

Recruitment activity¹

53%

Change since January 2022:

▲ 11% pts

Recruitment difficulty rate

62%

Change since January 2022:

▼ 6% pts

Expect to increase staff

33%

Change since January 2022:

▲ 12% pts

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

- REOS results³ for February 2022 indicate that the Australian labour market is very tight, consistent with an unemployment rate (of 4.2%) at its lowest level since 2008. Recruitment activity is at a record high, consistent with strong growth in vacancies shown by the Internet Vacancy Index (IVI). Recruiting employers often had difficulty filling their vacancies, and one third of all employers expected to increase staff numbers over the next 3 months.
- The recruitment rate reached a new peak of 53% in February 2022. It increased by 11 percentage points since January 2022 (42%) and was slightly above the previous peak of 51% recorded in December 2021.
 - The recruitment rate was similar for both Capital Cities (53%) and Rest of State areas (54%).
 - Employers in Health Care and Social Assistance (64%) and Accommodation and Food Services (63%) recorded the highest recruitment rates of the reported industries.
- The proportion of employers who increased their staffing levels in the past month was higher in February 2022 (12%) than in January 2022 (5%) but similar to December 2021 (11%). The proportion of employers who decreased staffing levels over the past month fell from 11% in January 2022 to 8% in February 2022.
- Some 62% of recruiting employers experienced recruitment difficulty (representing 33% of all employers). While this was a decline from the spike in January 2022 (68%), it is higher than the December 2021 result (57%) and is the third highest monthly result on record.
 - The recruitment difficulty rate was slightly higher in Rest of State areas (63%) compared with Capital Cities (61%).
- A third (33%) of all employers expected to increase staff over the next 3 months. This was a significant increase on January 2022 (21%) and December 2021 (26%). Nearly half of employers in Accommodation and Food Services (48%) expected to increase staff.
- This month's Spotlight explores the structure of REOS data in more detail, with a focus on recruitment difficulty. It shows how the recruitment difficulty rate is derived, and shows to what extent employers with difficulty are actually able to fill their vacancies. It also outlines the reasons employers give for their recruitment difficulty.

¹ 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.

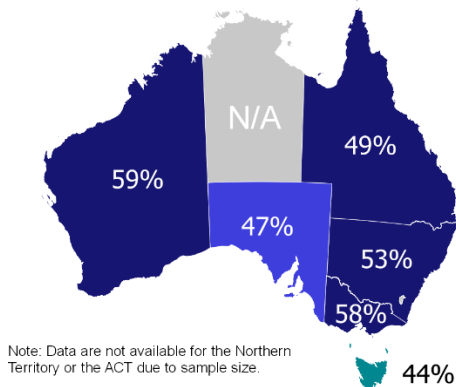
³ Note that REOS results are not seasonally adjusted and are therefore affected by seasonal factors.

Recruitment activity

- The recruitment rate reached a new peak of 53% in February 2022, an increase of 11 percentage points from January 2022 (42%), and slightly above the December 2021 result (51%).
- The recruitment rate was highest in (and reached new peaks in) Western Australia (59%) and Victoria (58%).
- The recruitment rate in Capital Cities was 53%, up from 43% in January 2022. In Rest of State areas, the recruitment rate increased from 41% to 54% over the month.
- Of the employers who recruited, 53% recruited only due to turnover, 31% recruited only for new positions, and 16% recruited due to both turnover and new positions. Therefore, 47% of recruiting employers recruited for at least some new positions in February 2022, the highest result since December 2020. This suggests there is a greater prevalence of recruitment for new positions in February 2022 compared with 2021.
- The recruitment rate for businesses with 5 to 19 employees reached a new peak of 49% in February 2022. The recruitment rate for businesses with 20 or more staff stood at 71%.
- Recruitment rates were highest for Health Care and Social Assistance (64%) and Accommodation and Food Services (63%). Retail Trade's recruitment rate was the lowest amongst reportable industries, at 43%.

