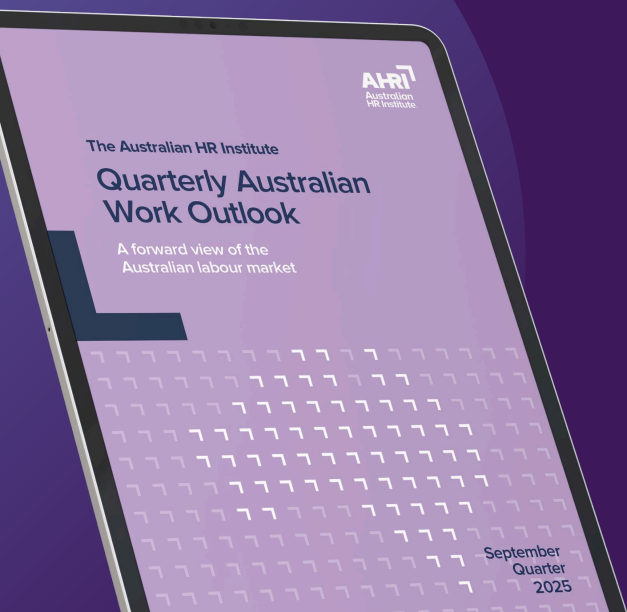


AUSTRALIA'S WORKFORCE IN FLUX:

# THE '5 Rs EFFECT' DRIVING CHANGE



AHRI's September Work Outlook report reveals a period of significant transformation for Australian workplaces, driven by five intersecting forces.

Organisations are reshaping how they attract, develop and manage talent as they work to improve performance and respond to a rapidly changing work environment with greater agility.

## TOP LINE DETAIL

**Within five years, 27% of organisations expect their workforce to grow by more than 10%, according to AHRI's research. Yet growth alone isn't the full story. At the same time, workplaces are reshaping roles, reskilling employees and reorganising teams while facing ongoing recruitment and retention pressures.**

Together, these dynamics are driving the Five Rs — recruitment, retention, reorganisation, reskilling and redundancy — influencing employers' approach to workforce planning.

# HOW IS THE 5R EFFECT PLAYING OUT ACROSS AUSTRALIAN BUSINESSES?

# 1

## RECRUITMENT

Hiring remains strong, but finding talent is tough

Employment confidence rises to a record high. The AHRI Net Employment Intentions Index\* signals a strong rise in hiring confidence jumping to

# 48+

in September

up from +38 in June.

# 69%

of organisations plan to hire this quarter.

However,  

# 33%

of employers report recruitment difficulties, especially for skilled trades, professionals and senior leaders.

## WHAT THIS MEANS FOR BUSINESSES

HR practitioners need to help leaders to balance record hiring demand with persistent skills shortages. This requires more strategic talent strategies, broader sourcing approaches and greater investment in developing critical capabilities internally.



