

Press release
30 January 2023

Financial impact of skills shortage is set to increase for Australian employers

- 44% of Australian employers believe their biggest staffing challenge in 2023 will be finding talent with the right skills.
- 70% of business leaders are expecting the financial impact of the skills shortage to increase in 2023. 83% say that the competition for qualified finance, business support and technology talent has increased in the past year.
- Collaboration between the government, education providers and employer groups (26%) and the upskilling of workers (23%) are the preferred solutions to the skills shortage, rather than looking outside of the Australian labour force.

Sydney, 30 January 2023 – The financial impact of the skills shortage on Australian companies is expected to increase in 2023, new independent research conducted in November 2022 by specialised recruiter [Robert Half](#) finds. Seven in 10 (70%) Australian employers state they expect to be negatively impacted financially by not having access to the required skills in 2023.

As the most recent unemployment rate of 3.5% continues to hover near the 50-year low of 3.4% set late in 2022ⁱ, employers say the skills shortage is the biggest hurdle they need to overcome in the new year, with almost half (44%) believing it will be the most significant challenge they will face. CIOs in particular are feeling the challenge with more than half (52%) identifying the talent shortage as their primary staffing challenge for the next 12 months.

Meanwhile, employers are concerned about the increased competition for talent in 2023. Despite the number of job advertisements declining in the second half of 2022, they still remain at levels not seen since 2008ⁱⁱ. More than four out of five (83%) employers say competition for qualified talent has increased in the past year, with specialised talent especially being in short supply. CFOs and CIOs particularly feel the pinch with 87% and 81% respectively stating that the competition for specialised talent has increased compared to 2022. Only 2% of employers believe competition for talent has decreased in the past year.

“Coming into the new year, we are still seeing historically low unemployment and high job vacancy rates. With business confidence soaring despite whispers of a potential recession in Australia, the skills shortage for finance, technology and business support talent continues to plague the labour market, causing financial impacts on businesses at a time where the focus on cost management has heightened. The notion that the skills shortage would ease after the end of the pandemic has not proven to be the case, or at least not yet. Though some companies are reverting to hiring freezes or reducing their headcount, finding the right skilled talent remains essential at a time when companies are actioning their growth initiatives for the new year,” said **Nicole Gorton, Director Robert Half**.

Staffing shortages to cost businesses in 2023

Employers report that not having the required qualified staff in-house will have financial impacts for their businesses, with 70% of business leaders believing these financial costs will only increase in 2023.

A third of general hiring managers (33%) expect the financial impact to increase significantly, compared to 17% of CFOs and 14% of CIOs. Overall, 13% of business leaders believe the financial impacts will remain the same and 3% state it will decrease.

Collaboration the key to stemming the shortage

When it comes to suggesting the single most important solution for Australia’s skills-short market, 26% of employers say it will require a joint effort of collaboration between the government, education providers and employer groups, and is a solution particularly favoured by CFOs (29%) and CIOs (30%). Sector-wide investment in training, and upskilling or reskilling of workers is the key answer for 23% of leaders, while increasing the availability of skills through international migration, including retaining more overseas students, was identified as the main solution for 20% of respondents.

Only 4% of leaders point to hiring remote talent, despite it having become a popular hiring strategy during the Covid pandemic due to there being a more readily available tool. Only 5% of employers prefer initiatives to entice retirees back into the workforce; and only 3% of employers identify encouraging disadvantaged groups such as Indigenous people, people with a disability and those with poor English skills (back) into employment.

Significantly, 17% of employers cite all factors as being equally important in tackling the skills shortage, and therefore a variety of approaches should be taken.

“We know there is no – single - silver bullet to fixing the skills shortage in Australia but strategies like the government, employers, and education providers working on joint initiatives plus a focus on upskilling and reskilling professionals could allow more effective usage of the talent we have in our nation. Although there is no certainty as to when international talent will arrive and in what numbers, relying on international talent remains essential in stemming the skills shortage in our nation.”

“Employers are feeling the burn of the skills-short market and are looking for talent who tick all their boxes. In order to fill growing skills gaps however, companies must hire candidates based on their potential to grow into a role and invest in internal training, professional development, and succession planning to find and retain the skills their business requires,” concluded **Gorton**.

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Notes to editors

About the research

The study is developed by Robert Half and was conducted online in November 2022 by an independent research company, surveying 300 hiring managers, including 100 CFOs and 100 CIOs, from companies across Australia. This survey is part of the international workplace survey, a questionnaire about job trends, talent management, and trends in the workplace.

About Robert Half

Robert Half is the global, specialised talent solutions provider that helps employers find their next great hire and jobseekers uncover their next opportunity. Robert Half offers both contract and permanent placement services, and is the parent company of Protiviti, a global consulting firm. Robert Half Australia has offices in Brisbane, Melbourne, Mount Waverley, Perth, and Sydney. More information on roberthalf.com.au.

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ⁱ [ABS, 2023, Labour Force Australia](#)

ⁱⁱ [NSC, 2022, Internet Vacancy Index](#)