



# AHRI Quarterly Australian Work Outlook

A forward view of the  
Australian labour market.

**MARCH  
QUARTER  
2024**

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# AHRI's Quarterly Australian Work Outlook report

**AHRI's Quarterly Australian Work Outlook – a quarterly report monitoring the state of the Australian labour market – offers a forward view of the work environment facing HR professionals and business leaders.**

I am pleased to introduce the findings from AHRI's *Australian Work Outlook* for the March quarter of 2024, a comprehensive survey of 600+ senior HR professionals and decision-makers across private, public and not-for-profit organisations across all Australian states and territories.

This report serves as a valuable resource for HR professionals, executives, board members, and government departments, as it offers essential insights into recruitment and redundancy intentions, employee turnover rates and pay expectations.

This quarter's report indicates that easing economic growth is having an impact on the Australian labour market. Although the data suggests that demand for labour will continue to grow, net employment intentions have fallen from +41 in the December 2023 quarter to +33 in the March 2024 quarter (see Figure 1). This is the lowest figure for net employment intentions recorded by our four *Work Outlook* surveys published to date.

However, the weaker labour market conditions do not appear to be leading to an increased rate of job cuts in the short-term, with redundancy intentions falling from 31% to 22% over the past three months (Figure 3). This may be because the labour market remains tight by historical standards. It may also be partly explained by the extent to which Australian employers are adopting alternatives to redundancies. This could be because they wish to preserve the skills and knowledge of the existing

workforce, or because they are waiting for further information about the Australian economic outlook (Figure 4).

In line with this reporting of a slight cooling of the labour market, the level of recruitment difficulties reported in this and other surveys in previous years, is also starting to recede. This modest shift may offer some respite to the HR professionals who have faced more than two years of labour shortages, Australian workers who have had to deal with higher workloads due to staff shortages, and organisations balancing their human resources against customer and user demand.

Looser labour market conditions should, on in the face of it, lead to more moderate wage increases. However, as our survey shows, the situation facing HR professionals on the ground is a lot more complex.

Many organisations are still experiencing recruitment difficulties (Figure 5), and perhaps even more significantly, retention issues (Figure 7). A lack of quality in the labour supply and the high training and recruitment costs associated with replacing staff may still be putting upward pressure on wages in many Australian workplaces.

The mean basic pay increase in organisations (excluding bonuses) is expected to be 3.7% in the 12 months to January 2025, significantly up from 2.6% in the 12 months to October 2024. This is the highest figure for wage intentions recorded in any of our four *Australian Work Outlook* surveys published to date.

Each *Australian Work Outlook* report examines one or more topical workplace or HR-related issue. In this quarter, we examined recruitment and retention because of its effect on productivity and skills.

Fewer recruitment opportunities in a cooling labour market may have a disproportionate impact on some disadvantaged groups according to the survey data. Overall, almost two thirds (63%) of employers actively exclude people with certain characteristics from the hiring process.

The results also suggest that the three most effective tactics employers can adopt to retain their workforce are enhancing learning and development opportunities, offering flexible working arrangements and raising wages.

I look forward to engaging further with our members on the findings of this quarter's report and its implications for HR and our workplaces.

**Sarah McCann-Bartlett**  
CEO, Australian HR Institute

AHRI welcomes feedback on this report, and ideas and suggestions for how the quarterly series might be developed.

These should be sent to: [gerwyn.davies@ahri.com.au](mailto:gerwyn.davies@ahri.com.au)



## Summary of key findings

1

The AHRI Net Employment Intentions Index, which measures the difference between the proportion of employers that expect to increase staff levels and those that expect to decrease staff levels in the March quarter of 2024, has fallen to +33. This represents the lowest figure for net employment since the survey began in the June quarter of 2023 and is well below the December 2023 quarter (+41).

2

36% of organisations plan to increase staff levels in the March 2024 quarter, compared with just 3% that plan to reduce the size of their workforce over the same period.

3

Among the employers who are currently recruiting, the share of employers experiencing recruitment difficulties is 38%, well below the 48% reported in the previous quarter's data.

4

Redundancy intentions have fallen to 22% in the March 2024 quarter from 31% in the December 2023 quarter. At the same time, recruitment intentions have remained unchanged (71%) over the same period. Overall, the survey results suggest that recruitment activity is more about replacing staff than adding to the workforce.

5

Seventy per cent of employers say they are adopting tactics to avoid or reduce redundancies. The most popular options used by employers include raising prices (27%), exercising greater control over non-staff operation costs (23%) and reducing the use of non-permanent staff in their organisation (21%) (Figure 4).

## 6

The 12-month average employee turnover rate to the end of December 2024 is 14%, unchanged compared with the previous quarter. The employee turnover rate is higher in the public sector (18%) than in the private sector (14%).

## 7

The most popular measures used by employers to help retain staff are enhanced flexible working arrangements (37%), increased learning and development opportunities (36%) and improved support for employee well-being (35%).

## 8

Employers reported that the mean basic pay increase in their organisation (excluding bonuses) is expected to be 3.7% in the 12 months to January 2025, significantly up from 2.6% in the 12 months to October 2024.

## 9

Almost two thirds (63%) of organisations deliberately exclude people with certain characteristics – such as a criminal record (33%), a history of drug or alcohol problems (29%) or long-term sickness (19%) – when recruiting staff.

## 10

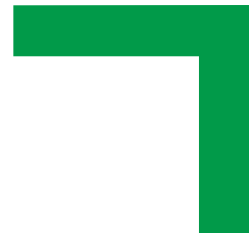
The top three skills or attributes employers consider when hiring young people are communication skills (38%), teamwork ability (36%) and work ethic (36%).

## 11

Employers perceive the most effective recruitment channels as online recruitment platforms (36%), professional networking sites such as LinkedIn (30%), and recruiters or recruitment consultants (25%).

## 12

The most frequently utilised recruitment steps used by employers are CV reviews (46%), qualification checks (43%) and references (33%).



# 1. Employment outlook for the upcoming quarter

## Net employment intentions, March quarter 2024.

This quarter's survey indicates that employment will continue to grow in the first quarter of 2024, but at a slower rate than in previous quarters.

AHRI's *Net Employment Intentions Index* for the March 2024 quarter, which measures the difference between the proportion of employers that expect to increase staff levels and those that expect to decrease staff levels, remains positive.

The *AHRI Net Employment Intentions Index* for the March quarter of 2024 is +33, down from +41 in the previous quarter. Making up the Index, 36% of organisations are planning to increase employment levels in the March 2024 quarter compared with just 3% of organisations planning to reduce the size of their workforce over the same period.

