

# HR Industry Benchmark Survey 2021: Your 2022 Report

Australia and New Zealand



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**AHRI**  
Australian HR Institute®

Welcome to the 2022 HR Industry Benchmark Report. For the third year running, ELMO Software has partnered with the Australian Human Resources Institute (AHRI) to survey HR and payroll professionals in Australia and New Zealand, and provide in-depth, local datasets across all key areas within HR's mandate.

Since our first survey in 2019, our objectives have been twofold:

- To bridge the gap in locally relevant data by understanding the maturity level of the HR and payroll functions in Australia and New Zealand
- To arm HR and payroll professionals with the insights they need to navigate an uncertain, volatile world through data-driven decision-making

When this edition of the survey was conducted in September 2021, the world was still firmly in the grip of COVID-19. However, there were some signs of recovery and a return (for some) to a sense of normality. It's undeniable that the impact of the pandemic has been far-reaching. For employers, it has resulted in changes to budgets and operating models, as well as a rethink of foundational policies and procedures – especially those relating to the employee experience. For employees, it has resulted in major changes to how, where and when work is undertaken. Increasingly, employees are also asking about the 'why' of work: Why do I work and what do I gain from that experience? If the answers to those questions are not satisfactory, it's likely employees will seek a more meaningful experience elsewhere. This has already taken place overseas in what has been branded as The Great Resignation, or perhaps more accurately, The Great Reset.

This report offers a rare opportunity to view, compare and contrast data sets from the past three years, a period stretching from before the pandemic hit, through the height of the crisis, and on to the recovery phase. ELMO has consulted with a range of subject matter experts to examine the results and determine why they tell the story that they do. Herein, we not only provide the results and insights, but also provide some handy action points that employers can apply in their own environments to bridge the gap between theory and practice.

The results and insights from this report will help establish benchmarks for a wide range of qualitative and quantitative data. Despite ongoing uncertainty, organisational leaders are laying the foundations for the workplace of tomorrow. In 2022, these insights have never been more valuable. We wish you all the best on your journey.



in  
partnership  
with



PART 1: Insights summaries

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# Introduction and respondent profiles



# Respondent profiles and sample sizes



We would like to thank all HR and payroll professionals who participated in the 2021 HR Industry Benchmark Survey. Their participation has enabled us to provide comprehensive Australian and New Zealand (A / NZ) HR industry benchmark data that can be broken down further into country, organisation size, seniority level and industry# (referred to in this report as segments).

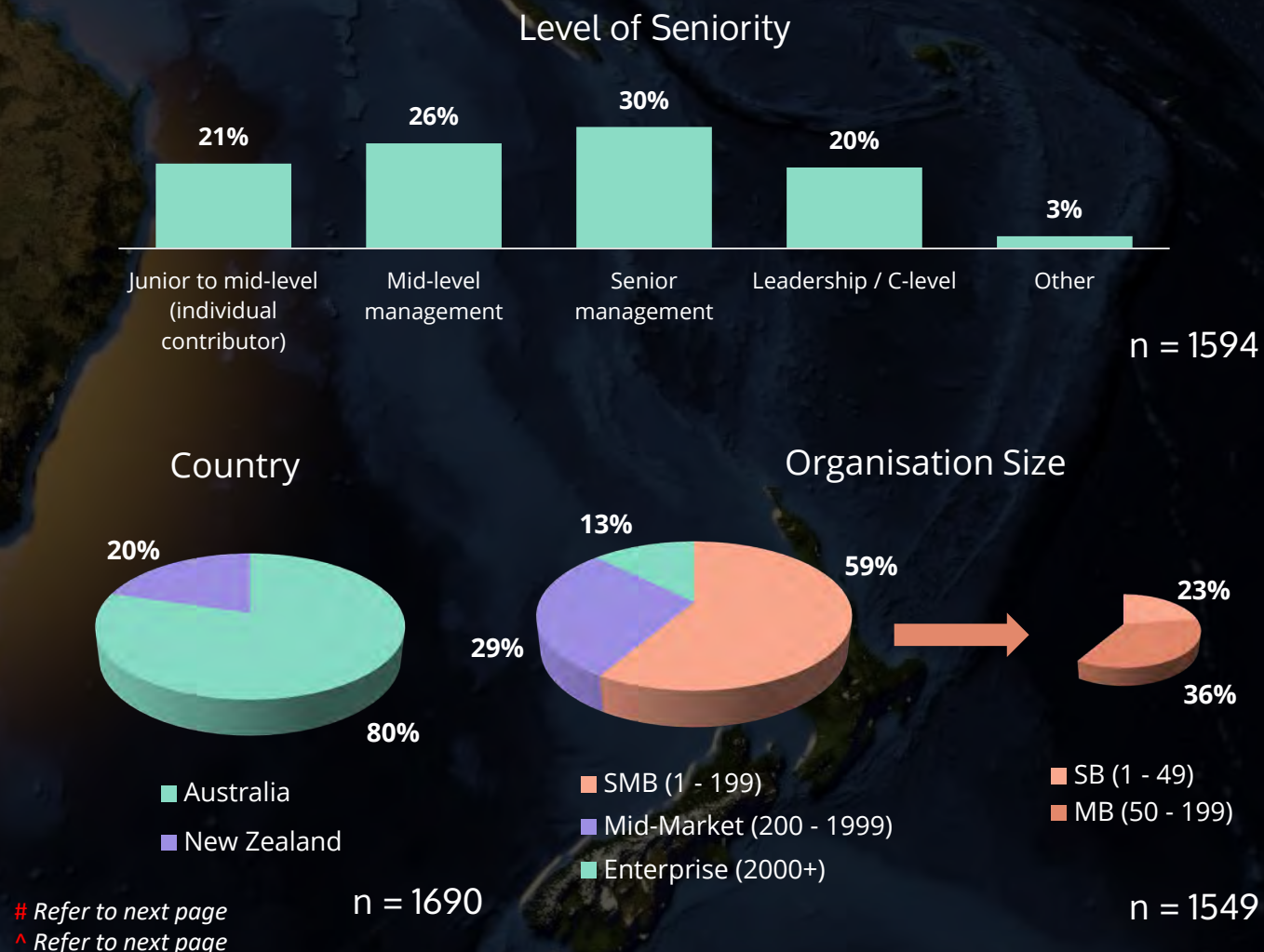
In total, over 1500 respondents started the survey and at least completed the first section of questions, with nearly 700 respondents having completed the survey in its entirety. All data captured has been used for the analysis to provide as large a sample size as possible. Questions at the start of the survey have higher numbers of respondents than questions towards the end of the survey due to (expected) survey respondent drop-off rates.

Please also note that throughout this report, rounded whole numbers can cause what appears to be a +1% or -1% discrepancy. Any references to industry segments in this report align with Australian and New Zealand Standard Industry Classification (ANZSIC) codes.

Sample sizes<sup>^</sup> are provided per question and data segment for every data point in both Part 1 and Part 2 of this report, denoted by **n =**. Where the sample sizes were not consistent within a section of questions, the smallest sample size has been provided along with a plus sign. For example, if 765 people completed the first question in a section but only 745 people completed the last question, the sample size has been given as **n = 745+**.

In this report, organisations have been rolled up into four high-level categories:

1. Small businesses (SBs): 1-49 (subset of SMBs below)
2. Small and medium businesses (SMBs): 1-199 employees
3. Mid-market organisations: 200-1999 employees
4. Enterprise organisations: 2000+ employees



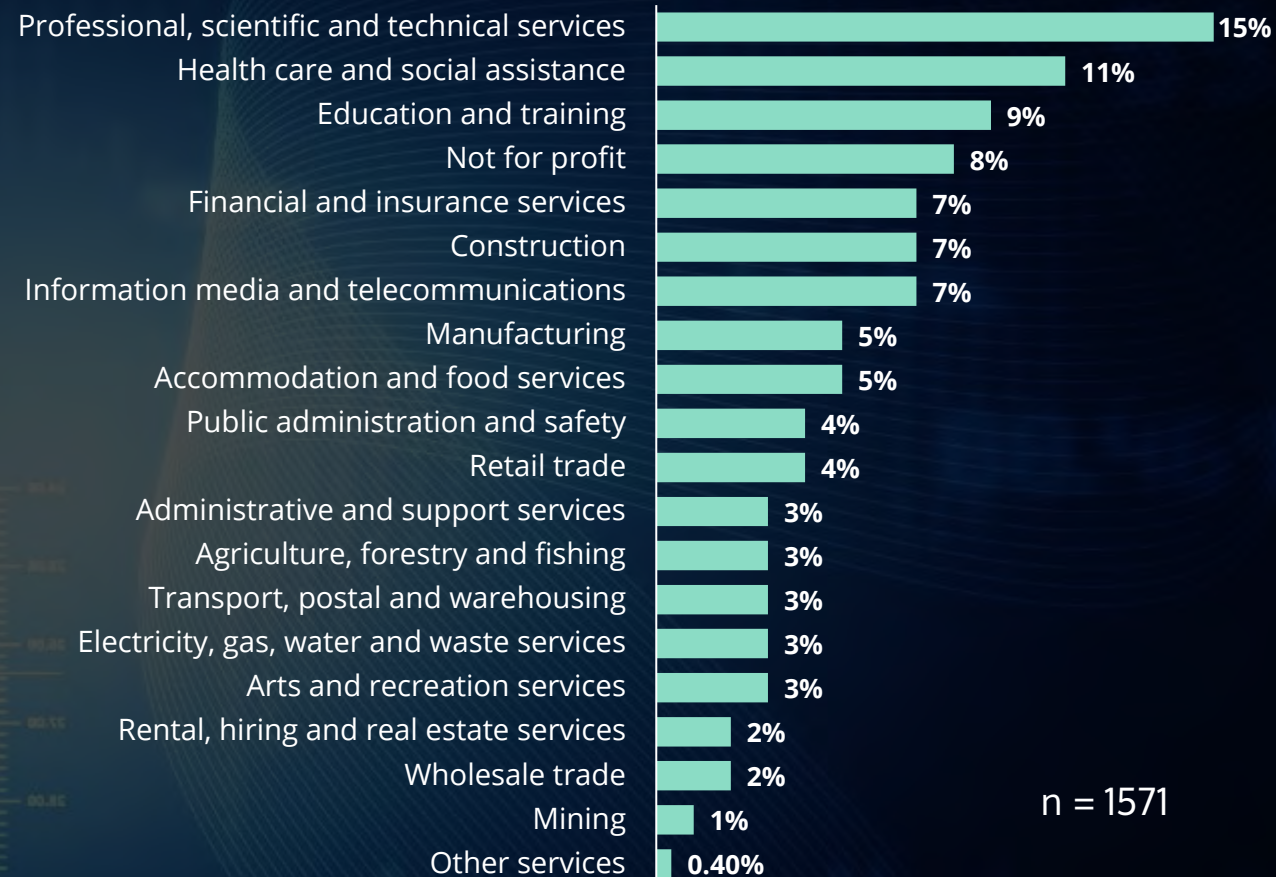
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# While industry data has been collected and segmented for each question during our analysis, industry level information is only called out in the event of a clear pattern or trend that is of interest for a given question.

^ The general rule is that, in order for responses to have statistical significance, they should have a minimum sample size of 30 respondents. Having said that, inferences can still be made from any data points that have less than 30 respondents and we have therefore left the data points with less than 30 responses visible in the report for your perusal. It is only a small subset of the industry-segmented data that will have less than 30 respondents for specific questions.



## Industry types (as per the ANZSIC industry list)



n = 1571

# Respondent involvement in specific HR areas

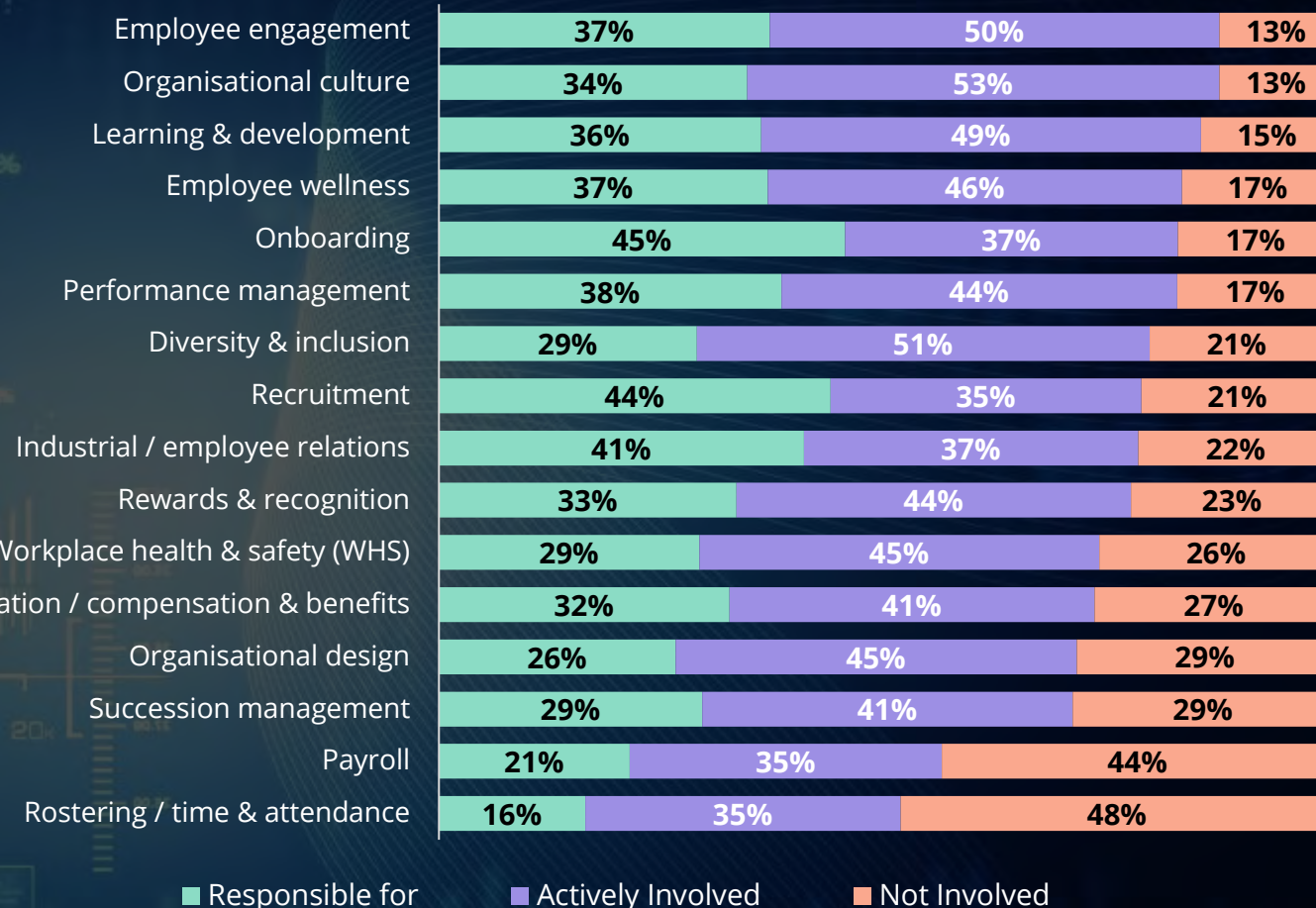


In the first section of the survey, all respondents were asked to select the areas of HR they are 'responsible for' or 'actively involved' in. If they were not responsible for or actively involved in a specific area, they were not asked the questions relating to that area. Apart from payroll and rostering / time & attendance, which can often fall under the remit of finance teams, all other areas of HR had at least 70% of respondents indicating they were 'responsible for' or 'actively involved in' the respective area.

C-suite leaders are the most likely to have responsibility for every area of HR, apart from rostering / time & attendance and payroll. More responsibility is sometimes given to junior or mid-level HR staff for tasks relating to onboarding and recruitment.



