

Ai GROUP SURVEY

Listening to Australian businesses on workforce  
and skills 2024

# The big picture, jobs and skills

MAY 2024

Ai Group's Centre for Education and Training surveys a cross section of Australian businesses every two years to learn more about skills and workforce challenges across the economy.

This comprehensive, future-facing survey asks companies about the external and internal factors driving their skills and workforce needs now and into the future. It also asks where the skills challenges or shortages are, and the steps businesses plan to take to develop or acquire the skills and capabilities they consider they need to succeed.



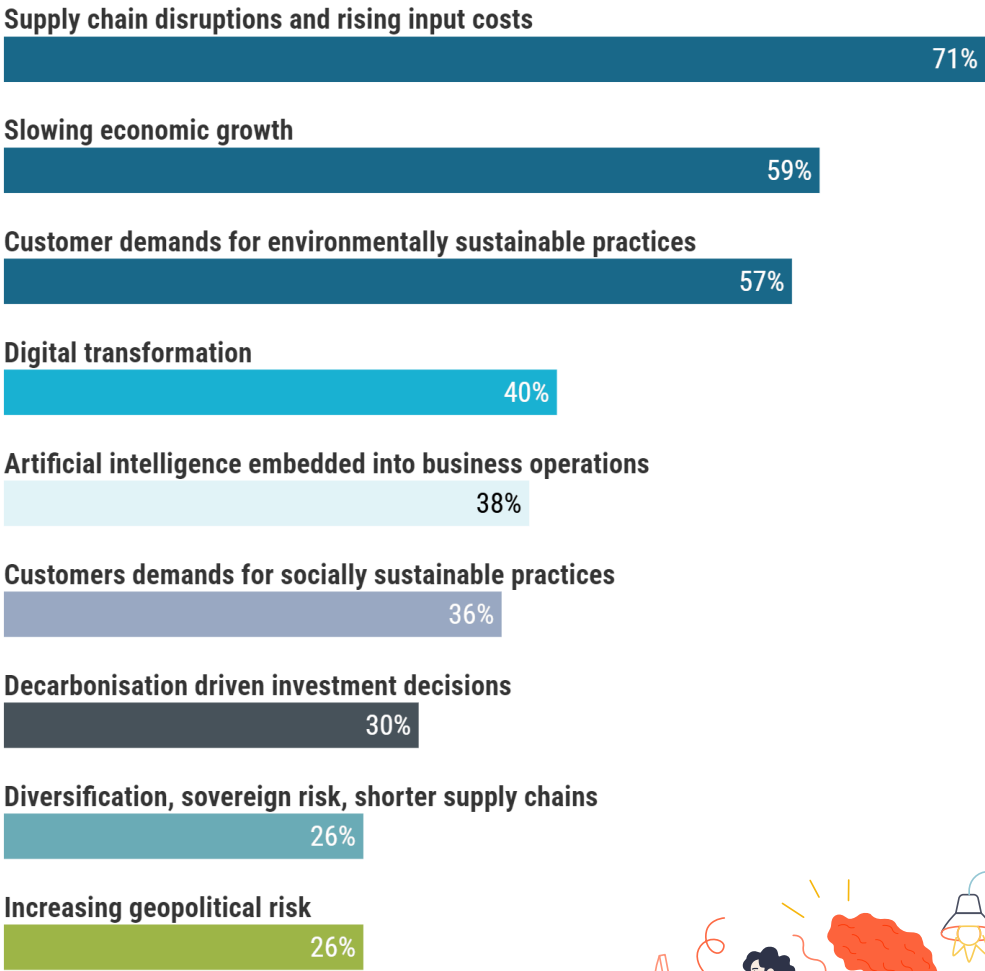
# Supply chains, rising input costs and weakening economic conditions front of mind

Businesses were asked which macrotrends they expected to impact their business over the next two years. This could mean positively or negatively. Businesses were able to select all the trends that applied.

**Supply chain disruptions and rising input costs, slowing economic growth and customer demands** for environmentally sustainable products were reported as the factors most likely to impact their business in the coming years.

