



REOS spotlight: Employers' experiences recruiting for apprentices

Jobs and Skills Australia's Recruitment Experiences and Outlook Survey (REOS) collects responses from around 1,000 Australian employers per month via a telephone survey conducted by trained interviewers. The survey targets businesses with 5 or more employees.

Since 2021, the REOS has been recording information from employers who *volunteer* that their most recent recruitment round was for an apprentice position. Respondents are not specifically asked if they recruited for an apprentice (mainly due to survey length and respondent burden considerations) which means the data may not be representative of all businesses across Australia. However, by recording the rich information employers are offering in their telephone surveys, we gain valuable insights into recruitment issues for employers of apprentices.

The National Apprentice and Trainee Collection by the National Centre for Vocational Education Research (NCVER) is the official source of apprenticeship statistics.¹ This REOS spotlight focuses on recruitment difficulty, methods of recruiting apprentices and whether employers were recruiting for a new position or replacing an apprentice – information that is not readily available in other data sources.

REOS data in this report are based on employers who reported recruiting an apprentice between 2021 to 2023.

Characteristics of businesses recruiting for apprentices in the REOS

Around 3% of employers surveyed in the REOS each year volunteered that they recruited for an apprentice in their most recent recruitment round. While there are no official statistics on the proportion of total job advertisements which are for apprentices, trade apprentice commencements in the year to June 2023 represent around 2% of total Internet Vacancy Index (IVI) advertisements over the same period. This is generally in line with the proportion of employers volunteering that they recruited an apprentice in REOS.²

REOS data also indicate that employers most commonly recruit for apprentices in the Construction, Manufacturing, and Other Services industries (the latter covers repair and maintenance, e.g. cars, machinery and clothing; and personal and other services, e.g. hair and beauty, funeral services, dry cleaning, and religious services). Together, these industries accounted for around 80% of employers recruiting for apprentices in the REOS (Figure 1). This is broadly consistent with data from NCVER which indicates that the Construction, Manufacturing and Other Services industries combined accounted for around 71% of trade apprentice commencements in the year to June 2023.³

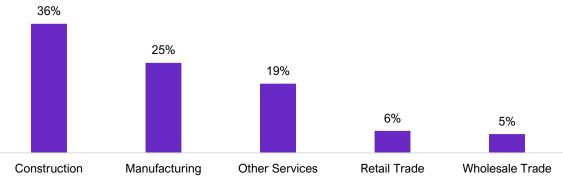
¹ For more about the National Apprentice and Trainee Collection, please see https://www.ncver.edu.au/researchand-statistics/collections/apprentices-and-trainees-collection.

² Sources: Jobs and Skills Australia, Internet Vacancy Index, February 2024; NCVER, Apprentices and Trainees [Vocstats], June 2023.

³ NCVER, Apprentices and Trainees [Vocstats], June 2023.

Figure 1: Share of employers recruiting for an apprentice in the REOS, top 5 industries

Proportion of recruiting employers



■ % industry share of employers recruiting for apprentices

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2021 to 2023

From an occupational perspective (at the 2-digit ANZSCO level), of the apprentice vacancies surveyed:

- 31% were for Automotive and Engineering Trades Workers. Of these, 65% were for Motor Mechanics, and Structural Steel and Welding Trades Workers.
- 21% were for Construction Trades Workers. More than three in every four of these positions was for either an apprentice Carpenter and Joiner or Plumber.
- 19% were Electrotechnology and Telecommunication Trades Workers. Airconditioning and Refrigeration Mechanics, and Electricians made up almost all of the apprentice vacancies for this occupation group.
- 14% were for Other Technicians and Trades Workers. Around 80% of vacancies in this occupation group were for Cabinet and Furniture Makers, and Hairdressers.

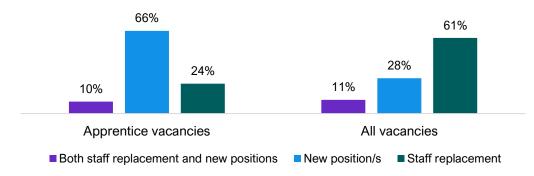
In the REOS dataset, employers in regional Australia were more *likely* to be recruiting for an apprentice. In the capital cities, 2.6% of employers surveyed were hiring an apprentice, compared with 3.8% in regional areas. As might be expected, capital cities accounted for the largest *number* of employers recruiting for apprentices (55% of all employers recruiting for apprentices were in the cities).

