

Victoria struggles with new job creation at 50 percent pre-pandemic levels

Government hiring increases

As to be expected, executive job creation in Australia has slowed right down since the beginning of the pandemic but things are not that bad and certainly not as woeful as it is for skilled and semi-skilled workers.

For one, Australian governments haven't cut any of their senior positions and are hiring at greater than replacement levels. Whether this is a deliberate strategy to boost the economy or simply a response to on-going budget growth remains to be seen.

The picture for government hiring shows up in the "Management" sector which is primarily government positions. Management hiring numbers by volume have overtaken "Finance" as the largest number of new positions available and now stands at 40 percent of all executive hires.

The private sector is suffering much more but with the help of working from home strategies the overall loss of positions is limited. In fact, states like NSW, Queensland and South Australia are hiring for new positions.

Mr Grant Montgomery, Managing Director of E.L Consult, a leading executive search firm that researches and publishes the E.L Index which measures employment demand for executives said: "Working from home coupled with invigorated government hiring has stopped a massive unemployment shakeout in senior executive ranks".

"The private sector is suffering more but this hasn't impacted the figures by much as might be expected. What is likely is that small businesses are quietly putting up with the situation in the hope that the lockdowns will end soon. There really is no choice apart from closing their businesses altogether. No one can accurately say when things will return to normal and in most cases, they have debts and obligations that simply cannot be turned off.

"Unfortunately, the final step for many businesses is bankruptcy which once started could leave economies like Victoria's in a position irrecoverable for a generation.

"Let's all hope the lockdowns don't go that far." Mr Montgomery said



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“The E.L Index rose 8 percent overall in August, showing a continuous slow recovery that has been in place for four consecutive months. This national growth is driven by NSW which had a 13 percent increase.”

Actually, Victorian demand rose by 1 per cent this month but this is not near replacement level and was boosted by government hiring. Mr Montgomery said

“Despite the enjoyment of it working from home it is not a long-term solution for most executives.

“It is very difficult to hire people for senior positions on a work from home basis. Someone new needs to learn the cultural, social communication and ethical attitudes of the company and their team and just interviewing someone and emailing them a work schedule is bound to fail in the long term.

“While productivity might initially rise, most studies have shown it falls rapidly once the novelty passes.

“Talking to each other is important for problem solving and accountability. And Zoom meetings are not a long-term replacement for face to face communication. Social interaction can be ignored for a short period, but this necessary part of teamwork cannot take place from computer screens on numerous kitchen tables in the burbs.” Mr Montgomery said.

Among the sectors, Management, driven by government hiring was the best performer. Engineering, Finance followed, while Marketing and Information Technology were negative for the month.

Across the states, New South Wales produced the strongest gain, followed closely by Queensland. Western Australia was negative. The ACT was flat and Tasmania was negative due to a fallout in Engineering positions.

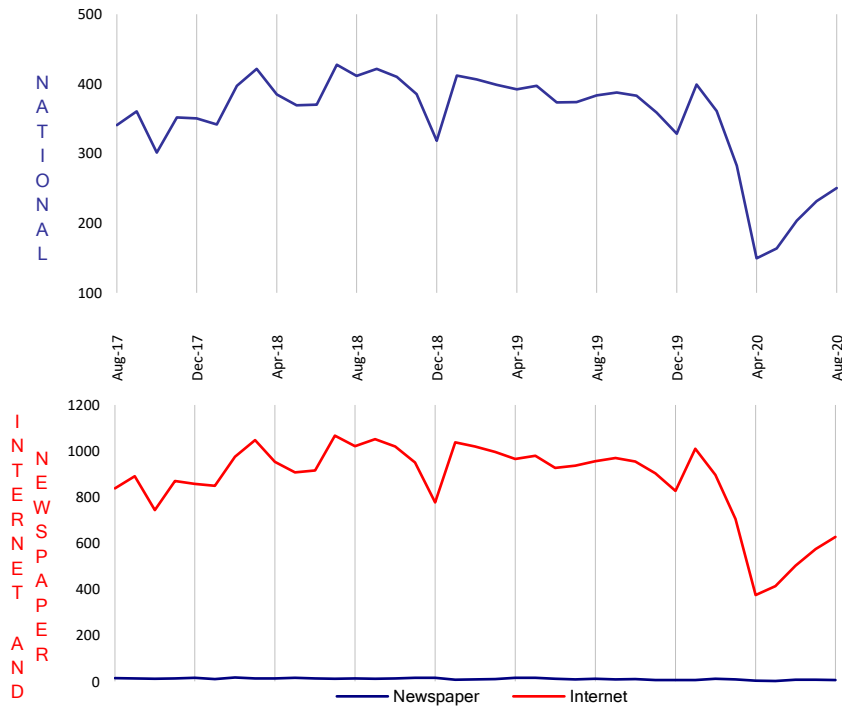
Call Grant Montgomery on +612 9221 6688 for further details



