

# Spotlight: Recruitment patterns for entry level vacancies

The <u>Recruitment Experiences and Outlook Survey</u> (REOS) asks recruiting employers for details about their most recent recruitment round, including if they required applicants to have relevant experience and whether the successful applicant had experience. This spotlight looks at recent trends in recruitment for these entry level vacancies and the outcomes of entry level recruitment.

The characteristics and availability of entry level jobs influences the ability of job seekers to successfully transition into employment. While this predominantly affects younger job seekers, access to entry level positions also impacts other groups. For example, those looking for a career change, tertiary-level graduates, migrants, refugees, long-term unemployed or those who have had an extended break from employment.

# How are entry level vacancies defined?

While there is no standard definition of an entry level position, the term is commonly used to refer to lower skilled positions requiring little or no qualifications or experience. However, entry level positions also exist in higher skilled occupations, requiring job applicants to have a relevant qualification but little or no experience. The job opportunities and labour market pathways are very different for these entry level jobs.

The REOS dataset offers a unique insight into employer demand for workers in entry level positions across all skill levels. In this paper, entry level vacancies are those that employers told us did not require relevant workplace experience, regardless of whether qualifications were required.

This paper features analyses based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO) Skill Level Occupation classifications (Figure 1). These align with the amount of education and training required to competently perform the tasks required of an occupation. The Skill level classification does not align perfectly with the amount of workplace experience required but provides a good proxy. For example, Skill level 1 occupations require a Bachelor degree or higher. Other occupations at this level may substitute at least 5 years of relevant work experience as an appropriate qualification. In contrast, Skill level 5 occupations may not require any work experience but may involve short periods of on-the-job training. Many employers prefer and require experience, even for Skill level 5 occupations.

Figure 1: ANZSCO Skill level classification summary



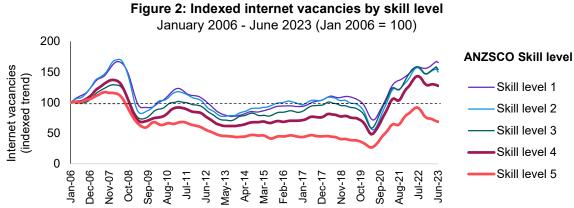
Degrees, Diplomas, and Certificates refer to those defined by the Australian Qualifications Framework. Source: Conceptual basis of ANZSCO, Australian Bureau of Statistics, 2022.

# Fewer entry level jobs over time

The share of jobs that do not require post-school qualifications or workplace experience has been in long-term decline. Some of the factors influencing this decline include structural change in the economy, such as the transition to more highly skilled jobs, the decline of manufacturing and other production industries, and advances in technological innovation and automation.<sup>1</sup>

Jobs and Skills Australia's Internet Vacancy Index (IVI) provides a monthly count of online job advertisements by skill level (Figure 2). The number of internet vacancies for higher skilled occupations (Skill levels 1 to 3) increased by over 67,000 vacancies (60%) since January 2006, to almost 178,000 vacancies in June 2023. Meanwhile the share of vacancies at Skill level 5 contracted by 14,000 vacancies (-31%) to around 31,000 vacancies over the same period. The contraction of vacancies for Skill level 5 occupations is particularly relevant for youth and those who do not (or cannot) access post-school education.

While Skill level 4 vacancies grew by 27% between January 2006 and June 2023, this is below the average for all occupations. Furthermore, there has been strong employment growth in some Skill level 4 occupations, such as Aged and Disabled Carers.



Source: Jobs and Skills Australia, Internet Vacancies, ANZSCO Skill Level, States and Territories, June 2023, indexed trend.

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National Skills Commission, The state of Australia's skills 2021: now and into the future.

