



How recruitment challenges affect businesses

Contextual overview

Jobs and Skills Australia's *Recruitment Experiences and Outlook Survey* (REOS) measures the proportion of recruiting employers who reported having difficulty in filling their most recent vacancies, referred to as the 'recruitment difficulty rate'. The recruitment difficulty rate is regarded as a core indicator of REOS and is published monthly as part of the [Recruitment Insights Report](#).

While it is useful to know the overall level of recruitment difficulty, a missing piece of information was how recruitment difficulty impacted businesses and to what extent the impacts differ between industries or by what occupations employers recruit for. To further explore this concept of impacts of recruitment difficulty on businesses, a question was added to the REOS from 21 August 2021, until 19 December 2024. The question was as follows:

How has the difficulty hiring staff affected your business?

Findings in this spotlight will be based on the data collected for this question from 2022 to 2024, to provide full yearly comparisons where appropriate.

Note about the data

The data presented in this spotlight does not seek to provide a view of overall impacts of recruitment difficulty on businesses. Instead, it highlights the specific effects experienced by businesses during their *most recent recruitment rounds*. Employers could cite multiple impacts to their business resulting from these recent hiring challenges.

Key findings

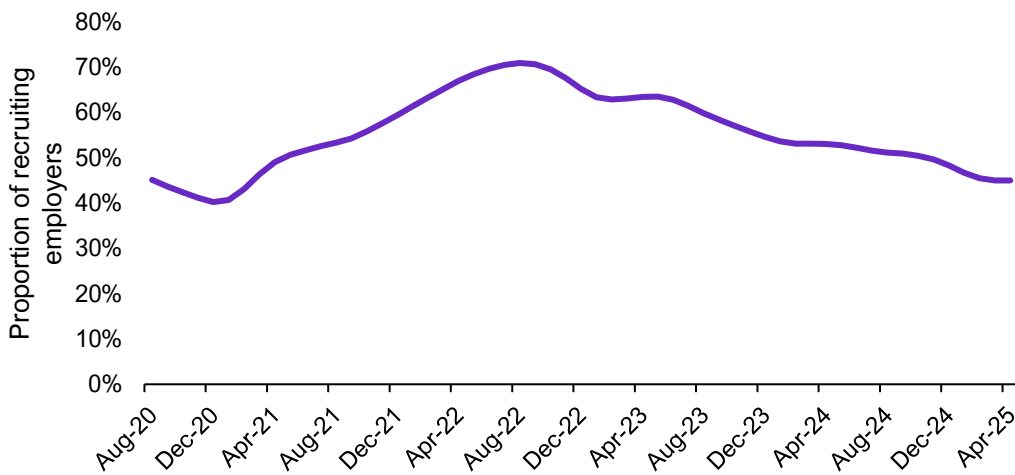
- The majority of employers who experienced difficulty in their most recent recruitment rounds also encountered some form of negative impact on their business.
 - On average, a larger proportion of recruiting employers in Rest of State areas faced difficulty in hiring and were negatively impacted by it, compared to those in Capital Cities.
- The most commonly reported impacts by employers included negative impacts on existing staff and on business productivity, revenue, or the ability to meet demand.
- Employers in producing industries and those who most recently recruited for higher skill level occupations, were much more likely to experience recruitment difficulty and a negative impact on productivity, revenue, or the ability to meet demand.
- Employers who most recently recruited for Community and Personal Service Workers were, on average, the most likely to report a negative impact on their existing staff due to recruitment difficulties.

Recruitment difficulty and level of impact

Recent history of recruitment difficulty

Recruitment difficulty has continued to ease nationally, with the difficulty rate gently declining over the year to April 2025 (Figure 1). In smoothed terms, 45% of recruiting employers reported difficulty in filling their most recent vacancies in April 2025. This represents a decrease of 8 percentage points over the 12 months prior, although it has remained steady over the February-April period this year. Since peaking at 71% in September 2022, recruitment difficulty has declined by 26 percentage points.