**The *AHRI Net Employment Intentions Index* is calculated by taking the percentage of employers intending to increase staffing levels and subtracting the percentage of employers intending to decrease staffing levels:**

- An index of +100 would mean that all organisations intend to increase staffing levels
- An index of -100 would mean that all organisations intend to decrease staffing levels
- A 0 index could mean that either all organisations expect no change in employment levels, or that 50% of employers intend to increase staffing levels while the other 50% intend to decrease staffing levels

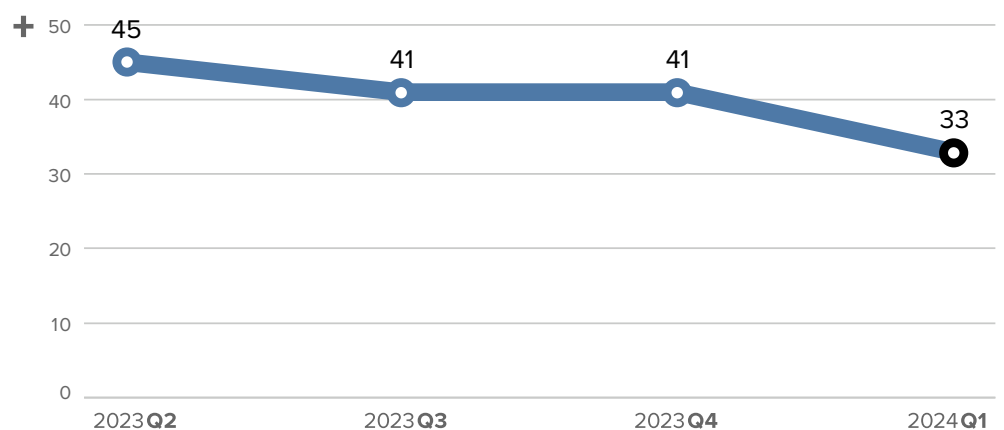


## EMPLOYMENT OUTLOOK

Employment growth intentions are stronger in the public sector (+46) than in the private sector (+29).

The AHRI Net Employment Intentions Index can be used as a proxy for employers' projected demand for labour and provides an indicator of how the jobs market may fare in the current quarter.

**Figure 1:** Net employment intentions by sector, March quarter 2024



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

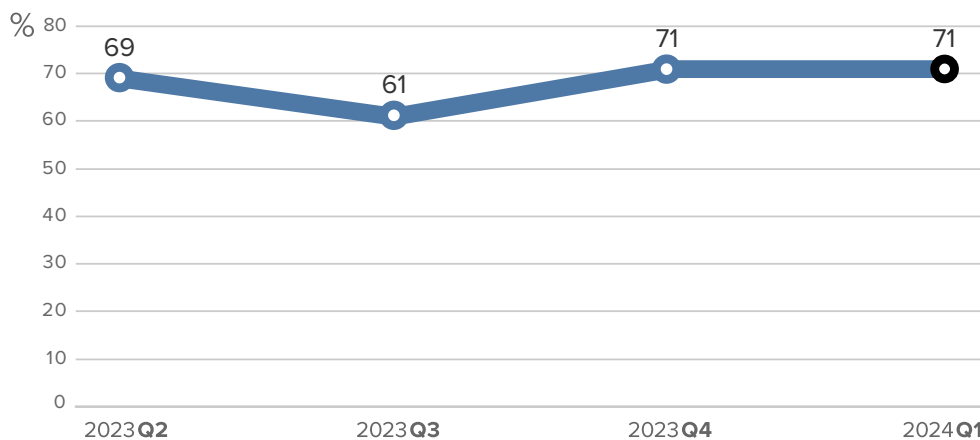
# Recruitment intentions

March quarter 2024

AHRI asked respondents to share their recruitment intentions for the upcoming quarter.

Around seven in ten (71%) organisations plan to hire staff in the March quarter of 2024, unchanged compared with the previous quarter (Figure 2).

**Figure 2:** Recruitment intentions by sector, March quarter 2024



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

# Redundancy intentions fall

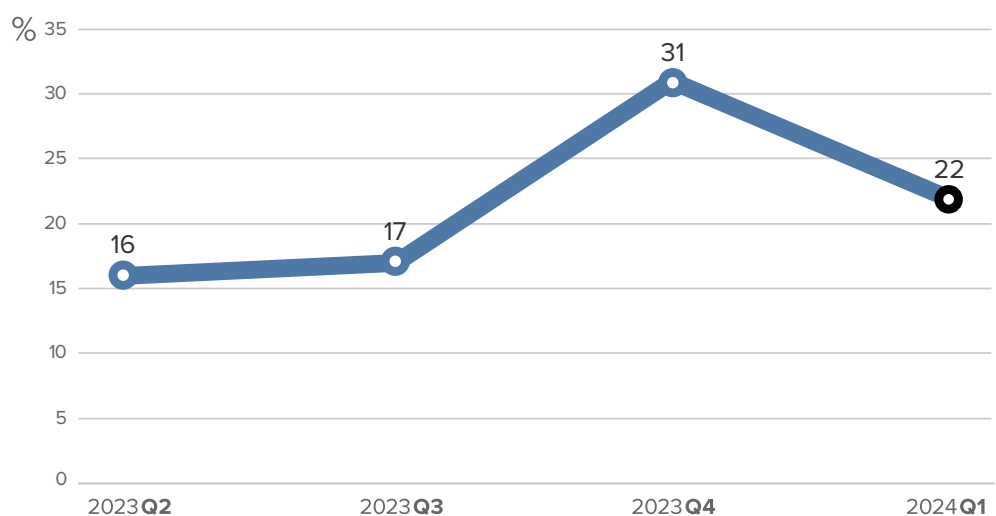
March quarter 2024

The survey results indicate that the softer labour market conditions are not leading to an increased rate of job losses in the short-term.

Just over a fifth (22%) of respondents plan to make workers redundant in the March quarter of 2024, compared with 31% in the December quarter. This easing in the planned rate of job losses could be due to a range of factors, including pausing redundancies, where possible, to assess forward economic conditions, ongoing difficulties in filling vacancies, or to ensure delivery of outputs to customers.

Among those employers that are planning job losses, an average of six per cent of their workforce will be made redundant.