# Skill levels 1 to 3: Strong growth in demand

Job seekers looking for entry level opportunities in Skill level 1 occupations have benefitted from the strong growth in demand for jobs that require a university education. However, this has occurred against substantial growth in the number of domestic university graduates, alongside evidence of graduates having difficulty securing employment in some fields of study.<sup>2</sup> Over 30% of full-time employed undergraduates were not employed in managerial or professional occupations following graduation in 2021. Some 28% of graduates (full-time employed undergraduates) were working in a job that did not allow them to fully use their skills or education, with labour market factors being cited as the main reason for difficulty by over half of this group.<sup>3</sup>

Skill level 2 and 3 occupations have recorded above average growth in internet vacancies since 2006, rising by almost 24,600 (or 52%) to 71,800 in June 2023, compared with the average of 32% across all Skill levels. This is set against a backdrop of persistent shortages for some trades.<sup>4</sup> Trade apprentice and traineeship completions over the year to the September quarter 2022 are 11.3% below the level recorded in the year to the September quarter 2015, noting there has been a pick-up in trade apprenticeship and traineeship completions in the year to the September quarter 2022 (up by 21%).<sup>5</sup>

# Characteristics of employers with entry level vacancies

The Recruitment Experiences and Outlook Survey (REOS) asks recruiting employers whether their vacancy required applicants to have relevant work experience. The following results are based on latest data from the survey compiled for January to June 2023.

# Occupation Skill level

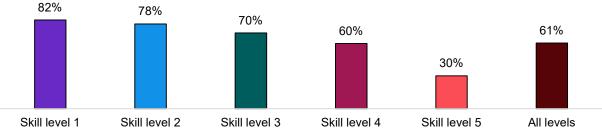
The REOS asks recruiting employers whether their vacancy required applicants to have relevant work experience. Recruiting employers were more likely to want experienced applicants as the skill level of the occupation increased. Around 4 in 5 (82%) employers recruiting for Skill level 1 positions wanted experienced applicants. In contrast, only 3 in 10 (30%) recruiting employers with vacancies for Skill level 5 occupations required experienced applicants (Figure 3).

Figure 3: Employers seeking experienced applicants by occupation Skill level

January to June 2023

(proportion of recruiting employers)

70%



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

<sup>&</sup>lt;sup>2</sup> Department of Education, Higher Education Statistics: 2021. Section 14 Award course completions, Table 14.3: Award Course Completions for All Students by Citizenship and Broad Field of Education, 2003 to 2021.

<sup>&</sup>lt;sup>3</sup> Quality Indicators for Learning and Teaching (QILT), 2022 Graduate Outcomes Survey National Report.

<sup>&</sup>lt;sup>4</sup> National Skills Commission, Skills Priority List, 2022.

<sup>&</sup>lt;sup>5</sup> National Centre for Vocational Education Research (NCVER), Apprentices and Trainees 2022: September quarter, 2023.

#### Selected industries

Across the reportable industries surveyed, recruiting employers in Accommodation and Food Services (45%) were the least likely to require relevant experience. Other industries with fewer employers requiring experience included Retail Trade (52%) and Wholesale Trade (54%). These industries include large proportions of Skill level 4–5 occupations. Conversely, employers from the Professional, Scientific and Technical Services industry (71%), were most likely to require applicants with experience (Figure 4). This industry also had a greater share of Skill level 1–3 occupations in the REOS in comparison to other industries.

Figure 4: Employers seeking experienced applicants by industry January to June 2023 (proportion of recruiting employers) 71% 69% 67% 62% 54% 52% 45% Accommodation Retail Trade Wholesale Trade Manufacturing Health Care and Construction Professional. and Food Social Assistance Scientific and Services Technical Services

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

# **Occupation groups**

Occupation groups with higher proportions of recruiting employers with entry level vacancies included Labourers (68%) and Sales Workers (57%). Professionals (23%) and Technicians and Trades Workers (27%) had the smallest proportions of employers recruiting for entry level vacancies over January to June 2023 (Figure 5a).

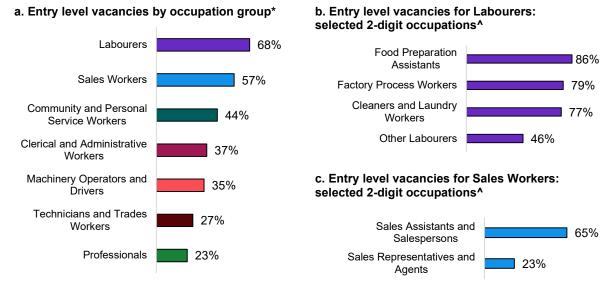
Food Preparation Assistants (86%), Factory Process Workers (79%), and Cleaners and Laundry Workers (77%) were among the selected 2-digit occupations with larger proportions of recruiting employers with entry level vacancies in the Labourers occupation group (Figure 5b).

