

Ai GROUP SURVEY

Listening to Australian businesses on workforce
and skills 2024

Skills in demand in 2024

JUNE 2024

Technicians and Trades workers in high demand and hard to find

In 2024 the skills **Technicians and Trades Workers** bring are in high demand, and increasingly hard to find. **77%** of businesses surveyed reported an increased need for these skills, and **79%** said they were having difficulty finding or training staff to meet this need.

Managers and **Professionals** are also in demand, although businesses are finding them slightly easier to source.

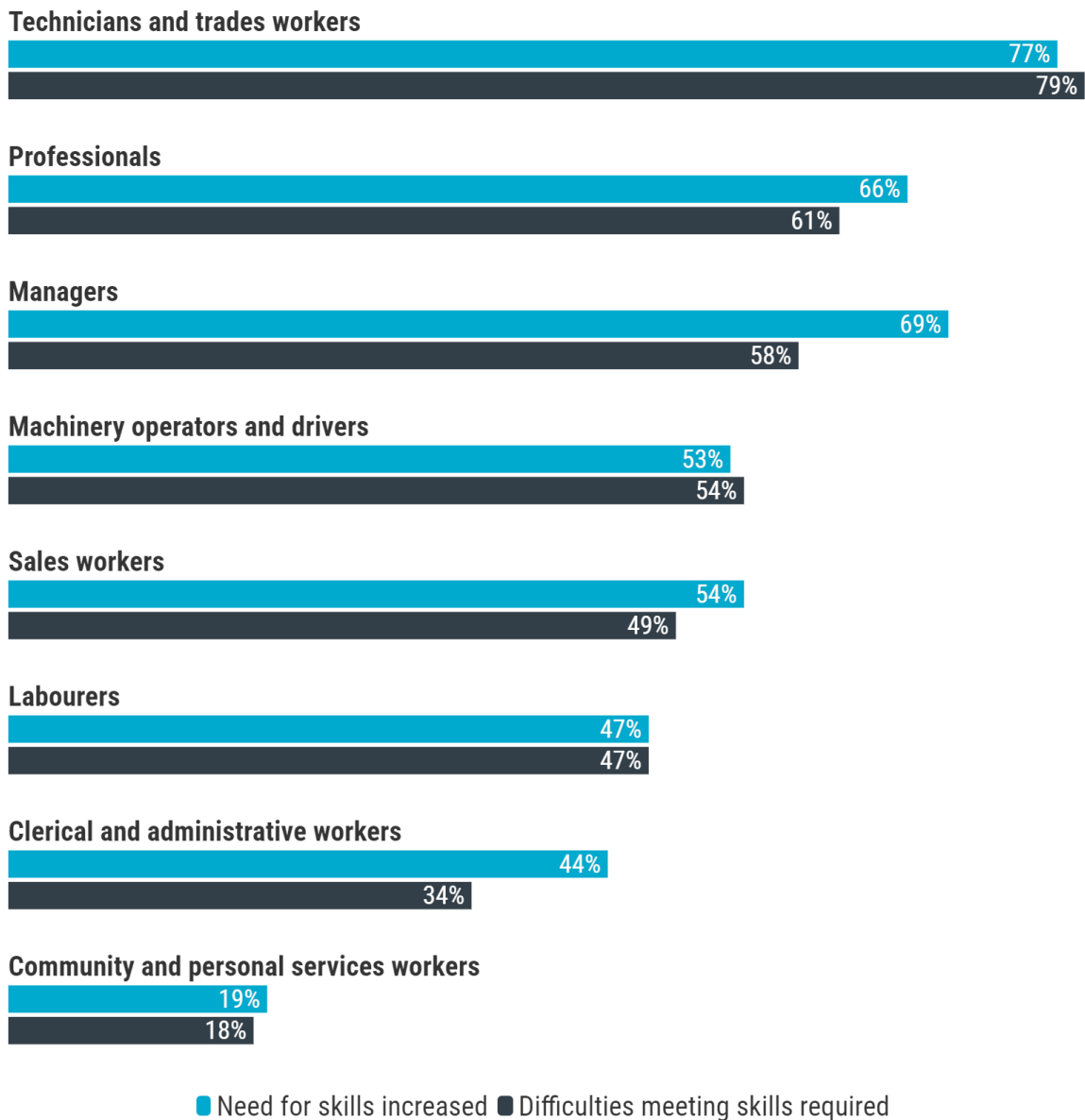
69% of the businesses surveyed reported an increased need for the skills Managers bring, and 58% were having difficulty finding or training staff to meet this need.

66% reported an increased skill need in relation to Professionals, with 61% having difficulty meeting this skill requirement.

Over half of the businesses surveyed indicated an increased need for Sales Workers (54%) and over half had an increased need for Machinery Operators and Drivers (53%). Just under half (47%) reported an increased need for Labourers.



Have your needs for skills increased? Have you had difficulty finding or training staff that meet the skills required for your business?



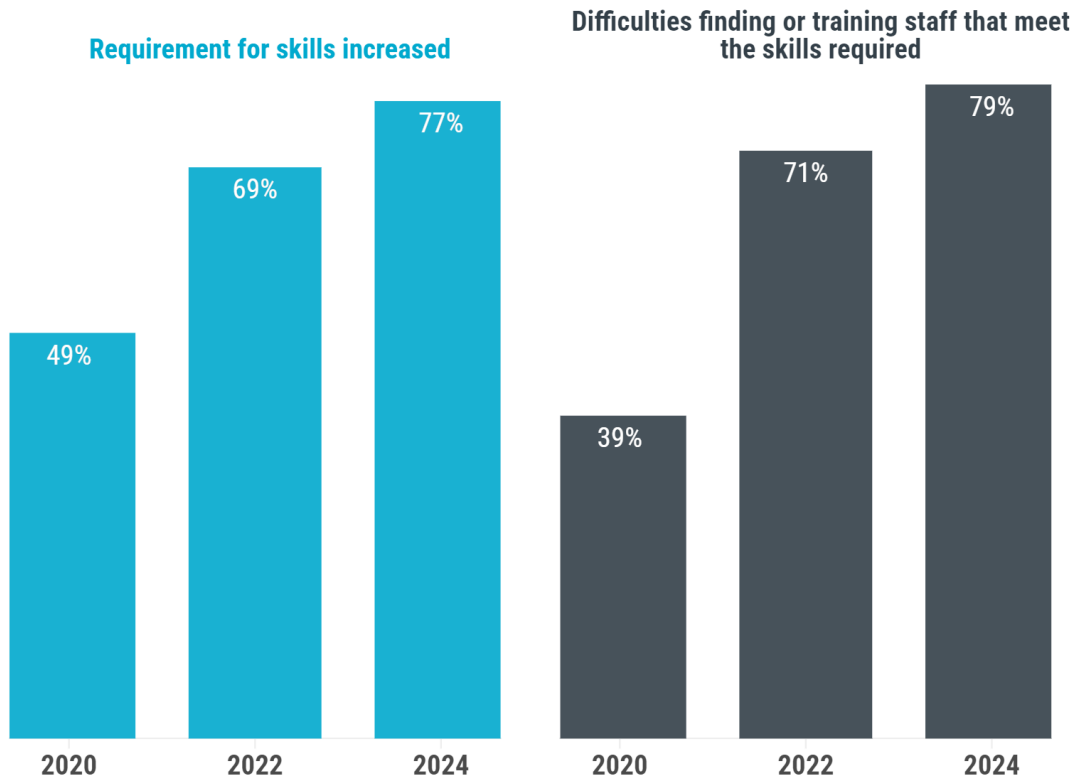
Demand for Technicians and Trades workers' skills growing year on year

Demand for the skills associated with Technicians and Trades workers is always strong in Ai Group surveys, but it's also clear that this demand is growing steadily over time.

