

# HIRING SNAPSHOT REPORT

2025



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# Foreword

I've been deeply immersed in the employment landscape for over two decades, but my journey into this space wasn't intentional. My original ambition was to build a tech focused law firm. However, my father, who spent his career in HR, suggested I speak with some of his clients, all SME business owners, so I asked them all one question:

***"What keeps you awake at night?"***

To my surprise almost every one of them gave the same answer, it was **employment**. That one simple word, "employment" was the thing that caused almost universal consternation. Suffice it to say, once I realised that the people who provide the bulk of all jobs in our economy were afraid of employing people, I quickly pivoted from tech lawyer to dedicated employment lawyer. I was determined to address these very real challenges faced by all SMBs.

Today, employment is still tough, but it absolutely shouldn't be. Being a business leader in Australia today has never been more challenging, and finding the right talent has never been harder.



We're currently facing an unprecedented economic trifecta: an ongoing cost-of-living crisis, stubbornly high interest rates, and the potential for global trade disruptions. These challenges are exacerbated by constantly evolving employment legislation, adding another layer of complexity to the already tough task of running and growing a business.

Our latest survey of over 1,000 Australian SME leaders paints a stark picture where small businesses are forced to tighten their belts, spending around \$8,090 annually on hiring, while medium-sized businesses stretch budgets to an average of \$18,371. It's clear smaller businesses are struggling to compete, creating an unfair playing field in the battle for top talent.

Alarmingly, 60% of businesses experience new hires leaving within their first month, a costly cycle of turnover that disrupts productivity and inflates hiring expenses. To cope with persistent understaffing, 56% of SMEs increasingly rely on overtime, placing significant strain on teams already stretched thin.

This inefficiency isn't just costly, it is damaging. When business leaders and HR professionals are tied up in administrative tasks such as posting job ads, screening applicants, conducting interviews, and onboarding, they aren't focusing on meaningful, strategic work that drives growth and innovation.



That's precisely why I co-founded Employment Hero in 2013. Our mission was clear, to remove the friction and fear from employment for SME leaders. In 2024, we took another leap forward, launching the world's first Employment Operating System (eOS). With eOS, we're creating a seamless, integrated employment experience, designed to make hiring, HR, and payroll easier and more valuable for everyone involved.

Whether the insights in this report surprise you or validate your experiences, my hope is that you gain meaningful strategies to enhance your recruitment efforts, reduce turnover, and empower your business to thrive in 2025 and beyond. Employment shouldn't just be easier, it should be valuable and fulfilling.

At Employment Hero, we're committed to making this vision a reality. I'm incredibly passionate about making employment easier and more valuable for everyone, in fact this has become my life's work.

I believe deeply in a future where employment is reshaped to directly benefit you and the people you hire, creating workplaces that are fulfilling, efficient, and prosperous for all.



**BEN THOMPSON**

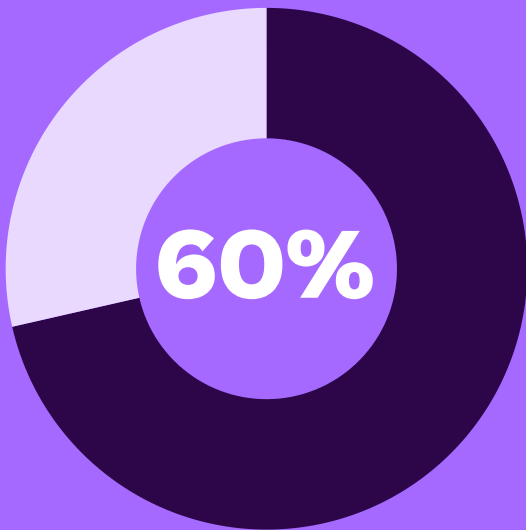
Employment Hero CEO and Co-founder



# Key findings

**56%**

of businesses rely on their team working overtime to manage business demands when they're short staffed.



of business leaders have experienced a new hire leaving the business within their first month.

**3.5x**

more recruitment spend for medium-sized businesses (20-150 employees) compared to small businesses (2-19 employees).

**\$13,545**

is the average hiring spend per year.



## Hiring budgets tighten for small businesses, while medium-sized businesses spend big for top talent

How much do you spend on hiring each year? Depending on the size of your business, chances are it adds up to more than you think – both in direct expenses and lost productivity.

For businesses already navigating rising business costs, finding the right people has never been more important. From wage inflation to recruitment fees, plus all the hidden costs that come with this time-consuming process, it's clear the cost of hiring is climbing.

