

The Lowdown



People, Talent and Market insights you
need to know.

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Introduction

At our core, we're all about combining a genuine passion for the HR profession and a fresh way of thinking in everything we do, delivering results that speak for themselves. We make hiring easy, taking the stress out of hiring for both candidates and clients. We're not a recruiter. We're a talent partner. We listen because we know how important it is to understand the why & what matters to you. With a no-nonsense approach and deep knowledge of the HR market, we cut through the noise and get straight to the point.

Every year, hundreds of employers and candidates count on our decades of industry insights, from smart hiring strategies to career advice that works. We tap into market trends and future-of-work shifts, so you don't have to. We know what it takes to build strong, satisfied teams ready to tackle what's next, and most importantly, what it takes to retain them.



The Economic Landscape

In 2024, organisations faced unparalleled challenges navigating a complex economic and geopolitical landscape. Global productivity pressures are driving organisations to upskill their workforce and rethink operations to counter rising input costs and interest rates. According to a recent Gartner survey,

50% of CEOs rank business building as a top three priority for growth.

Productivity improvements not only enhance company performance but also contribute to GDP growth and higher living standards, which are trending downward in most Western industrialised nations.

Australia is currently in a 'per capita' recession. Real GDP per capita fell by 0.4% in the June 2024 quarter, marking 18 months of consecutive decline - the longest per capita recession on record. The Australian Bureau of Statistics (ABS) reported that real GDP growth for the financial year 2023-24 was 1.5%, down from 3.1% in 2022-23. Excluding the pandemic-driven contraction in 2019-20, this is the weakest growth rate since 1991-92.

The primary weakness lies in private sector demand, which has been offset by growth in government spending.

In the June 2024 quarter, company gross operating profits fell 5.3%, while wages and salaries increased by 0.7%.

Hiring Trends

Many organisations are opting for interim talent to address short-term needs rather than increasing permanent headcount. This approach offers flexibility and enables businesses to adapt to changing conditions. The demand for contingent labour has been particularly strong in workplace relations, reward, and organisational design, as companies remain cautious about permanent hires.

The ANZ-Indeed Job Ads Index fell 2.1% in August 2024, marking the seventh consecutive monthly decline.

Job ads are down 22.9% compared to the same month last year.

They are also nearly 30% lower than their November 2022 peak, although still 11.4% above pre-pandemic levels. Cost-cutting measures have led some organisations to reduce roles, tightening the supply of new positions and increasing competition for executive roles as more passive candidates enter the market.

Meanwhile, the public sector has been a key driver of job growth, particularly in defence, healthcare, and infrastructure. Of the 209,000 jobs created up to June 2024, 50% were in government, a notable increase compared to their typical 15% share of recruitment.

