employment hero

THE 2025 RECRUITMENT REPORT



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Hiring in a high stakes economy

If you're leading a business right now, you don't need to be told that hiring is tough. You know first-hand that finding the right people is hard, keeping them is harder and doing it all while keeping costs down...? That's the real trifecta weighing on every leader's mind right now.

We're hearing the same story everywhere. From founders, HR managers, and exec teams alike. Team members are stretched thin. Hiring feels harder, slower and more expensive than it should be. And when the pressure's on to grow or simply stay afloat, clunky recruitment processes quickly become a much bigger problem.

That's why we surveyed over 1,000 business leaders from around Australia to understand what's really going on. We asked them questions about the challenges in their business, external factors at play, how they're managing recruitment and retention, plus so much more.

Our research shows that while businesses are focused on reducing costs, many are missing the quiet leaks that drain their budgets and teams. Staff turnover is climbing, high-quality candidates are becoming increasingly scarce and working overtime is becoming the default just to stay afloat.

And yet through it all, there's optimism. Most businesses plan to grow their teams this year. Which means the pressure's on to build a hiring function that actually works.

This report is built on the voices of over 1,000 Australian business leaders. Together, they paint a clear picture of where the hiring landscape stands in 2025 and where it's heading next. While some results might surprise you, others are crystal clear.

Inside, you'll find the trends shaping recruitment right now, the hidden costs catching businesses off guard and the strategies high-performing teams are using to succeed. Think of it as your roadmap to building a faster, smarter and more resilient hiring function.



THE CURRENT STATE OF BUSINESS



Across Australia, business leaders are operating in one of the toughest climates in years. Costs are climbing, budgets are tight and every hiring decision feels like it carries more weight than ever. Add in economic uncertainty and tighter margins and it’s forcing leaders to focus on efficiency and being deliberate with every dollar.

Conversations that once centred around growth now start with caution. Many are asking not just how to expand, but how to keep business steady. For some, simply keeping the doors open is becoming a strategy in itself.

We all know that Australians are no strangers to resilience, and time and time again, we’ve seen tough conditions be the spark for change. The businesses that come out ahead in challenging times are the ones who adapt, work smarter and make every role, resource and tool count.

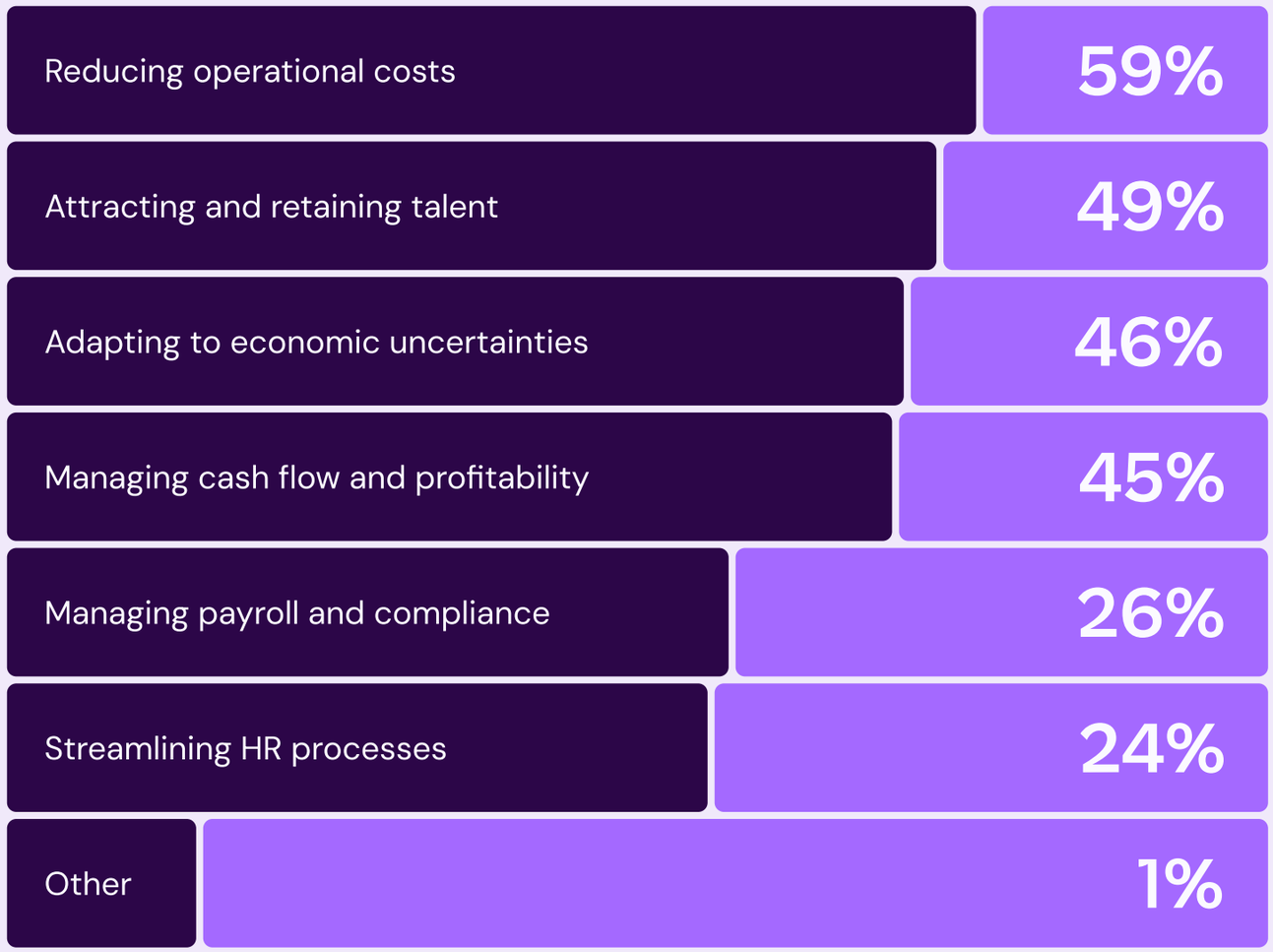


What's driving caution across Australian businesses?

Three main challenges are dominating the Australian business agenda right now. The top of the list? Reducing operational costs, with 59% of businesses feeling the squeeze to deliver results with tighter budgets. But what's even more telling is what comes next. Attracting and retaining talent, named by nearly half (49%) of employers as a top priority, outranking even adapting to economic uncertainties (46%).

When talent comes ahead of the broader economic environment in the minds of employers, it tells us something powerful. Leaders believe that finding and retaining the right people is what drives growth, stability and innovation. And that without the right talent in their business, even the smartest strategies and tightest budgets can only get you so far.

Q: What are the top challenges your business faces today?



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Our research shows that Aussie businesses are under serious pressure right now. Cutting costs, finding and holding onto talent, all while navigating economic uncertainty. It’s a bit like the pandemic all over again, but this time the main challenge is tighter budgets, not lockdowns.

This is where you need to be strategic with your hiring. Invest in smarter tools and get clear on your processes to cut the noise, zero in on the right candidates and keep your team engaged without burning out your people. In these tough conditions, it’s clear that efficiency and agility are business survival skills.