New versus replacement apprentice positions

Reflecting the very different nature of an apprenticeship compared with other work arrangements, there are large differences between why employers recruit apprentices versus other types of vacancies. Two in every three employers recruiting for apprentices were seeking to fill a new position (66%), compared with 28% across all vacancies. By contrast, 61% of all surveyed vacancies was recruitment to replace staff, while only 24% were recruiting to replace an apprentice role. It is worth noting that during the period of 5 October 2020 to 30 June 2022, the Australian Government Boosting Apprenticeship Commencements incentive was in place. This initiative spurred higher commencement levels than those seen in the preceding years.

Figure 2: Reason for recruiting apprentices

Proportion of recruiting employers



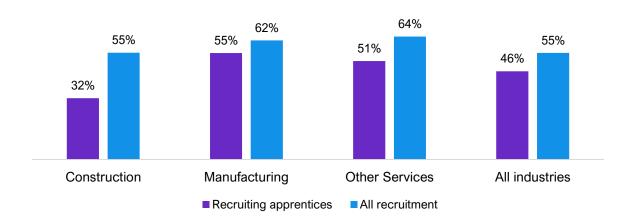
Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2021 to 2023

Interestingly, data from the NCVER indicate that 30% of employed trade apprentice completers had a different employer to their apprenticeship. Of these, 28% changed because of a better job offer.⁴ Almost half of trade apprentices do not complete their apprenticeship, with the individual completion rate for trade apprentices standing at 53%.⁵

Recruitment difficulty

As part of the REOS, employers are asked if they experienced difficulty recruiting. Overall, employers had less difficulty filling vacancies for apprentices (46% recruitment difficulty rate) compared with the 55% for all vacancies over 2021 to 2023.

However, the recruitment difficulty rate for apprentice positions varied by industry. Employers in the Manufacturing and Other Services industries had considerably more difficulty recruiting apprentices (55% and 51% respectively) compared with employers in the Construction industry (32%). However, the recruitment difficulty rate for apprentices was still below the 'all vacancy average' for each of these three industries.





Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2021 to 2023

⁴ NCVER, Apprentice and trainee outcomes 2023, 21 March 2024

⁵ NCVER, Completion and attrition rates for apprentices and trainees 2022, 4 September 2023. Refers to those apprentices who started their apprenticeships in 2018.

There was considerable variation in recruitment difficulty rates depending upon the occupation being recruited for. Recruitment difficulty rates⁶ for employers hiring apprentices:

- Other Technicians and Trades Workers was 62%;
- Automotive and Engineering Trades Workers was 48%;
- Construction Trades Workers was 44%; and
- Electrotechnology and Telecommunications Trades Workers, the lowest at 25%.

Reasons for recruitment difficulty

The REOS also asks employers who reported experiencing recruitment difficulty for the reasons why they found recruitment difficult (Figure 4). Of the employers who said that recruiting an apprentice was difficult, almost half (46%) said that they had too few applicants, much higher than the 32% recorded for all vacancies. Not surprisingly, employers recruiting for apprentices were less likely to find applicants unsuitable due to a lack of technical skills.

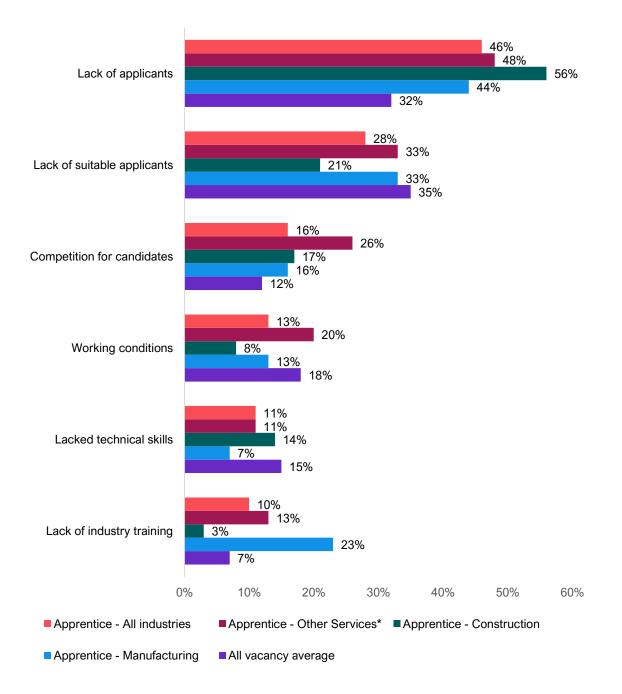
Some 16% of employers recruiting for apprentices found it difficult to attract applicants due to competition for candidates, compared with 12% for all employers. This was particularly the case for employers in the Other Services industry (Hairdresser and Motor Mechanic apprentices comprised the majority of the sample in this industry) where around one in four employers (26%) stated competition was a reason for having recruitment difficulty. Notably, 'undesirable working conditions/hours/wages' particularly impacted employers in the Other Services industry, with 20% providing this as a reason for recruitment difficulty, compared with the average for all employers recruiting for apprentices (13%).

