



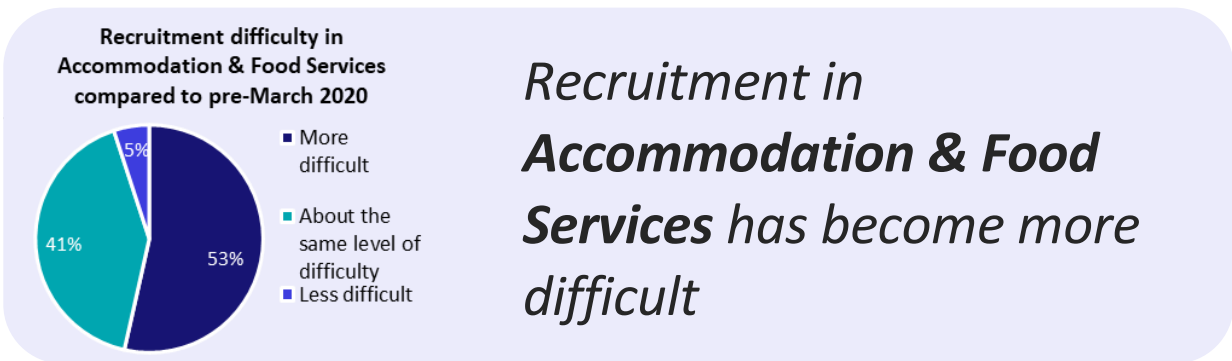
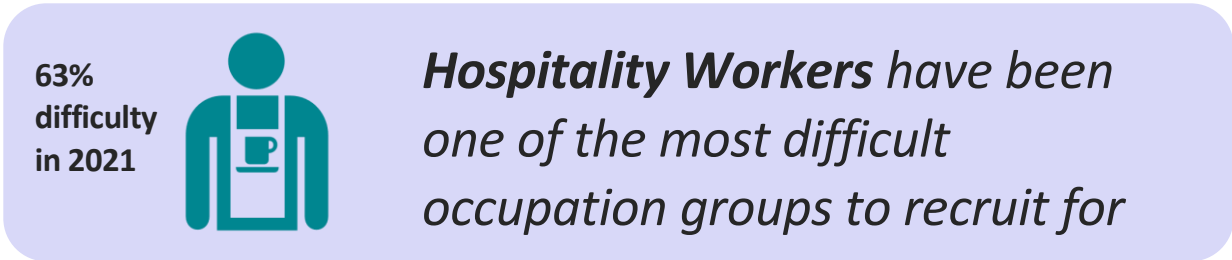
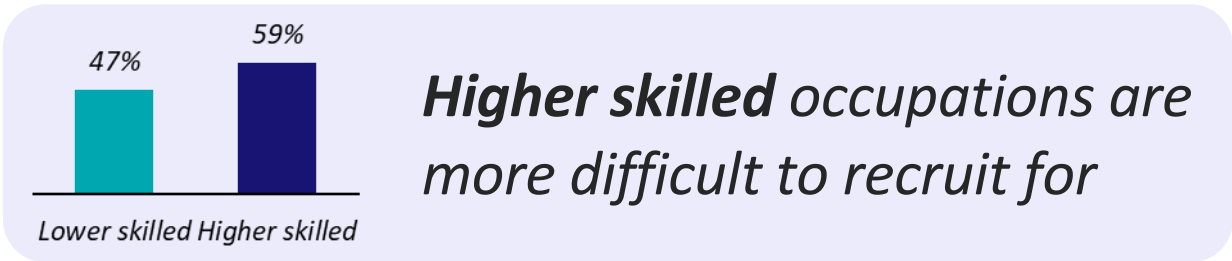
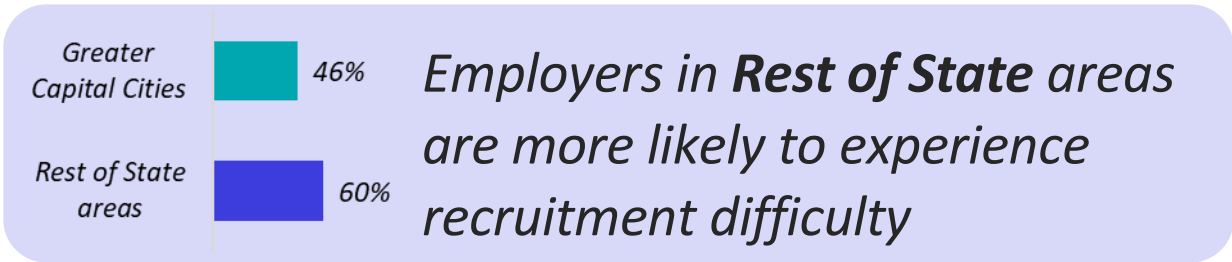
# Employers perspectives on recruitment difficulty

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*This report provides an overview of recruitment difficulty, with additional qualitative perspectives from employers obtained in March and April 2021*

7 October 2021

# Key findings snapshot



# Recruitment difficulty

The National Skills Commission’s *Recruitment Experiences and Outlook Survey* (REOS) is an ongoing survey of employers across Australia. This section draws on results of the survey to highlight key findings on recruitment difficulty.<sup>1</sup>

Please note that data from the REOS are four-week averages of original estimates. For example, the week ending 30 July 2021 refers to a four-week average of original data from the week ending 9 July 2021 to the week ending 30 July 2021.