Which of the following area(s) are you responsible for or actively involved in?



# The general state of HR



# Workforce decrease vs increase



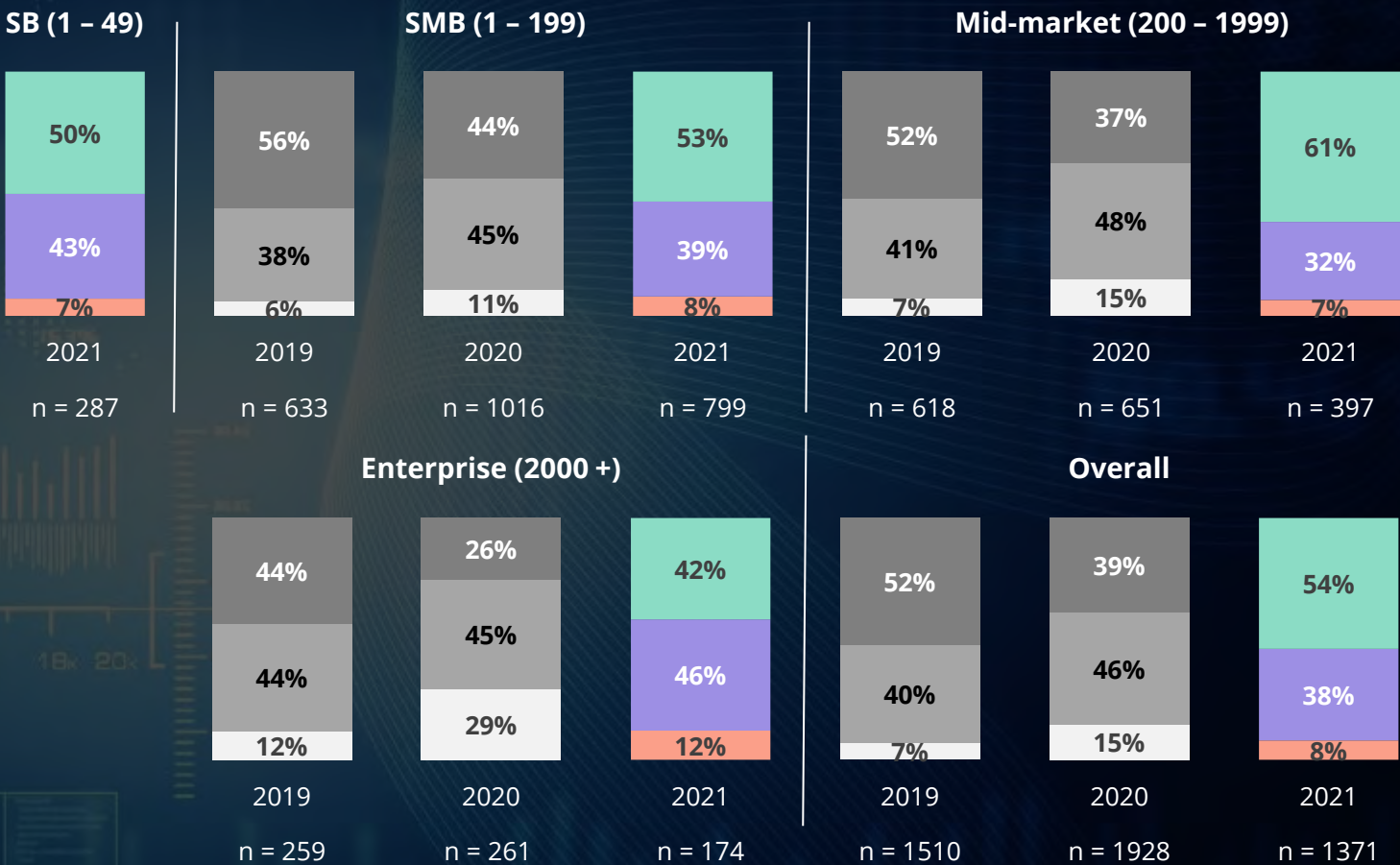
The percentage of respondents who expected their workforce to grow in the next 12 months increased since the 2020 survey. The 2020 results were not surprising, given the economic uncertainty, the downsizing of workforces, and the desire for job stability from employees. It's expected to be a different story in 2022. As business and consumer confidence have increased, so too has hiring sentiment.

Mid-market respondents were the most confident, with 61% expecting to grow their workforce (compared with 37% in 2020). Just 7% of mid-market respondents expected a decrease in size. SB and SMB confidence is also strong, with over 50% of respondents in both categories expecting an increase in size. Enterprise confidence was more subdued, with 42% of respondents in this category expecting growth. In addition, 12% of enterprise respondents expected a workforce decrease, the highest in any category. It should be noted, however, that this is still less than half the number who said this in 2020. Looking at results by industry, workforce growth is expected for most industries – and for those not expecting an increase, the intention is to remain the same size. Respondents from the 'information media and telecommunications', 'not for profit', and 'health care and social assistance' sectors showed the highest expected net workforce increase, while 'electricity, gas, water and waste services' and 'mining' showed the lowest.

Turning workforce growth expectations into reality might be more challenging. According to the Australian Government's Recruitment Experiences and Outlook Survey conducted in October 2021, 54% of recruiting employers said they were having trouble finding suitable applicants, and more worryingly, any applicants at all. It's a similar story in New Zealand. The Hays Recruitment 2021/22 New Zealand Salary Guide stated: "In the next 12 months, 64% of employers believe skills shortages will impact the effective operation of their organisation or department, either in a significant or minor way."

Over the next year, do you anticipate the size of your workforce to:

■ Decrease in size    ■ Remain the same    ■ Increase in size

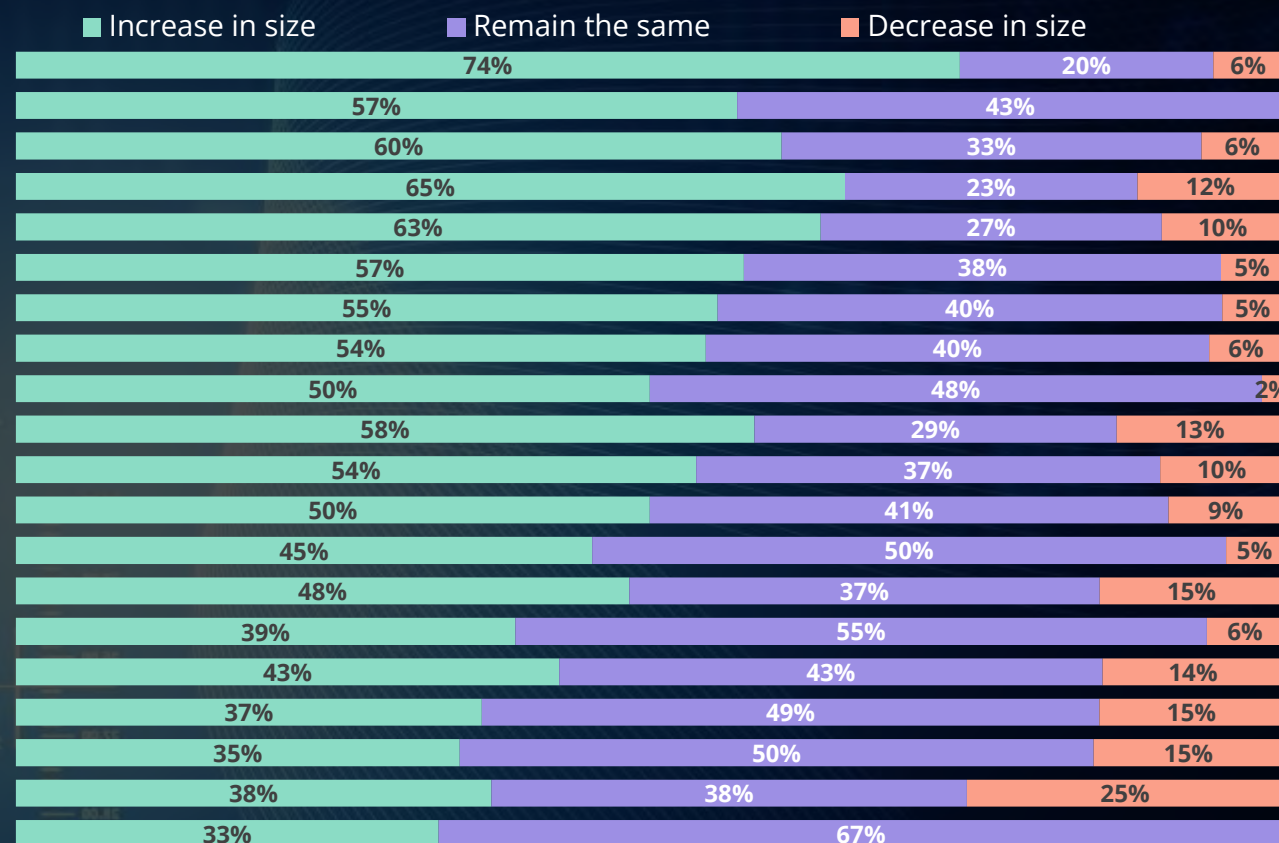


# Workforce decrease vs increase per industry



| n = | Industry                                        | *Net workforce increase<br>(increase - decrease) |
|-----|-------------------------------------------------|--------------------------------------------------|
| 90  | Information media and telecommunications        | 69%                                              |
| 109 | Not for profit                                  | 57%                                              |
| 154 | Health care and social assistance               | 54%                                              |
| 26  | Rental, hiring and real estate services         | 54%                                              |
| 52  | Retail trade                                    | 54%                                              |
| 202 | Professional, scientific and technical services | 52%                                              |
| 103 | Financial and insurance services                | 50%                                              |
| 68  | Manufacturing                                   | 49%                                              |
| 58  | Public administration and safety                | 48%                                              |
| 91  | Construction                                    | 45%                                              |
| 41  | Transport, postal and warehousing               | 44%                                              |
| 44  | Administrative and support services             | 41%                                              |
| 22  | Wholesale trade                                 | 41%                                              |
| 62  | Accommodation and food services                 | 34%                                              |
| 33  | Arts and recreation services                    | 33%                                              |
| 35  | Agriculture, forestry and fishing               | 29%                                              |
| 117 | Education and training                          | 22%                                              |
| 20  | Mining                                          | 20%                                              |
| 40  | Electricity, gas, water and waste services      | 13%                                              |
| 3   | Other services                                  | 33%                                              |

Over the next year, do you anticipate the size of your workforce to:



\* This is calculated by subtracting the % of respondents who anticipated their workforce decreasing in size from the % of respondents who anticipated an increase in the size of their workforce. This question was answered by all survey respondents. Rounded whole numbers can cause what appears to be a +1% or -1% discrepancy.

# Projected workforce growth rates



The data on the previous two pages shows that significantly more organisations plan to increase rather than decrease their workforce over the coming 12 months. The data on this page focuses on the average projected headcount growth rates. Please note that this question was only asked of respondents who indicated that their organisation intended to grow its workforce.

While the headcount growth rates that were projected increased across all types of organisation as compared to last year (with the exception of mid-market organisations, which remained the same as the 2020 forecast), enterprise organisations were the most optimistic, with the planned average percentage headcount growth increasing from 13% in 2020 to 24% in 2021. Although there was no breakdown of the small business segment in the 2020 results (these were grouped with the SMB segment), it appears they are also extremely optimistic, with an average expected headcount growth rate of 34% for the coming 12 months.

After a period of subdued hiring, 2022 looks set to continue the rebuilding that commenced in the second half of 2021. Another element that must be factored into these results is the so-called 'Great Resignation', which hit the United States in May 2021. Although the extent of this phenomenon in A / NZ is debatable (at least according to [this article](#) by the RCSA), any anticipated swell in voluntary employee turnover will need to be factored into workforce planning for 2022. Employers are being urged to take a proactive approach to retention by reviewing the employee experience (EX) to make it human-centric and hybrid-focused, prioritising flexible work and employee health and wellbeing, and offering competitive remuneration and benefits. All these elements can then be built into their employee value proposition (EVP) to attract external talent.

| By what percentage do you intend to grow your headcount in the next 12 months? | Overall average |      |      | SMB (1 - 199) |      |      | Mid-market (200 - 1999) |      |      | Enterprise (2000+) |      |      | SB (1 - 49) |
|--------------------------------------------------------------------------------|-----------------|------|------|---------------|------|------|-------------------------|------|------|--------------------|------|------|-------------|
|                                                                                | 2019            | 2020 | 2021 | 2019          | 2020 | 2021 | 2019                    | 2020 | 2021 | 2019               | 2020 | 2021 |             |
| Average % headcount growth planned                                             | 28%             | 19%  | 23%  | 33%           | 21%  | 26%  | 21%                     | 17%  | 17%  | 31%                | 13%  | 24%  | 34%         |
| n =                                                                            | 792             | 737  | 721  | 356           | 440  | 413  | 323                     | 235  | 237  | 113                | 62   | 71   | 138         |

# Workforce growth rates per industry



Overall, these results suggest that Australia and New Zealand will see a net workforce increase of 46% over the next 12 months, with an average headcount growth rate of 23%.

The three industries (based on a large enough sample size) expecting to expand their workforce the most in 2022 were:

1. 'Information media and telecommunications', which shows a 69% net projected industry growth rate and an average headcount growth rate of 40%
2. 'Not for profit', which shows a 57% net projected industry growth rate and an average headcount growth rate of 19%
3. 'Health care and social assistance', and 'rental, hiring and real estate services', both of which show a 54% net projected industry growth rate and an average headcount growth of 25%. 'Retail trade' also shows a 54% net projected industry growth rate, but a lower average headcount growth of 19%

\* The net workforce increase is calculated by subtracting the percentage of respondents who anticipated a decrease in the size of their workforce from the percentage of respondents who anticipated an increase in the size of their workforce. This question was answered by all survey respondents.

\*\* Please note that this question was only answered by respondents who intended to expand their workforce over the next 12 months, hence why there is a much smaller number of respondents per industry.