Figure 1: Recruitment difficulty rate (smoothed), Australia

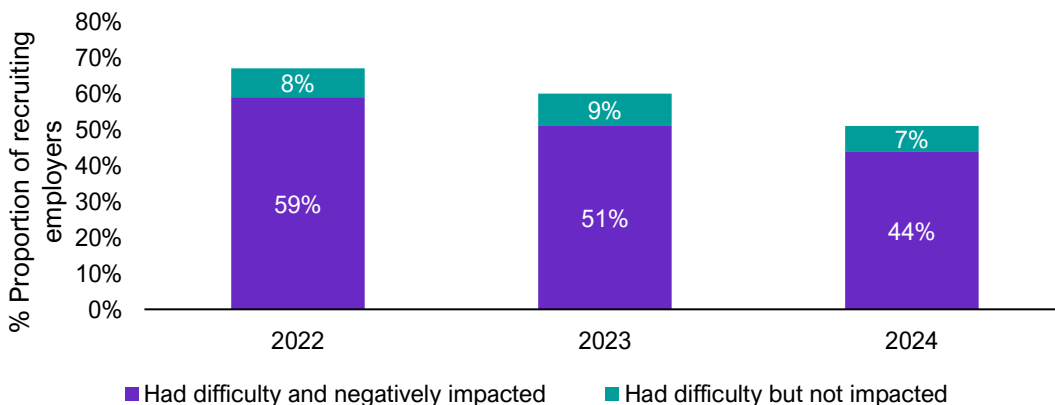


Source: JSA, Recruitment Experiences and Outlook Survey, 2025

Most businesses are negatively impacted by recruitment difficulty

While recruitment difficulty has been declining overall year on year since 2022, many businesses experiencing recruitment difficulty in their most recent recruitment rounds have faced some form of negative impact to their business (Figure 2). In 2022, 59% of recruiting employers had difficulty and were negatively impacted, while 8% had difficulty but reported no real impact to their business. In 2024, 44% of recruiting employers experienced recruitment difficulty along with a negative impact to their business, while 7% encountered difficulty without a notable impact.

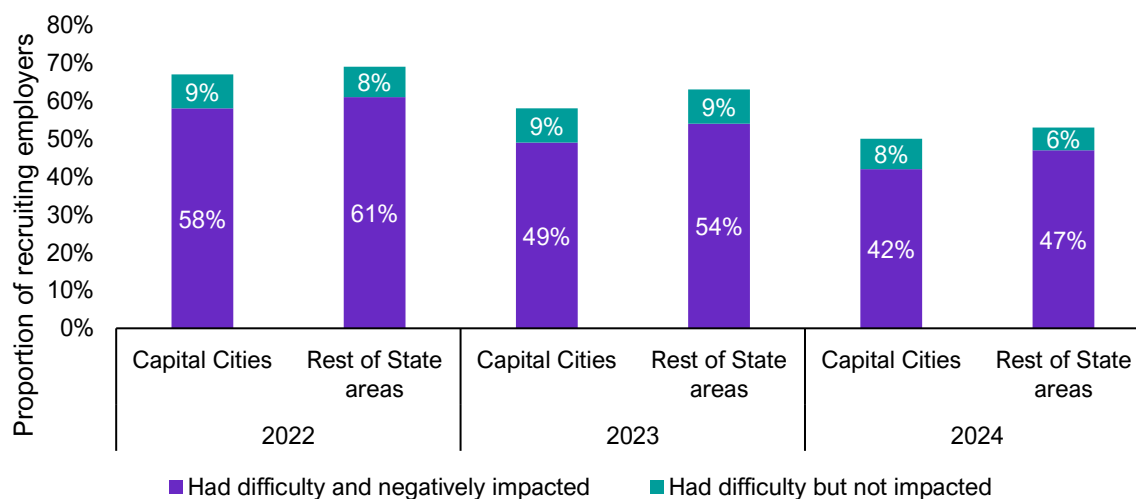
Figure 2: Whether businesses had recruitment difficulty and negatively impacted or not, Australia



Source: JSA, Recruitment Experiences and Outlook Survey, 2025

Results by Capital Cities and Rest of State areas reveal a similar trend of declining recruitment difficulty levels, along with a reduction in the proportion of employers affected by hiring challenges (Figure 3). Across all years, a greater proportion of employers in Rest of State areas experienced recruitment difficulty, with the majority being negatively impacted by this. In 2024, 47% of recruiting employers in Rest of State areas had difficulty recruiting and suffered negative impacts, while only 6% were not impacted negatively by their recruitment difficulties. These numbers were 42% and 8% for those in the Capital Cities, respectively.