In 2020 49% of businesses surveyed reported an increased need for Technicians and Trades skills, rising to 69% in 2022 and then to 77% in 2024.

The proportion of businesses experiencing difficulty finding or training staff to meet this increased need is also trending up, from 39% of those surveyed in 2020 to a high of 79% in 2024.

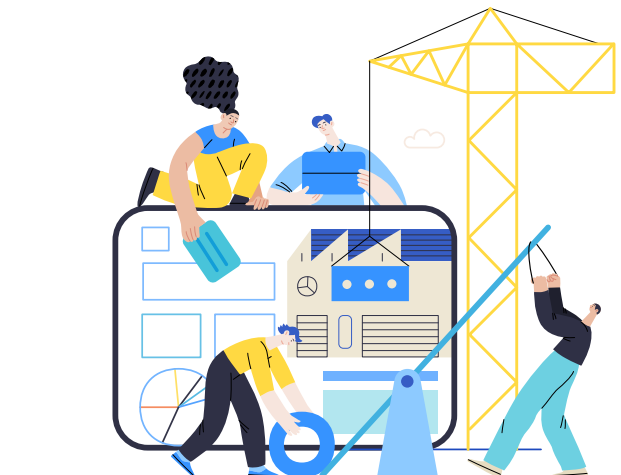
Demand for Technicians and Trades workers' skills over time



Proportion of businesses reporting increased skill need rose across all occupational groups

Comparing 2024 with previous surveys, we see the proportion of businesses reporting increased skill needs was up across all occupational groups this year.

The biggest jumps since the last survey were in relation to **Technicians and Trades workers, Managers and Professionals**, but demand for Sales Workers, Machinery Operators and Drivers, Labourers and Clerical and Administrative workers also rose strongly.

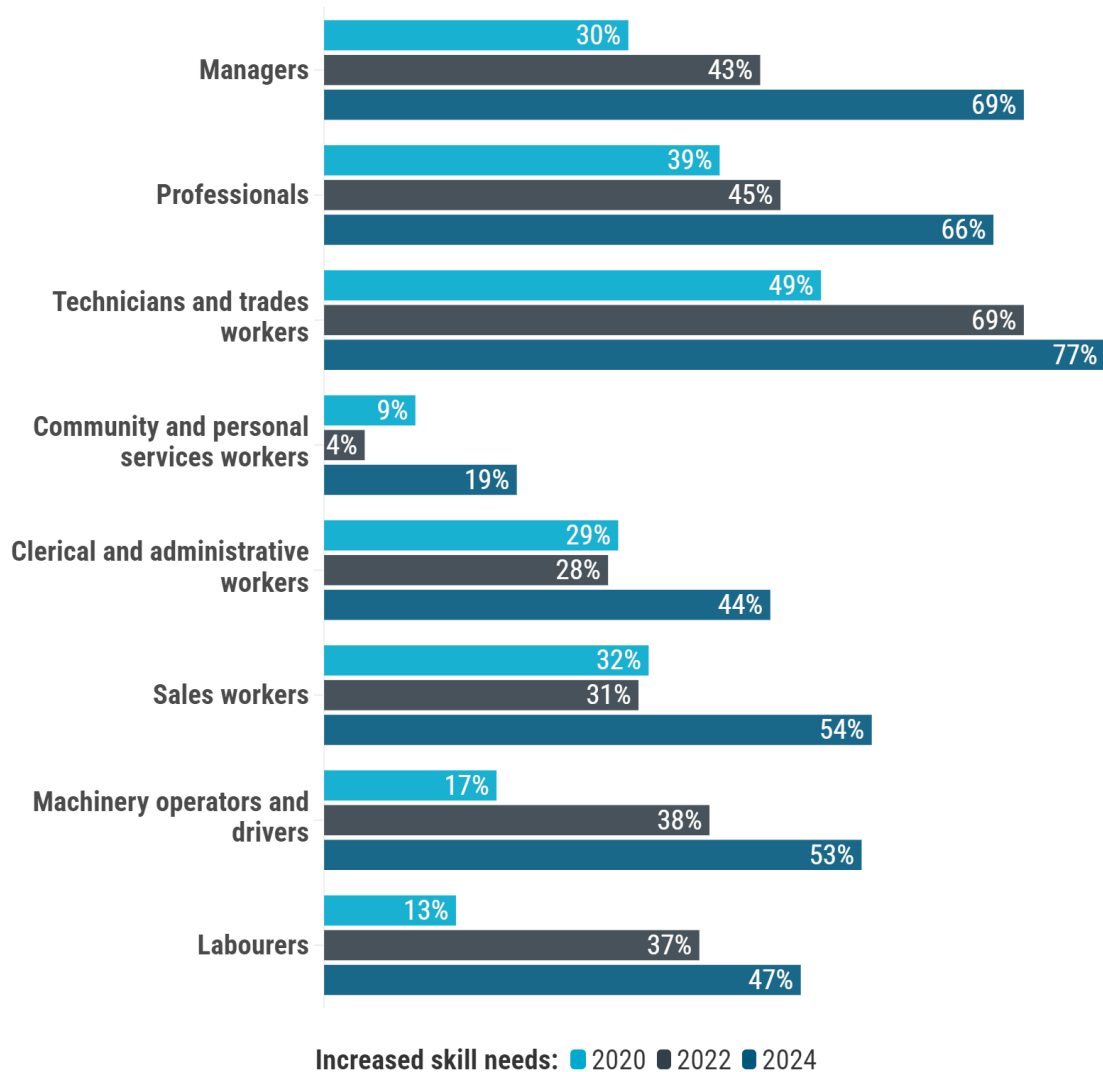


Demand for Managers and Professionals trending up

Demand for the skills associated with Managers and Professionals has risen sharply this year.

In 2024 69% of businesses surveyed reported an increased need for Managers' skills, up from 43% in 2022. Demand for Professionals' skills also rose, from 45% of businesses surveyed in 2022 to 66% this year.

Has your need for skills changed? (2020-2024)



Difficulty finding or training staff to meet skill needs getting worse

When businesses were asked if they were having difficulty finding or training staff to meet their skill requirements in 2024 the response was a resounding 'yes'.

The proportion of businesses experiencing difficulties finding or training staff to meet their needs was up in every occupational group this year.