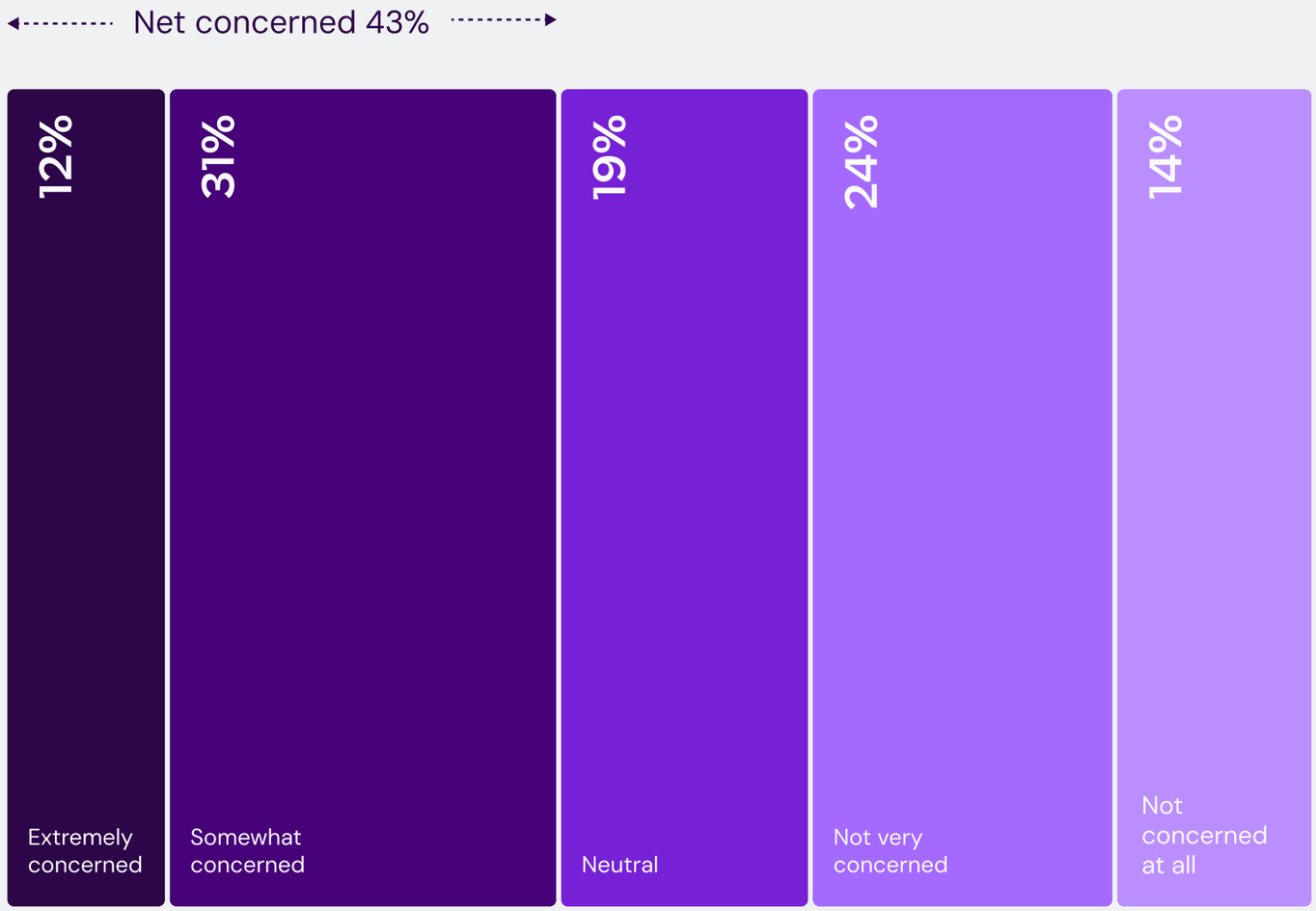
David Holland,
Managing Director of Talent Solutions at Employment Hero

Business survival is now a business strategy

Right now, the state of business in Australia is defined by caution. Just under half (43%) of leaders say they're worried about their business making it through the year and it's changing the way decisions are made.

This could see businesses doubling down on efficiency, safeguarding cash flow and making every investment count. While growth is still on the table for some, many have shifted the focus to simply keeping the doors open.

Q. How concerned are you about the survival of your business in 2025?



Feeling the pinch

> 33% said that the cost of living and inflation are the biggest economic conditions impacting their business.

Cost of living and inflation are hitting hard, with one-third (33%) of Australian businesses naming it as their biggest economic challenge impacting their business in 2025.

Rising expenses are squeezing budgets, lifting wage expectations and making it harder to stretch every dollar. For many, it means holding off on investments, rethinking hiring plans and finding ways to run lean without stalling progress.

Q. What has been the biggest impact of recent economic conditions on your business?

"The biggest impact has been the cost of living crisis and retaining employees in times of uncertainty."

"The rising cost of goods is having the biggest impact."

"The challenge of finding skilled staff."

"Increase in costs across the board and loss of staff."

"We're losing employees faster than we can recruit."

"The lack of cash flow and suitable employees."

"New policy regarding salary increases and competition with similar businesses."

"Inflation and salaries."

RECRUITMENT IN A COST-CRUNCH CRISIS



How do you recruit and keep the right people when every dollar counts? It's the golden question every business leader is asking right now.

The reality is, when margins are tight, every hire feels like a gamble. Paying for job ads, getting inundated with irrelevant applications, then hoping the right person turns up... It's a slow, expensive process that makes hiring feel a lot harder and expensive than it needs to be.

And while the talent's out there, too many businesses are missing out because their hiring processes haven't kept up. Relying on job boards alone, taking weeks to respond, or asking candidates to jump through hoops? It's costing businesses the people they need when they need them most.

The businesses winning talent right now are moving quickly, showing up in the right places and making the process feel natural, seamless and engaging from the very first day. And they're tapping into powerful technology and AI to help them do it.

The ones that are leading the pack are moving away from the old "pay and pray" approach and instead, turning to faster, smarter options. With new tools on the market like SmartMatch, which uses AI to create instant shortlists of qualified candidates, costly mis-hires become a thing of the past.

Here's where recruitment is falling short and what you can do about it.

Economic uncertainty is making hiring harder

It's no surprise that 78% of businesses say hiring has become tougher as a result of economic uncertainty. With unpredictability front and centre, rising costs and the feeling of lagging behind, it's clear that the old ways of recruiting just aren't keeping up.

To tackle uncertainty, businesses need to rethink how they attract and hire talent. Relying on traditional methods won't cut it anymore. The future belongs to those who streamline their hiring, embrace smarter technology and focus on quality candidates.

"It's important for businesses to understand how best to recruit, which is rapidly evolving due to AI. Employment Hero is leading the industry with SmartMatch, our proprietary, AI-powered technology for talent matching revolutionising the recruitment market. SmartMatch automatically matches candidates with businesses based on millions of HRIS datapoints and candidate profiles. This gives businesses a unique pool of perfectly-matched candidates to recruit from at any time, to any role in the organisation, without having to pay for it."



Ben Thompson,
CEO and co-founder,
Employment Hero

Are old hiring habits holding you back?

A high proportion of businesses are fighting today's talent war with old strategies. We found that external job boards remain the go-to method, with 68% of businesses relying on them to attract candidates.

