

Recruitment activity

51%

Change since November 2021:

▲ 1% pt

Recruitment difficulty rate

57%

Change since November 2021:

▼ 6% pts

Expect to increase staff

26%

Change since November 2021:

▼ 4% pts

Key findings from the Recruitment Experiences and Outlook Survey (REOS)¹

- REOS results show that recruitment conditions remained strong in December 2021, but eased on some indicators.² Recruitment activity increased slightly to a new peak, while recruitment difficulty and expectations to increase staff have declined from the peaks recorded last month.
- In December 2021, 51% of employers were recruiting or had recruited in the past month, 1 percentage point higher than November 2021 (50%).
 - The recruitment rate decreased by 2 percentage points in Capital Cities (to 48%) but increased by 4 percentage points in Rest of State areas (to 55%).
 - New South Wales (58%) recorded an 11-percentage point increase in its recruitment rate over the month - the fourth consecutive monthly increase for the state. On the other hand, the recruitment rate in Victoria declined by 8 percentage points.
 - Recruitment rates in Accommodation and Food Services (67%) and Retail Trade (54%) remain high but have eased from their peaks in November 2021.
- The proportion of employers which had decreased staff over the past month increased from 6% to 9%. The proportion of employers who increased staff over the past month decreased from 13% to 11%.
- The recruitment difficulty rate decreased by 6 percentage points over the month to 57% of recruiting employers (representing 29% of total employers).
 - Recruitment difficulty declined in both Capital Cities (from 60% to 55%) and Rest of State areas (from 67% to 60%).
- In December 2021, 26% of employers expected to increase their staffing levels over the next 3 months, a 4-percentage point decline on the peak of 30% recorded in November 2021.
 - Expectations to increase staff numbers declined the most in Victoria, which recorded a 12-percentage point decline over the month to stand at 24%.
 - Expectations to increase staff numbers in Accommodation and Food Services (45%, down from 58% last month), Health Care and Social Assistance (29%, down from 41%) and Retail Trade (28%, down from 33%) declined from their November 2021 peaks.
- This month's Spotlight provides an update on results on employers' retention difficulty, including a breakdown by industry sub-sector.

¹ 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.

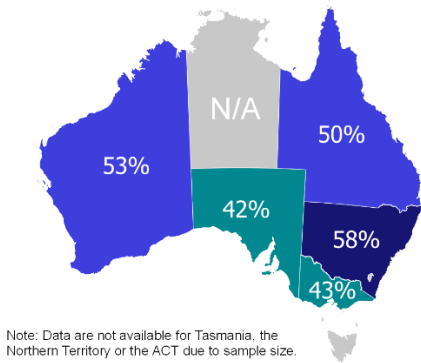
² Note that REOS results are not seasonally adjusted and are therefore affected by seasonal factors such as increased levels of recruitment in the lead up to the holiday period.

Recruitment activity

- In December 2021, 51% of employers were recruiting or had recruited in the past month, 1 percentage point higher than November 2021 (50%).
- The recruitment rate decreased by 2 percentage points in Capital Cities (48%) but increased by 4 percentage points in Rest of State areas (55%).
- New South Wales recorded an 11-percentage point increase in its recruitment rate over the month to stand at 58%. This was the fourth consecutive monthly increase for the state. On the other hand, the recruitment rate in Victoria declined by 8 percentage points.
- The recruitment rate for businesses with 5 to 19 employees increased by 2 percentage points over the month to 46% in December 2021. On the other hand, the recruitment rate for businesses with 20 or more employees fell by 5 percentage points to 71%.
- Recruitment rates in Accommodation and Food Services (67%) and Retail Trade (54%) are high but have eased from their peaks in November 2021.