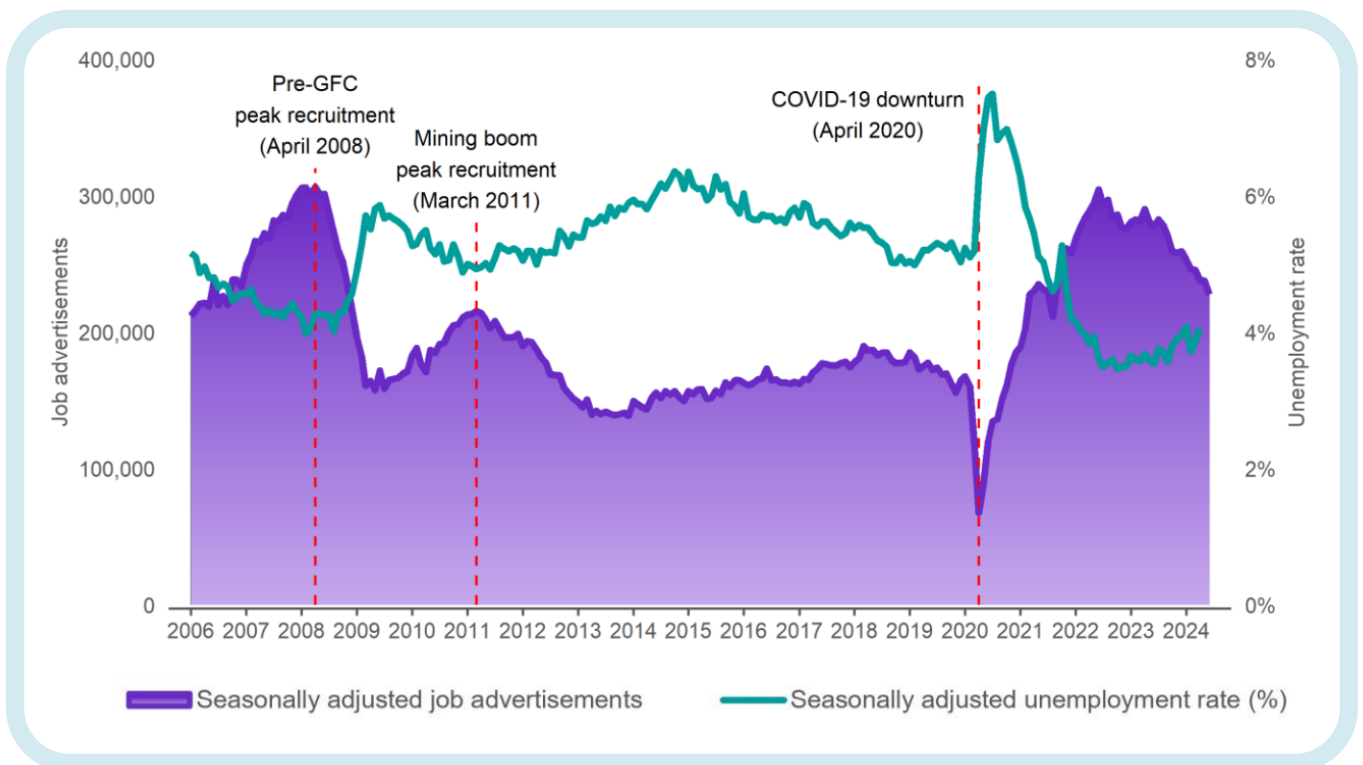
Putting it into Context

The first half of this decade has seen significant fluctuations in Australia's labour market. This chart tracks seasonally adjusted job advertisements and unemployment rates from 2006 to 2024, offering key insights:

The COVID-19 pandemic caused a major economic disruption in April 2020, but job ads rebounded to record highs as economies reopened, while unemployment dropped quickly.

Despite a slight decline, job ad levels remain high compared to pre-2020, with unemployment at a historically low 4.2%, indicating a tight labour market and sector-specific shortages.

The data underscores Australia's labour market resilience through economic cycles, including global crises, resource booms, and the pandemic.



*Reference: Australian Bureau of Statistics, Labour Force, Australia, May 2024, seasonally adjusted data; Jobs and Skills Australia, Internet Vacancy Index, June 2024, seasonally adjusted data

Technology and the Digital Divide

Last year, 68% of Australian businesses implemented AI.

With another 23% planning to do so this year, this leaves only 9% without an AI solution. This shift has highlighted the Digital Divide, where learning agility and tech literacy are prioritised over sector experience. Companies slow to adopt AI are seeing both talent and revenue migrate to more innovative, tech-driven competitors.

Early adopters of HR technology have achieved cost savings by transforming operating models and automating functions. Shared services are being replaced by advanced HR tech and HRIS, with entry level and Tier 1 advisory roles expected to be most affected by this automation trend.



Skills In Demand

What won't come as a surprise to anyone is the lack of ER capability across the broader generalist population. With Australia's intricate labour laws, organisations are increasingly seeking specialists in the Industrial Relations and Employee Relations space to navigate complex regulations, manage relationships with labour unions, and resolve workplace conflicts effectively.

Overwhelmingly the most common brief we receive is for well-rounded HR practitioners, meaning they are looking for the following;



Business Acumen

HR leaders who can contribute to achieving organisational goals and objectives are highly valued.



Industrial Relations

Expertise in navigating labour laws and regulations, particularly in light of recent changes like "Same Job Same Pay" and the "Right to Disconnect," is highly valued.



Risk Mitigation

HR professionals with a strong understanding of business operations and the ability to mitigate risks are highly sought after.



Employee Relations

Strong skills in managing employee relations, including conflict resolution and grievance handling, are essential.



Organisational Design

HRBP's with the ability to design and implement effective organisational structures are in demand.