Within the Sales Workers occupation group, many recruiting employers had entry level vacancies for Sales Assistants and Salespersons (65%). In contrast, only around 23% of recruiting employers had entry level vacancies for Sales Representatives and Agents (Figure 5c).

Figure 5: Recruitment for entry level vacancies by occupation group

January to June 2023

(proportion of recruiting employers)



\*Managers are excluded due to insufficient sample size.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

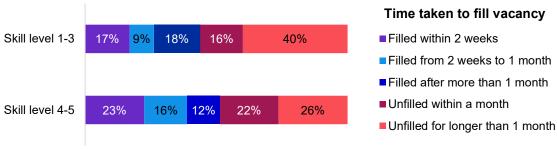
#### Time taken to fill vacancies

Skill level 1-3 entry level vacancies generally take longer to fill. Employers were considerably less likely to fill their vacancies within a month and were more likely to have unfilled vacancies for longer than one month. Some higher-skilled occupations have lengthier recruitment processes, which may contribute to the longer unfilled vacancy time.

Entry level vacancies for Skill level 4-5 occupations filled faster, with 23% of recruiting employers filling vacancies within two weeks (Figure 6).

Figure 6: Time taken to fill entry level vacancies, by Skill level January to June 2023

(proportion of recruiting employers)



Source: Jobs and Skills Australia Recruitment Experiences and Outlook Survey, 2023.

<sup>^</sup>These results are based on small sample sizes, interpret with caution. Note that many 2-digit occupations cannot be reported due to insufficient sample size.

# Applicants per vacancy<sup>6</sup>

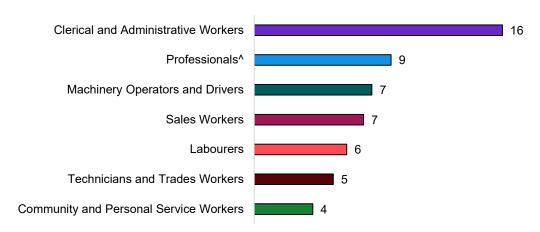
Over the 12 months to June 2023, employers received an average of around 6 applicants per entry level vacancy, lower than the average of 8 applicants per vacancy requiring experience.

Occupations with the strongest competition for entry level vacancies were:

- Clerical and Administrative Workers 16 applicants per vacancy, and
- Professionals 9 applicants per vacancy.

Community and Personal Service Workers had the least competition, at 4 applicants per vacancy (Figure 7). This occupation group includes jobs in national shortage such as Child Carers, Aged and Disabled Carers, and Dental Assistants<sup>7</sup> and others such as Waiters and Education Aides.

Figure 7: Number of applicants per entry level vacancy, by occupation group
12 months to June 2023
(approximate number of applicants per vacancy)



\* Managers are excluded due to insufficient sample size.

^Results for Professionals are based on a small sample size, interpret with caution.

Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

### Recruitment difficulty

The REOS asks employers whether they experienced difficulty in their last recruitment round.

From January to June 2023, some 70% of recruiting employers with entry level vacancies for Machinery Operators and Drivers had recruitment difficulty. This was the highest rate of any occupation group. Employers recruiting for entry level Sales Workers (49%) had the lowest recruitment difficulty rate (Figure 8).

Generally, employers were less likely to have difficulty recruiting for entry level positions. Some 59% of employers with entry level positions reported difficulty, lower than the 66% of employers recruiting for positions requiring experience. The top two reasons for recruitment

<sup>&</sup>lt;sup>6</sup> Results include recruiting employers surveyed in the 12 months to June 2023 to increase sample size and reliability of reporting. Calculations exclude employers: recruiting for less than 1 month as they may not have completed their recruitment process; employers with continuous recruitment activity; and 'Unsure' responses.

<sup>7</sup> National Skills Commission, Skills Priority List, 2022.

difficulty provided by employers with entry level vacancies in the REOS were 'Undesirable working conditions, wages, or hours' (31%) and a 'Lack of applicants' (29%).