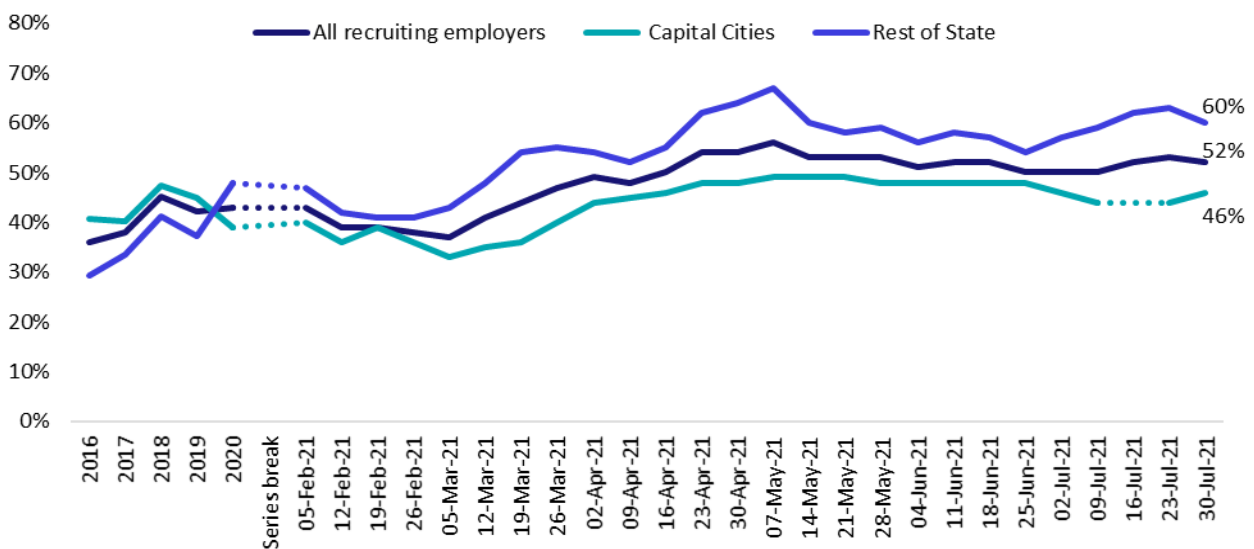
In addition, note that the results outlined in this paper are based on the first half of 2021, prior to the widespread lockdowns that have occurred across Australia following the most recent outbreak of COVID-19. Accordingly, while recruitment difficulty overall has yet to decrease significantly, in certain occupations and regions employer experiences of recruitment and difficulty may have changed since results outlined in this paper.

## Recent trends

In the early months of 2021, the proportion of employers experiencing recruitment difficulty steadily increased, from 43% in the week ending 5 February to a peak of 56% in the week ending 7 May.<sup>2</sup> Since then, however, recruitment difficulty has declined, to stand at 52% in the week ending 30 July.

Recruitment difficulty is more prevalent in Rest of State areas, with 60% of recruiting employers having experienced difficulty recruiting in the week ending 30 July (albeit down from a peak of 67% in the week ending 7 May), compared with 46% in the Capital Cities. While recruitment difficulty in the Capital Cities is currently commensurate with levels recorded in 2018 and 2019, it is slightly above the level recorded in 2020 (39%). This is in stark contrast with recruitment difficulty in Rest of State areas, which has seen a sizeable increase since 2016, when just 29% of recruiting employers experienced difficulty. This increased to 37% in 2019, 48% in 2020, and further to stand at 60% in the week ending 30 July 2021.

**Figure 1: Recruitment difficulty by region type – proportion of all recruiting employers<sup>3,4</sup>**



<sup>1</sup> 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. Latest data included in this report were for the week ending 30 July 2021.

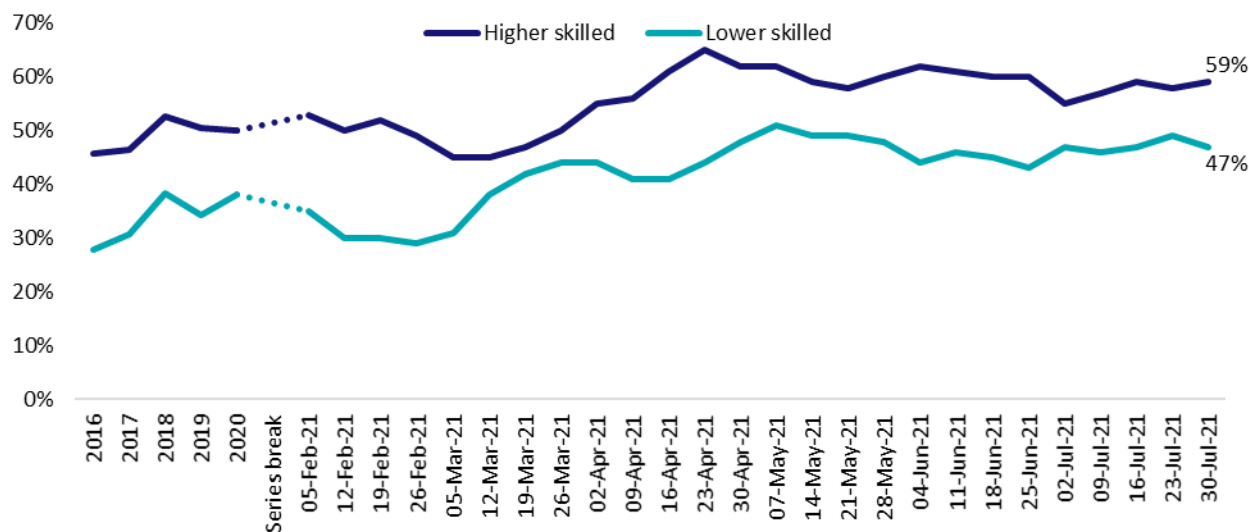
<sup>2</sup> Proportion of employers experiencing recruitment difficulty in their *most recent recruitment activity* (the last month).

