

Recruitment activity

50%

Change since October 2021¹:

▲ 5% pts

Recruitment difficulty rate

63%

Change since October 2021:

▲ 9% pts

Expect to increase staff

30%

Change since October 2021:

▲ 2% pts

Key findings from the Recruitment Experiences and Outlook Survey (REOS)²

- REOS results in November 2021 show that recruitment conditions continue to tighten, driven by the recovery in New South Wales and Victoria, and the Retail Trade and Accommodation and Food Services industries. The increase in recruitment levels over the month has coincided with a significant rise in the recruitment difficulty rate, while expectations to increase staff have also reached a new peak.
- In November 2021, 50% of employers were recruiting or had recruited in the past month, 5 percentage points higher than October 2021 (45%).
 - The recruitment rate increased by 5 percentage points in Capital Cities (50%) and 6 percentage points in Rest of State areas (51%).
 - In Victoria and New South Wales, the recruitment rate increased significantly over the month, by 14 percentage points and 7 percentage points respectively.
 - Queensland and South Australia recorded the highest recruitment rates of the states (both 54%), although these rates had changed little since October 2021.
 - Record high recruitment rates were recorded in Accommodation and Food Services (76%) and Retail Trade (60%).
- The proportion of employers with staff stood down or on reduced hours stood at 6% in November 2021, a decrease of 13 percentage points from October 2021 and the lowest proportion since the beginning of the series in June 2020.
- The recruitment difficulty rate increased by 9 percentage points over the month to 63%.
 - Recruitment difficulty rose in both Capital Cities (from 50% to 60%) and Rest of State areas (from 62% to 67%).
- In November 2021, 30% of employers expected to increase their staffing levels over the next 3 months, a 2-percentage point increase on October 2021 and the highest proportion recorded since the series commenced in April 2020.
 - Expectations to increase staff rose in Victoria (by 9 percentage points) and New South Wales (by 5 percentage points) but declined in South Australia (by 14-percentage points) and Western Australia (by 11 percentage points).
 - Employers in the Accommodation and Food Services (58%) and Health Care and Social Assistance (41%) industries were the most likely to expect to increase staff numbers over the next 3 months.
- This month's Spotlight shows the types of impacts that recruitment difficulty has on employers.

Note: Recruitment activity refers to the proportion of all employers who are either currently recruiting or who had recruited in the previous month. The recruitment difficulty rate is the proportion of recruiting employers who experienced difficulty hiring. The 'expect to increase staff' figure is the proportion of all employers who expect to increase staff numbers over the next three months.

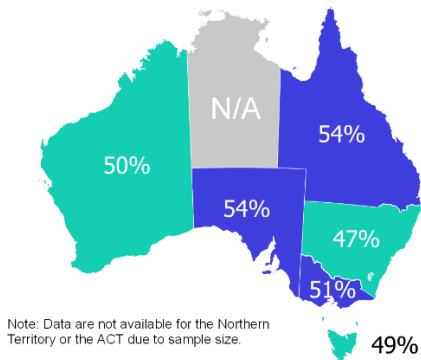
² REOS results may not reflect the full impact that outbreaks of COVID-19 and associated restrictions have had on employers and their recruitment experiences since the survey is unable to gather data from employers who have closed down (even temporarily) and response rates can vary significantly by industry in areas under lockdown restrictions.

Recruitment activity

- In November 2021, 50% of employers were recruiting or had recruited in the past month, 5 percentage points higher than October 2021 (45%).
- The recruitment rate increased by 5 percentage points to stand at 50% in Capital Cities and by 6 percentage points to stand at 51% in Rest of State areas.
- In Victoria (51%) and New South Wales (47%), the recruitment rate increased significantly over the month (by 14 percentage points and 7 percentage points respectively).
- The highest recruitment rates were recorded in Queensland and South Australia (both 54%). This is the second consecutive month that Queensland was the state with the highest recruitment rate.
- The recruitment rate for businesses with 5 to 19 employees increased by 4 percentage points over the month to 44% in November 2021. Likewise, the recruitment rate for businesses with 20 or more employees rose by 9 percentage points, to 76%.
- The recruitment rate increased most substantially in Accommodation and Food Services (by 12 percentage points to 76%) and Retail Trade (by 19 percentage points to 60%).