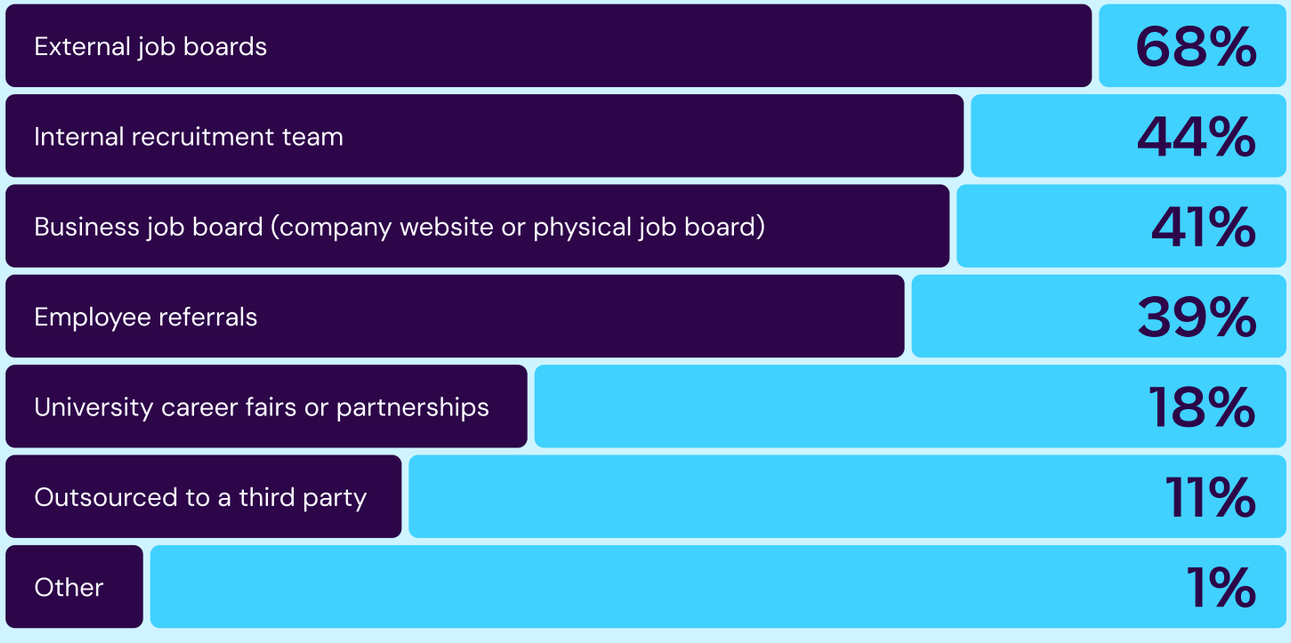
Beyond job boards, businesses are leaning on a mix of traditional and internal strategies. 44% have internal recruitment teams, while 41% still post roles on their own company websites or physical job boards. Employee referrals also play a significant role, with 39% tapping into their employees' networks for trusted candidates. Other methods like university partnerships (18%) and outsourcing recruitment to third parties (11%) are less common, but still part of the hiring mix.

The problem? These methods, while familiar, are no longer enough to attract top talent on their own. Job boards are saturated, inboxes are flooded and talented candidates now expect a faster, more tailored experience.

This is where the recruitment landscape is shifting. Traditional "paid" models like job boards have long been the norm, but in tougher times, businesses need more cost-effective and efficient solutions.

That's why AI-driven tools like SmartMatch are gaining ground. Designed to streamline hiring and shave down cost, these tools help businesses not only find candidates quickly but reduce the cost of hiring.

Q: What are your main recruitment methods?



Hiring excellence? Very few agree...

Worryingly, only 6% of businesses rate their hiring process as excellent. This sends a clear signal that prioritising a robust recruitment strategy that attracts, secures and keeps the best talent is falling to the wayside.

For the other 94%, a few small, focused changes can contribute to big wins. Start by sharpening job descriptions so they speak directly to the right candidates, refine screening processes to eliminate wasted time and use smart tools to reduce repetitive admin.

Combine these with a compelling employer brand and a faster, more personalised candidate experience and you'll quickly shift from "good enough" to a hiring process that consistently delivers top talent.

Looking to automate and streamline the entire recruitment process?

Employment Hero improves every step for speed, precision and better hires. From AI-powered candidate matching, smart screening and interview scheduling, you can cut admin, attract top talent faster and consistently provide a stand-out candidate experience. It's the easiest way to hiring excellence.

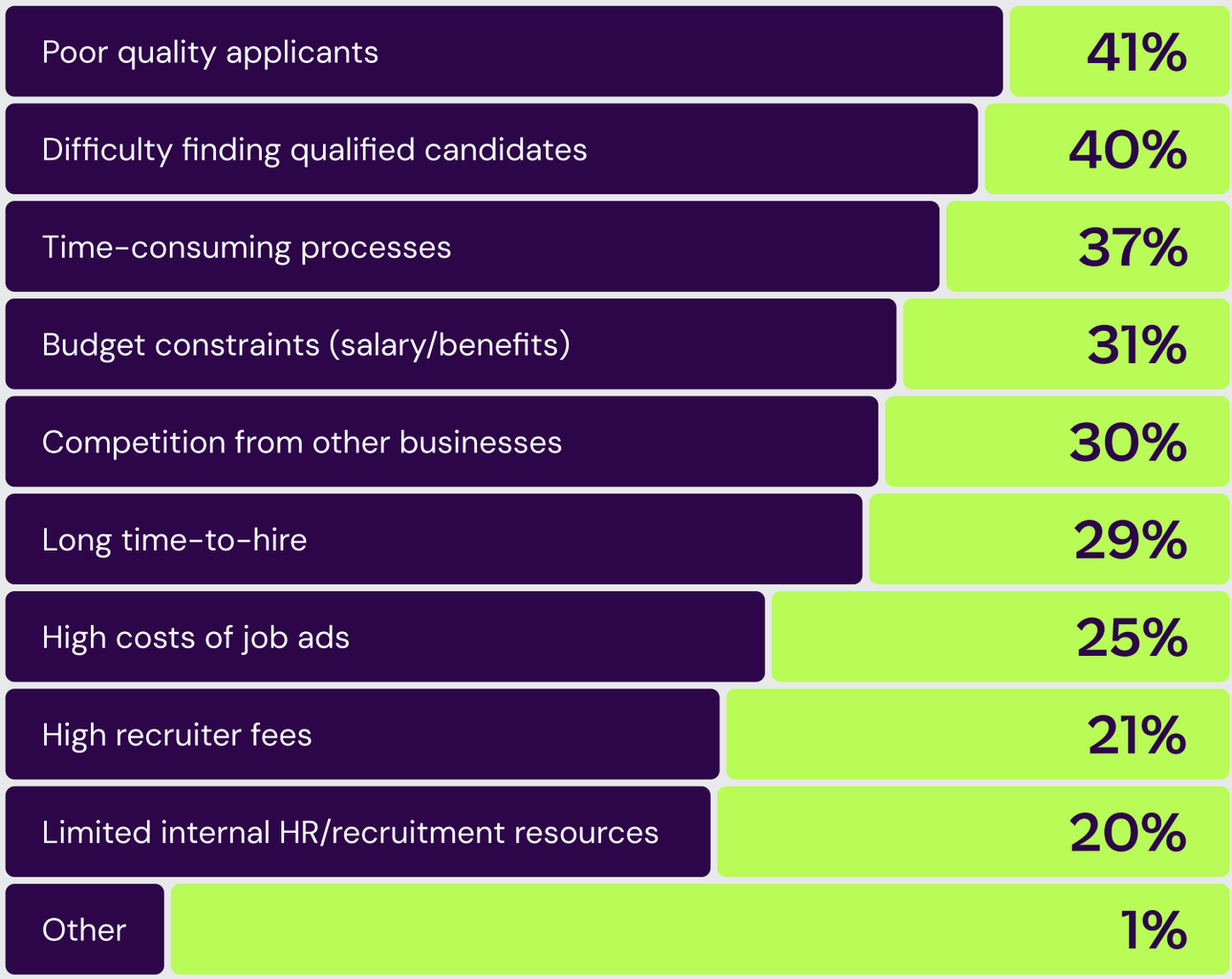


What are the barriers blocking better hiring?