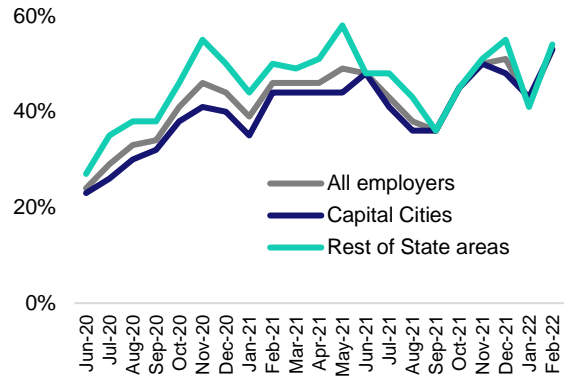
Recruitment by state and territory

Proportion of employers who are recruiting by state



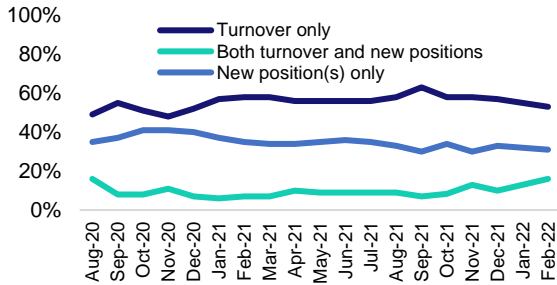
Recruitment by region type

Proportion of employers who are recruiting by region type



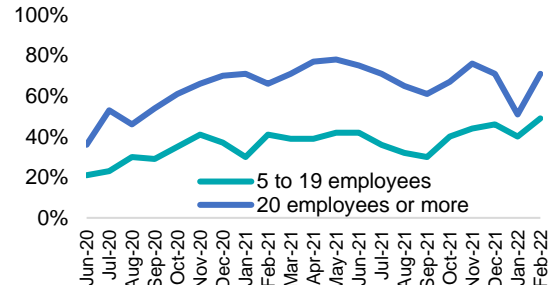
Reason for recruitment

as a proportion of recruiting employers



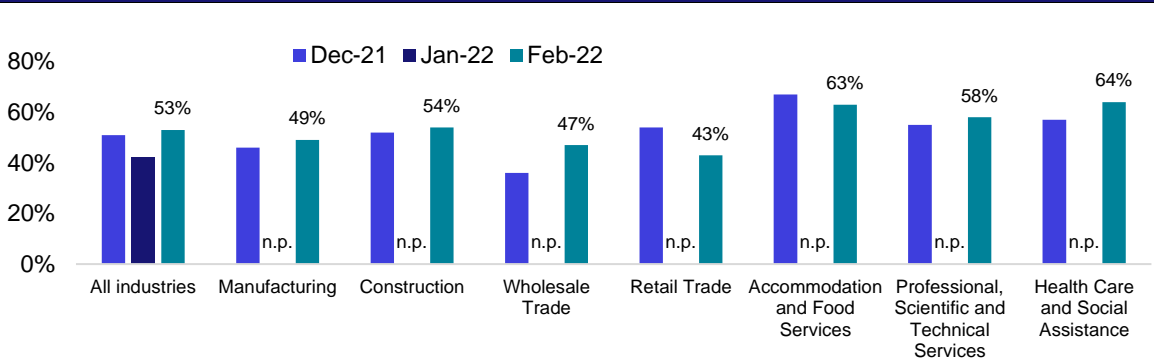
Recruitment by business size

Proportion of employers who are recruiting by business size



Recruitment rate by selected⁴ industries

Proportion of employers who are recruiting by industry

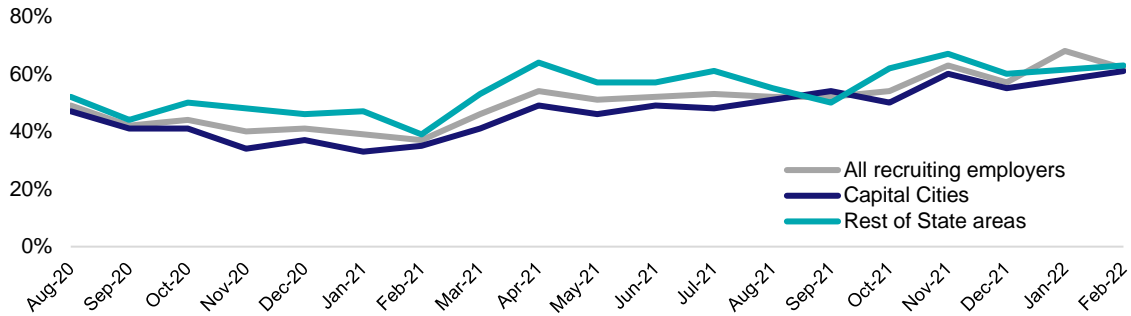


⁴ Some industries are not reportable due to small sample sizes.

