



Chandler Macleod

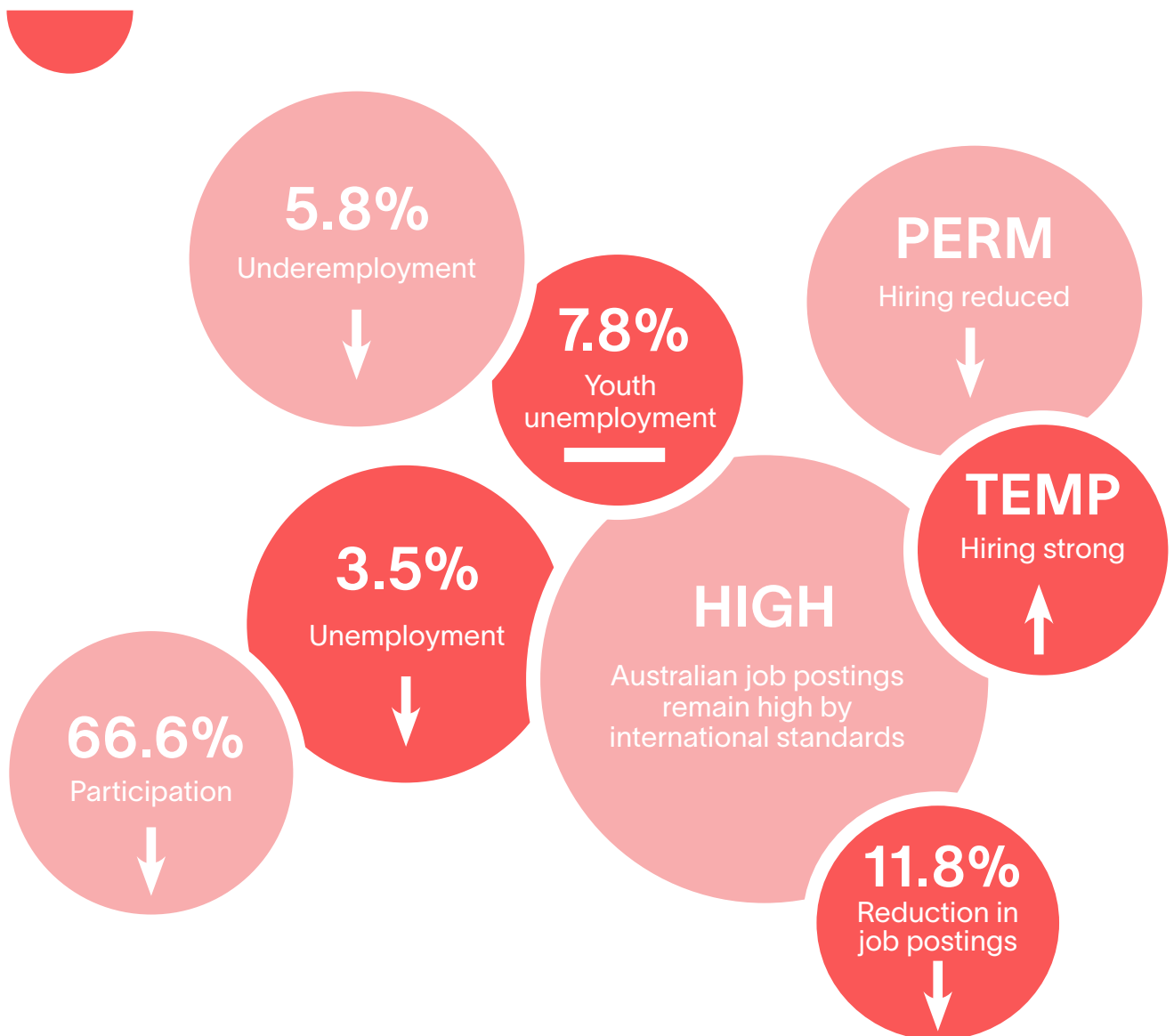
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PEOPLE



Australian Employment Trends

MARCH 2023

Key Employment Indicators



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Temporary hiring demand has remained strong in the March quarter bucking seasonal trends and perhaps in response to weakening business confidence concerning the domestic economic outlook. Permanent hiring has come off for the same reasons. Strong sector-based demand continues to persist in Government, Warehousing and Logistics with regional areas posting growth in trades and construction related hiring. On the supply side there is still talent scarcity with unemployment rate still around long-term lows at 3.5%. Nevertheless, a rebound in migration starting in hospitality is having positive spill over or ripple effects into other skill areas. People employed in permanent jobs are starting to exhibit reluctance to move as uncertainty increases concerning the outlook.