**Figure 3: Redundancy intentions by sector, March quarter 2023**



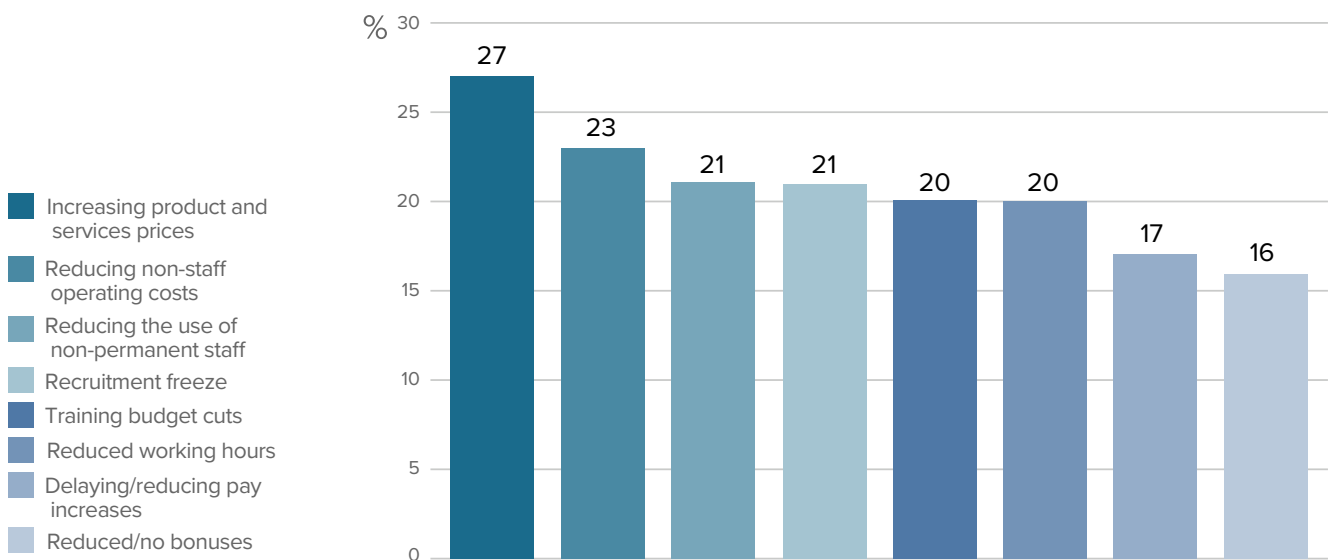
**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

# Alternatives to redundancy

Aligning with the lower anticipated rate of redundancies in the first quarter of 2024, the survey suggests employers are adopting a variety of options to delay or minimise redundancies while continuing to respond to the challenging economic conditions.

Overall, seventy per cent of employers say they are adopting tactics to avoid or reduce redundancies. The most popular options include raising the prices of product and services (27%), reducing non-staff operation costs (23%) and reducing the use of non-permanent staff in their organisation (21%) (Figure 4). The same proportion (21%) of employers say they are implementing recruitment freezes. Recruitment freezes appears to be significantly higher for the public sector (30%) than the private sector (19%). Some employers are reducing wage costs to help preserve some jobs; most notably delaying pay rises or cuts to pay (17%) and cuts or reductions to bonuses (16%).

**Figure 4: Employers’ use of alternatives to making redundancies**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

## At a glance:

Recruitment difficulties have receded but still remain a cause for concern for thirty-eight per cent of employers.

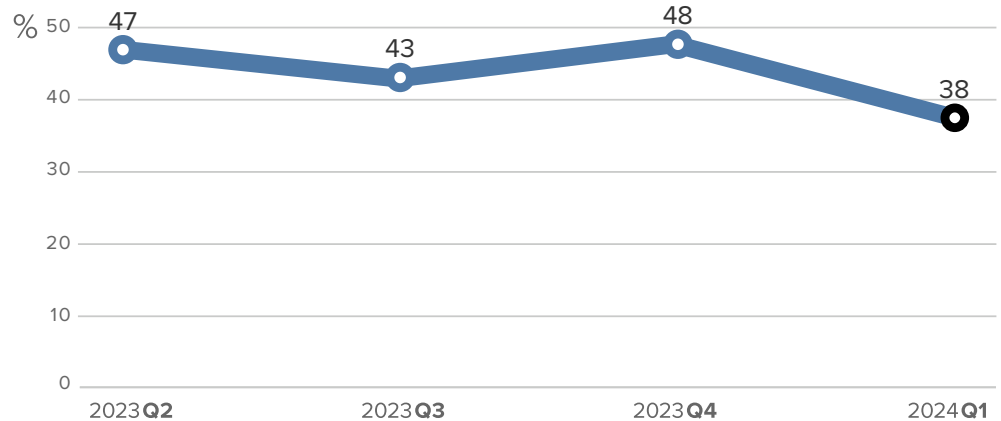


# Recruitment difficulties recede

**Recruitment difficulties have fallen sharply.**

Consistent with weaker labour demand, the share of organisations currently experiencing recruitment difficulties has fallen sharply over the past three months. Recruitment difficulties remain a cause for concern for thirty-eight per cent of employers who are recruiting in the March 2024 quarter, down from 48% in the December 2023 quarter.

**Figure 5:** Share of organisations currently experiencing recruitment difficulties



**Base:** March quarter 2024, all employers who are recruiting (n=525; private: n=454; public: n=57; not for profit: n=14)