Getting Technicians and Trades workers only getting harder

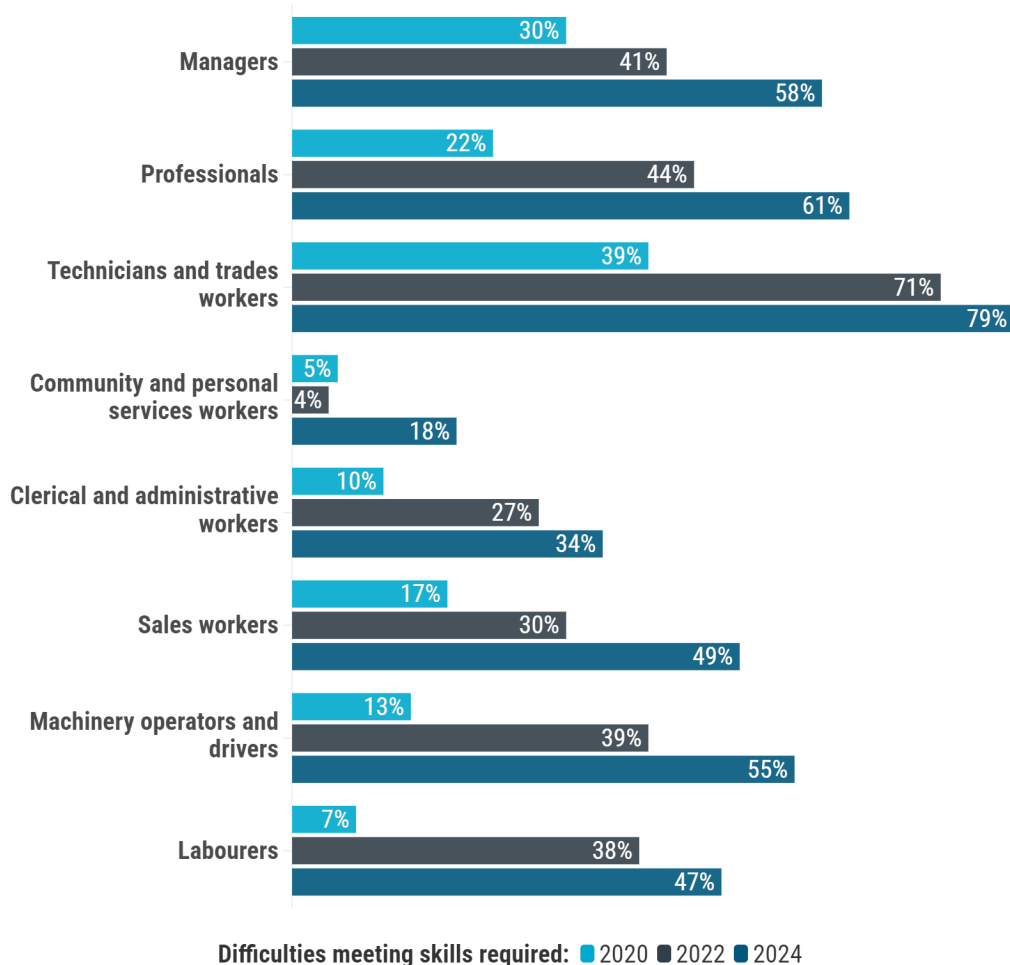
Around 8 in 10 businesses surveyed (79%) reported difficulties finding or training Technicians and Trades workers to meet their needs in 2024. This is up from an already high 71% of businesses two years ago.

This tells us that finding and retaining the right technical and trade skills is a significant challenge

for a large number of Australian businesses right now, and it's getting worse over time.

The broad spectrum of technician and trade skills businesses told us they needed require significant and coordinated training efforts to ensure a pipeline of skills.

Have you had difficulties finding or training staff that meet the skills required in your business? (2020-2024)



Businesses are also experiencing greater difficulty finding or training Professionals and Managers this year. The proportion of businesses having trouble finding or training Managers has risen from 41% of those surveyed in 2022 to 58% this year. The proportion having trouble sourcing Professionals is also up, from 44% in 2022 to 61% in 2024.

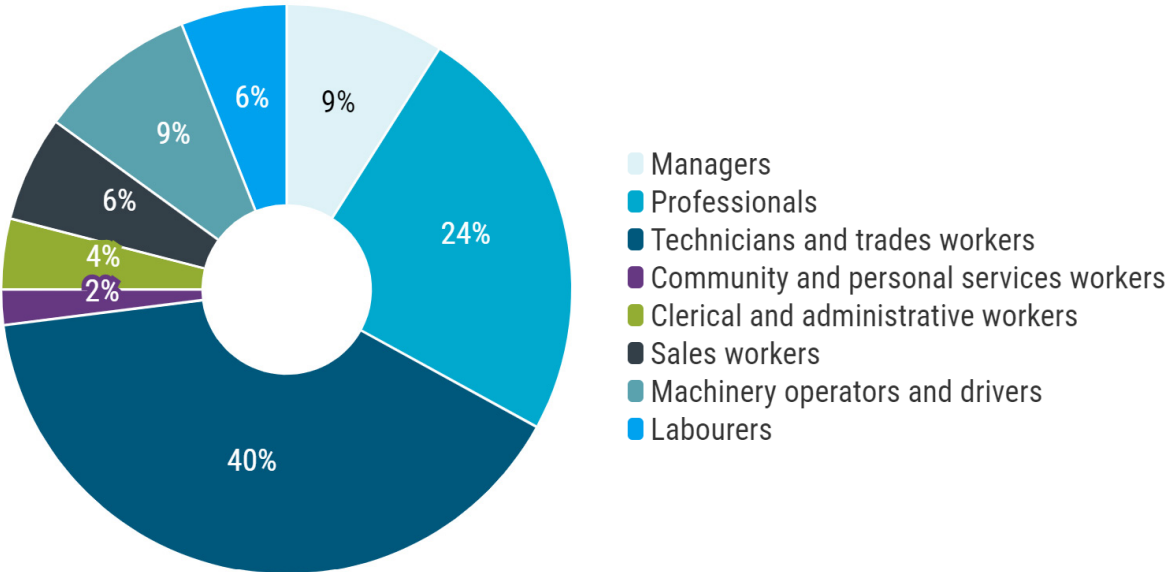
It is also clear that significantly more businesses are having trouble finding or training Sales Workers and Machinery Operators and Drivers this year.

Hardest roles to fill? No surprise...Technicians and Trades

We then asked businesses which roles were proving the hardest to fill. They were able to list up to four job titles, which we sorted into occupational groups.

It's not a surprise that 40% of the jobs businesses reported as the most difficult to fill were Technicians and Trades roles. 24% were Professional roles.

The roles businesses are having the most difficulty filling



In **Technicians and Trades**, the most cited job roles were Boilermakers, skilled CNC machinists, welders and fabricators and fitters and turners. Businesses were also looking for plumbers and gasfitters, HVAC technicians, die setters, foundry trades and pattern makers. There is clearly strong demand for a wide range of specialist technical and trades skills, many of which take significant time to develop.

In the **Professionals** category there was high demand for Engineers of all types, including process, service and electrical engineers. Businesses were also looking for professionals in workplace health and safety, project management and planning, data and business analytics.

When it came to **Managers**, businesses were looking for management capabilities in continuous improvement, advanced manufacturing, sales and training as well as those experienced in project management and implementation.

Leaders and managers strong on communications, strategy and teamwork, lacking on technology, diversity and learning