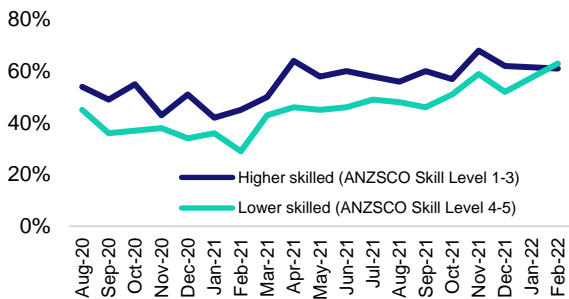
Recruitment difficulty rate (for recruiting employers)

- Some 62% of recruiting employers experienced recruitment difficulty in February 2022. This was a 6-percentage point decline on last month (68%) but higher than December 2021 (57%). The difficulty rate was lower in Capital Cities (61%) than in Rest of State areas (63%).
- Interestingly, the recruitment difficulty rate for lower skilled occupations (a record high of 63%) was slightly higher compared with higher skilled occupations (61%).
- Some 63% of recruiting businesses with 5 to 19 employees had recruitment difficulty, an increase of 4 percentage points from 59% in December 2021. Meanwhile, 58% of recruiting businesses with 20 or more employees found recruitment difficult, up 6 percentage points from December 2021 (52%).
- A greater proportion of recruiting employers had difficulty filling casual positions only (63%), compared with non-casual positions only (59%).

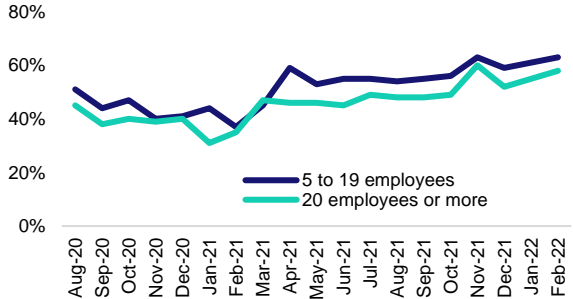
Difficulty by region type
as a proportion of recruiting employers



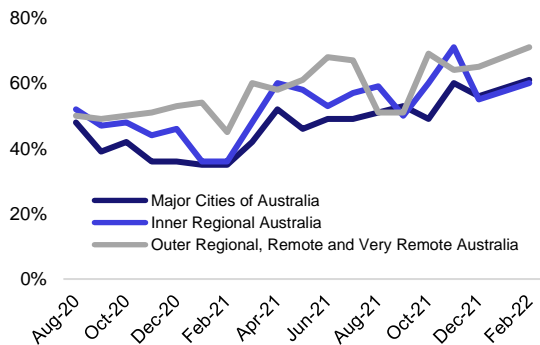
Difficulty by skill level of occupation
as a proportion of recruiting employers



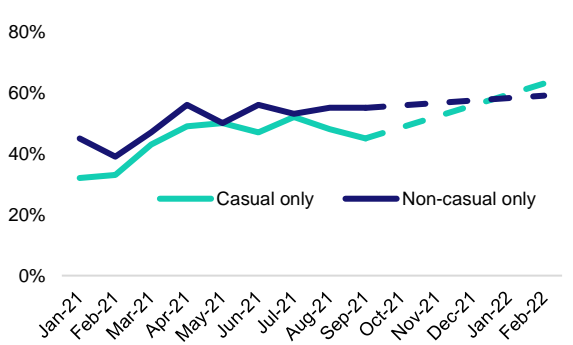
Difficulty by business size
as a proportion of recruiting employers