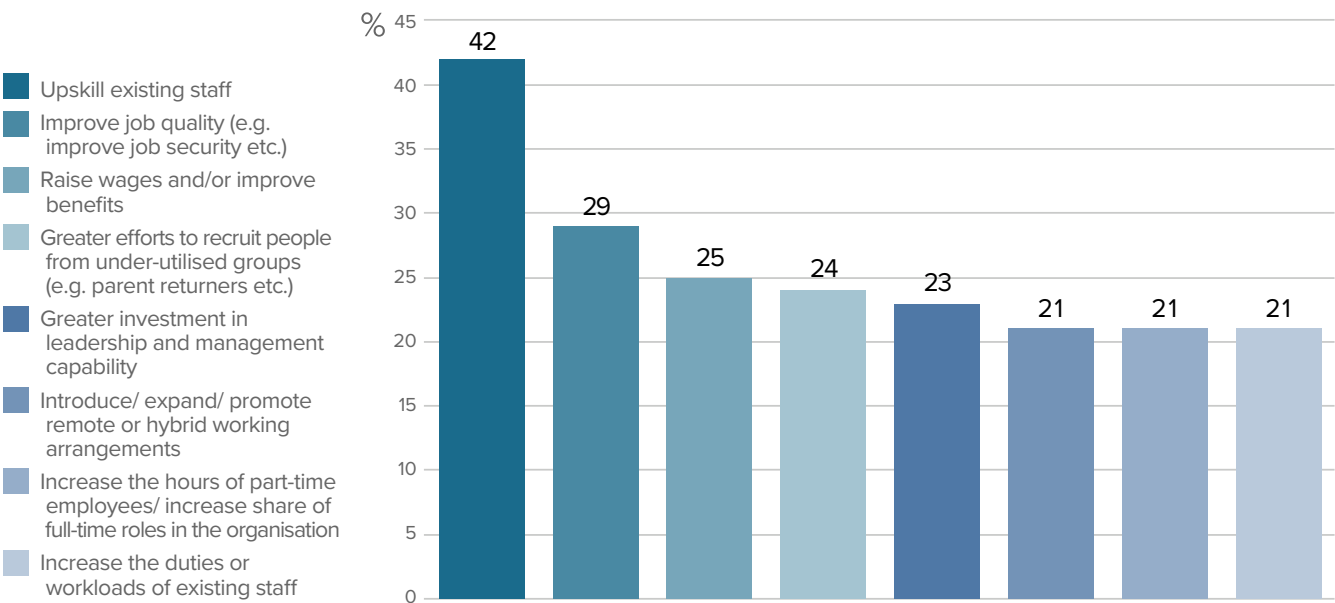
# Employers plan to tackle recruitment challenges through training, flexible working and pay increases

Upskilling staff is the most common approach.

The most common employer response to recruitment difficulties in the year ahead will be to upskill existing employees (Figure 6); cited by forty-two per cent of survey respondents. In addition, almost a quarter (23%) of respondents say that they plan to invest in leadership and management capability. Only eighteen per cent say that they will use apprenticeships.

Other popular responses include improving job security (29%), raising wages and/or improving benefits and employment conditions (25%) and making greater efforts to recruit people from under-utilised groups (24%).

**Figure 6:** Tactics employers plan to adopt to minimise recruitment difficulties



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

# Employee turnover

Employee turnover in Australian workplaces was the same as the previous two quarters.

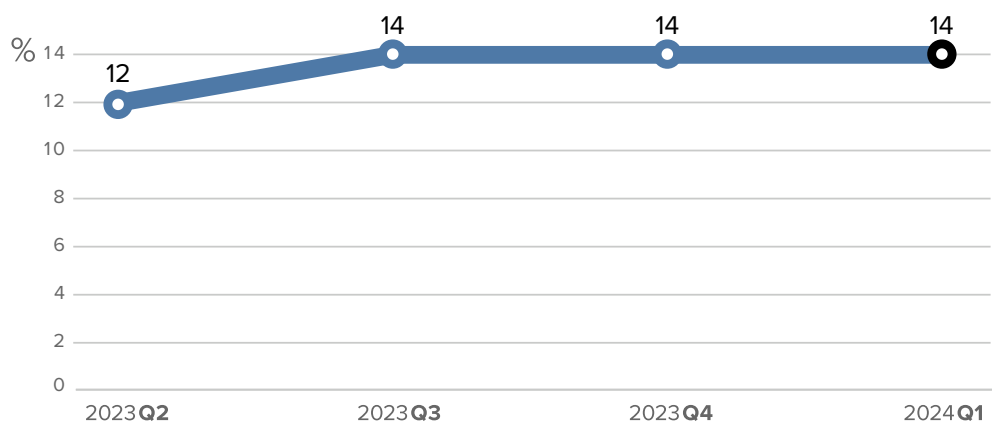
Overall, the average employee turnover rate in Australian workplaces, for the 12 months to the end of December 2023, was 14%, which is the same as the previous two quarters (Figure 7).

However, there is considerable variation across organisations. On one end of the spectrum, a quarter (25%) of organisations report that annual average employee turnover is 20% and above, which is leading to ongoing recruitment and retention pressures.

In contrast, around three in ten (30%) employers reported that their annual employee turnover was less than five per cent.

Overall, the degree of employee turnover is very consistent with the pattern observed in previous *Work Outlook* reports.

**Figure 7: Annual employee turnover to December 2023**



**Base:** March quarter 2024, all employers who are aware of organisation's turnover rate (n=602; private: n=528; public: n=58; not for profit: n=16).





## 2. Wages outlook for the 12 months to January 2025

This quarter, AHRI asked employers how they expect wages to change in the 12 months to January 2025 and how they have changed over the past year.

AHRI found that pay expectations have risen sharply since the previous quarter.

### The data tells us that:

- The mean basic pay increase in organisations (excluding bonuses) is expected to be 3.7% in the 12 months to January 2025, up from the 2.6% previously expected in the 12 months to October 2024 and the 2.8% previously expected in the 12 months to July 2024.
- The higher wage expectations are being driven by both the private sector (+3.6%) and the public sector (+4%).
- Seventeen per cent of employers reported they are planning to implement a pay freeze. This is unchanged compared with the previous quarter.

It's important to note that a third (34%) of employers reported that they do not yet know the extent of wage changes in their organisation for the 12 months to January 2025.

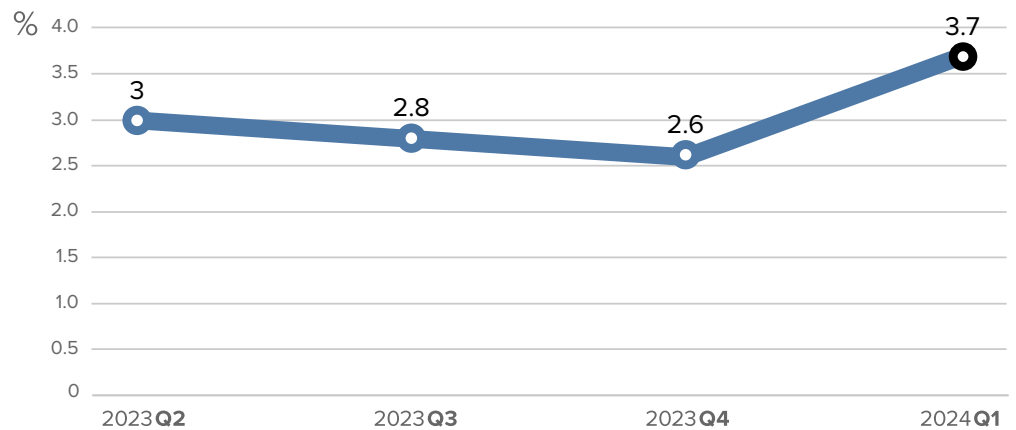
## At a glance:

The mean basic pay increase in organisations is expected to be 3.7% in the 12 months to January 2025.