A lack of industry training was another point of difficulty in the Manufacturing industry. Some 23% of employers in this industry cited this as a reason, compared with 10% of employers recruiting for apprentices across all industries.

⁶ Due to smaller sample sizes, data for Electrotechnology and Telecommunications Trades Workers (a sample of just below 125 employers) and Other Technicians and Trades Workers (a sample of just over 80 employers), should be analysed with caution.

Figure 4: Top 6 reasons for apprentice recruitment difficulty, by selected industries

Proportion of employers with recruitment difficulty



* Due to a smaller sample size for the Other Services industry, data should be analysed with caution. Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2021 to 2023. Note that employers can select multiple reasons for recruitment difficulty.

While relatively few employers recruiting for apprentices said that their location impacted on their difficulty recruiting (8%), this rose to 15% for those employers located outside the capital cities. One employer in the Manufacturing industry noted that the relevant TAFE course moved locations, resulting in a 5-hour trip from their location to the training facility, and back. They observed that the long travel time between locations impacted retention and was a deterrent to potential apprentices.

There were several common themes among overarching employer comments on why they were having difficulty recruiting apprentices. This included the reduced appeal of apprenticeships, including a perceived push towards attending university, as well as more students staying on in secondary school rather than exiting to an apprenticeship.

Between 2010 and 2017, there was large scale growth in the number of domestic undergraduate students studying at university. Over the same period, the number of trade apprentices declined, leading to the question of whether some people who would previously have chosen an apprenticeship may have chosen to attend university instead.

• A 2024 NCVER study⁷ indicates that the profile of a young person who is likely to undertake an apprenticeship rather than enter university has remained largely unchanged since 2007. While the study did not find any large-scale relative changes in the characteristics of young people entering apprenticeships or university, they did note that there may be effects not captured by this study.

Following the introduction of the Boosting Apprenticeship Commencements incentive in late 2020, there was significant growth in the number of trade apprentices, with the number in training increasing by 32% between 2020 and 2023 to around 240,000.⁸ This compares with a decline in the number of domestic undergraduates (down by 3% to around 800,000) between 2020 and 2022 (latest available data).⁹ The 2024 NCVER report also noted that "more young people are selecting university study but there remains a significant pool of young people who may be attracted to apprenticeships through targeted career education and improved matching of career aspirations to study pathways".

Other themes raised by employers included competition for workers from the Mining industry resulting in increased difficulty attracting and retaining workers. Some employers also spoke about hiring an apprentice because finding a fully qualified person was too difficult.

• Jobs and Skills Australia's 2023 Skills Priority List indicated that Technicians and Trades Worker occupations were the most likely to be experiencing shortages and that all Construction Trades Workers have experienced persistent shortages in recent years (2021 to 2023).

Methods of recruitment

While online jobs boards were the most commonly used method to recruit, employers tended to use this method less when recruiting for apprentices. For example, 40% of employers recruiting for apprentices advertised using online jobs boards compared with 58% of employers across all vacancy types.

On the other hand, some methods were used more often by employers filling apprenticeship positions. For example, 13% of employers recruiting for apprentices advertised at educational institutions, well above the average of 2% for all employers.

⁷ Waugh, J, Forrest, C & Dowling, K 2024, The impact of increasing university participation on the characteristics of apprentices, NCVER, Adelaide

⁸ NCVER 2023, Australian vocational education and training statistics: historical time series of apprenticeships and traineeships in Australia, from 1963, NCVER, Adelaide.

⁹ Department of Education, 2022 Student data: Student Enrolments Pivot Table (<u>https://www.education.gov.au/higher-education-statistics/resources/student-enrolments-pivot-table-2022</u>), accessed 26 March 2024.

• One employer looking for an apprentice panelbeater said that he would "hit the schools" at the end of the year to see if he could generate some interest in spray painting and panelbeating apprenticeships with his business.