While the average hiring spend sits at \$13,545 per year, many SMEs are trying to do more with less. 55% spend under \$10,000 per year and 25% spend less than \$1,000. On the other hand, 7% of SMEs spend more than \$50,000 on hiring annually.

So, how do the small but mighty businesses stack up against the bigger guys? The results are exactly what you'd assume.

Bigger businesses are spending more on hiring compared to their smaller counterparts. Businesses with 2-19 employees spend approximately \$8,090 on hiring annually, compared to businesses with 20-150 employees who spend approximately \$18,371.

Following a similar trend, a company's annual turnover also impacts costs spent on hiring. Businesses with a lower company turnover spend less on hiring, compared to those who have higher turnover.

Businesses with under \$2 million annual turnover spend \$7,300 on average on hiring, while companies with turnover between \$2-10 million spend \$12,620. For companies turning over \$10 million or more, spending jumps again to an average of \$24,045 per year.

These findings paint a clear picture that all hiring budgets are not created equal. Bigger companies that have a larger workforce and a higher annual turnover are willing to spend up to 3.5x more to attract and hire the right people. Unsurprisingly, smaller businesses with fewer resources struggle to compete with this.

Unfortunately, small businesses are all too aware of this reality. They struggle to offer competitive salaries, have limited perks and benefits to offer, and can't offer the career progression that larger organisations can.

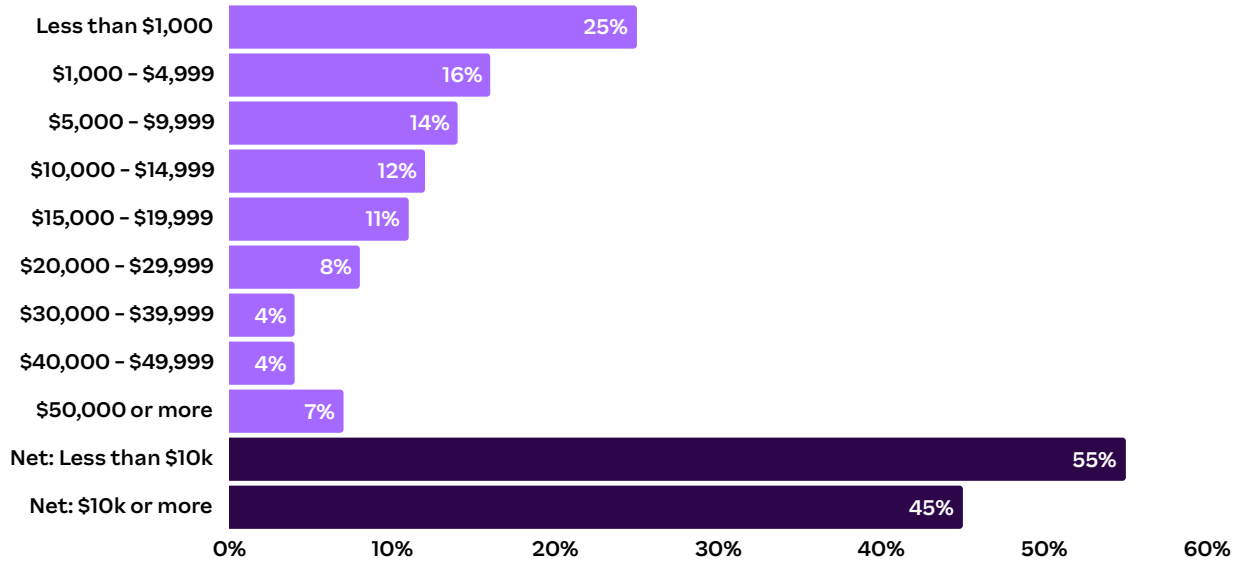
It's an unfair fight for small businesses, but now they have someone in their corner.

Employment Hero's Employment Operating System exists to level the playing field when it comes to recruiting and retaining top talent. With our powerful end-to-end employment solution, you'll have access to a seamless hiring and onboarding experience, structured learning and development pathways, leading employee engagement tools and world-class perks and benefits. With employment sorted, you'll be able to deliver a world-class candidate experience that has your top pick signing on the dotted line.





How much do you spend on hiring each year (in totality)?  
Please select the option that best applies. If you are unsure,  
please give us your best estimate:



 **DANIELLE**  
Konica Minolta, Syd



# Online job platforms are king, but community groups and referrals still reign

When it comes to hiring, online job platforms were cited as the most popular place to post a job ad, with LinkedIn (55%), online job platforms other than SEEK or LinkedIn (42%), and SEEK (41%) taking out the top three spots.