## WAGES OUTLOOK

**Figure 8:** Employers' mean total fixed remuneration expectations for the 12 months to October 2024



**Base:** March 2024 quarter, all employers who are clear about the extent of wage increases/decreases over the next 12 months (n=421; private: n=361; public: n=53; not for profit: n=7)



## 3. Focus

### Employer attitudes to hiring people from disadvantaged groups

**This quarter's Work Outlook survey focuses on two related issues.**

Employers were asked about their attitudes to hiring people with certain personal characteristics, which might act as a barrier to employment. In addition, employers were asked about their recruitment and retention strategies, which can also be a cause of exclusion from work.

The survey reveals that more than six in ten (63%) employers actively exclude people with certain characteristics when recruiting staff. This represents a loss of potential labour, especially given employers' persistent claims that labour shortages have been one of their biggest challenges.

The most disadvantaged, excluded by around one in three employers (33%), are people with a criminal record, closely followed by people with a history of drug or alcohol problems (29%).

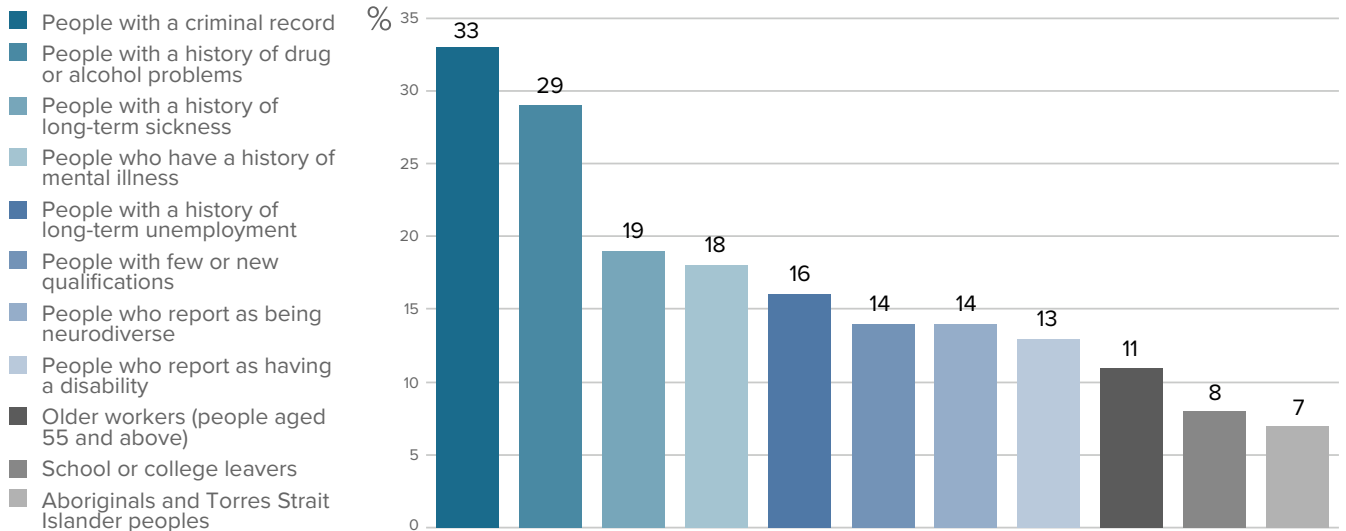
Almost a fifth (19%) of employers do not consider people with a history of long-term sickness for jobs or people with a history of mental illness (18%); while around one in seven (16%) exclude those with a history of long-term unemployment.

## At a glance:

More than six in ten employers actively exclude people with certain characteristics when recruiting staff.



**Figure 9: Disadvantaged groups excluded from the recruitment process**

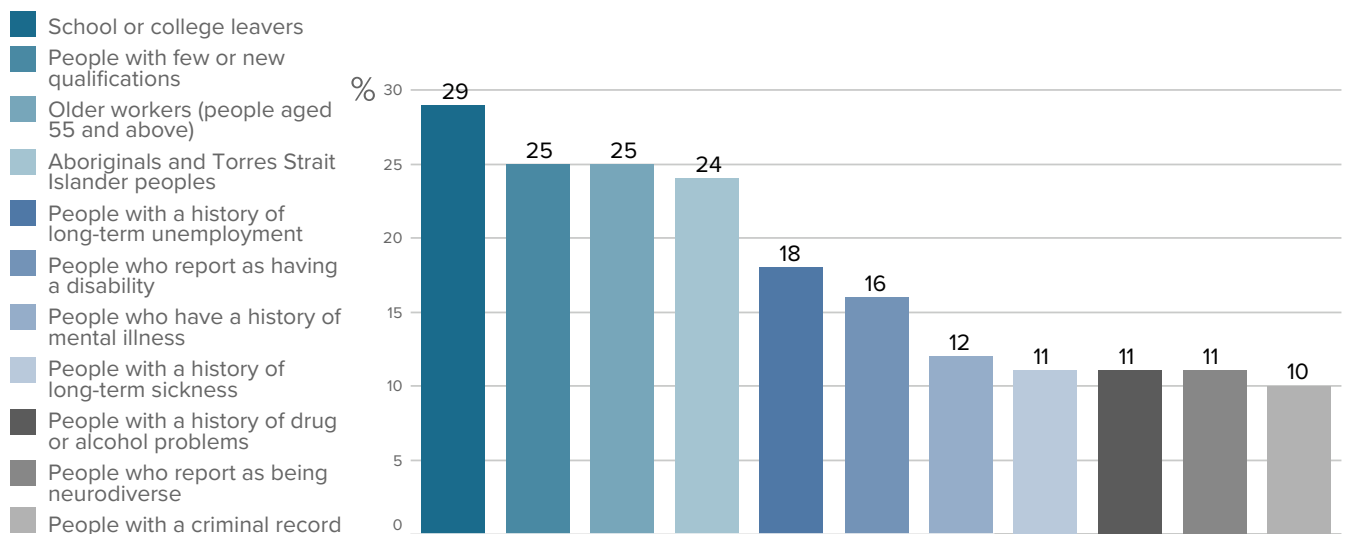


**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

Many employers reported that they will not hire from some of these same groups in the year ahead.