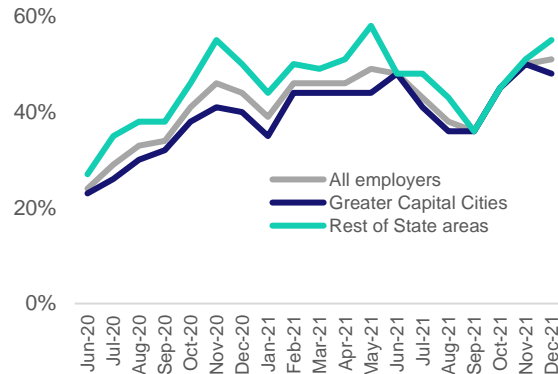
Recruitment by state and territory

Proportion of employers who are recruiting by state



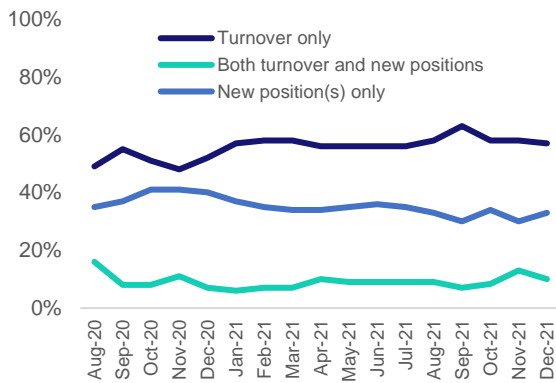
Recruitment by region type

Proportion of employers who are recruiting by region type



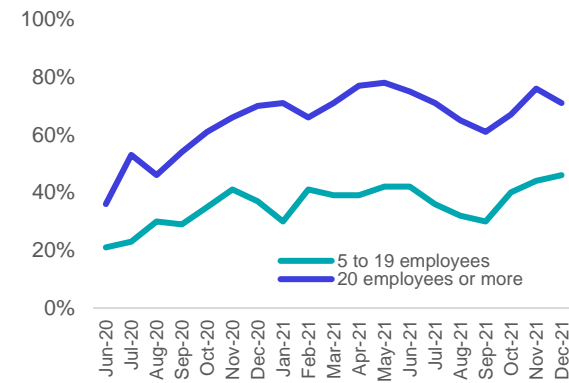
Reason for recruitment

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

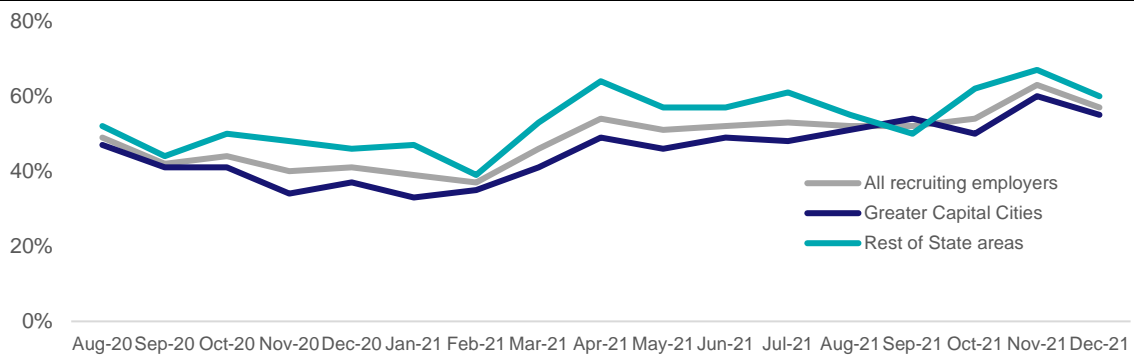


³ Some industries are not reportable due to small sample sizes.

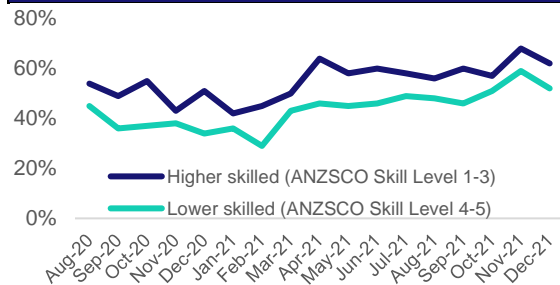
Recruitment difficulty rate (for recruiting employers)

- The recruitment difficulty rate fell by 6 percentage points over the month to stand at 57% of recruiting employers (representing 29% of total employers).
- In Rest of State areas, the difficulty rate decreased from 67% to 60% of recruiting employers, while in Capital Cities it decreased from 60% to 55%.
- The recruitment difficulty rate decreased by 8 percentage points for businesses with 20 or more employees (to 52% of recruiting employers) and 4 percentage points for those with 5 to 19 employees (to 59%).
- Higher skilled occupations remain more difficult to recruit for compared with lower skilled⁴ occupations, with recruitment difficulty rates of 62% (down from 68% since last month), and 52% (down from 59%) of recruiting employers, respectively.
- The difficulty rate for employers recruiting only for non-casual positions decreased by 9 percentage points to 54% of recruiting employers, while for employers recruiting only for casual positions it decreased from 61% to 59% over the month.

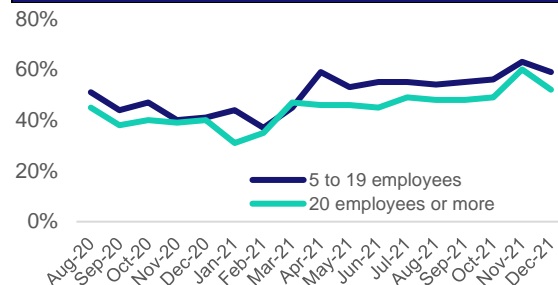
Difficulty by region type
as a proportion of recruiting employers



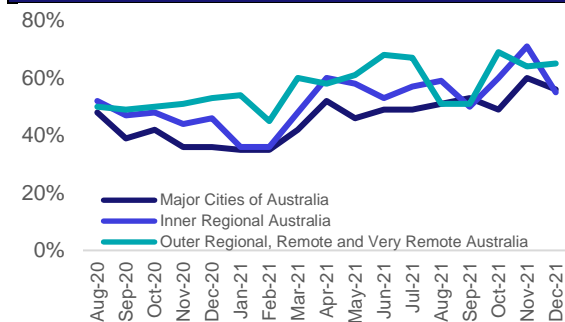
Difficulty by skill level of occupation
as a proportion of recruiting employers