August 2020 National Index:	251
Same period last year (August 2019):	383
Percentage change over last month:	8%

National Summary

Government spending on executive job creation helped the to allow the overall demand for these higher paid employees to increase. The E.L Index rose 8 percent in August keeping the slow recovery that has now been occurring continuously for four months.

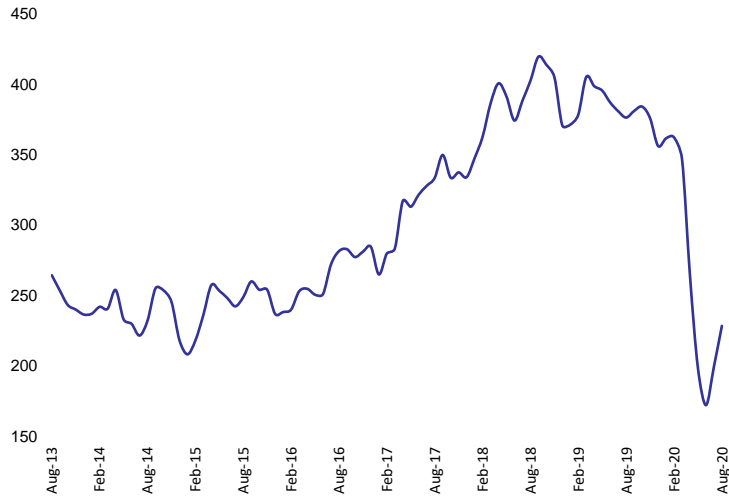


The E.L Index compares the current month against a historical base (Newspaper - last quarter 1992, Internet - last quarter 2001) normalised to 100 making comparisons between categories valid.



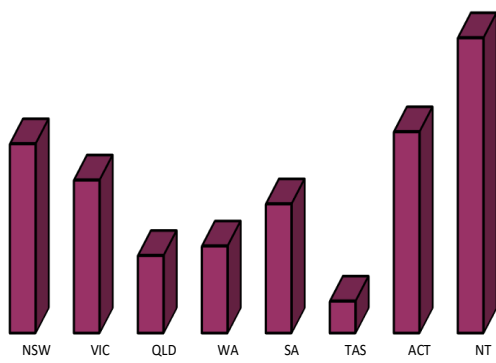
National Demand for Executives over last Seven Years

The three-monthly trend figure has continued to climb, with now four consecutive months of increases.



Graph showing the trend of the E.L National Index (three months moving average).

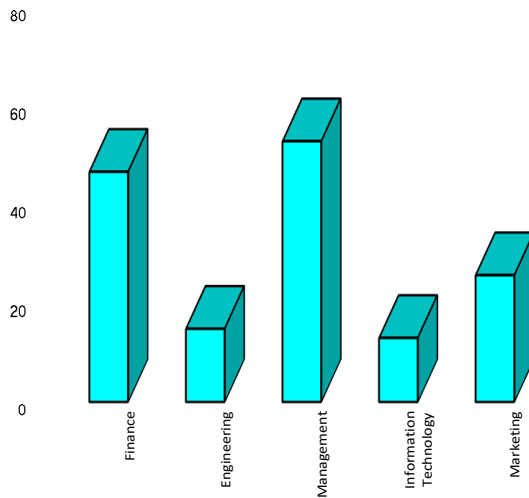
STATE BY STATE COMPARISON



State

New South Wales produced the strongest gain, followed closely by Queensland. Western Australia was negative. Among the smaller regions, the ACT was flat and Tasmania was negative thanks to a retraction in Engineering positions.