Figure 3: Whether businesses had recruitment difficulty and negatively impacted or not, by Capital Cities and Rest of State



Source: JSA, Recruitment Experiences and Outlook Survey, 2025

The ways in which businesses were impacted

Overall impacts

While there were various impacts on their businesses reported by employers due to difficulties recruiting, negative impacts on existing staff, and productivity, revenue or the ability to meet demand were the most commonly cited. From 2022 to 2024, 32% of recruiting employers experienced difficulty in the hiring process, which negatively affected their existing staff — most commonly by requesting them to work more hours over certain periods of time to cover for unfilled roles. Over the same period, 22% of recruiting employers had difficulty that adversely impacted their business productivity or revenue.

Infographic: Impact of recruitment difficulty, proportion (%) of recruiting employers with difficulty and specific negative impact, 2022-2024



Source: JSA, Recruitment Experiences and Outlook Survey, 2025

Note: Employers could cite multiple impacts of recruitment difficulty to their business.

By type of industry

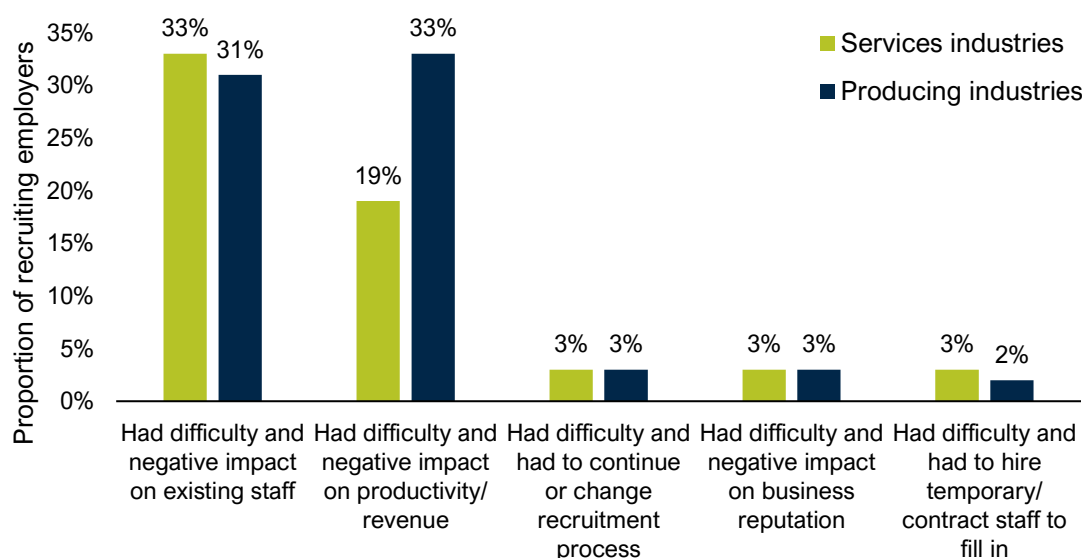
Industry results reveal a stark contrast in the broader producing and services sectors¹, particularly in relation to the negative impact of recruitment difficulty on business productivity or revenue (Figure 4).

From 2022 to 2024, 33% of recruiting employers in producing industries experienced recruitment difficulty and an associated negative impact on their business productivity or revenue. In contrast, only 19% of recruiting employers in services industries reported similar impacts.

- Over the same period, 31% of recruiting employers in producing industries had difficulty and experienced a negative impact to their existing staff, compared with 33% in services industries.