^ The general rule is that, in order for responses to have statistical significance, they should have a minimum sample size of 30 respondents. Having said that, inferences can still be made from any data points that have less than 30 respondents and we have therefore left the data points with less than 30 responses visible in the report for your perusal. It is only a small subset of the industry-segmented data that will have less than 30 respondents for specific questions.

| Industry                                        | ^n=  | *Net workforce increase | n=  | **Average % headcount growth planned |
|-------------------------------------------------|------|-------------------------|-----|--------------------------------------|
| Accommodation and food services                 | 62   | 34%                     | 29  | 23%                                  |
| Administrative and support services             | 44   | 41%                     | 21  | 47%                                  |
| Agriculture, forestry and fishing               | 35   | 29%                     | 15  | 19%                                  |
| Arts and recreation services                    | 33   | 33%                     | 12  | 25%                                  |
| Construction                                    | 91   | 45%                     | 53  | 17%                                  |
| Education and training                          | 117  | 22%                     | 42  | 16%                                  |
| Electricity, gas, water and waste services      | 40   | 13%                     | 14  | 13%                                  |
| Financial and insurance services                | 103  | 50%                     | 56  | 18%                                  |
| Health care and social assistance               | 154  | 54%                     | 92  | 25%                                  |
| Information media and telecommunications        | 90   | 69%                     | 66  | 40%                                  |
| Manufacturing                                   | 68   | 49%                     | 35  | 19%                                  |
| Mining                                          | 20   | 20%                     | 6   | 20%                                  |
| Professional, scientific and technical services | 202  | 52%                     | 113 | 24%                                  |
| Public administration and safety                | 58   | 48%                     | 28  | 8%                                   |
| Rental, hiring and real estate services         | 26   | 54%                     | 17  | 25%                                  |
| Retail trade                                    | 52   | 54%                     | 32  | 19%                                  |
| Transport, postal and warehousing               | 41   | 44%                     | 22  | 18%                                  |
| Wholesale trade                                 | 22   | 41%                     | 9   | 13%                                  |
| Not for profit                                  | 109  | 57%                     | 58  | 19%                                  |
| Other services                                  | 3    | 44%                     | 1   | 10%                                  |
| Average overall growth rate                     | 1370 | 46%                     | 721 | 23%                                  |

# The time and cost of managing people



This year's respondent data showed that, on average:

- It takes 40 days on average to fill a vacant position. Australian organisations fill vacant roles within an average of 38 days. The time to fill roles is significantly longer in New Zealand, at an average of 50.3 days. In both countries, executive roles take the longest to fill: 59 days in Australia and 86 days in New Zealand.
- The cost to hire a new employee is ~\$23,860. This is a large increase from the ~\$10,500 seen in the 2020 survey and can be attributed primarily to the increased cost of hiring mid-level managers and mid-level individual contributors. In its 2022 *Workplace Trends Report*, Gartner suggested the role of mid-level managers has changed throughout the pandemic and is now more important than ever – but employers will need to salary match their competitors to hold onto these workers. Similarly, the 2021/22 *Salary Guide* by Hays found that more skilled professionals will find their knowledge and extensive skills in strong demand. 67% of the employers surveyed by Hays suggested they will increase salaries to retain employees.
- HR spends on average 7 hours per week 'conducting role-specific training'. This is the most time-consuming task performed by HR when onboarding new hires.
- Managers spend 75 hours per year conducting performance appraisals. For employees, this figure is 88 hours, and for HR it is 48 hours.
- Payroll and HR professionals spend on average 10 hours per month on payroll calculation. This is the most time-consuming task performed, followed by payroll accounting at 8 hours per month.
- Employees spend 24 days per year undertaking formal training. This has an average cost of ~\$9,900 per employee. Mid-market organisations spend the most money on learning, at ~\$16,400 annually per employee (enterprise organisations spend ~\$10,800, SMBs ~\$7,200 and SBs ~\$6,100).

Respondent data confirmed that, on average:

**40 days**

It takes 40 days to fill a vacant position

**\$23,860**

It costs \$23,860 to fill a vacant position

**7 hours per week**

The majority of the time that HR spends onboarding new employees is dedicated to 'conducting role-specific training', at 7 hours

**88 hours per year**

Employees spend 88 hours per year conducting performance appraisals, compared to 75 hours per year invested by managers

**10 hours per month**

For payroll, the task that takes up the most time is payroll calculation, which takes 10 hours per month

**\$9,990 per year**

Employees spend 24 days per year undertaking formal training, at an average cost of \$9,990

# Turnover rates



| Organisation size     | Overall average |      |      | Australia |      |      | New Zealand |      |      | SMB (1 - 199) |      |      | Mid-market (200 - 1999) |      |      | Enterprise (2000+) |      |      | SB (1-49) |
|-----------------------|-----------------|------|------|-----------|------|------|-------------|------|------|---------------|------|------|-------------------------|------|------|--------------------|------|------|-----------|
|                       | 2019            | 2020 | 2021 | 2019      | 2020 | 2021 | 2019        | 2020 | 2021 | 2019          | 2020 | 2021 | 2019                    | 2020 | 2021 | 2019               | 2020 | 2021 |           |
| Average turnover rate | 17%             | 15%  | 17%  | 17%       | 15%  | 17%  | 17%         | 14%  | 14%  | 16%           | 14%  | 16%  | 17%                     | 16%  | 17%  | 17%                | 18%  | 17%  | 12%       |
| n =                   | 986             | 1162 | 815  | 868       | 998  | 690  | 118         | 164  | 125  | 439           | 589  | 477  | 408                     | 444  | 264  | 139                | 129  | 74   | 126       |

The overall average employee turnover rate in Australia increased from 15% in 2020 to 17% in 2021. New Zealand remained the same at 14%. Throughout the uncertainty of 2020, people were generally more reluctant to leave their jobs. In 2021, economic and consumer confidence rebounded, and employee mobility also increased, albeit slowly and certainly not as dramatically as what has been seen overseas. In the United States, for example, voluntary turnover (whereby an employee willingly chooses to leave their job) increased dramatically in the second half of 2021. A [global study](#) by McKinsey & Company study showed that 40% of US employees are at least somewhat likely to leave their current job in the next 3–6 months. According to [this article](#) in Forbes Magazine, 4.4 million American workers quit their jobs in September alone, a figure 20% higher than pre-pandemic levels.

The statistics for Australia are just as daunting. A [survey](#) of 1800 workers by PwC found that 38% of Australian workers want to leave their job in the next 12 months, although the report did not indicate if individuals were leaving to take on a new job or for other, unspecified, reasons (such as retirement or a career break). PwC's survey also revealed that 6 in 10 people who had left a business in the past year were now seeking to leave their current employer in the next 12 months, indicating a highly mobile workforce. According to PwC, the expected surge in resignations comes after unusually low levels of employee turnover in Australia. In fact, this was the lowest reported rate of employee turnover since 1972, which was when the Australian Bureau of Statistics first started tracking labour mobility.

Similar sentiment is being felt by New Zealand workers. An iterative [Wellbeing@Work](#) study by AUT, which was conducted in three separate time periods (May 2020, December 2020 and April 2021) found those who were likely to leave their employer increased from 35% in May 2020 to 46% in April 2021.

# 2021 turnover rates per industry

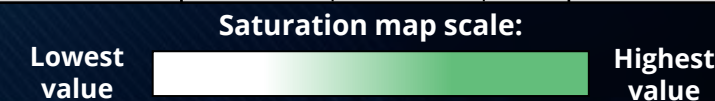


The increase in employee turnover was fairly consistent across most industries, with only a few outliers such as 'administrative and support services' and 'agriculture, forestry and fishing' showing higher turnover rates. The only industries that reported a decrease in turnover (with a large enough sample size in 2020 and 2021 to make a reasonable comparison) were 'accommodation and food services', 'retail trade', 'construction', 'education and training', and 'public administration and safety'. It's no coincidence that most of these industries were impacted heavily by COVID-19, its lockdowns, and other associated restrictions. In 2021, they have had a chance to regroup and regain lost ground; an assumption could also be made that with the economic recovery taking place, involuntary turnover rates (in the form of redundancies, etc.) declined.

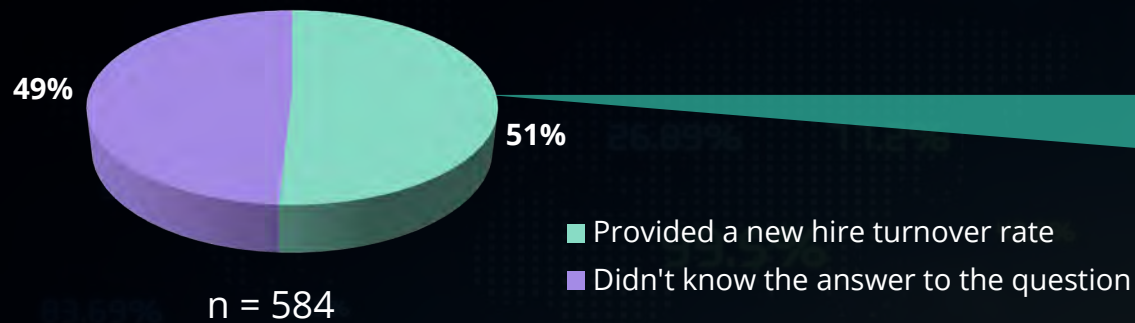
Although the survey did not specify voluntary or involuntary turnover, it's surprising the overall turnover rate was not higher, especially given the pent-up desire from employees to move to greener pastures. It's possible many have remained with their current employer due to ongoing economic uncertainty and a desire for job security. With mostly positive economic outlooks being forecast by the OECD for Australia and New Zealand, it's possible the floodgates will open and turnover rates will escalate. Indeed, research from Deloitte following the global financial crisis in 2009 showed that voluntary turnover tends to increase during periods of economic recovery.

Employers are being urged to be proactive and enhance both the employee experience (EX), and their employer brand. An EX that aligns with how, where and when people undertake work (e.g. with hybrid work arrangements) will help retain employees. The EX can then become the foundation of the employer brand, which will help to attract talent. If turnover rates do increase in 2022, employers should also be mindful of the impact this has on those who remain behind. They are the ones who will pick up the slack – and the stress – for their departed colleagues.

| Industry                                        | 2019      | 2020       | 2021      | % pt. change since 2020 |
|-------------------------------------------------|-----------|------------|-----------|-------------------------|
|                                                 | 986 resp. | 1162 resp. | 815 resp. |                         |
| Administrative and support services             | 18%       | 17%        | 25%       | 8%                      |
| Accommodation and food services                 | 30%       | 27%        | 23%       | -4%                     |
| Not for profit                                  | 19%       | 17%        | 22%       | 5%                      |
| Rental, hiring and real estate services         | 27%       | 12%        | 20%       | 8%                      |
| Health care and social assistance               | 19%       | 17%        | 19%       | 2%                      |
| Retail trade                                    | 25%       | 21%        | 18%       | -3%                     |
| Agriculture, forestry and fishing               | 16%       | 8%         | 17%       | 9%                      |
| Information media and telecommunications        | 20%       | 16%        | 16%       | 0%                      |
| Financial and insurance services                | 14%       | 15%        | 16%       | 1%                      |
| Arts and recreation services                    | 15%       | 15%        | 16%       | 1%                      |
| Mining                                          | 11%       | 14%        | 15%       | 1%                      |
| Transport, postal and warehousing               | 16%       | 13%        | 15%       | 2%                      |
| Manufacturing                                   | 13%       | 13%        | 15%       | 2%                      |
| Electricity, gas, water and waste services      | 11%       | 13%        | 15%       | 2%                      |
| Construction                                    | 18%       | 16%        | 14%       | -2%                     |
| Education and training                          | 12%       | 14%        | 14%       | 0%                      |
| Professional, scientific and technical services | 14%       | 14%        | 13%       | -1%                     |
| Public administration and safety                | 11%       | 13%        | 12%       | -1%                     |
| Wholesale trade                                 | 15%       | 10%        | 11%       | 1%                      |
| Other services                                  | 31%       | 3%         | 4%        | 1%                      |
| A/NZ Overall                                    | 17%       | 15%        | 17%       | 2%                      |



# 2021 turnover rates for new hires



The new hire turnover rate can tell HR if the experience for their new employees is living up to the promises made during the recruitment process or whether hiring was rushed, resulting in poor decisions having been made. It can also be used to identify problems with the experience for new hires. Alarming, just under half (49%) of respondents who are 'responsible for' or 'actively involved in' recruitment responded that they did not know the answer to this question. It's interesting to note that 52% of C-suite leaders and 48% of senior management respondents did not know the answer to this question.

By organisation size, the biggest increase in new hire turnover was seen with SMBs (a 10 percentage point difference from 2020). Mid-market and enterprise respondents saw smaller increases than those seen in 2020.

Certain industries fared worse than others in 2021, with increases in new hire turnover rates. Among the worst performing were 'administrative and support services', 'agriculture, forestry and fishing', and 'health care and social assistance'. At the other end of the spectrum, 'rental, hiring and real estate services' saw a 2 percentage point decline in new hire turnover from 2020. Other industries saw only marginal increases, such as 'transport, postal and warehousing' (1 percentage point increase).

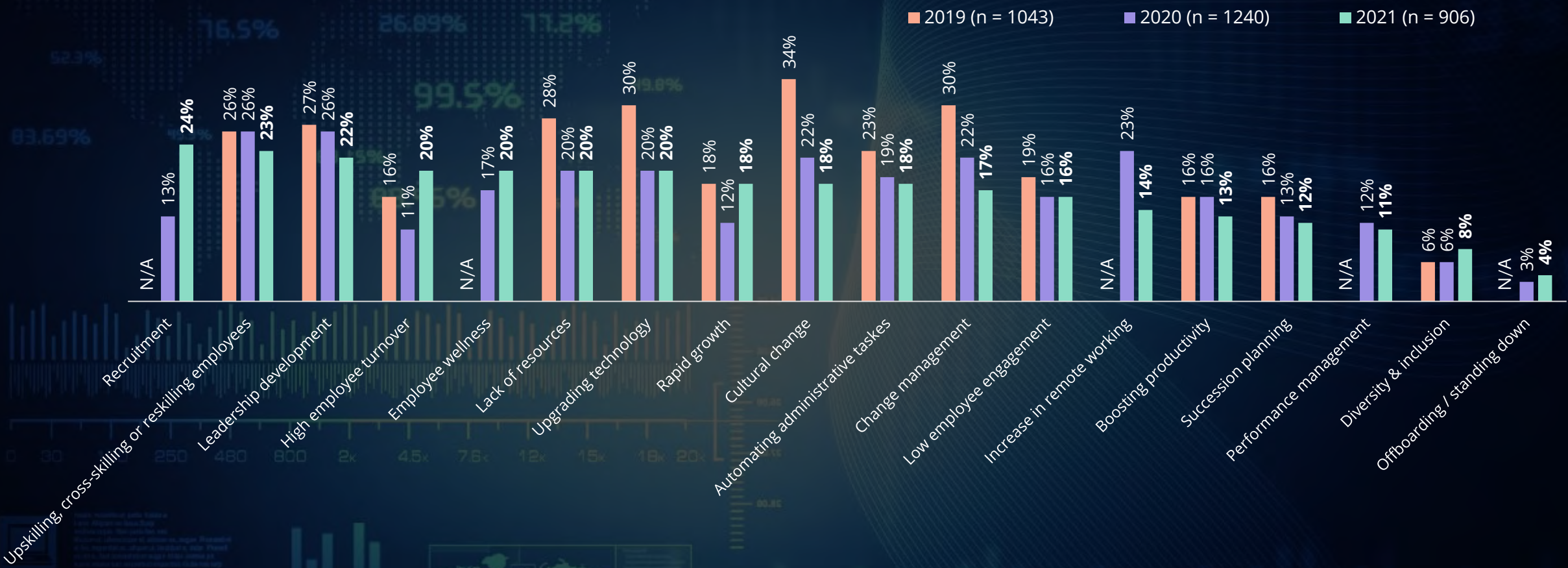
## Average new hire turnover rates within probation period:

| n = | Segment                                         | New hire turnover rate within probation period | % pt. change from 2020 |
|-----|-------------------------------------------------|------------------------------------------------|------------------------|
| 263 | Australia                                       | 14%                                            | 7%                     |
| 34  | New Zealand                                     | 14%                                            | 8%                     |
| 180 | SMB                                             | 15%                                            | 10%                    |
| 102 | Mid-market                                      | 12%                                            | 3%                     |
| 15  | Enterprise                                      | 18%                                            | 5%                     |
| 42  | SB                                              | 13%                                            | N/A                    |
| 16  | Accommodation and food services                 | 19%                                            | 10%                    |
| 13  | Administrative and support services             | 19%                                            | 15%                    |
| 4   | Agriculture, forestry and fishing               | 18%                                            | 12%                    |
| 9   | Arts and recreation services                    | 9%                                             | 4%                     |
| 15  | Construction                                    | 14%                                            | 8%                     |
| 20  | Education and training                          | 14%                                            | 8%                     |
| 7   | Electricity, gas, water and waste services      | 15%                                            | 8%                     |
| 20  | Financial and insurance services                | 15%                                            | 6%                     |
| 37  | Health care and social assistance               | 19%                                            | 12%                    |
| 22  | Information media and telecommunications        | 11%                                            | 4%                     |
| 22  | Manufacturing                                   | 11%                                            | 4%                     |
| 7   | Mining                                          | 11%                                            | 4%                     |
| 30  | Not for profit                                  | 14%                                            | 8%                     |
| 30  | Professional, scientific and technical services | 10%                                            | 6%                     |
| 5   | Public administration and safety                | 3%                                             | 0%                     |
| 7   | Rental, hiring and real estate services         | 11%                                            | -2%                    |
| 12  | Retail trade                                    | 19%                                            | 12%                    |
| 14  | Transport, postal and warehousing               | 11%                                            | 1%                     |
| 7   | Wholesale trade                                 | 15%                                            | 7%                     |

# Top challenges for the next 12 months



Please select the top three items that you believe will challenge you organisation over the next 12 months



# Top challenges for the next 12 months



**1 in 4** respondents said recruitment was their top challenge

A quarter (24%) of respondents said their top challenge for the next 12 months would be recruitment. This was a dramatic change from 2020 when recruitment was cited by just 13% of respondents.