If we zoom out, the power of human connection is still strong, with referrals from friends, family, or colleagues proving a common way to hire for 35% of businesses. Interestingly, 22% stated referrals as one of their most successful hiring methods, compared to other digital job boards like SEEK, or LinkedIn.

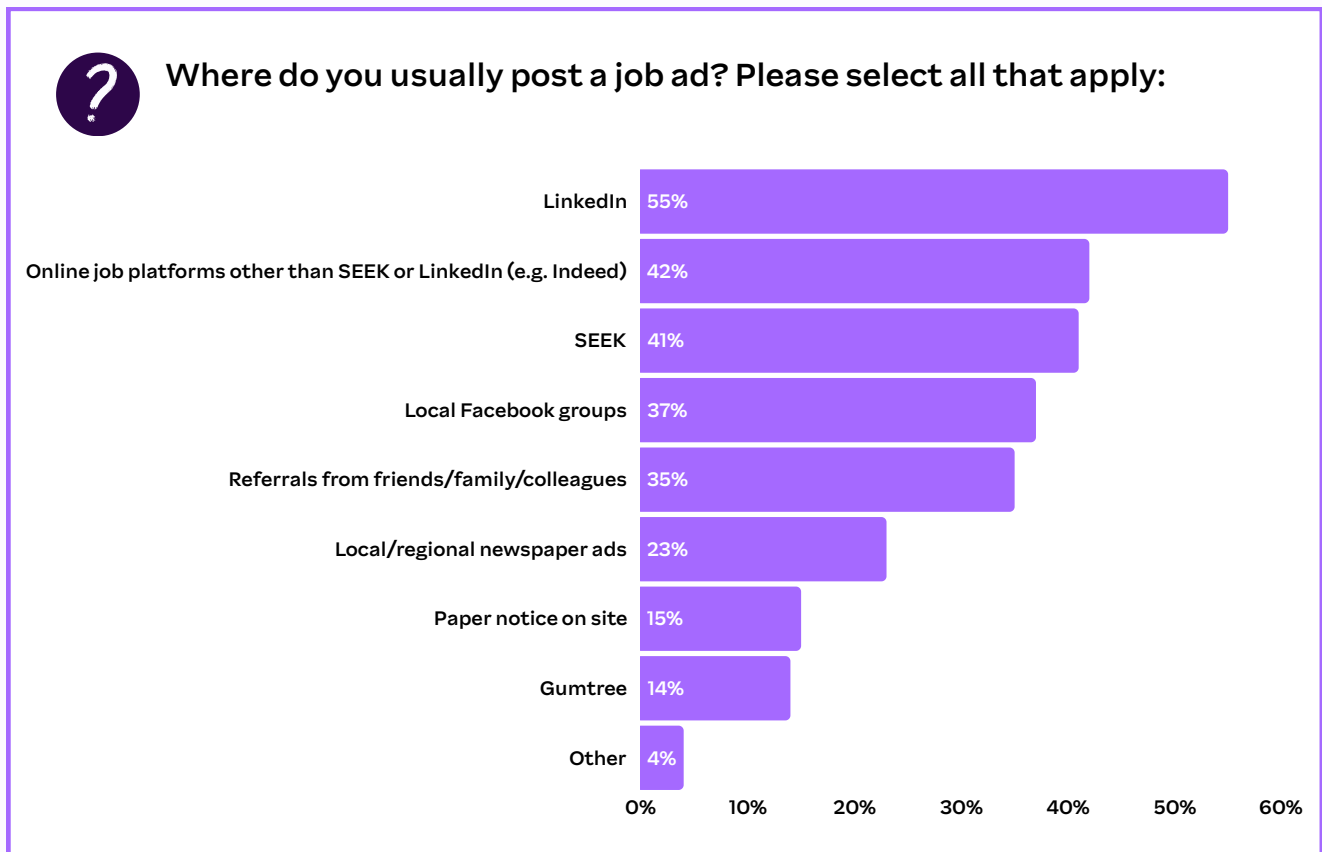
The most popular place to post job ads differed by industry, too. While digital platforms dominated some industries like professional services and retail, community-based hiring channels are still popular.

Posting job ads on local Facebook groups, as well as referrals from friends, family and colleagues remain a key hiring strategy for businesses in the hospitality and personal services industries.

