Press release
16 January 2023

Australian employers plan to increase headcount but recession fears create caution

- 36% of Australian employers plan to increase their current permanent headcount and 23% plan to add new contract positions to their team in the next 12 months.
- 39% plan to maintain permanent headcount and 40% plan to maintain contract headcount by only filling vacated positions in the next 12 months.
- Employers are evaluating making other business changes first before resorting to a reduction in headcount in 2023.
- Skills shortage of specialised staff continues with 82% of employers saying competition for qualified staff has increased compared to last year.

Sydney, 16 January 2022 – New independent research by specialised recruiter Robert Half finds the job market remains strong despite fears of a recession and global political uncertainties, with three-quarters (75%) of employers intending to maintain or increase permanent headcount in 2023 and almost two-thirds (63%) planning to do the same with contract positions. At the same time, more than 4 in 5 (82%) employers say competition for qualified staff has increased compared to last year.

Mix of caution and ambition
Many companies plan to take a more conservative hiring approach with two in five (39%) focused on maintaining their permanent headcount and only filling vacant roles. Four in 10 (40%) companies plan to maintain their contract headcount.

While a potential recession has made many companies cautious about expanding their teams, some companies are still banking on ambitious growth plans for which they need specialised staff. More than one-third (36%) plan to expand their teams with new permanent hires and 23% aim to add new contract positions to their teams.

Only 12% of employers intend to rein in their hiring ahead of a potential recession and embark on a hiring freeze for permanent talent, while 14% plan to take the same action for contract roles. Eliminating positions is a strategy expected to be taken by a minority of businesses, with just 5% of employers planning to reduce permanent headcount and 12% for contract headcount.

"Despite fears of a recession, the job market is expected to remain strong in 2023, especially for specialised professionals with in-demand skills. Where employers were once paying huge amounts to get staff through the door to meet surging demand for their skills, now they are making less 'panic hires' and shifting their focus on boosting the productivity of their existing employees. At the same time as 'right-sizing' their businesses, heavy goal setting off the back of 2022 has seen many businesses set ambitious growth targets, meaning headcount is necessary in achieving those growth initiatives," said **Nicole Gorton, Director Robert Half.**

"Most Australian businesses seem to be operating on a 'business as usual' model in terms of the number of professionals they plan to hire in 2023 but it is clear however, that some companies plan on taking more drastic actions in the lead up to a potential recession by implementing hiring freezes or even reducing positions. Even though this is a minority of companies, extensive thought is needed when deciding to issue layoffs as it can tarnish future attraction and retention strategies." said **Gorton.**

Ambitions vary between location and business size
Plans on expanding permanent headcount differs between large companies and SMEs with almost half (47%) of large companies planning to add new permanent positions versus only 30% of SMEs.

Similarly, permanent headcount expansion ambitions vary between states with some taking a more cautious approach to their hiring strategies. 41% of both Western Australian and Victorian employers plan on adding new permanent headcount in 2023 while only 35% of employers in Queensland and 25% in New South Wales plan on doing the same. The industries prone to hiring in Western Australia and Victoria include mining, healthcare, construction and professional, scientific and technical services.

Technology is leading the charge to increase headcount

Technology is driving overall hiring intentions in 2023 because of the high demand in skills and planned digital transformation projects for improvements in data usage, customer experience and artificial intelligence. More CIOs (39%) plan to expand permanent headcount than just maintain staff numbers (37%), and while 17% indicate a headcount freeze is likely, only 4% plan to reduce permanent headcount.

CFOs, meanwhile, may be just as likely as CIOs to intend to hire permanent headcount but they take a more cautious approach by having lower expansion intentions of permanent staff (29%). Almost half (44%) of CFOs intend to maintain permanent staffing levels, while only 13% intend to embark on a hiring freeze, and 5% plan to reduce permanent headcount. The strategic business priorities for the finance sector include cost management, which has resulted in CFOs taking a more cautious approach to expanding headcount at a time of uncertainty.

"The technology sector is leading the charge in hiring ambitions as businesses intend on uplifting their network security and customer experience, calling for specialists across the board from infrastructure, governance, and development. The skills-short market is showing no signs of easing with business leaders finding it increasingly challenging to secure qualified technology talent. But technology candidates are still moving around, especially those with in-demand skills, and they continue to hold the power in today's tight market," said **Gorton**.

Employers are taking action ahead of a potential recession

When asked about company plans due to fears of a potential recession, employers want to first take alternative actions rather than reduce permanent and contract headcount ahead of a market downturn.

While almost one quarter (24%) of employers will implement a staff freeze and 16% would resort to layoffs, almost three in 10 (27%) would rather restructure departments, 26% prefer to postpone projects and 22% would place a freeze on salaries.

But the most popular option is to increase the level of communication between management and staff, with 36% of employers intending to do so.

"The fear of an economic downturn is prompting leaders to think about ways to achieve the same or better outcomes in 2023. Utilising contract talent as a measure against potential recession and staying flexible in a time of economic uncertainty is a strategic way to access skills in the market when it suits their business. More drastic actions like salary freezes and layoffs will help with cost management, but will also have big impacts – not only on projects and headcount, but also on company reputation and staff retention. For multinationals, hiring freezes in company headquarters can impact the hiring activity for offices in Australia but this currently seems to be happening at a minimal scale," concluded **Gorton**.

##

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.

Follow Robert Half Australia

Read related articles on Robert Half's worklife blog

For more information

Brooke Swartz
RobertHalfAU@FTIConsulting.com
+61 426 018 076