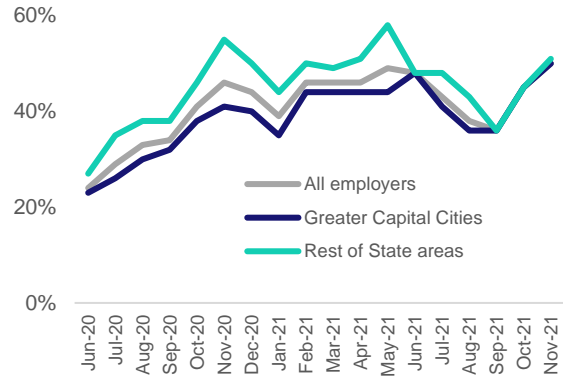
Recruitment by state and territory

Proportion of employers who are recruiting by state



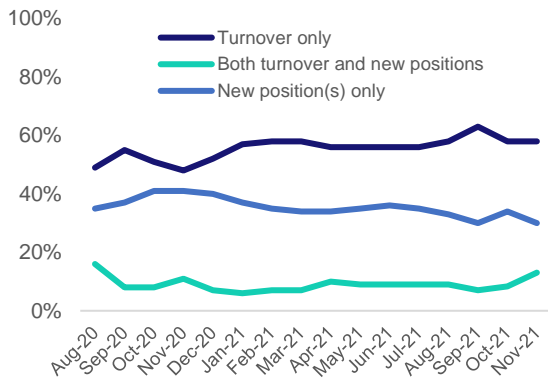
Recruitment by region type

Proportion of employers who are recruiting by region type



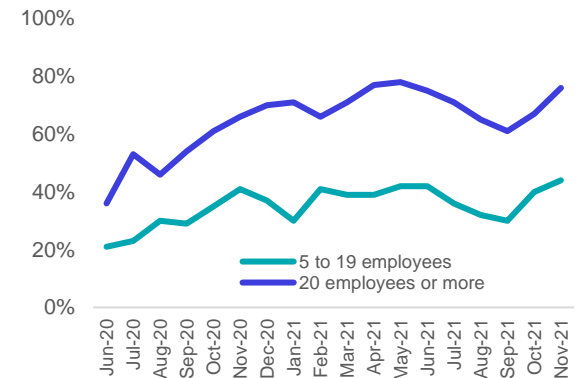
Reason for recruitment

as a proportion of recruiting employers



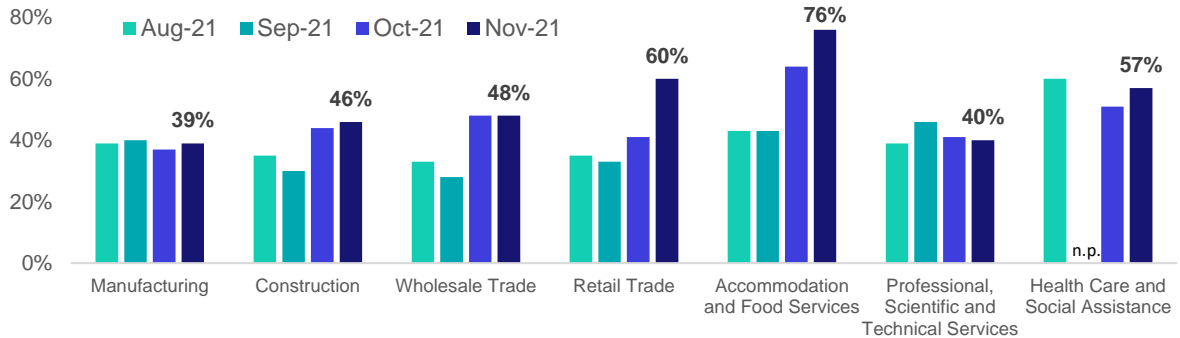
Recruitment by business size

Proportion of employers who are recruiting by business size



Recruitment rate by selected³ industries

Proportion of employers who are recruiting by industry

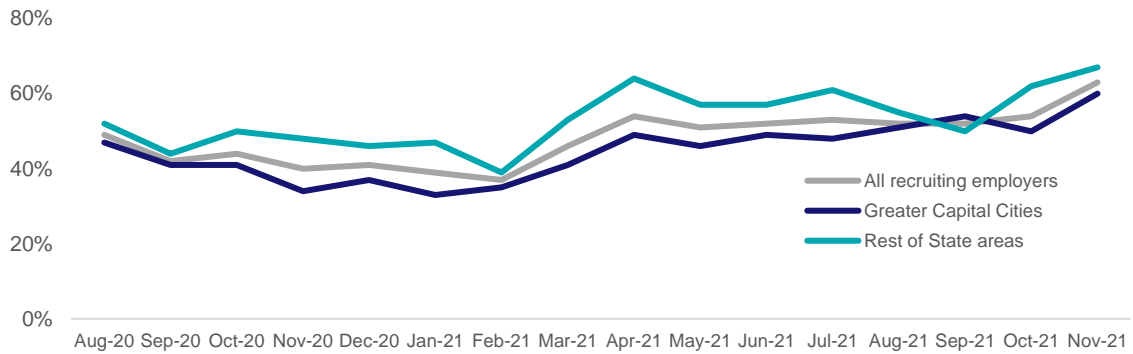


³ Some industries are not reportable due to small sample sizes.

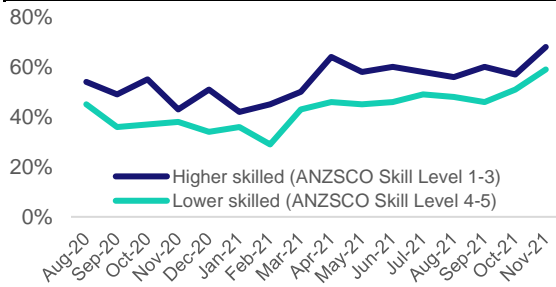
Recruitment difficulty rate

- The recruitment difficulty rate increased by 9 percentage points over the month to stand at 63%.
- In Rest of State areas, the difficulty rate increased from 62% to 67%, while in Capital Cities it rose from 50% to 60%.
- The recruitment difficulty rate increased by 11 percentage points for businesses with 20 or more employees (to 60%) and 7 percentage points for those with 5 to 19 employees (to 63%).
- Higher skilled occupations remain more difficult to recruit for compared with lower skilled⁴ occupations, with recruitment difficulty rates of 68% (up from 57% since last month), and 59% (up from 51%), respectively.
- The difficulty rate for employers recruiting only for non-casual positions increased by 13 percentage points to 63%, while for employers recruiting only for casual positions increased from 55% to 61% over the month.