**71%** of businesses said they expected **supply chain disruptions and rising input costs** to be a key factor impacting their business over the next two years.

What factors are likely to impact businesses over the next two years?



59% said **slowing economic growth** would be a key factor.

This speaks of a business environment characterised by ongoing uncertainty, price fluctuations and a degree of pessimism.

57% of businesses cited **customer demands for environmentally sustainable products** as a key factor likely to affect their operations in the coming years. For many businesses, this is likely viewed as an opportunity for innovation and growth.

The next most cited factors were **digital transformation, artificial intelligence embedded into business operations** and **customer demands for socially sustainable practices**.

This shows that while technological change, including generative AI, is an issue for businesses, rising costs and economic conditions are front of mind right now.

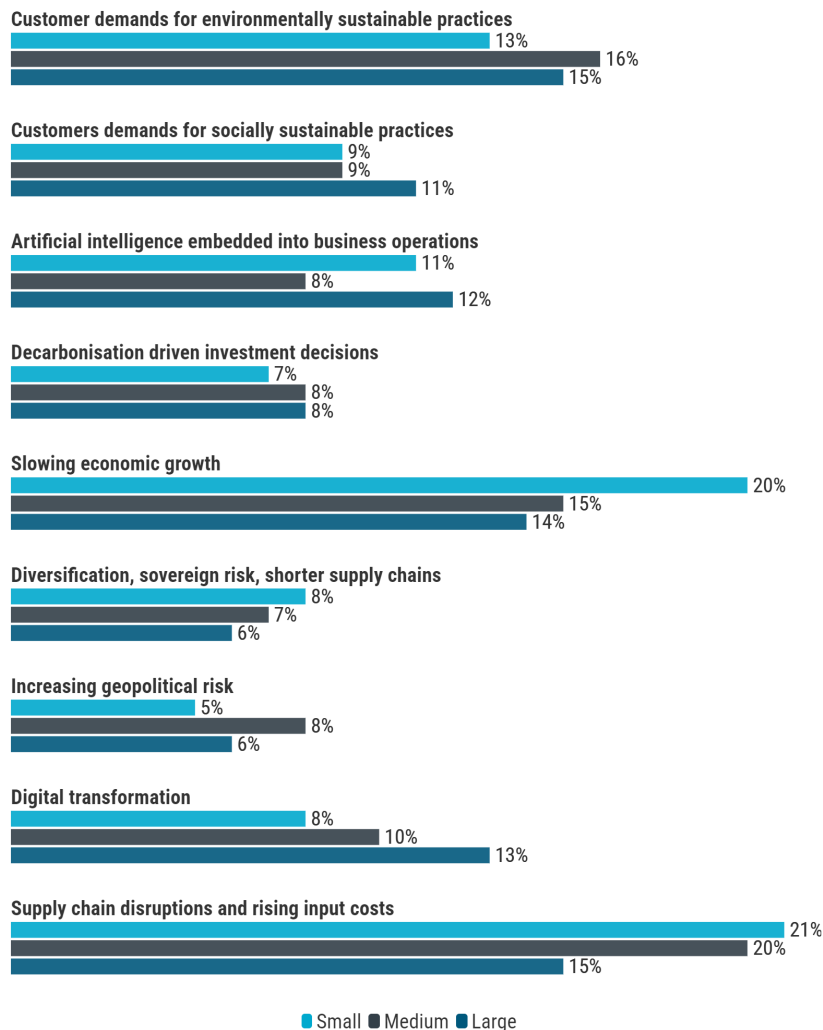
## Small businesses concerned with immediate pressures, large businesses looking ahead to the impact of technology

**Supply chain issues were more of a concern to small businesses**, with 21% nominating this as a key factor likely to affect their business in the next two years, compared to 15% of large businesses.

**Large companies** were more likely to cite **digital transformation and artificial intelligence** as likely to affect them in the coming years.

37% of large businesses and 49% of medium businesses expected digital transformation to have an impact on their operations, compared to only 14% of small businesses.