EXECUTIVE GROUP



Executive

Management was the best performer with the help of more hiring of bureaucrats by the various governments. Engineering, and Finance were the next best performers. Marketing and Information Technology were both negative for the month.

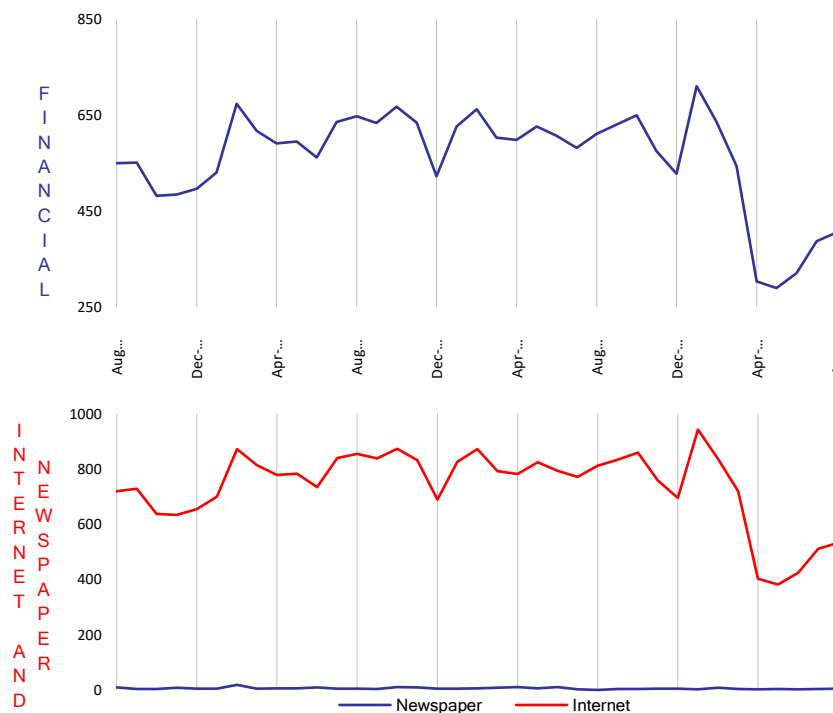


August 2020 E.L Finance Index:	406
Same period last year (August 2019):	611
Percentage change over last month:	5%

The Financial index rose 5 per cent in August, recovering further from its May lows.

The overall result came due to a mixed performance among the different states, with New South Wales, Victoria and Western Australia recording modest gains, but the smaller states like Tasmania and South Australia falling back.

The Financial recovery has been overall of a small percentage compared with the other sectors, which suffered a less extreme fall and have recovered more strongly.



Demand for financial executives over the last three years

Data input definitions: Any position that requires recognised accounting qualifications includes: Accountant, Administration Manager, Auditor, Finance Controller, Budget Accountant, Chief Financial Officer, Cost Accountant, Divisional Accountant, Financial Accountant, Finance Manager, Management Accountant, Systems Accountant, Treasury Accountant, Treasurer

