

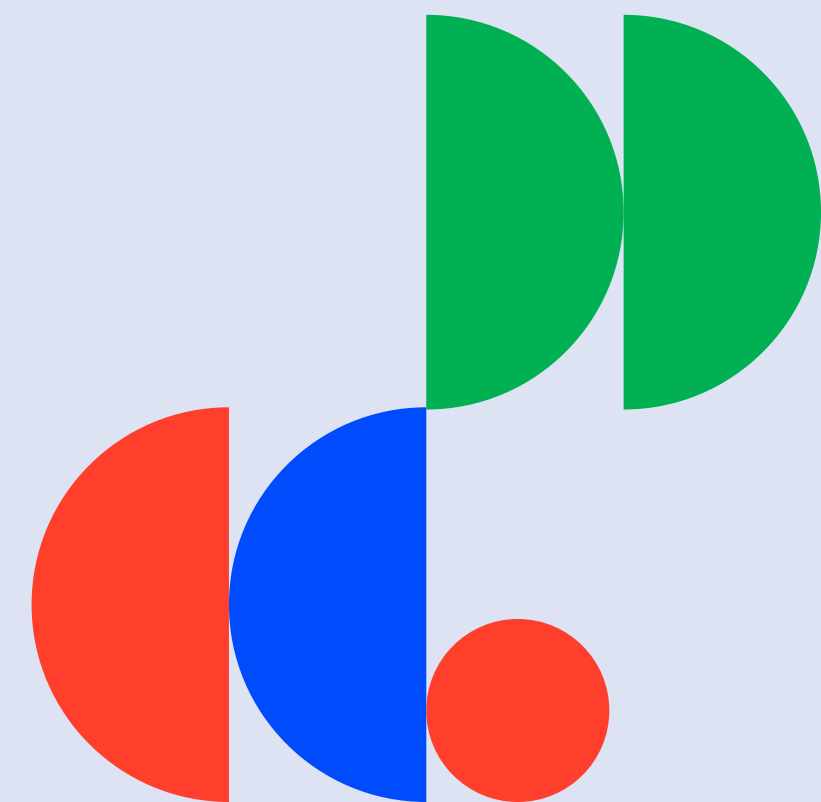
2024 HR INDUSTRY BENCHMARK REPORT

HR's challenges,
opportunities and trends
for 2024



Contents

| | |
|--|----|
| Executive summary | 3 |
| 5 key trends influencing HR leaders in 2024 | |
| 1. Navigating today's economy | 5 |
| 2. Tackling the 'productivity predicament' | 8 |
| 3. Making the move from tactical to strategic | 12 |
| 4. Embedding data into HR decision-making | 16 |
| 5. Accelerating efficiency through technology | 21 |
| Benchmark findings | |
| → Workforce growth predictions | 25 |
| → Turnover and new hire turnover | 26 |
| → Budget changes – Australia | 27 |
| → Budget changes – New Zealand | 28 |
| → Salary movements | 29 |
| → Time to fill | 30 |
| → Cost to hire | 31 |
| → Cost to train | 32 |
| → Time to productivity | 33 |
| Methodology | 34 |
| About ELMO Software | 35 |



Executive summary

Welcome to ELMO's fifth annual HR Industry Benchmark Report. As ELMO's new CEO, it's exciting to see this report come to life and learn more about HR's challenges, opportunities and trends emerging across Australia and New Zealand.

The key themes from this year's report reflect the realities we're facing today. Economic concerns, productivity pressures, and the need for a more sustainable approach to acquiring skills for the future.

This year's report found the cost of hiring is now at an average of \$20,000 per hire and around one in seven new recruits leave within their probation period. What's more, it's now taking new hires longer to become fully productive.

These are eye-opening figures, not just for HR leaders but the broader C-suite too. They highlight the need for organisations to better understand the success of their onboarding programs, as well as develop initiatives to become less reliant on the external recruitment marketplace. As Kate Wilkinson, ELMO's Chief People Experience Officer highlights on page 7, internal mobility and succession planning are vitally important for today's organisations.



The report also highlights another focus area: productivity. Lifting employee engagement, equipping leaders with the right skills and improving how leaders prioritise their goals were identified as the key barriers inhibiting greater productivity.

What's positive to see is the increasingly sophisticated ways in which HR professionals are using data to make decisions and the high uptake of HR technology to free up more time for the work that matters most. The skills of the future on page 15 highlight how HR will continue to evolve and that technology, data and strategic thinking are at the heart of that movement.

While this year certainly has added pressures in store, new ways of operating will emerge to help propel organisations forward. By embracing these challenges head on, HR professionals will set their organisations up for a more strategic and sustainable approach to developing great talent in 2024 and beyond.

A handwritten signature in black ink that reads 'Joseph Lyons'.

CEO, ELMO Software



Key findings

Topical

The **economic outlook** is the **top challenge** for organisations in Australia and a top three challenge in New Zealand.

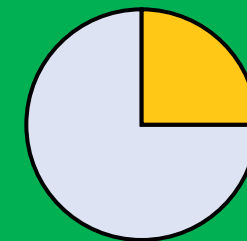
→ Page 5

Increasing **productivity** ranks as a top priority for 2024 across both countries, alongside employee wellbeing.

→ Page 9

At least a **quarter** of respondents plan to **restructure** in 2024 to cope with the economic uncertainty.

→ Page 6



But a lack of **employee engagement** and **poor prioritisation** are the **top barriers** holding back productivity.

→ Page 8

Benchmarks

It now costs **\$20,000** to hire a new employee on average, with a time to fill of **18 days** in Australia and **24 days** in New Zealand.

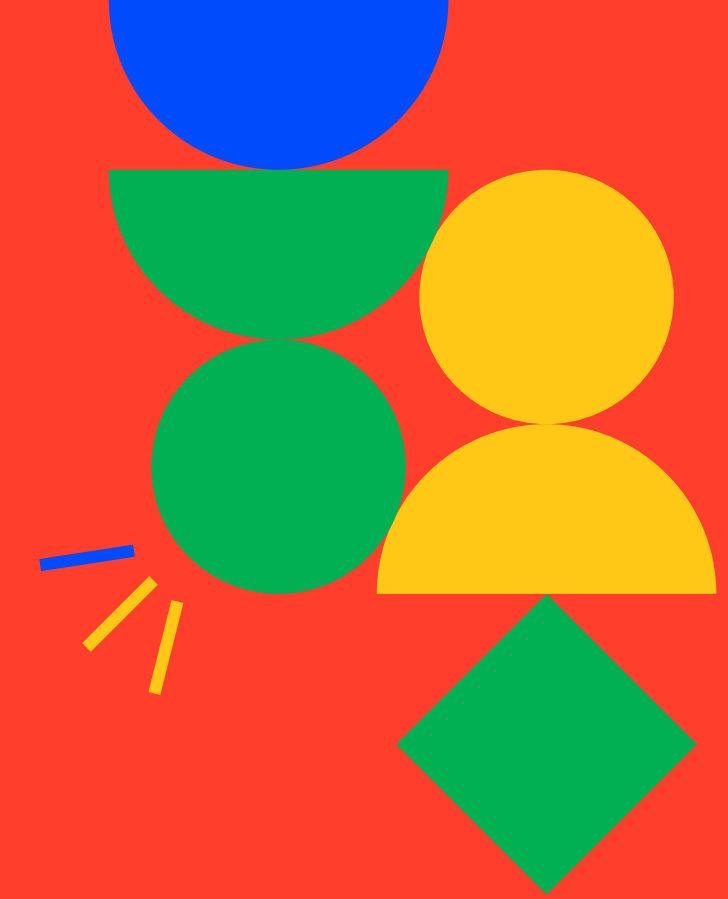
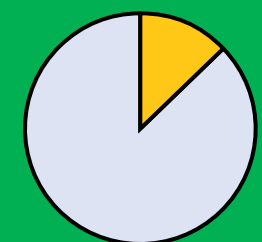
→ Page 31

The average **time to productivity** has blown out to **35 days** in Australia and **42 days** in New Zealand.

→ Page 33

Around **13%** of all new hires leave before the end of their probationary period.

→ Page 26



1. Navigating today's economy

As we entered 2024, organisations were faced with predictions of sluggish growth, persistently high interest rates and a tight talent market.

It's not surprising then that the economic outlook ranked as the number one challenge for organisations in Australia and a top three issue in New Zealand.

The phrase 'doing more with less' sums up the feeling for many HR leaders today as they look to alternative operating models in a bid to drive up efficiency. From four-day working weeks to automating tasks with AI, HR leaders are being tasked with unlocking greater engagement and productivity from their existing workforce.

But tellingly, talent challenges also dominate the top five list. Shortage of labour and in-demand skills, as well as upskilling/reskilling employees continue to be a dominant theme in 2024.

With both countries still recovering from border closures that exacerbated the existing talent shortage, HR leaders will have to innovate in order to buy, build, or borrow the skills they need to meet current and future demand.

In New Zealand, cybersecurity threats tops the list as the biggest challenge facing organisations in 2024. The topic will no doubt continue to dominate the agenda given the increasing rate and sophistication of cyberattacks.

Top 5 challenges facing organisations in 2024

Australia

- 1 Economic outlook
- 2 Shortage of labour
- 3 Hybrid work
- 4 Upskilling/reskilling employees
- 5 Cybersecurity threats

New Zealand

- 1 Cybersecurity threats
- =2 Economic outlook
- =2 Upskilling/reskilling employees
- =4 Shortage of in-demand skills
- =4 Aligning salaries with market rates

In light of the uncertain economic conditions, we asked respondents which cost-control measures their organisation might implement. In both Australia and New Zealand the most common answer was optimising, according to around a third of respondents.

It echoes the sentiment that 2024 is about dialling up efficiency through the existing talent ecosystem.

That means re-examining existing processes, technologies and organisational structures in a bid to remove productivity barriers and drive innovation.

But the current state of employee engagement and wellbeing can't be ignored. Particularly for organisations that underwent redundancies or restructures last year and have suffered a hit to morale as a result.

Add to that the hangover of pandemic-induced burnout, increased mental health issues and the cost-of-living crisis, many employees are facing heightened pressure both at work and at home.

Most common cost-control measures expected



17%
of Australian HR professionals expect to make retrenchments in 2024

25%
of New Zealand HR professionals expect to reduce salary increases or freeze pay in 2024

27%
of Australian HR professionals expect to restructure their organisations in 2024

Undoubtedly, this year's survey findings underline the need for a more sustainable approach to recruiting and retaining talent.

Take for example the fact that it now costs around **\$20,000** to hire a new employee and on average, **one in seven** new hires will leave before the end of their probation period.

Kate Wilkinson, ELMO's Chief People Experience Officer, says that in the economic environment organisations are now facing, there's a greater need to carefully evaluate each hiring decision.

"Where organisations are creating new roles that haven't been done before, it can be worth the investment to bring in certain skillsets externally."

"But what isn't sustainable is continually backfilling roles without a proactive succession strategy for your existing workforce."

"To create that strategy, it's crucial to first understand when and where you might lose talent and design a succession plan to move the next layer of talent up."

Kate Wilkinson, ELMO's Chief People Experience Officer



That's where data analytics is extremely valuable for HR teams to unearth historical trends around average tenure and flight risk across departments, teams and roles. This insight should feed into a proactive approach to upskilling/reskilling employees to meet both current and future skills needs.

According to New Zealand HR professionals, upskilling/reskilling employees is the top area in need of improvement to meet their organisations' financial goals.



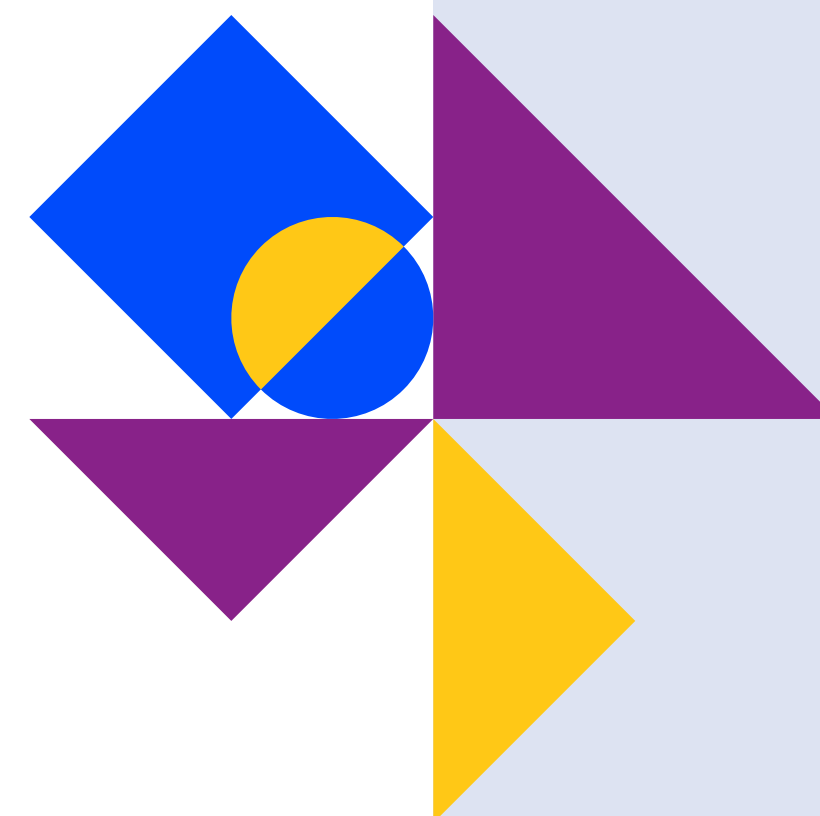
2. Tackling the 'productivity predicament'

Productivity has become a burning issue for organisation leaders over the past twelve months, sparked in part by the 2023 report which warned that Australia is facing a 'productivity predicament'.