### Factors likely to impact businesses over the next two years by size

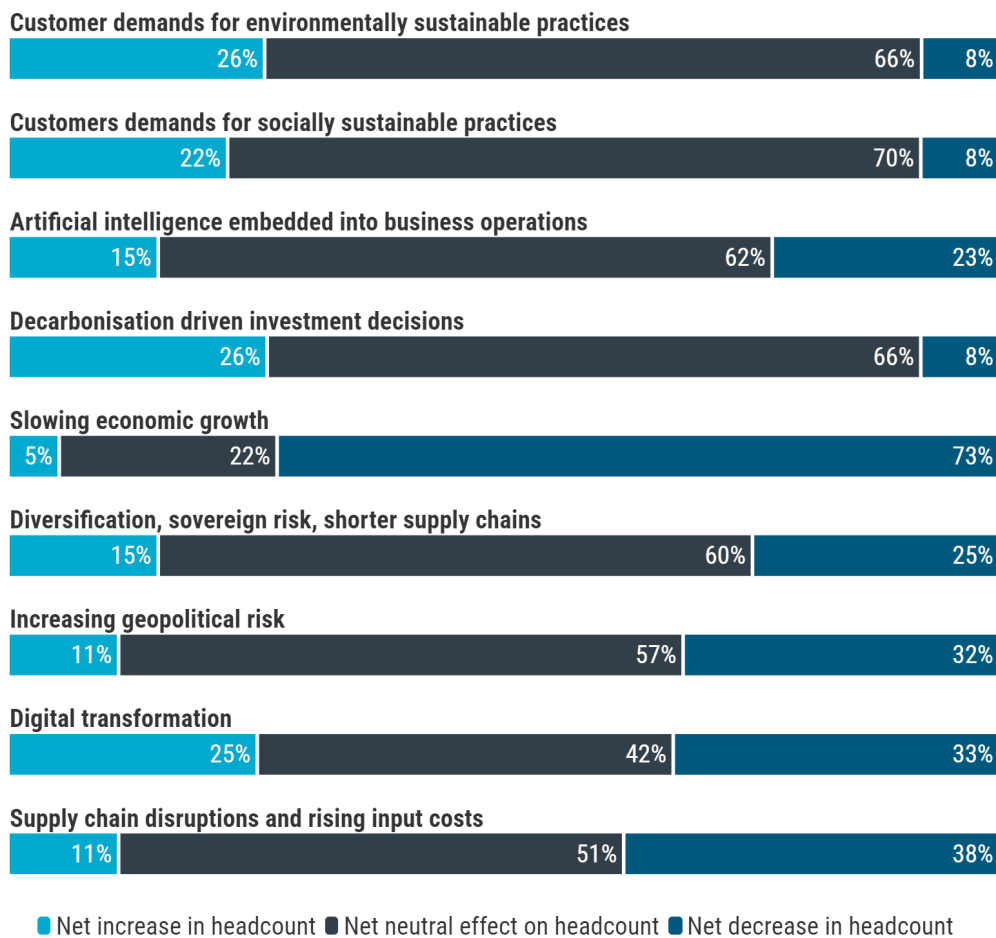


## What does this mean for jobs?

Businesses saw potential upside and jobs growth in **customer demands for environmentally and socially sustainable practices, decarbonisation driven investment decisions** and **digital transformation**.

Unsurprisingly, slowing economic growth was viewed by most businesses as likely to have a negative impact on head count.

### What is the expected impact on jobs?



Over a quarter of those who cited **customer demands for environmentally sustainable practices** as a key factor saw it as likely resulting in a net increase in headcount (26%) or as having a neutral effect (66%).

The results were similar in relation to **customer demands for socially sustainable practices**. 22% saw this as likely to increase headcount, 70% saw it likely to have a neutral effect.

**Decarbonisation driven investment decisions** were also seen as a potential source of jobs growth.

Among the businesses surveyed, **digital transformation** was seen as both a likely job creator (25%) and disruptor (33%) in the coming years.

Respondents also saw potential job losses resulting from **supply chain disruptions and rising input costs** and **geopolitical risk**.