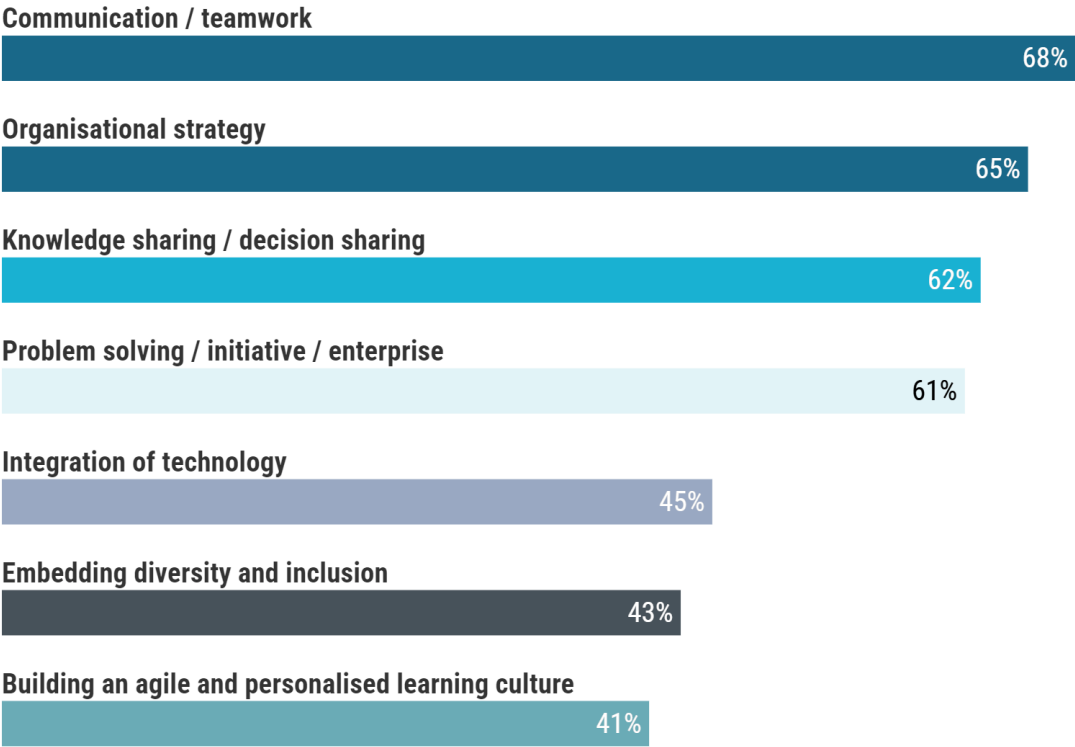
We asked respondents to think about the skills and capabilities of their leaders and managers, and to consider whether they were well equipped to take the business forward in a range of key areas.

Respondents considered their leaders and managers were well equipped in communications and teamwork (68% of businesses surveyed), organisational strategy (65%), knowledge sharing/

decision sharing (62%) and problem solving/ initiative/ enterprise skills (61%).

Respondents had less faith in their leaders and managers' capabilities in relation to integration of technology, embedding diversity and inclusion (43%) and building an agile learning culture (41%).

How well equipped are your leaders and managers to take the business forward?



What are businesses planning to do?

Employers plan to pursue a range of options, including re-skilling, hiring and training new entrants

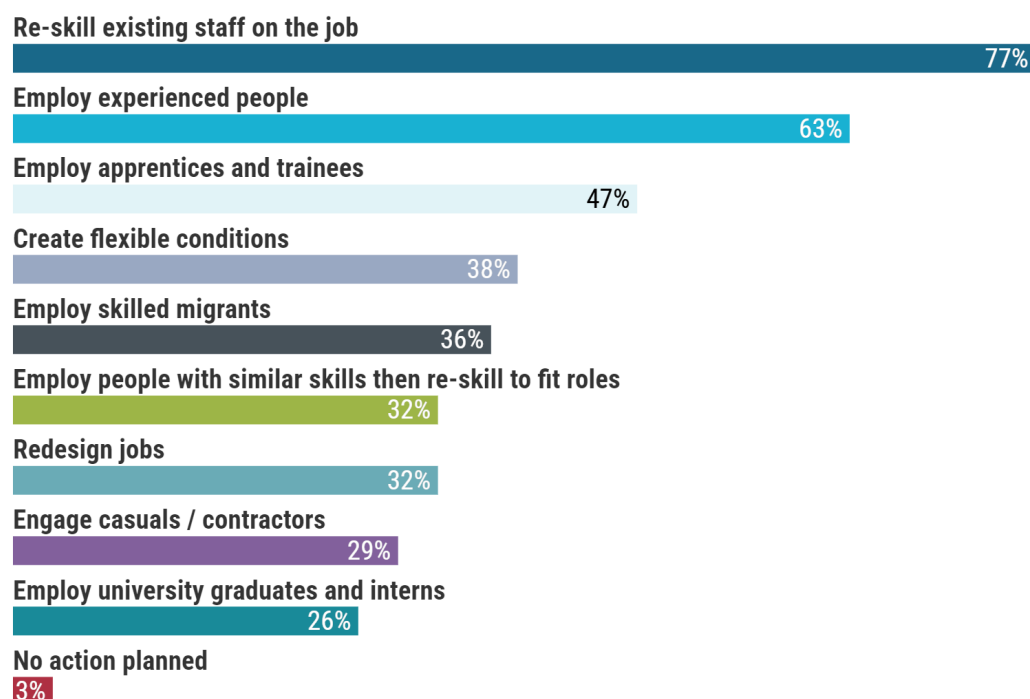
When we asked businesses what actions they planned to take to meet their skills needs over the next 12 months the responses show businesses are employing a range of strategies.

These include a number of internally-focused strategies designed to get the most out of their existing talent pool, as well as plans to source skills from elsewhere. Only 3% said they had no actions planned.

Strong focus on re-skilling existing staff

Over three quarters (77%) of the businesses surveyed reported that they would be **re-skilling existing staff on the job** over the next 12 months.

What actions will your business take to meet all skill needs over the next 12 months?



Beyond re-skilling, the most popular strategies were **employing experienced people** (63% of businesses) and **employing apprentices and trainees** (47%). Businesses are also thinking about providing more flexible conditions (38%) and more creative strategies such as employing people with similar skill sets and re-skilling as required (32%). 32% said they planned to **redesign jobs** in response to skilling challenges.

Government support a key factor

We then asked businesses about their willingness to pursue a range of strategies, and whether government support would influence their decision.

Only 26% of businesses said they would host PhD students to undertake research without government support. That figure rose to 74% of businesses if some form of government support was on offer.

The results were similar in relation to placements and internships. Only 36% said they would consider this option without government support, this rose to 64% if support was available.

Government assistance was less of a factor when it came to training existing employees, a strategy 69% of businesses said they would pursue with or without government support.

If considering any of the following skill strategies, would government support influence your decision?

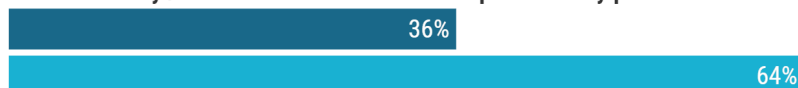
Employ higher- / degree- level apprentices or cadets



Host PhD students to undertake research on business ideas / research problems



Host university / TAFE students in an internship or industry placement



Train existing employees in new roles / tasks



■ With or without government support ■ Only with government support

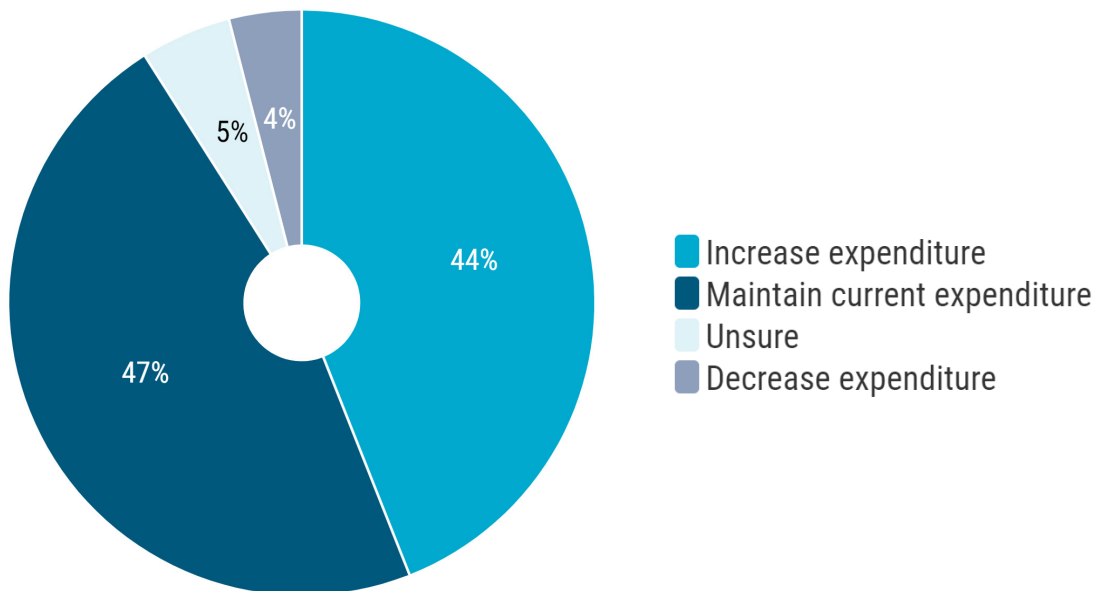


Many businesses increasing investment in training and development

91% of the businesses we surveyed said they planned to maintain or increase their expenditure on training and development in the next 12 months.