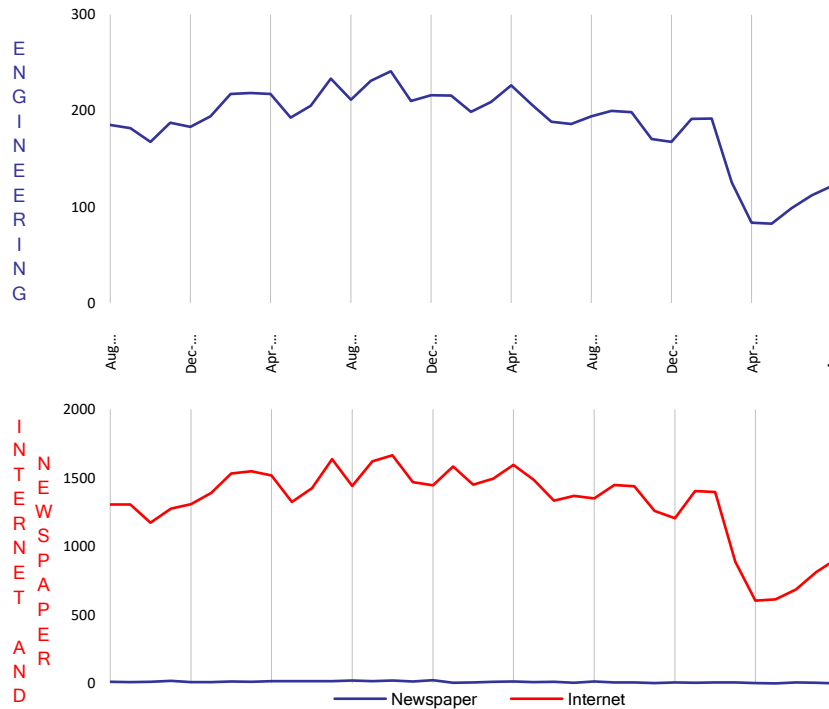


August 2020 E.L Engineering Index:	122
Same period last year (August 2019):	194
Percentage change over last month:	9%

The 9 per cent increase in the Engineering index was dominated by an increase in positions provided by the government sector.

There were again gains across most of the country except for Tasmania and the Northern Territory (off a very small base).

Web-based government sector advertising was the mainstay of the result, in contrast to the prior month where business sector ads rose the most.



Demand for engineering executives over the last three years

Data input definitions: Positions that require an engineering qualification or equivalent. Includes; Engineers: Aeronautical, Chemical, Civil, Consulting, Design, Electrical, Electronic, Environmental, Industrial, Mechanical, Metallurgical, Structural, Telecommunication, Quality, Logistics and Mining. Managers; Project, Production, Purchasing, Construction, R & D, Site, Building, or Manufacturing.

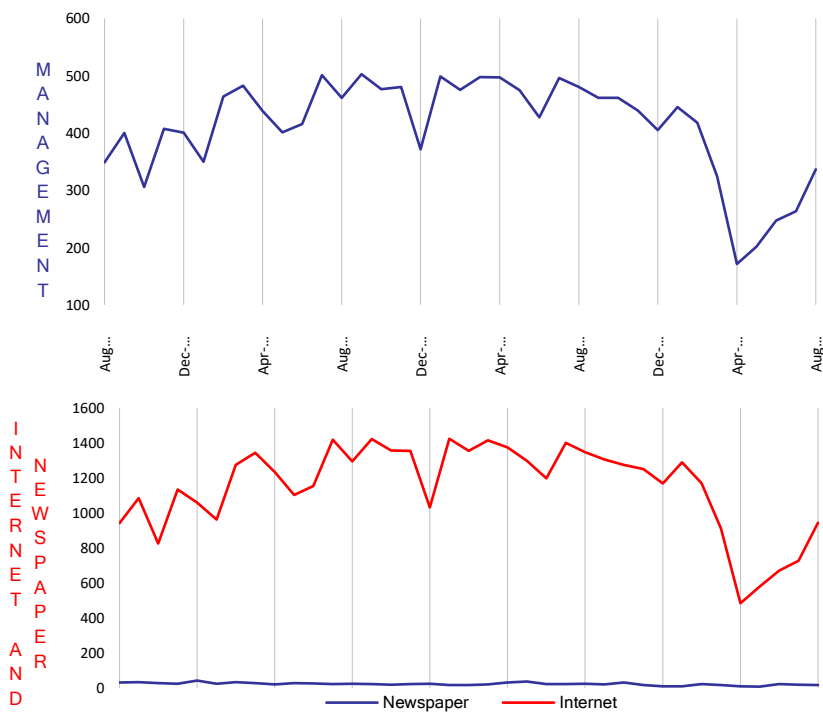


August 2020 E.L Management Index:	336
Same period last year (August 2019):	480
Percentage change over last month:	28%

With its 28 per cent increase over the prior month, Management is now the largest provider of positions among the executive groups, more than Finance.

Management is leading the way in the recovery and is now back to the levels it hit in March. This is before the April crash, but is still an impressive achievement compared with the other sectors.

The government sector provided the boost behind the result. New South Wales, Victoria and Queensland were higher while the smaller regions were off.