Difficulty by ARIA region type
as a proportion of recruiting employers



Difficulty by position type
as a proportion of recruiting employers



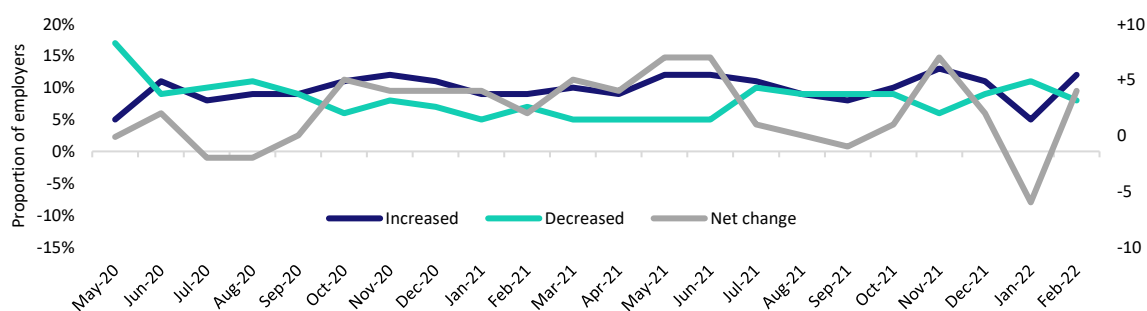
Note: As disaggregated recruitment difficulty data was not publishable in January 2022, data points from December 2021 to January 2022 have been joined by a straight line in the above charts.

Staffing changes over the past month

- In February 2022, 12% of employers increased staff over the past month, and 8% decreased staff. The 'net staffing change' (proportion of employers who increased staff minus the proportion of employers who decreased staff) was +4 percentage points in February 2022, an increase from the record low of -6 percentage points in January 2022.
- New South Wales had the highest net staffing change of the states, at +10 percentage points. Western Australia was the only state to record a negative net staffing change at -4 percentage points.
- Professional, Scientific, and Technical Services had the greatest net staffing change, at +16 percentage points in February 2022. This was followed by Health Care and Social Assistance, which had a net staffing change of +10 percentage points. Meanwhile, Retail Trade had a net staffing change of -6 percentage points, the lowest of the reported industries.

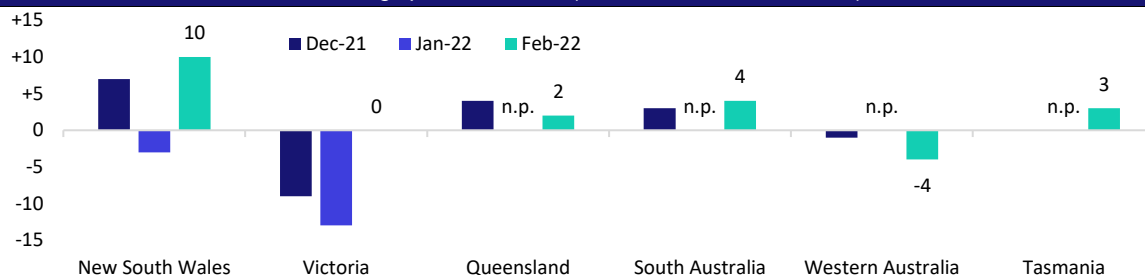
Employers who increased or decreased staff over the past month

Proportion of employers



Net staffing change - by state

Percentage point difference (% increased - % decreased)



Net staffing change - by selected⁵ industries

Percentage point difference (% increased - % decreased)



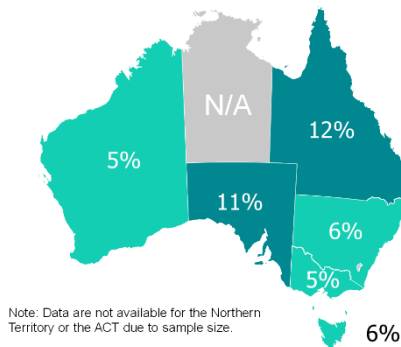
⁵ Some industries are not reportable due to small sample sizes.

Employers with staff stood down or on reduced hours

- In February 2022 the proportion of employers with staff stood down or on reduced hours was 7%. Queensland (12%) and South Australia (11%) had the highest proportions of employers with this type of staffing arrangement.
- The proportion of employers with staff stood down or on reduced hours was 7% in both Capital Cities and Rest of State areas.
- Employers in Inner Regional Australia (10%) were more likely to have staff stood down or on reduced hours than those in Major Cities (6%), or in Outer Regional, Remote, and Very Remote Australia (5%).
- Some 10% of businesses with 20 or more employees had staff stood down or on reduced hours, unchanged from January 2022. Businesses with 5-19 employees were slightly less likely to have these arrangements in February 2022 (6%) compared with January 2022 (8%).
- Accommodation and Food Services (12%), Health Care and Social Assistance (12%) and Manufacturing (11%) had the highest proportions of businesses with staff stood down or on reduced hours this month.