# 2

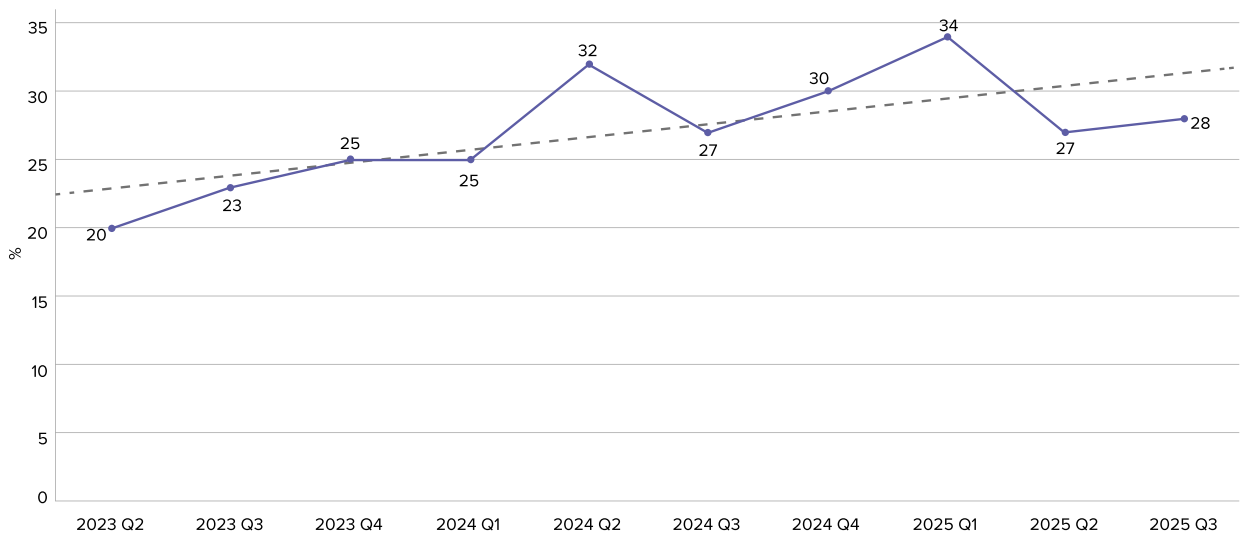
## RETENTION

Turnover pressures continue to challenge leaders

# 28%

of organisations report turnover above 20% – signalling ongoing churn. At the same time, employers reported that the mean basic pay increase in their organisation (excluding bonuses) is expected to be 2.9 per cent for the 12 months to July 2026, down from 3.3% last quarter.

Share of organisations reporting annual employee turnover of 20 per cent and higher



## WHAT THIS MEANS FOR BUSINESSES

With high turnover and slowing wage growth, HR practitioners should focus on strengthening employee engagement, career development and retention strategies to maintain stability and protect critical talent.





# REORGANISATION

## Reshaping workforces for a new era

Many organisations are restructuring to adapt to technology, AI and automation, with 9 in 10 employers saying roles are at risk or set for major change in the next 3-5 years.

Almost one third of employers say that

# 20%

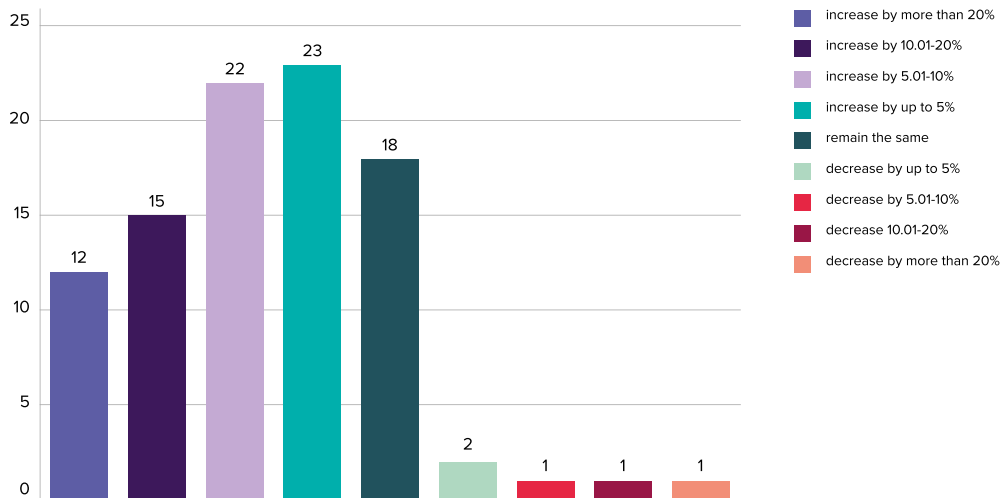
of roles are currently at risk of disruption.

Yet

# 34%

of employers do not have a strategic workforce plan in place.\*\*

Employer expectations about workforce size in five years' time



# 73%

of organisations plan to use AI to support workforce planning in the next 3–5 years.

## WHAT THIS MEANS FOR BUSINESSES

With one in five roles at risk of disruption and a third of organisations lacking a strategic workforce plan, HR should take a proactive approach to workforce planning — leveraging AI, skills mapping and scenario modelling to redesign roles and prepare employees for rapid change.