## Are SMEs finding success on these platforms?

LinkedIn is the most widely used platform for job postings, with more than half (55%) of SME business leaders using it, and over one-third (37%) naming it as one of their top three successful hiring sources.

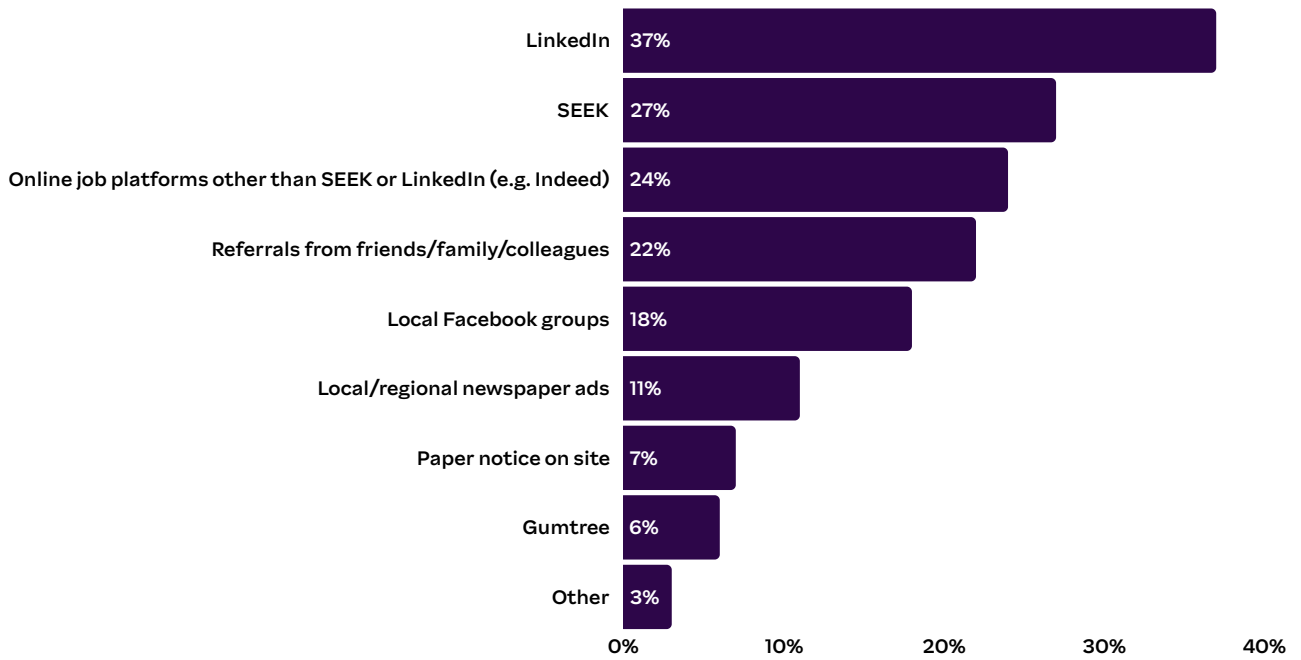
Four in ten use online job platforms other than SEEK or LinkedIn (42%) or SEEK itself (41%) for posting ads, with 24% and 27%, respectively, considering them among their top three successful hiring sources.







Where do you have the most success hiring people?  
Please select up to three options:



 **Leo & Gerard**  
Brand Influence  
Group, Syd



## Rethinking recruitment strategies

In a tight talent market, business leaders are getting creative when it comes to attracting and recruiting talent.

When we asked what's the most unusual method used to hire people, the answers included:

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Solving riddles under pressure in an interview.

Requesting video applications via TikTok.

Recruiting someone they met at a pet show, or even during a holiday in Fiji.

Hosting escape room interviews or live “hireathons”.

Sitting next to someone on a rollercoaster.

”



## Not all new hires are here to stay

Have you ever made the perfect hire, only to have them leave as soon as they started? 'It's me, not you' they'll say. Whatever the reason, it's a situation that can leave you feeling unprepared, blind-sided and out of pocket.

The reality is that new hire turnover brings about even more costs than you started with because you're back at square one, restarting the entire recruitment cycle again.

So, what exactly does this new hire turnover epidemic look like for Aussie SMEs?