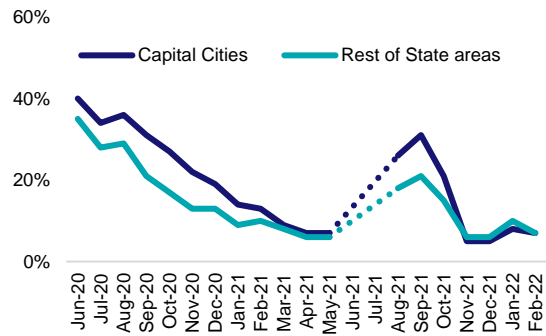
Staffing arrangements by state and territory

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



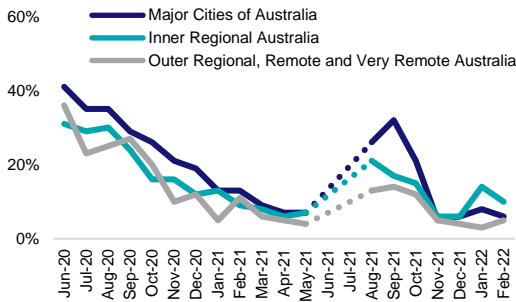
Staffing arrangements by region type

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



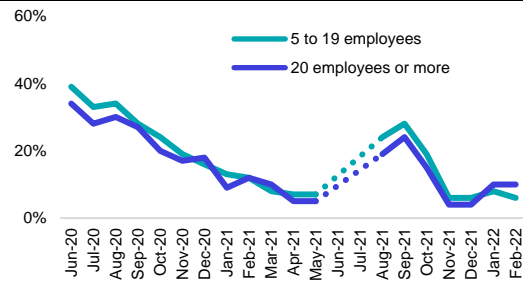
Staffing arrangements by ARIA

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



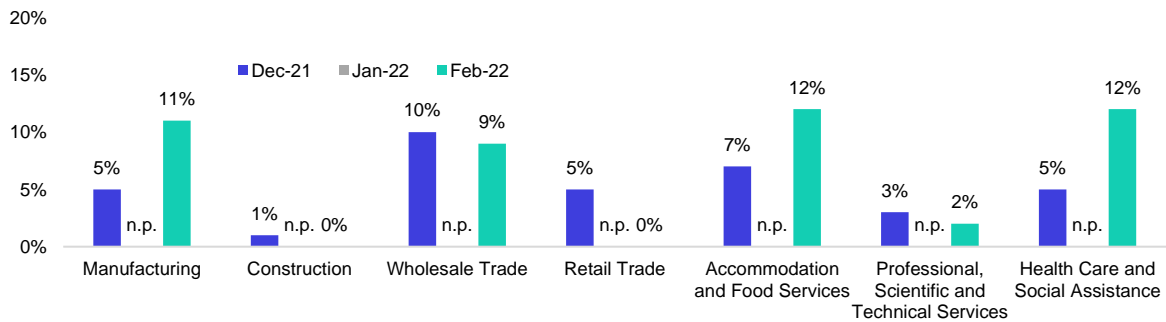
Staffing arrangements by business size

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



Staffing arrangements by selected⁶ industries

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

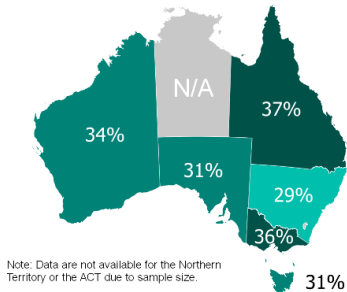


⁶ Some industries are not reportable due to small sample sizes.