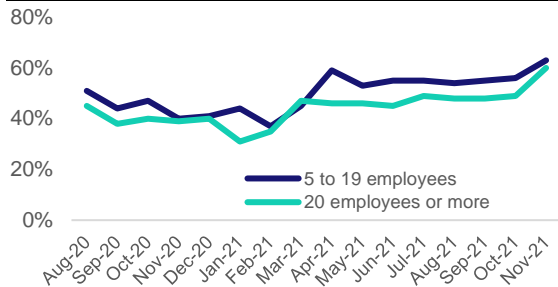
Difficulty by region type as a proportion of recruiting employers



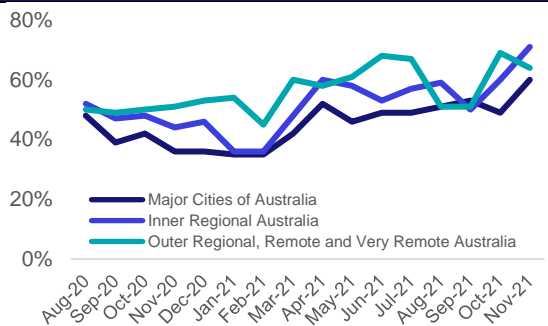
Difficulty by skill level of occupation as a proportion of recruiting employers



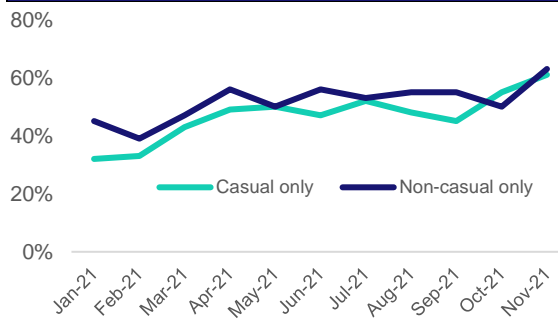
Difficulty by business size as a proportion of recruiting employers



Difficulty by ARIA region type as a proportion of recruiting employers



Difficulty by position type as a proportion of recruiting employers



⁴ In this report, lower skilled refers to occupations with an ANZSCO Skill Level of 4 or 5, while higher skilled refers to ANZSCO Skill Levels 1, 2 or 3.

Impacts of Recruitment Difficulty

Recruitment difficulty currently affects well over half of recruiting employers, and is more common in 2021 than in previous years. This month's Spotlight explores the impacts that recruitment difficulty has on employers and shows which kinds of employers are most affected.

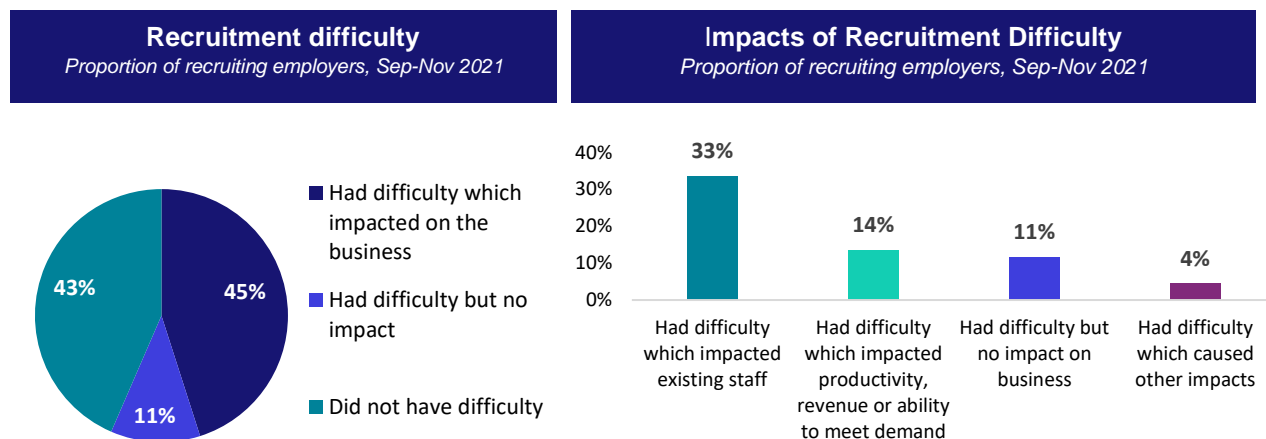
From September to November 2021, more than half of recruiting employers (57%) had difficulty finding staff for their most recent vacancies. For most of these employers, recruitment difficulty had a negative impact on their business. The 57% of recruiting employers who had recruitment difficulty can be split into 45% for whom recruitment difficulty impacted their business, and 11% for whom recruitment difficulty did not impact the business.⁵

There were two main ways in which recruitment difficulty impacted employers.

The most common impact was the **negative effect on existing staff**, mentioned by 33% of recruiting employers. Employers noted that due to their staff shortage, existing staff undertook increased hours and workloads.

The other main type of impact was that on the **business' productivity, revenue, or ability to meet demand**, mentioned by 14% of recruiting employers. Employers often reported having to turn down jobs as they didn't have the staff to do them. A lack of staff also meant that work took longer (often construction related work or manufacturing products), and there were longer 'lead times' before employers could actually start working on a particular project. For many manufacturing employers staff shortages meant they produced fewer products, resulting in less revenue.

Some 11% of recruiting employers said that recruitment was difficult, but it did not impact the business in any way. A small proportion (4%) reported a variety of other impacts including having to extend hiring and recruitment processes, hiring temporary or contracted staff to fill vacancies, and suffering damage to the business' reputation.



Note: employers could report more than 1 impact.

Impacts of recruitment difficulty by industry

The negative effect on existing staff was the most common impact caused by recruitment difficulty across all the reported industries⁶. In three industries, this impact was particularly prevalent: Accommodation and Food Services (42%), Health Care and Social Assistance (41%), and Retail Trade (40%). In other industries it was less common (generally reported by just over a quarter of recruiting employers), but still more common than other impacts.