Brett Johnson, General Manager VIC / SA



Easing



Slight softening of labour market



Wage pressure / threat of a wage-price spiral



Business interruptions due to COVID-19

Continuing



Low unemployment for the long term



Skills shortages

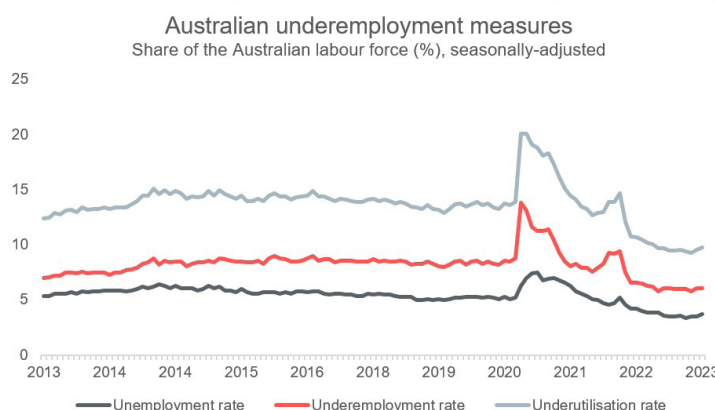


High demand for remote and flexible working

Historically low unemployment remains



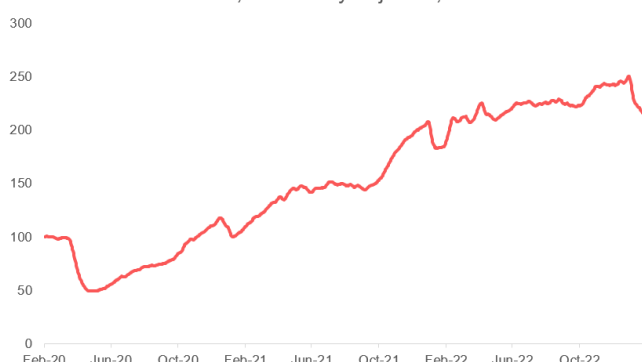
Whilst economic growth is forecast to slow later this year with rising interest rates (RBA), and inflation in Australia is expected to have peaked, the labour market continues to be very tight. Seasonally adjusted unemployment has slightly dropped to 3.5% whilst underemployment remains steady, and the participation rate has decreased (ABS). Current predictions have the unemployment rate forecast to remain low until mid-2023 before rising as economic output slows (RBA).



Skills shortages continue



Australian job postings on Indeed
1 Feb 2020 = 100, seasonally-adjusted, to 31 Jan 2022



Australian job postings continue to be high by historical (and global) standards (Indeed) however Indeed's lead economist Callum Pickering notes that the labour market appears to have cooled slightly. In a recent webinar he quipped that recruitment will still be difficult but perhaps "less difficult" than it has been – that's certainly what our teams are experiencing on the ground.

We predict that skills shortages will remain an issue for some time, perhaps mitigated by those industries who have taken the bull by the horns and created built in training programs to support the long-term success of their industry. Difficult to source positions remain a challenge in today's market, as do positions in regional areas with current housing challenges posing significant issues when trying to lure new workers to the area.

Threat of a wage-price spiral unfounded



The Reserve Bank of Australia have been warning of a "wage-price spiral" where price rises cause wages to increase, however recent research by [The Australia Institute](#) has confirmed fears of a 1970's style 'wage price spiral' are not justified and inflation in Australia reflects a profit-price dynamic. In fact, real wages in Australia fell 4.5% in 2022, the largest fall on record, though the December 22 quarter showed wages and salaries rose 2.6% seasonally adjusted.

For businesses, wage pressure is a very real issue impacting the happiness of their workforce. As rate increases are inflicted, workers are likely to seek higher wages or move to a new role in another organisation. However, there is indication from our teams that employees are starting to show more reluctance to move in an unstable economic environment.

