



Australian Government



National
Skills
Commission

Impacts of COVID-19 on businesses

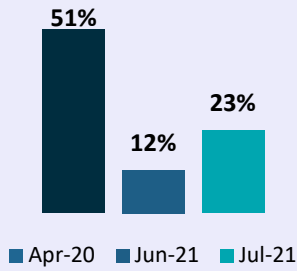
In response to the COVID-19 pandemic, the National Skills Commission discontinued its Survey of Employers Recruitment Experiences in March 2020 and in its place began the *Impacts of COVID-19 on Businesses Survey*, in order to measure the impact of COVID-19 on businesses across Australia from an employer perspective.

From August 2020, the survey continued to monitor the impact of COVID-19 but expanded its scope to, once again, collect data on employers' recruitment experiences and was renamed the *Recruitment Experiences and Outlook Survey (REOS)*¹. The REOS has been conducted from this point onwards.

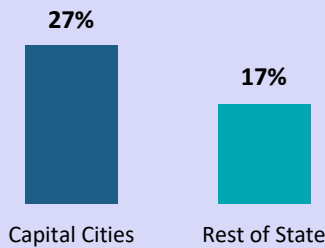
The data below relate to the impact of COVID-19 on businesses collected from April 2020 to August 2020 from the *Impacts of COVID-19 on businesses survey* and then collected from August 2020 to July 2021 from the REOS.

¹ Note that the REOS sample is targeted towards employers with five or more employees and excludes many government organisations and employers in the Agriculture, Forestry and Fishing industry.

Key findings snapshot



The proportion of businesses affected a **great deal** by COVID-19 has decreased significantly since April 2020, although there has been an increase in the past month.



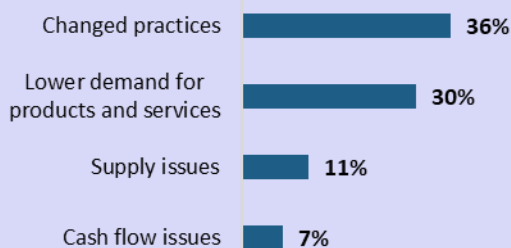
Businesses in **Capital Cities** were more likely to be impacted by the COVID-19 pandemic in July 2021.



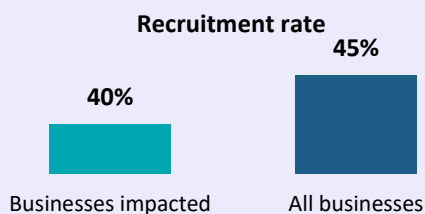
21%

*businesses impacted
'a great deal'*

Businesses in the **Accommodation and Food Services** industry have been severely impacted by COVID-19.



The most common **impact of COVID-19 on businesses** in July 2021 was the need to change their business practices.



↓
65%
*of those who recruited
had difficulty*

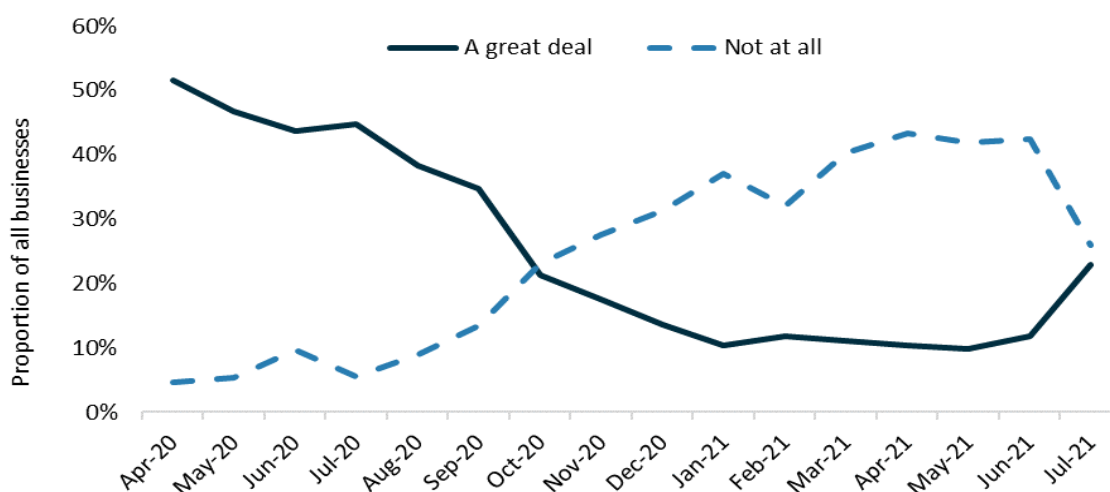
In July 2021 businesses impacted a great deal by COVID-19 were **less likely to recruit**, but those that did experienced greater **difficulty recruiting**.