These findings highlight the increased risk faced by some employers in producing industries when it comes to finding suitable staff for their vacancies. When employers in these industries face difficulty recruiting, the consequence for their core business operations tend to be more prevalent than in the services sector — where employers are often able to compensate for shortages through their existing staff.

Figure 4: Recruitment difficulty and type of impact, by Services and Producing industries, 2022-2024



Source: JSA, Recruitment Experiences and Outlook Survey, 2025

The above findings are also reflected in results for specific industries (Figure 5). From 2022 to 2024, most industries had a certain proportion of recruiting employers with recruitment difficulty having a negative impact to their existing staff (between 25% to 35%). Meanwhile, the proportion of employers who experienced difficulty alongside a negative impact on their business productivity or revenue varied much more significantly across industries.

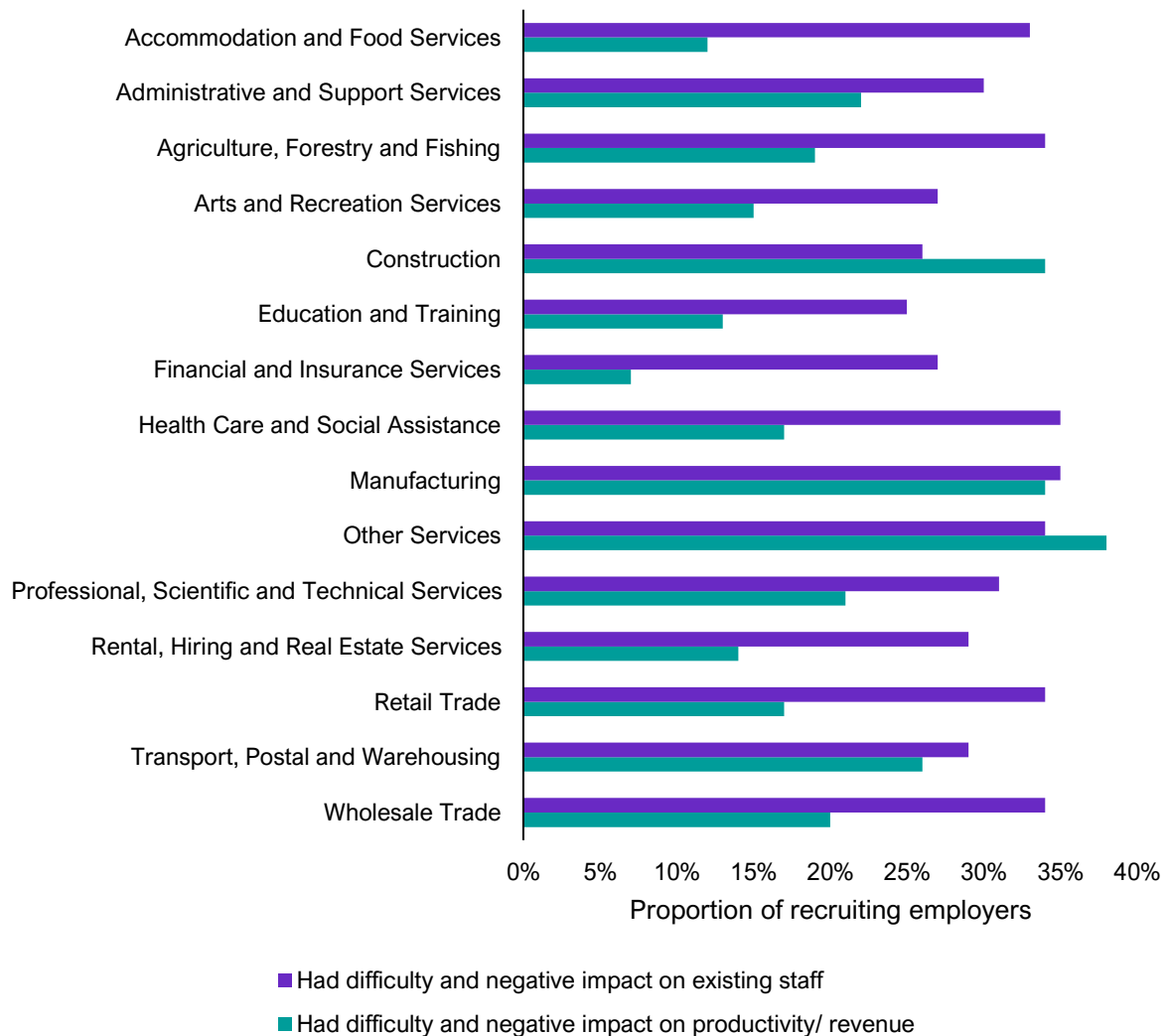
Construction and Manufacturing were among the industries with the highest proportion of recruiting employers whose difficulty recruiting negatively impacted their business productivity or revenue (both 34%).