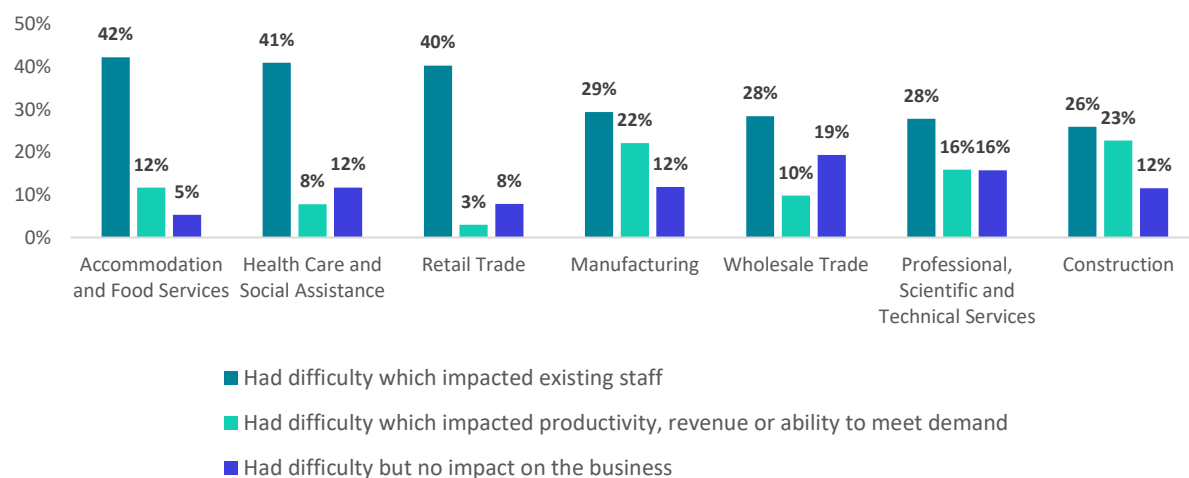
Difficulty which impacted on productivity, revenue, or the ability of the business to meet demand was most common in the Construction (23%), Manufacturing (22%) and Professional, Scientific and Technical Services (16%) industries. Employers in these industries had to delay or turn down jobs, produce a lower volume of goods, or take longer to complete projects due to their staff shortages.

⁵ Reported figures sum to 56% instead of 57% due to rounding error.

⁶ Some industries have not been reported due to small sample size.

Recruiting employers in Wholesale Trade (19%) and Professional, Scientific and Technical Services (16%) were the most likely to have difficulty which had no impact on the business.

Impacts of Recruitment Difficulty – by selected Industries *Proportion of recruiting employers, Sep-Nov 2021*



Note: employers could report more than 1 impact.

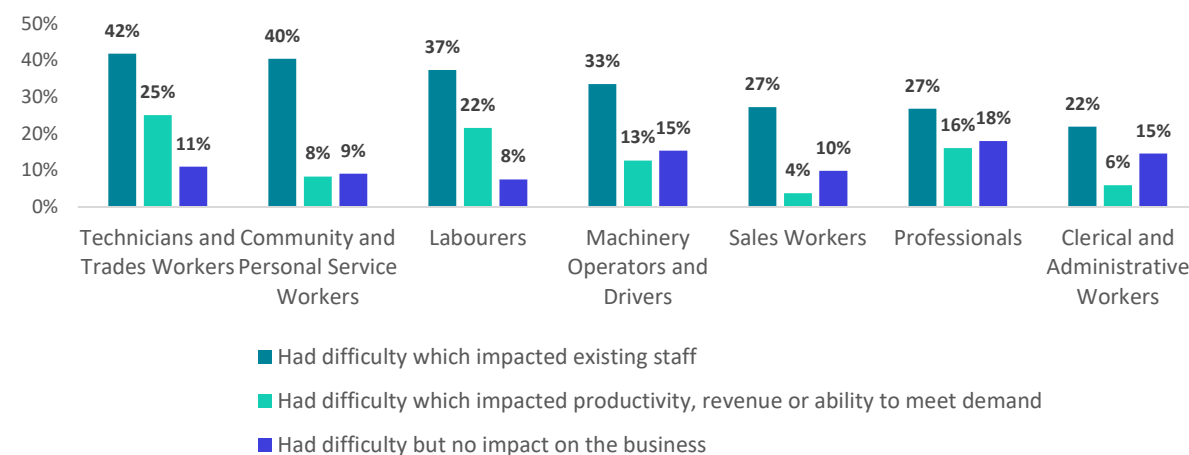
Impacts of recruitment difficulty by occupation⁷ being recruited for

Employers recruiting for Technicians and Trade Workers (42%), Community and Personal Service Workers (40%) and Labourers (37%) were most likely to have difficulty which negatively impacted on existing staff, in comparison to other occupations.

Difficulty which impacted on productivity, revenue, and the ability to meet demand was most common for employers recruiting for Technicians and Trades Workers (25%) and Labourers (22%). For these two occupation groups, recruitment difficulty often impacted employers in more than one way.

Meanwhile, 18% of employers recruiting for Professionals said their recruitment difficulty had no impact.