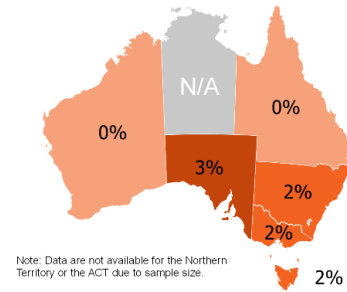
Staffing outlook

- Expectations to increase staffing levels reached a record high of 33% this month. This was 12 percentage points higher than in January 2022 (21%), and 3 percentage points higher than the last peak of 30% in November 2021. Only 1% of employers expected to decrease staffing levels over the next 3 months.
- Queensland (37%) and Victoria (36%) had the highest proportions expecting to increase their staffing levels. Meanwhile, New South Wales had the lowest proportion at 29%, although this was still 3 percentage points more than in January 2022 (26%).
- Expectations to increase staffing levels were slightly higher in Capital Cities (34%) than in Rest of State areas (32%). Both proportions had increased by 12 percentage points since January 2022.
- Some 31% of businesses with 5 to 19 employees expected to increase staff over the next 3 months (a record high), while 43% of businesses with 20 or more employees expected to do the same (an equal record high with November 2021).
- Accommodation and Food Services (48%) had the highest proportion of employers expecting to increase staffing levels, followed by Professional, Scientific, and Technical Services (42%) and Health Care and Social Assistance (38%).

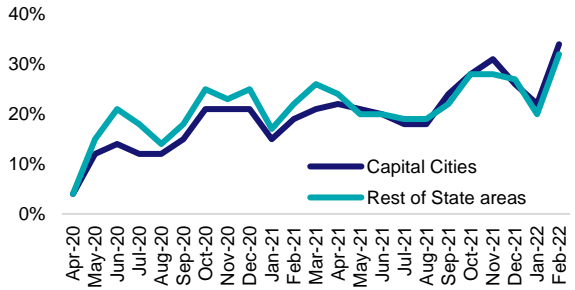
Expectations to increase staff as a proportion of all employers



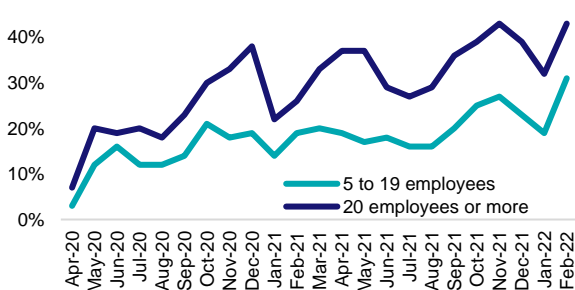
Expectations to decrease staff as a proportion of all employers



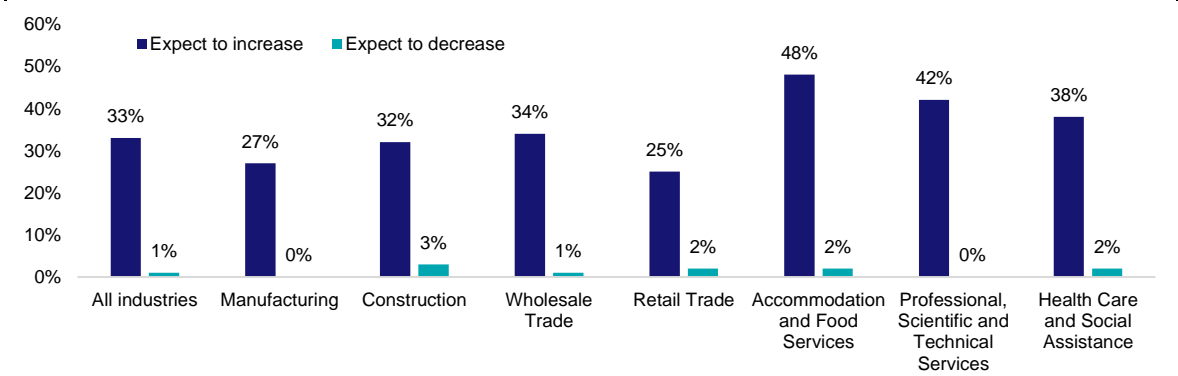
Expectations to increase staff by region type as a proportion of all employers



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



Staffing expectations over the next 3 months by selected⁷ industries as a proportion of all employers



⁷ Some industries are not reportable due to small sample sizes.