¹ Producing industries defined as Australian and New Zealand Standard Industrial Classification (ANZSIC) Divisions of Agriculture, Forestry & Fishing, Mining, Manufacturing, Electricity, Gas, Water and Waste Services, and Construction. Services industries are all remaining ANZSIC Divisions.

In contrast, industries like Financial and Insurance Services (7%), Accommodation and Food Services (12%) and Education and Training (14%) reported the lowest proportions of employers who experienced recruitment difficulty that led to negative impacts on productivity or revenue.

When it comes to the impact on existing staff, the highest proportions were observed in Health Care and Social Assistance and Manufacturing, with 35% of recruiting employers in each reporting that recruitment difficulties had a negative effect on their current workforce.

Figure 5: Recruitment difficulty and type of impact, by selected industry, 2022-2024

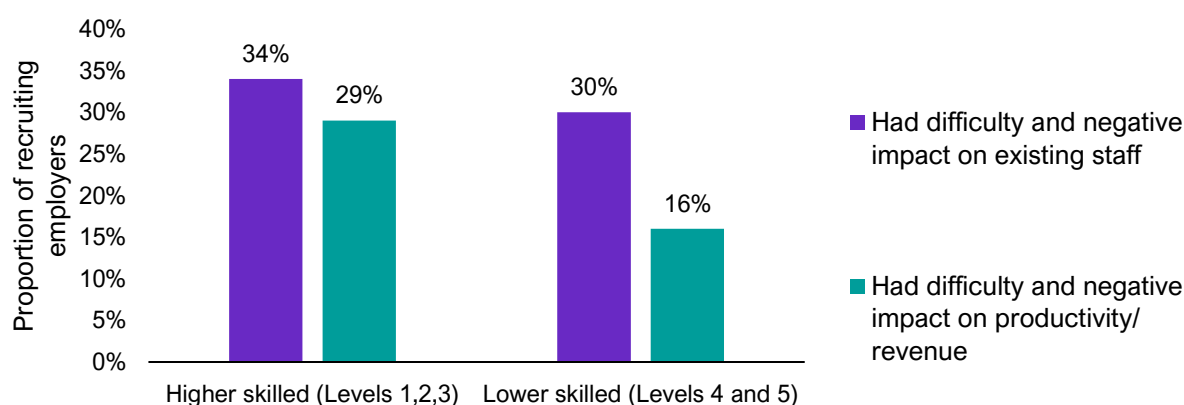


Source: JSA, Recruitment Experiences and Outlook Survey, 2025

By the characteristics of most recently recruited occupations

In general, recruitment for higher skilled occupations tends to be more challenging, as these roles are often more susceptible to skills shortages among other issues. The impacts of recruitment difficulty on businesses hiring for these occupations is particularly noteworthy (Figure 6). From 2022 to 2024, among those who recruited for higher skill level occupations, 34% experienced difficulty and had a negative impact on their existing staff, compared with 30% of those recruiting for lower skill level occupations. Similarly, 29% of employers recruiting for higher skilled roles had difficulty and experienced a negative impact to their business productivity or revenue, compared with just 16% of those recruiting for lower skill level occupations.