44% said they planned to increase their expenditure this year. Only 4% of those surveyed said they planned to spend less.

Does your business intend to increase or decrease your training and development expenditure over the next 12 months?



Private training companies a preferred option

Of the businesses planning to provide training and development in the coming year, 27% planned to use a private training company and 25% planned to use an in-house or own company trainer. 25% planned to use a TAFE or private Registered Training Organisation (RTO).

Universities were the least preferred option, with only 8% of respondents intending to use a university for training and development activities in the coming year.

If you plan to provide training and development in the next 12 months, what types of provider will you use?

Private training company / events company

27%

In-house / own company trainer

25%

TAFE / private registered training organisation

25%

Consultant / vendor company

15%

University

8%

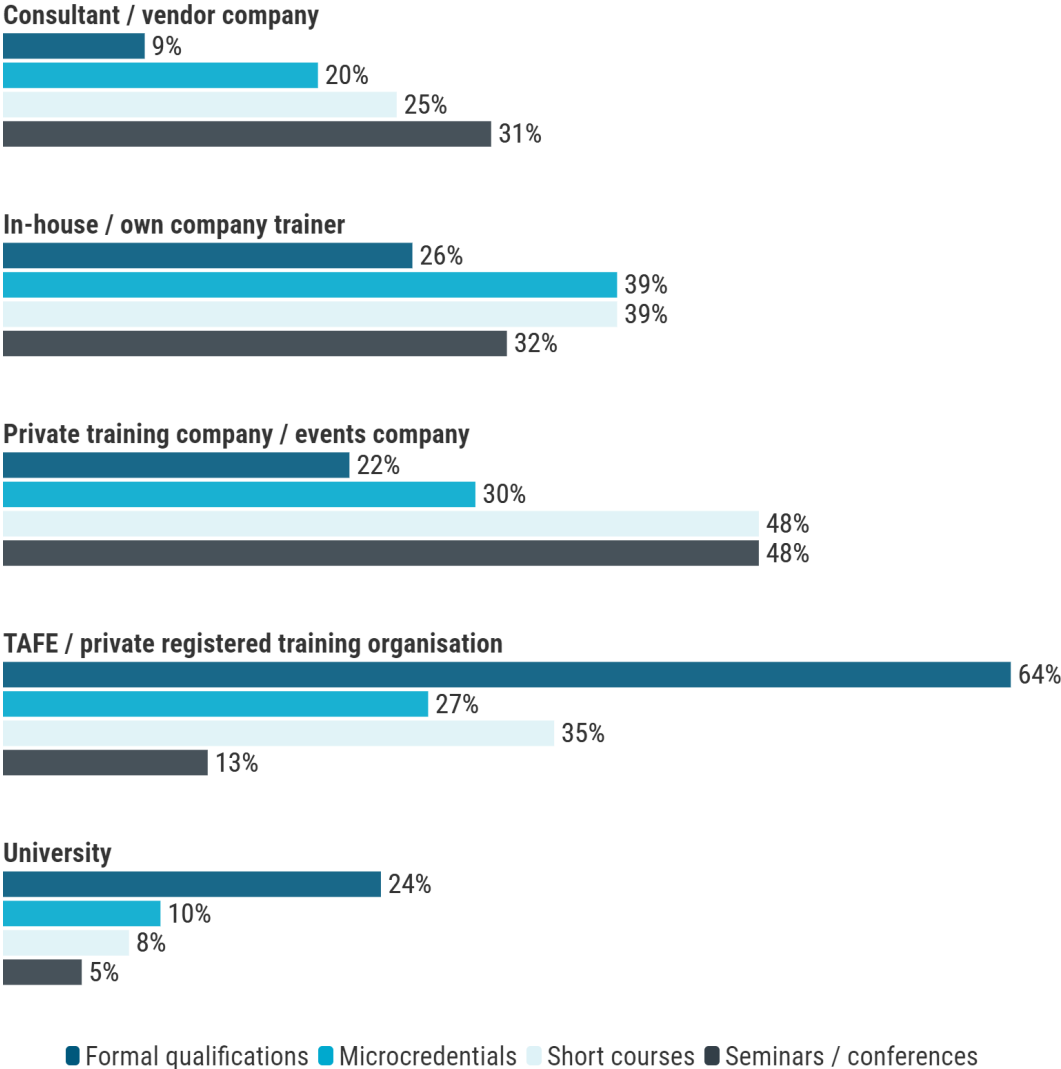


Businesses look to wide range of providers for microcredentials and short courses

For formal qualifications, the majority of businesses intend to use TAFEs / private RTOs (64%) and universities (24%), but for short courses, microcredentials and seminars / conferences they are going to a range of different provider options.

For microcredentials the most popular option is in house trainer (39%), followed by private training company (30%). The results are similar for short courses.

If you plan to provide training and development in the next 12 months, what types of training and provider will you use?



Apprentices and young people

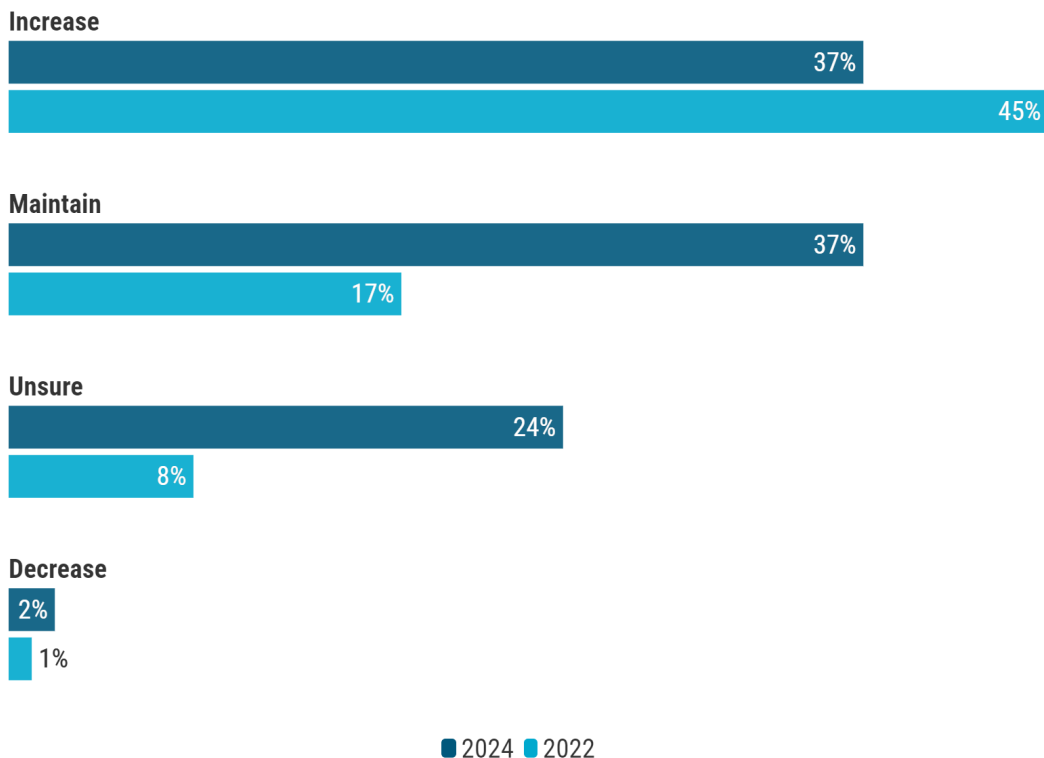
Apprentices, trainees and new entrants to the workforce are a key part of our skills pipeline, so next we asked businesses about their intentions in relation to apprentices/trainees, school leavers and graduates.