Impacts of Recruitment Difficulty – by Occupation group *Proportion of recruiting employers, Sep-Nov 2021*



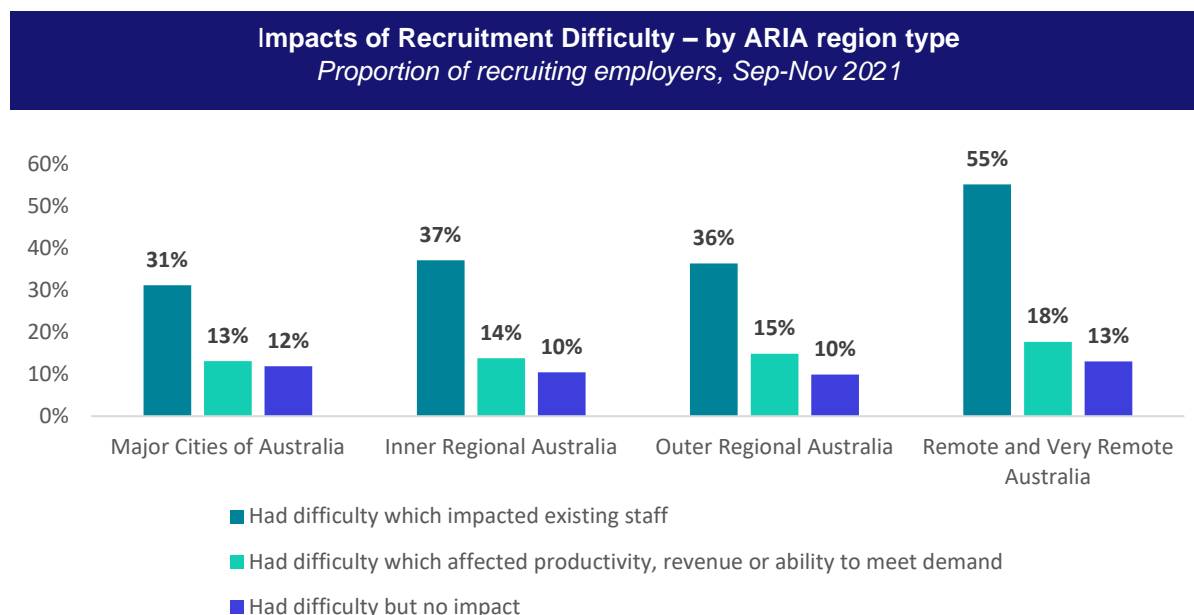
Note: employers could report more than 1 impact.

⁷ Recruitment for the Managers occupation group has not been reported due to insufficient data.

Impacts of recruitment difficulty by ARIA region type⁸

The chart below shows that employers in regional areas were slightly more likely than city employers to have difficulty which impacted on existing staff. Employers in remote areas, however, were by far the most likely to have this kind of difficulty. This impact was experienced by 55% of recruiting employers in remote areas, with these employers mostly in the Retail Trade, Accommodation and Food Services, and Health Care and Social Assistance industries.

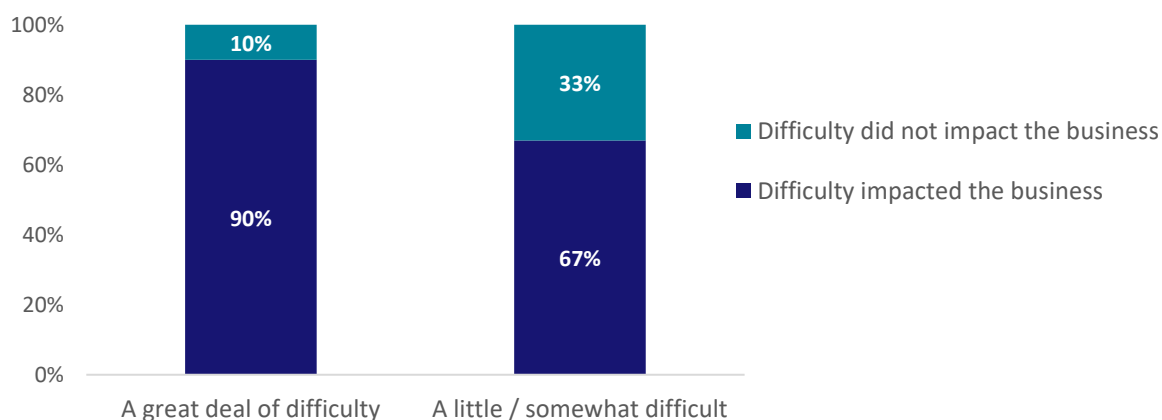
Difficulty which impacted on productivity, revenue or the ability to meet demand was also more common in regional and remote areas, although this trend was less prominent.



Note: employers could report more than 1 impact.

Impactful recruitment difficulty by severity of difficulty

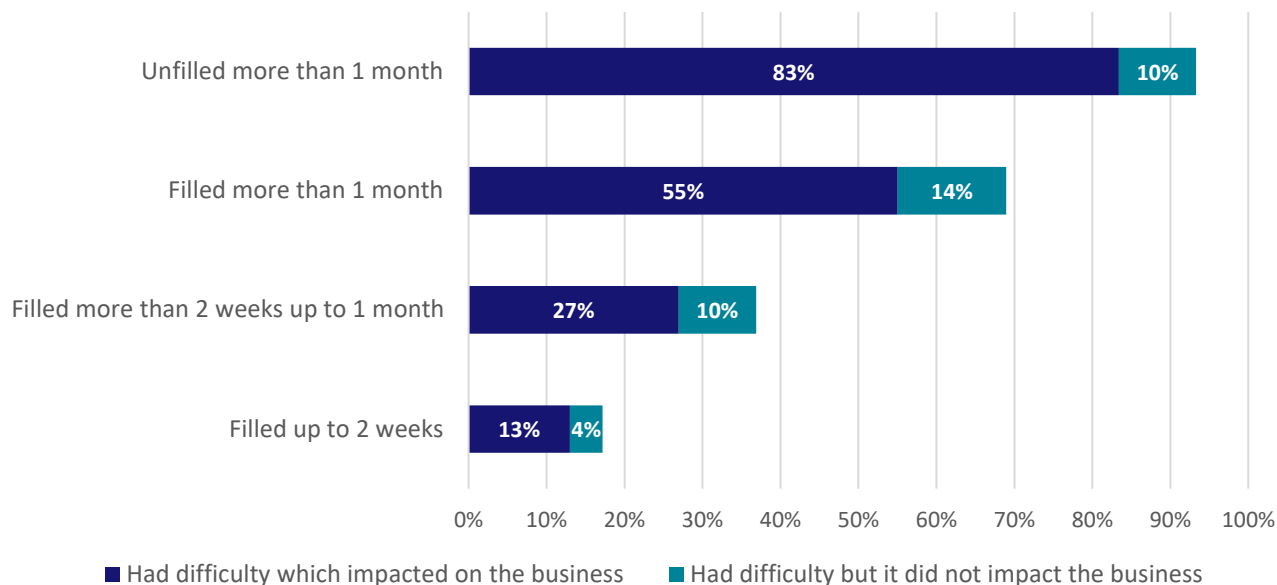
Employers were also asked about the severity of their difficulty, as well as the impacts. Employers who reported having 'a great deal' of difficulty were more likely to have difficulty which impacted on the business (9 in 10 employers who had 'a great deal' of difficulty said it impacted on the business in some way). On the other hand, only two thirds of employers who had 'a little' or 'some' difficulty said their difficulty did not impact the business.