When it comes to hiring, most businesses are battling barriers that make it harder to find and secure the right people. The biggest challenge? The talent pool itself. 41% of respondents said poor quality applicants are a top challenge, closely followed by the 40% who simply can't find enough qualified candidates to begin with.

But even when the right candidates are out there, outdated and manual processes are slowing things down. Over one-third of businesses (37%) are stuck with long, manual hiring workflows that eat up time, drain resources and put you at risk of losing talent to faster-moving competitors.

Q: Which of the following recruitment challenges does your organisation face?



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Showing up where your ideal candidates spend their time is crucial. If you're relying solely on traditional job boards, you're missing out on a huge pool of talent who might be browsing social media, niche job platforms or industry-specific communities.

Speed matters just as much. Top candidates move fast and a slow hiring process means you risk losing them to competitors. By meeting candidates where they are and having the right tools to make confident hiring decisions quickly, employers can capture attention, build engagement and secure the right people. Keep in mind that a fast hiring process can still be thorough – focus on reducing the time between stages.



Kate Jolly,
Head of Global Talent
Acquisition at Employment Hero

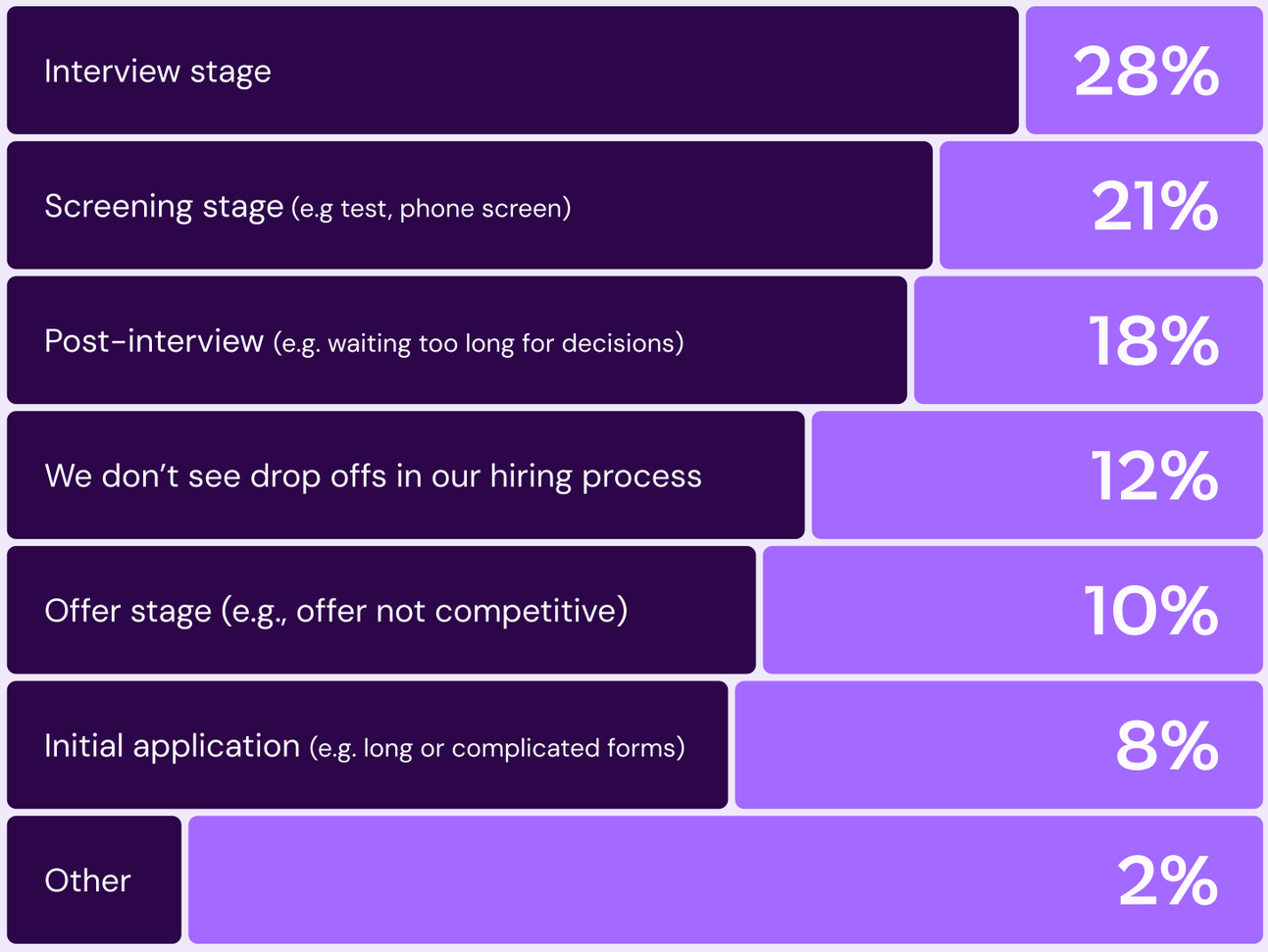
The candidate drop-off mark

Just under one-third of employers (28%) lose candidates at the interview stage, the single biggest point of drop-off in the hiring process. The next biggest losses happen during screening (21%) and post-interview, where 18% of candidates disappear while waiting too long for a decision. Even at the offer stage, 10% walk away, often because the offer isn't competitive enough.

When we asked why, 24% of candidates said the interviews simply didn't provide enough insight into the role or company and 18% pointed to slow or unclear communication during the recruitment process.

For Aussie businesses, these moments matter. Every step of your hiring process is a preview of what it's like to work with you. A clunky interview signals disorganisation. Silence after a meeting hints that you're slow at decision-making. The most successful employers are committed to showing candidates that they're decisive, transparent and worth choosing.

Q: Where do most candidates drop off during your hiring process?



Hiring outside of the box

With employers struggling to keep candidates engaged throughout the hiring process, it's no surprise that businesses are beginning to change their strategies.

As traditional job boards become increasingly crowded, companies are getting creative. 18% are hosting hiring parties where candidates can mingle, while 12% use treasure hunts or puzzles to make the application process more engaging. Other creative strategies like social media challenges (19%) and virtual reality assessments (13%) are also gaining traction, offering new ways to assess skills beyond a traditional CV and cover letter.

But it's not just the fun ideas that people are turning to. Many businesses are rethinking how they approach what they're looking for in candidates. 29% are embracing the "hire first, train later" strategy, focusing on attitude and potential over experience, while 28% are proactively bringing talent on board before roles officially open.

Q: Have you ever used any of the following unconventional methods to hire people?



TO RECRUIT, TO RETAIN



Recruitment is just one side of the story. Once you've found the right person and they've signed on the dotted line, you need an action plan to keep them. A great match from day one means less chance of turnover and a lower chance of having to start the hiring process all over again. For businesses under pressure, that alone is worth its weight in gold.

With Australian organisations seeing turnover climb in the past year, it's clear that things need to change. The leaders who are working towards building highly engaged teams understand that success has shifted from filling seats to building workplaces where people want to stay, grow and develop in their careers.



Turnover is on the rise for more than half of Aussie businesses

> **53% of businesses say turnover has increased in the last 12 months**

Everyone wants to retain their top performers, but how do you do this when turnover is on the rise? It starts with finding out why.