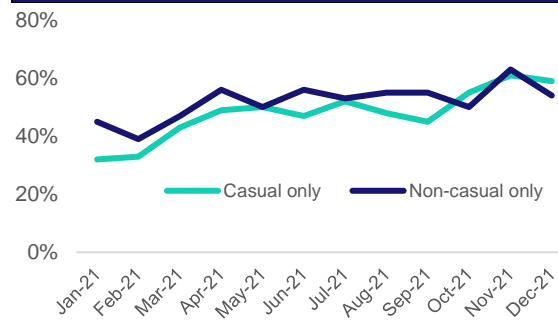
Difficulty by business size
as a proportion of recruiting employers



Difficulty by ARIA region type
as a proportion of recruiting employers



Difficulty by position type
as a proportion of recruiting employers



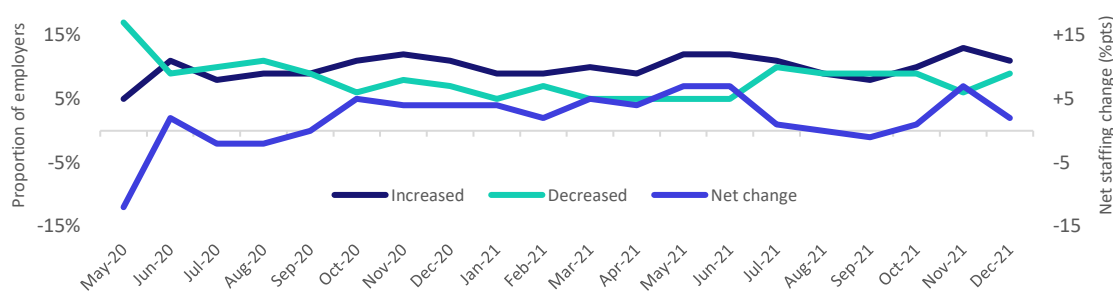
⁴ In this report, lower skilled refers to occupations with an ANZSCO Skill Level of 4 or 5, while higher skilled refers to ANZSCO Skill Levels 1, 2 or 3.

Staffing changes over the past month

- In December 2021, the proportion of employers who increased their staffing levels over the past month stood at 11%, a decrease on the 13% recorded in November 2021. The proportion that decreased their staffing levels increased from 6% to 9% over the month. The 'net staffing change' (proportion of employers who increased staff minus the proportion that decreased staff) was +2 percentage points in December 2021, a decline on the +7 percentage points in November 2021, noting that ABS Labour Force data showed significant employment growth in November to a new record high.
- New South Wales recorded the highest net staffing change (+7 percentage points), while the lowest net staffing change was recorded in Victoria (-9 percentage points).
- Net staffing changes for Accommodation and Food Services (+6 percentage points), Retail Trade (+4 percentage points) and Construction (-5 percentage points) all declined from November to December 2021.

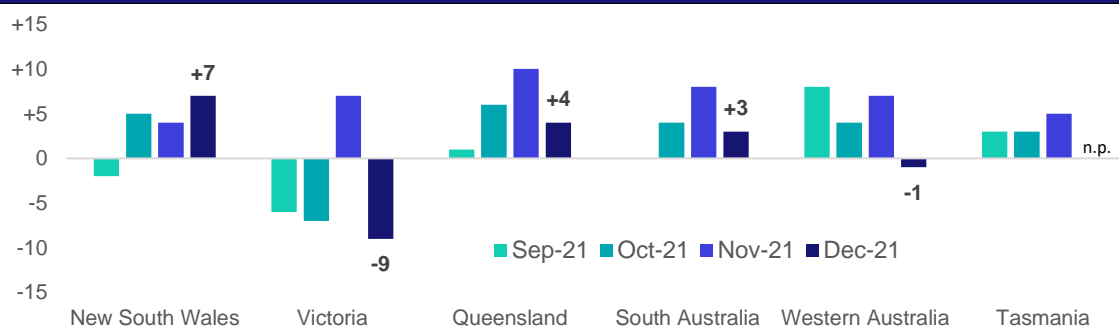
Employers who increased or decreased staff over the past month

