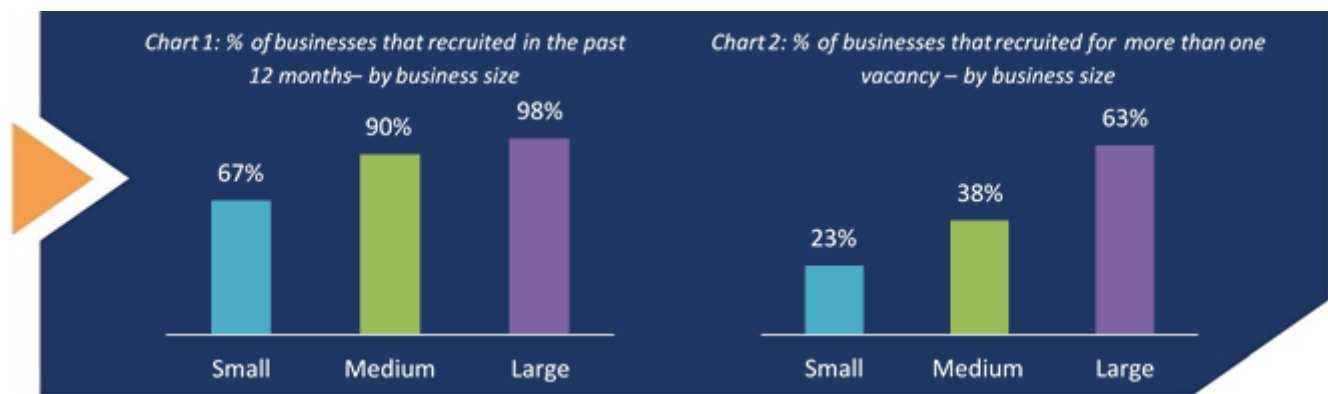




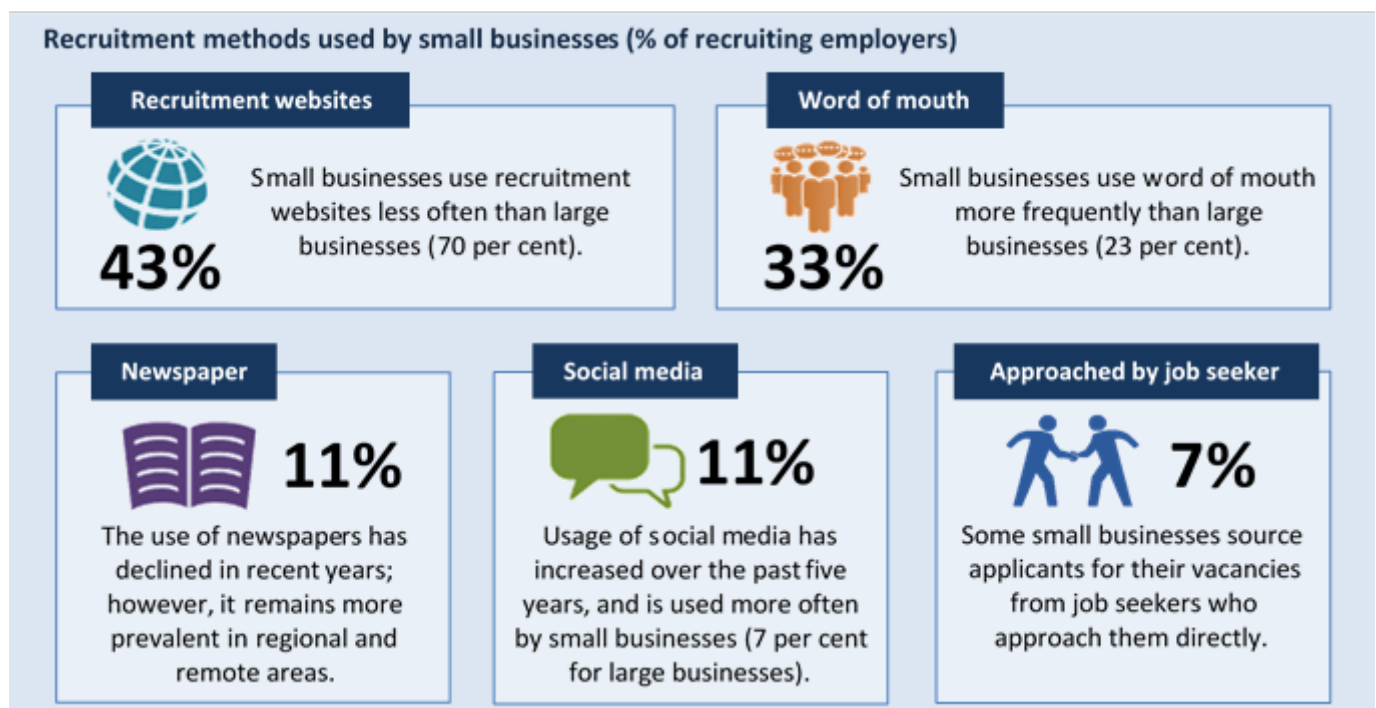
## Recruitment characteristics of small businesses

Small businesses (i.e. those with fewer than 20 employees) are a major source of employment opportunities with the 2,182,000<sup>1</sup> small businesses accounting for 44 per cent of all employment in Australia<sup>2</sup>. This report outlines the ways in which their recruitment practises differ from medium and large businesses<sup>3</sup>.