<sup>3</sup> Data for Greater Capital Cities in the week ending 16 July 2021 were not able to be published as no calls were made in Greater Sydney for the duration of that week.

<sup>4</sup> Data for years 2016–2019 are taken from the previous iteration of the REOS, the *Survey of Employers’ Recruitment Experiences* and are calendar year averages. Data from the REOS from 5 February 2021 onwards are four-week averages of *original estimates*.

Not surprisingly given past trends, the proportion of recruiting employers that experienced recruitment difficulty for higher skilled occupations (59% in the week ending 30 July) was well above the proportion recorded for lower skilled occupations (47% in the week ending 30 July).<sup>5</sup> Indeed, recruitment difficulty has been greater for higher skilled occupations for the duration of the REOS time series, and further back to 2016 (see **figure 2**).

**Figure 2: Recruitment difficulty by skill level of occupation recruited for – proportion of all recruiting employers**



## Almost one third of recruiting employers have experienced severe recruitment difficulty in 2021

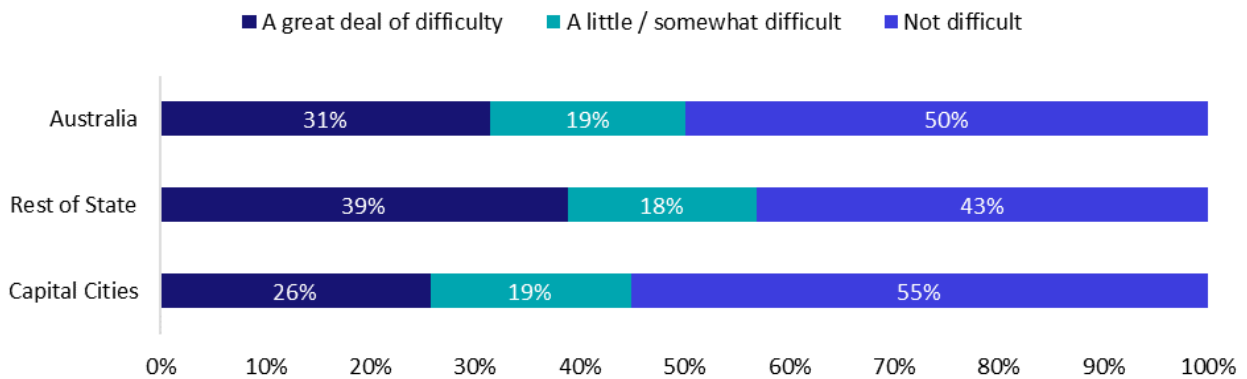
In addition to asking employers whether recruitment had been difficult, the REOS incorporated additional questions on recruitment difficulty from March 2021. These included a question on the severity of recruitment difficulty, comparisons to pre-COVID recruitment of the same occupation and whether or not the employer had changed their recruitment practices or their experience/qualification requirements for the role. These additional questions were asked only of employers who had filled all their vacancies or had been trying to fill them for at least a month (henceforth referred to as “recruiting employers”).

Of recruiting employers, 50% stated that their recruitment was “not difficult”, while 19% experienced “a little/ somewhat difficult” recruitment and 31% faced “a great deal of difficulty” in their recruitment. Notably, along with a greater proportion of recruiting employers in Rest of State areas experiencing recruitment difficulty, they also face more severe recruitment difficulty than their counterparts in Capital City areas. Indeed, over the months of March to July 2021, 39% of recruiting employers in Rest of State areas experienced a great deal of difficulty in their most recent recruitment, compared with only 26% of recruiting employers in Capital City areas (see **figure 3**).

- It is important to note that the NSC’s analysis *Trends in vacancies and recruitment in Capital Cities and Rest of State areas* (available on the [Labour Market Information Portal](#)) indicated that the increase in recruitment difficulty in Rest of State areas following the COVID-19 pandemic has predominantly occurred for lower skilled and medium skilled occupations

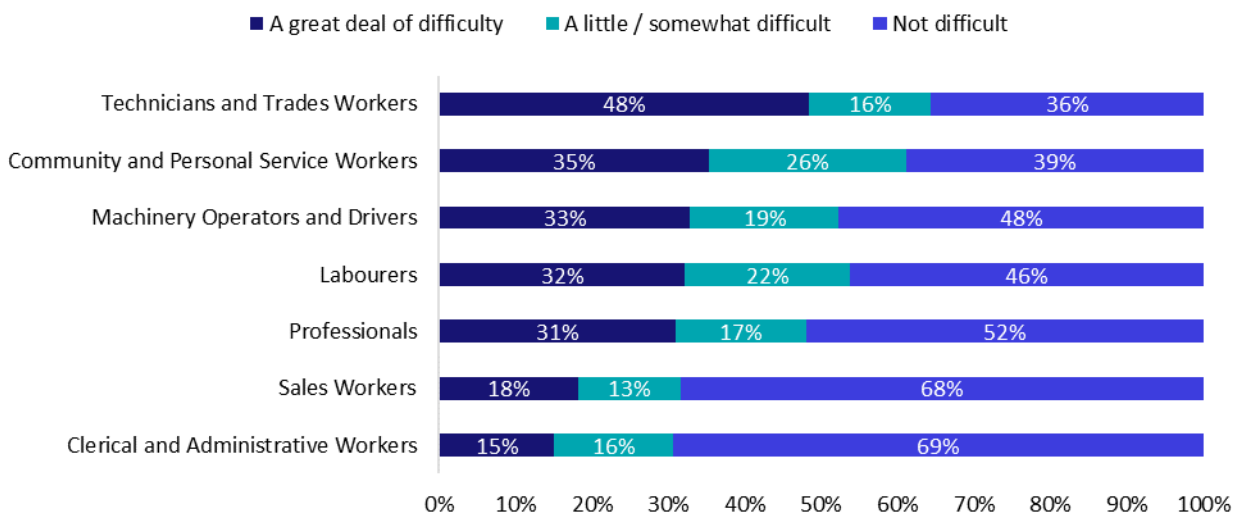
<sup>5</sup> In this report, lower skilled refers to occupations with an ANZSCO Skill Level of 4 or 5, while higher skilled refers to ANZSCO Skill Levels 1, 2 or 3.