Employers looking to fill vacancies over the next 12 months are more likely to hire school or college leavers (29%), older workers (25%), people with few or new qualifications (25%) and Aboriginal or Torres Strait Islander peoples (24%) than the long term unemployed (18%). Significantly fewer said they would employ those with a criminal record (10%) or a history of drug or alcohol problems (11%). Other groups that are likely to be overlooked include people who report as being neurodiverse (11%) and those with a history of long-term sickness (11%).

**Figure 10: Hiring from the pool of disadvantaged groups in the future**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

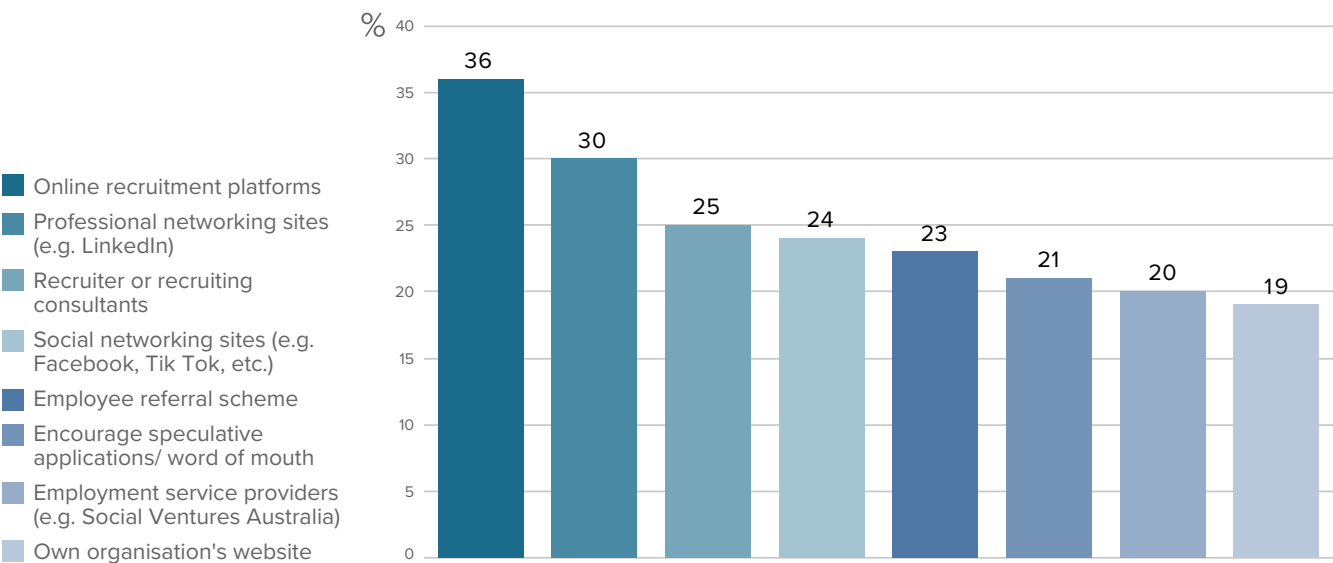
# Current recruitment channels

Employers surveyed for this report were asked for their views on the three most effective channels to source candidates.

The survey data indicates that Australian employers place more emphasis on the effectiveness of formal channels to source candidates than less formal ones.

The most popular channels include online recruitment platforms (36%), professional networking sites such as LinkedIn (30%) and recruiter or recruiting consultants (25%) (Figure 11). By comparison, fewer employers are recruiting through word of mouth, engaging with local groups, or building links with local schools or further education colleges to source candidates. This may be limiting employers' ability to source a diverse range of candidates.

**Figure 11: Effectiveness of recruitment channels**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)



## At a glance:

The most popular channels include online recruitment platforms, professional networking sites such as LinkedIn and recruiting consultants.

## Recruitment selection methods

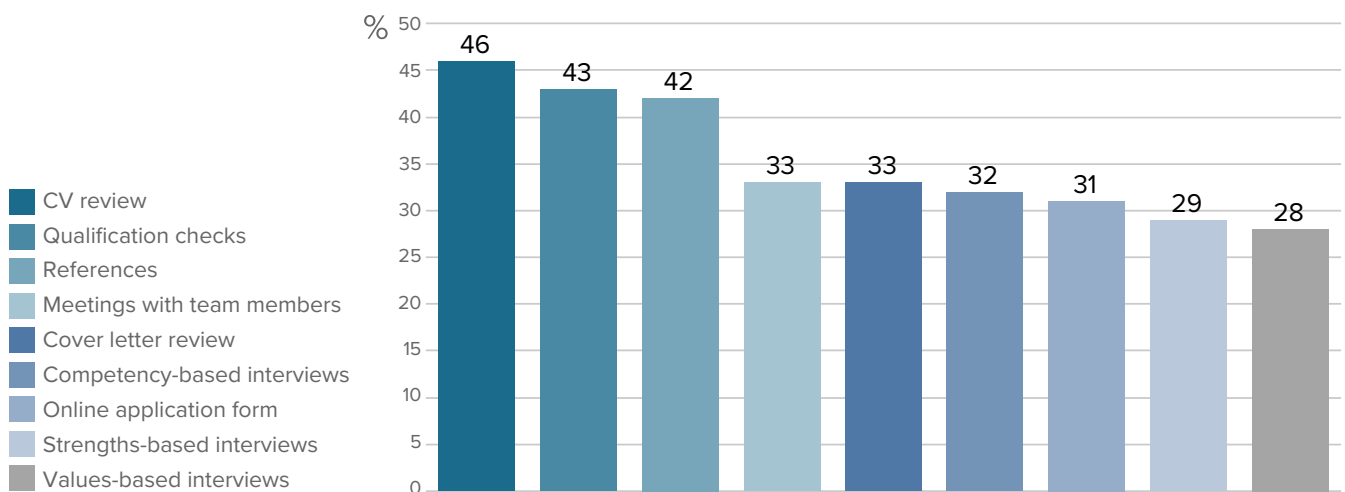
Securing skilled talent has been a significant challenge for Australian employers in recent times.

Beyond leveraging effective recruitment channels, establishing a robust selection process is crucial for identifying the most suitable candidates, particularly for uncovering hidden talent amidst the well-known limitations of labour supply.

It seems that organisations are adopting many of the standard recruitment selection methods. According to the survey data (Figure 12), the most popular methods used by employers are CV reviews (46%), qualification checks (43%) and references (42%). Employers are slightly favouring competency-based interviews (32%) over both strengths-based interviews (29%) and values-based interviews (28%).

Additionally, fifteen per cent of employers say that they use video applications while just one in five (19%) employers say that they hold informal meetings with prospective candidates to help select the most suitable candidate.

