

This month's spotlight shows how the rate of retention difficulty has changed between 2021 and 2022 to date. To measure retention difficulty, the Recruitment Experiences and Outlook Survey (REOS) asks employers whether they had trouble keeping staff in the previous 3 months.

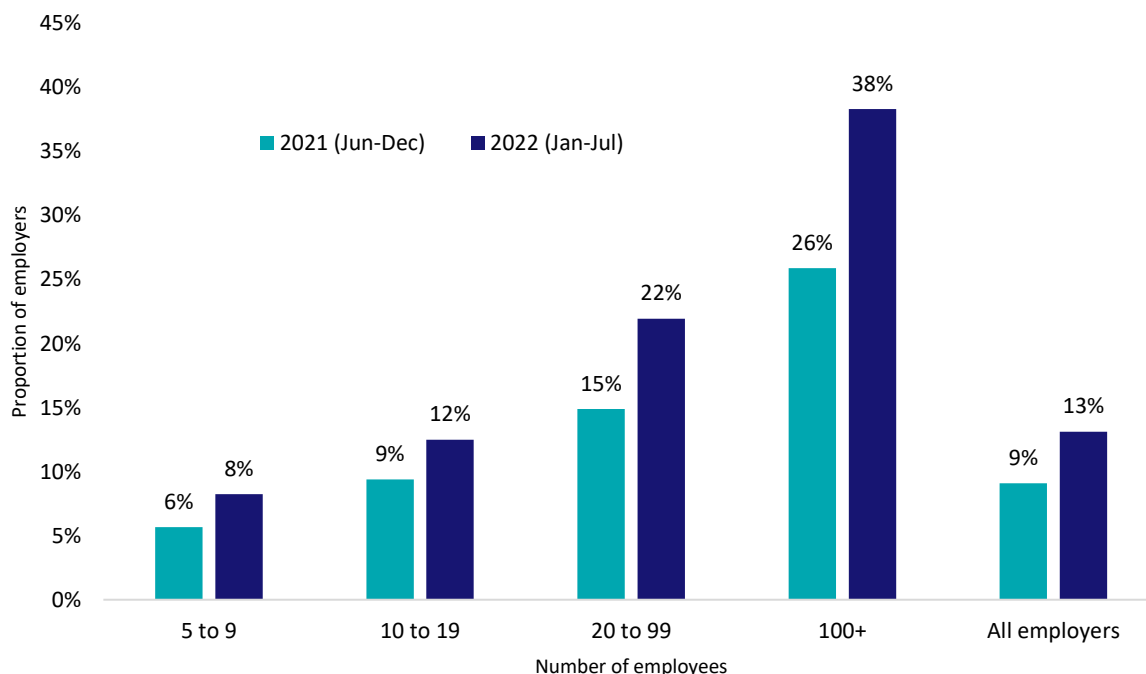
Background

The past year has largely been characterised by declining levels of unemployment and strong growth in job vacancies¹. 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 Australian Bureau of Statistics data showing this to be at its highest level since 2012². Consistent with these findings, employers are increasingly finding it difficult to retain staff. Data from REOS shows a recent increase in the proportion of employers who had difficulty keeping staff in the previous 3 months.

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.

Proportion of employers who experienced retention difficulty, by business size

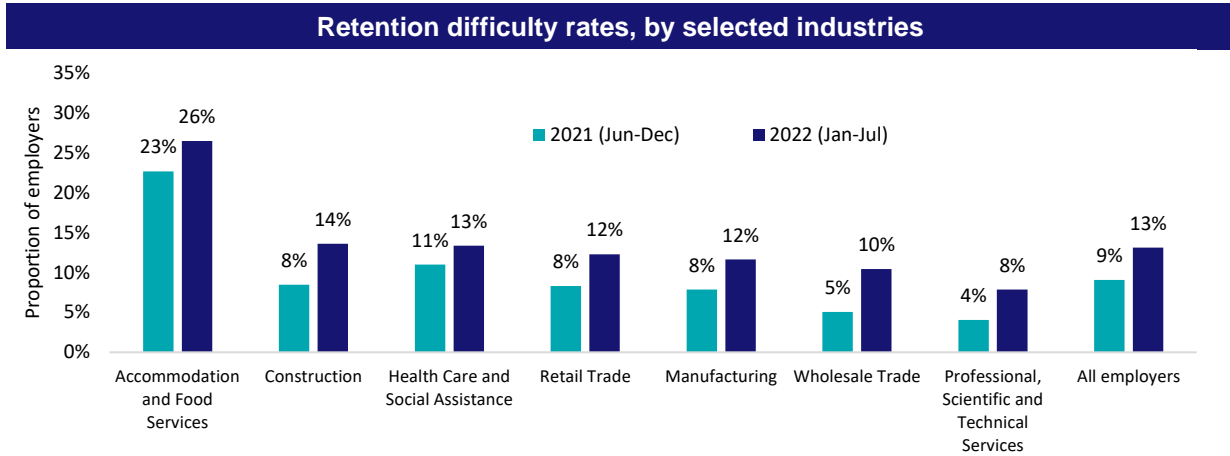


¹ ABS, Labour Force, Australia, June 2022; NSC, Internet Vacancy Index, July 2022.