National

In April 2020, just over half (51%) of businesses said that they were impacted “a great deal” by the COVID-19 pandemic. As COVID-19 cases reduced in Australia and restrictions were subsequently eased, the proportion of businesses impacted a great deal declined to 14% by December 2020 and stood at 12% in June 2021. Due to the latest spike in COVID-19 cases throughout the country, however, the proportion of businesses who reported being impacted a great deal by COVID-19 increased to 23% in July 2021, the highest rate recorded since September 2020 (35%).

The proportion of businesses “not at all impacted by COVID-19” was just 5% in April 2020, although it increased significantly in the second half of 2020, to stand at 31% in December 2020. This proportion continued to increase in 2021, and by June 2021, 42% of businesses reported they were not at all impacted by COVID-19. Reflecting the impact of the latest COVID-19 outbreaks, businesses reporting that they were not at all impacted by COVID-19 declined significantly over the month, to 26% in July 2021.

Figure 1: Businesses impacted a great deal or not at all by COVID-19, April 2020 to July 2021²



Region

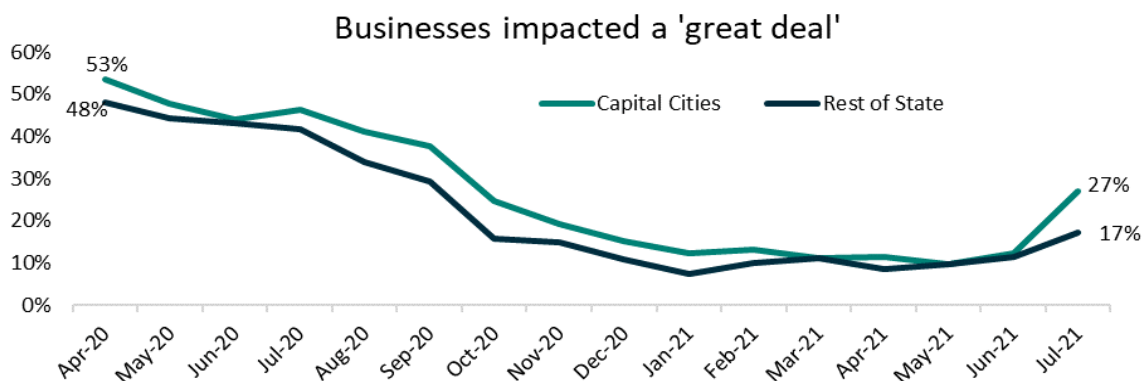
When the data were first collected in April 2020, businesses in Capital Cities reported that they were impacted a great deal by COVID-19 more often than businesses in Rest of State areas. The higher proportion of businesses impacted a great deal by COVID-19 in Capital Cities compared with Rest of State areas continued for much of the next year. This likely reflected that outbreaks of COVID-19, and the related implementation of restrictions, occurred more frequently in Capital City areas.