**Figure 3: Severity of recruitment difficulty for recruiting employers, March to July 2021**



While in general, higher skilled occupations are more difficult to recruit for compared with lower skilled occupations, there is some variation between the major occupation groups. Nearly half (48%) of the employers who recruited for Technicians and Trades Workers and 35% of those who recruited for Community and Personal Service Workers experienced a great deal of difficulty. On the other hand, just 18% of employers recruiting for Sales Workers and 15% for Clerical and Administrative Workers experienced a great deal of difficulty (figure 4 below).

**Figure 4: Severity of recruitment difficulty, March to July 2021 – proportion of recruiting employers – by major occupation group recruited for.<sup>6</sup>**



At a more detailed occupation level, there were certain occupations for which employers encountered a particularly high level of recruitment difficulty<sup>7</sup>. Food Trades Workers were overall the hardest occupation to recruit for, with 64% of recruiting employers experiencing a great deal of difficulty (and 20% a little/somewhat) over the March to July 2021 period. Other occupations which were particularly difficult to recruit for included Fabrication Engineering Trades Workers (59% a great deal, 11% a little/somewhat), Hospitality Workers (42% a great deal, 25% a little/somewhat), and Automotive Electricians and Mechanics (54% a great deal, 11% a little/somewhat).

The finding that many employers found Hospitality Workers a difficult occupation to recruit for is notable, given this has historically not been the case. Australia’s international border closures, which have resulted in a large drop in non-sponsored temporary work visa holder numbers, is likely to have contributed to this high level of difficulty faced by employers recruiting for Hospitality Workers. Indeed, those on Working Holiday and International Student Visas accounted for the vast majority of the decline in temporary work visa holders over the period from March 2020 to June 2021, and many of these visa holders have tended to work in lower-skilled or labour-intensive sectors, including Accommodation and Food Services.<sup>8</sup>

<sup>6</sup> Results for the Managers major occupation group have been omitted due to insufficient sample size.

<sup>7</sup> Please note that only detailed Occupations with a sufficient sample size were considered for this analysis.

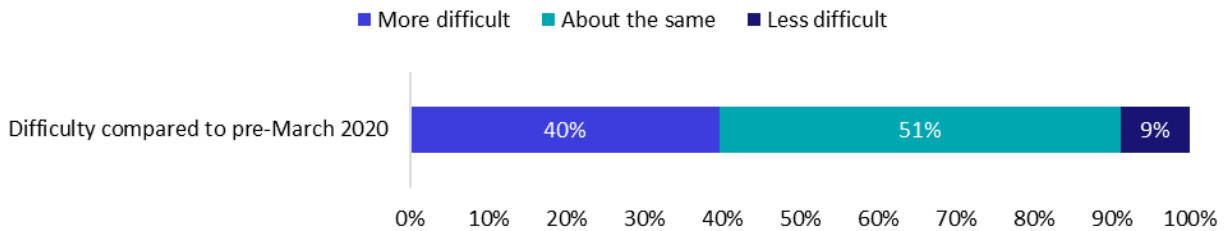
<sup>8</sup> Temporary migration and COVID-19 labour market considerations - blog by Rick Leach, National Skills Commission, 2021

## Many employers consider it more difficult to recruit now compared with pre-COVID-19

Between March and July 2021, over 2,100 recruiting employers were asked how their most recent recruitment compared to recruitment done for the same occupation prior to the onset of COVID-19 in March 2020.

Results show that 40% of recruiting employers found it more difficult to recruit in 2021 than pre-March 2020, while only 9% found it less difficult to recruit. The remainder (51%) encountered recruitment difficulty at about the same level as experienced pre-March 2020.

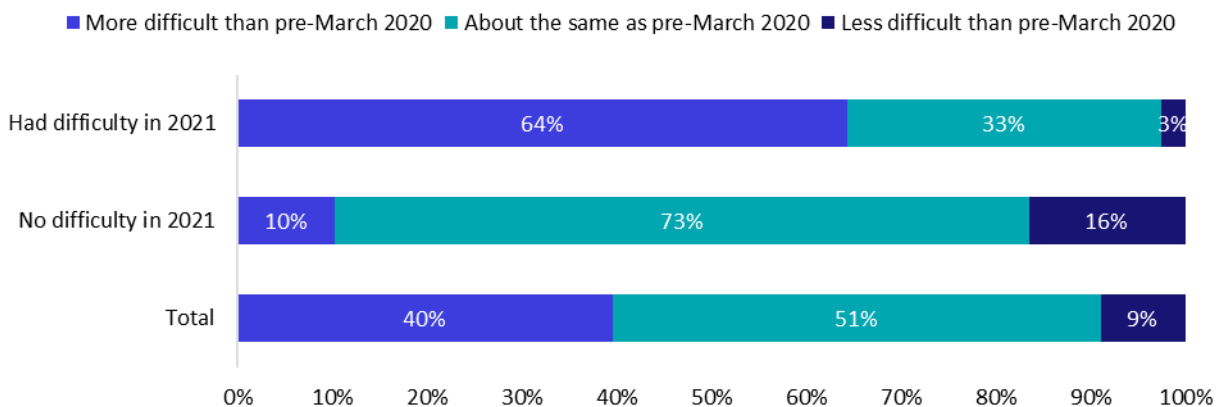
**Figure 5: Recruitment difficulty between March and July 2021 compared to pre-March 2020**



Employers who experienced difficulty in their most recent recruitment round were far more likely to find recruitment more difficult than before March 2020. For those employers, 64% found recruitment more difficult than prior to March 2020 (70% for those with a great deal of difficulty, and 55% for those with a little difficulty), while 33% experienced about the same level of difficulty, with only 3% having faced less difficulty. On the other hand, for employers that faced no difficulty in their most recent recruitment round, only 10% found recruitment more difficult than prior to March 2020, with the majority (73%) facing about the same level of recruitment difficulty (as seen in **figure 6** below).