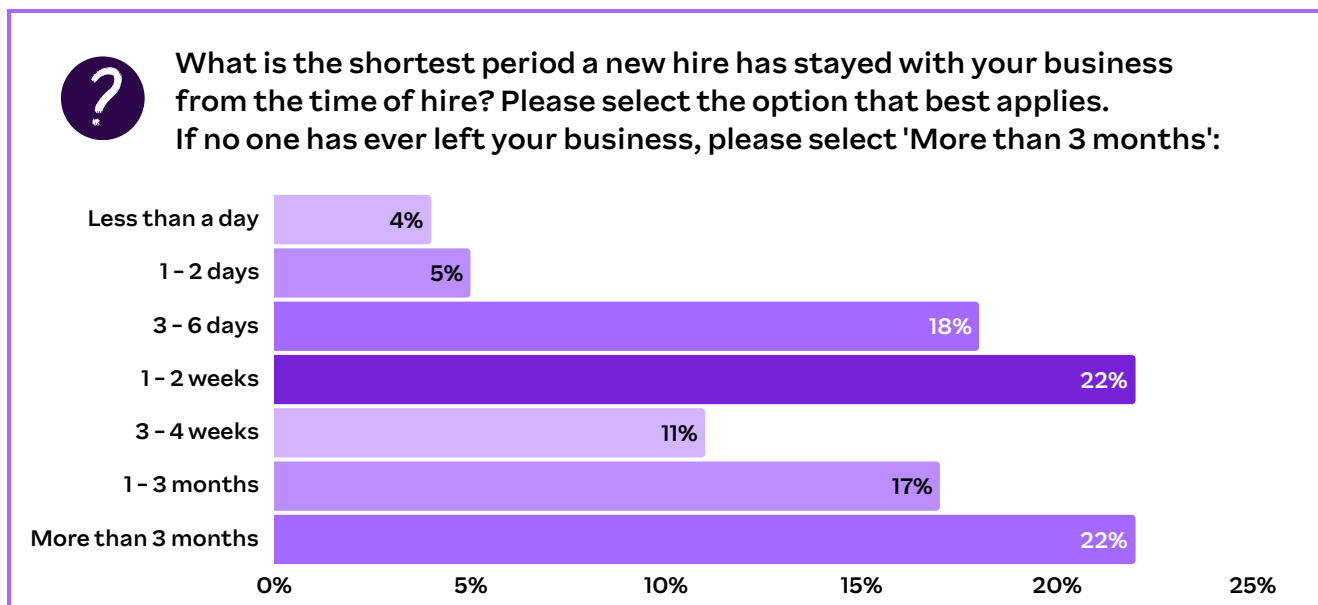
Over one-quarter (27%) of respondents say they've had new hires leave the business within their first six days and 22% stated they've had a new hire leave within 1-2 weeks. 60% said that a new hire left within the first month, and 78% stated they've had someone leave within the first three months.

This reality is more common for retail businesses, with 34% stating that the shortest period a new starter has stayed with the business was 3-6 days. Similarly, medium-sized businesses (between 20-150 employees) were also affected by shorter tenures, with 65% stating that the shortest period a new starter had stayed with the business was under one month.

As a business leader, the last thing you want is a revolving door of new hires, where employees leave just as easily and quickly as they're hired.

Unsurprisingly, new hire turnover is a direct contributor to an increase in hiring costs, because hiring leaders have to repost the same role multiple times and start the recruiting process from scratch.

If you're finding yourself facing this scenario often, use it as a sign to evaluate your current recruitment and onboarding processes. Identify any gaps or red flags that might be contributing to increased new hire turnover rates and put together a plan to take action.



## Short on staff, long on hours

We've all either heard or asked those seven little words... "Can you stay back to help out?"

For the vast majority of businesses this happens often, with 89% of SME leaders currently facing staffing shortages.

### So how are businesses keeping up with the ongoing challenge of being understaffed?

To keep things running, 56% of businesses rely on their team working overtime to manage business demands. Just under half of business leaders (45%) find themselves stepping in to fill staffing gaps, and for 30%, the solution is even more personal – turning to family and friends for help.

Unfortunately, for 8% of businesses, the situation becomes so dire that they're forced to shut up shop and close their business temporarily.

This growing trend shows just how much pressure is placed on businesses right now, especially balancing competing demands like productivity, the cost of overtime and the toll on their workforce.