The Government's Productivity Commission found that over the decade to 2020, average annual labour productivity growth in Australia was the slowest in 60 years. New Zealand's own Productivity Commission came to a similar conclusion, reporting that New Zealand has gone from being one of the most productive to one of the least productive countries in the OECD.

As a result of the dire warnings, Boards and C-suite leaders began questioning the productivity of their own workforces. But productivity is not a straightforward equation.

While an organisation's people are certainly a key factor for productivity, it's short-sighted to think that simply asking employees to work harder is the answer. That's particularly true when you consider the top barrier to productivity according to our Australian HR professionals: employee disengagement.



What are the barriers holding back productivity for your organisation?

Australia 

1 Lack of employee engagement

=2 Leadership capability

=2 Lack of prioritisation

New Zealand 

1 Lack of prioritisation

=2 Leadership capability

=2 Lack of clarity on goals and performance

To drive higher productivity at scale and in a sustainable way, organisation leaders should focus their energy on the barriers that exist. But as our survey revealed, they also need to consider their own capabilities as leaders.

What's clear from our survey findings is that productivity is a multi-faceted problem. And while HR leaders are an important voice in the conversation, they can't drive productivity enhancements alone.

Top 5 priorities for organisations in 2024

| | Australia | New Zealand |
|---|--------------------------|------------------------------|
| 1 | Employee wellbeing | Increasing productivity |
| 2 | Increasing productivity | HR reporting & analytics |
| 3 | HR reporting & analytics | Performance Management |
| 4 | Leadership development | Employee wellbeing |
| 5 | Performance management | Strategic workforce planning |

Our survey identified three core areas for organisation leaders to focus on:

- Driving higher employee engagement by addressing issues such as change fatigue, burnout and poor wellbeing
- Being rigorous with the prioritisation of goals and performance management, aligned to a broader framework of organisational key results
- Ensuring adequate leadership capability to train, motivate and retain key talent

What's positive to see is that organisations in both Australia and New Zealand are prioritising these areas, with employee wellbeing, leadership development and performance management all featuring in the top priority areas for 2024.





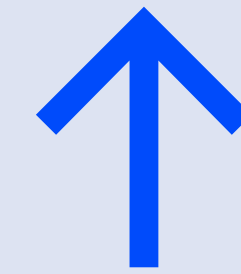
Justin Meier, ELMO's Senior Organisational Development Manager, says many of the priorities highlighted in this year's survey are interlinked.

"They're symptomatic of each other in a way. For productivity to improve, businesses require an engaged and thriving workforce, but also capable leaders who can prioritise effectively, build trust through regular and ongoing quality conversations, and drive high performance within their teams.

"But sometimes where things can get lost in translation is departmental vs individual performance, because what is a priority for one leader might be different to another. That's why it's important to ensure individual goals are linked and aligned with the broader business priorities. That's the challenge many organisations are facing right now."

The other big challenge for today's leaders is effectively leading change. The world of work has undergone a huge amount of change over the past few years and leaders have been thrust further into the spotlight.

"The level of change is not going to slow down; it's only going to continue to accelerate. For HR teams, we need to consider how well equipped our leaders are at communicating and managing change within their teams, particularly if employees are feeling overwhelmed or fatigued with the pace of change. How are they communicating messages and delivering them in a way that motivates and inspires their teams?"



According to Australian HR professionals, leadership development is the top area in need of improvement to meet their organisations' financial goals.

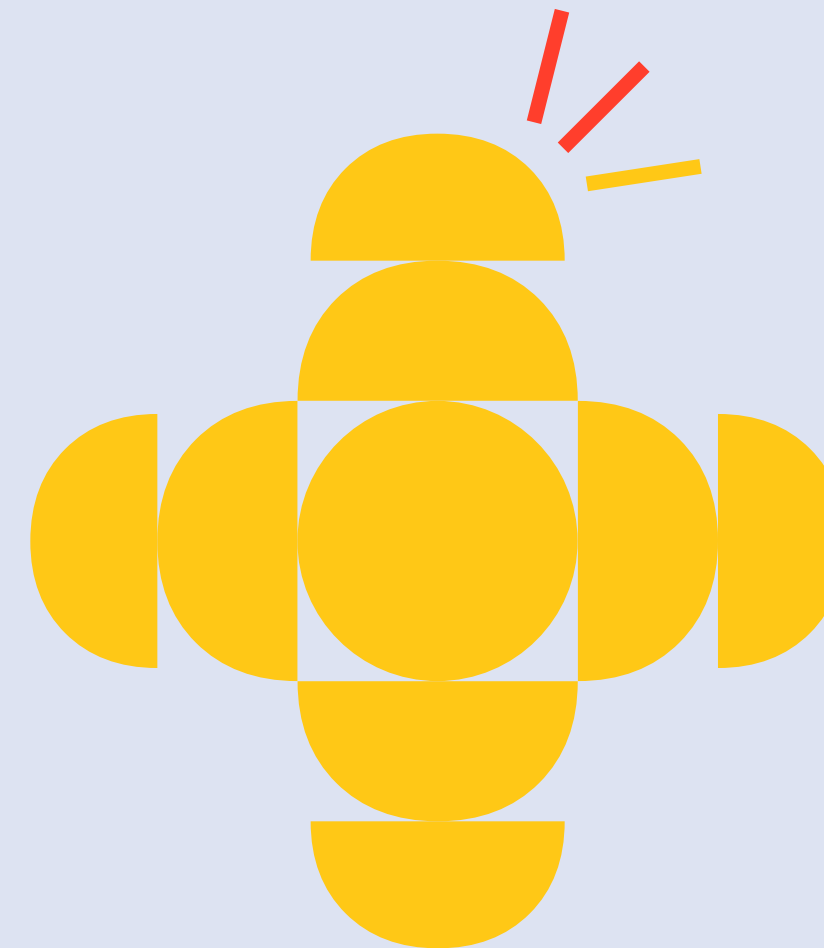
Amid the productivity conversation, there's another big factor for HR leaders to consider.

With workers now more likely to switch jobs every few years, employees are spending a greater amount of time in the onboarding and training phases of a new role, rather than progressing with one employer. Organisations are also having to spend more time getting new hires up to speed, impeding the productivity of their managers and teams.

In short, organisations that struggle to retain staff are finding themselves stuck in a constant cycle of hiring and training, unable to propel their productivity in the right direction. This constant loss of knowledge within the organisation, not to mention the cost and time involved in recruiting and onboarding, is hurting the bottom line.

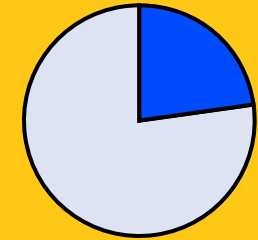
If a productive organisation is a bicycle, being propelled forward by momentum, the alternative is a spin bike, cemented in one place.

That's why retention should be treated as a key priority to influence productivity. Instead of putting the focus on simply doing more, HR leaders should reframe the conversation around retention, engagement and wellbeing.



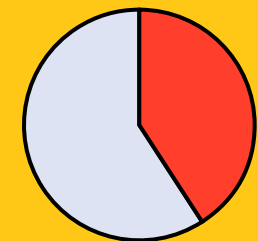
23%

of employees in ANZ say they're actively searching for a new role in another company*



41%

of employees in ANZ say they felt burnt out in the last three months of 2023*



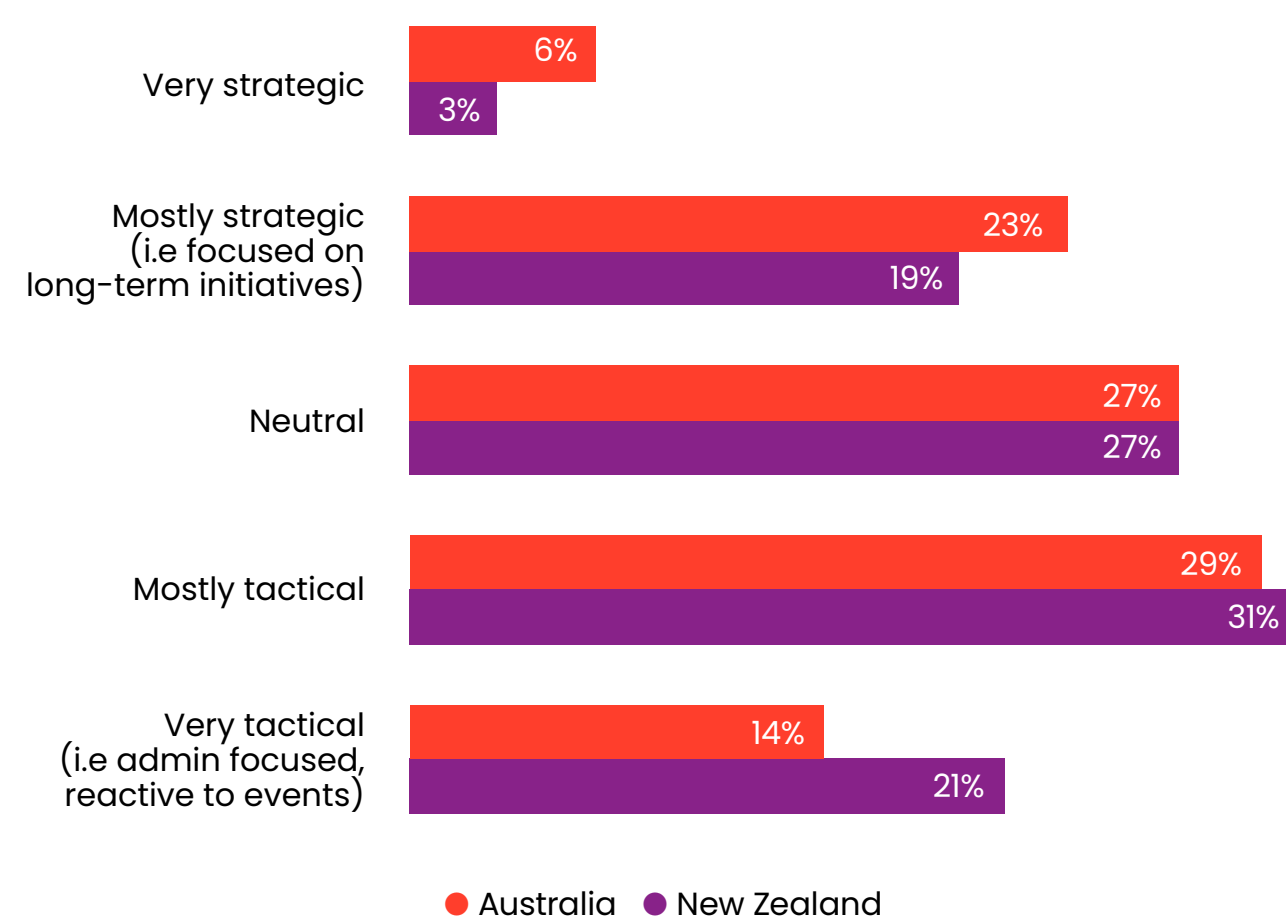
3. Making the move from tactical to strategic

HR has undergone significant reinvention, but our survey shows there is more to be done.

Almost half of HR professionals say their approach for 2024 will be tactical (either very or mostly tactical), while just under a third say it will be strategic.

The findings are surprising, given the general consensus that HR leaders need to be working more strategically to secure their seat at the decision-making table. But it suggests that while the intention is certainly there, many HR professionals are facing barriers to becoming more strategic.

The approach for HR in 2024



Tactical

- ▶▶ Focus on transactional and operational issues
- ▶▶ HR are viewed as 'policy police'
- ▶▶ Tend to be more reactive than proactive
- ▶▶ High value placed on operational support to organisation.



Strategic

- ▶▶ Collaborative organisation partners aligned to key objectives
- ▶▶ Trusted advisors with a strategic focus and a seat at the table
- ▶▶ Data-led rather than gut feel, predicting future challenges.

