Alongside the monthly Small Business Index, the Xero Small Business Insights program also tracks the proportion of small businesses that have increased or decreased their workforce in the past 12 months. We name these metrics job creators and job downsizers. These measures provide another perspective around labour markets, in addition to the jobs indicator used in the Xero Small Business Index.

This report takes a closer look at recent trends in these two measures across Australia, New Zealand and the United Kingdom for three industries that had very different experiences over the past two years - hospitality, health and professional services.

Different pandemic experiences across industries and countries

Figure 1 shows the movements in job creators and downsizers for hospitality, health and professional services in the three countries since July 2019. The shaded areas of each chart reflect the period, in each country, when there were widespread business trading restrictions in place to combat COVID-19 health risks.

Fig 1. Job creators and downsizers, by industry and country, July 2019 - October 2021
Key industry-based findings

**Hospitality**

- Hospitality experienced the biggest swings in workforce size among the three industries of interest, reflecting the tighter restrictions in place during lockdown periods.
- UK hospitality firms saw the largest workforce changes in the initial round of lockdowns, with the average proportion of downsizers (and average proportion of creators) higher (lower) than in Australia and New Zealand.
- During the subsequent recovery period, from mid-2020, Australian hospitality firms rehired the quickest. The workforce situation stabilised in the United Kingdom and New Zealand but both continued to have elevated levels of job downsizers and lower than usual job creators into early 2021.
- In all three countries, the second round of lockdowns caused less dramatic swings in downsizers and creators, than the initial lockdown. In Australia the share of job creators actually managed to stay above those downsizing - as the need to re-hire after 2020 outweighed the impact of a return to restrictions. In contrast, after recovering to more 'normal' conditions in late 2020, when the second lockdown hit New Zealand in August 2021 a greater proportion of firms became downsizers than creators again. In the United Kingdom firms never really recovered between the country's two main lockdowns and net hiring has only improved since the economy re-opened in April 2021.

**Health**

- Intuitively, the two metrics in this sector would be expected to run the opposite to hospitality - with job creators rising during periods of outbreaks. But all three countries showed the opposite impact as the initial lockdown emerged - especially in the United Kingdom.
- This unexpected pattern did quickly correct itself, however, and all three countries experienced an overall increase in job creators (and decline in job downsizers) over the remainder of the period to October 2021. Again, the United Kingdom pattern was slightly different - with a period of stability in both indicators through the second lockdown period until April 2021.

**Professional services**

- This industry had the most stable workforce trends across all three countries. This was particularly the case in Australia and New Zealand.
- In the United Kingdom, the share of downsizers did briefly become bigger than creators during the first lockdown period but returned to more normal settings once lockdown conditions eased.
- This relative stability was most likely due to the working from home option that the industry has, which is not as readily available for those in hospitality or health.

In summary, we can see that firms across these industries and countries experienced different workforce trends during the pandemic-affected period of July 2019 - October 2021.

The job creator and downsizer indicators are alternative ways of tracking labour market movements, offering a different perspective to standard employment or jobs measures. The latest monthly data, including breakdowns by industry and geographic region and methodology information, can be found at [www.xero.com/xerosbi](http://www.xero.com/xerosbi).