Talent Mobility

It still costs employers more to hire new talent than upskill those they have: Job changers now see 8% pay growth, stayers 5%. We expect to see much greater focus on talent mobility — moving people to new roles within the organisation, betting on potential vs. past performance. With 77% of employers struggling to find the skills they need, helping build the agility of the workforce you have, so people can move laterally, is critical.



Sector Analysis

The business landscape is evolving rapidly, shaped by societal shifts and geopolitical dynamics. Organisations must adapt, innovate, and collaborate to thrive in this dynamic environment. Strategic investments, agility, and a customer centric approach are essential for long term sustainability.

Growth Sectors:

- **Healthcare:** The focus on health and wellbeing is not going away, those with medical expertise will be in high demand for the foreseeable future.
- **FMCG:** Stable, with growth in sustainable and locally sourced products.
- **Energy:** Shifting toward renewable energy, with strong growth in green energy solutions.
- **Technology:** Continues to expand, driven by innovation in software, cloud computing, and tech solutions, though growth is more measured due to the lack of available funding.
- **Not-for-Profit:** Federal and state investments are driving expansion, especially in social services.
- **Manufacturing:** Global supply chain disruptions have renewed focus on local production and innovation, supported by government incentives.
- **Infrastructure:** Although demand has reduced from pandemic highs, growth is still strong, but labour shortages persist.
- **Government:** state and federal government spending will hit a record 28 per cent of GDP by the end of 2025, up from the pre-pandemic average of about 22.5 per cent.
- **Defence:** Geopolitical instability is feeding growth, with increased budgets for modernisation and procurement.
- **Mining:** Critical to the global green energy transition, with demand for materials like lithium and cobalt essential for batteries and renewable energy storage.

Challenged Markets

- **Professional Services:** Struggling due to reduced government spending and reputational challenges, though law firms with workplace relations practices are thriving.
- **Financial Services:** Fintech continues to challenge traditional banks, pushing a focus on digital banking. Hiring remains cautious.
- **Retail:** Consumer discretionary segments continue to be hit by weak demand amid rising cost of living pressures.
- **Insurance:** Margin pressures are increasing due to global uncertainties like extreme weather and rising reinsurance costs.
- **Higher Education:** Under pressure from government policies, particularly regarding visas.
- **Arts & Entertainment:** While live events suffered during the pandemic, the sector is recovering thanks to streaming and user generated content.
- **Hospitality:** Weakened consumer demand is stalling recovery efforts.
- **Construction:** Insolvencies and reputational damage from union scandals pose challenges.