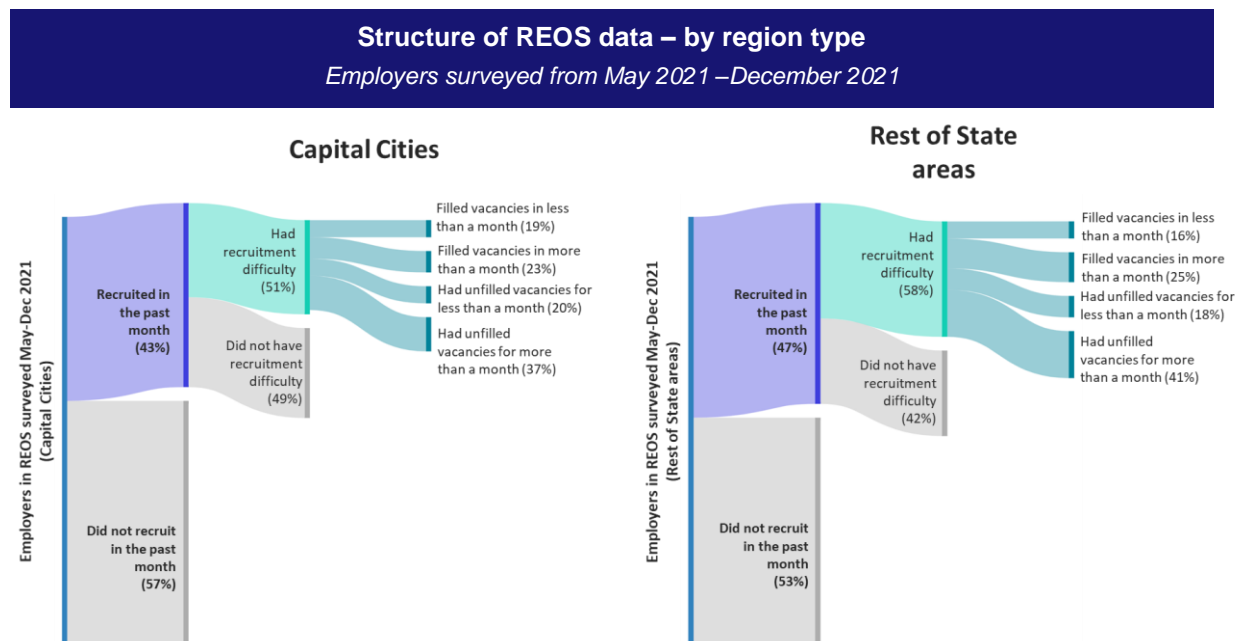
Spotlight: Measuring recruitment difficulty

One of the most cited outputs from the REOS is the 'recruitment difficulty' rate. However, this measure can also be one of the least understood outputs from the survey.

This Spotlight therefore steps through some REOS data to help explain what the survey is measuring and how recruitment difficulty can be interpreted.

The 'recruitment difficulty rate' is the proportion of *recruiting* employers who experienced difficulty hiring. Importantly, the recruitment difficulty rate doesn't relate to *all employers*, just those currently recruiting or who had recruited in the previous month.

This graphic provides more insight into the REOS data from May to December 2021.



Employers are asked if they are currently recruiting or had recruited in the previous month – those that answer 'yes' are identified as "recruiting employers".

- As shown in the graphic above, over May to December 2021 an average of 43% of employers in Capital Cities were currently recruiting or had recruited in the previous month, while in Rest of State areas 47% of employers were currently recruiting or had recruited in the previous month.

Recruiting employers are asked if they had difficulty filling their most recent vacancies. Some (very busy) employers can recruit more than once in a single month, but the REOS only collects data from their most recent recruitment.

- From the graphic above, of those employers that were recruiting over May to December 2021, 51% of employers in Capital Cities experienced difficulty in their most recent recruitment, while in Rest of State areas it was 58%.
- That then corresponds to an average of 22% of *all employers* in Capital Cities who experienced recruitment difficulty (43% of employers in Capital Cities were currently recruiting and of those, 51% of employers experienced difficulty in their most recent recruitment) versus 27% of *all employers* in Rest of State areas that experienced recruitment difficulty.

The REOS also records the time taken to fill vacancies and the time since employers started trying to fill vacancies. This gives an indication of employers having difficulty, but still managing to fill their vacancies.