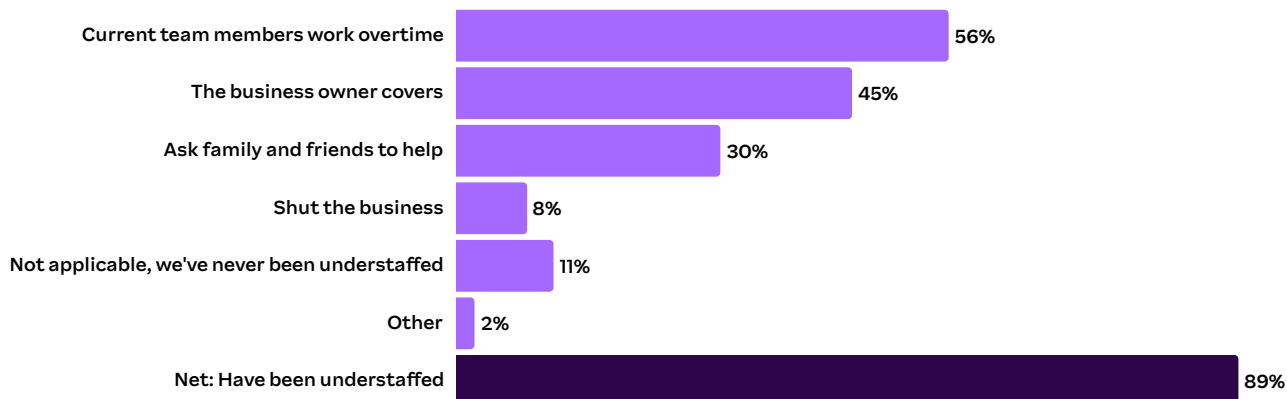
Unsurprisingly, smaller businesses (93%) and companies under five years old (94%) feel the strain on their team more acutely because they operate on a smaller scale and have less support.

#### **HERO TIP:**

Do those seven little words resonate with you? Employment Hero can help you master your roster and workload with our powerful time and attendance tool that allows for shift bidding. Plus, our powerful payroll engine automatically calculates overtime and wages in line with the relevant modern award rate.



### How do you typically cover for jobs when you are understaffed? Please select all that apply:



## The recruitment wrap up

As a business leader in an Australian SME, it can often feel like the odds are stacked against you. Rising costs, a tightening talent market and changing economic environment can all impact the way you attract, recruit and retain top talent.

Keeping up with the latest trends and changes can be incredibly time-consuming and taxing for businesses who already have a lot on their plates.

We hope this research has given you greater insight into the state of hiring in Australia, and provided you with takeaways that can streamline your recruitment process.



**Lucinda & Isabella**  
Skin Bar, Syd



# Survey demographics and methodology

The findings in this report were collected from a survey organised by Employment Hero and conducted by YouGov.

The sample consisted of a nationally representative sample of 1,017 Australian business owners and senior decision-makers in businesses with 2 to 150 employees. For brevity, this sample was referred to as 'SME business leaders' throughout the report.

This study was conducted online between 8th to 17th March 2025.

Following the completion of interviewing, the data was weighted by business size and location to reflect the latest ABS business population estimates.

## Business size:

Small (2-19)	47%
Medium (20-150)	53%

## Company annual turnover

<\$2 million	47%
\$2 million - \$9.9 million	21%
\$10 million+	32%

## Company age

Up to 5 years	16%
Over 5 years, up to 20 years	65%
Over 20 years	19%

## Management level

Owners/C-Suites	62%
Directors/Managers	38%

## Gender

Male	66%
Female	34%

## Age

18 to 34	27%
35 to 49	51%
50 to 64	13%
65+	8%



# Survey demographics and methodology

## Generation

Gen Z and millennials	71%
Gen X	18%
Baby boomers or older	11%

## State

NSW	33%
VIC	25%
QLD	19%
SA	8%
WA	8%
TAS/NT/Act	6%

## Metro/capital city

Yes	69%
No	31%

## Industry

Hospitality	7%
Professional services	26%
Retail	12%
Personal services	7%
Manufacturing	6%
Construction & trade	11%
Health & education	10%
Wholesale, transportation & distribution	3%
IT, media & communications	14%
Other	5%



# Streamline hiring with an **EMPLOYMENT OPERATING SYSTEM**

Introducing our Employment Operating System: an all-in-one solution for hiring, HR, payroll and beyond. It's everything you need to employ people, in one powerful system. Employment OS matches you to great talent directly in-platform, automates hiring and onboarding, then offers everything you need to pay, upskill and engage your team. There's even learning and development, rewards and benefits, EAP services, HR advisory and much more.

## SO WHY WAIT?

If you're ready to streamline employment in your business, [get in touch with one of our business specialists](#) or [see us in action with a demo](#).

