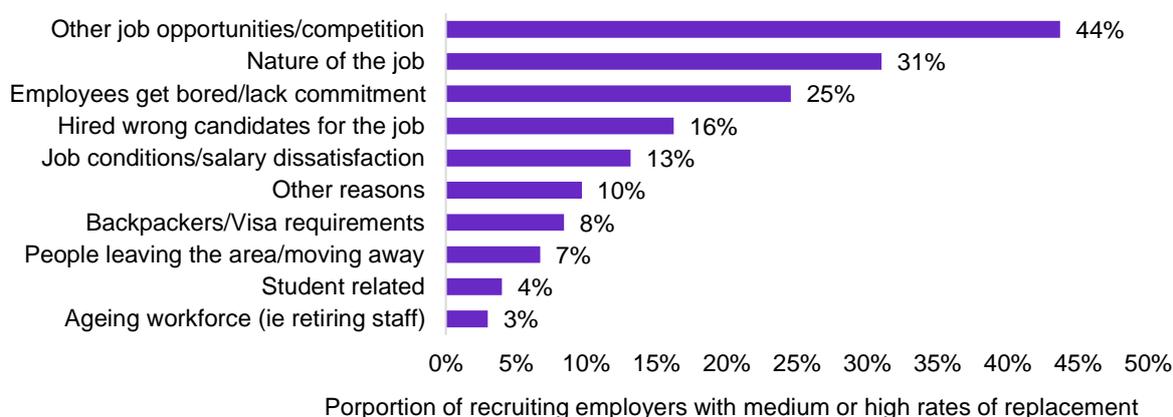
*Note: Due to low sample size, caution is advised in interpreting results for Managers.

Reasons for regularly replacing staff

More than 2 in 5 recruiting employers (44%) with medium or high replacement rates reported that they usually replaced staff for their most recently recruited occupation due to people leaving for other job opportunities (Figure 5). This aligns fairly well with data from the ABS³ which shows that a third (32%) of all people who left or lost a job in the 12 months to February 2023 left a job to obtain a better job or just wanted a change.

Close to a third of employers (31%) reported that the nature of the job required them to regularly replace staff — with many of these employers being in the Accommodation and Food Services or Retail Trade industries. Notably, only 13% of employers reported that the conditions of the job or dissatisfaction with salaries was the reason for them having to regularly replace staff in the occupations they most recently recruited for.

Figure 5: Reasons for regularly replacing staff for most recently recruited occupations

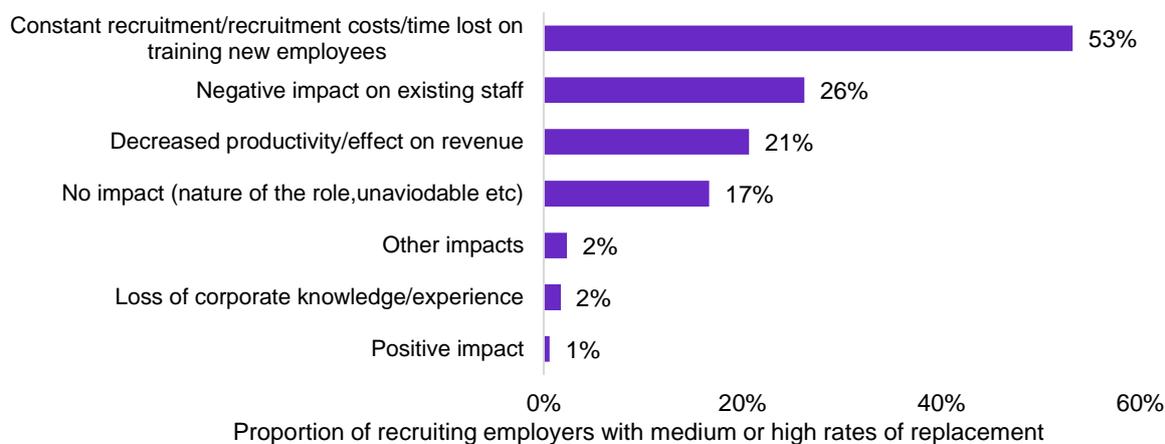


Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

Impacts on businesses

For more than half of employers who regularly replace staff, the impact on their business is largely related to the constant recruitment needed — including the costs involved, and the time lost through training new employees each time (Figure 6).

Figure 6: Impacts on business due to regularly replacing staff for most recently recruited occupations



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

³ Australian Bureau of Statistics (ABS), Job mobility, February 2023.

Around a quarter of employers noted that there was a negative impact on their existing staff, while 1 in 5 noted decreased productivity and negative effects on their revenue streams.

To further illustrate these impacts, some select quotes from employers are presented below and, while not representative of all employers, do provide some additional insights.

Manufacturing employer, October 2023, Greater Perth

“Everything closes down and we have to pull more knowledgeable people from elsewhere to do the job, which reduces our overall output.”

Health Care and Social Assistance employer, December 2023, Regional Qld

“Can’t meet our ratios which means we can’t operate rooms and have to report to the Department of Education.”

