
EGM EXECUTIVE SEARCH AND RECRUITMENT

EGM INSIGHTS: SIGNS OF HOPE



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"I'm not going to make a prediction about what happens in the next quarter other than to say that the trend is our friend here. Today's national account numbers is not an isolated event."

(Treasurer Josh Frydenberg)

The pandemic has shaken up our working lives like never before. It's taken lives and separated loved ones. It's also caused massive economic damage.

But one piece of good news this week is that Australia has exited its first recession for three decades.

The economy rebounded in the September quarter. The 3.3% rise in GDP is the largest quarterly increase since 1976 (ABS) . The bounce was better than economists anticipated - but the recovery from the pandemic will be uneven and bumpy.

The main indicator of growth can be seen by the number of boxes we've tried to conceal from our partners!

Growth was driven by household spending - which increased 8% in the September quarter - the largest rise in the 60-year history of economic records. For the year to date, however, we've consumed 7% less than last year.

In a year that has seen the most significant economic shock since the great depression, the economy has shrunk by 3.8%.

Australia, though, is faring better than many other countries - UK (-11%) and France (-9%) – significant differences. (FT: 2 December).

Signs are that the economy has turned the corner and a recovery is under way. Forecasts are that the December quarter will produce similar growth – with 5% growth in 2021 and 4% growth in 2022 (Reserve Bank Governor Philip Lowe).

But there are problems.

Some parts of the economy are doing well, but others are in considerable difficulty. And even with the overall economy now growing solidly, it will not be until the end of 2021 that we again reach the level of output recorded at the end of 2019” (Guardian Australia: 2 December).

Unemployment is too high.

A huge number of Australians have returned to the labour force as the economy improves and life returns to normal - 68% of the working age population either employed or looking compared to 65% in June.

"This quarterly GDP number will be cold comfort for a million Australians unemployed; cold comfort for the 2.4 million Australians who are either looking for work or looking for more hours at work."

(Shadow Treasurer Jim Chalmers)

"Technically the recession is over, but the recovery is not...The Australian economy has demonstrated its remarkable resilience."

(Treasurer Josh Frydenberg)

The pool of available workers has increased but not all of them have found jobs. Nevertheless, 178,000 more people were employed in the September quarter than previously.

At 7%, the unemployment rate is likely to still be above 6% in two years' time – sadly, millions of Australians remain out of work or are struggling to get more hours. The amount of hours worked on average by all adults remains at levels last seen during the depths of the 1990s recession.

And wages are currently growing at their slowest pace in recorded history.

According to the latest Wage Price Index, released this week, the average workers' wage increased by just 0.1 per cent in the September quarter, and by 1.2 per cent over the last 12 months (Guardian Australia: 2 December).

A recovery in GDP is a good thing, but it will mean nothing for many Australians if it's not accompanied by a substantial improvement in the jobs market as well.

In our own state of South Australia, the unemployment rate is slightly below the national average – 6.9%. 'the economy is performing relatively well compared with other states.

South Australia is the only state to have recorded growth in full-time employment since March.

"This highlights just how resilient our economy is" (Innovation and Skills Minister David Pisoni: In Daily 2 December).

Citing research by LinkedIn, HRD Australia report that "one trend that stands out is the increasing number of employees changing their career paths in reaction to a more fluid job market."

The research finds that:

- Previously secure jobs in the tourism industry, a sector that had been vital to Australia's economy in the past, took a particularly hard hit thanks to the closure of the international borders.
- Recreation and travel employees are most likely to be switching to IT, finance and corporate services.
- In the education industry, the sudden drop in foreign students caused widespread job losses for teachers, sparking a sudden need to pivot into new careers. Those in education are most likely to move into healthcare, IT and public administration.
- Those with disruptive digital skills, such as AI and robotics, fared better in the jobs market both before and during COVID-19.
- Overall, labour market data shows that competition for roles is decreasing and hiring is stabilising, meaning Aussies 'sheltering' in jobs during the pandemic will be starting to feel more confident to look for work elsewhere.

At EGM, we are seeing an increase in activity in Executive Appointments. Organisations are looking for change management and data driven decisions to steer their organisations out of this pandemic to growth. When we look at the economy it's clear that things still have a long way to go before we are fully recovered.

But activity is on an upward trend.

From a recruitment perspective, EGM has seen an increase of 42% (YTD) in permanent recruitment compared to the same period last year and an increase of 35% in this October-December Quarter (QTD). Recruitment is often a barometer of the economy. The increase in jobs we have placed suggests that there are roles out there and this should motivate people to feel more optimistic.

So, our advice to those looking for new roles is to :

- Stay positive – things change very quickly
- Stay focused on the search process - there are jobs out there
- Stay open to all opportunities
- Structure your day like it's a business day
- Reach out to people who can help
- Lift yourself up, believe in yourself and promote yourself.

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References:

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