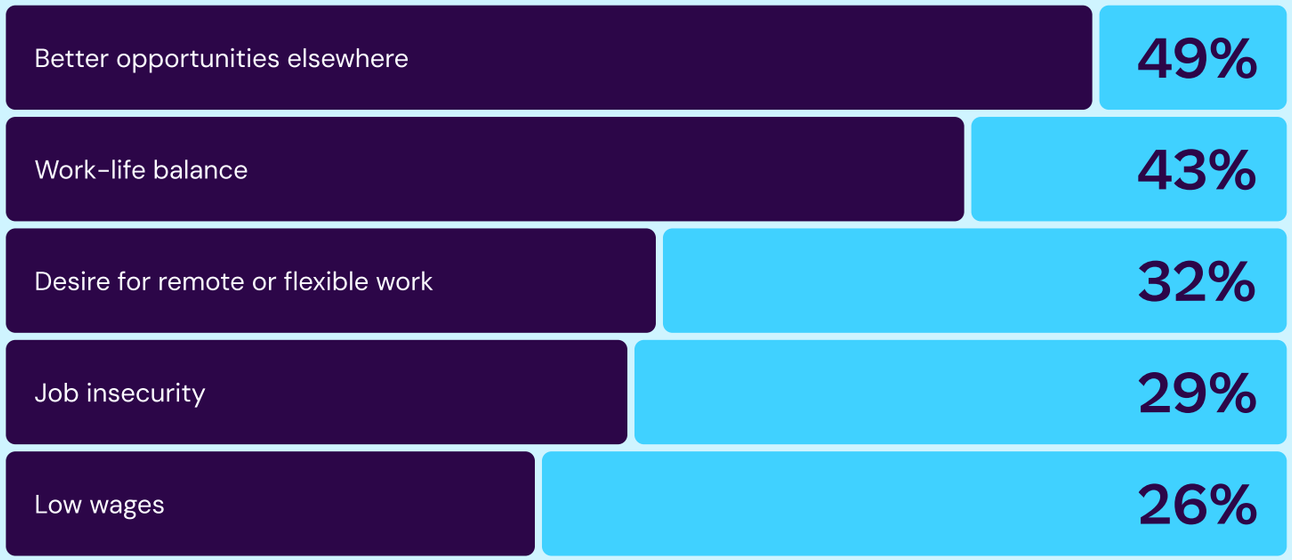
Nearly half (49%) said employees are leaving for better opportunities elsewhere, whether that's a higher salary, a clearer career path or a more exciting role.

Meanwhile, work-life balance continues to play a big part, with 43% pointing to it as a top reason for leaving.

Wages and job security are equally important. Around one-quarter (26%) leave because of low pay, and 29% because they don't feel secure in their role. Meanwhile, 32% are searching for remote or flexible work options that their current employers aren't providing.

Our findings show that retaining talent goes much further than just addressing salary. Employees are looking for growth, stability and flexibility. And businesses that understand and act on these insights will be better placed to keep their best people and avoid the hidden costs of high turnover.

Q: What are the main reasons employees leave?



Staff are stretched thin, but hiring plans bring hope

When a role goes unfilled, the domino effect hits fast. For 64% of businesses, the go-to fix is overtime for an already stretched team. That might keep the wheels turning, but it pushes both overtime and wage costs up, while putting team members on the fast track to burnout.

For 19% of business owners, it means stepping in themselves, splitting focus between leading the business and doing the work. Others lean on family or friends (9%) and in 4% of cases, the work simply stops altogether.

These solutions are less than ideal, which is why in the next year, 61% of businesses plan to grow their teams. 16% state they plan to grow significantly and 45% by a smaller margin.

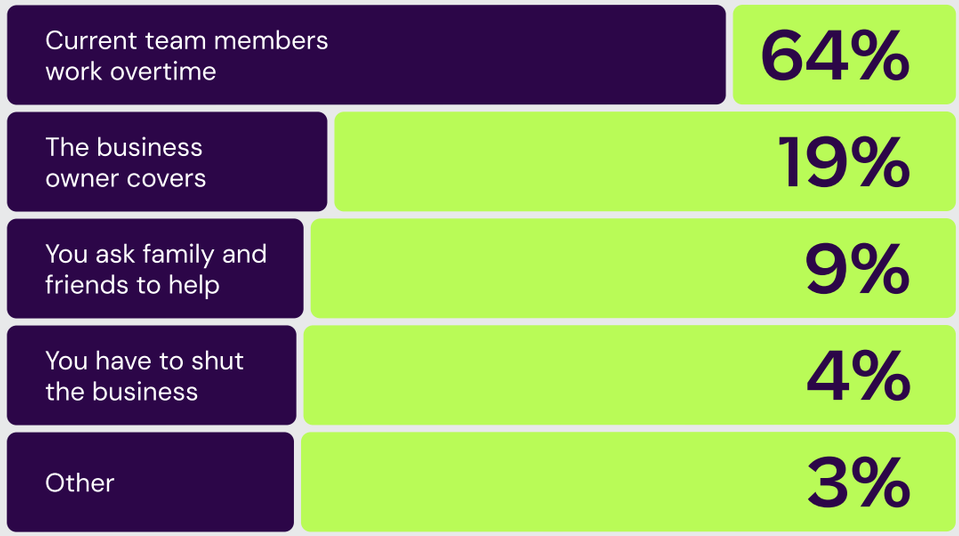
A third expect to maintain current levels, with only 5% planning to hire fewer employees. While relying on overtime isn't a long-term solution, it's clear that many businesses see this as their only option to keep the lights on.

This is where smart hiring strategies can bring relief to stretched teams, protect profit margins and keep your best people engaged.

Q: How do you see your hiring needs changing in the next 12 months?



Q: How do you typically cover for jobs when you are understaffed?