# Businesses feeling confident about their ability to navigate the clean economy transition, but unprepared to deal with AI

Next, we asked respondents if they felt the leaders and managers in their business had the capability to navigate and address these challenges.

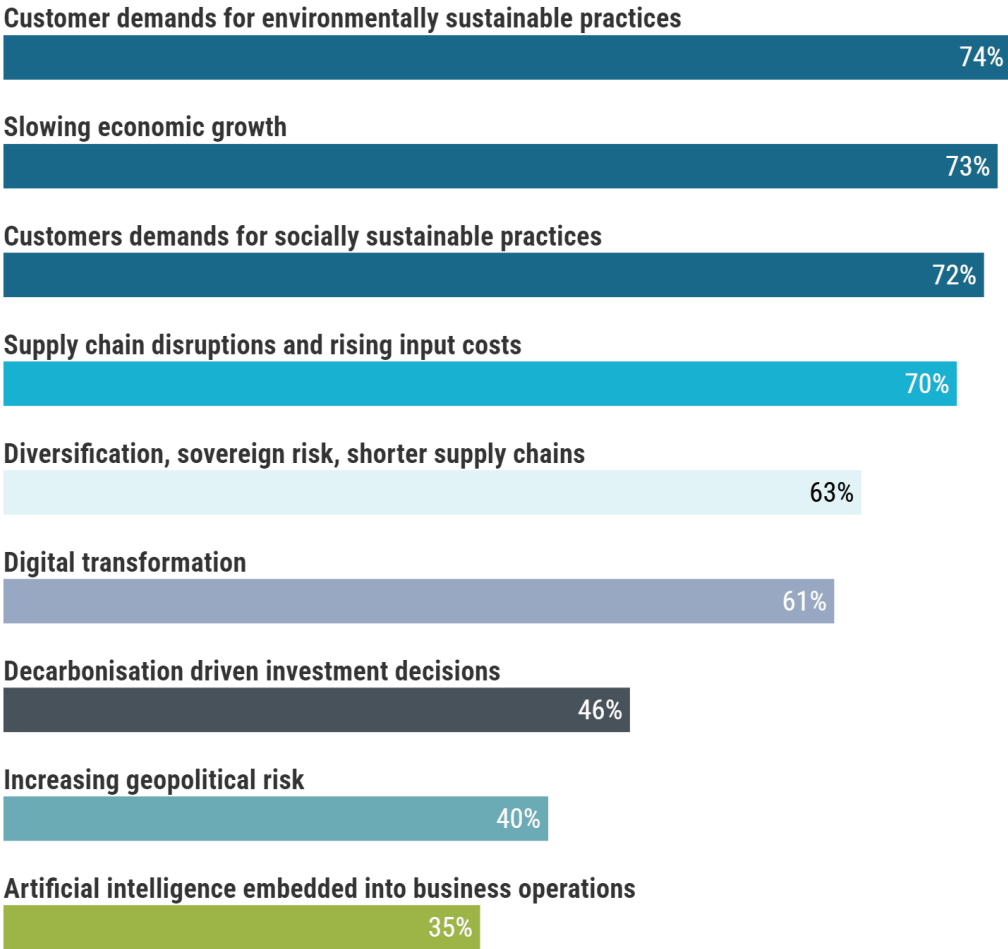
Around three quarters of the businesses surveyed had confidence in their leaders' ability to deal with **changing customer demands for more environmentally sustainable practices** and **changing customer demands for more socially sustainable practices**.

Respondents also felt their business leaders had the capability to deal with **slowing economic growth** and **supply chain disruptions and rising input costs**. This is perhaps unsurprising, given these are perennial business cycle challenges we have seen before.

The perceived capability gap was starkest in relation to artificial intelligence.

Only 35% considered their leaders and managers had the ability to navigate **embedding AI into business operations**.

Do you feel your leaders and managers have the capability to navigate these challenges?