It should be noted that, while employers finding it more difficult to fill vacancies has become more prevalent in 2021, some employers have still found it easier to recruit, often finding staff through word of mouth and other informal methods. Indeed, more than 2 in 5 (43%) of these employers advertised via word of mouth, compared with 31% who advertised through online jobs boards. In addition, 21% of these employers who found it easier to recruit compared with pre-March 2020 had advertised through social media.

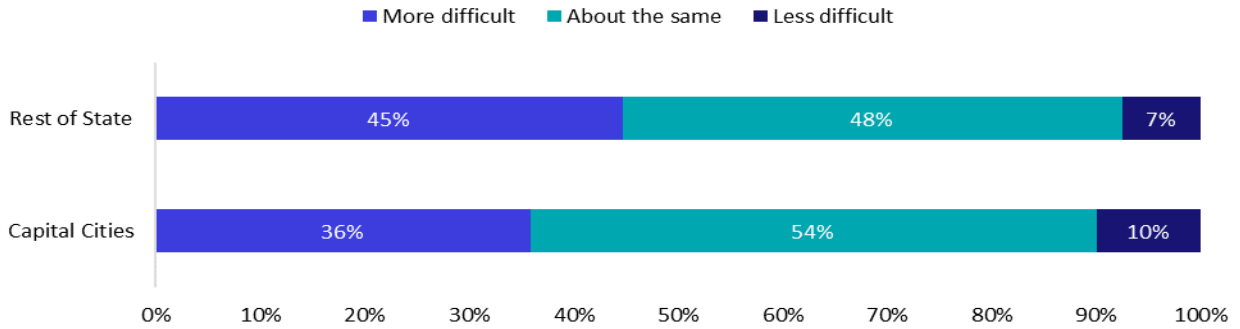
**Figure 6: Recruitment difficulty compared with pre-March 2020, by level of difficulty in March to July 2021 – proportion of recruiting employers**



### Regional comparison to pre-COVID

In addition to recruiting employers in Rest of State Areas finding recruitment more difficult than their Capital City counterparts, they were also more likely to find recruitment more difficult than prior to COVID-19. For instance, 45% of employers in Rest of State areas found it more difficult to recruit in their most recent recruitment round than before March 2020, compared with 36% of recruiting employers in Capital Cities. (figure 7 below).

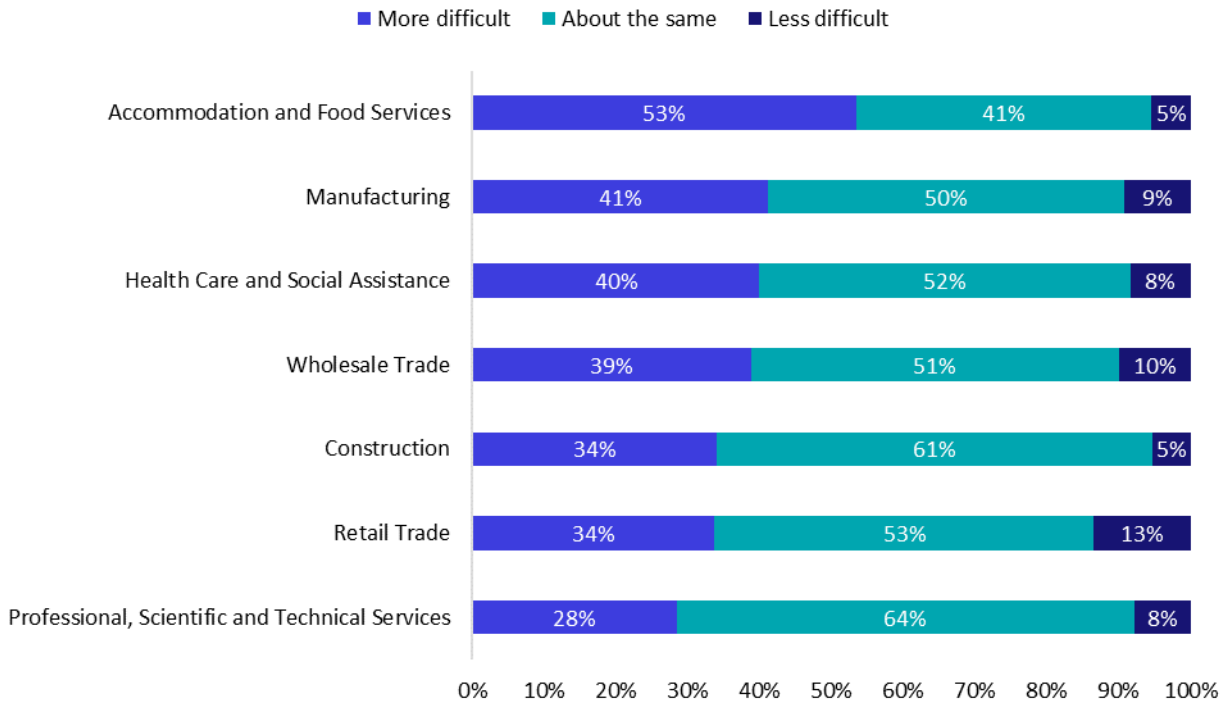
**Figure 7: Recruitment difficulty between March and July 2021 compared to pre-March 2020 – by region type – proportion of recruiting employers**