Figure 6: Recruitment difficulty and type of impact, by skill level of occupation recruited for, 2022-2024



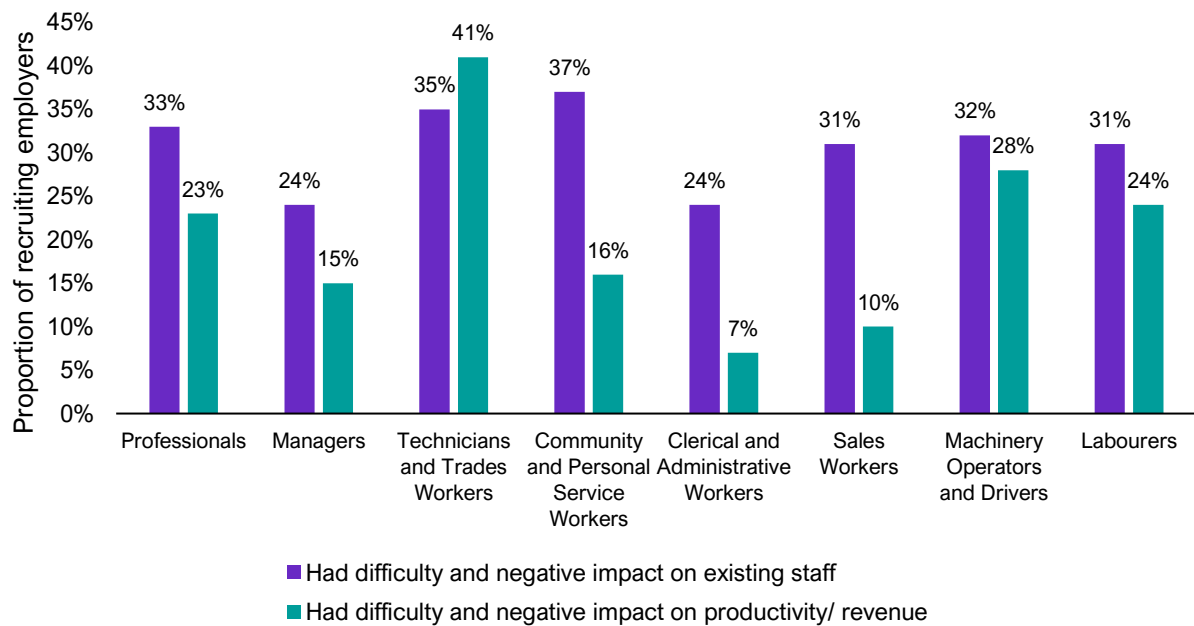
Source: JSA, Recruitment Experiences and Outlook Survey, 2025

Looking at the skill level of occupations, however, only provides a broad view on how recruitment difficulties impact businesses. The following section takes a closer look at specific occupation groups to better understand the nature and extent of these impacts.

Technicians and Trades Workers have historically been one of the occupation groups where a large proportion of employers report recruitment difficulty — mainly due to a lack of suitable applicants. Between 2022 and 2024, 35% of employers who recruited for these occupations had difficulty and subsequently a negative impact on their existing staff, while 41% had difficulty and a negative impact to their business productivity or revenue — the highest among all occupation groups (Figure 7). This is not surprising given these occupations are typically concentrated in producing industries such as Construction or Manufacturing, where often, either goods are being produced, or there are large projects being undertaken which rely on set amounts of staff. Consequently, a lack of workers can significantly hinder and is ultimately detrimental to forward progress.

- Results for both Machinery Operators and Drivers and Labourers further reinforces this, with comparatively high proportions of employers recruiting for these occupations reporting recruitment difficulty and negative impacts to their business productivity or revenue.

Figure 7: Recruitment difficulty and type of impact, by major occupation group employers recruited for, 2022-2024



Source: JSA, Recruitment Experiences and Outlook Survey, 2025

At the other end of the spectrum are occupations such as Clerical and Administrative Workers, and Sales Workers, where relatively few employers reported recruitment difficulty and a negative impact to their business productivity or revenue. This mirrors earlier findings for employers in services industries, suggesting that there is less risk associated with business performance for employers who have trouble recruiting for these types of occupations — though their existing staff still face negative impacts.

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 third Tuesday of the month. Spotlights are also produced in most months.

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, How recruitment challenges affect businesses, June 2025*.

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