⁸ The classification used in this section is based on the Accessibility and Remoteness Index of Australia (ARIA+), which divides Australia into 5 'Remoteness Areas': Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia. In this analysis, Outer Regional Australia, Remote Australia and Very Remote Australia have been combined into one category due to small sample sizes.

Impacts of recruitment difficulty by time taken to fill vacancies

The proportion of employers citing impactful recruitment difficulty increases dramatically with the length of time taken to fill the vacancies. More than four in five employers (83%) who had unfilled vacancies for more than a month had difficulty which impacted the business, compared to just 13% for employers who filled their recent vacancies in 2 weeks or less. For employers who had difficulty which did not impact the business, this trend was not as clear.



Note: employers who had unfilled vacancies for less than 1 month have been excluded from this chart.

The chart below shows how the two main types of impacts become substantially more common when employers are unable to fill their vacancies in a month.

Employers who filled their recent vacancies within a month were very unlikely to report difficulty which impacted productivity, revenue or their ability to meet demand (3%). However, for employers whose vacancies were *not* filled within a month, more than a quarter (27%) reported this impact.

Similarly, while 14% of employers who filled their vacancies within a month had difficulty which impacted on existing staff, this increased more than three-fold (to 51%) for employers who were not able to fill their vacancies in a month.



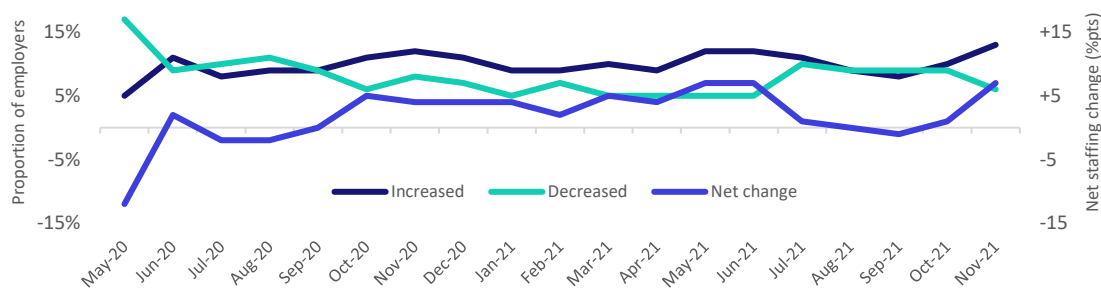
Note: employers who had unfilled vacancies for less than 1 month have been excluded from this chart.

Staffing changes over the past month

- In November 2021, the proportion of employers who increased their staffing levels over the past month stood at 13%, an increase on the 10% recorded in October 2021. The proportion that decreased their staffing levels fell from 9% to 6% over the month. The 'net staffing change' (proportion of employers who increased staff minus the proportion that decreased staff) was +7 percentage points in November 2021, a notable increase on the +1 percentage point in October 2021.
- New South Wales recorded the lowest net staffing change (+4 percentage points), while the largest net staffing change was recorded in Queensland (+10 percentage points).
- Victoria (+7 percentage points) recorded a notable improvement in net staffing change compared with the -7 percentage point result recorded in October 2021.
- Accommodation and Food Services (+18 percentage points) and Retail Trade (+12 percentage points) recorded the largest net staffing changes for industries in November 2021.

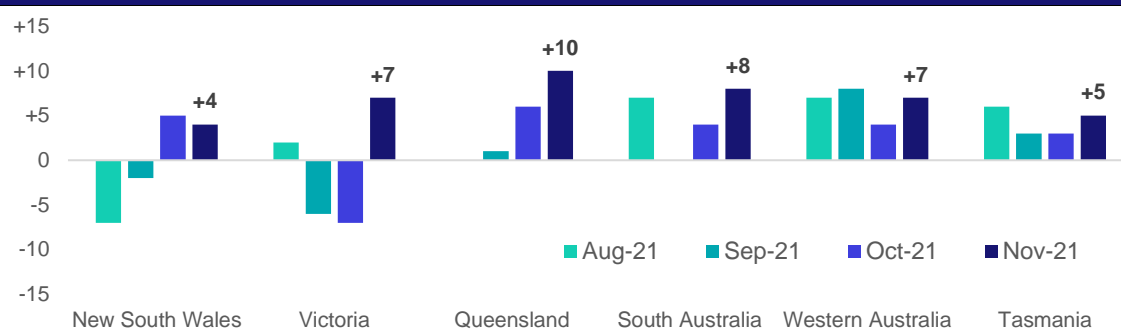
Employers who increased or decreased staff over the past month