By March 2021, however, a similar proportion of businesses in Capital Cities and Rest of State areas reported they were impacted a great deal by COVID-19, and this remained

² Prior to 10 August 2020, employers were asked about the level of impact of COVID-19 on the business since February 2020. From 10 August 2020, employers were asked about the current impact of COVID-19 on the business.

broadly similar until June 2021. In July 2021, however, the outbreak of COVID-19 cases impacted Capital Cities to a much greater extent. Indeed, the proportion of businesses in Capital Cities impacted a great deal by COVID-19 increased by 15 percentage points in July, to 27%. By comparison, in the Rest of State areas, the proportion of businesses impacted a great deal by COVID-19 increased by 6 percentage points in July 2021 to 17%.

Figure 2: Businesses impacted a great deal by COVID-19, April 2020 to July 2021 by Capital City and Rest of State areas



Reflecting the developments at the national level, there was a downwards trend in businesses impacted a great deal by COVID-19 in all States across the second half of 2020, although impacts from the Victorian lockdown that began in late June 2020 were clearly evident. For instance, the proportion of businesses in Victoria impacted a great deal by COVID-19 were well above the national rate in August 2020 (55%, compared with 38% for Australia) and September 2020 (62%, compared with 35% for Australia).

By January 2021, the proportion of businesses affected a great deal by COVID-19 was relatively similar across the States, and this remained the case up until the recent COVID-19 outbreaks and associated lockdowns. Indeed, in July 2021, the proportion of businesses impacted a great deal by COVID-19 was highest in New South Wales (37%), followed by South Australia (30%) and Victoria (27%). On the other hand, a far lower proportion of businesses reported being impacted a great deal in Queensland (12%) and Western Australia (15%).

Figure 3: Businesses impacted a great deal by COVID-19, April 2020 to July 2021 by selected States