Not surprisingly, small businesses recruit less frequently than large businesses, with two thirds having recruited in the past year, compared with 98 per cent of large businesses (see [Chart 1](#)). Additionally, given their size, small businesses are much less likely to recruit for multiple vacancies (see [Chart 2](#)).



Small businesses are less likely to use formal recruitment methods, such as recruitment websites, and much more likely to rely on word of mouth<sup>4</sup> (employers asking people they know to ‘spread the word’ about a vacancy, or if they know of anyone suitable for the job). Less common methods used include advertising in the newspaper, posting on social media, or considering job seekers who approach the business looking for work.



<sup>1</sup> ABS, *Counts of Australian Businesses, including Entries and Exits, Jun 2013 to Jun 2017, data for 2016-2017*

<sup>2</sup> ABS, *Australian Industry, 2016-2017, (cat. no. 8155.0)*

<sup>3</sup> Statistics in this report are based on results from the Department of Jobs and Small Business' *Survey of Employers' Recruitment Experiences* in 2017-18. Small businesses in the survey are classed as those with staff numbers of 5-19.

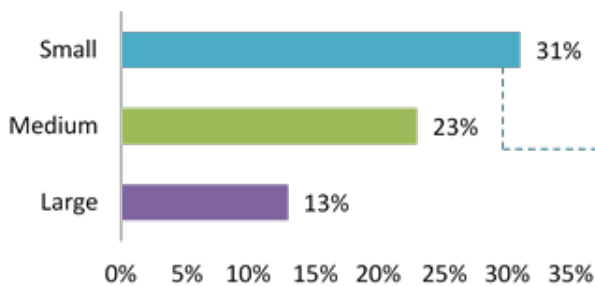
<sup>4</sup> In regional areas of Australia, word of mouth is the most common recruitment method for small businesses.

## The importance of networks for small businesses

With many small businesses recruiting via word of mouth, networks play a crucial role in recruitment. Significantly, 31 per cent of small business employers knew, or knew of, an applicant they hired prior to recruiting, compared with 23 per cent and 13 per cent for medium and large businesses, respectively (see [Chart 3](#)). In some regional areas, where communities are smaller and more tightly knit, up to 45 per cent of employers knew the applicant. Interestingly, even when small business employers advertised online, they knew the applicant they hired in 14 per cent of instances.

Small business employers were most likely to know a successful applicant professionally, including as a current or previous employee. Many also knew the successful applicant through a personal relationship, or by recommendation or reputation, while some had remembered an applicant who had previously approached their business looking for work (see [Chart 4](#)).

**Chart 3: % of employers who knew, or knew of, a successful applicant – by business size**



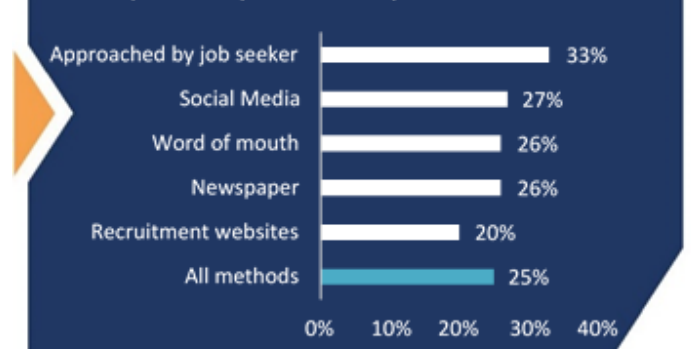
**Chart 4: How small business employers knew successful applicants**



## Small businesses' experience requirements

Some 25 per cent of small businesses are willing to consider inexperienced job seekers for their vacancies. The rate is lower for employers who recruit via recruitment websites (20 per cent), where employers often shortlist from a large number of applicants. Employers who are approached directly by job seekers are more likely to consider those without experience (33 per cent). Employers are more likely to use this method for lower skilled labourer or sales worker positions.

**Chart 5: % of small business employers who would consider inexperienced job seekers - by recruitment method**



## Recruitment challenges for small businesses

Some 45 per cent of small businesses had difficulty recruiting in their most recent recruitment round (slightly higher than the 41 per cent of medium and large businesses). Compared with medium and large businesses a greater proportion of small businesses experienced recruitment difficulty due to applicants not having the necessary technical skills, or employability skills, such as reliability, motivation and enthusiasm (see [Chart 6](#)).



**of recruiting small businesses had difficulty recruiting**

**Chart 6: Reasons employers had difficulty recruiting – by business size**