Proportion of employers



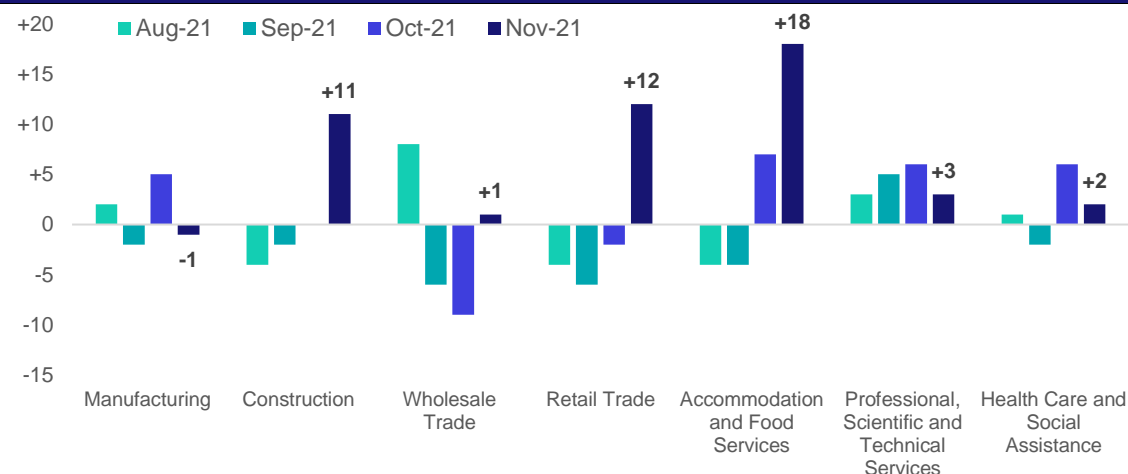
Net staffing change - by state

Percentage point difference (% increased - % decreased)



Net staffing change - by selected⁹ industries

Percentage point difference (% increased - % decreased)



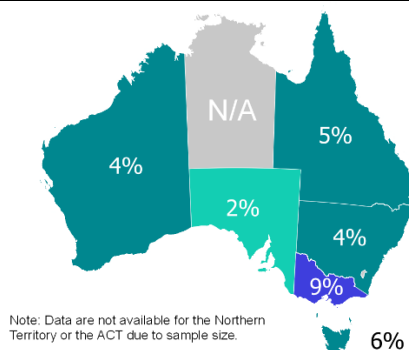
⁹ Some industries are not reportable due to small sample sizes.

Employers with staff stood down or on reduced hours

- The proportion of employers with staff stood down or on reduced hours¹⁰ fell sharply over the month, continuing the decline evident since September 2021. The figure stood at 6% in November 2021, significantly lower than the 19% in October 2021 and 28% in September 2021.
- The proportion of employers with staff stood down or on reduced hours decreased significantly in both Capital Cities (from 21% to 5%) and Rest of State areas (from 15% to 6%) over the past month.
- The two states that were most affected by recent lockdowns recorded the sharpest declines over the month: Victoria recorded a decline of 23 percentage points, while New South Wales recorded a decline of 19 percentage points.
- Of the reported industries, Accommodation and Food Services had the sharpest fall in the proportion of employers with staff stood down or on reduced hours (a decline of 31 percentage points).

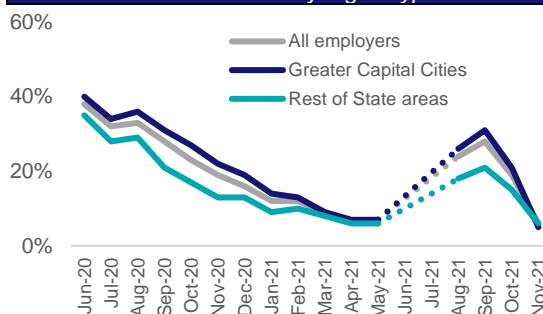
Staffing arrangements by state and territory