**Figure 12: Recruitment selection methods**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

## Young people and skills

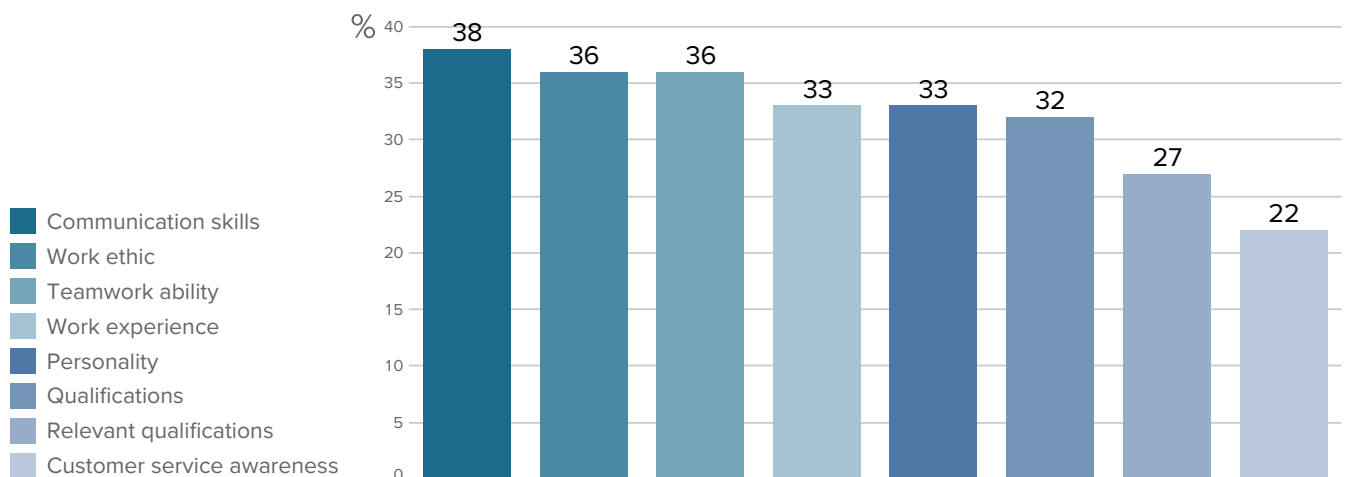
Employers were asked to identify the three most important factors behind their hiring decisions when recruiting school or college leavers.

According to the survey data, the top three skills or attributes employers consider when hiring young people are communication skills (38%), teamwork ability (36%), work ethic (36%) and personality (33%) and work experience (33%).

It appears, therefore, the right attitudes and aptitude are more important to employers than the right technical skills and experience when hiring younger workers.

Other responses included relevant qualifications (27%) and customer service awareness (22%).

**Figure 13: Skills or attributes employers look for when hiring young people**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

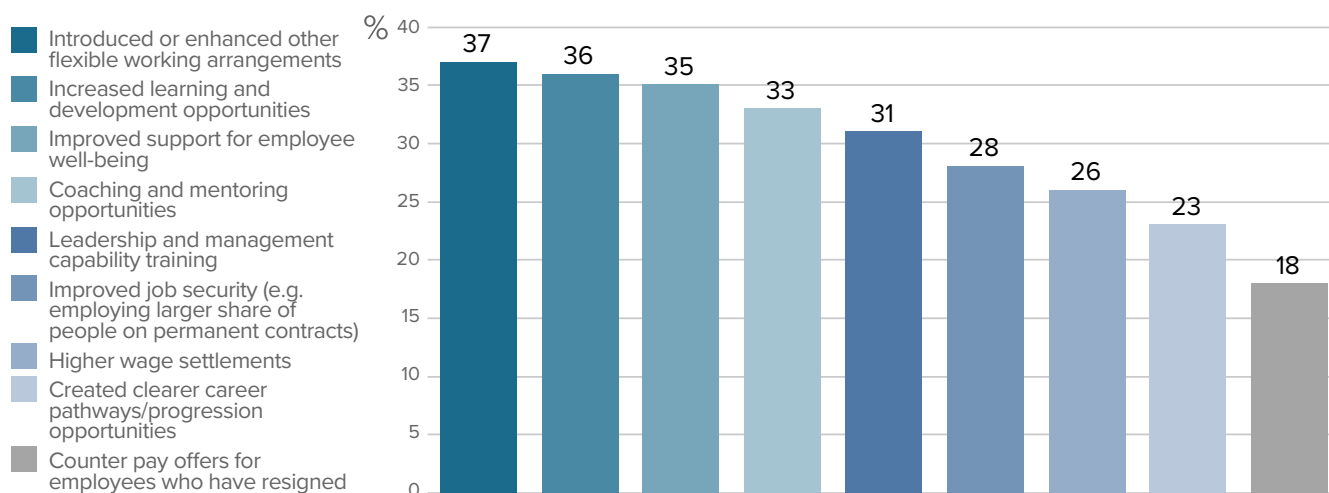
## Retention strategies

Retention has been a focus for employers and HR.

Despite the fall in recruitment difficulties reported in this survey, retention has been a focus for employers and HR; due likely to both recruitment difficulties and high labour turnover.

Survey respondents were asked whether they had taken steps to improve retention over the past 12 months. The survey data shows that a range of measures are being used by employers; most notably through providing learning and development opportunities for staff, supporting the well-being of workers and offering flexible hours of work (Figure 14). Interestingly, fewer than one in five (18%) say that they use counter pay offers for employers who have resigned as a tactic to retain them.