# 4

## RESKILLING

Building future-ready capabilities

# 56%

of organisations are actively reskilling staff to manage roles at risk of disruption

# 47%

of organisations are redeploying staff into new roles rather than letting them go, especially in response to automation and structural change

### WHAT THIS MEANS FOR BUSINESSES

With recruitment challenges persisting and critical skills in short supply, HR practitioners need to be savvy with the existing workforce — prioritising reskilling, redeployment and internal mobility to unlock talent potential and meet evolving business needs.





# REDUNDANCY

A necessary adjustment, not just cost-cutting

Many redundancies are linked to automation, AI adoption and organisational change, not purely financial pressure.

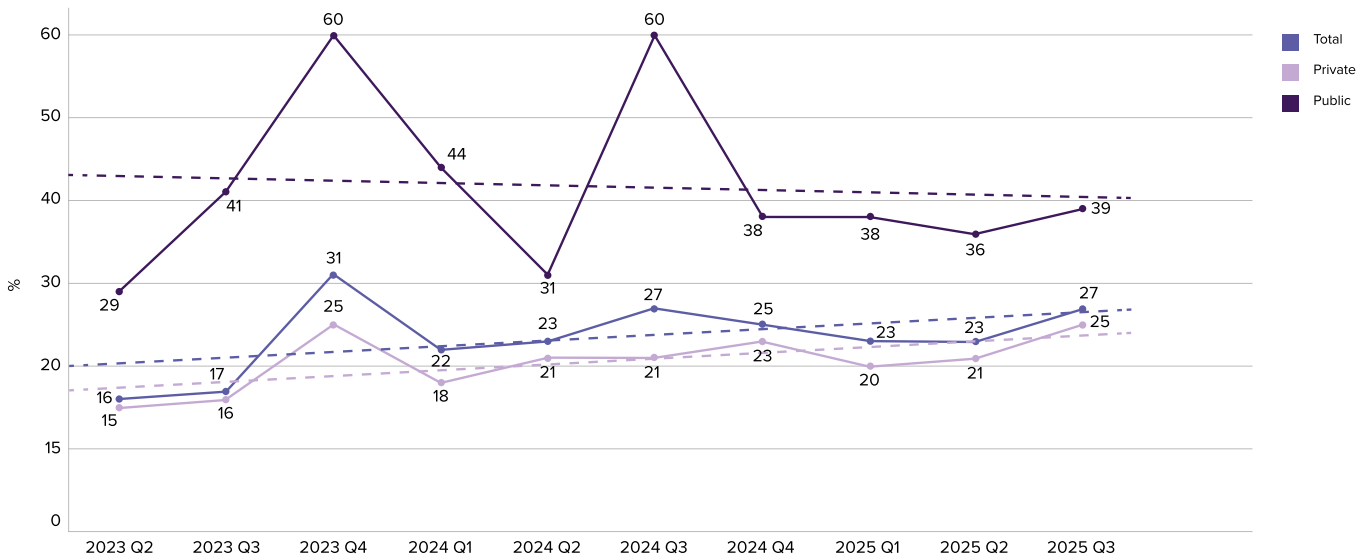
# 27%

of employers expect to make redundancies, the second-highest level recorded since AHRI started collecting data in May 2023.

# 61%

of employers expect AI to reduce some roles, especially in the public sector (81%) compared to the private sector (57%).

Redundancy intentions, September quarter 2025



## WHAT THIS MEANS FOR BUSINESSES

HR should take a strategic approach to workforce transitions — balancing automation-driven change with redeployment, reskilling and employee support to minimise disruption and protect organisational capability.



\*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.

\*\*AHRI defines strategic workforce plans as having a forecast horizon of more than twelve months.

**Source:** AHRI's Quarterly Work Outlook report, September quarter, 2025, interviewing 600+ senior HR professionals and decision-makers across private, public and not-for-profit organisations in all Australian states and territories.