Businesses intend to maintain or increase apprentices/trainees this year

In 2024 37% of businesses said they planned to increase the number of apprentices/trainees they employed over coming year, 37% said they planned to maintain current levels. Only 2% planned to decrease numbers.

Although the proportion planning to increase the number of apprentices/trainees they employed is down from the last survey in 2022, when 45% planned to increase numbers.

If you have apprentices/trainees do you intend to change the number you employ over the next 12 months?

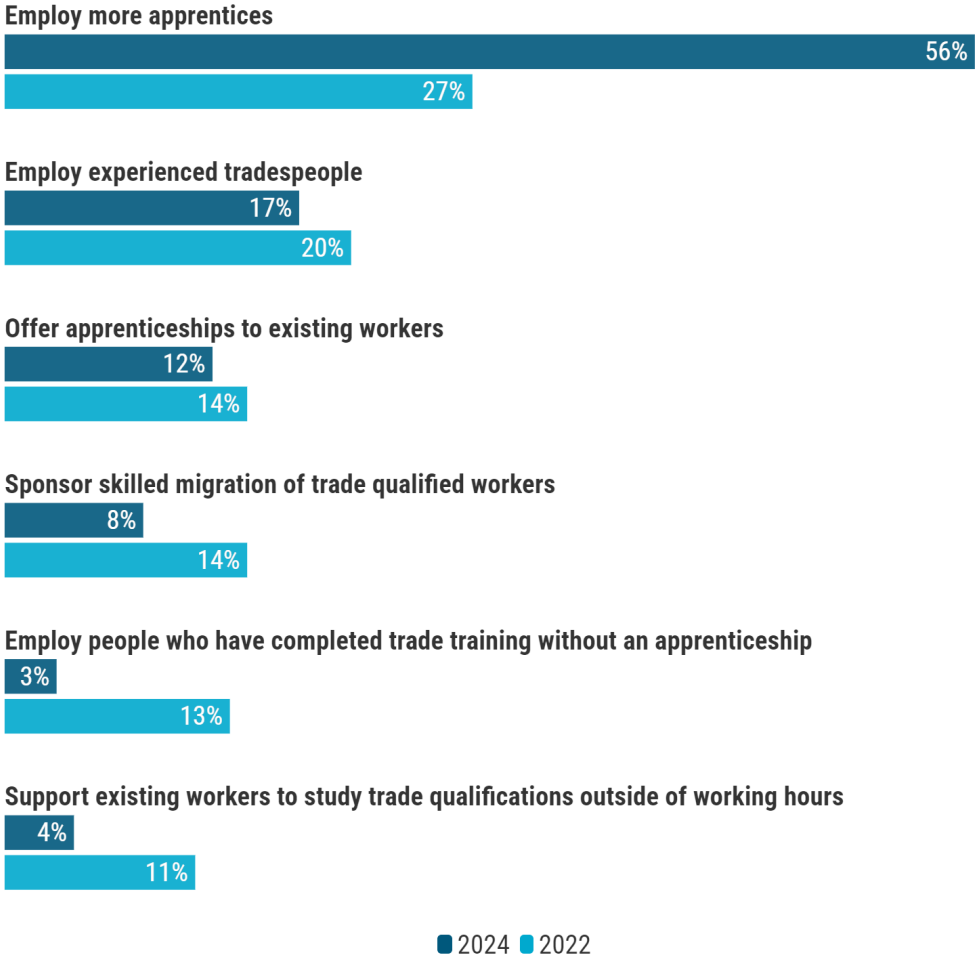


There is also a considerable increase in the number of businesses reporting uncertainty about employing apprentices/trainees (24% up from 8% in 2022) perhaps reflecting greater nervousness about economic conditions in 2024.

New apprentices key strategy for businesses seeking trade skills

Among the businesses looking to increase their number of trade-qualified employees, **the most popular strategy was employing more apprentices**, 56% in 2024. 17% said they planned to employ experienced tradespeople and 12% planned to offer apprenticeships to existing workers.

If you plan to increase your number of trade qualified employees, what strategies will you use?

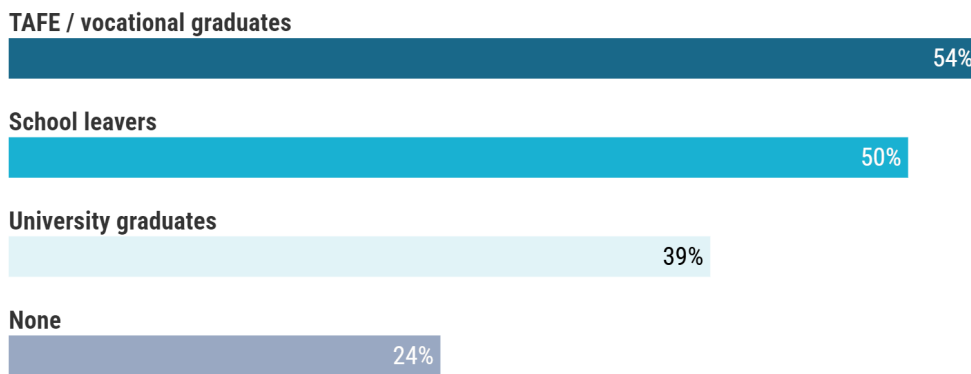


Employing new apprentices was more popular this year than in 2022, and pursuing skilled migration options has become less desirable, dropping from 14% of businesses in 2022 to 8% in 2024.

Over half plan to employ TAFE/vocational graduates this year

When asked about their intentions to employ school leavers or graduates in the coming year, 54% said they intended to employ TAFE/vocational graduates and 50% said they planned to employ school leavers. 39% planned to employ university graduates.

Do you intend to employ school leavers and/or graduates in 2024?