Demand for remote and flexible working conditions



Flexible, hybrid and remote working conditions continue to be highly prized by candidates. Where possible businesses can utilise these conditions as an enticement to candidates to change roles and as an incentive to keep permanent employees satisfied. The forced remote working conditions of the COVID-19 pandemic have supercharged our evolving attitude to flexible and hybrid working. Not only can remote and hybrid working cut our operating costs with many businesses (including us) downsizing their office floor space, but it has allowed expansion of the recruitment area. Of course, not all work can be remote or hybrid however, there is generally a way to think outside of "the way we've always done it" when it comes to most positions and the how, where and when of a traditional role.

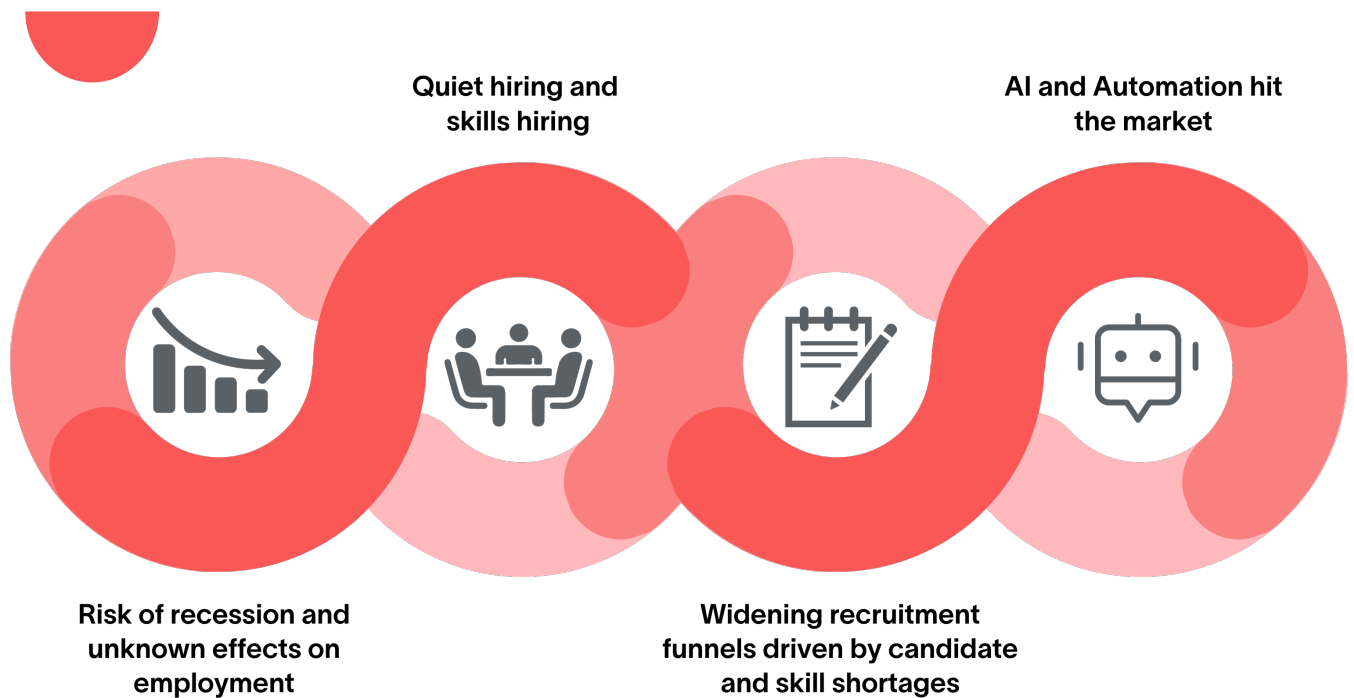
Australian and international research shows that flexible work promotes both women and men's workforce participation, employee satisfaction and productivity. (WGEA, 2021)

33% say that flexibility is the most important action that their employer has taken to support mental health ([Lifeworks, 2022](#)).

60% of working Australians say flexible work is more important to them than career progression ([Lifeworks, 2022](#)).

41% of Australian workers indicate that full flexibility (days, hours, locations) would be the best working model for their team ([Lifeworks, 2022](#)).

Trending



Automation, AI and the recruitment industry

It is impossible to discuss emerging trends without at least mentioning the explosion of AI and automation technology hitting the market. The talk of 'robots taking our jobs' is not new, nor is it the first time that AI and automation has infiltrated the employment market (remember when job boards moved from newspapers to online?) but of course the level of sophistication has intensified and what it means for the future of work is a hot topic.

In our world of recruitment and HR, automation and AI have meant the ability to support our teams to thrive in a candidate short market. We've been able to launch state of the art automation products and employ chat-bots and AI technology to offset the hits to 'time to hire' that we saw in the early days of low unemployment.