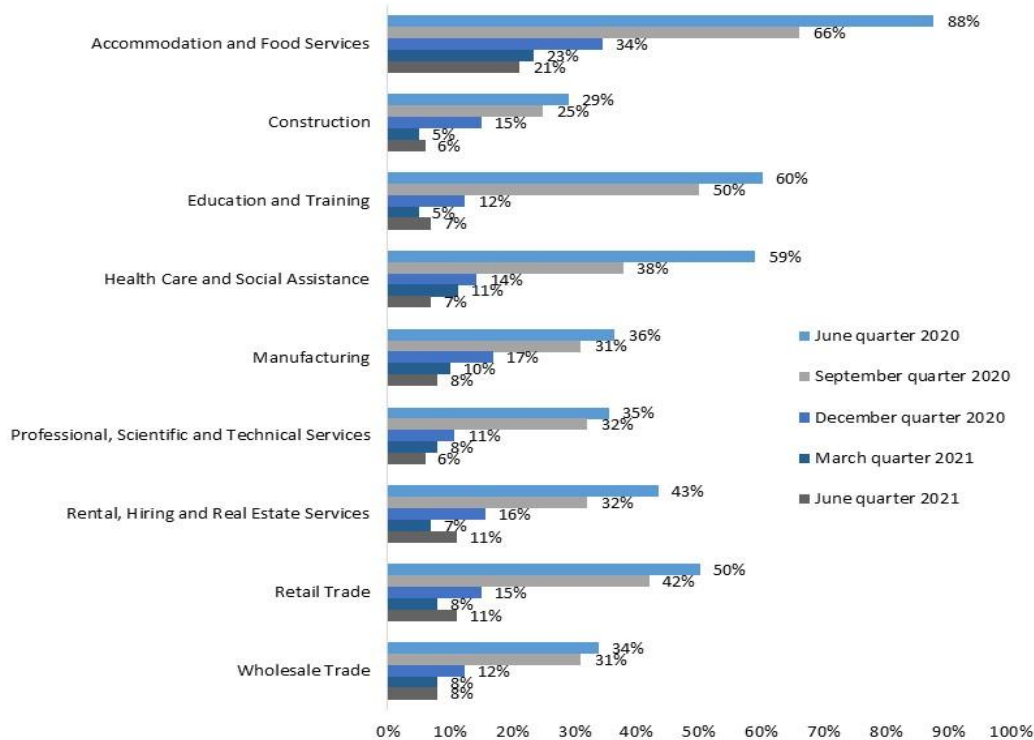


Industry

The extent of the impact of COVID-19 on businesses has differed greatly by industry. For instance, in the June 2020 quarter, 88% of businesses in the Accommodation and Food Services industry said that they were impacted a great deal by COVID-19, followed by 60% of businesses in Education and Training and 59% in Health Care and Social Assistance. This was significantly higher than the proportion of businesses reporting that they were impacted a great deal in the Construction (29%), Wholesale Trade (34%) and Professional, Scientific and Technical Services (35%) industries.

While the proportion of businesses that were impacted a great deal by COVID-19 fell substantially for all industries following the June quarter 2020, businesses in the Accommodation and Food Services industry were still far more likely to be impacted than businesses in other industries. For instance, around one in five businesses (21%) in Accommodation and Food Services were impacted a great deal by COVID-19 in July 2021, compared with just 6% in Professional, Scientific and Technical Services and Construction.

Figure 4: Businesses impacted “a great deal” by COVID-19 by select industries and quarter



Ways that COVID-19 impacted businesses

In addition to collecting data on the proportion of businesses impacted by COVID-19, the REOS survey asked businesses how they had been impacted by the pandemic.

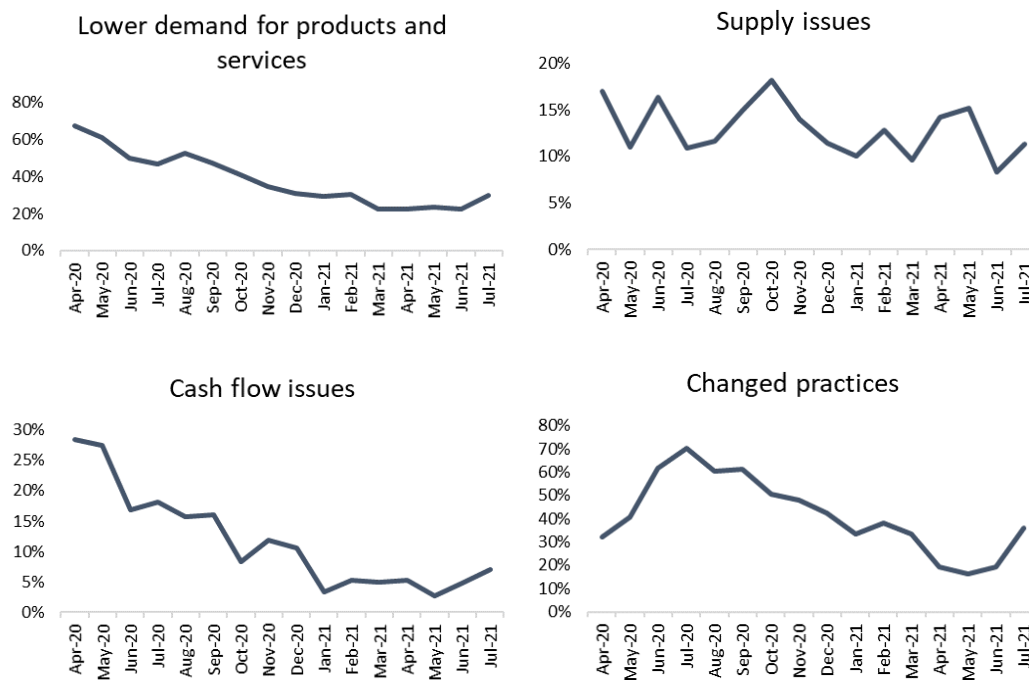
The most common impact of COVID-19 was a decrease in demand for a businesses' products and services, with over two thirds (68%) of businesses that were impacted by COVID-19 having experienced lower demand in April 2020. Over the course of the next year, however, this proportion fell gradually to stand at 30% in July 2021. Similarly, the proportion of businesses impacted by COVID-19 that reported cashflow issues trended downwards after the initial months of the pandemic, declining from 28% in April 2020 to 7% in July 2021.