² ABS, Job Mobility, February 2022.

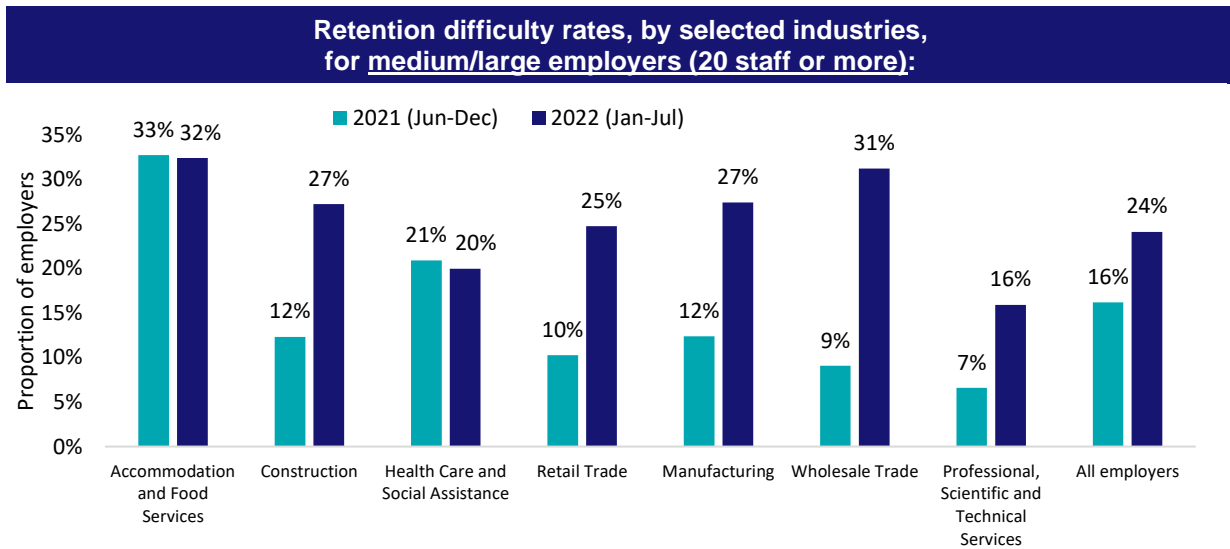
Retention difficulty is most common in Accommodation and Food Services

In 2022 to date, the industries (of those reported³) 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%).



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%).



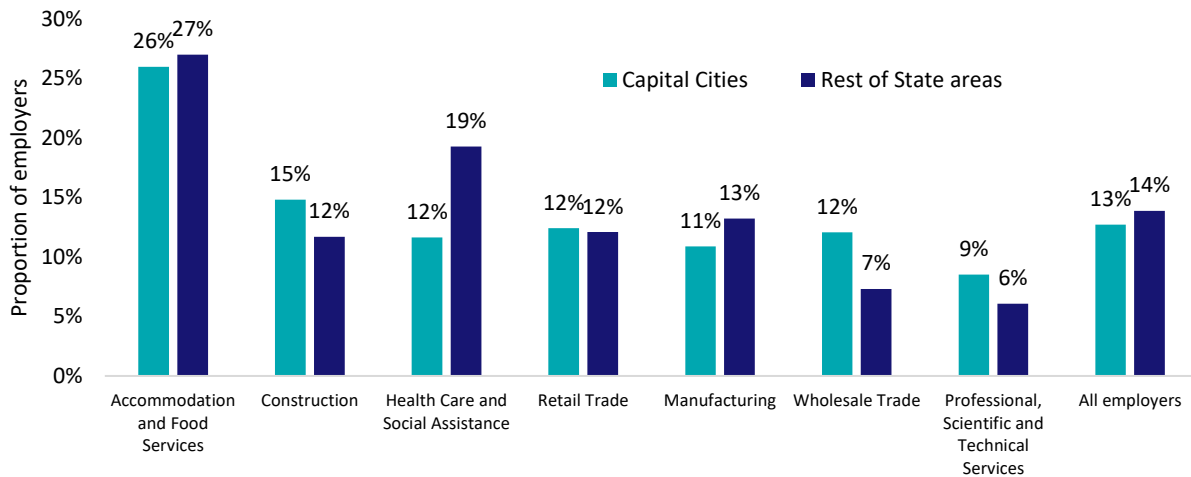
Note: Results for Professional, Scientific and Technical Services, and Wholesale Trade are based on low samples sizes and should be interpreted with caution.

³ Reported industries have been selected based on sample size. 'All industries' includes industries not separately reported due to low sample sizes.

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