More than a third of HR professionals say a lack of people resources is the top barrier preventing them from operating more strategically.

In New Zealand, a lack of budget is proving equally as challenging, according to 34% of respondents.

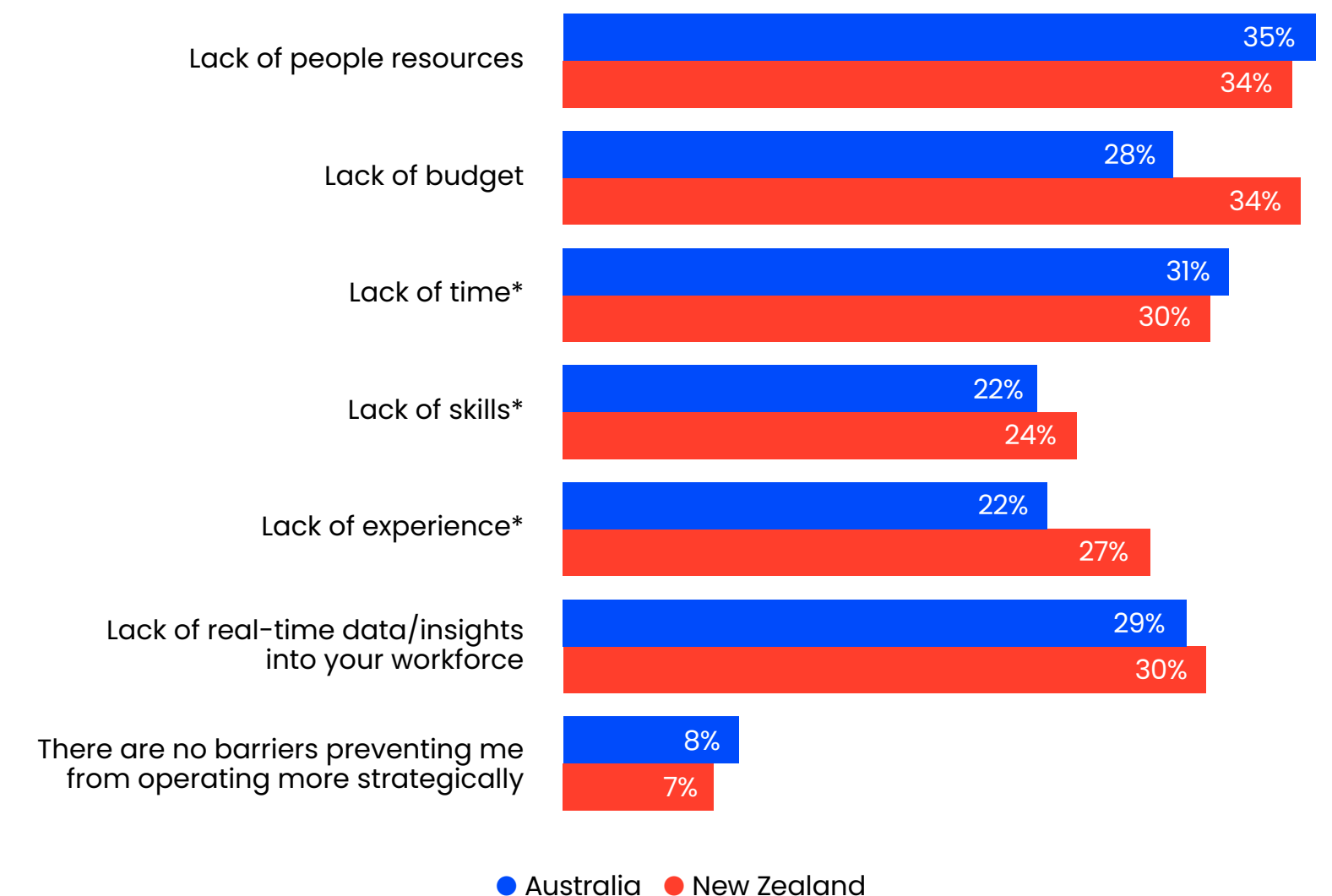
What the results highlight is that many HR teams across Australia and New Zealand are overburdened and under-resourced. That's particularly true for those in small and mid-sized organisations. In fact, while lack of people resources ranked top for small and mid-market size groupings, lack of time ranked as the biggest challenge for survey respondents from enterprise organisations (2000+ employees).



The findings suggest that to make the shift from tactical to strategic, HR leaders require dedicated resources to make it happen. If they're stuck trying to juggle both, the tactical tasks will always take priority as the strategic work gets pushed to another day.

That's not to say tactical HR doesn't have its place. But that it's only when organisations have individuals dedicated to designing and implementing strategic initiatives that the perception of HR can begin to change.

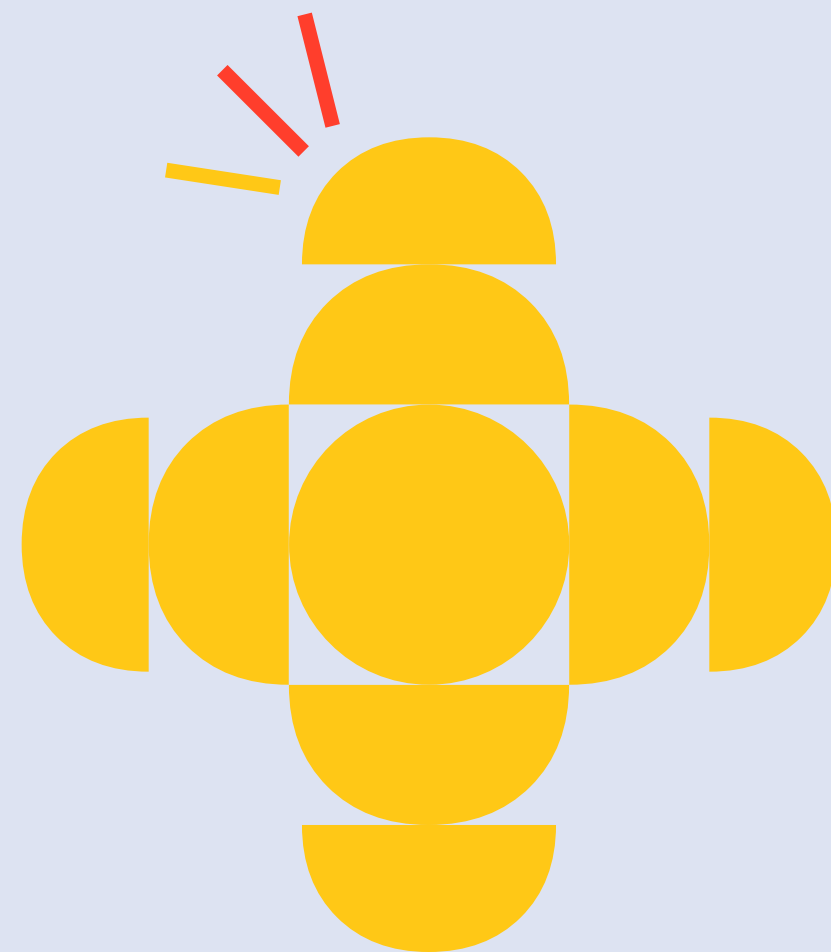
Barriers to operating more strategically



Collaboration with the C-suite is a key factor for highly strategic HR leaders. Yet only around half of HR professionals say they or their HR leader has a strong partnership and collaboration with the rest of the C-suite.

It's most common for HR professionals in Australia to have a strong partnership with their Chief Executive Officer compared to the other C-suite roles, whereas in New Zealand, it was the Chief Operating Officer. In fact, we saw strong partnership and collaboration was more common across every C-suite role in New Zealand compared to Australia.

ELMO Software CEO Joseph Lyons says the partnership between a CEO and their HR leader is a particularly crucial one.



"People are the greatest assets of most organisations, so as a CEO, I'm relying on my HR leader's understanding of our workforce. It's a partnership built on transparency and trust, where they are willing to share the good news but also face into tough conversations."

"What I have experienced with great HR leaders is that it's not just their people skills, it's also critical to have strong commercial acumen and a passion for data. HR leaders play a key role in managing the cost base of an organisation, in conjunction with their Finance counterparts. So, it is vitally important that they have a strong sense of collaboration and empowerment to make data-led, strategic decisions."

ELMO CEO Joseph Lyons



| | Strong partnership and collaboration | | Limited partnership and collaboration | | No effective communication | |
|--------------------------|--------------------------------------|-----|---------------------------------------|-----|----------------------------|-----|
| | AU | NZ | AU | NZ | AU | NZ |
| Chief Technology Officer | 43% | 44% | 36% | 39% | 13% | 11% |
| Chief Operating Officer | 42% | 50% | 37% | 35% | 13% | 10% |
| Chief Financial Officer | 43% | 48% | 38% | 37% | 13% | 12% |
| Chief Executive Officer | 47% | 49% | 32% | 35% | 13% | 11% |
| Chief Marketing Officer | 38% | 45% | 42% | 37% | 11% | 9% |
| Chief Revenue Officer | 39% | 46% | 39% | 36% | 13% | 8% |
| Chief Customer Officer | 42% | 43% | 37% | 39% | 11% | 12% |

The evolution of HR shows no sign of slowing down. But our survey found that to prepare for the future, some new skills are required.

It's interesting to see that understanding HR compliance/legislation was a top three skill required for HR professionals now but did not appear in top rankings for the future. Instead, AI skills topped the list for future skill needs in Australia, while in New Zealand the need to understand organisational goals and alignment with HR metrics remained the key skill.

What's clear from the top skills across both columns is that HR leaders are putting strategy, data and organisational-focused metrics at the heart of everything they do.



Top skills HR leaders need now vs in the future

AUSTRALIA

| | Now | Future |
|---|---|---|
| 1 | Understanding of business goals and alignment with HR metrics | AI skills |
| 2 | Strategic workforce planning | Strategic workforce planning |
| 3 | Understanding HR compliance/legislation | Understanding of business goals and alignment with HR metrics |

NEW ZEALAND

| | Now | Future |
|---|---|---|
| 1 | Understanding of business goals and alignment with HR metrics | Understanding of business goals and alignment with HR metrics |
| 2 | Strategic workforce planning | Ability to predict trends/insights/future challenges based on historical data |
| 3 | Understanding HR compliance/legislation | Strategic workforce planning |

"HR metrics that are aligned to the organisation's goals help to give far more weight in conversations at the senior leadership level and above. Take eNPS as an example. Once the CEO and the board are articulating that eNPS is a key part of the organisational strategy, then everyone listens and takes note."

"Being able to frequently measure that metric shows us when we're moving the needle in the right direction, but it also helps bridge the communication gap between department leaders who like to operate with numbers and data."

Kate Wilkinson, ELMO's CPXO



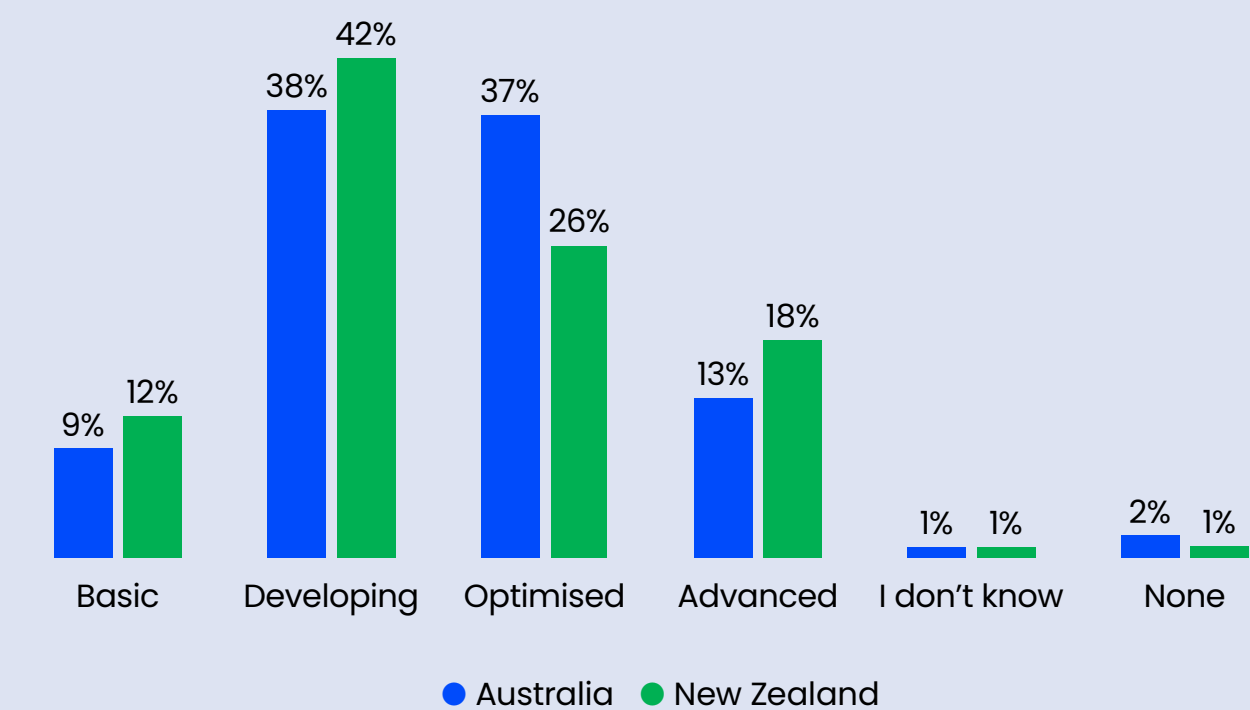
4. Embedding data into HR decision-making



Over the past few years, we've seen the sophistication with which HR leaders are using metrics steadily increase. For example, this year the number of respondents who ranked their use of HR metrics as developing increased from 33% to 38% in Australia and 32% to 42% in New Zealand.