It's apparent that when this survey was conducted (September 2021), recruitment was occurring on two fronts: continued rebuilding after the job losses seen in certain industries during the COVID-19 pandemic; and backfilling vacant positions as an increasing number of people left their organisation for other roles. On the latter point, it's interesting to note that 'high employee turnover' was cited as the fourth most significant challenge in the 2021 results. It's also worth noting that elsewhere in this report, when respondents were asked which tasks took up too much time in relation to the value they deliver, 'recruiting and executive search' was number two on the list, behind 'general admin work'. While the value of good hiring is not in question, this does indicate there is room for system and process improvements to be made.



**1 in 3** respondents from the 'education and training' industry said employee wellness was a top challenge

In response to the employee attraction and retention issues, it's no surprise to see that 'upskilling, cross-skilling and reskilling workers' was the second-most cited challenge in the 2021 results. This was the equal top challenge in 2020 (alongside 'leadership development'), but it has gained extra resonance as organisations re-examine how skills gaps can be bridged using the knowledge of existing employees. Rather than looking for so-called 'purple unicorn' candidates – i.e. those who are like mythical creatures in that their precise combination of skills and experience is so rare – [Gartner suggests](#) looking for 'adjacent skills' in the existing workforce. Adjacent skills are those related to a skill or competency that an employee already has. Often, they are skills not targeted in job descriptions or in job-related education, but which play an essential role in enhancing an employee's ability to fully understand their role and perform it effectively. These existing skills can easily be upgraded to match what's needed in different but related roles.



**1 in 5** respondents said upskilling, cross-skilling or reskilling employees was a top challenge

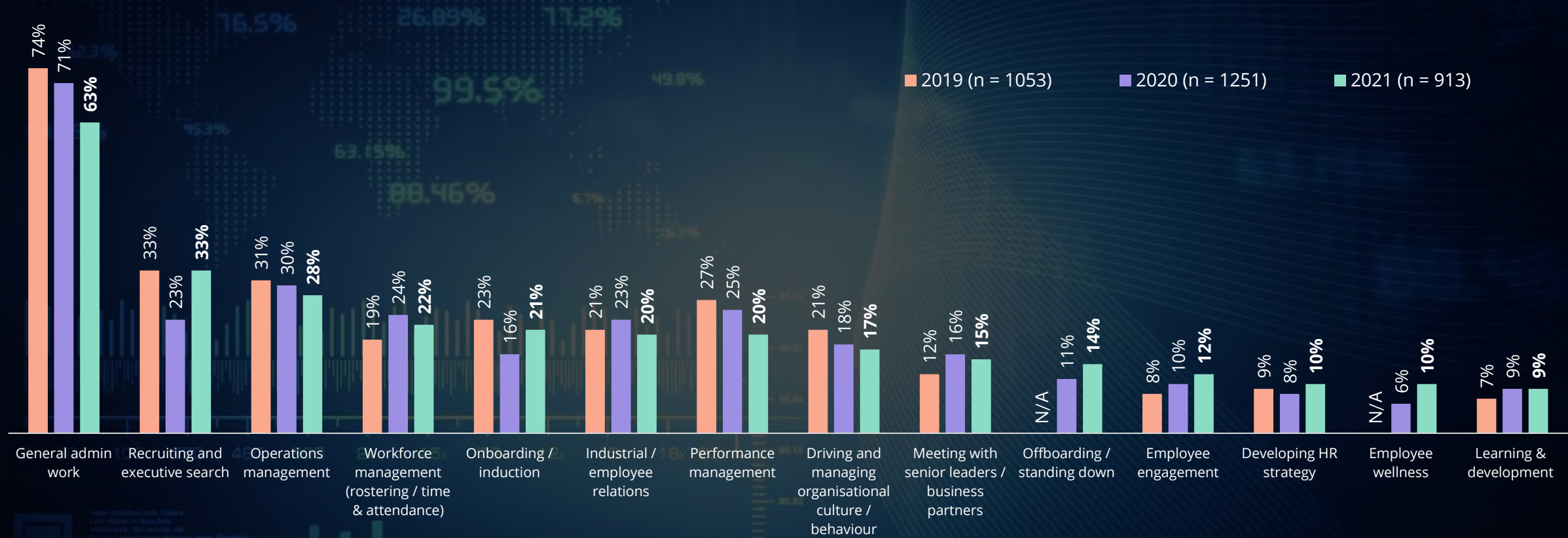
By industry, several key trends stand out:

- Recruitment was the top challenge in the 'construction', 'wholesale trade', 'rental, hiring and real estate services' and 'financial and insurance services' sectors
- Leadership development challenges were more prevalent in the 'agriculture, forestry and fishing', 'health care and social assistance' and 'construction' industries
- Automating administrative tasks was the top challenge cited by respondents from the 'electricity, gas, water and waste services' and 'rental, hiring and real estate services' industries
- Employee wellness was the top challenge in the 'education and training', 'retail trade' and 'not for profit' industries

# Areas that take up too much of HR's time



Please select the top three areas that you believe to be taking up too much of HR's time in your organisation, relative to the value they deliver:



# Areas that take up too much of HR's time



**2 in 3** respondents said 'general admin' took up too much of HR's time, relative to the value it brings



**1 in 3** respondents said 'recruiting and executive search' took up too much of HR's time, relative to the value it brings

For the third year running, 'general admin work' dominated responses to this question. It's an indication that, despite the time-saving benefits of automation, there's still a long way to go until the paperwork associated with people management becomes less onerous. While 'general admin work' has slowly declined as an area taking up too much of HR's time over the last three years, more than 2 in 3 respondents are still struggling with this. For the 2021 results, this might reflect the challenges of remote work and the fact that email volume has increased dramatically due to lack of face-to-face interactions. Without face-to-face meetings to resolve issues, there has also been an increase in online meetings, all of which take time out of a day.

Perhaps more interesting, given the challenges cited for the next 12 months elsewhere in this report, is 'recruiting and executive search'. With recovery from COVID-19 well underway, employers are being hampered by a lack of skilled candidates. As this [Reuters article](#) suggests, this has been exacerbated by border closures and the loss of skilled migrants and overseas students. Despite the ever-present pressure to fill roles quickly, all aspects of recruitment are taking longer, from the initial search to the shortlisting, and then dealing with counter-offers, etc. However, given the complexity of recruitment in the current environment, employers are being extra cautious about hiring the right people. The recruitment appendix in this report has further details about the cost and time to fill roles.

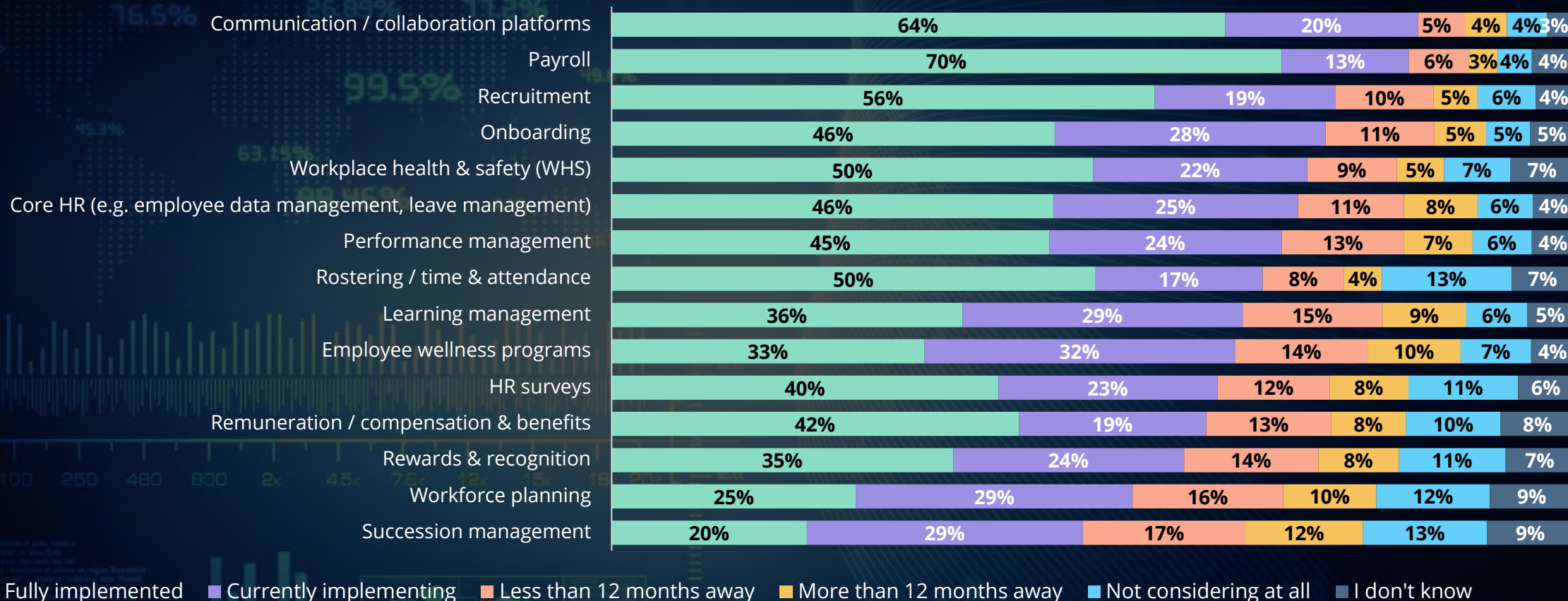
Although there was a decline for most areas that take up too much of HR's time in relation to the value they deliver, there were a few increases. Among these was 'onboarding / induction', which was no surprise given the increase in recruitment activity. Also seeing an uptick was 'employee wellness'. This was no doubt caused by the ongoing challenges relating to bringing employees back into workplaces and the need to track COVID-19 test results and vaccination rates, all while maintaining social distancing and other safety protocols. As [research from Deloitte](#) has suggested, health and wellbeing now sits at the heart of the employee experience.

With the countless daily transactional issues being dealt with by HR, it's perhaps not surprising to see that some of the more strategic elements have declined, for example, 'industrial / employee relations', 'driving and managing organisational culture / behaviour' and even 'meeting with senior leaders / business partners'. Either less time is being devoted to these tasks, or the value that these tasks deliver is more fully recognised. One exception was 'operations management', which remained high at 28% and was the top area selected by C-suite respondents (apart from 'general admin') that they considered to be taking up too much of HR's time. More than anything, this perhaps shows that HR is in the difficult position of balancing strategic operations alongside the transactional aspects of people management, such as keeping employees safe and healthy, and ensuring hybrid work arrangements are effective.

# The implementation of HR technology



Which of the following stages best describes your organisation's current state of HR & payroll technology?



n = 1171

# The implementation of HR technology



**64%**  
of respondents have already fully implemented a communication / collaboration platform

**20%**  
of respondents are currently implementing a communication / collaboration platform

**70%**  
of respondents have fully implemented payroll technology

**54%**  
of respondents believe their organisation has the technology and resources to enable effective remote working

The graph on the previous page shows the status of HR and payroll technology implementation. Compared with the 2020 results, in terms of being either 'fully implemented' or 'currently being implemented', the top 3 remain unchanged: communication / collaboration platforms; payroll; and recruitment.

Based on the category of 'currently being implemented', employee wellness was the most popular, cited by 32% of respondents. Learning management and workforce planning (both 29%) are the second most popular, again mirroring where the challenges and priorities for 2022 lie as organisations look for ways to retain talent. Interestingly, despite sitting at the bottom of the table in terms of being 'fully implemented' or 'currently being implemented', succession management takes the top spot in the category of 'less than 12 months away', indicating that perhaps mapping future careers to future roles is also gaining traction as a retention driver.

If the COVID-19 pandemic taught business leaders anything, it's that technology is vital to business continuity. Being able to operate core business functions from anywhere resulted in a surge in cloud technology solutions. According to forecasting conducted by Gartner, in the aftermath of the COVID-19 crisis, the worldwide end-user spending on public cloud services was expected to grow 23.1% by the end of 2021, to total US\$332.3 billion (up from US\$270 billion in 2020). The Gartner data indicates that almost 70% of organisations using cloud services today plan to increase their cloud spending following the disruption caused by COVID-19. This expenditure is expected to help improve mobility, collaboration and other essential business functions to support hybrid workers.

# HR technology implementation trends

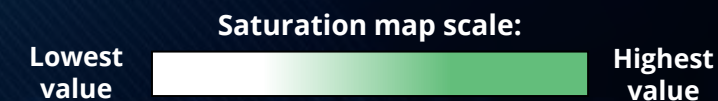


Data from the 2020 survey that projected the level of technology implementation levels in 2021 proved to be overly optimistic. In reality, the actual levels of fully implemented technology in 2021 were significantly lower than the 2020 projection (best seen in the column titled 'difference between 2021 actual and 2021 projection'). However, there was still a steady rise in the implementation of HR technology.

The projection of fully implemented technology in 2021 and 2022 is based on the combination of respondents:

- With fully implemented technology the year the survey was conducted
- Who were in the process of implementing their technology the year the survey was conducted
- Who said their technology was less than 12 months away the year the survey was conducted

|                                         | 2019<br>(Fully implemented) | 2020<br>(Fully implemented) | 2021 (Projection of fully implemented from 2020) | 2021<br>(Fully implemented) | Difference between 2021 actual and 2021 projection | Projected implementation in 2022 |
|-----------------------------------------|-----------------------------|-----------------------------|--------------------------------------------------|-----------------------------|----------------------------------------------------|----------------------------------|
| Communication / collaboration platforms | N/A                         | 69%                         | 92%                                              | 64%                         | <b>-28%</b>                                        | 89%                              |
| Core HR                                 | 49%                         | 54%                         | 84%                                              | 46%                         | <b>-38%</b>                                        | 82%                              |
| Employee wellness programs              | 26%                         | 35%                         | 77%                                              | 32%                         | <b>-45%</b>                                        | 78%                              |
| HR surveys                              | 40%                         | 46%                         | 75%                                              | 40%                         | <b>-35%</b>                                        | 75%                              |
| Learning management                     | 32%                         | 41%                         | 78%                                              | 36%                         | <b>-42%</b>                                        | 80%                              |
| Onboarding                              | 35%                         | 51%                         | 84%                                              | 46%                         | <b>-38%</b>                                        | 85%                              |
| Payroll                                 | 73%                         | 78%                         | 90%                                              | 46%                         | <b>-44%</b>                                        | 89%                              |
| Performance management                  | 37%                         | 53%                         | 82%                                              | 45%                         | <b>-37%</b>                                        | 82%                              |
| Recruitment                             | 48%                         | 65%                         | 86%                                              | 56%                         | <b>-30%</b>                                        | 85%                              |
| Remuneration / compensation & benefits  | 32%                         | 48%                         | 72%                                              | 42%                         | <b>-30%</b>                                        | 75%                              |
| Rewards & recognition                   | 25%                         | 39%                         | 69%                                              | 35%                         | <b>-34%</b>                                        | 73%                              |
| Rostering / time & attendance           | 46%                         | 51%                         | 72%                                              | 50%                         | <b>-22%</b>                                        | 76%                              |
| Succession management                   | 15%                         | 21%                         | 59%                                              | 20%                         | <b>-39%</b>                                        | 66%                              |
| Workforce planning                      | 18%                         | 27%                         | 66%                                              | 25%                         | <b>-41%</b>                                        | 70%                              |
| Workplace health & safety (WHS)         | 41%                         | 59%                         | 84%                                              | 50%                         | <b>-34%</b>                                        | 81%                              |