Proportion of employers



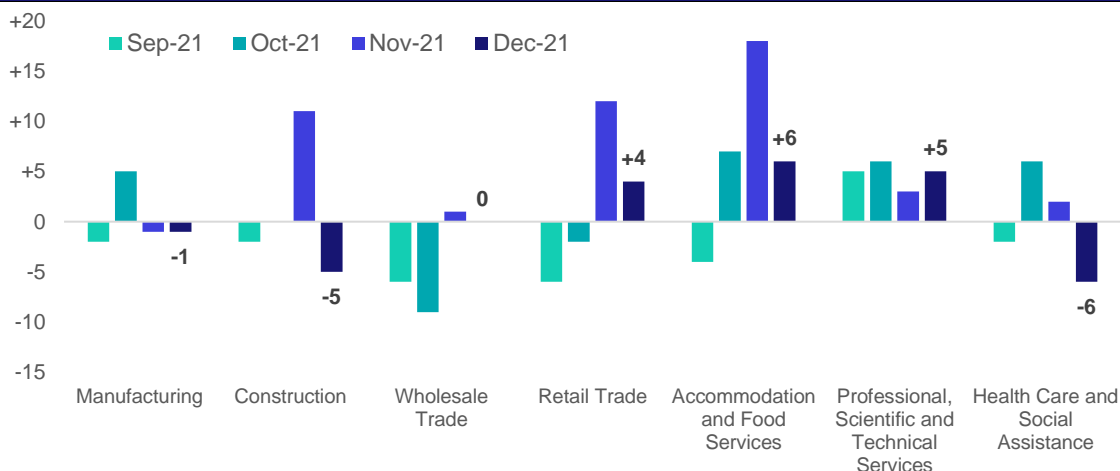
Net staffing change - by state

Percentage point difference (% increased - % decreased)



Net staffing change - by selected⁵ industries

Percentage point difference (% increased - % decreased)

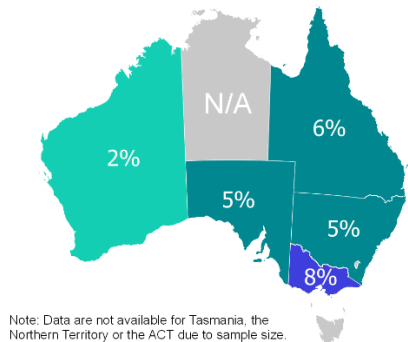


⁵ Some industries are not reportable due to small sample sizes.

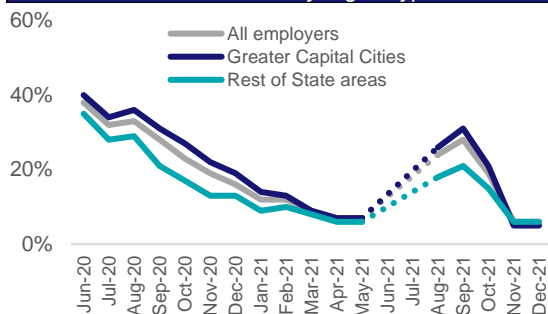
Employers with staff stood down or on reduced hours

- The proportion of employers with staff stood down or on reduced hours⁶ has remained steady over the month at 6%. This follows the sharp decline that occurred from September 2021 to November 2021, as employers reinstated staff due to easing restrictions and lockdowns ending.
- The proportion of employers with staff stood down or on reduced hours remained steady in Capital Cities (5%) and Rest of State areas (6%) over the month.
- Victoria (8%) had the highest proportion of employers with staff stood down or on reduced hours.
- The Accommodation and Food Services industry declined by 4 percentage points to stand at 7%. This continues the decline from the peak of 48% in September 2021.

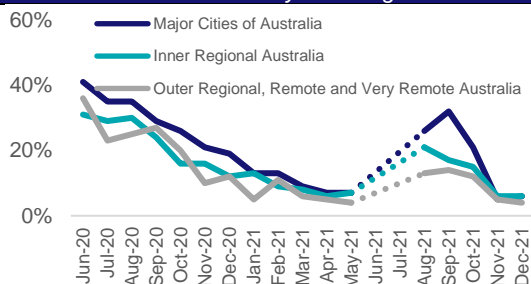
Staffing arrangements by state and territory
Proportion of employers with staff stood down/on reduced hours by state



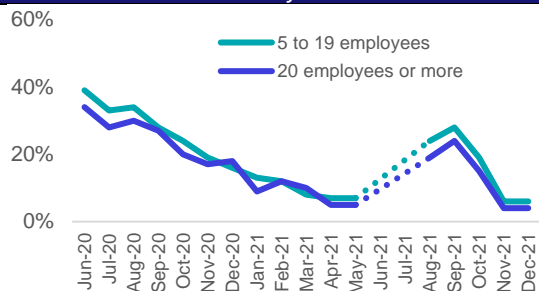
Staffing arrangements by region type
Proportion of employers with staff stood down/on reduced hours by region type



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

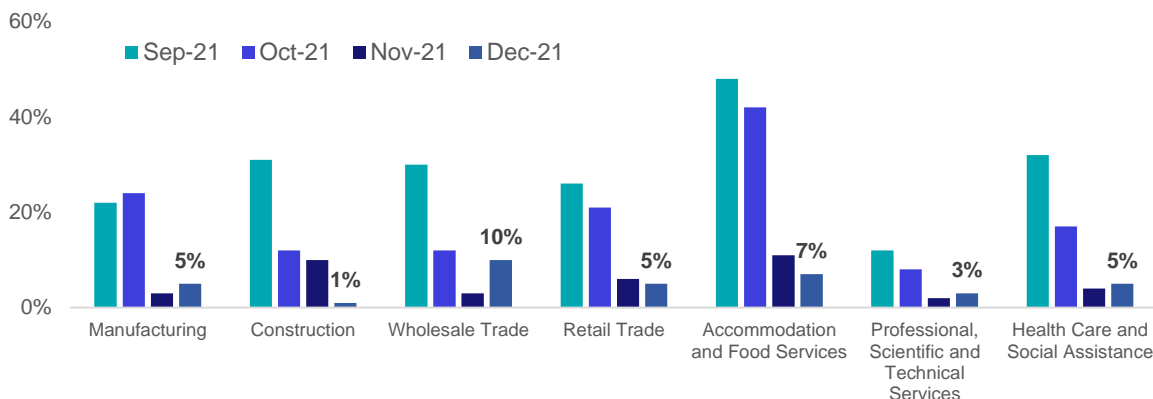


Staffing arrangements by business size
Proportion of employers with staff stood down/on reduced hours by business size