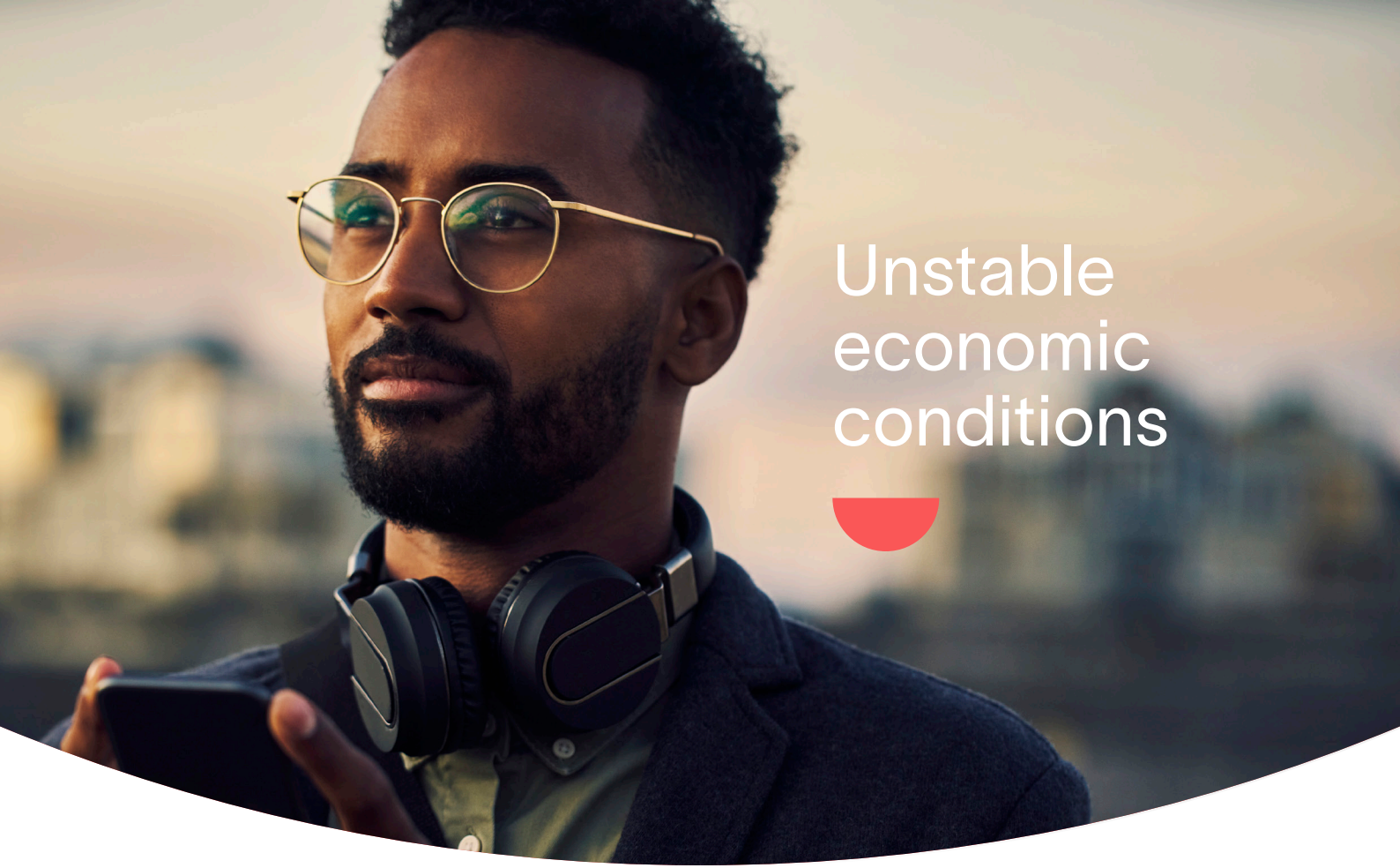
However, it's important to note that, as with humans, there is a risk of bias creeping into the system. As more AI algorithms are designed and released, we need to critically examine and question where in the system any bias or discrimination can occur and act accordingly.

Roselli, Matthews and Talagala (2019) warn that the risk of bias in AI algorithms raises the risk for companies to deploy them and that even with careful review it may not be possible to delete all unwanted bias, particularly because AI systems learn from historical data, which encodes historical biases.