Demand for management executives over the last three years

Data input definitions: Senior management of people and other resources not specifically requiring accounting, engineering, DP or marketing skills. Includes: Chief Executive Officer, Divisional Manager, Executive Director, General Manager, Group General Manager, Managing Director, Retail Manager, Property Manager, Human Resource Manager, Industrial Relations Manager, Economist



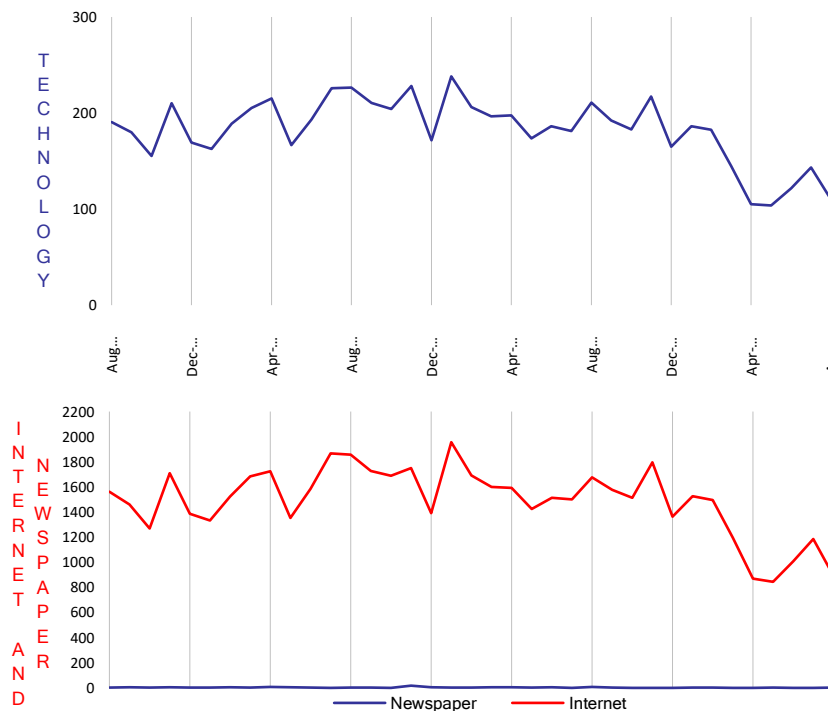
August 2020 E.L Information Technology Index:	110
Same period last year (August 2019):	211
Percentage change over last month:	-23%

The Information Technology index had a 23 per cent loss in August over the prior month, ignoring the general recovery that has been going on and continuing with its sawtooth trading style.

One of the few sectors that thrived in the pandemic was IT as companies rushed to get working from home systems up and running. It is believed that this month's downturn is more a function of the high demand in the previous months rather than a severe fallout this month.

The gains in August were only seen in the ACT, with all other states, including New South Wales, negative.

The increase in the value of the Australian Dollar is potentially making internationally sourced hard and software cheaper for Australian businesses, but this is being undermined by the fact that the normal tech replacement strategies of many companies has been put on hold for now..



Demand for Information Technology over the last three years

Data input definitions: Any position of which information technology software or hardware management is more than seventy five per cent of the role. Includes: Chief Information Officer, MIS Manager, Network Manager, Software Manager, Systems Architect, Business Systems Analyst, EDP Manager, IS Manager