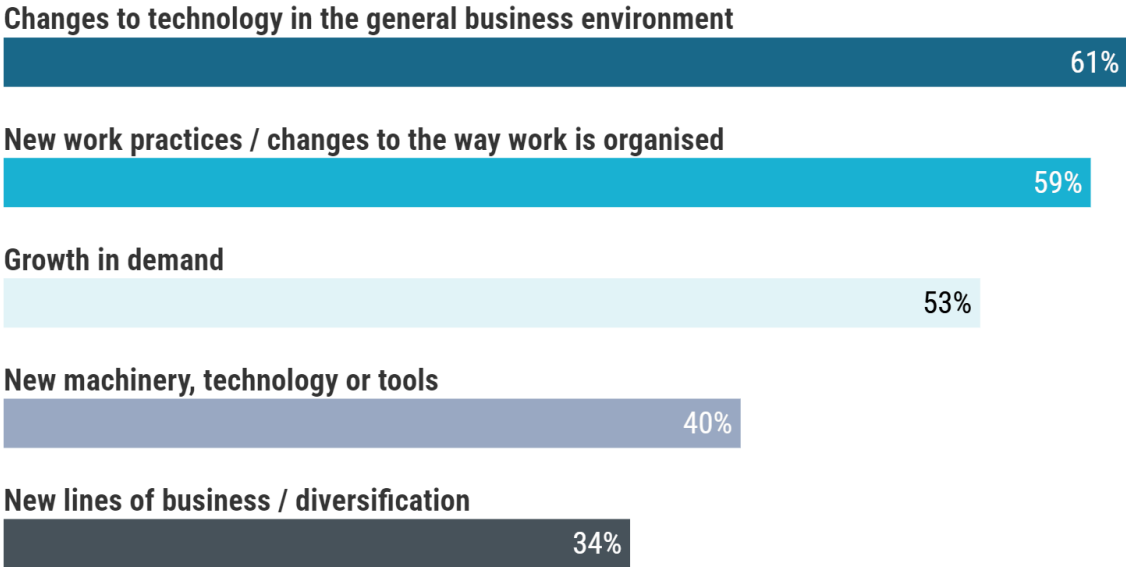
# Changing technology in the general business environment and new work practices the biggest drivers of change

Businesses were then asked about the actual drivers of change in relation to the economy wide challenges outlined above.

59% saw **new work practices** – meaning changes to the way work is organised – as the biggest driver of change.

61% of businesses surveyed felt that **changing technology across the economy generally** was the biggest factor driving change in their business.

What factors do you consider are driving these changes?

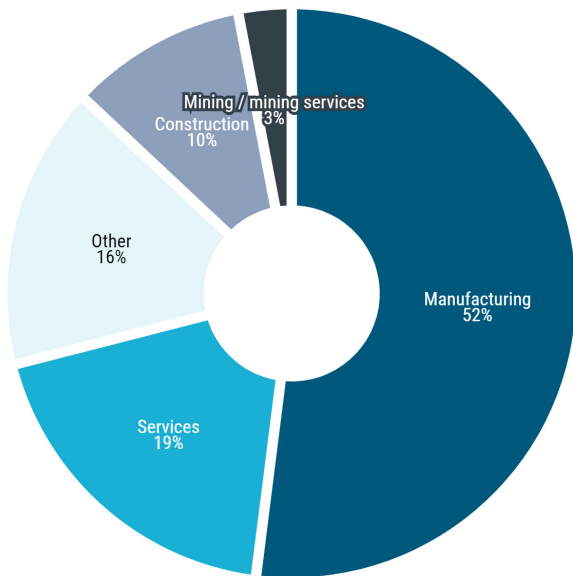


This tells a story of individual businesses navigating through economy-wide transition, as changes in technology and demand for new products and services drive adaptation and innovation, in many cases resulting in new work practices or changes to the way in which work is organised.



# The businesses we surveyed

We heard from businesses across a range of industry sectors



A total of **251**

Australian businesses completed our survey in the first quarter of 2024, employing a total of

**291,232**

Full Time Equivalent (FTE) employees.