Staffing arrangements by selected⁷ industries

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



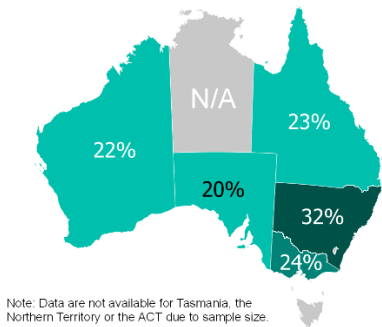
⁶ The question on whether employers had staff stood down or on reduced hours was not asked in June or July 2021.

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

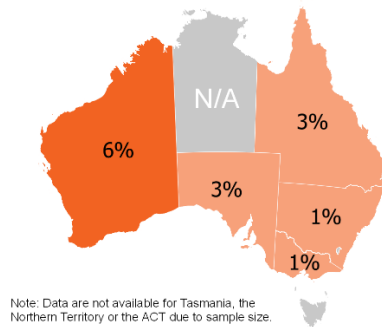
Staffing outlook

- In December 2021 some 26% of employers expected to increase their staffing levels over the next 3 months. This was a decline from November 2021, which was a record high for staffing expectations (30% of employers expected to increase staff) and a month of record high employment growth according to ABS Labour Force data.
- New South Wales (32%) had by far the highest proportion of employers expecting to increase staff numbers over the next 3 months, although it had declined by 3 percentage points since November 2021. On the other hand, expectations to increase staffing numbers in Victoria declined by 12 percentage points over the month.
- Accommodation and Food Services (45%) had the highest proportion of employers who expected to increase staff numbers over the next 3 months, a decrease of 13 percentage points from the November 2021 peak of 58%.
- The proportion of employers expecting to decrease staff numbers stood at 2%, a slight increase on November 2021 (1%).

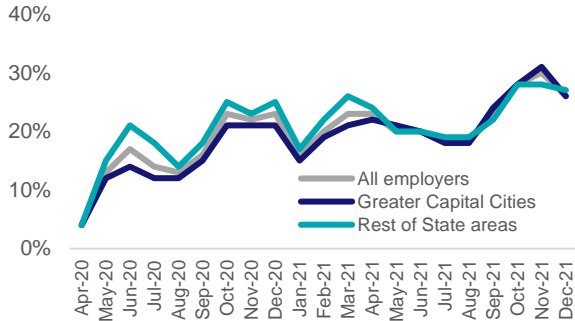
Expectations to increase staff as a proportion of all employers



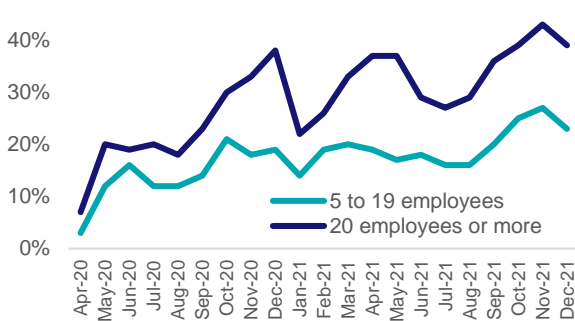
Expectations to decrease staff as a proportion of all employers



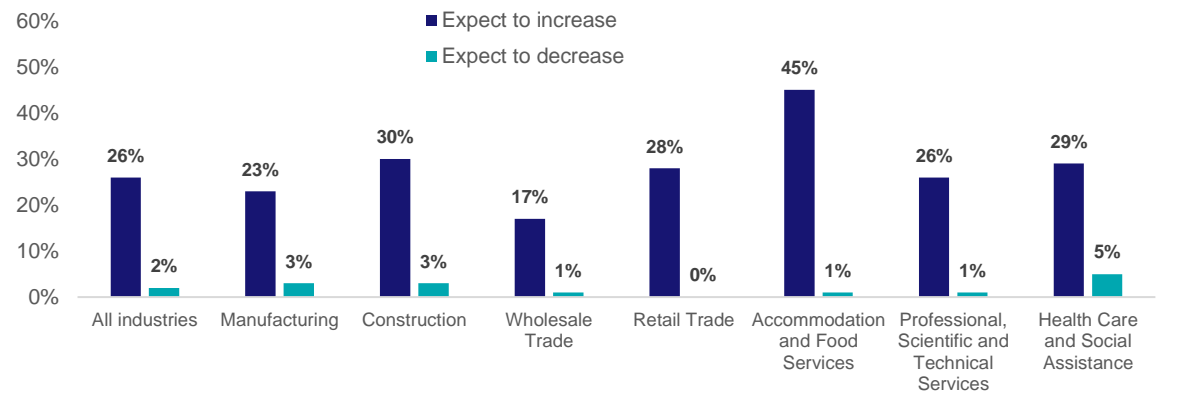
Expectations to increase staff by region type as a proportion of all employers