The proportion of affected businesses that reported supply issues was more volatile over the period. In April 2020, 17% of businesses reported supply issues, which peaked at 18% in October 2020 and reached a low of 8% in June 2021. However, with the recent COVID-19 outbreak this proportion increased to 11% in July 2021.

In April 2020, 32% of business impacted by COVID-19 were operating with changed business practices as a result of the pandemic. Not surprisingly, the initial months of the pandemic gave businesses a greater chance to implement changes, and by July 2020 70% of businesses impacted by COVID-19 were operating with changed business practices. This increase may also reflect the re-opening of businesses that had temporarily closed in the initial stages of the pandemic.

The proportion of businesses operating with changed business practices had decreased to 19% in June 2021. This is likely to be, in part, due to an easing of restrictions which reduced the necessity for changed business practices, but also may be as a result of certain changed procedures becoming standard. The recent COVID-19 outbreak, however, which forced businesses into lockdown and a reintroduction of restrictions in certain states, has seen a significant rise in businesses reporting changed business practices in July 2021 (up 17 percentage points to 36%).

Figure 5: Effects of COVID-19 on businesses, April 2020 to July 2021

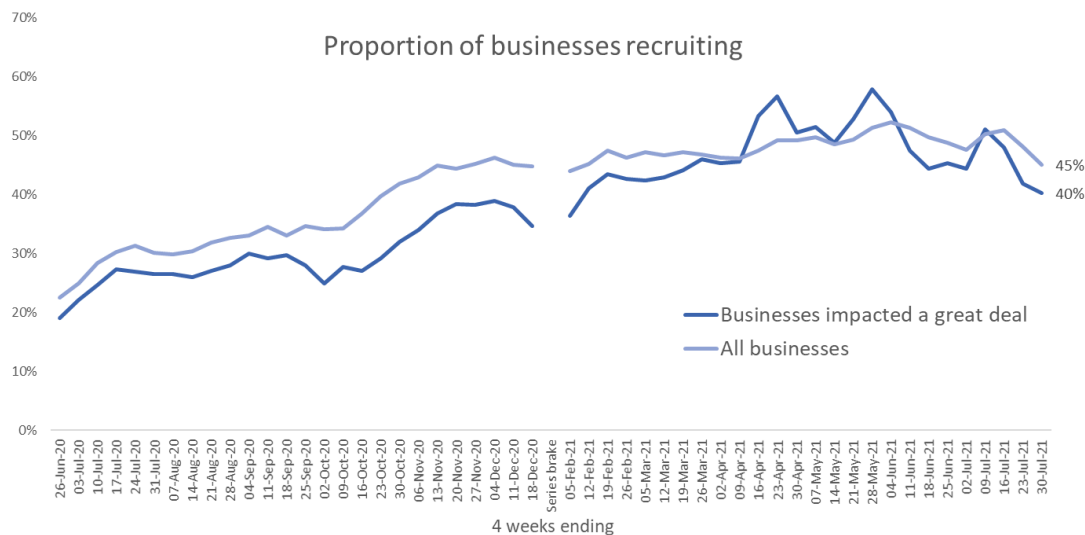


Impact on recruitment for businesses affected by COVID-19

Data from the REOS show that businesses impacted a great deal by COVID-19 have generally seen this affect their recruitment in two different ways. Firstly, many businesses impacted a great deal by COVID-19 experienced lower demand for their products and services. As recruitment is either to replace existing staff or to increase staffing levels, businesses experiencing lower demand can be expected to record lower rates of recruitment to increase staffing levels.