### Industry and occupation

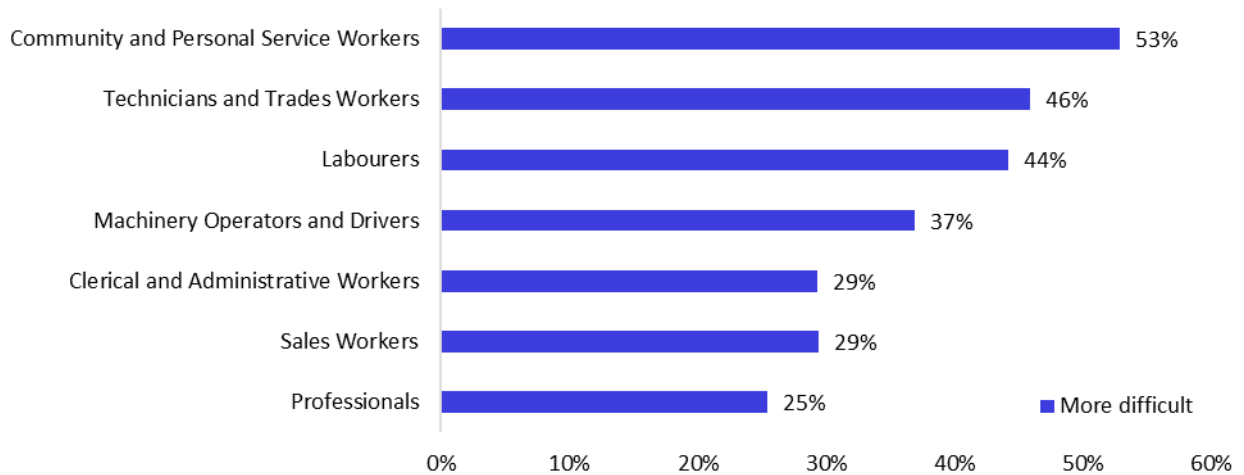
Over half (53%) of recruiting employers within the Accommodation and Food Services industry and 41% of recruiting employers in Manufacturing found it more difficult recruiting in their most recent recruitment round compared with pre-March 2020. On the other hand, just 28 per cent of recruiting employers in Professional, Scientific and Technical Services found recruitment more difficult now than prior to March 2020.

**Figure 8: Recruitment difficulty between March and July 2021 compared with pre-March 2020 – by selected Industries – proportion of recruiting employers**



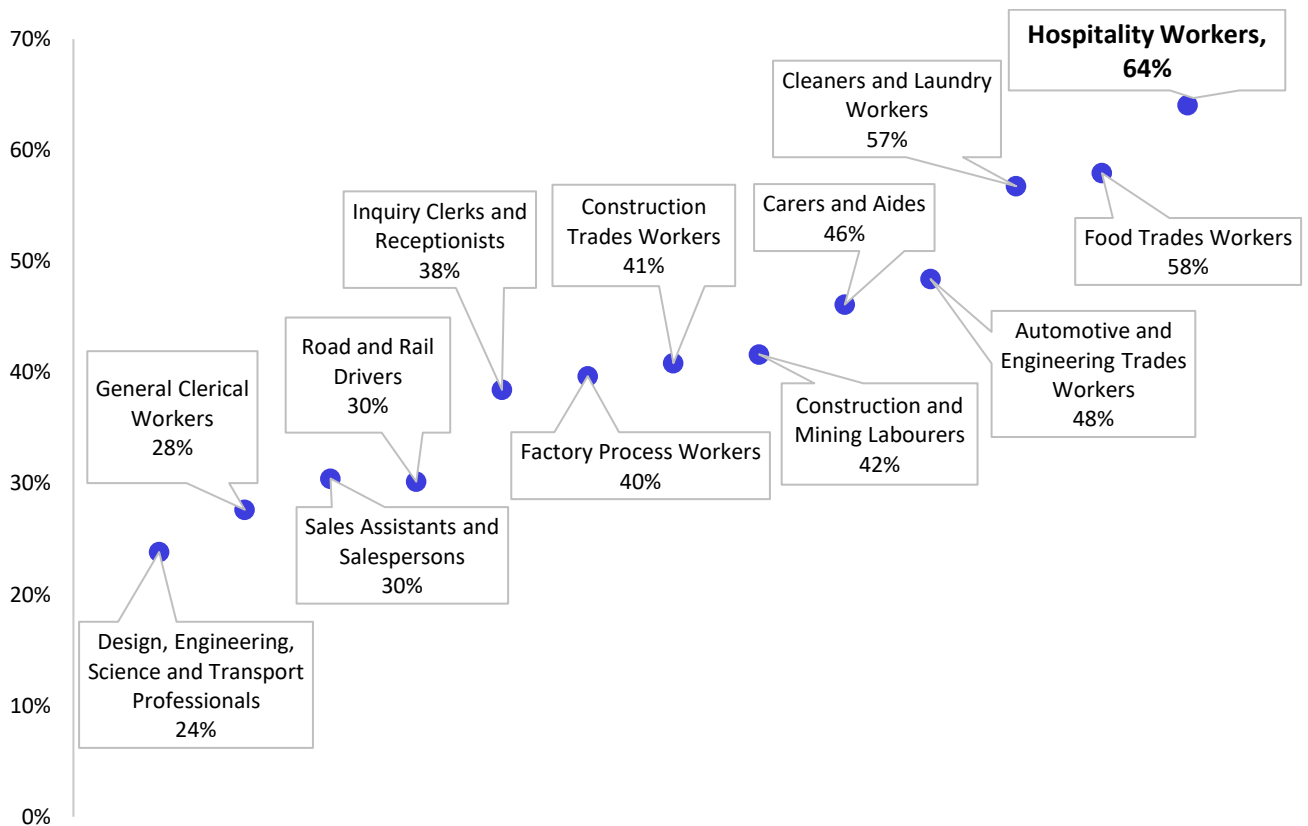
Employers recruiting for Community and Personal Service Workers between March and July 2021 were the most likely to experience greater difficulty compared with pre-March 2020 of any occupational group (53% of recruiting employers). Recruitment for Technicians and Trades Workers, and Labourers was also commonly more difficult, with 46% and 44% of employers recruiting for these occupations respectively experiencing greater difficulty between March and July 2021 compared with pre-March 2020 (see figure 9).