It's also positive to see that the number of HR professionals who say their organisation doesn't use any metrics has dropped to just 2% in Australia and 1% in New Zealand. Compared to around 20% of respondents who were not using metrics back in 2021, it's a seismic change in a short period of time.

Sophistication in the use of HR metrics



Basic: We have some basic HR metrics but they don't factor heavily into business decisions.

Developing: We track HR metrics and leverage these metrics for decision-making purposes.

Optimised: We track HR metrics and apply descriptive analytics, pulling insights out of historical data to facilitate our decision-making.

Advanced: We track HR metrics and apply predictive and/or prescriptive analytics, forecasting future possibilities and options, to better inform our decision-making.

None: My organisation does not measure the overall performance of our HR activities.

It's not always easy to draw a straight line between HR's goals and the business's goals – and this remains the top challenge for HR professionals when implementing metrics.

Part of the problem is the nuanced nature of what HR leaders are focused on and the fact that people are not quite as straightforward as numbers. But there are several ways to quantify the impact of HR initiatives.

It starts by understanding the organisation's overarching strategy and how each department's OKRs (organisational key results) ladder up.

Then, work closely with senior leaders to identify the people-related challenges that are impacting their ability to reach those OKRs. By focusing on those challenges, you'll be able to create a strategic action plan that is directly aligned to organisational goals. Wherever possible, find ways to measure progress, whether via regular surveys or through HR data like turnover rates, performance indicators or absenteeism rates.

The data piece is important. As a study by Deloitte found, HR teams are **four times more likely** to be respected by their counterparts for data-driven decision-making*. Data makes an impact.

*The power of people analytics: Using data to maximize return on workforce investments

HR teams are **four times more likely** to be respected by their counterparts for data-driven decision-making.

Top 3 challenges when implementing HR metrics

Australia 

- 1 Identifying quantifiable links between HR and business goals
- 1 Lack of resources
- 3 Obtaining raw data

New Zealand 

- 1 Identifying quantifiable links between HR and business goals
- 2 Lack of resources
- 3 Subjectivity of HR measurement

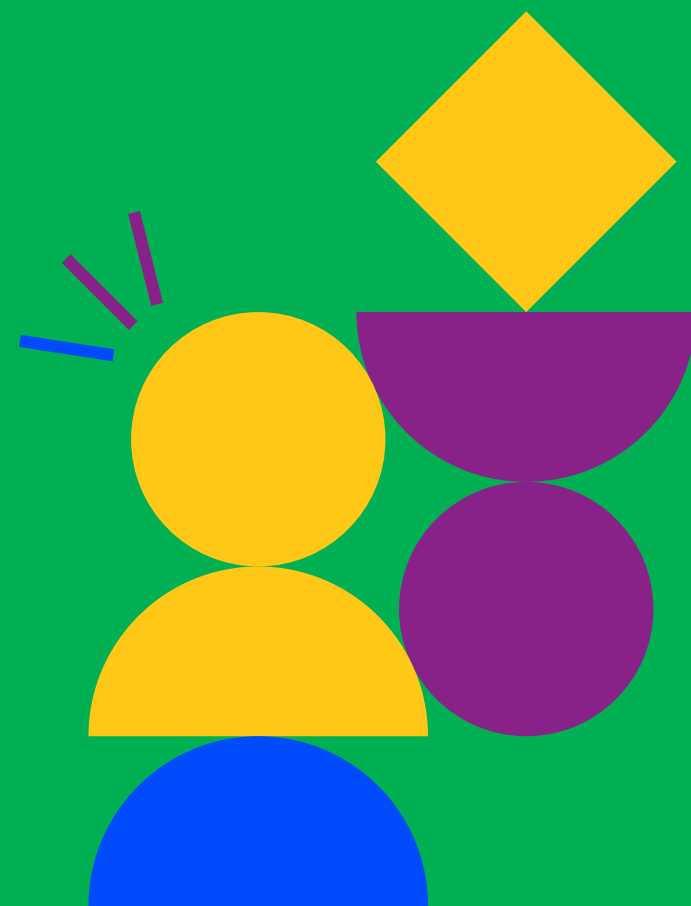
Taking a data-led approach is a key component for HR leaders wanting to be more strategic in how their team operates.

But across the entire HR value chain, there are numerous key performance indicators to choose from and a great deal of subjectivity in how those numbers can be interpreted.

We asked our respondents about the KPIs they use to measure the efficiency of their workforce and productivity rate was the most common, according to **38%** of HR professionals in Australia and **37%** in New Zealand.

It's interesting to see such a clear focus on the productivity rate.

It raises the question of whether productivity rate has always been a dominant KPI or if it's a product of the current environment. Given that increasing productivity was identified as a top priority earlier in this report, it's positive to see organisations taking a data-led approach.

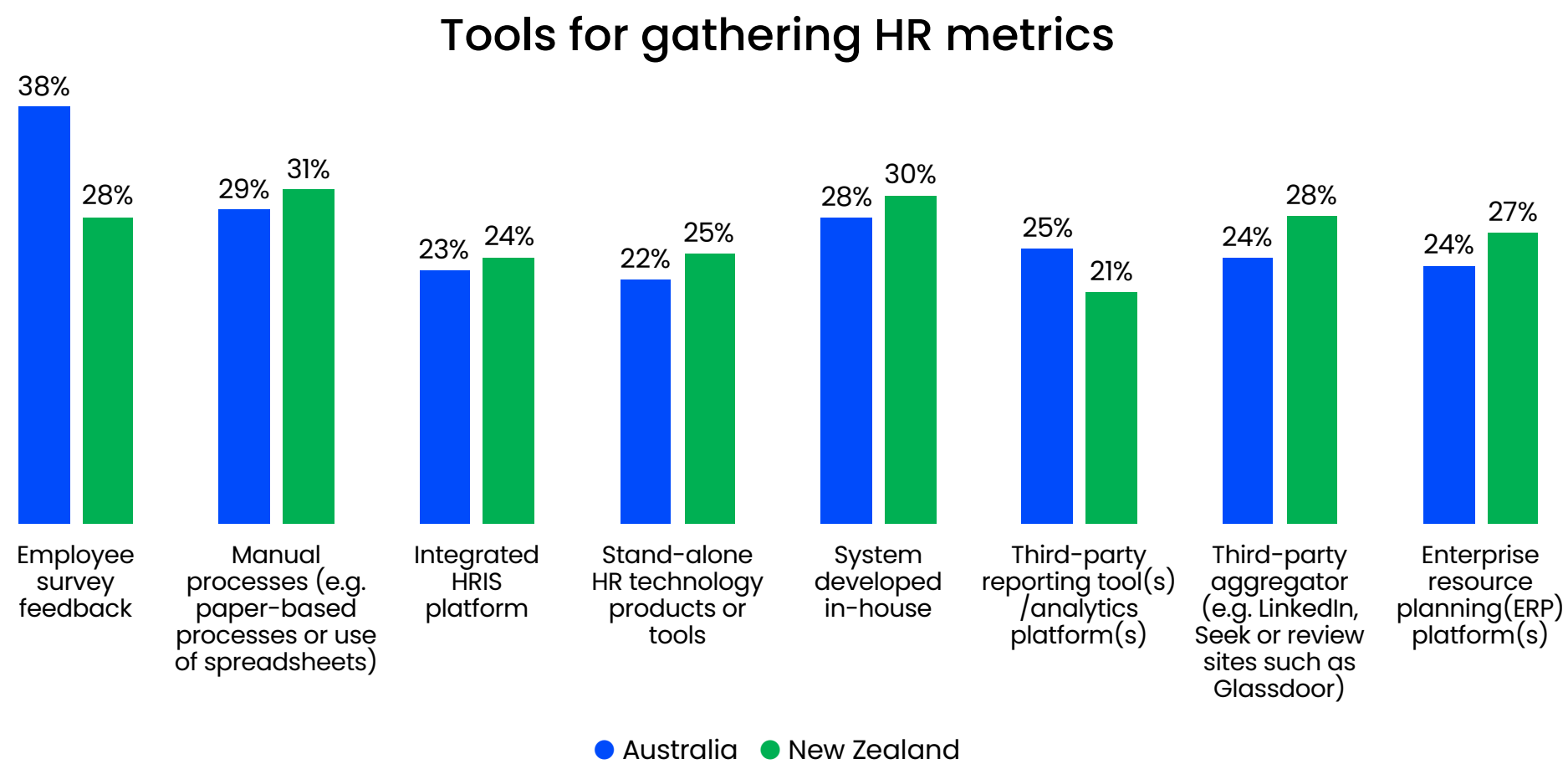


Top 5 key performance indicators to measure the efficiency of the workforce

| | Australia | New Zealand |
|---|------------------------|-------------------|
| 1 | Productivity rate | Productivity rate |
| 2 | Turnover rate | Cost per hire |
| 3 | Cost per hire | Upskilling costs |
| 4 | New hire turnover rate | Turnover rate |
| 5 | Time to hire | Absenteeism rate |

Employee survey feedback remains the most common way for HR professionals in Australia to gather metrics, while in New Zealand, manual methods such as spreadsheets came out on top.

The results are relatively unchanged from our 2023 survey, indicating there has not been any major shifts in how HR professionals are collecting metrics.



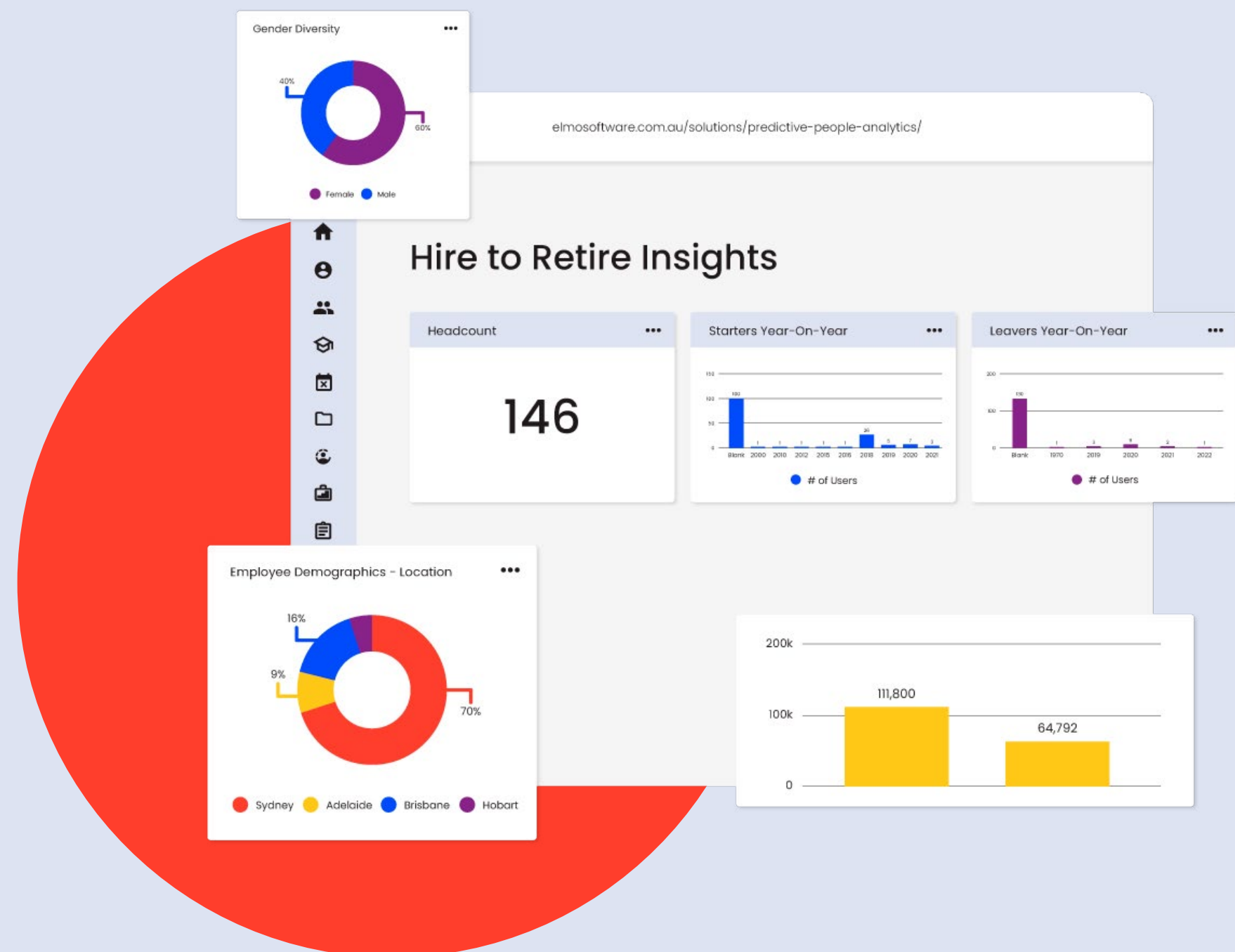
It's worth noting that manual spreadsheets are still being used by around a third of respondents. Given the advancements in HR technology and real-time dashboards in particular, it's surprising to see this method still being used so widely.