# % change in HR technology implementations



The table on the previous page showed that the uptake of various types of HR technology is steadily rising and is forecast to boom during 2021. This table presents the same data but also includes the '% point change' and '% change' in HR technology implementation levels.

| Rank* | HR technology type                      | 2019 RESULTS                |                                                       | 2020 RESULTS                |                                                       | 2021 RESULTS                |                                                       | CHANGE IN METRICS                                                        |                                                                |
|-------|-----------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------|-------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|
|       |                                         | % fully implemented in 2019 | Projected implementation in 2020 (based on 2019 data) | % fully implemented in 2020 | Projected implementation in 2021 (based on 2020 data) | % fully implemented in 2021 | Projected implementation in 2022 (based on 2021 data) | % point difference in fully implemented technology between 2020 and 2021 | % change in fully implemented technology between 2020 and 2021 |
| 1     | Rostering / time & attendance           | 46%                         | 67%                                                   | 51%                         | 72%                                                   | 50%                         | 76%                                                   | -1%                                                                      | -2%                                                            |
| 2     | Succession management                   | 15%                         | 47%                                                   | 21%                         | 59%                                                   | 20%                         | 66%                                                   | -1%                                                                      | -4%                                                            |
| 3     | Workforce planning                      | 18%                         | 50%                                                   | 27%                         | 66%                                                   | 25%                         | 70%                                                   | -2%                                                                      | -6%                                                            |
| 4     | Employee wellness programs              | 26%                         | 62%                                                   | 35%                         | 77%                                                   | 32%                         | 78%                                                   | -3%                                                                      | -7%                                                            |
| 5     | Communication / collaboration platforms | N/A                         | N/A                                                   | 69%                         | 92%                                                   | 64%                         | 89%                                                   | -6%                                                                      | -8%                                                            |
| 6     | Rewards & recognition                   | 25%                         | 57%                                                   | 39%                         | 69%                                                   | 35%                         | 73%                                                   | -4%                                                                      | -9%                                                            |
| 7     | Onboarding                              | 35%                         | 76%                                                   | 51%                         | 84%                                                   | 46%                         | 85%                                                   | -5%                                                                      | -10%                                                           |
| 8     | Learning management                     | 32%                         | 72%                                                   | 41%                         | 78%                                                   | 36%                         | 80%                                                   | -5%                                                                      | -11%                                                           |
| 9     | Remuneration / compensation & benefits  | 32%                         | 58%                                                   | 48%                         | 72%                                                   | 42%                         | 75%                                                   | -6%                                                                      | -12%                                                           |
| =10   | HR surveys                              | 40%                         | 71%                                                   | 46%                         | 75%                                                   | 40%                         | 75%                                                   | -6%                                                                      | -13%                                                           |
| =10   | Recruitment                             | 48%                         | 76%                                                   | 65%                         | 86%                                                   | 56%                         | 85%                                                   | -9%                                                                      | -13%                                                           |
| 12    | Performance management                  | 37%                         | 71%                                                   | 53%                         | 82%                                                   | 45%                         | 82%                                                   | -8%                                                                      | -14%                                                           |
| =13   | Core HR                                 | 49%                         | 81%                                                   | 54%                         | 84%                                                   | 46%                         | 82%                                                   | -8%                                                                      | -15%                                                           |
| =13   | Workplace health & safety (WHS)         | 41%                         | 67%                                                   | 59%                         | 84%                                                   | 50%                         | 81%                                                   | -9%                                                                      | -15%                                                           |
| 15    | Payroll                                 | 73%                         | 89%                                                   | 78%                         | 90%                                                   | 46%                         | 89%                                                   | -32%                                                                     | -41%                                                           |

\*Ranked by the % change in implementation

# Key insights about the uptake of HR technology

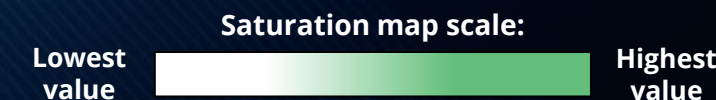


The data on the preceding charts indicate that the updating of various types of HR technology slowed during 2021, no doubt a reflection of the ongoing disruptions to work life. In all cases, there were fewer full technology implementations between 2020 and 2021. However, the gap was smallest in these areas:

1. Rostering / time & attendance: a decline of 1 percentage point from 51% in 2020 to 50% in 2021
2. Succession management: a decline of 1 percentage point from 21% in 2020 to 20% in 2021
3. Workforce planning: a decline of 2 percentage points from 27% in 2020 to 25% in 2021
4. Employee wellness programs: a decline of 2 percentage points from 35% in 2020 to 33% in 2021
5. Communication / collaboration platforms: a decline of 5 percentage points from 69% in 2020 to 64% in 2021

Larger organisations are more likely to have fully implemented HR technology due to the complexities of managing large workforces. However, there are a number of HR technology types where the implementation levels across SMBs are almost comparable to implementation levels for larger organisations. For example, core HR, payroll, and onboarding.

|                                                                    | n =     | 1171      | 697          | 339        | 135    | 240 |
|--------------------------------------------------------------------|---------|-----------|--------------|------------|--------|-----|
| % of respondents who have HR technology <b>fully implemented</b> : | Overall | SMB       | Mid-market   | Enterprise | SB     |     |
|                                                                    |         | (1 - 199) | (200 - 1999) | (2000+)    | (1-49) |     |
| Communication / collaboration platforms                            | 64%     | 59%       | 70%          | 72%        | 56%    |     |
| Core HR                                                            | 46%     | 44%       | 48%          | 50%        | 42%    |     |
| Employee wellness programs                                         | 33%     | 29%       | 30%          | 54%        | 28%    |     |
| HR surveys                                                         | 40%     | 34%       | 47%          | 55%        | 21%    |     |
| Learning management                                                | 36%     | 28%       | 43%          | 61%        | 28%    |     |
| Onboarding                                                         | 46%     | 45%       | 46%          | 53%        | 40%    |     |
| Payroll                                                            | 70%     | 67%       | 73%          | 74%        | 68%    |     |
| Performance management                                             | 45%     | 42%       | 48%          | 58%        | 44%    |     |
| Recruitment                                                        | 56%     | 51%       | 65%          | 64%        | 49%    |     |
| Remuneration / compensation & benefits                             | 42%     | 40%       | 40%          | 61%        | 44%    |     |
| Rewards & recognition                                              | 35%     | 33%       | 35%          | 50%        | 34%    |     |
| Rostering / time & attendance                                      | 50%     | 50%       | 47%          | 61%        | 52%    |     |
| Succession management                                              | 20%     | 20%       | 18%          | 27%        | 19%    |     |
| Workforce planning                                                 | 25%     | 25%       | 23%          | 34%        | 29%    |     |
| Workplace health & safety (WHS)                                    | 50%     | 45%       | 53%          | 69%        | 46%    |     |



# Use of software / technology to minimise challenges



Over the following pages, the survey data has been analysed to determine which challenges in specific functional HR areas are assisted by the use of software / technology.

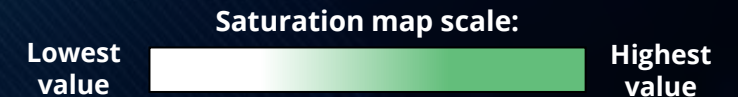
## Recruitment:

Respondents with fully implemented recruitment software / technology showed a reduction in eight of the 12 challenges listed. The remaining four challenges reveal the limitations of what technology can achieve. 'Attracting the right candidates', 'competition for talent', 'engaging passive candidates' and 'skills shortage' were all areas where technology did not help. This reinforces that recruitment will always be primarily relationship-driven. Success is often dependent on contacts and knowing how to connect and build relationships with candidates.

Where technology can assist is by automating key recruitment tasks, improving the candidate experience, and reducing the time to hire. 31% of respondents without technology fully implemented found automating recruitment tasks to be a challenge, as compared to 17% of those with technology fully implemented. In terms of time to hire, 29% of those without technology fully implemented found this to be a challenge, as compared to 25% of those with fully implemented technology.

Technology can also help ensure a positive candidate experience. Those with technology fully implemented were less likely (17%) to cite this as a challenge than those without technology (19%). Although this is only a small difference, it is significant: a personalised, seamless recruitment process can potentially get undecided candidates over the line.

|                                                                 | Has fully implemented technology | Does not have fully implemented technology | % pt. difference |
|-----------------------------------------------------------------|----------------------------------|--------------------------------------------|------------------|
| What are your organisation's key <b>recruitment</b> challenges? | Total resp.<br>n = 382           | Total resp.<br>n = 267                     |                  |
| A manual or inefficient recruitment process                     | 17%                              | 31%                                        | 14%              |
| Attracting the right candidates                                 | 49%                              | 45%                                        | -4%              |
| Availability of data to make recruitment decisions              | 4%                               | 10%                                        | 6%               |
| Building a stronger employer brand                              | 25%                              | 30%                                        | 5%               |
| Competition for talent                                          | 59%                              | 45%                                        | -13%             |
| Engaging passive candidates                                     | 20%                              | 19%                                        | -1%              |
| Ensuring a positive candidate experience                        | 17%                              | 19%                                        | 1%               |
| Lack of HR resources                                            | 16%                              | 20%                                        | 4%               |
| Reducing the time to hire                                       | 25%                              | 29%                                        | 4%               |
| Skills shortage                                                 | 58%                              | 47%                                        | -12%             |
| Slow decision-making / too many stakeholders                    | 24%                              | 30%                                        | 6%               |
| Using data to make recruitment decisions                        | 10%                              | 13%                                        | 3%               |
| None - we have no challenges                                    | 3%                               | 4%                                         | 2%               |



# Use of software / technology to minimise challenges



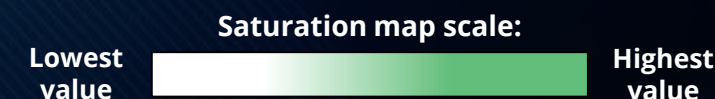
## Onboarding:

Respondents who use onboarding software / technology selected fewer challenges than those who don't. One exception, which actually increased as a challenge for those with technology fully implemented, was 'too much information for new hires'. As 'too little information for new hires' reduced as a challenge for those with technology, it seems that striking a balance can be difficult. These results also reinforce how important it is to have structured onboarding steps with the right information disseminated at the right times throughout the process.

Respondents with technology fully implemented reported significantly fewer challenges relating to 'ad hoc / informal onboarding processes', 'lack of orientation for new hires', and 'lack of engagement with new hires during pre-boarding and onboarding'.

Given the remote and hybrid work arrangements that have flourished in the past two years, it's encouraging to see that technology can assist with regular check-ins with new hires. This was cited as a challenge by 26% of respondents with technology fully implemented, and 31% for those without fully implemented technology. This result reinforces that although technology can help facilitate and organise more one-on-one interactions, the success of onboarding remains tied to interpersonal relationships, such as that between manager and employee. While technology may provide reminders and prompts to undertake certain tasks, it has limited impact on enhancing those relationships.

|                                                                                              | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|----------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key onboarding challenges?                                      | Total resp. n = 260              | Total resp. n = 291                        |              |
| Ad hoc steps / lack of formal processes                                                      | 20%                              | 37%                                        | 17%          |
| Too little information for new hires                                                         | 9%                               | 17%                                        | 8%           |
| Too much information for new hires                                                           | 31%                              | 25%                                        | -6%          |
| Lack of role clarity for new hires                                                           | 13%                              | 19%                                        | 5%           |
| Lack of orientation for new hires                                                            | 17%                              | 31%                                        | 13%          |
| Lack of training for new hires                                                               | 17%                              | 27%                                        | 10%          |
| Lack of training for you / your team                                                         | 12%                              | 18%                                        | 6%           |
| Length of onboarding process                                                                 | 18%                              | 20%                                        | 2%           |
| Lack of regular check-ins with new hires                                                     | 26%                              | 31%                                        | 5%           |
| Integrating new hires into teams / culture                                                   | 28%                              | 33%                                        | 4%           |
| Lack of engagement with new employees during pre-boarding and onboarding                     | 15%                              | 25%                                        | 10%          |
| Difficulties communicating our employee value proposition during pre-boarding and onboarding | 15%                              | 22%                                        | 7%           |
| Availability of data to make onboarding decisions                                            | 8%                               | 12%                                        | 4%           |
| Using data to make onboarding decisions                                                      | 9%                               | 13%                                        | 4%           |
| None - we have no challenges                                                                 | 13%                              | 7%                                         | -7%          |



# Use of software / technology to minimise challenges



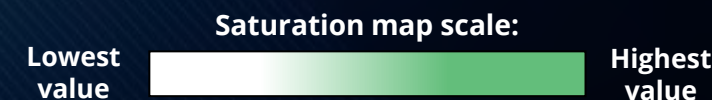
## Learning & development:

The majority of listed learning & development challenges were either reduced or remained the same for respondents with technology fully implemented. The biggest reductions were seen with 'lack of resources', 'providing access to learning content', and 'training program logistics'.

However, technology will not resolve all learning & development challenges. Indeed, several challenges remained in place regardless of whether or not technology was implemented. For example, 'lack of senior leadership buy-in' marginally increased as a challenge for those with technology fully implemented. This may relate to the persistent problem of building a business case for learning & development initiatives. Without a convincing business case outlining why a learning initiative is useful for both the organisation and the employee, gaining leadership buy-in will remain difficult. Indeed, another listed challenge here, 'difficulty demonstrating the return on investment (ROI) of training', remained a challenge for all respondents regardless of technology usage.

The reduction of certain challenges for those with technology implemented can be tied directly to changes in how and where work is undertaken. For example, 'providing access to learning content' was a challenge for 25% of respondents without technology implemented, but only 16% of respondents with technology implemented. eLearning has broadened the scope and reach of learning, as it can be easily accessed by geographically dispersed employees. The logistical challenges associated with learning also appear to be less prevalent for those with technology implemented, as seen in the results for 'training program logistics' and 'lack of resources'.

|                                                                           | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|---------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key learning & development (L&D) challenges? | Total resp. n = 187              | Total resp. n = 323                        |              |
| Aligning training with corporate goals                                    | 25%                              | 26%                                        | 1%           |
| Difficulty demonstrating the return on investment (ROI) of training       | 19%                              | 19%                                        | 0%           |
| Difficulty scaling                                                        | 7%                               | 11%                                        | 4%           |
| Finding the right external partners                                       | 17%                              | 20%                                        | 4%           |
| Lack of budget / funding                                                  | 30%                              | 31%                                        | 1%           |
| Lack of resources                                                         | 23%                              | 31%                                        | 8%           |
| Lack of senior leadership buy-in                                          | 20%                              | 19%                                        | -1%          |
| Low learner engagement                                                    | 19%                              | 22%                                        | 3%           |
| Meeting compliance obligations                                            | 18%                              | 18%                                        | 0%           |
| Providing access to learning content                                      | 16%                              | 25%                                        | 9%           |
| Training in a blended environment                                         | 22%                              | 26%                                        | 4%           |
| Training program logistics                                                | 17%                              | 24%                                        | 7%           |
| None - we have no challenges                                              | 6%                               | 6%                                         | 0%           |



# Use of software / technology to minimise challenges



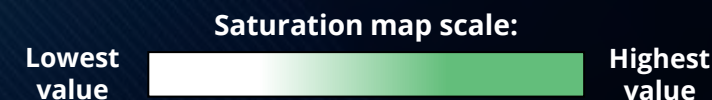
## Performance management:

'Lack of formal processes' and 'lack of a formal performance framework' were the two challenges most likely to be helped by the adoption of performance management software / technology. 'Manual processes' also were also less of a challenge for those respondents with technology implemented.