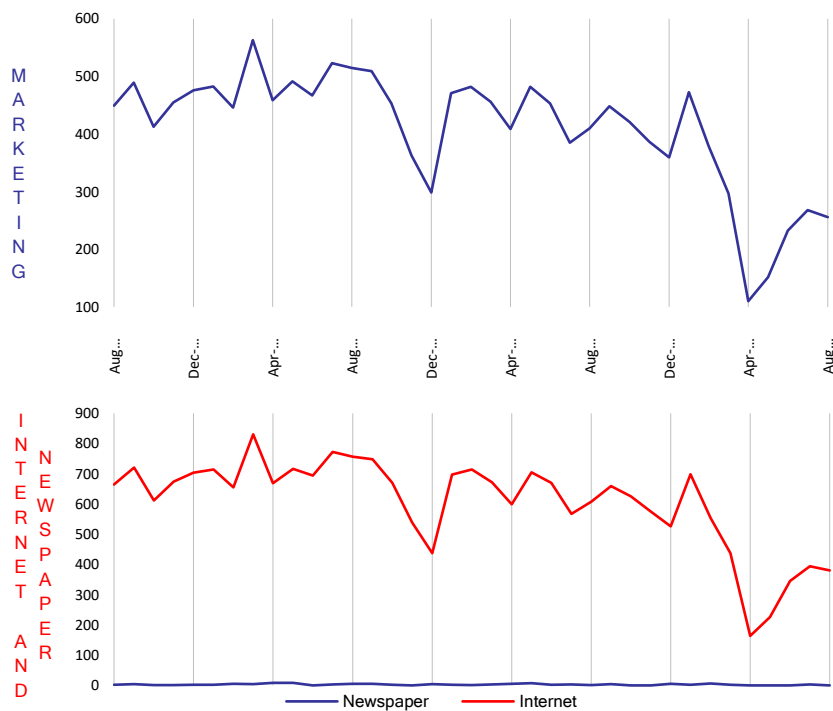


August 2020 E.L Marketing Index:	256
Same period last year (August 2019):	410
Percentage change over last month:	-5%

The Marketing index has been unable to hold on to the gains it made in June and July, falling 5 per cent in August.

The largest gains were again found in New South Wales and South Australia. However, all other regions were negative to push the overall Marketing index to a negative result.

Performances between the government and business sectors were also mixed. In New South Wales the business sector gave the result some positive impetus, while elsewhere it was up to the government sector that carried the day.



Demand for Marketing Executives over the last three years

Data input definitions: Management level sales and marketing roles (*i.e. above salesmen or sales representative level*). Examples Include; Advertising Manager, Account Manager/Executive, Brand Manager, Business Development Manager, Government Relations Manager, Marketing Manager, Media Manager, Product Manager, Public Relations Manager, Public Affairs Manager, Sales Manager, Sales Planner, Sales Trainer, State Sales Manager, Sales Engineer, Territory Manager



About the E.L Index

The E.L Index is a comprehensive monthly analysis of employment trends at executive level. An Australian analysis is produced in Sydney and an Asian analysis in Hong Kong and Singapore.

The E.L Index has shown by two separate University studies to correlate strongly with general economic and business trends. It is featured by most of the major news services and is closely followed by government and central bank analysts.

The E.L Index is actually a combined national index of all executive demand made up of five separate indices; E.L Finance Index, E.L IT Index, E.L Management Index, E.L Marketing Index and the E.L Engineering Index.

The National and specific career group Indexes are shown as relative indexes recording the monthly demand activity for executive positions in the current month against the demand in a historical base period which is normalised to 100. The historical base period used was the average of the last quarter of 1992 which research showed to be the bottom of that downturn.

By averaging to a historical base period the comparison of, say, June 1994 to June 2000 is meaningful, giving a clean, easily understood appreciation of changing investment and economic trends without seasonal obscurity.

The E.L Index utilises data from both print and internet sources and is the only employment index to do so.

The print data is collected from the major employment paper in each state. National papers are not used to avoid "doubling up". Internet data is not collected off the web sites which can be subject to some error but instead collected through raw data provided by the ISP themselves. Print data has over 15 years of historical data and the internet more than 6 years.

Why Executive Demand is a primarily lead indicator?

It is often claimed that unemployment figures and broad-based job vacancy surveys do not give a fair impression of what is occurring in executive ranks. The E.L Index addresses this and has some interesting correlative and predictive qualities. Such as:

- Employment of management usually precedes the employment of skilled and unskilled workers.
- Employment of engineering executives precedes major capital investment.
- The division between various management sectors gives an indication of which sectors of the economy are experiencing growth or decline.
- Compares month by month changes in the public and private sector as well as monitoring government expenditure patterns.
- Makes regional comparisons after allowing for population differences.
- It shows a 'rate of change' and can therefore be realistically compared to general economic and employment growth unlike some surveys that report absolute numbers.
- Core data is collected on an actual expenditure of business and government, not on a respondent's opinion or confidence level.