Star Aviation is one of Australia's leading ground-handling companies that started as a small business in Canberra just over a decade ago.



The company now operates in every major city in Australia, employing 650 people across nine airports.

Star Aviation has an adept team of HR and talent professionals ensuring their people operations run smoothly, which includes specialists in Talent Acquisition, Training, Workplace Relations, and a trio of HR Coordinators.



Mark Lulham, Star Aviation's People and Culture Manager, says utilising the analytics capability of their ELMO platform has enabled the team to take more strategic, data-led decisions.

One example is the insight into their recruitment process. With ELMO, the team can see which platform is the most effective to advertise different types of roles, allowing them to invest in the right job board for the right role.

They can also analyse the status of each open role at any time, offering visibility over any bottlenecks in the recruitment process. This insight then allows them to make targeted measures to remove roadblocks, improving the efficiency of their internal processes for better productivity and outcomes.

For Mark, this quick and easy access to data and insights has been hugely valuable.

"Now, we can track the full employee lifecycle with the data from ELMO and also then analyse it airport by airport."

"So for example, what's our breakdown of male versus female employees across different ports? What are our age breakdowns? ELMO gives us so much data that is really easily accessible."

Mirroring our findings from this year's report, data is becoming an essential part of the conversation for HR leaders like Mark.

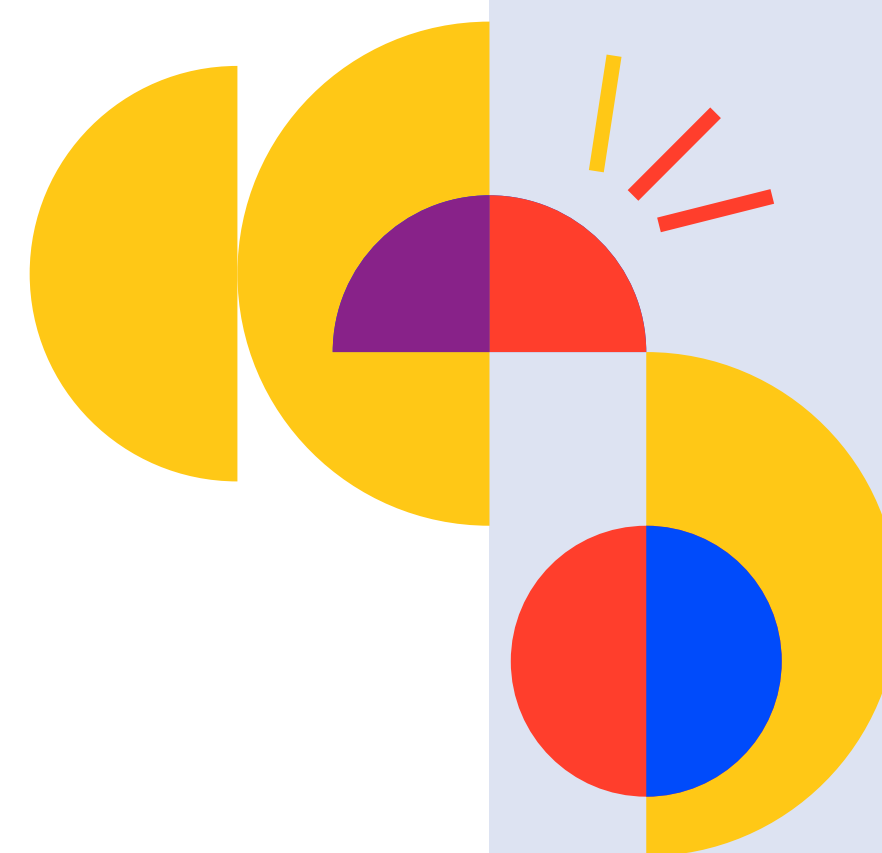


5. Accelerating efficiency through technology

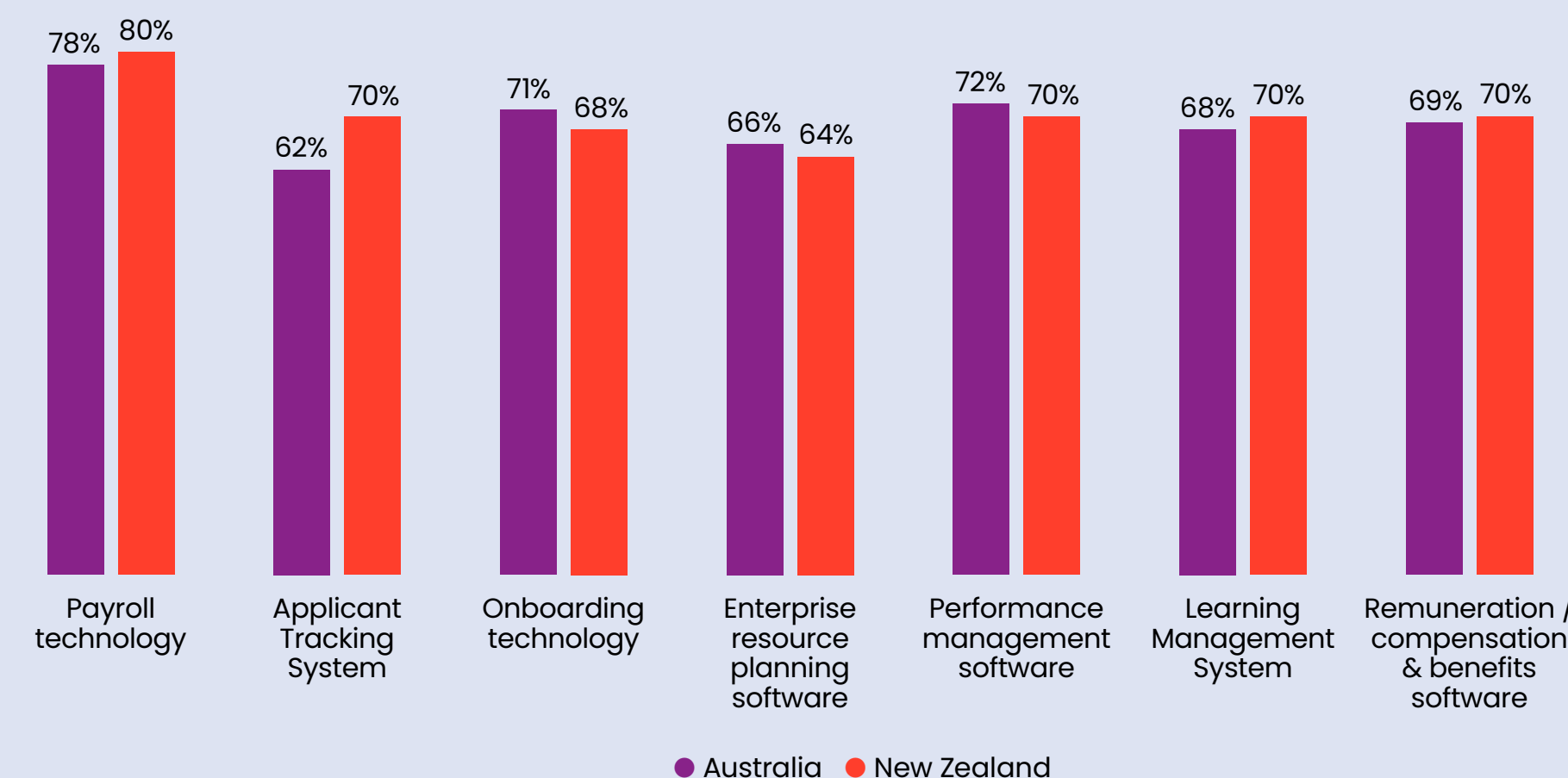
As we've seen throughout this report, HR professionals are relying on data more heavily than ever. It's a positive trend, given many HR leaders' desire to be a more strategic, proactive partner to the organisations they operate in.

At the heart of this trend is technology, which has the capacity to automate time-consuming manual tasks, free-up more time for strategic work, and provide insights into the workforce that spreadsheets cannot.

That last point is often forgotten when thinking about the benefits of HR software. Effective software will undoubtedly save you time and money, but it should also deliver value by providing visibility of your workforce data in real-time.



Uptake of HR technology already in use or being implemented



That's why it's positive to see that the number of HR professionals already using or in the process of implementing technology remains high across the HR value chain, from hiring and onboarding through to performance management, learning and remuneration.

Technology is not only about efficiency, it's about security too.

Our 2024 survey found the most common way to manage employee data is through multiple HR and/or payroll systems connected by API or direct integrations, according to **44%** of respondents in Australia and **43%** in New Zealand. Yet still around **a third of respondents** in both countries say they use spreadsheets in some capacity to manage their employee information.

While it's dropped from around 40% in our 2019 report, that figure is consistent with last year's survey, indicating that HR's attachment to spreadsheets is persistent.



"It's surprising but also quite concerning to think that the use of spreadsheets is still occurring, particularly when dealing with personally identifiable, sensitive information and employee records.

"Security and data integrity needs to be top of mind. Partnering with an HR platform that provides clear security and governance measures, as we do with our ISO certification, gives that extra level of confidence that the data being stored in our platform is secure."

ELMO CEO Joseph Lyons

Most common ways to manage employee data

| | Australia | New Zealand |
|---|--|--|
| 1 | Multiple HR and/or payroll systems connected by API or direct integrations | Multiple HR and/or payroll systems connected by API or direct integrations |
| 2 | Single-vendor HR & payroll system | Spreadsheets |
| 3 | Spreadsheets | Stand-alone payroll system |
| 4 | Stand-alone payroll system | Single-vendor HR & payroll system |
| 5 | Multiple stand-alone, best-of-breed HR systems | Multiple stand-alone, best-of-breed HR systems |

On the topic of data security, we recently surveyed Australian and New Zealand employees about their fears surrounding cyberattacks. Worryingly, almost half believed their workplace was vulnerable and around a third of respondents said they don't know how to prevent themselves falling victim to a cyberattack.

This year's Benchmark Report survey highlights this challenge too, with human error identified as the most common data security risk facing organisations in 2024.

It mirrors the fact that phishing is now the most common type of scam being used by hackers and both the rate and sophistication of these types of scams is on the rise.

Phishing uses social engineering techniques to deceive people into revealing sensitive information or installing malware such as ransomware on their device. In a work setting, these scams often use personal information to seem more legitimate and time pressures to encourage victims to act.

Alongside secure and robust data storage, it's crucial for HR leaders to ensure employees are equipped with the right knowledge to spot a scam. This requires regular, up-to-date training and an established process for reporting suspicious activity.



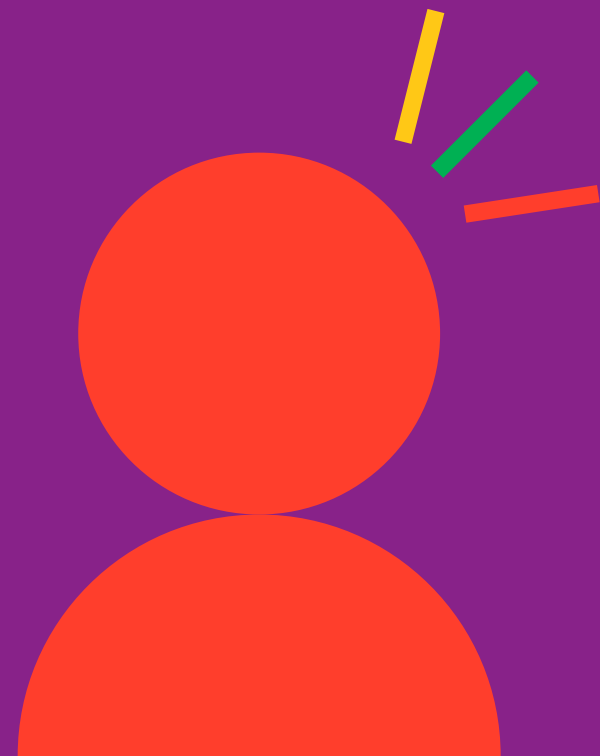
Human error is the biggest data security risk facing organisations, according to HR professionals.