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



Staffing expectations over the next 3 months by selected⁸ industries as a proportion of all employers



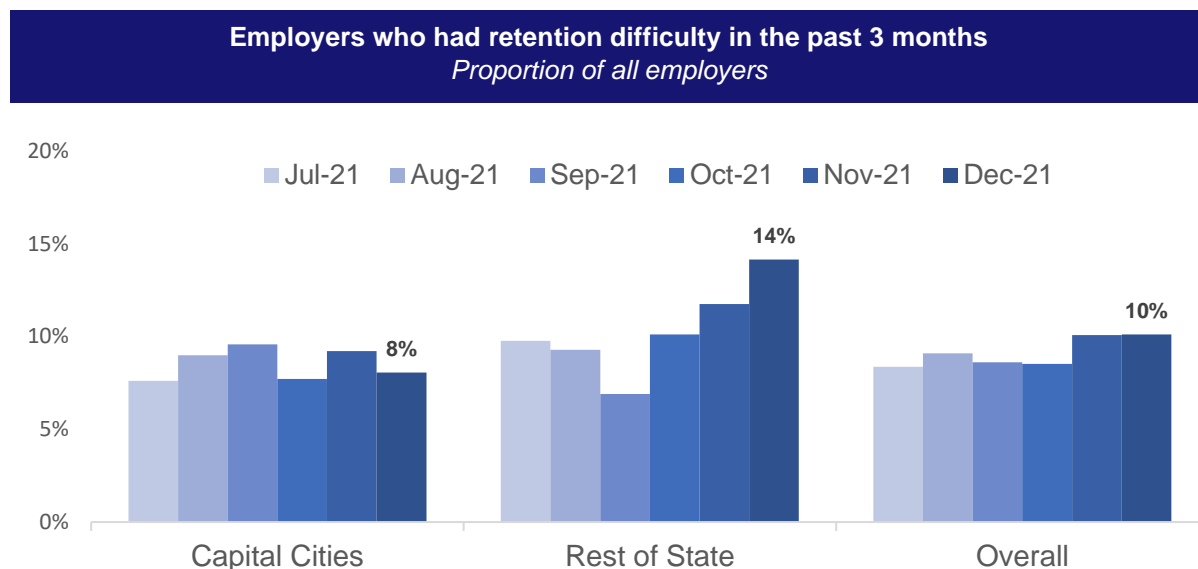
⁸ Some industries are not reportable due to small sample sizes.

Spotlight: Further results on employers' retention difficulty

As part of the REOS, employers are asked whether they had difficulty keeping staff over the past 3 months (referred to in this Spotlight as 'retention difficulty'). Some preliminary results from this question were reported in the July 2021 Recruitment Insights Report. This month's Spotlight provides some further results on this topic.

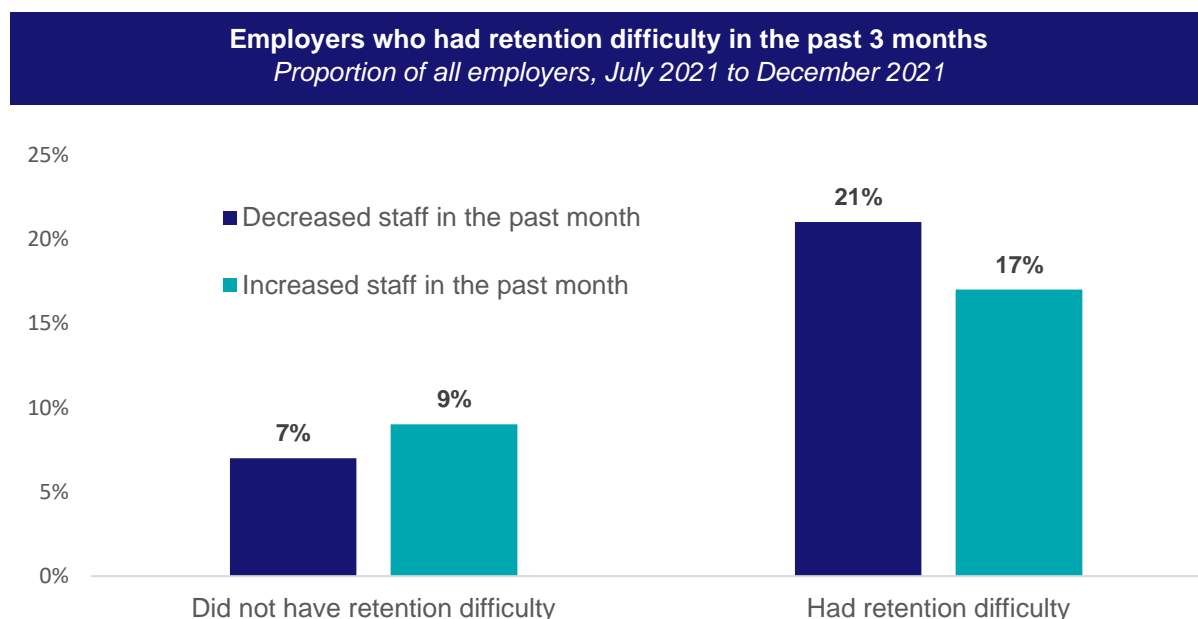
Retention difficulty over the past 6 months

The proportion of employers reporting retention difficulty has increased slightly over the past 6 months, from 8% in July 2021 to 10% in December 2021. In Rest of State areas, it has increased from 10% to 14% over this period, while in Capital Cities there has been little change.