Positive attitude key when employing new entrants

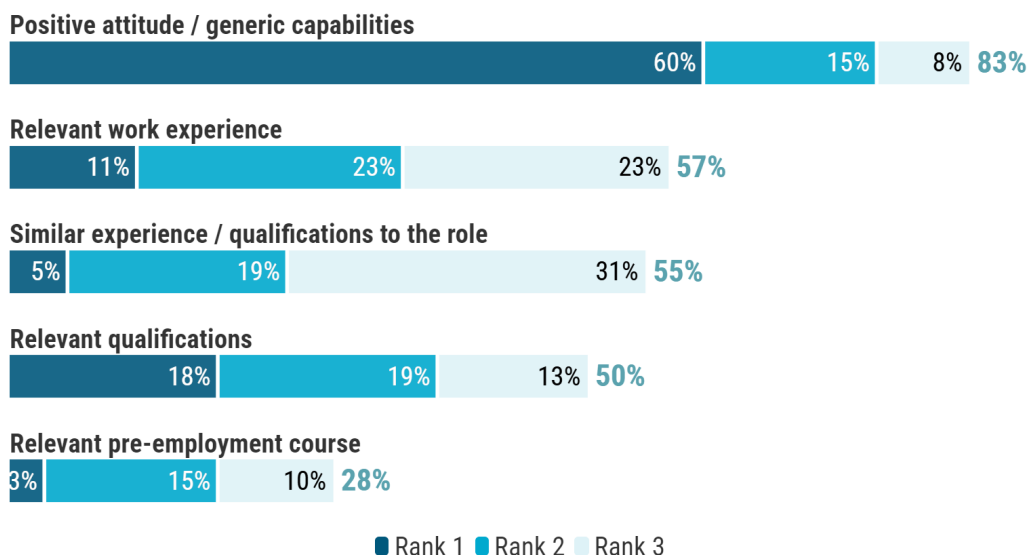
Businesses were clear, when it comes to employing graduates or school leavers, a **positive attitude and/or generic capabilities** are the most desired attributes.

61% of the businesses we surveyed ranked this number 1 in a list of factors they consider when

recruiting young people. It was in the top three factors for 83% of businesses.

Respondents also told us they take into account **relevant work experience** (in the top 3 factors for 62% of businesses) and **similar experience / qualifications to the role** (a top 3 consideration for 62%).

In employing school leavers and/or graduates, what are the most important factors in recruitment?

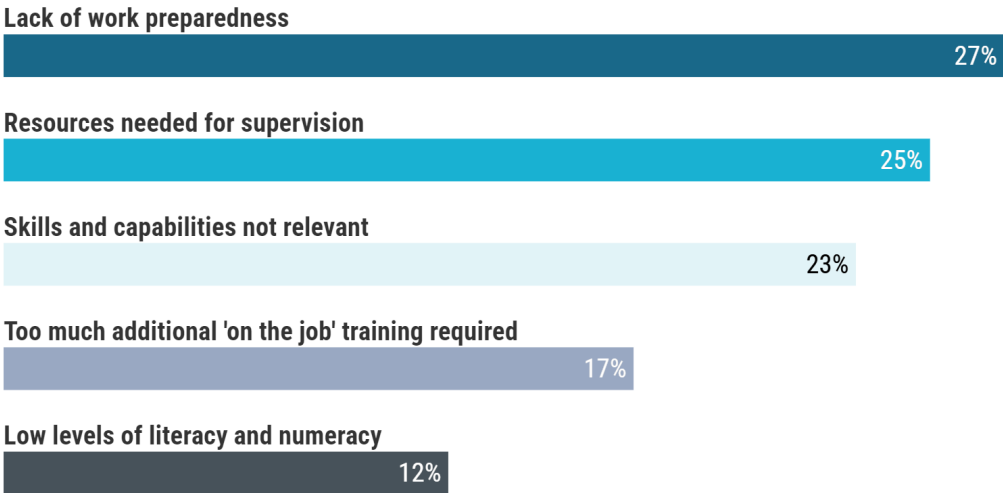


Lack of 'work-readiness' biggest barrier to employing new entrants

Of those businesses who indicated they would not employ school leavers and/or graduates this year, the most cited reason was 'lack of work preparedness', a factor for over a quarter (27%) of respondents.

Other barriers were the resources needed for supervision, a conclusion that the skills and capabilities on offer were not relevant, and too much additional training required.

If you do not intend to employ school leavers and/or graduates in 2024, why not?



Connecting with education and training providers

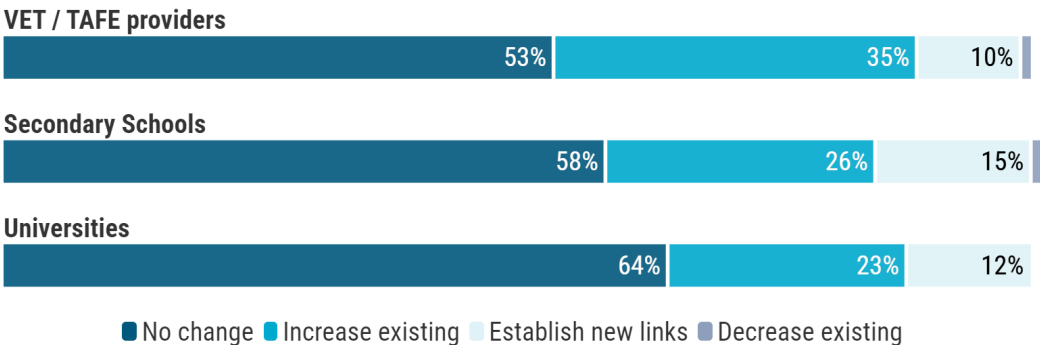
The majority of businesses are not looking to change their existing links with education and training providers in the coming year.

26% plan to increase their existing links with secondary schools and 15% plan to establish new links.

However, **over a third (35%) plan to grow their existing connections with VET and TAFE providers**, and a further 10% plan to establish new links.

23% plan to increase their existing links with universities, and a further 12% plan to establish new connections.

If you have links with secondary and/or tertiary education providers, how do you intend to change them over the next 12 months?



When looking to increase connections, providing work experience the most popular option

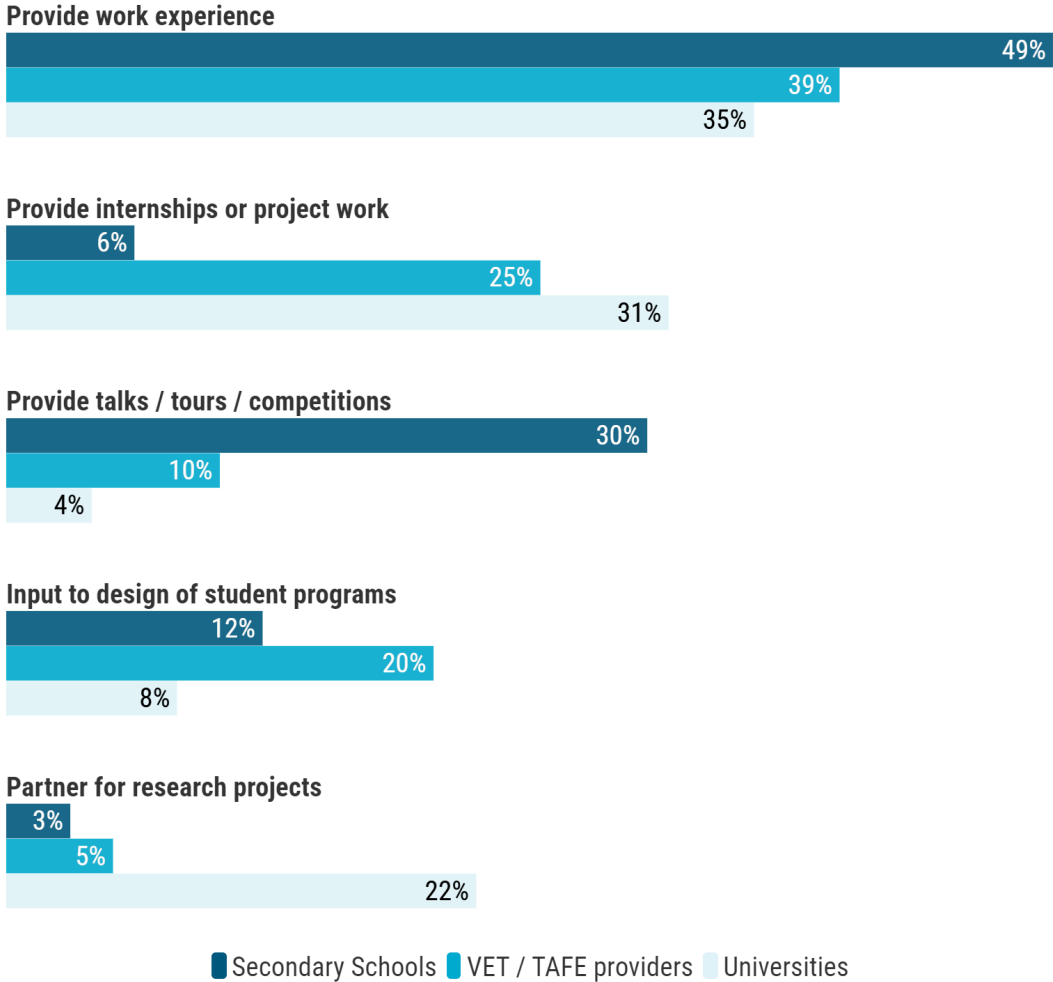
When we asked businesses what that increased level of engagement with schools or tertiary education providers would look like, the most popular answer was 'provide work experience'.