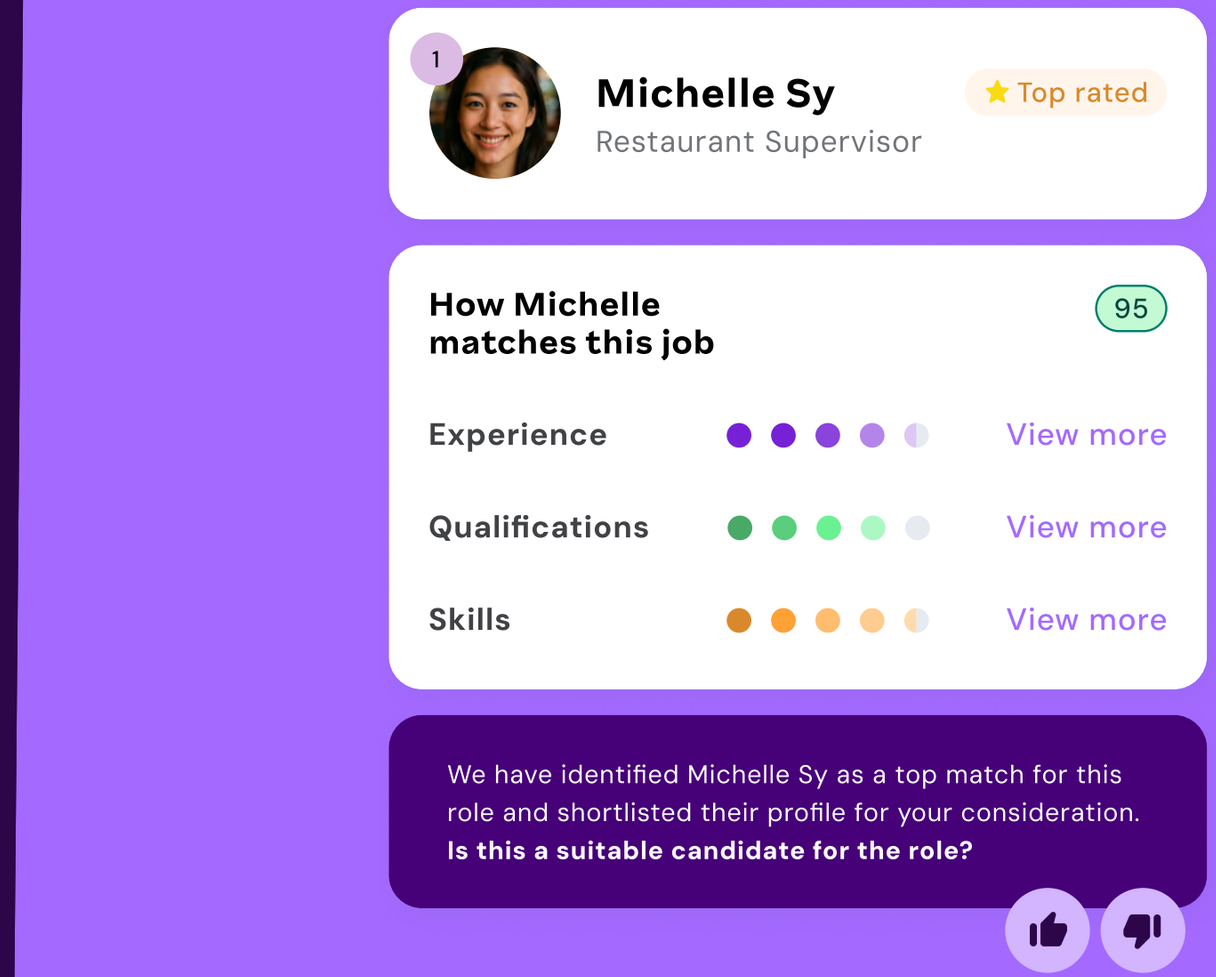


Predict future hiring needs with Employment Hero's SmartMatch

Understanding what your business needs tomorrow is just as important as filling roles today. Our AI-powered SmartMatch technology predicts your future hiring demands based on your current workforce data and growth plans.

It analyses a business's organisational chart to predict hiring needs based on sector, size, location and seasonal trends. SmartMatch offers actionable insights to forecast which roles you'll need to fill and when. This means you can plan recruitment proactively to avoid last-minute hiring scrambles and costly understaffing.

With SmartMatch integrated into your Employment Operating System, you get a smarter, data-driven approach that helps you build stronger teams, stay agile and keep your business moving forward.



Retaining your best people is easy with Employment Hero's Employment Operating System

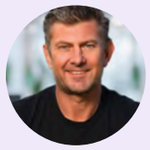
Hiring great people is one thing. Keeping them is where the real challenge lies. Employment Hero helps you hold on to top talent by making work more rewarding, more supportive and more engaging on all fronts.

With features designed to strengthen connection and loyalty, recognition becomes effortless. Managers get automatic reminders for work anniversaries, birthdays and milestones, making it easy to celebrate the moments that matter. Peer-to-peer shoutouts keep positivity flowing, while 'Hero Points' can be distributed and redeemed for discounted gift cards, movie tickets, electronics and more, turning appreciation into tangible rewards.

Financial wellbeing plays a big role in retention too. That's why our Employment Hero Work app offers budgeting tools, cashback on everyday expenses and Earned Wage Access (EWA) so employees can access a portion of their pay when they need it most. It's a way to support your team's real-world challenges without adding extra cost to your business.

Performance management is equally simple. Run regular 1:1s and performance reviews using built-in templates that put people first. Our own team uses them, starting every conversation with, "How are you feeling on a scale of 1–10?". Why? Because meaningful dialogue is the foundation of long-term engagement.

We don't offer gimmicks like pizza Fridays – what we offer is far more meaningful. One of the most powerful perks at Employment Hero is the freedom to live and work from anywhere. As a remote-first company, we empower our people to optimise their lives – whether that's reducing the cost of living, being closer to family or working from a place that sparks creativity. It's not just a policy, it's a core part of how we support personal well-being and performance.



Ben Thompson,
CEO and co-founder,
Employment Hero

BUILD A FAST, REPEATABLE RECRUITMENT METHOD



One of the biggest frustrations we've gathered from our research is the flood of irrelevant applications. In fact, our research shows that 41% of businesses cite poor-quality applicants as a top challenge, while 40% struggle to find qualified candidates at all.

Unsurprisingly, it's become increasingly common for a single role to attract hundreds of applicants, many of whom simply aren't the right fit. This creates long screening times, wasted resources and the risk of missing out on top talent.

To avoid falling into an admin-heavy recruitment trap, businesses need to build a recruitment system that's fast, repeatable and scalable. One that empowers hiring managers to own the process without getting bogged down in irrelevant applications and hiring admin.

Start by laying strong foundations:

- **Craft clear, outcome-focused role briefs** that define what success looks like for each position. This keeps everyone aligned on priorities from the start.
- **Use consistent interview questions and structured scorecards** to reduce unconscious bias and fairly compare candidates on merit.
- **Set decision-making guardrails** such as approval stages and offer templates to speed up approvals and reduce bottlenecks.
- **Agree on what "great" looks like** across your team to ensure hiring standards are clear and consistent.
- **Define expectations for how hiring managers lead both the recruitment and onboarding process,** so new hires are set up for success from day one.

This structure helps you move faster and hire better. By creating a repeatable framework, you can have confidence that your hiring process is relevant and consistent, while freeing your team to focus on engaging candidates and making smart decisions.

When paired with the right recruitment technology, this approach lets your team streamline workflows, track progress transparently and maintain a professional, positive candidate experience.

The recruitment wrap up

As you can see, recruitment never stands still.

The businesses that are staying ahead are the ones that invest in the smartest technology and create a robust, repeatable recruitment process. And the ones still relying on job boards, taking weeks to respond or putting candidates through convoluted hiring processes? They're leaving the best candidates on the table.

On the flip side, start focusing on your retention strategies. Ask for feedback from your team often, act on what you hear and build a workplace culture that makes people want to stay. After all, the best recruitment processes work when they're backed by a standout retention strategy. The more you're able to keep great people, the less you'll need to replace them.

With the help of powerful recruitment tools, the path to better hiring is faster, more focused and more human. It cuts through the admin, helps you meet candidates where they are and embraces technology to create a personalised and efficient experience that makes great people want to join your business.

Whether you're hiring two people or twenty this year, the same principles apply. Be clear with what you're looking for, act quickly, understand the external factors at play and give candidates a standout experience they'll remember for all of the right reasons.



STREAMLINE RECRUITMENT WITH EMPLOYMENT HERO



Start with instant matched shortlists

Need to hire someone fast? Now you can start your search with an instant matched shortlist of relevant candidates. Run a SmartMatch Talent Search and connect with relevant candidates immediately, cutting out time consuming and expensive ads, and hours of shortlisting. SmartMatch can even reach out to candidates for you to check their interest.

One-click posting across multiple channels

Forget logging in and out of different job boards. If you didn't find your match from your SmartMatch shortlist, Employment Hero helps you post your role across major platforms in one click, maximising reach while cutting admin. Whether you're targeting a niche industry board or a high-volume platform, your ad appears where your ideal candidates are already looking.

Smarter screening and shortlisting

Every manager knows the admin involved in screening hundreds of applications. Let our AI-powered tool SmartMatch do the heavy lifting. SmartMatch uses advanced candidate matching to flag the most relevant candidates, helping you skip straight to the top prospects.

A personalised candidate experience at scale

Automation doesn't mean losing what makes hiring and HR human. From branded email templates to status updates, our powerful software keeps candidates informed and engaged at every stage, without the need to write each message from scratch. That means a professional, consistent candidate experience for everyone, every time.