Followed by

- Lack of cybersecurity knowledge
- Cloud vulnerabilities
- Shadow IT
- Lack of cybersecure hygiene

ELMO

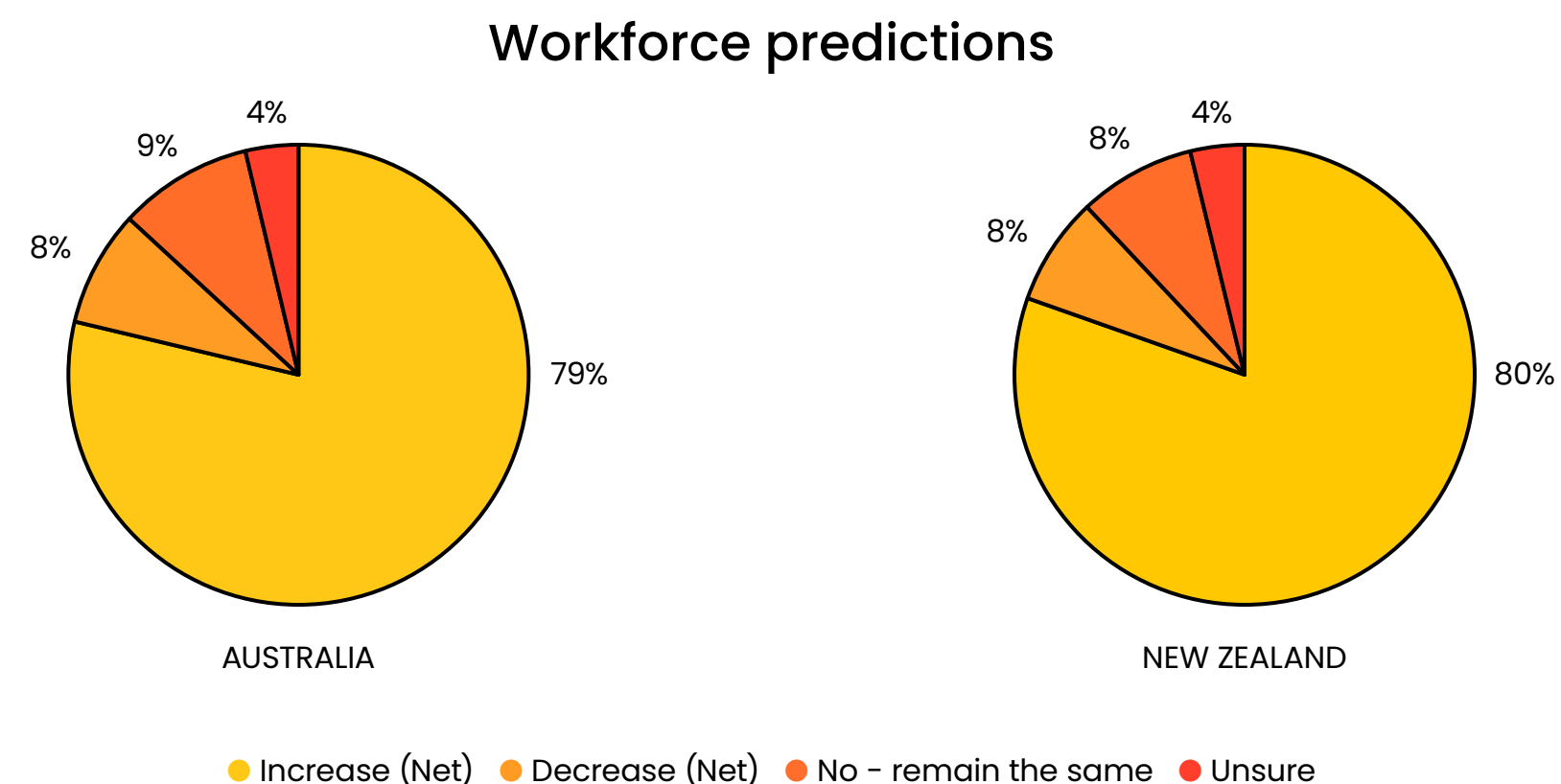
Benchmark findings



Workforce growth predictions

Despite the uncertain economic conditions that lay ahead in 2024, the majority of HR professionals in both Australia and New Zealand say their headcount will increase. This reflects the persistent labour and skills shortages identified as a top challenge for organisations earlier in the report.

The result marks an increase on last year – and a significant jump for New Zealand in particular – when 76% of HR professionals in Australia and 65% in NZ predicted their workforce to grow over the course of 2023.



Percentage of HR professionals who say their workforce will **increase** in size over the next year.



Percentage of HR professionals who say their workforce will **decrease** in size over the next year.

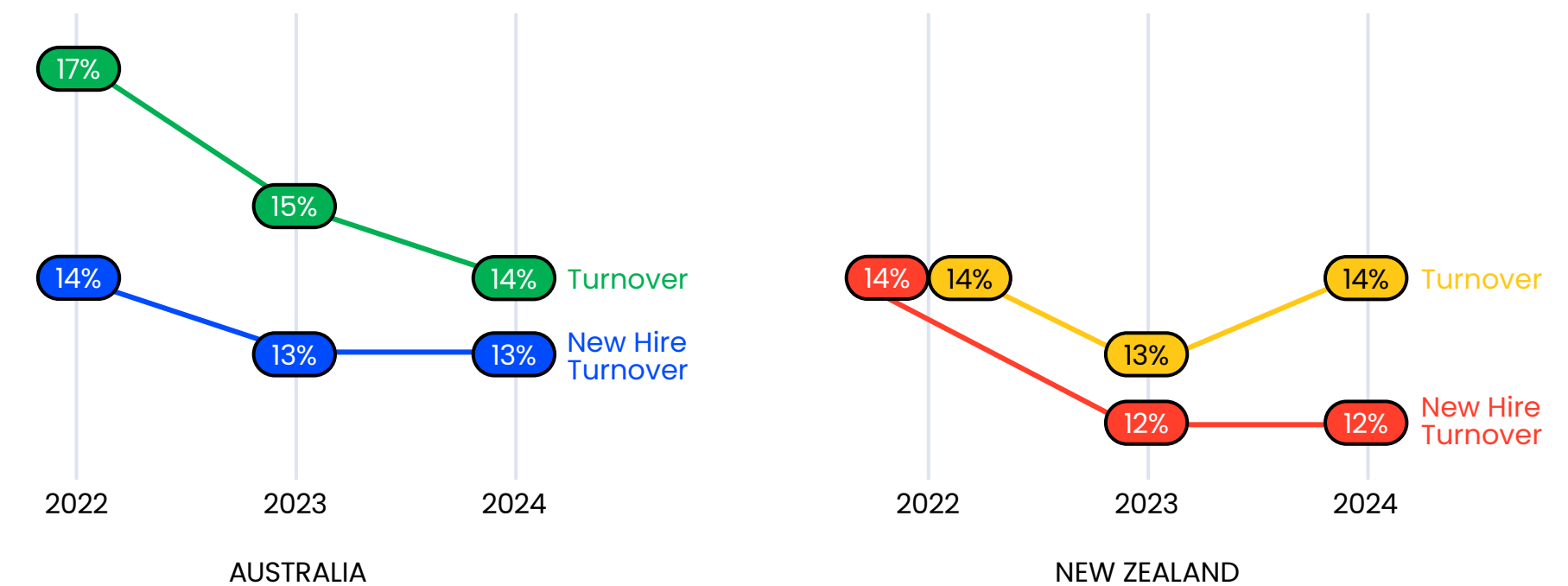


* 80% in Australia, 79% in New Zealand

Turnover and new hire turnover

Both turnover and new hire turnover rates have remained relatively unchanged across Australia and New Zealand. According to our sample, the average turnover rate is now 14% for organisations in both Australia and New Zealand.

While the overall turnover rate has remained consistent since the HR Industry Benchmark Report began, the new hire turnover rate has been considerably higher since 2022 compared to before the pandemic. According to our 2020 survey, the new hire turnover rate was just 7% in Australia and 6% in New Zealand.



For HR professionals, the new hire turnover rate is a particularly important metric to watch. With around one in seven new hires leaving within their probation period, HR leaders should be proactive in trying to understand what caused their decision.

Did the job fail to live up to the expectations promised during the recruitment period? Or did a poor onboarding process impact their first impressions?

Given the cost and time involved in both recruiting and onboarding new hires, it's vital for HR leaders to bring this metric down if they want their budgets to stretch further.

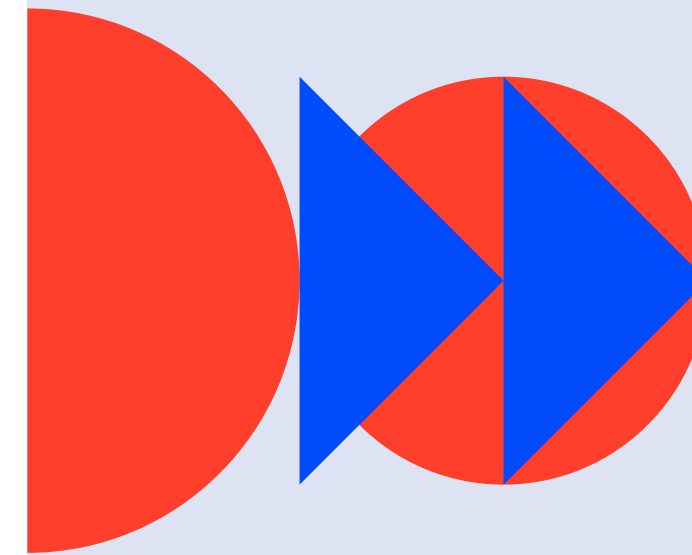
Budgets

Australia

Much like the 2023 results, recruitment is the most common area for a budget increase over the coming year, according to 41% of respondents in Australia.

The finding reflects the continued tight talent market in Australia and in certain industries, the shortage of both labour and specialist skills.

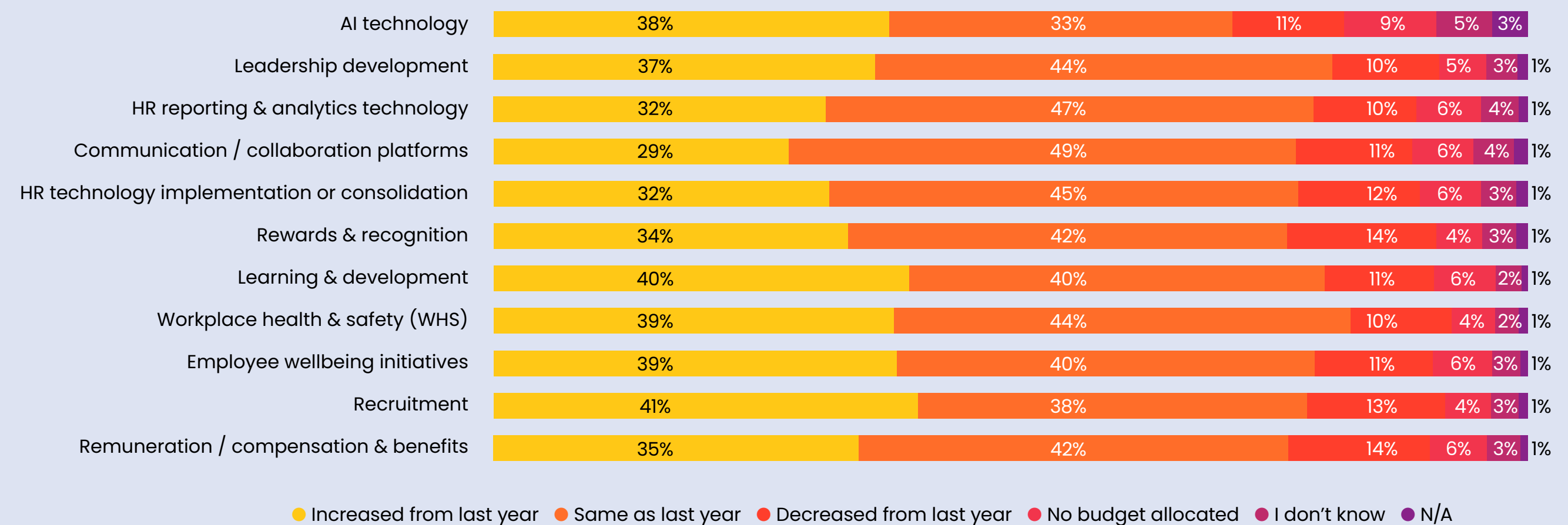
It's interesting to see that more than half of respondents say their remuneration budget has either remained the same or decreased from last year. After a period of upward pressure on salaries to secure and retain talent, it seems organisations are shifting to a more sustainable approach.