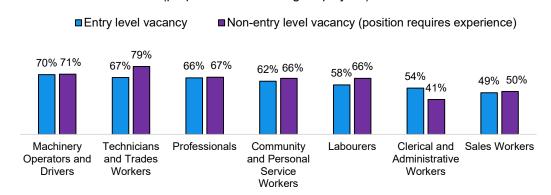
The greatest difference in recruitment difficulty between entry level and non-entry level vacancies was for Technicians and Trades Workers (entry level: 67%, non-entry level: 79%). This is likely related to national shortages of many trade occupations with an apprenticeship pathway.<sup>8</sup>

Recruitment difficulty for entry level vacancies varied by occupation. Employers recruiting for Clerical and Administrative Workers were more likely to have difficulty recruiting for entry level positions than for non-entry level positions. The two most cited reasons for their difficulty were a 'Lack of suitable applicants' (43%) and 'Undesirable working conditions, wages, or hours' (34%).

Figure 8: Recruitment difficulty rates for entry level and non-entry level vacancies

January to June 2023\*

(proportion of recruiting employers)



\* Managers are excluded due to insufficient sample size. Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.

# Who gets the entry-level job?

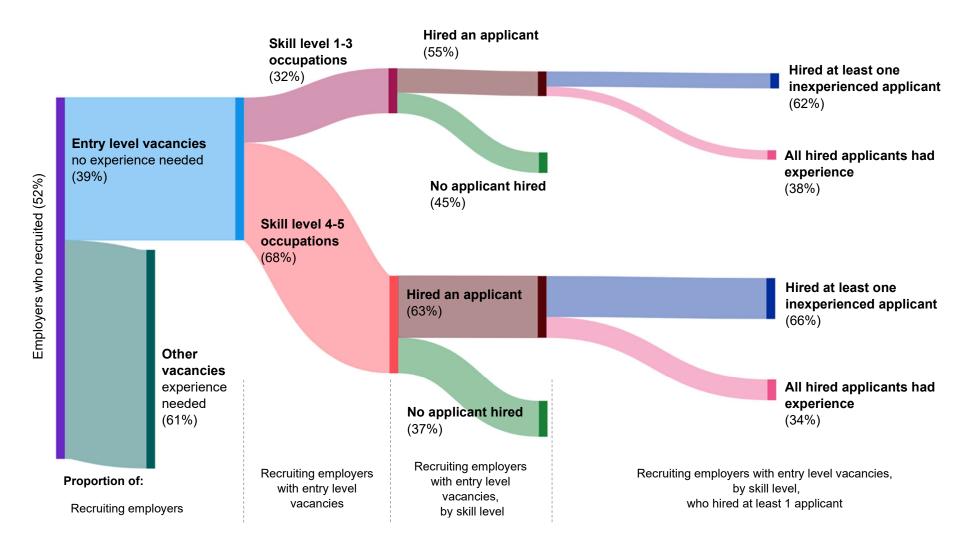
The REOS also asks employers whether they hired an applicant and whether an experienced person was hired for the job. The results indicate that just over 2 in 3 (68%) employers with entry level vacancies were recruiting for Skill level 4–5 occupations between January to June 2023 (Figure 9). These employers (recruiting for Skill level 4–5 entry level vacancies) were more likely to hire an applicant (63%) than employers recruiting for higher skilled (Skill level 1–2) entry level vacancies (55%).

Interestingly, looking at those employers who were willing to hire workers without experience, around one in three employers who hired an applicant filled the position/s with experienced applicants only. Around 38% of entry level positions in Skill levels 1–3 were filled with an experienced applicant. Just over a third (34%) of employers recruiting for Skill level 4–5 jobs who say they do not require experience, hired someone with experience. This highlights the importance of work experience from an employer's perspective, regardless of what they may say their vacancies require.

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<sup>&</sup>lt;sup>8</sup> National Skills Commission, Skills Priority List, 2022.

Figure 9: Recruitment outcomes of entry level vacancies
January to June 2023



Source: Jobs and Skills Australia, Recruitment Experiences and Outlook Survey, 2023.