**Figure 9: Recruitment difficulty between March and July 2021 compared with pre-March 2020 – Occupation – proportion of recruiting employers.<sup>9</sup>**



Looking at a more detailed occupational level, there were certain occupations where a particularly large proportion of recruiting employers found it more difficult to recruit between March and July 2021 compared with pre-March 2020. For instance, almost two thirds (64%) of employers recruiting for Hospitality Workers found it more difficult compared with pre-March 2020. This greatly increased difficulty is likely, in part, due to Australia’s international border closures which have resulted in large drop in non-sponsored temporary work visa holders. Other notable occupation groups which were more difficult to recruit for compared with pre-March 2020 included Food Trades Workers (58%), Cleaners and Laundry Workers (57%) and Automotive and Engineering Trades Workers (48%).

**Chart 1: Proportion of recruiting employers who found it more difficult to recruit between March and July 2021 compared to pre-March 2020 – by selected 2-digit occupation groups recruited for**



<sup>9</sup> Results for the Managers major occupation group have been omitted due to insufficient sample size.

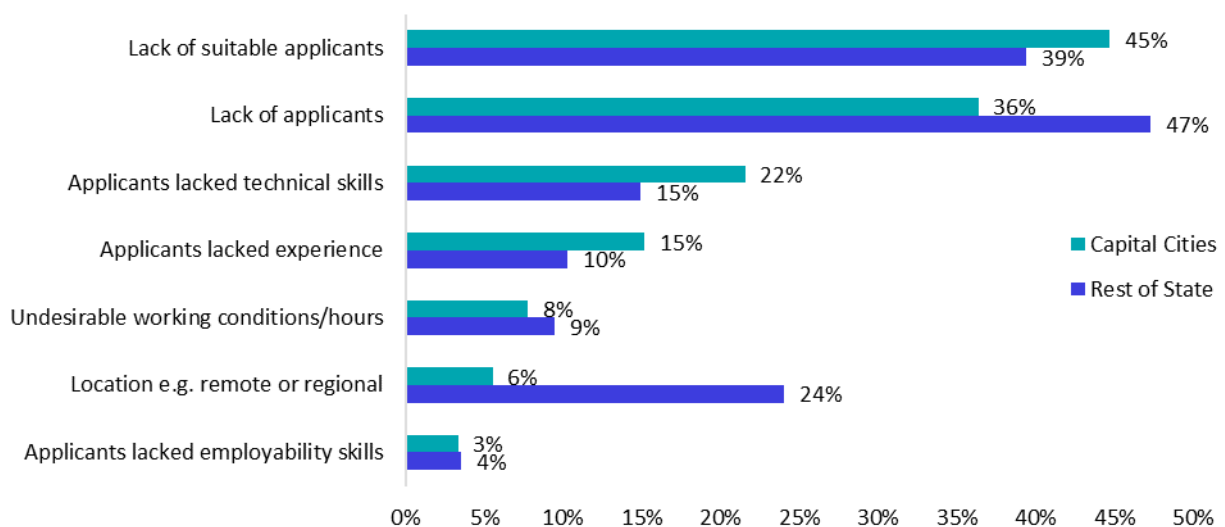


## Reasons for recruitment difficulty differ by region

Recruitment difficulty is generally caused by employers having difficulty attracting the applicants they are looking for. Indeed, throughout 2021, the most common reasons employers reported for their recruitment difficulty were a lack of suitable applicants and an overall lack of applicants (both 42%). It is worth noting that these reasons differed by region, with a lack of suitable applicants more likely to be a reason for employers experiencing difficulty in Capital Cities (45% compared with 39% in Rest of State Areas), while an overall lack of applicants was more common for employers in the Rest of State Areas (47%, compared with 36% in the Capital Cities) (see **figure 10**).

Not surprisingly, location was a far more common reason for recruitment difficulty in Rest of State areas (24%) than in Capital City areas (6%), while a lack of technical skills in applicants was more commonly cited by employers experiencing difficulty in the Capital Cities (22%, compared with 15% of employers in Rest of State areas).

**Figure 10: Reasons for recruitment difficulty, 2021 to date – proportion of recruiting employers who reported difficulty in their most recent recruitment round.<sup>10</sup>**



In responding to whether recruitment had become more or less difficult compared with before March 2020, employers often gave detailed responses about the reasons for the shift in difficulty and provided context behind their answers. Many of these responses could be grouped into a few key reasons:

- **A lack of applicants in general.**

*“Much more difficult now, usually we get 100’s of applicants. This time we barely got any and the ones we did were unsuitable.” – Manufacturing employer*

*“The first time it’s been this bad [citing a lack of applicants]. Usually in admin, you get 100 applicants, and this time around we only had 30. People aren’t turning up for interviews which has been happening more often.” – Retail Trade employer*

- **A lack of suitable applicants with the right skills and experience for the job.**

*“There are so many jobs available and a lot of unskilled jobs available, people are moving away from skilled jobs and [are] going to try unskilled jobs that may offer more money since these jobs are not being filled by migrants now. Also, a lot of mining jobs are offering a lot more and we can’t compete with the bonuses they get.” – Construction employer*

<sup>10</sup> Employers could provide more than reason for their recruitment difficulties.