Top area for a budget increase in 2024:

Recruitment ↑

2024 budget changes – Australia sample



Budgets

New Zealand

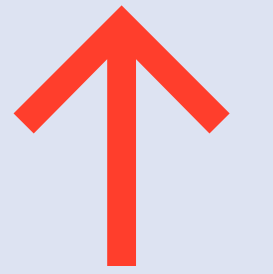
For HR professionals in New Zealand, Learning and Development was the most common area for a budget increase compared to the previous year, according to 42% of respondents.

It's positive to see given the imperative to develop existing talent and fill skills gaps internally, rather than rely on the external market.

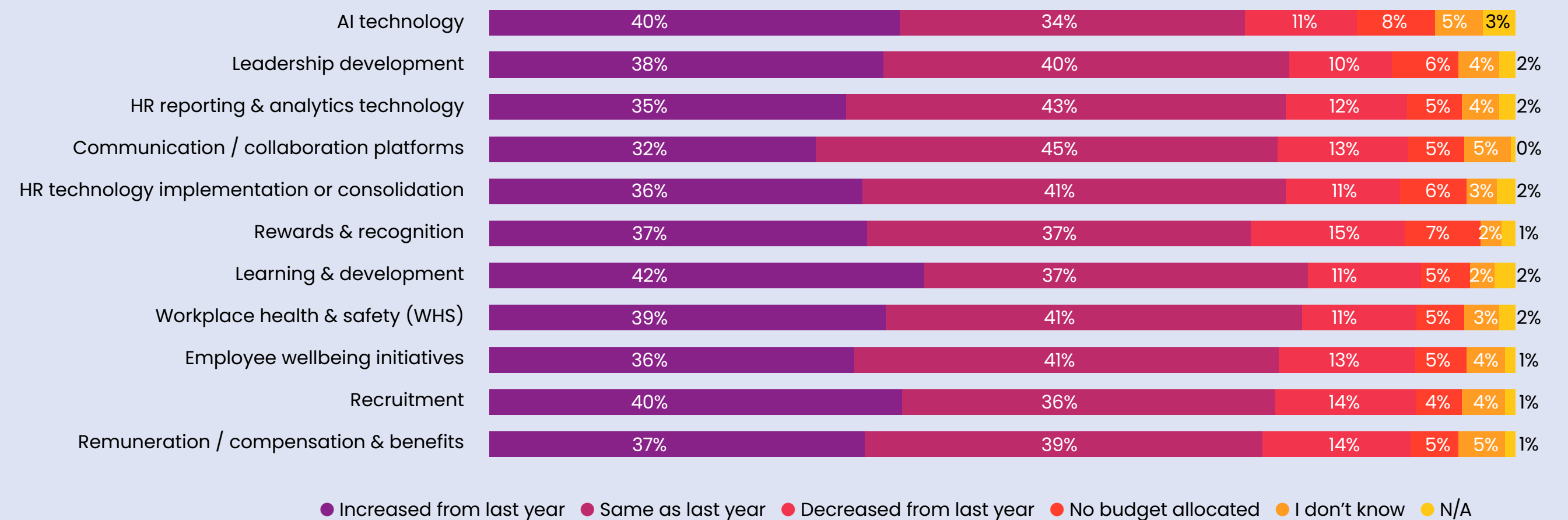
However, this year's results are a marked change from 2023, when wellbeing initiatives were the most common area for a budget increase in New Zealand. Now, only 36% of respondents expect their budget to increase, compared to 46% last year.

Top area for a budget increase in 2024:

Learning & Development



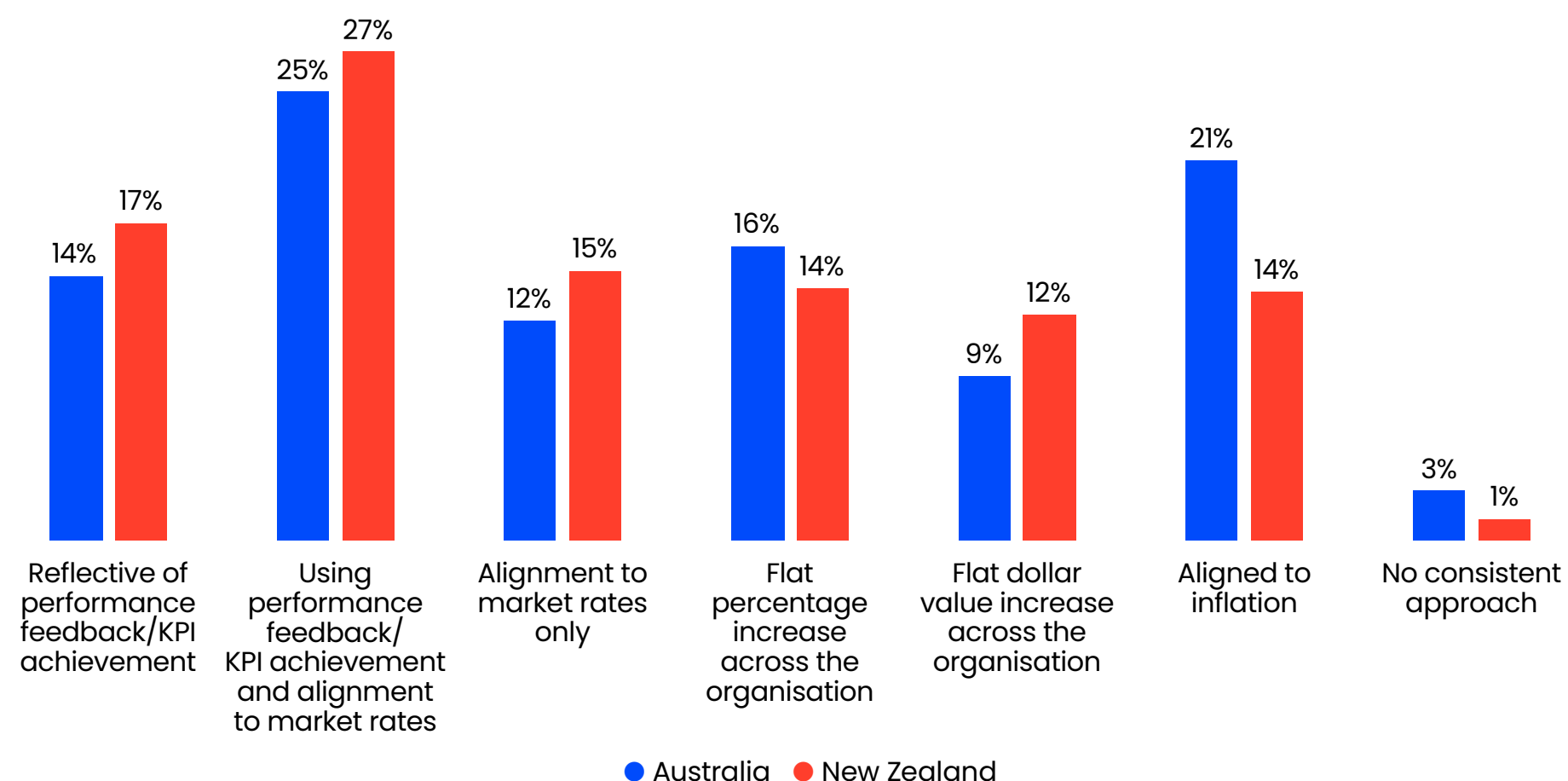
2024 budget changes – New Zealand sample



Salary movements

Remuneration has been under the spotlight as organisations try to balance the need to hire and retain great talent with an uncertain economic outlook. There's also been greater pressure for salary increases to match or at least remain close to inflation – an approach that has become unsustainable in the face of successive interest hikes.

Most commonly used remuneration approaches



Interestingly, this approach appears more common in Australia than New Zealand according to the 21% who still plan to align their remuneration increases with inflation in 2024.

It's positive to see the most common approach blends performance data with market rate alignment. This ensures that employees are recognised for their performance and their salary grows at a similar pace to the rest of the market, a factor that is essential for retaining staff.



4%

is the average salary increase for the next remuneration cycle, according to respondents in both Australia and New Zealand.

Time to fill

It now takes an average of **18 days** in Australia and **24 days** in New Zealand to hire a new role across all levels of seniority.



Estimated number of days to fill across seniority levels



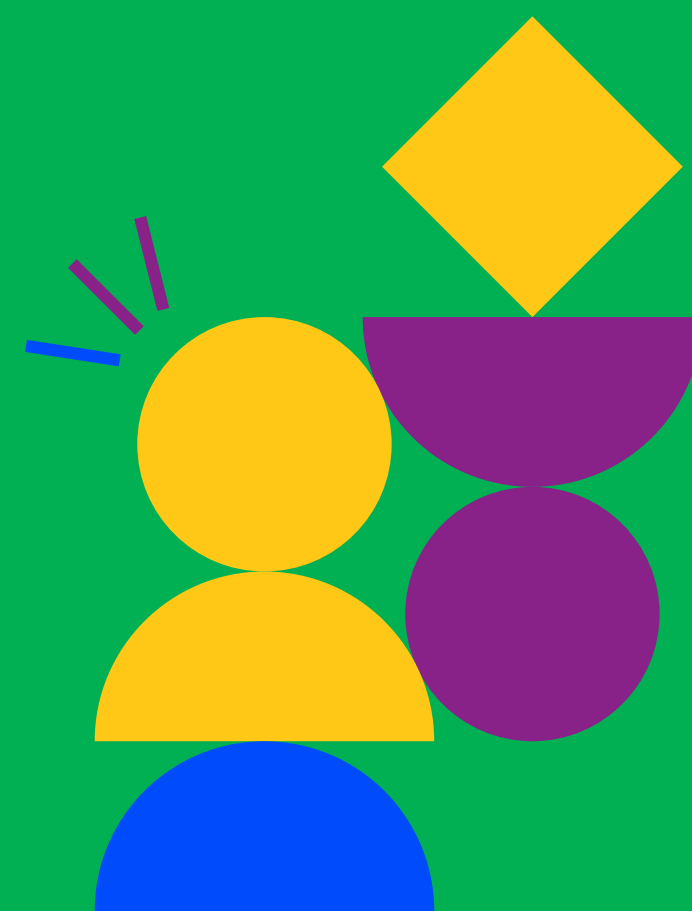
When analysing these results by seniority, an interesting pattern emerges. As expected in Australia, the time it takes to hire rises gradually in line with seniority. But in New Zealand, the differences are far more pronounced.

There's a marked difference between the overall result for both countries too, with New Zealand respondents averaging 24 days to fill a vacant position – six days more than Australia.

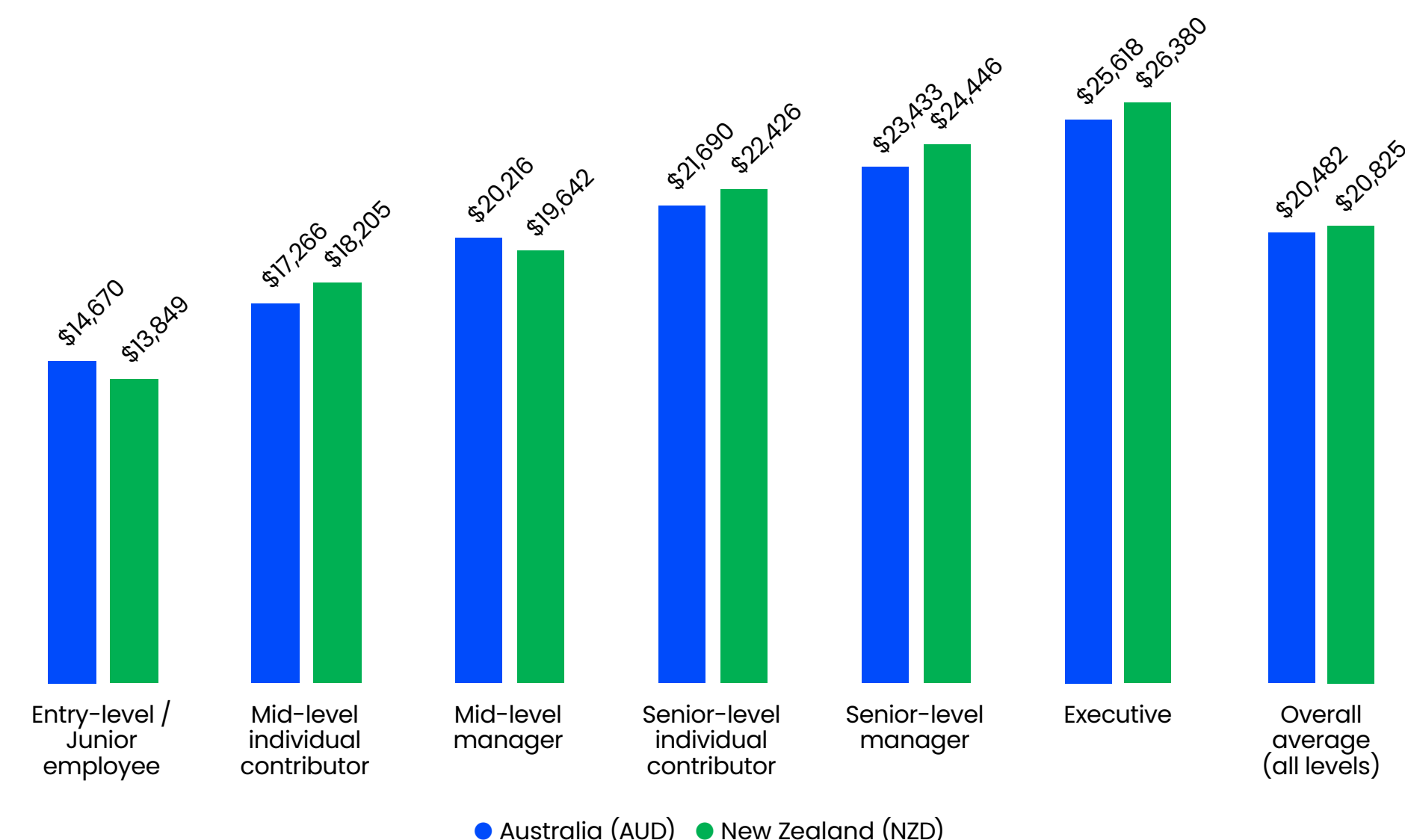
This difference underscores the particularly challenging talent market for New Zealand organisations. Consider that in the year to September 2023, there was a record net migration loss of 44,700 New Zealand citizens, according to Stats NZ. Just over half were estimated to have left for Australia.