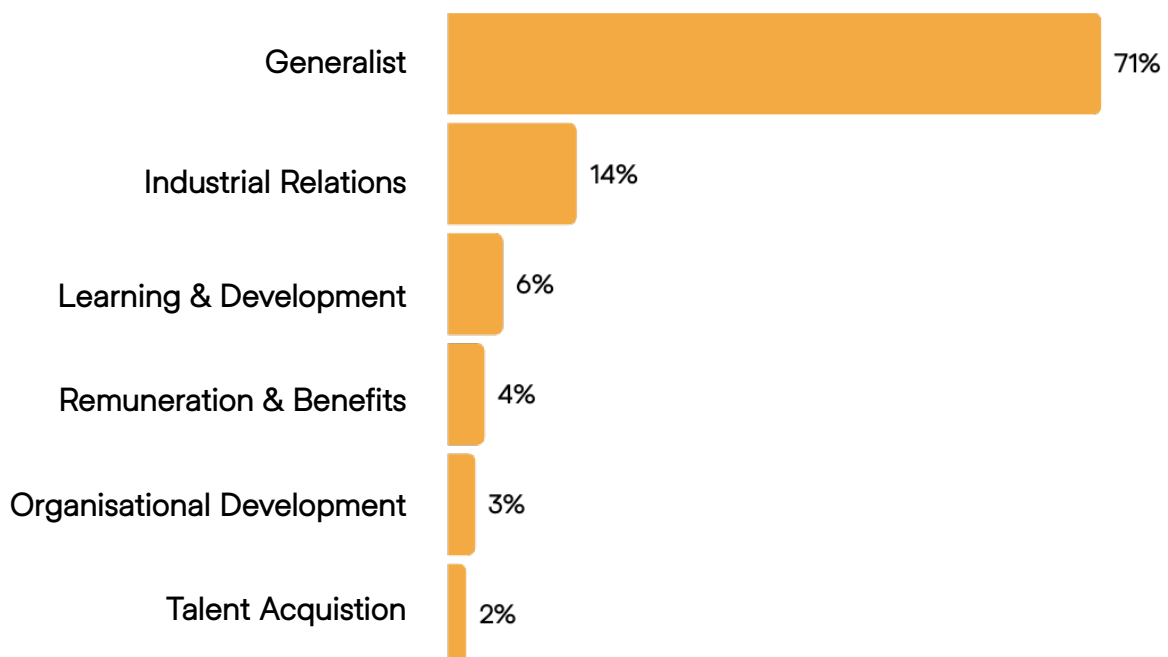


The Future HR Leader Dilemma

HR leaders must prioritise providing diverse experiences to developing professionals, avoiding the siloed roles often resulting from the Ulrich model. This model has unintentionally created a divide between Centres of Excellence (COEs) and the in demand, well rounded Business Partners (BPs). The challenge is clear: if everyone follows the same model, where will future HR leaders gain these essential, broad based skills?

With limited graduate opportunities, early career professionals often leave larger organisations to join SMEs to build a more well-rounded skill set. This creates a significant issue for larger businesses, as there is a shrinking pipeline of versatile BPs when they need to hire. In today's "do more with less" environment, few organisations are taking a long term view on talent development, leading to a gap in succession planning at junior and mid levels - a previously overlooked area now crucial for sustainable growth.

Out of the 1963 roles advertised nationally in the month of September 2024 a breakdown is as follows:



Notable Trends

Outsourcing L&OD functions has been seen as a cost-effective solution for organisations. Despite the outsourcing trend, there is a growing emphasis on developing internal leadership capabilities to drive organisational performance.

The RTO situation is still being hotly debated with a recent KPMG survey finding that 82% of Australian CEOs expect staff at the office full time in the next three years.

Organisations are prioritising the development of efficient and effective talent acquisition strategies to optimise their hiring processes. The focus on cost-effectiveness has led to a shift away from inflated salaries seen during the pandemic

2023 was the year of the SME, as small and mid-size employers scooped up the talent that had been laid off as large corporates resized following the post-pandemic hiring boom. Many large employers have been in a holding pattern as they pause on spending.

Critical work still needs to be done across all levels of organisations to persist in closing the Gender Pay Gap. Considerable work has been done since the introduction of mandatory reporting.

Australia's total remuneration gender pay gap is 21.7 per cent. On current projections it will take another 26 years to close the gender pay gap.

Future Outlook

As we move forward, organisations are expected to face both challenges and opportunities.

Here are some key points:

Permanent Executive Hiring

- By late 2024 and early 2025, there will likely be a rise in permanent executive hiring. Organisations recognise the need for strong leadership to navigate rapid changes and uncertainties.
- Skilled professionals with strategic vision and adaptability will be in high demand as companies seek to position themselves effectively.

Increased HR Workloads

- As organisations grapple with complex challenges, HR workloads are expected to increase. HR professionals will play a crucial role in talent acquisition, retention, and development.
- The demand for HR expertise will extend beyond traditional roles, requiring professionals to be versatile and agile.

Interest Rate Cut and Hiring Stimulus

- An expected interest rate cut may further stimulate hiring across sectors. Lower borrowing costs can encourage investment and expansion.
- Organisations should be prepared to capitalise on favourable economic conditions by strategically planning their workforce needs.

Addressing Burnout and Wellbeing

- Many businesses are currently dealing with high burnout rates due to limited headcount and increased workloads.
- A renewed focus on mental health and employee wellbeing is essential. Organisations must prioritise the holistic health of their workforce.

Summary

In summary, the HR landscape is navigating a turbulent economic climate. Employers are prioritising contingent labour for flexibility. Meanwhile, Australia's intricate labour laws and skills shortages drive demand for specialists in Employee and Industrial Relations.

As AI adoption accelerates, companies with agile, tech savvy workforces are thriving, while traditional models face growing challenges. Looking ahead, talent mobility and upskilling will be critical to building resilient teams capable of adapting to an evolving job market.

NB This report has been prepared by combining insights from our extensive interactions with HR professionals and hiring leaders nationwide, alongside reputable external data sources including the ABS, AFR, WGEA, Josh Bersin, the World Economic Forum, SEEK, and KPMG.

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