Indeed, all performance management challenges were reduced for those respondents using technology, with one exception: 'lack of consistency between managers, departments, etc.' This challenge actually increased marginally for those with technology. This result is surprising, as usually consistency follows naturally once a framework is in place, as everyone knows what they need to do and are usually more aware of the steps that must be followed. However, this challenge of manager consistency may have been exacerbated by the remote and hybrid work conditions of the past two years. Managers have had to 'go back to basics' in terms of managing dispersed workforces, and it's possible performance management processes have been overlooked.

Indeed, many of the 'human' elements of performance management remain challenging, regardless of software / technology usage. For example, 'lack of manager training' was cited as a challenge by 45% of those without performance management technology implemented, and remained high at 38% for those with technology. 'Lack of timely or meaningful feedback' also remained high.

|                                                                            | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|----------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key <b>performance management</b> challenges? | Total resp. n = 237              | Total resp. n = 275                        |              |
| Lack of a formal performance framework                                     | 14%                              | 33%                                        | 19%          |
| Lack of appropriate recognition & rewards                                  | 24%                              | 31%                                        | 7%           |
| Lack of consistency between managers, departments, etc.                    | 50%                              | 47%                                        | -3%          |
| Lack of formal processes                                                   | 14%                              | 36%                                        | 22%          |
| Lack of manager training                                                   | 38%                              | 45%                                        | 8%           |
| Lack of personal development plans                                         | 32%                              | 43%                                        | 10%          |
| Lack of recognition for high performers                                    | 29%                              | 30%                                        | 1%           |
| Lack of support for underperformers                                        | 19%                              | 25%                                        | 6%           |
| Lack of timely or meaningful feedback                                      | 35%                              | 40%                                        | 5%           |
| Manual processes                                                           | 24%                              | 43%                                        | 18%          |
| Unclear goals / KPIs / OKRs                                                | 31%                              | 36%                                        | 5%           |
| None - we have no challenges                                               | 8%                               | 3%                                         | -5%          |



# Use of software / technology to minimise challenges



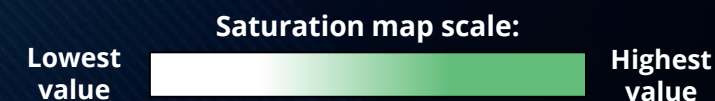
## Succession management:

Most challenges relating to succession management were less prevalent for respondents using software / technology. The biggest improvements were seen in challenges relating to: 'lack of opportunities within the organisation', 'lack of resources', and 'lack of time'. It's also significant that 'no record of current employees' skills, experience or qualifications' was reduced as a challenge for those with technology fully implemented. Tracking existing employees' skills and experience is fundamental to any succession plan. This will likely become even more critical in 2022 as organisations look to retain key talent with the aid of professional development and career plans.

In other areas, the use of software / technology had minimal impact on the challenges encountered. This was most noticeable with 'external talent shortage' and 'no buy-in from senior leadership'. Technology is unlikely to have any impact on the shortage of external talent: this will be a major challenge for all organisations in 2022 as border closures and other restrictions continue to impact talent availability. Technology can only assist with the latter if it's being used to prove the worth of succession planning. Most software solutions can produce data and reports demonstrating the costs associated with losing key employees (flight risks) and leaving roles vacant for extended periods. Without buy-in from all business leaders, the benefits of having deep talent pipelines with employees being groomed to move into other roles will not be appreciated.

Other challenges such as 'weak talent pipeline' and 'weak bench strength' were also made only marginally easier with the use of software / technology. Perhaps this is an indication that a succession plan requires an underlying strategy with a clearly articulated purpose and scope. For example, will only senior leadership roles have a succession plan in place, or will hard-to-fill technical roles also have one? Any succession plan should also be regularly updated as employees join and leave.

|                                                                              | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key <b>succession management</b> challenges?    | Total resp.<br>n = 85            | Total resp.<br>n = 376                     |              |
| External talent shortage                                                     | 33%                              | 27%                                        | -6%          |
| Lack of budget                                                               | 11%                              | 18%                                        | 8%           |
| Lack of opportunities within the organisation                                | 22%                              | 35%                                        | 12%          |
| Lack of professional development opportunities                               | 20%                              | 24%                                        | 4%           |
| Lack of resources                                                            | 15%                              | 27%                                        | 12%          |
| Lack of time                                                                 | 20%                              | 29%                                        | 9%           |
| New or emerging roles                                                        | 13%                              | 20%                                        | 7%           |
| No buy-in from senior leadership                                             | 18%                              | 15%                                        | -3%          |
| No record keeping of current employees' skills, experience or qualifications | 21%                              | 29%                                        | 8%           |
| Weak bench strength                                                          | 13%                              | 19%                                        | 6%           |
| Weak talent pipeline                                                         | 21%                              | 29%                                        | 8%           |
| None - we have no challenges                                                 | 9%                               | 4%                                         | -5%          |



# Use of software / technology to minimise challenges



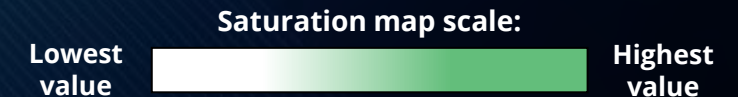
## Rewards & recognition:

'Inconsistency across managers, departments, etc.' was the biggest challenge for respondents when it came to rewards & recognition, regardless of whether or not software / technology was utilised. However, there were several areas where it was clear that software / technology does help to overcome challenges. Examples include:

- 'Lack of peer-to-peer recognition' (cited by 12% of those with fully implemented technology and 20% of those without)
- 'Lack of insight into what rewards employees would value' (cited by 20% of those with fully implemented technology and 30% of those without)
- 'Lack of personalised rewards & recognition' (cited by 21% of those with fully implemented technology and 28% of those without)

The only challenges that were selected more often by those without fully implemented technology were 'low engagement with program' and 'recognition is not timely'. The former may indicate that employers can't fall into a 'set and forget' mentality when it comes to rewards & recognition. Any program needs to be regularly updated and communicated to employees. In terms of timely recognition, technology can help with reminders and prompts; however, it's ultimately up to managers to call out good work close to the time in which it occurs. The most effective recognition programs are personalised and tied to corporate values and behaviours. They also clearly outline criteria, involve peers in the vetting and voting process, use elements of gamification to make it fun and competitive, and – most critically – are timely.

|                                                                               | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|-------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key <b>rewards &amp; recognition</b> challenges? | Total resp.<br>n = 150           | Total resp.<br>n = 283                     |              |
| Discretionary effort is not recognised or rewarded                            | 17%                              | 22%                                        | 5%           |
| High performers are not recognised or rewarded                                | 21%                              | 30%                                        | 8%           |
| Inconsistency (e.g. across managers, departments, etc.)                       | 29%                              | 39%                                        | 10%          |
| Lack of budget                                                                | 26%                              | 33%                                        | 7%           |
| Lack of insight into what rewards employees would value                       | 20%                              | 30%                                        | 10%          |
| Lack of peer-to-peer recognition                                              | 12%                              | 20%                                        | 8%           |
| Lack of personalised rewards & recognition                                    | 21%                              | 28%                                        | 8%           |
| Lack of resources                                                             | 13%                              | 19%                                        | 6%           |
| Lack of time                                                                  | 11%                              | 17%                                        | 7%           |
| Low engagement with program                                                   | 21%                              | 16%                                        | -5%          |
| Over-reliance on financial reward                                             | 19%                              | 20%                                        | 1%           |
| Recognition is not timely                                                     | 21%                              | 19%                                        | -2%          |
| None - we have no challenges                                                  | 13%                              | 4%                                         | -10%         |



# Use of software / technology to minimise challenges



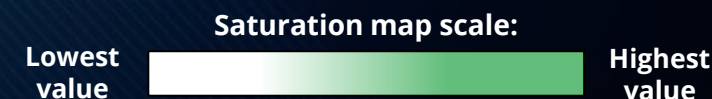
## Remuneration & benefits:

Compared to the other functional areas, remuneration & benefits challenges were not as greatly impacted by the use of software / technology. However, those selecting 'none – we have no challenges' increased for respondents with technology implemented versus those without technology. This may be due to the technology highlighting weaknesses with existing remuneration processes. For example, with the reporting capabilities of remuneration technology, it's easier to identify gender-based pay gaps or inconsistencies in where bonus payments are allocated.

However, it's also clear that technology can only do so much. For example, 'misalignment between performance and remuneration' was a challenge for 24% of those respondents with fully implemented technology and 37% of those without full implemented technology. This might indicate that the gap between performance and remuneration can be closed more effectively by ensuring that there is meaningful feedback between managers and employees and by encouraging realistic key performance indicators (KPIs) and objectives & key results (OKRs) to track and encourage better performance.

Another example is the inability to compete with external market rates. While software / technology by itself cannot improve market competitiveness, it can help ensure remuneration budgets are being optimised through budget modelling and other tools, and help managers make more informed, more consistent decisions by providing them with greater access to remuneration data. This is reflected in the reduction in respondents with technology who cited remuneration budgets as being consistently either over or under budget.

|                                                           | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|-----------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key remuneration challenges? | Total resp. n = 178              | Total resp. n = 246                        |              |
| Can't compete with external market rates                  | 38%                              | 43%                                        | 4%           |
| Lack of flexibility                                       | 15%                              | 22%                                        | 7%           |
| Lack of transparency                                      | 21%                              | 22%                                        | 0%           |
| Misalignment between performance and remuneration         | 24%                              | 37%                                        | 13%          |
| No structured management process                          | 12%                              | 29%                                        | 17%          |
| Process is too complicated                                | 15%                              | 11%                                        | -5%          |
| Process is too lengthy                                    | 16%                              | 11%                                        | -5%          |
| Remuneration spend is frequently over budget              | 17%                              | 19%                                        | 2%           |
| Remuneration spend is frequently under budget             | 5%                               | 9%                                         | 4%           |
| None - we have no challenges                              | 13%                              | 8%                                         | -5%          |



# Use of software / technology to minimise challenges



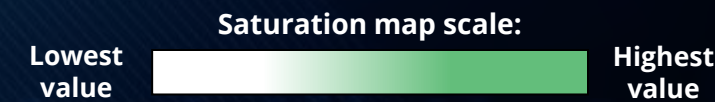
## Payroll:

Of all the functional areas in this report, the limitations of technology are most apparent in the payroll area. Of the 18 challenges listed, six were not reduced significantly by the use of technology. Indeed, these challenges actually escalated with the use of technology.

For example, roughly a fifth (17%) of respondents with payroll technology implemented said that 'accurate reporting' was a challenge, compared with just 12% of those without fully implemented technology. Another example was 'poor or no integration between employee systems across HR vs. rostering / time & attendance, and / or payroll systems' where there was minimal reduction seen for those with technology fully implemented. Having some parts of the payroll process automated, and other parts not (yet) automated can result in manual workarounds and increase the likelihood of data errors. Similarly, 'general payroll and legislative knowledge by myself or the team' remains a challenge for roughly a sixth of all respondents regardless of technology usage. This indicates that technology is just one component of payroll success. Adherence to compliance obligations and continuous upskilling of payroll staff are just as critical.

It may also be surprising to see that 'manual processes and workarounds' was still deemed a challenge by 32% of respondents with fully implemented payroll software / technology (and 28% of those without), but this may be attributed to payroll professionals double-checking figures through the use of spreadsheets.

|                                                                                                                       | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key <b>payroll</b> challenges?                                                           | Total resp.<br>n = 246           | Total resp.<br>n = 82                      |              |
| Accurate reporting                                                                                                    | 17%                              | 12%                                        | -5%          |
| Compliance breaches                                                                                                   | 9%                               | 12%                                        | 3%           |
| Ensuring employee confidentiality                                                                                     | 7%                               | 13%                                        | 6%           |
| General payroll and legislative knowledge by myself or the team                                                       | 15%                              | 17%                                        | 2%           |
| Geographic differences (e.g. culture, language, legislation)                                                          | 9%                               | 13%                                        | 4%           |
| Inaccuracy of data supplied to or input into payroll system                                                           | 19%                              | 20%                                        | 0%           |
| Interpretation of awards / enterprise agreements                                                                      | 18%                              | 21%                                        | 2%           |
| Keeping up to date and understanding legislative changes affecting our business                                       | 20%                              | 22%                                        | 2%           |
| Lack of flexible reporting tools                                                                                      | 17%                              | 20%                                        | 2%           |
| Lack of training                                                                                                      | 11%                              | 9%                                         | -3%          |
| Manual processes and workarounds                                                                                      | 32%                              | 28%                                        | -4%          |
| Meeting deadlines                                                                                                     | 11%                              | 9%                                         | -2%          |
| Not having self-service tools for employees and managers to use                                                       | 19%                              | 21%                                        | 2%           |
| Number and frequency of ad hoc payments outside regular pay run                                                       | 16%                              | 18%                                        | 2%           |
| Overpayment of staff                                                                                                  | 6%                               | 11%                                        | 5%           |
| Poor or no integration between employee systems across HR vs. rostering / time & attendance, and / or payroll systems | 30%                              | 29%                                        | 0%           |
| Staff not utilising self-service when available                                                                       | 20%                              | 13%                                        | -7%          |
| Underpayment of staff                                                                                                 | 7%                               | 7%                                         | 1%           |
| None - we have no challenges                                                                                          | 10%                              | 5%                                         | -5%          |



# Use of software / technology to minimise challenges



## Rostering / time & attendance:

Those who are using rosters / time & attendance technology are faced with fewer challenges than those who are not. It's telling that the percentage of respondents selecting 'none – we have no challenges' was significantly less for those with technology implemented versus those without (17% vs. 8%).

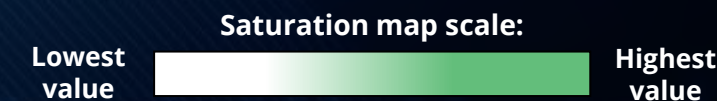
The challenges that were selected significantly less by respondents who use a form of rosters / time & attendance software / technology were:

- 'Ineffective leave management' (cited by 13% of those with fully implemented technology and 26% of those without)
- 'No or ineffective integration of employee systems across HR vs. rosters / time & attendance, and / or payroll systems' (cited by 19% of those with fully implemented technology and 32% of those without)
- 'Ability to monitor shift and roster costs' (cited by 14% of those with fully implemented technology and 21% of those without)

In addition, 'manual processes & workarounds', 'real-time reporting', 'too much absenteeism', and 'too much overtime' were selected as challenges less frequently by respondents those who have technology implemented.