Cost to hire

It now costs around **\$20,000** to hire a new employee in **Australia and New Zealand.**



Estimated cost of hiring across seniority levels



As expected, the cost involved in hiring rises steadily from around \$14,000 for entry-level staff up to around \$25,000 for C-level executives. For HR leaders, this metric is a crucial. Yet around 5% in Australia and New Zealand said they don't know the cost of recruiting, despite being involved in the activity.

This metric is particularly important when you consider that around one in seven new hires leave their job within their probation period.

Understanding these costs enables HR leaders to take a data-led approach to either recruiting or upskilling to meet the organisational needs both now and in the future.

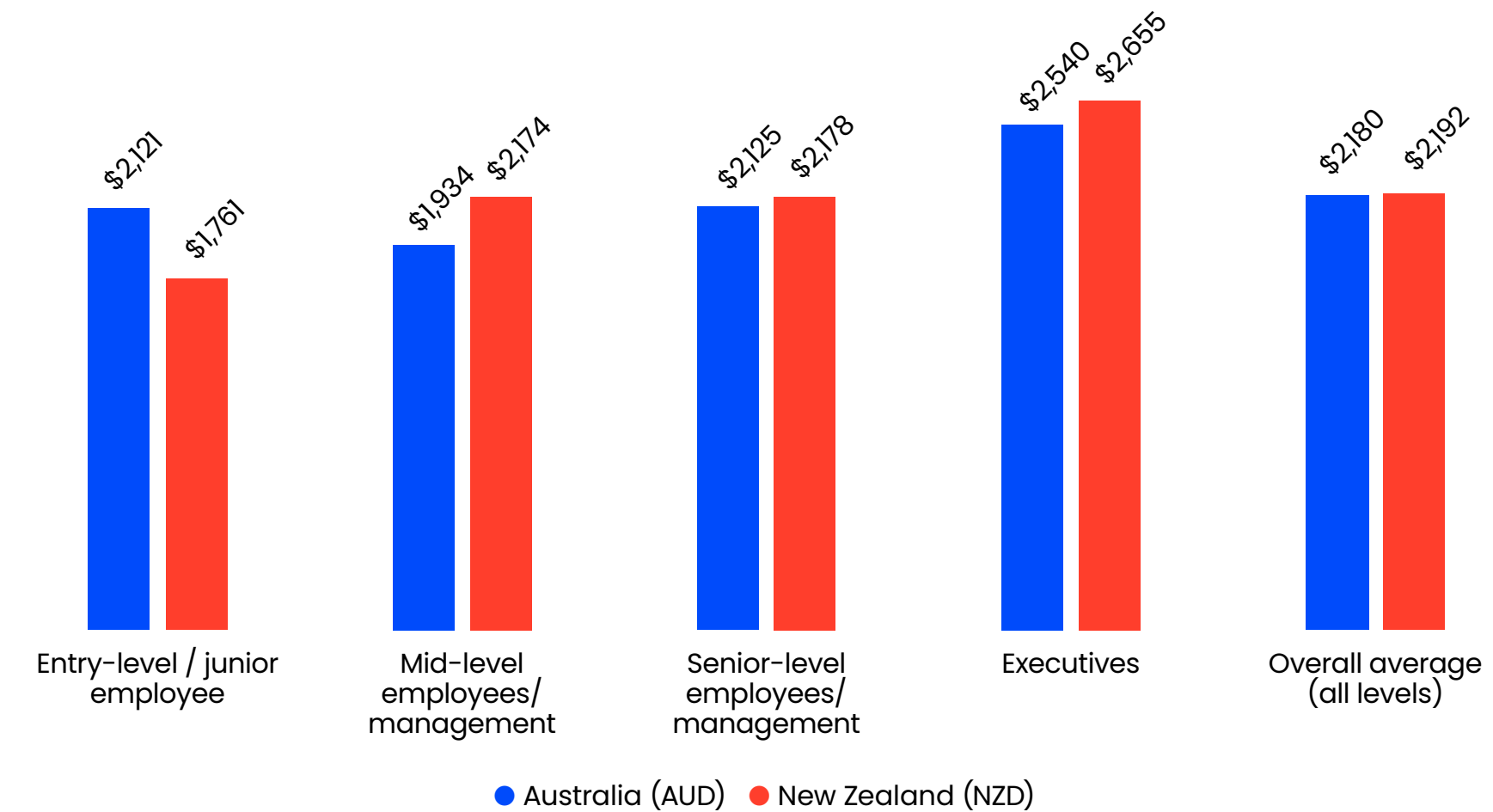
Note: For the 2024 survey, we have chosen to use a scale methodology rather than open input format used in the 2023 survey.

Cost to train

Organisations in Australia and New Zealand spend just over \$2,000 per employee on training and development each year, according to our 2024 survey.



Estimated cost of training across seniority levels



It's interesting to note that in Australia, the average investment in entry-level/junior employees is greater than mid-level employees and remarkably close to that of senior-level staff. The cost to train a junior employee in Australia has also increased compared to last year's figure of \$1,951.

It's not uncommon for organisations to invest in the development of junior staff or graduates, but we could also be seeing the impact of lockdowns on young people's transition from education to the workforce.

Certain soft skills such as communication, teamwork and public speaking may have been impacted by spending their final years of education or their first experience of the workforce in lockdown.

Time to productivity

In both Australia and New Zealand, the time it takes for new hires to be fully productive in their role has increased considerably since last year.

There could be several different reasons as to why. One consideration is that many organisations are operating with leaner teams and resources, having reduced their headcounts in 2023 to cope with the difficult economic environment. Though an unintended consequence, it's common for onboarding to suffer as a result.

Justin Meier, ELMO's Senior Organisational Development Manager, says managers may be hiring with an expectation that people will hit the ground running rather than allowing people to get up to speed in a structured way.



Average time to productivity

- 35 days in Australia
(11 days more than 2023)
- 42 days in New Zealand
(8 days more than 2023)

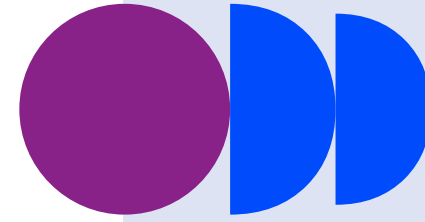
"The question is whether managers are letting people fumble through their onboarding versus investing enough time to help learn, build relationships and resolve questions in the moment. In reality, they may just be letting people figure it out for themselves."

"If managers frontload their time and energy into those first few weeks with a new hire, they can actually have far greater impact and improve their time to productivity as a result."

Justin Meier, ELMO's Senior Organisational Development Manager



Methodology

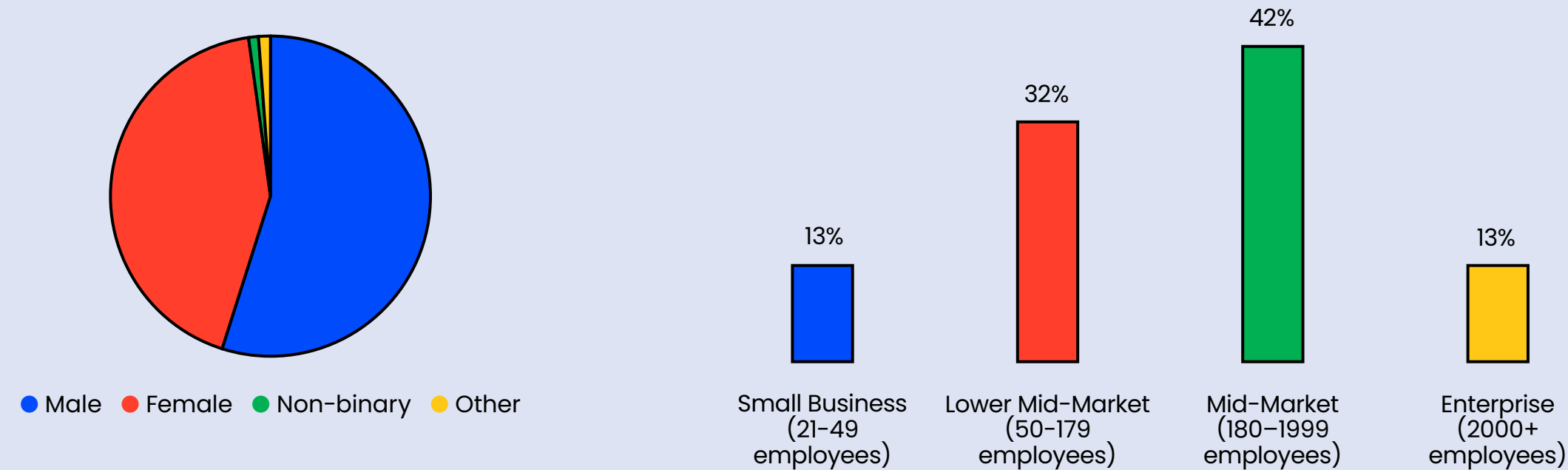


The 2024 HR Industry Benchmark Report survey was conducted by Censuswide, among a sample of 700 HR Professionals in Australia and 500 HR Professionals in New Zealand. Respondents were aged 18+ and employed in middle management level and above, excluding sole traders and organisations with less than 20 employees.

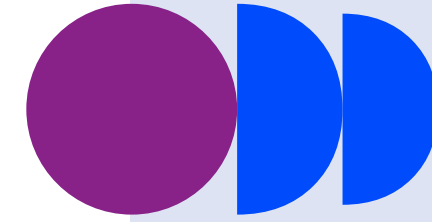
The research was conducted online, with respondents sourced via an online access panel. The data was collected over a 12-day period from January 22 2024 to February 2 2024.

Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles.

The 2024 HR Industry Benchmark Report was written by Jess Bell, Insights Manager at ELMO Software.



About ELMO Software



Founded in 2002, the ELMO Group comprises ELMO Software in Australia, New Zealand and the UK, and Breathe HR in the UK. It is the trusted provider of HR technology solutions to 16,000+ small and mid-sized organisations and two million end users.

With a comprehensive suite of ISO-certified solutions that span the full employee lifecycle, ELMO Software is designed to scale as organisations grow. Flexible and configurable, ELMO's one-stop HRIS fits to your specific needs and workflows.

Through powerful technology, automation, data and analytics, ELMO Software empowers HR professionals to play an integral role in company decision making.

Find out how ELMO can help your organisation.

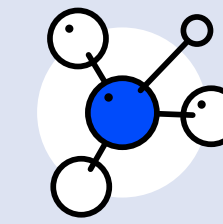
▶▶ [Book a demo | AU](#)

▶▶ [Book a demo | NZ](#)



PAYROLL

Navigate the complexities of pay with secure and accurate payroll.



HR CORE

Centralise and automate your people management in one place.



RECRUITMENT

Find and hire the right talent for your business.



ONBOARDING

Start your new employee's journey with a personalised onboarding experience.



PERFORMANCE MANAGEMENT

Empower your teams to achieve their goals and thrive.



LEARNING MANAGEMENT

Create a culture of learning and develop your people with eLearning.