Staffing changes for employers with retention difficulty

Employers with retention difficulty experience more frequent changes to their staff numbers. Across July to December 2021, these employers were both more likely to have decreased staff (21%) and more likely to have increased staff (17%) in the previous month compared with employers without retention difficulties (7% and 9% respectively). In addition, employers with retention difficulties were more likely to have decreased staff than increased staff, whereas the opposite is true for employers without retention difficulties.



Recruitment experiences of employers with retention difficulties

Employers who had retention difficulty in the past 3 months are far more likely to have attempted to recently recruit (70%) than those without retention issues (40%). Nearly three quarters (73%) of employers who had retention difficulty and recently attempted to recruit said that recruitment was difficult, and around a third (32%) had long-term unfilled vacancies at the time of the survey. These results show that employers who have trouble keeping staff also often have difficulty replacing them.

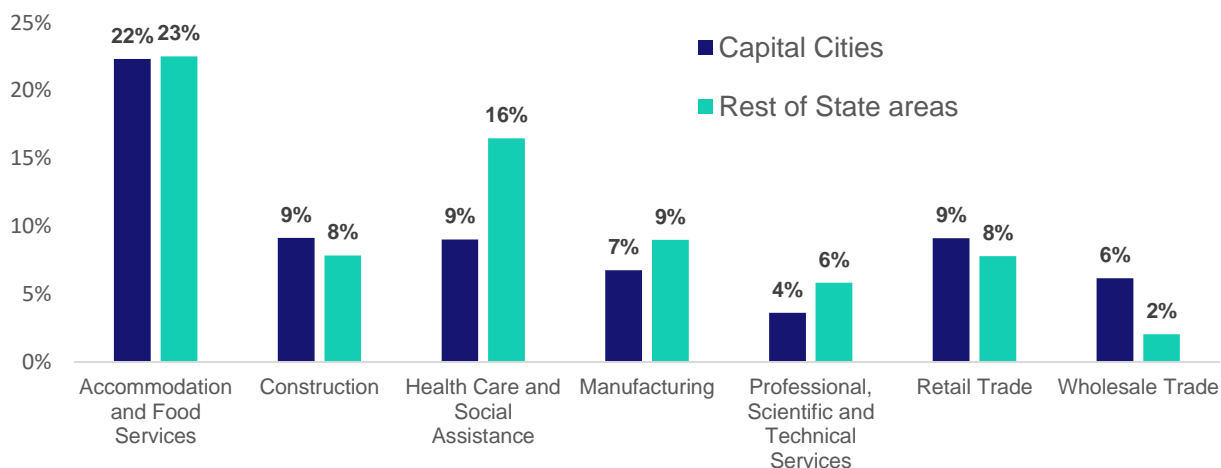
Table 1: Recruitment experiences and retention difficulty (July 2021 to December 2021)

	Attempted to recruit in the past month (% of all employers)	Recruitment was to replace staff (% of recruiting employers)	Had recruitment difficulty (% of recruiting employers)	Had long-term unfilled vacancies ⁹ (% of recruiting employers)
Had retention difficulty ¹⁰	70%	85%	73%	32%
Did not have retention difficulty	40%	65%	52%	21%

Accommodation and Food Services is still most affected by retention issues

The Accommodation and Food Services industry has by far been the most affected by retention difficulties, reported by over a fifth of employers in both Capital Cities and Rest of State areas. In Health Care and Social Assistance, the incidence of retention difficulty differed notably by region type; 16% of employers reported having retention difficulty in Rest of State areas, compared with only 9% in Capital Cities. The differences in retention difficulty across region types was generally small for most other industries.

Employers who had retention difficulty in the past 3 months – by industry and region type *Proportion of all employers*