Of those looking to deepen their engagement with secondary schools, 49% said they would provide work experience, closely followed by providing talks, tours, competitions (30%).

Of those looking to engage further with VET/ TAFE providers, providing work experience was again the most popular strategy (39%), followed by providing internships and project work (25%) and providing input into the design of student programs (20%).

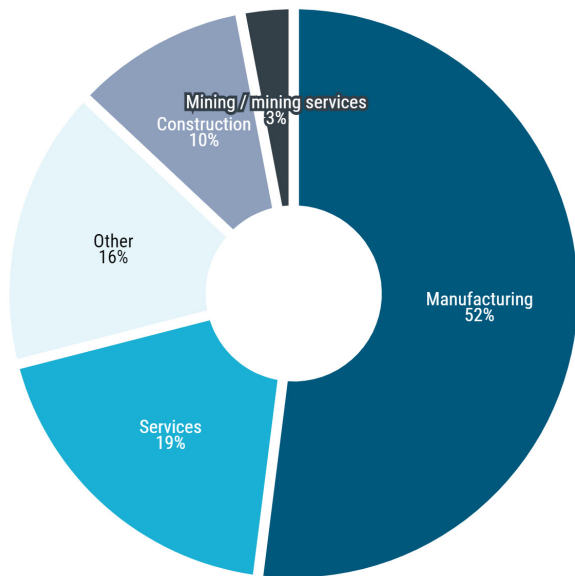
Those businesses looking to engage further with universities were also looking to provide work experience (35%) closely followed by internships or project work (31%).

If you intend to increase links with education providers, what will that look like?



The businesses we surveyed

We heard from businesses across a range of industry sectors



A total of **251**

Australian businesses completed our survey in the first quarter of 2024, employing a total of

291,232

Full Time Equivalent (FTE) employees.

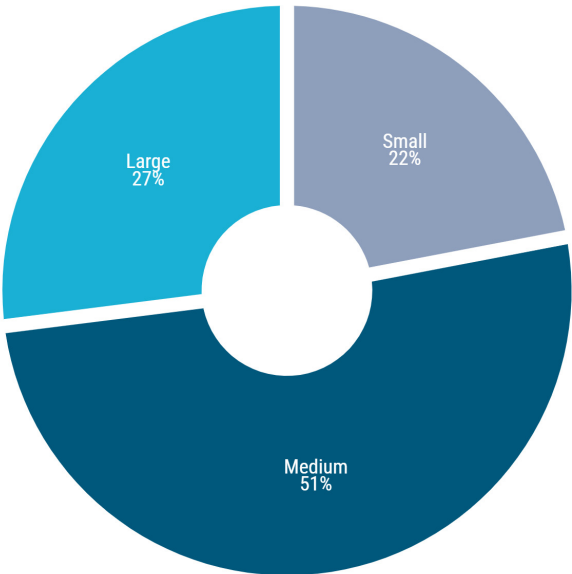
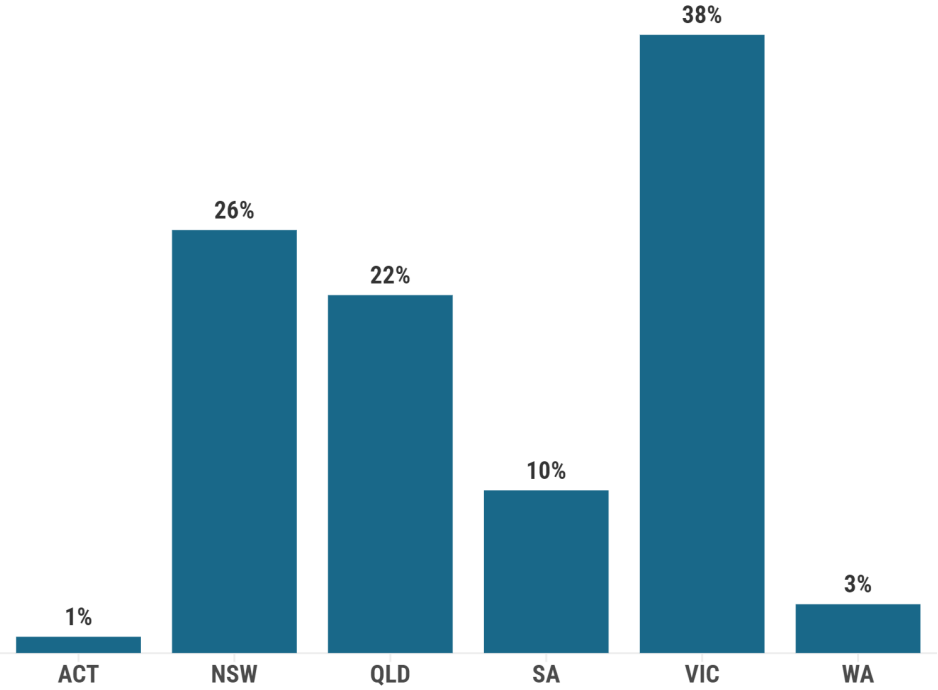
52% of the respondents reported being part of the manufacturing sector. This included a diverse range of manufacturers, including those making food, beverages, chemicals, equipment, building materials, metals, textiles and furniture.

19% came from the services sector, and a further 10% from construction. Respondents selecting 'other' were diverse and included defence/aerospace, aviation, recyclers and not-for-profit community organisations. The remaining 3% reported being from the mining/mining services sector.



We heard from businesses right around the country

38% of the businesses we heard from were based in Victoria, 26% in New South Wales and 22% in Queensland. 10% were from South Australia, with the remaining 4% located in Western Australia and the ACT.



We heard from businesses of all sizes

22% of the businesses we surveyed were small (between 0-19 employees), 51% were medium sized (between 20 and 199 employees) and 27% were large (200 or more employees).

Respondents provided their best estimate of their full-time equivalent headcount active in the business. Using these estimates, the responses have been grouped according to the Australian Bureau of Statistics categories of small, medium and large businesses.

Ai Group Centre for Education and Training
Level 5, 441 St Kilda Road, Melbourne VIC 3004 Australia
Email: cet@aigroup.com.au www.cet.aigroup.com.au