As the graphic shows, of those employers that cited recruitment difficulty in Capital Cities:

- 19% of employers nonetheless filled vacancies within a month;
- 23% filled vacancies but it took longer than a month;
- 20% had not yet filled vacancies but had been looking for less than a month; and
- 37% had unfilled vacancies for more than a month.

In Rest of State areas of those employers that cited recruitment difficulty:

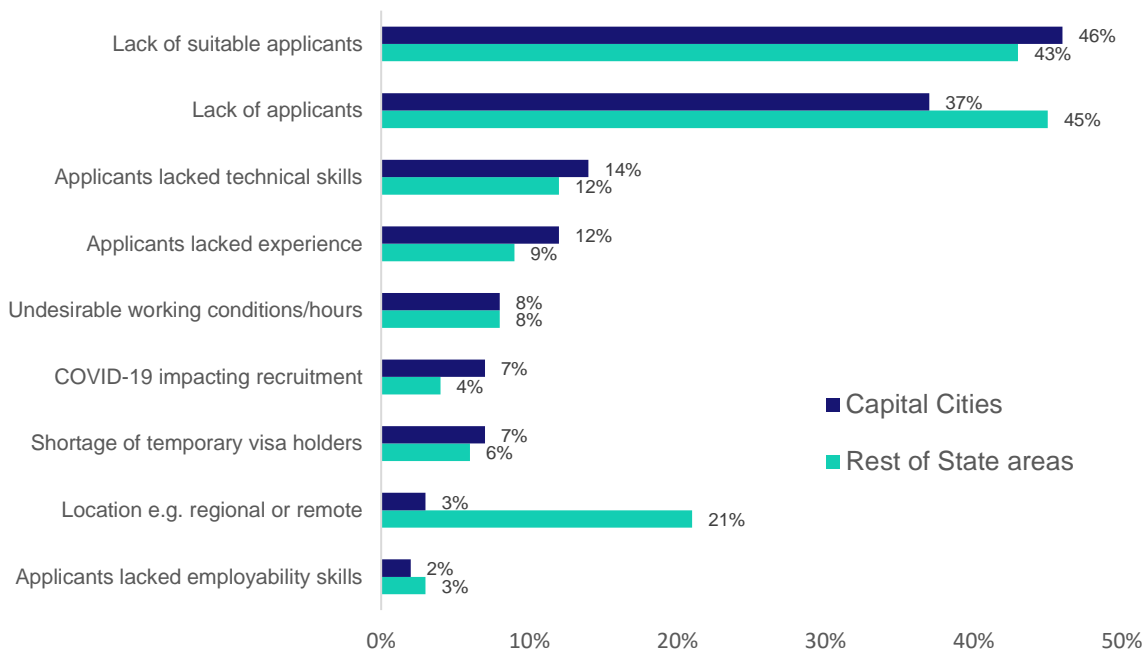
- 16% of employers nonetheless filled vacancies within a month;
- 25% filled vacancies but it took longer than a month;
- 18% had not yet filled vacancies but had been looking for less than a month; and
- 41% had unfilled vacancies for more than a month.

Putting all this together means that for Capital Cities, over May to December 2021, an average of 43% of employers recruited in a given month, with 51% of those experiencing difficulty in their most recent recruitment, and 37% of those being unable to fill their vacancies for more than a month. All up that corresponds to 8% of *all employers*. In Rest of State areas this rises to 11%.

Recruitment difficulty doesn't mean that positions go unfilled. That said, some employers who fill jobs within a few weeks do indicate that they found it difficult to recruit staff with the right skills. This may mean employers have had to compromise or be more flexible in who they hire – such as hiring less experienced applicants and training on the job, or changing the nature of a role to suit those applicants that are available.

The REOS also asks employers *why* they think they are experiencing recruitment difficulty. Here the most common reasons employers give when asked about hiring difficulties include not enough applicants, or a lack of suitable applicants, a lack of technical skills or a lack of experience. In regional areas a relatively high proportion of employers cited their location as a barrier.

Reasons for recruitment difficulty – by region type
As a proportion of employers with difficulty, May 2021 –December 2021



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 Insights website (labourmarketinsights.gov.au). 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, and 18 December 2021 to 7 January 2022.

Data in this release should be referenced as – National Skills Commission, Recruitment Insights Report, February 2022.

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