Built in reference checks

Save hours of back and forth phone calls checking references. With automated reference checking, you'll always have confidence you're hiring the right person for the job.

From offer to onboarding, all in one platform

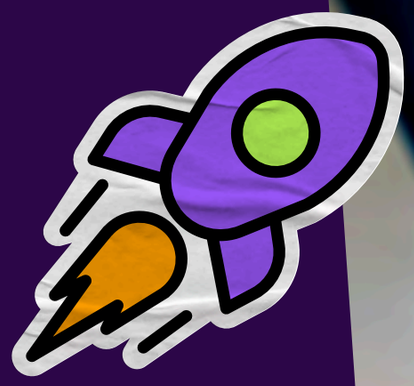
Once you've found the right person, Employment Hero turns your "yes" into a ready-to-start employee faster than you could find where the office printer is located. Generate digital offer letters, collect e-signatures and trigger onboarding tasks automatically. No paperwork, no delays and reduced risk of candidate drop-off.

Interview scheduling without the back-and-forth

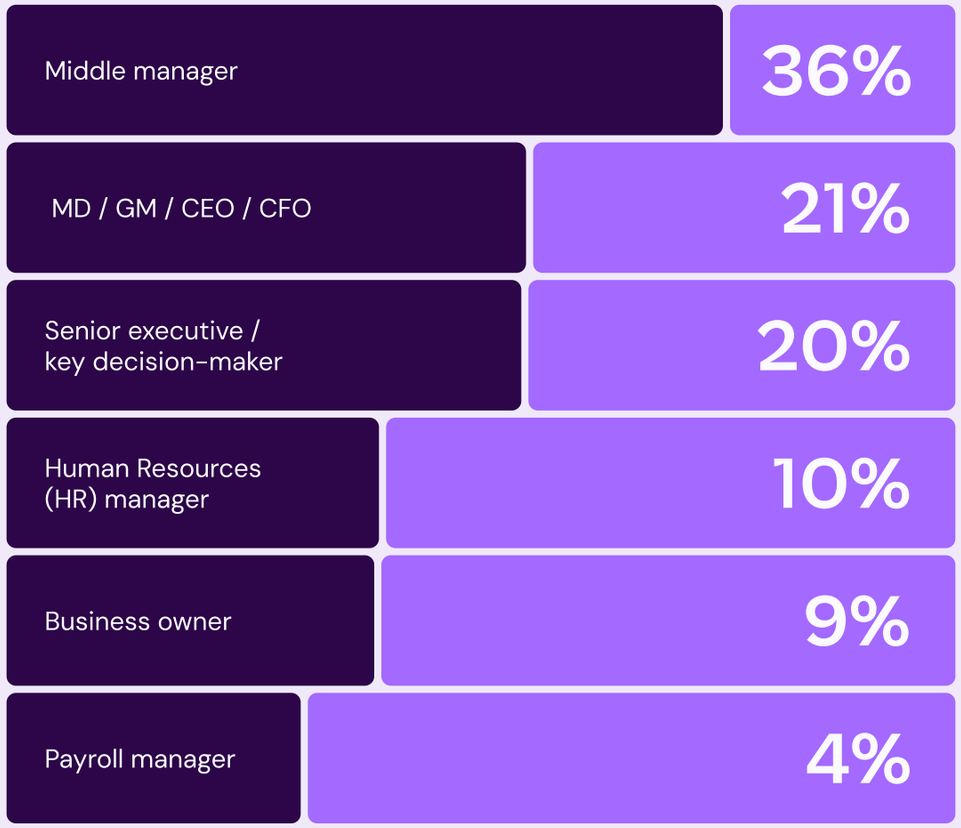
Coordinating calendars is a classic recruitment bottleneck. Employment Hero integrates with your existing calendar tools to automate interview scheduling, so you can empower candidates to pick a slot that works for them. That means fewer delays, fewer no-shows and a smoother process for everyone involved.

METHODOLOGY





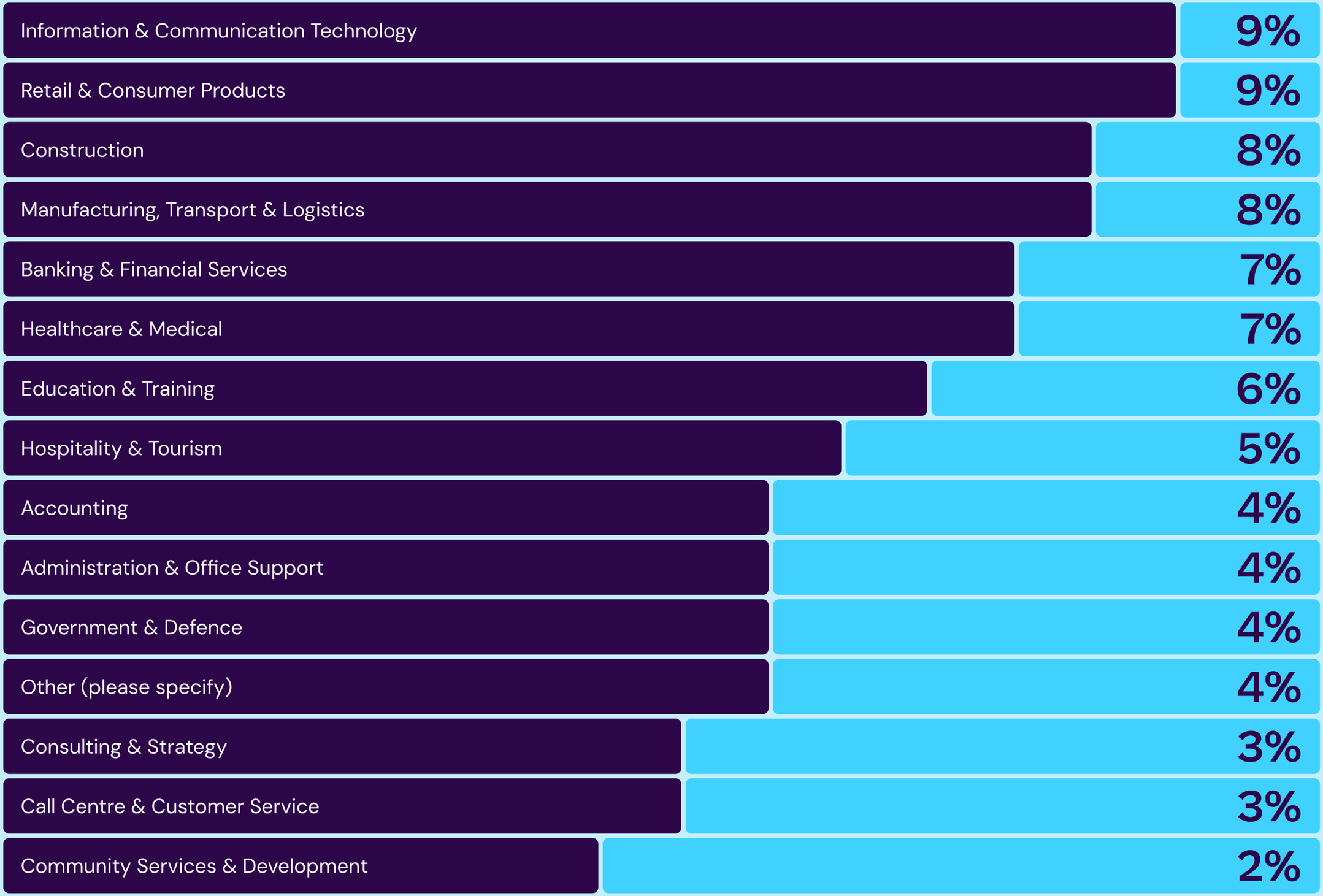
Q: What is your role in the organisation?