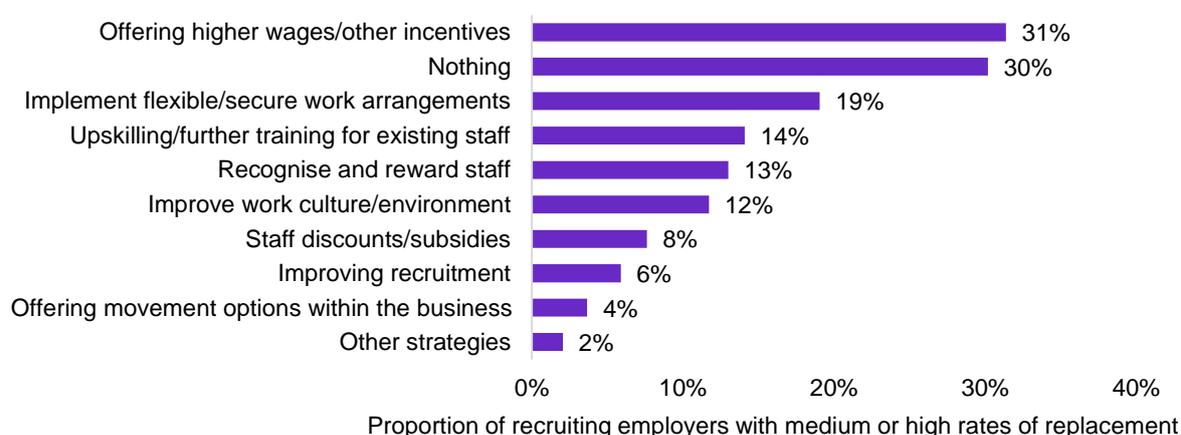
Accommodation and Food Services employer, December 2023, Regional WA

“People get trained for 2 weeks, and then aren’t seen again after that. It’s stressful and feels like wasted time.”

Strategies used to retain staff

Employers with medium or high replacement rates were also asked about the strategies they were utilising to retain staff for their most recently recruited occupations. Close to a third (31%) reported that they were offering higher wages and/or other incentives to their staff to retain them (Figure 7). Around 1 in 5 employers were implementing flexible working arrangements, while 14% were upskilling their existing staff through further training programs or initiatives.

Figure 7: Strategies businesses use to retain staff for most recently recruited occupations



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

Note: Employers who responded that there was ‘No impact’ to their business from regularly replacing staff were not asked what strategies they use to retain staff.

Interestingly, some 30% of employers noted that they were not utilising any strategies in particular to retain staff for their most recently recruited occupation. Whether this was due to financial reasons, lack of time, or some other reason is unclear, but it is an indication that some employers are currently not addressing their retention issues for specific occupations and may accept regularly replacing their staff.

Further research is ongoing to explore employers who respond in this way, to see why they were not utilising any particular strategies to retain staff and the context surrounding their responses.

Background

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

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

Recent spotlight and research topics include:

- *REOS December quarter 2023 report* (published February 2024): more detailed REOS data disaggregated by state, area, industry, and occupation are released in this quarterly report.
- *2023 Year in Review* (published March 2024): based on REOS data collected over 2023, highlighting major trends and changes that occurred over the year, with regards to recruitment activity, recruitment difficulty and other indicators.

Earlier topics include jobless applicants, employers unrealised vacancies, recruitment patterns for entry level workers and employers' greatest concerns for the future.

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 \(ANZSCO\)](#), 2022.
- 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 2021.

Data in this release should be referenced as: *Jobs and Skills Australia, REOS Spotlight, Employers' experiences with retention issues*, March 2023.

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

Appendix A: REOS questions on retention issues

The following questions were asked only of *employers who most recently recruited to replace staff, or both had new positions and replaced staff.*

Code	Question	Sequence
	How often have you had to replace staff for this occupation?	
RET1	1. Every month to less than 3 months (High)	→ RET2
	2. Every 3 months to less than 6 months (Medium)	→ RET2
	3. More than 6 months (Low)	→ END
	4. Not at all/not a problem	→ END
	5. Unsure	→ END
	Why have you had to regularly replace staff for this position?	
	<i>Note: Multiple responses allowed</i>	
RET2	1. Nature of the job	
	2. Employees get bored/lack commitment	
	3. Job conditions/salary dissatisfaction	
	4. Other job opportunities/competition	
	5. Hired wrong candidates for the job	
	6. Ageing workforce (i.e. retiring staff)	
	7. Backpackers/Visa requirements	
	8. People leaving the area/moving away	
	9. Other	
	10. Unsure	
	How does replacing staff affect your business?	
	<i>Note: Multiple responses allowed</i>	
RET3	1. Decreased productivity/effect on revenue	
	2. Negative impact on existing staff	
	3. Constant recruitment/recruitment costs/time lost on training new employees	
	4. Loss of corporate knowledge/experience	
	5. Positive impact - new ideas/new workers	→ END
	6. No impact (nature of the role, unavoidable etc.)	→ END
	7. Other	
	8. Unsure	
	What strategies have been used to keep staff for this occupation?	
	<i>Note: Multiple responses allowed</i>	
RET4	1. Offering higher wages/other incentives	
	2. Recognise and reward staff	
	3. Implement flexible/secure work arrangements	
	4. Improving recruitment	
	5. Upskilling/further training for existing staff	
	6. Offering movement options within the business	
	7. Offer subsidised meals/products or service discounts	
	8. Improve work culture/environment	
	9. Nothing	
	10. Other	
	11. Unsure	