For example, in the effort to fill a void in candidate sourcing, we've noticed the development of recruitment "apps" promising access to candidates and a quick hire. However, when investigating further, these apps are asking candidates to populate a profile with an image, gender and even age – a massive red flag for discrimination against specific demographics.

When choosing a recruitment partner, always look for one that prioritises diversity and equity in its recruitment processes.

Nick Gabrielidis, EGM Chandler Macleod



Unstable economic conditions



There has been much deliberation of a recession in Australia however the impact of The Reserve Bank's prediction of two years of poor economic growth may have as much impact as a technical recession in which there have been two consecutive quarters of negative growth in real GDP.

A panel of economists surveyed by The Conversation assigned only a 26% probability in a recession at home in the next two years compared with the United States (42%), European Union (57%) and United Kingdom (73%).

Why does it matter? Traditionally in a recession we would see a significant rise in the rate of unemployment and a reduction in opportunities across the workforce – likely to impact specific demographics disproportionately. Whilst a recession may not happen, the RBA has forecast the unemployment rate to remain around 3.5% until mid-2023 and then slowly rise to 4.5% by mid-2025. Either way the employment market will be impacted with a reduction in demand for labour.

Candidate scarcity and skills shortages create a need for widening recruitment funnels and a focus on candidate experience

75% of CEO's in Australia say that issues related to workforce management and skills are the biggest challenges facing their business in 2023. In the recruitment industry we get the benefit of an overarching view of trends in hiring. Our clients are varied in size, industry and job types and our recruitment methods are highly individualised to each of our clients needs. However, there's been trends developing over the last two years of low unemployment which are very clear.

- Larger search locations required
- Remote and hybrid work allows sourcing of workers in different cities, states and countries
- Sourcing for 'relocation' has become increasingly common
- Thinking 'outside the box' of traditional roles has become the norm, clients more willing to take on part time, within school hours and job-sharing roles
- More likely to look at transferrable skills and provide training for essential skills
- Increasing participation of women in male-dominated industries to increase talent pools
- Spending significantly more on advertising and measure outside of basic job boards
- Focus on the candidate experience has become more and more vital to talent acquisition.



Quiet hiring

Quiet quitting was the buzzword of 2022, but quiet hiring has been tapped as one of Gartner's key workforce trends of 2023. Of course, the terminology may be new, but the occurrence is not. Quiet hiring simply refers to upskilling your current workforce rather than making hiring decisions and bringing in new employees.

However, employee burnout is a very real risk in this post-pandemic world, and organisations should be mindful not to employ it as a cost-cutting device and simply heap additional responsibilities on staff. Correctly deployed, quiet hiring has positive implications for employees and organisations alike:

- Focusing on internal talent mobility rather than external
- Allowing existing employees opportunities to stretch and grow
- Meeting evolving organisational needs without additional headcount
- Increasing the skill-building capacity of teams and keeping workers engaged

When planned well, quiet hiring can be a critical workforce development strategy, boosting employee retention and experience, cultivating skills and benefitting both employee and employer.

Skills hiring

Hiring candidates based on their soft skills and potential rather than their qualifications and experience has become widespread in a tight labour market.

It's a great opportunity for candidates to work outside their normal defined roles, but is also an opportunity for organisations to capture candidates who otherwise would have missed their recruitment 'net'.

Skills hiring:

- Identifies candidates with skills and potential to succeed in the job, tapping into a broader talent pool and identifying diverse candidates who may have been otherwise overlooked
- Can help reduce bias in the hiring process by focussing on objective skills and competencies rather than educational background or work experience
- Can help to move demographics into workforces who otherwise would have excluded them (for example women moving into dump truck operator roles).

About us

Chandler Macleod is one of the region's largest recruitment agencies, so we know quite a bit about what it takes to recruit, select, and retain the best people.

With almost 1000 staff across 25 offices Chandler Macleod supports more than 3,500 clients with blue collar / white collar, traditional recruitment and RPO / MSP services everyday.

We're in the business of understanding how people tick because we've been digging deep into people's needs and motivations since 1959. We uncover the 'BestFit™' for employers and job hunters alike by looking beyond the CV's and JD's. This allows us to match candidates to jobs that bring out their best and discover people that can make businesses boom. We're a team of flexible thinkers and detail obsessors, who believe that the right fit can lead to a happier life. Because when you really get people, you really open up a world of opportunity.

Locations



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