Conversely, 'ineffective rosters', 'the effort required to fill a roster', 'compliance', and 'data input errors' were less likely to be improved through the use of technology. The first two items on this list perhaps point to a broader challenge: a lack of human resources. Technology cannot help if there simply isn't enough people to fill roles; however, it can help to optimise the rosters and scheduling of the existing workforce. In terms of compliance and data input errors, again technology can only do so much. These areas are more likely to be improved with ongoing training and upskilling of rosters and operations managers and their teams.

|                                                                                                                       | Has fully implemented technology | Does not have fully implemented technology | % pt. change |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------|
| What are your organisation's key <b>rosters / time &amp; attendance</b> challenges?                                   | Total resp. n = 139              | Total resp. n = 136                        |              |
| Ability to monitor shift and roster costs                                                                             | 14%                              | 21%                                        | 7%           |
| Communication to employees about rosters and changes                                                                  | 14%                              | 15%                                        | 1%           |
| Compliance                                                                                                            | 22%                              | 19%                                        | -2%          |
| Data input errors                                                                                                     | 17%                              | 15%                                        | -1%          |
| Ineffective leave management                                                                                          | 13%                              | 26%                                        | 14%          |
| Ineffective reporting                                                                                                 | 12%                              | 13%                                        | 2%           |
| Ineffective rosters                                                                                                   | 20%                              | 15%                                        | -5%          |
| Keeping up to date with industrial awards, etc.                                                                       | 17%                              | 17%                                        | 0%           |
| Lack of flexible reporting                                                                                            | 14%                              | 18%                                        | 3%           |
| Manual processes or workarounds                                                                                       | 24%                              | 31%                                        | 6%           |
| Monitoring certification eligibility to do particular shifts (e.g. licences, RSAs)                                    | 10%                              | 11%                                        | 1%           |
| No or ineffective integration of employee systems across HR vs. rosters / time & attendance, and / or payroll systems | 19%                              | 32%                                        | 13%          |
| No real-time reporting                                                                                                | 15%                              | 21%                                        | 5%           |
| The effort to fill a roster                                                                                           | 20%                              | 18%                                        | -2%          |
| Too much absenteeism                                                                                                  | 14%                              | 18%                                        | 5%           |
| Too much overtime                                                                                                     | 11%                              | 16%                                        | 5%           |
| None - we have no challenges                                                                                          | 17%                              | 8%                                         | -9%          |

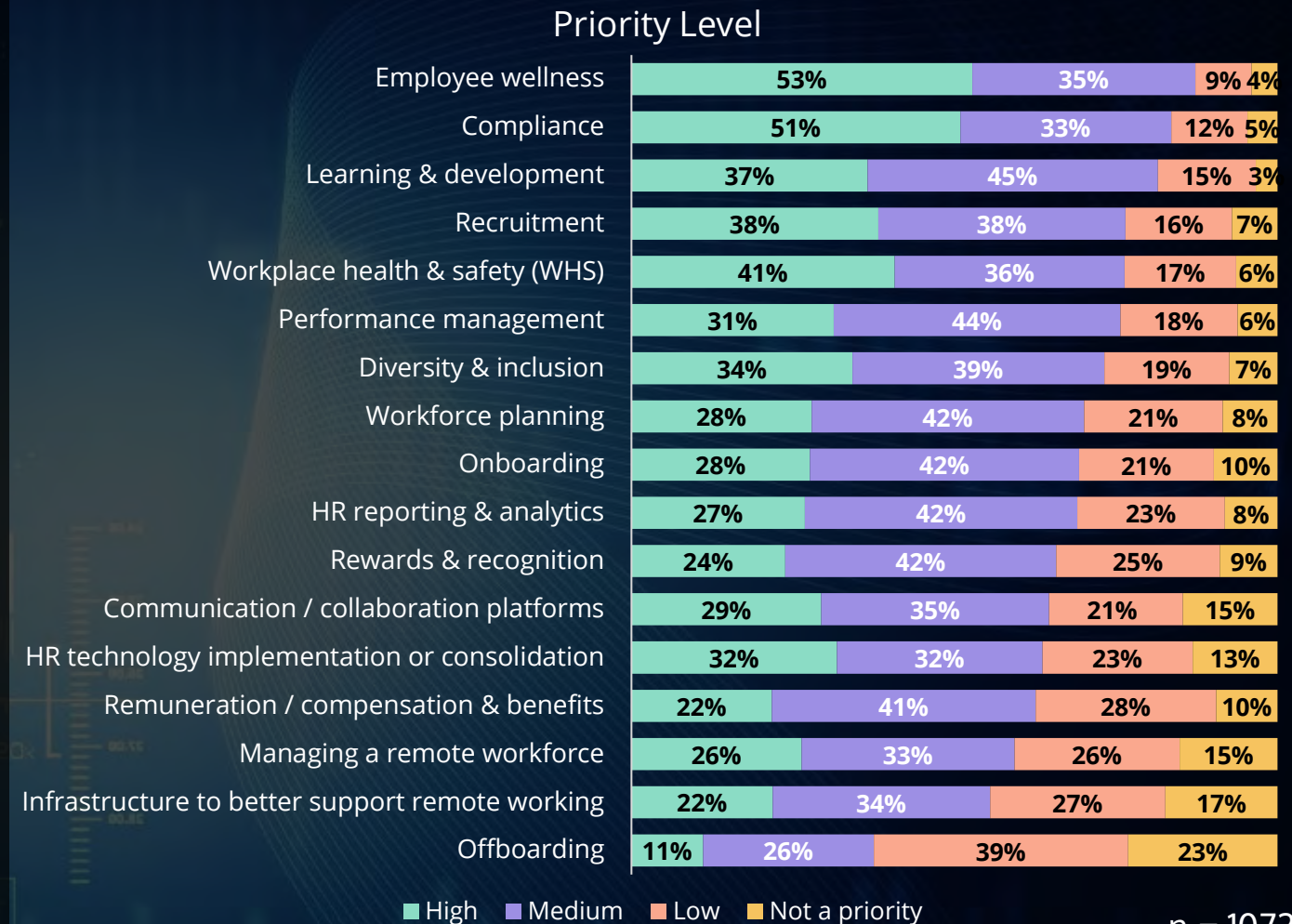


# Priorities for FY20/21



With COVID-19 and its impact on all aspects of life continuing throughout 2021 and into 2022, it's perhaps not surprising that HR's priorities for FY21/22 remain largely unchanged from the previous year. Here are the top 3 areas identified by respondents, based on a combination of their 'high' and 'medium' priorities:

- 1. Employee wellness:** Over half (53%) of respondents said this was a high priority and an additional third (35%) said it was a medium priority for FY21/22. This means that almost 90% of organisations plan to focus on employee wellness in 2022. Although the percentages have changed from 2021, this remains the top priority. This no doubt reflects not just the physical health challenges associated with COVID-19, but also the mental health challenges. One [OECD report](#) noted that COVID-19 heightened the risk factors generally associated with mental health – financial insecurity, unemployment, and fear – while protective factors such as social connection, employment and educational engagement, access to physical exercise, daily routine, and access to health services fell dramatically. Employers have had to step up their efforts to safeguard and support the health of their employees.
- 2. Compliance:** Despite a slight decrease in the percentages for 'high' and 'medium' priority allocations from the 2021 report, compliance remains a key priority. Some 84% of respondents rated this as a 'high' or 'medium' priority for FY21/22. This can be attributed to several factors, not least of which is ensuring workplaces are safe for employees by staying on top of COVID-19 testing and vaccination rates, and following regulations relating to social distancing, cleaning, etc. This is especially the case for industries such as aged care where vaccinations have been mandated by the government.
- 3. Learning & development:** Once again mirroring the 2021 results, learning & development was seen as a high priority for 2022 by 37% of respondents, and a medium priority by a further 45%. While professional development has always been a key component of a satisfying employee experience, in 2022 this will become an even more crucial element as employers battle high employee turnover and struggle to attract talent. There are also operational needs at stake. Research from Gartner shows that the total number of skills required for a single job is increasing 6% annually, while 29% of the skills listed in an average 2018 job advertisement are expected to be irrelevant in 2022. It's no surprise that 40% of HR leaders say they can't build skill development solutions fast enough to meet evolving needs.



n = 1072

# Budgets in FY20/21



This question asked respondents whether their HR budget had increased, decreased or stayed the same for various areas over the last 12 months. Below are the top 5 areas where respondents indicated that HR budgets had increased from 2020. A similar list shows the top 5 areas where budgets decreased. It's interesting that two of these areas made the top 5 for both increases and decreases, but this indicates the different priorities organisations are placing on these areas.

For example, 57% of enterprise respondents had budget allocated (regardless of priority level) for learning & development, whereas 82% of small business respondents said the same. There are also geographic differences at play: Australian respondents had more budget allocated (regardless of priority level) to all the areas listed in the graph on the right than their New Zealand counterparts. All of these areas reflect the lingering impact of COVID-19 and the ways in which organisations have had to focus on different aspects of the EX in order to retain and attract talent in a constantly changing environment.

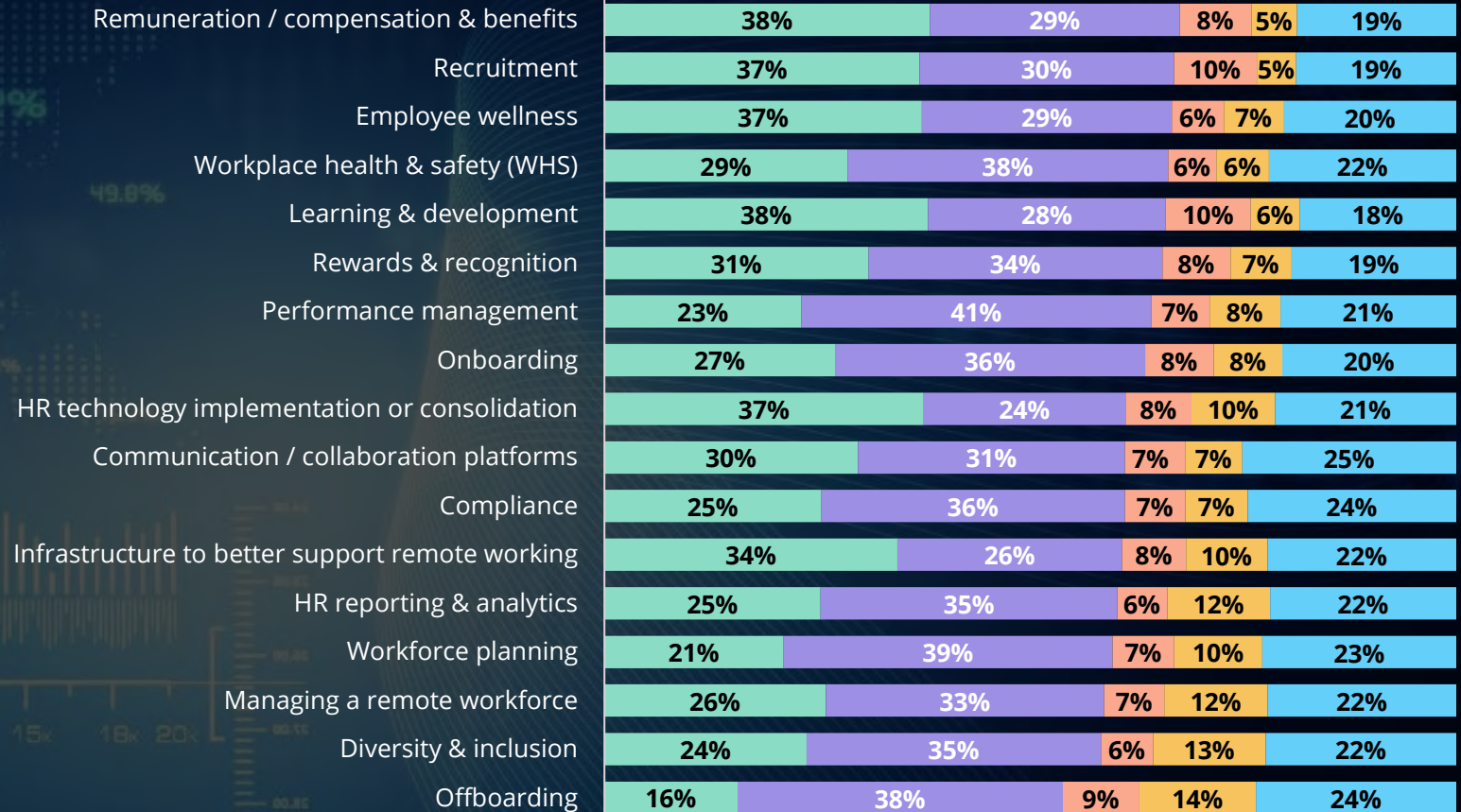
## Top 5 increases:

- Learning & development (38%)
- Remuneration / compensation & benefits (38%)
- Recruitment (37%)
- Employee wellness (37%)
- HR technology implementation or consolidation (37%)

## Below are the top 5 areas where HR budgets decreased from 2020:

- Recruitment (10%)
- Learning & development (10%)
- Offboarding (9%)
- Infrastructure to better support remote working (8%)
- Rewards & recognition (8%)

## HR Budget



■ Increased from last year ■ Same as last year ■ Decreased from last year ■ No budget allocated this year ■ I don't know

n = 924

# Priorities and budgets FY20/21



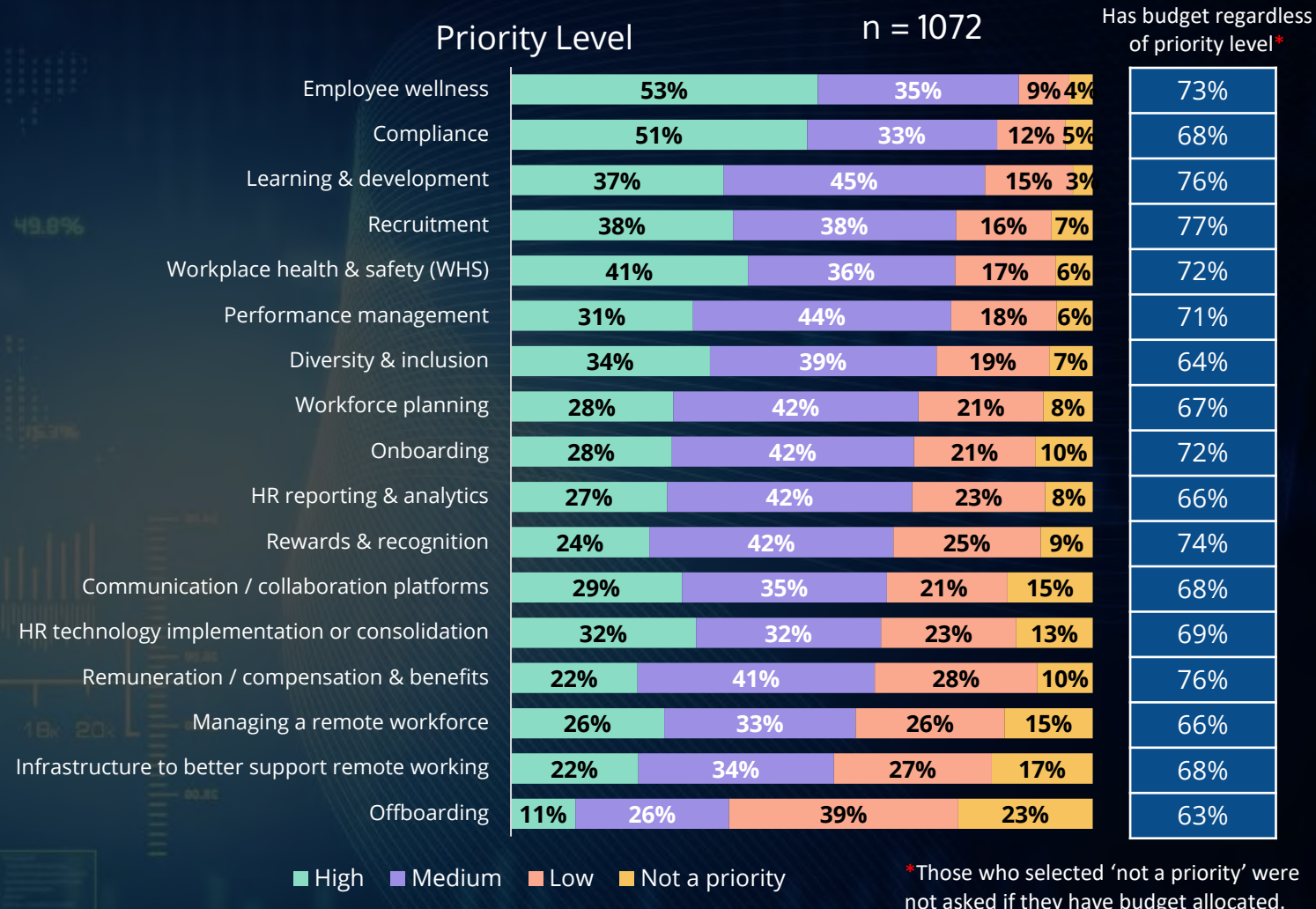
Despite the value of organisational agility being well and truly demonstrated throughout 2020/21, it can still be a struggle to ensure budgets are allocated to meet constantly shifting priorities and organisational challenges. It's clear there is some disconnect between the percentage of respondents who indicated each HR area as a high or medium priority and the percentage of respondents who have the budget to align with this.