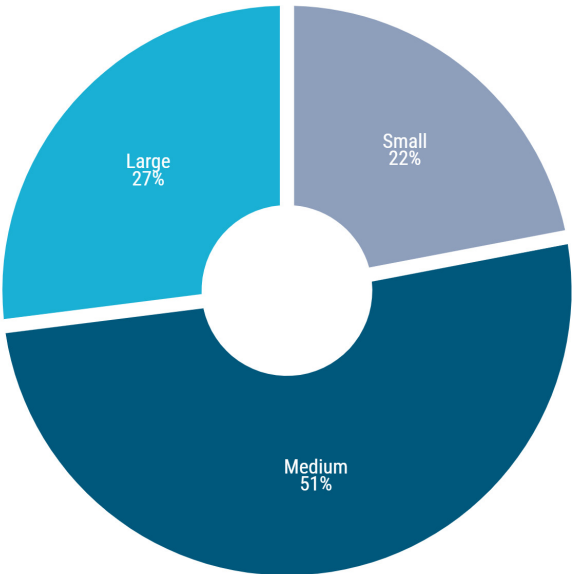
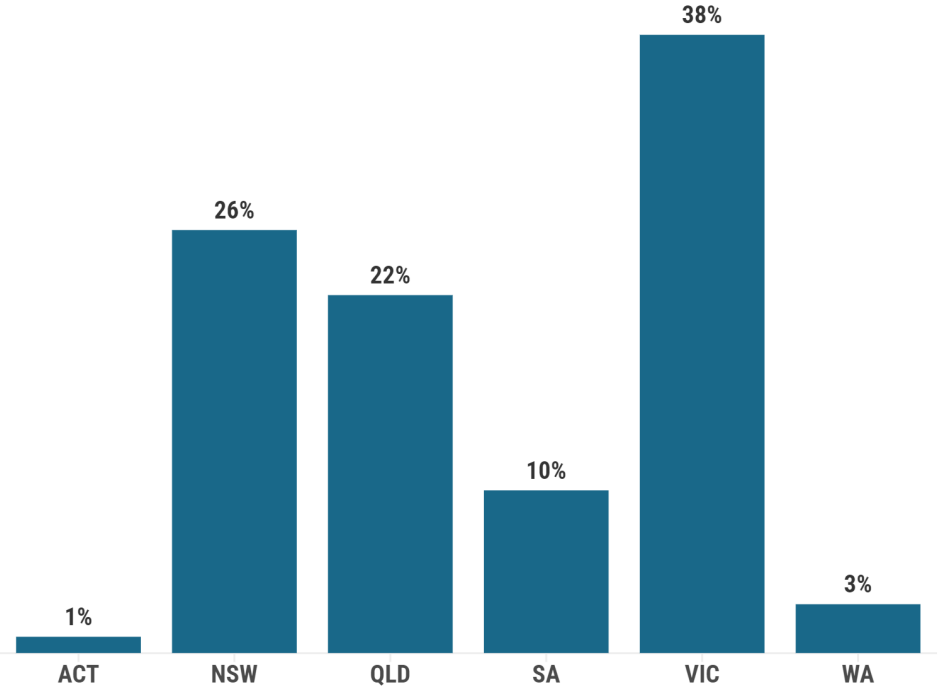
**52% of the respondents reported being part of the manufacturing sector.** This included a diverse range of manufacturers, including those making food, beverages, chemicals, equipment, building materials, metals, textiles and furniture.

19% came from the services sector, and a further 10% from construction. Respondents selecting 'other' were diverse and included defence/aerospace, aviation, recyclers and not-for-profit community organisations. The remaining 3% reported being from the mining/mining services sector.



## We heard from businesses right around the country

38% of the businesses we heard from were based in Victoria, 26% in New South Wales and 22% in Queensland. 10% were from South Australia, with the remaining 4% located in Western Australia and the ACT.



## We heard from businesses of all sizes

22% of the businesses we surveyed were small (between 0-19 employees), 51% were medium sized (between 20 and 199 employees) and 27% were large (200 or more employees).

Respondents provided their best estimate of their full-time equivalent headcount active in the business. Using these estimates, the responses have been grouped according to the Australian Bureau of Statistics categories of small, medium and large businesses.



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