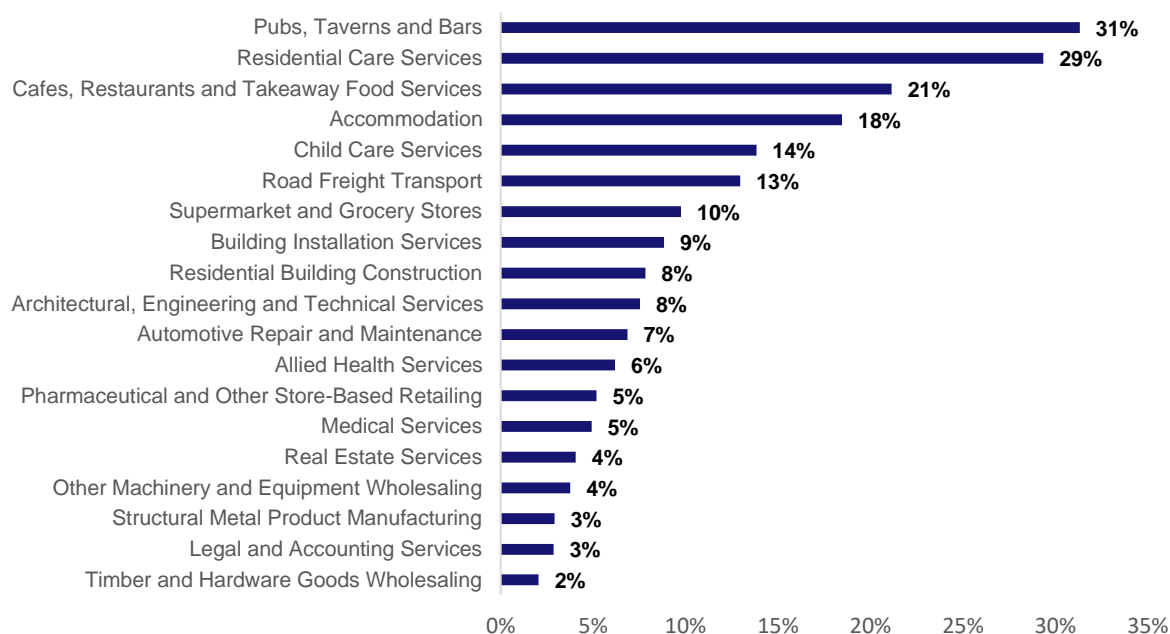


⁹ Refers to employers who had unfilled vacancies, that had been unfilled for more than 1 month, at the time of the survey.

¹⁰ Retention difficulty in the past 3 months.

The chart below shows retention difficulty by selected industry sub-sectors¹¹. From July to December 2021, Pubs, Taverns and Bars most commonly reported having retention difficulty in the previous 3 months (31%) followed by Residential Care Services (29%), Cafes, Restaurants and Takeaway Food Services (21%) and Accommodation (18%).

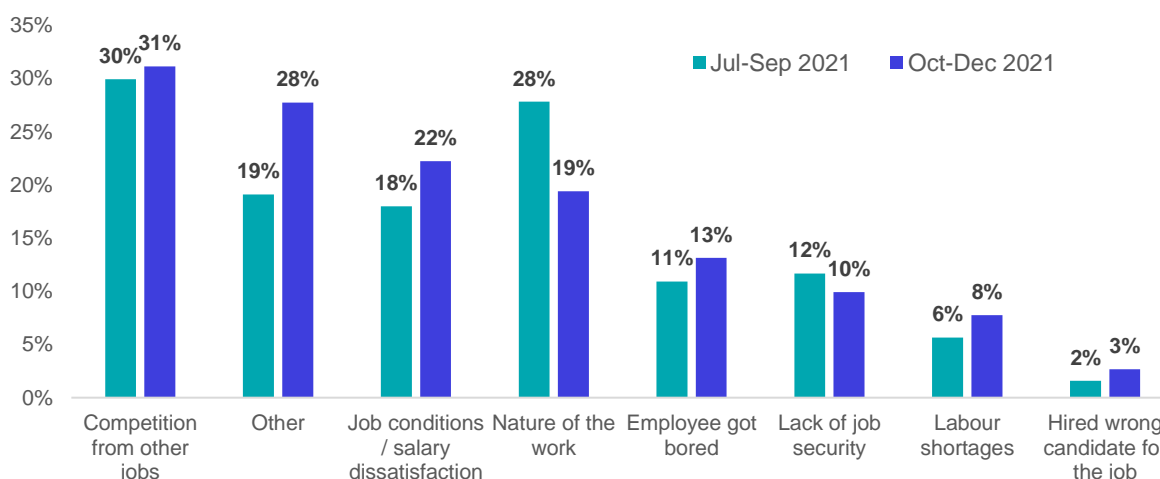
Retention difficulty by selected industry sub-sectors *Proportion of all employers, July to December 2021*



Have the reasons for retention difficulty changed?

The reasons for employers' retention difficulty have changed somewhat over the past 6 months. 'Competition from other jobs' was the most common reason for employers' retention difficulty across both quarters. The main shift that occurred over the quarter is that 'Nature of the work/industry' decreased from 28% to 19% over the quarter, while employers reporting 'Other' reasons increased from 19% to 28%. 'Other' includes a variety of COVID-19 related reasons, including stress and low morale due to COVID-19, and vaccine requirements. The increase in this category may reflect the easing of restrictions and ending of lockdowns that occurred in October 2021.

Reasons for employers' retention difficulty *as a proportion of employers with retention difficulty*



¹¹ In this report industry sub-sectors refer to the 3-digit industry groups defined by the ABS' ANZSIC classification. Industry sub-sectors presented in the chart were selected based on sample size.

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, and from 20 December 2021 to 31 December 2021.

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

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