Q: How many employees does your business have?



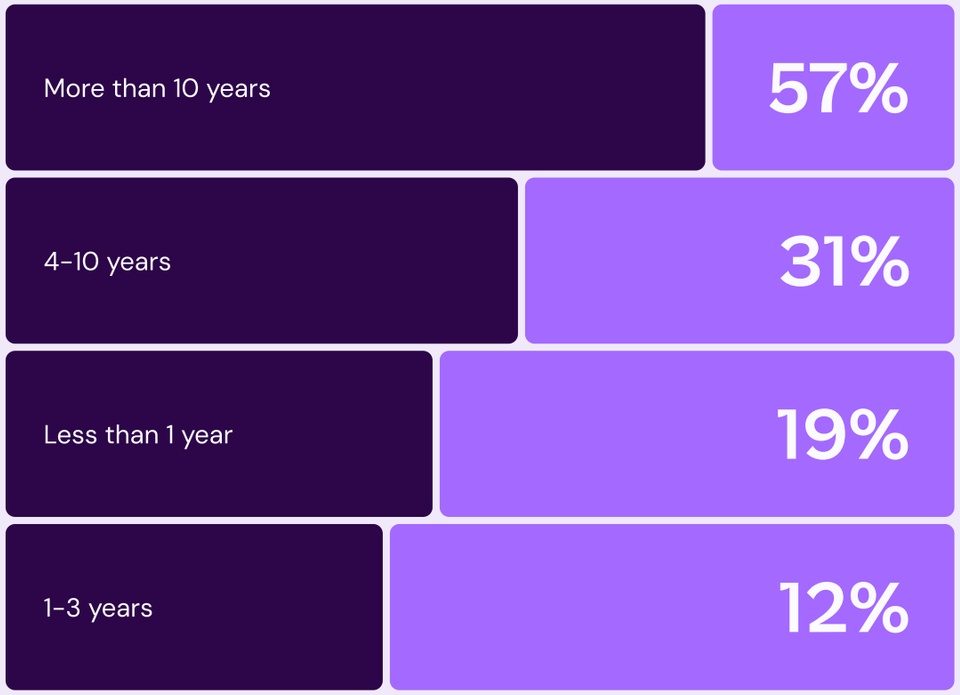
Q: Which industry does your business operate in?



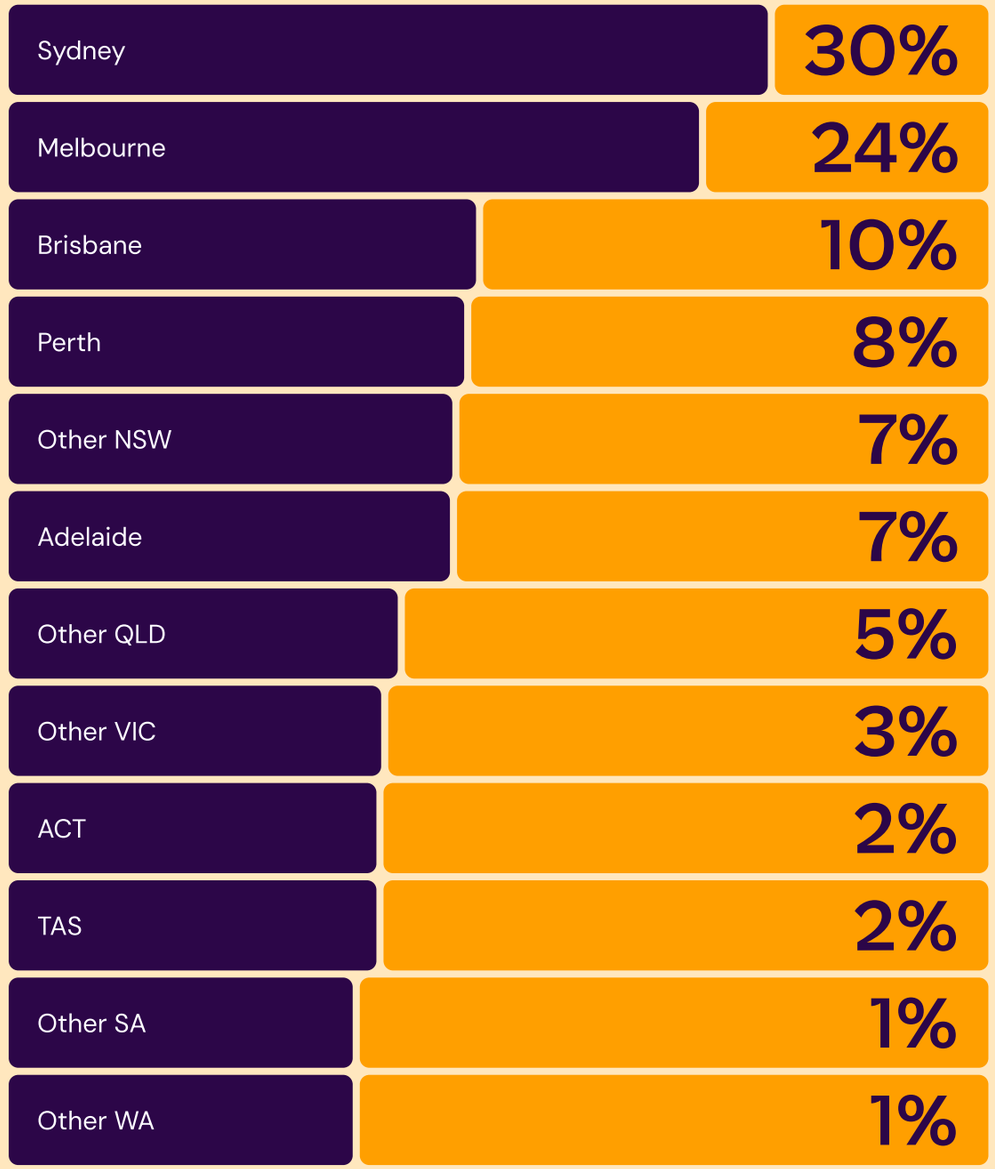
Q: Which industry does your business operate in? (cont)

Engineering	2%
Human Resources & Recruitment	2%
Mining, Resources & Energy	2%
Real Estate & Property	2%
Science & Technology	2%
Trades & Services	2%
Advertising, Arts & Media	1%
Design & Architecture	1%
Farming, Animals & Conservation	1%
Insurance & Superannuation	1%
Legal	1%
Marketing & Communications	1%
Sport & Recreation	1%

Q: How long has your business been operating?



Q: Where is your business located primarily?



HIRE FAST AND RETAIN YOUR TOP PERFORMERS WITH EMPLOYMENT HERO

If you're ready to simplify how you hire, manage and pay your team, our Employment Operating System delivers everything you need in one powerful platform. It brings everything HR, recruitment and payroll into one simple, user-friendly system, all while supercharging your hiring capabilities. Put recruitment on auto-pilot with access to 1.5 million ready-to-work candidates, track applications, onboard in just a few clicks, pay your team with ease, simplify leave management and so much more.

And if you're keen to lean into AI-powered recruitment, take a closer look at what SmartMatch can do for your business in our quick demo. It can help you find the right candidates faster by automatically matching applicants based on skills, experience and role fit. No more hours lost to resume-sifting or second-guessing who to shortlist. Think of it like having an extra set of hands in your hiring process, giving you the confidence to make smarter hiring decisions.

READY TO SEE FOR YOURSELF? BOOK A DEMO OR START HIRING FOR FREE TODAY.