Indeed, in the week ending 30 July 2021, the proportion of businesses that indicated that they were recruiting as a share of all businesses (the recruitment rate) for Australia stood at 45%, which dropped to 40% for businesses that had been impacted a great deal by COVID-19 (see figure 6 below). Notably, for businesses impacted a great deal by COVID-19 that had experienced lower demand for their products and services, the recruitment rate was even lower, at 33% in the week ending 30 July 2021.

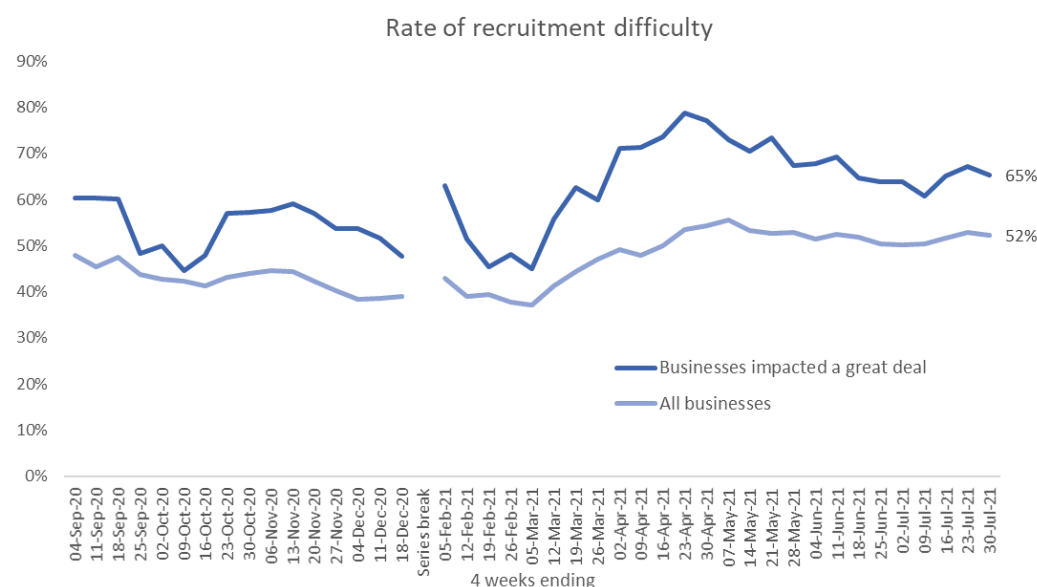
Figure 6: Proportion of businesses recruiting, June 2020 to July 2021



The other way in which businesses impacted a great deal by COVID-19 have often seen their recruitment affected has been elevated recruitment difficulty for those that did recruit. Instead of encountering issues of demand for their products or services, these businesses have seen the COVID-19 pandemic affect their ability to find suitable applicants for their advertised positions.

For instance, for recruiting businesses that were impacted a great deal by COVID-19, 65% recorded recruitment difficulty in the week ending 30 July 2021, compared with 52% of all recruiting businesses.

Figure 7: Rate of recruitment difficulty, September 2020 to July 2021



This increased recruitment difficulty for businesses impacted a great deal by COVID-19 may reflect the greatly reduced number of international arrivals or a surge in demand in certain occupations since the onset of the pandemic. These factors have, in part, contributed to pockets of skills shortages that currently exist in the Australian labour market.

The NSC is responsible for providing a detailed view of these skills shortages, in order to assist Australian Government policy initiatives, including targeting of skilled migration, apprenticeships incentives and training funding.

A key deliverable in this role for the NSC has been the establishment of the Skills Priority List (SPL) which provides a detailed view of shortages as well as the future demand for occupations across Australia. For more information on the SPL, along with the current rating for each occupation by state, please see <https://www.nationalskillscommission.gov.au/2021-skills-priority-list>.