Proportion of employers with staff stood down/on reduced hours by state



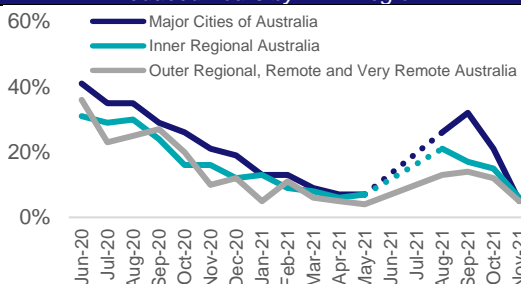
Staffing arrangements by region type

Proportion of employers with staff stood down/on reduced hours by region type



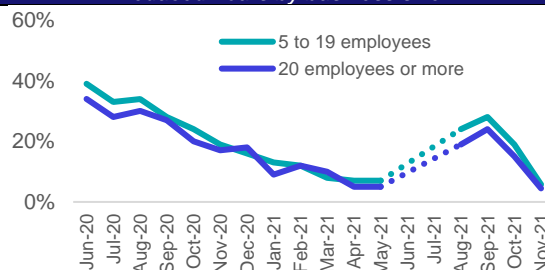
Staffing arrangements by ARIA

Proportion of employers with staff stood down/on reduced hours by ARIA region



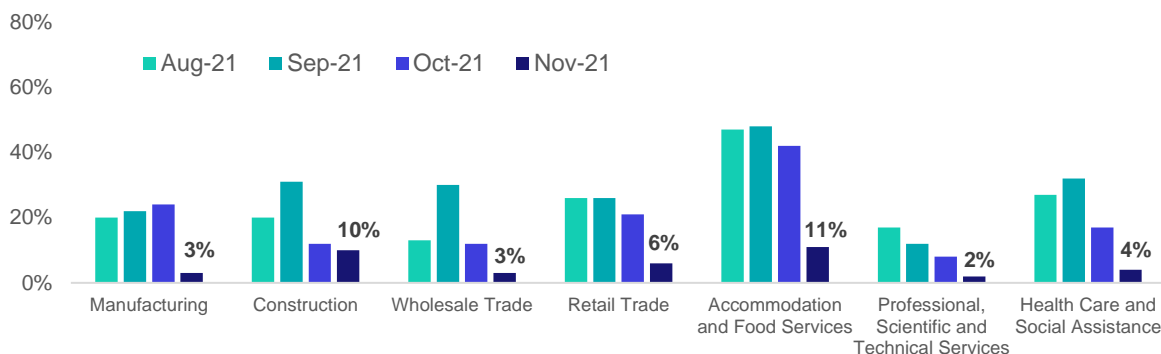
Staffing arrangements by business size

Proportion of employers with staff stood down/on reduced hours by business size



Staffing arrangements by selected¹¹ industries

Proportion of employers with staff stood down/on reduced hours by industry



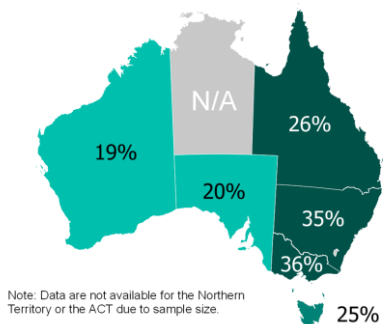
¹⁰ The question on whether employers had staff stood down or on reduced hours was not asked in June or July 2021.

¹¹ Some industries are not reportable due to small sample sizes.

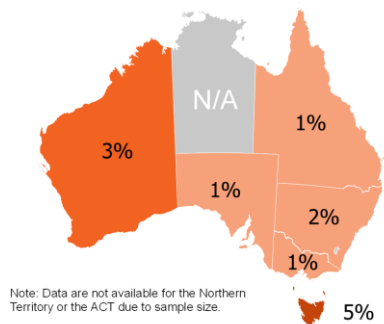
Staffing outlook

- Staffing expectations again reached new heights in November 2021. Some 30% of employers expected to increase their staffing levels over the next 3 months, an increase of 2 percentage points from October 2021, and the highest rate recorded since the series commenced in April 2020.
- Victoria (36%) and New South Wales (35%) had the highest proportions of employers expecting to increase staff numbers over the next 3 months, with both having risen significantly since October 2021. On the other hand, South Australia (20%) and Western Australia (19%) recorded the lowest proportions of employers who expected to increase staff, with both states having notably declined since October 2021.
- Accommodation and Food Services (58%) had the highest proportion of employers who expected to increase staff numbers over the next 3 months, an increase of 11 percentage points from October 2021 and the highest rate recorded for this industry since April 2020.
- The Manufacturing industry had the smallest proportion who expected to increase staff numbers (20%), down 5 percentage points from the previous month.
- The proportion of employers expecting to decrease staff numbers stood at 1%, the equal lowest level on record (equal to March 2021, when it was also 1%).

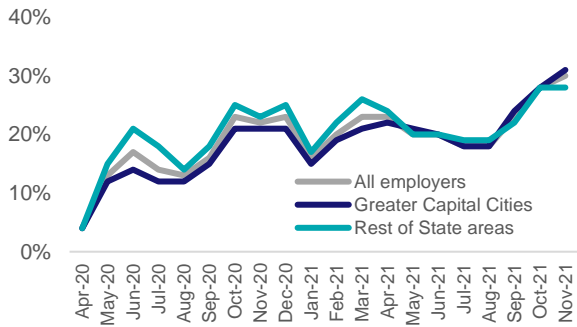
Expectations to increase staff as a proportion of all employers



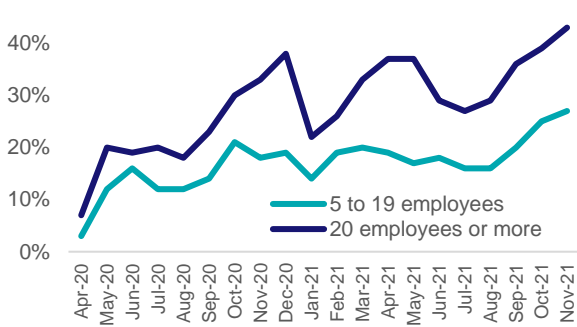
Expectations to decrease staff as a proportion of all employers



Expectations to increase staff by region type as a proportion of all employers



Expectations to increase staff by business size as a proportion of all employers



Staffing expectations over the next 3 months by selected¹² industries as a proportion of all employers



¹² Some industries are not reportable due to small sample sizes.

Background

Information in the monthly Recruitment Insight Reports is based on the *Recruitment Experiences and Outlook Survey* (REOS), which is an ongoing survey of employers across Australia. Approximately 1,200 employers are surveyed each month, with data published on the Labour Market Information Portal (LMIP). 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. In addition, the survey is targeted towards employers with 5 or more employees, and excludes many government organisations.

Please note that data collection paused over the Christmas and New Year period from 21 December 2020 until 8 January 2021.

Data in this release should be referenced as – National Skills Commission, Recruitment Insights Report, November 2021.

For additional information email RecruitmentAnalysis@skillscommission.gov.au.