Word of mouth was also a popular method when seeking new apprentices, with 37% of businesses seeking apprentices using this as a method to recruit. Around 15% of employers recruiting apprentices relied on job seekers approaching them directly, compared to 8% for all recruiting employers.

- An employer recruiting for an apprentice marine mechanic said a school had approached him directly with a candidate and that he hired the applicant.
- Several employers mentioned taking on apprentices who had done work experience or student placements with them.
- One employer stated that "if someone comes in asking for a job, I will give them a go".
- An employer recruiting for an apprentice joiner said that an applicant didn't show up for a scheduled interview but they ended up hiring someone else who happened to walk in on the same day.

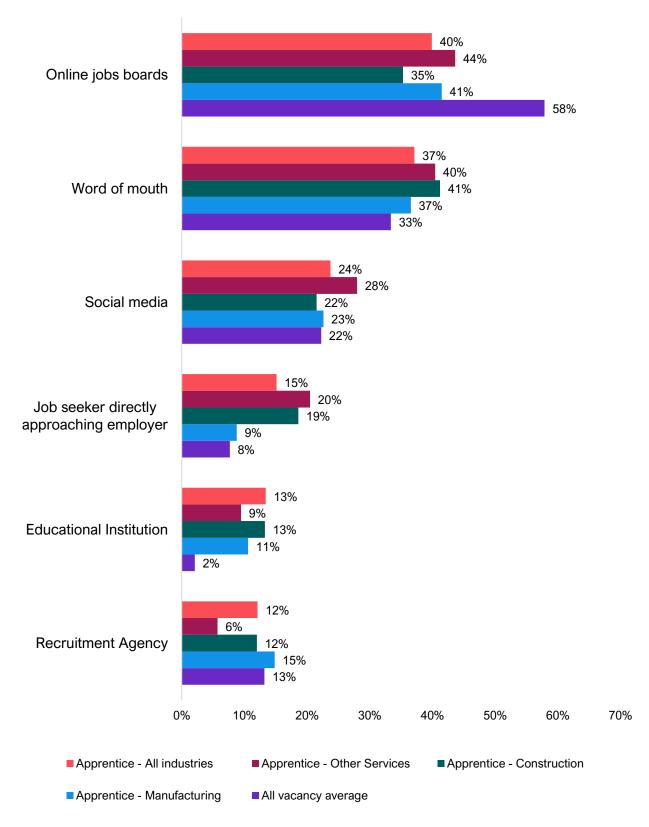
Between industries, there were slightly different approaches in the way that employers recruited for apprentices. At 35%, the Construction industry had the lowest use of online jobs boards for apprentices but the highest use of word of mouth (41%). A further 19% of employers in Construction reported relying on direct approaches from job seekers (compared with 15% for all apprentice vacancies).

At 9%, employers in the Manufacturing industry were considerably less likely to use a direct approach by a candidate as a method of recruitment, 6 percentage points below the figure for all employers recruiting for apprentices.

One in every five employers in the Other Services industry used a direct approach from a candidate to recruit, 5 percentage points above the average for all employers hiring apprentices. There was also a higher use of social media to recruit apprentices in this industry (28%), which was driven mainly by employers recruiting for apprentice hairdressers.

Chart 5: Top 6 methods of recruitment for apprentices, by selected industry

Proportion of recruiting employers



Note: Employers can select multiple methods of recruitment.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2021 to 2023

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 <u>Jobs and Skills Australia</u> 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 <u>REOS methodology paper</u>.

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

Recent Spotlight topics include:

- REOS Spotlight Employers' retention issues (published March 2024)
- *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.

Earlier topics include jobless applicants, employers unrealised vacancies, recruitment pattern for entry level workers and trends in recruitment difficulty.

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 <u>Counts of Australian Businesses, including Entries and Exits</u> (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 <u>Australian and New Zealand Standard Industrial Classification</u> (ANZSIC), 2006, Version 2.0.
- Occupation is defined by the <u>Australian and New Zealand Standard Classification of</u> Occupations (ANZSCO), 2013, Version 1.3.
- Capital City and Rest of State areas are defined by the <u>Australian Statistical Geography</u> <u>Standard (ASGS): Volume 1 - Main Structure and Greater Capital City Statistical Areas</u>, July 2016.

Data in this release should be referenced as: Jobs and Skills Australia, REOS Spotlight: Experiences of employers recruiting for apprentices, April 2024.

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