- **A lack of backpackers and overseas applicants due to international border closures.**

*“More difficult now because there’s no one coming from overseas, and because of the conditions, young people don’t want to do it [the work].” – Agricultural employer*

*“It’s always been hard because we’re in a remote town, but usually we’re able to rely on a few backpackers being available, and that isn’t the case at the moment.” – Wholesale Trade employer*

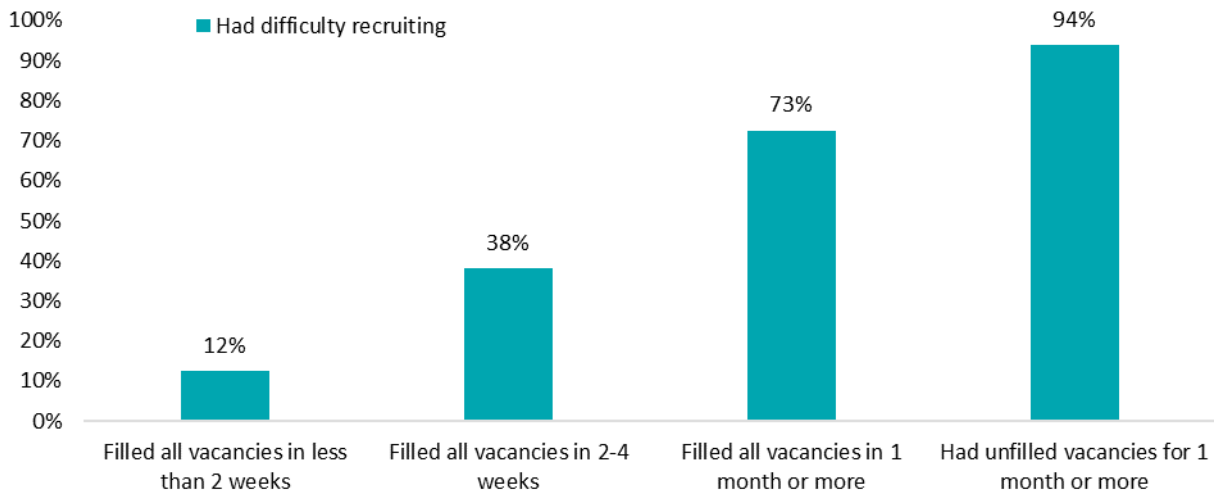
Although many employers expressed the view that there was a general lack of applicants, some employers who had run a few recruitment rounds since March 2020 said that applicant numbers were gradually increasing.

## Recruitment difficulty is related with the time it takes to recruit

Not surprisingly, recruitment difficulty is closely related to the length of the recruitment process (see **Figure 11** below). For instance, over the period from May to July 2021, 94% of recruiting employers who had unfilled vacancies for greater than a month found that their recruitment was difficult, compared with 38% of employers that filled vacancies in 2-4 weeks. Notably, however, even for those employers that filled vacancies in less than 2 weeks, 12% still experienced recruitment difficulty.

- The most common reasons for recruitment difficulty cited by employers that filled vacancies in less than 2 weeks were a lack of suitable applicants and applicants in general. This may indicate that while they filled their vacancies relatively quickly, they may not have received a number of applicants commensurate with their expectations, or that they had settled on particular applicants given time pressures.

**Figure 11: Proportion of recruiting employers who had recruitment difficulty, May to July 2021 – by the time taken to fill vacancies**



*“Many applicants didn’t have the qualifications. It’s always been difficult to hire a glazier, but this time it took a lot longer than normal.” – Construction employer*

## Few employers changed their expectations and requirements

Employers were additionally asked in March and April 2021 whether or not they had changed their expectations or qualification requirements of the vacancy, compared with earlier recruitment for the same occupation prior to March 2020.

In March and April 2021, around one in ten recruiting employers reported that they changed their expectations or qualification requirements compared with before March 2020. This was slightly more common in Rest of State areas (15% compared with 9% in the Capital Cities) and was also more common in recruitment for Labourers (16%).

Responses from employers to this question often included instances where employers were willing to hire applicants with experience even if they were not as qualified as they had originally sought, or where they had hired applicants who may have demonstrated enthusiasm or a willingness to learn on the job.

*“We used to be pickier, but now we are willing to give anyone a trial.” – **Food Services employer***

*“We have had to lower the years of experience required for the job and we are offering more on the job training than previously.” – **Manufacturing employer***

*“Willing to take people who don't have the skills we would normally take as long as they have a good attitude.” – **Retail Trade employer***

## Employers are using more informal methods to recruit

A question was asked of employers in March and April 2021, on whether they had changed the way they had recruited compared with recruitment for the same occupation done prior to March 2020.

Results suggest that around 15% of recruiting employers in March and April 2021 changed the way they had recruited in their most recent recruitment process compared with recruitment undertaken before March 2020. Employers often mentioned that they were now using social media outlets such as Facebook, LinkedIn, and Instagram more often, in addition to utilising word of mouth as a source of advertising for vacancies.

- Just under half of those who changed their recruitment practices found their recruitment more difficult compared to pre-March 2020, while;
- around a quarter found recruitment less difficult than previously. These were commonly employers who were able to recruit via word of mouth, who usually wouldn't have been able to.

*“We advertised on a whole lot of different media – Internet, social media, jobs boards – but we still only got one applicant.” – **Manufacturing employer***

*“Before we went through the newspapers and word of mouth, but now we've gone through all the internet methods.” – **Manufacturing employer***