**Figure 14: Steps taken by employers to improve retention**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

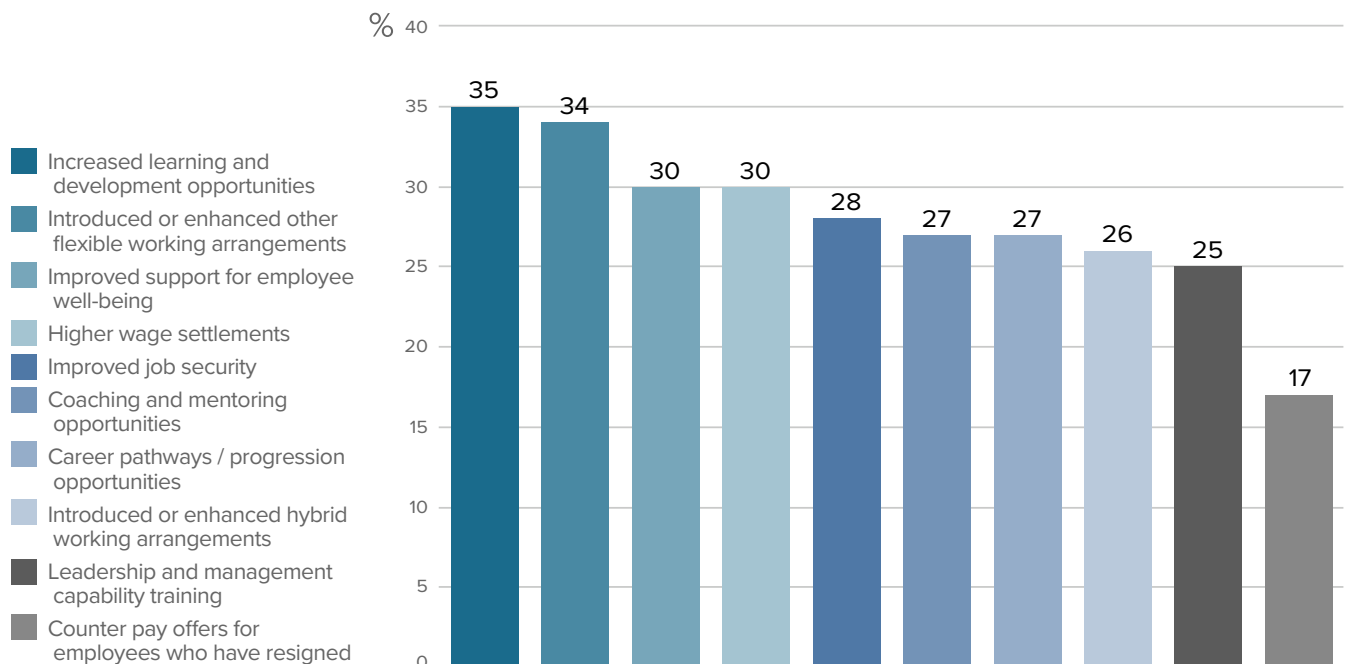
## At a glance:

Increased development opportunities and enhanced flexible working arrangements are perceived to be the most effective in retaining staff.



Survey respondents were also asked which of these were the most effective. Increased learning and development opportunities (35%) and enhanced flexible working arrangements (34%) are perceived to be the most effective in retaining staff (Figure 15). However, offering higher wages was ranked joint third in effectiveness as a retention strategy, which may partly indicate that some organisations face challenges in increasing salaries to mitigate employee turnover.

**Figure 15: Perceived effectiveness of retention strategies**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

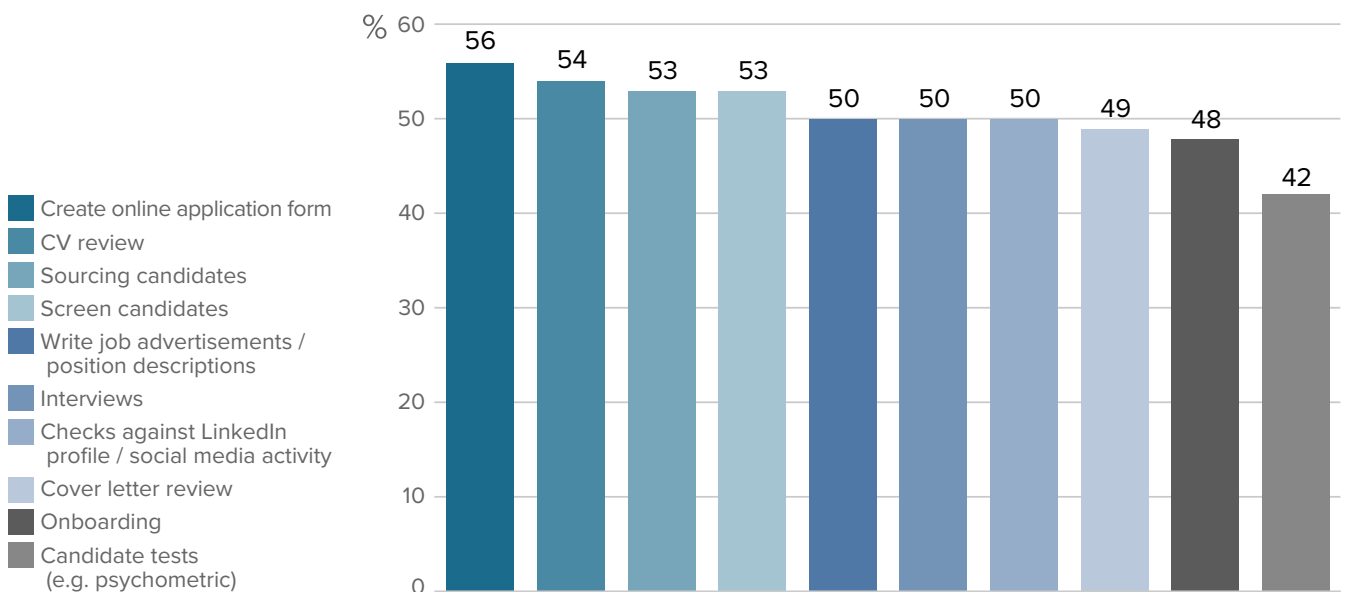
# The enhanced role of AI in recruitment and selection

This quarter, our focus section also looked at how organisations are adopting AI to recruit and select candidates.

The survey data reveals that employers' use of AI is both widespread and broad-based.

Currently, HR professionals are most likely to use AI to create online application forms (56%), review CVs (54%) and source (53%) and screen candidates (53%).

**Figure 16: Employers' use of AI in recruitment**



**Base:** March quarter 2024, all employers (n=602; private: n=528; public: n=58; not for profit: n=16)

# Research methodology

All data, unless otherwise stated, is from YouGov Plc.

The total sample size for this survey was 602 senior HR professionals and decision-makers, including HR, from organisations with 2+ employees.

Fieldwork was undertaken online between 9 January and 18 January 2024.

The figures have been weighted by employee size, state and industry to reflect the latest ABS Industry Employment estimates.

## Respondent profile

### Breakdown of the sample, by number of employees per organisation

Employer size band	2-19	20-119	200+	Total
Count	194	163	245	602

### Breakdown of the sample, by sector

Sector	Private	Public	Not-for-profit	Total
Count	528	58	16	602



AHRI welcomes feedback on this report, and ideas and suggestions for how the quarterly series might be developed. These should be sent to:  
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