Among the biggest disconnects were that:

- 88% of respondents said **employee wellness** was a high or medium priority, yet only 73% had budget allocated towards this
- 84% of respondents said **compliance** was a high or medium priority, yet only 68% had budget allocated towards this
- 82% of respondents said **learning & development** was a high or medium priority, yet only 76% had budget allocated towards this

Conversely, we see that:

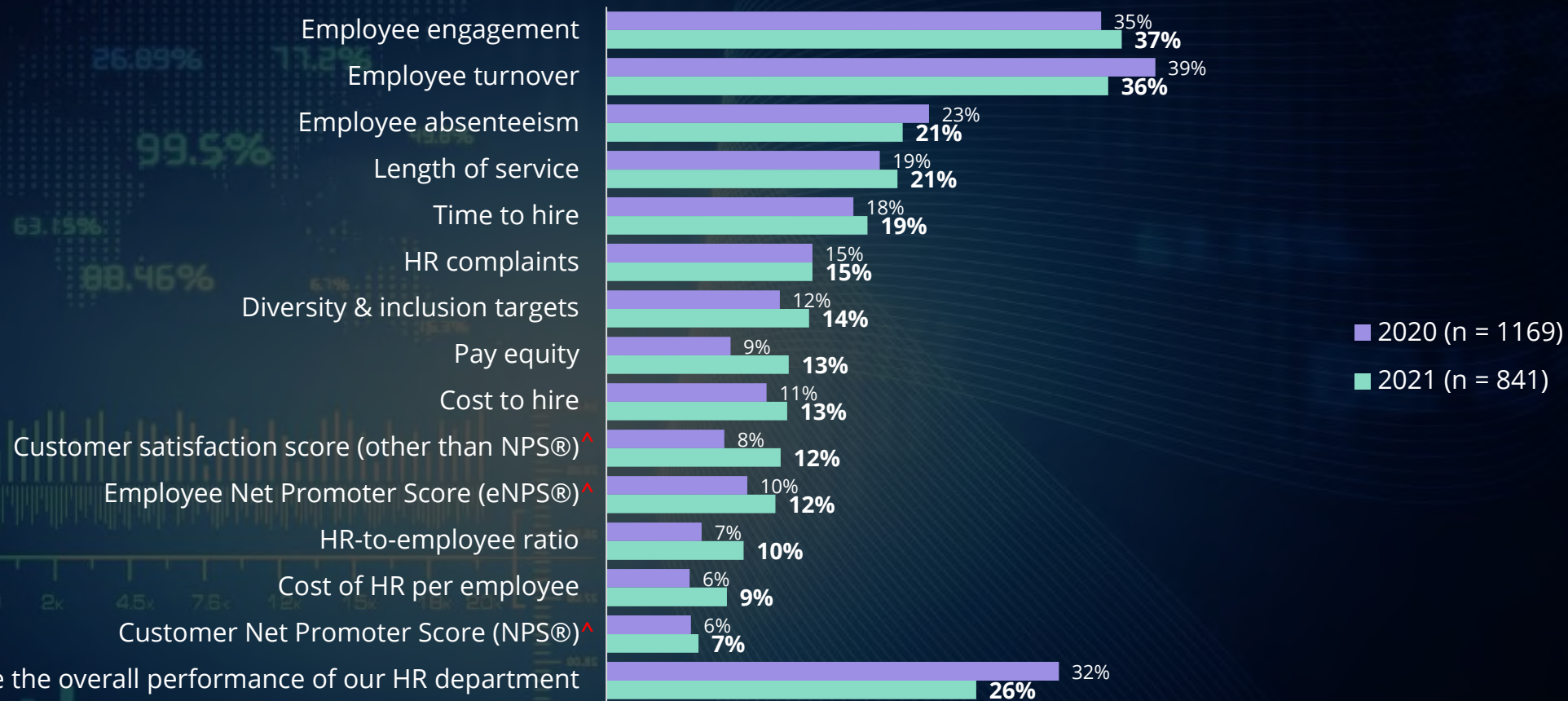
- 76% of respondents have budget allocated to **remuneration / compensation & benefits**, yet only 63% said this was a high or medium priority
- 68% of respondents have budget allocated to **infrastructure to better support remote working**, yet only 56% said this was a high or medium priority
- 63% of respondents have budget allocated to **offboarding**, yet only 37% said this was a high or medium priority



# Metrics used to assess HR performance



Which metric(s) does your organisation use to measure the overall performance of your HR department?



^Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Metrics used to assess HR performance



Just over 1 in 4 organisations (26%) did not measure the performance of their HR department in 2021. This result was an improvement on the 1 in 3 organisations (32%) seen in 2020. This response was higher for small businesses (40%) and SMBs (30%) and significantly lower for enterprise organisations (13%). Similar to the 2020 results, employee turnover and employee engagement were the most commonly used metrics for assessing HR performance for organisations of all sizes. Other responses did vary depending on organisation size, however. For example, mid-market organisations are more likely to track metrics around length of service (24%) and time to hire (27%) than their smaller and larger peers.

Another example is diversity & inclusion targets, which were used by 29% of enterprise organisations (a slight increase on the 27% seen in the 2020 results), but only 11% of SMB respondents and 16% of mid-market respondents (again marginally up on the 2020 results, which were 7% for SMBs and 15% for mid-market). The general increase in tracking diversity & inclusion, particularly for enterprise organisations, indicates that compliance obligations such as mandatory reporting to Australia's Workplace Gender Equality Agency may finally be forcing the hand of these employers. In New Zealand, calls for non-public sector employers with more than 100 employees to mandatory pay reporting are gaining traction. The MindTheGap campaign is launching a public pay gap registry, an online resource showing which employers publicly disclose their pay gaps. The initiative is also calling on the government to follow Australia and the UK in making pay gap reporting mandatory for organisations of a certain size.

The use of Customer Net Promoter Score (NPS®<sup>^</sup>) as a HR metric remains low, with less than 10% of respondents utilising this across all organisation sizes. There is a persistent belief that such metrics are simply 'not for' HR and are better suited to tracking the performance of other parts of the business.

However, with retention and attraction likely to be two key challenges for 2022, the various types of NPS®<sup>^</sup> will become increasingly important to gain insights into employee satisfaction. It can help assess whether employees are more – or less – satisfied with their jobs than previous quarters, whether there has been an improvement in the candidate experience, whether there is a risk of losing valuable employees due to low engagement, or whether internal processes such as employee training and onboarding have improved.

It's important to note that, in some cases, HR continues to be assessed against metrics they have little or no influence over, such as employee turnover. This metric is a more accurate reflection of managers' performance than that of HR. Other important metrics (which were not included in the survey response options) are: internal referrals; 'boomerang employees' (i.e. returning employees); and 'cross-boarding' (i.e. employees who move to other roles within the same organisation).

Regardless of where an organisation is on its journey with HR metrics, this simple truth remains: if you can't measure it, you can't manage it. Gartner states in their [Selecting HR Metrics](#) guide: "HR metrics best diagnose and reveal organisational performance when aligned with the human capital strategy and, ultimately, the corporate strategy." HR can take four steps to select the right HR metrics:

1. **Assess business requirements for HR:** Evaluate external information, interview managers and executives, survey HR customers and collect HR leadership feedback to determine HR's responsibilities to the organisation. The HR priorities and responsibilities you identify through this process should inform the creation of HR's strategy
2. **Identify measurement areas:** Use a cascading process to align overall business goals with HR metrics. The cascading process allows for the categorisation of broad business strategy into successive layers of HR objectives and actions until it is possible to identify detailed and specific measurement items
3. **Translate raw data:** Reveal volume, cost, time, satisfaction and quality information by expressing raw data in formats such as rates and ratios. Organisations can achieve greater insight into the business by segmenting measurements by dimensions such as organisation structure, demographics, employment levels, functions and employee experience
4. **Evaluate identified metrics:** Develop a means to evaluate and prioritise metrics based on alignment with strategy, usability and ease of collection. Evaluating potential measures against this criterion helps HR select those metrics that will provide the greatest insight into the achievement of business objectives

<sup>^</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Level of skill using HR metrics



**None:** We don't use HR metrics at all

**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

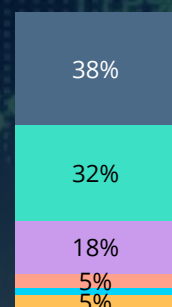
**Optimised:** We track HR metrics and apply descriptive analytics, pulling insights out of historical data to facilitate our decision-making

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

**I don't know**

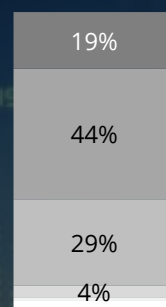
How would you describe your organisation's skill level using HR metrics?

**SB (1 - 49)**

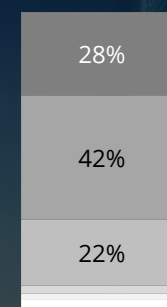


2021  
n = 168

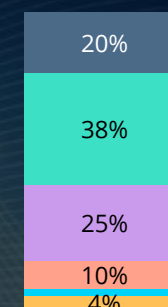
**SMB (1 - 199)**



2019  
n = 418

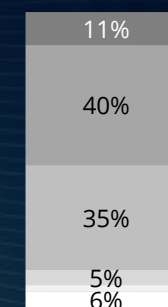


2020  
n = 622

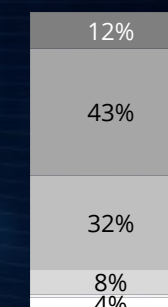


2021  
n = 493

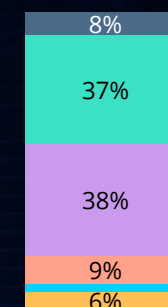
**Mid-market (200 - 1999)**



2019  
n = 425

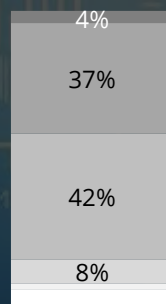


2020  
n = 409

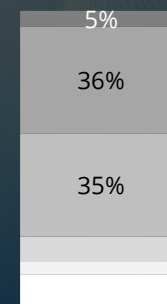


2021  
n = 262

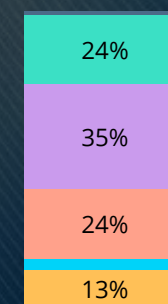
**Enterprise (2000 +)**



2019  
n = 163

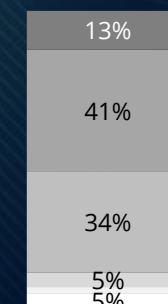


2020  
n = 133

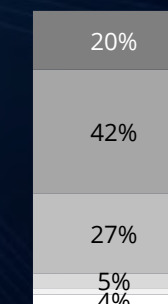


2021  
n = 85

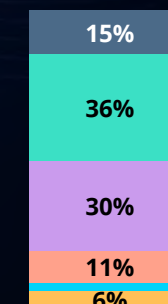
**Overall**



2019  
n = 1006



2020  
n = 1164



2021  
n = 840

# Level of skill using HR metrics



Just under **1 in 3** respondents rate their skills in HR metrics as 'developing'



**1 in 6** respondents do not use any HR metrics at all



**1 in 4** enterprise respondents said their organisation's skills in HR metrics was 'optimised'

A comparison of results from 2019, 2020 and 2021 reveal minimal changes in the level of skill in the use of HR metrics. Indeed, although certain results from the 2021 survey reveal some improvements – for example, 11% of respondents said they were 'optimised', the highest percentage ever for this category – taken as a whole, the results were underwhelming. Over a third of respondents (36%) indicate their skill level is at 'basic' level (a decline from the 42% seen in 2020), while another third (30%) indicate they are 'developing' (a decline from the 42% seen in 2020).

Enterprise organisations remained the leaders, with 59% of respondents classifying their usage of HR metrics as either 'developing' or 'optimised' (up from 42% in 2020). Mid-market organisations were slightly behind, with 47% using those two classifications (up from 40% in 2020). SMB skill level increased year-on-year, with 35% selecting either 'developing' or 'optimised' in 2021 (up from 24% in 2020).

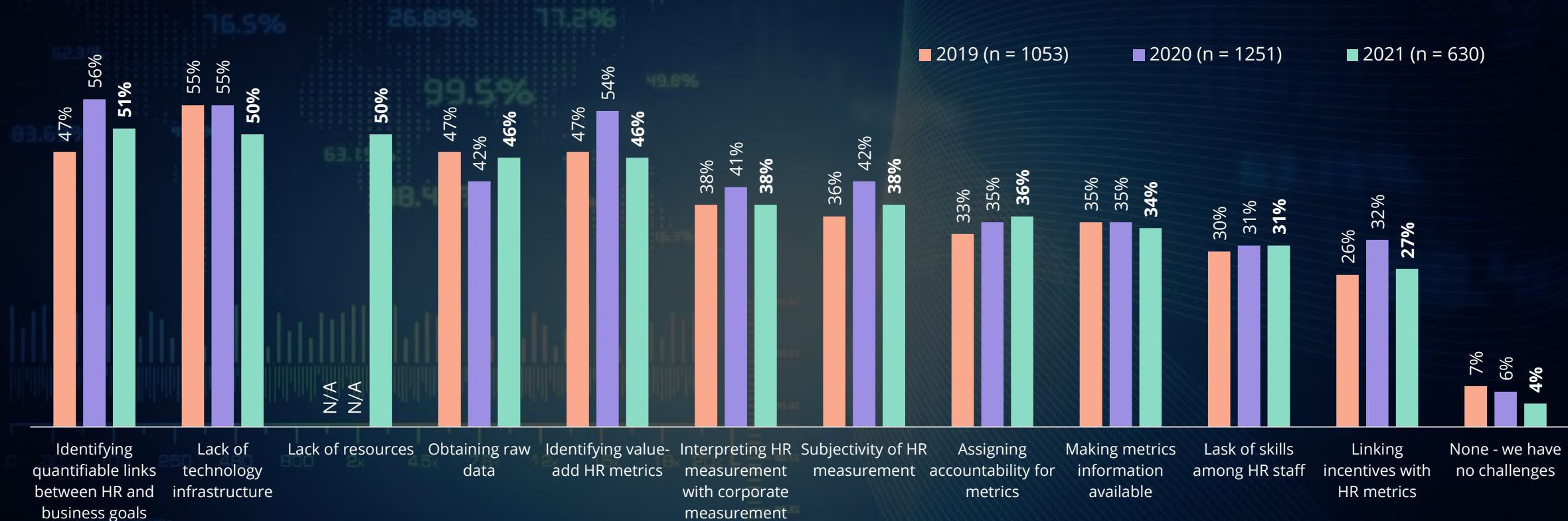
As organisations continue to recover from the impact of COVID-19, metrics will be more important than ever before. The onus will be on HR to make decisions, identify strengths and weaknesses, provide forecasts, and create scenarios that factor in rapidly changing priorities and challenges. However, it's becoming increasingly clear that there is a widening gap between the expectations from the business on what HR metrics can deliver and HR's skill level in using metrics, as well as their ability to inform others in the business about what that data reveals.

While the volume of data and metrics available for HR to report on has significantly increased over the past decade, many organisations are not realising the value from their analytics investments. According to Gartner's [Talent Analytics Insights](#), only 21% of HR leaders believe their organisations are effective at using talent data to shape talent acquisition strategies, improve employee engagement and inform other business decisions. It's up to HR professionals to lead the way by reprioritising HR data and analytics as an area to upskill or reskill in. Only then will they be able to educate other stakeholders in the business about the use of people-related metrics.

# Top 5 challenges faced implementing HR metrics



What are the top 5 challenges you have faced / are facing when trying to implement HR metrics within your organisation



# Top 5 challenges faced implementing HR metrics



**1 in 2** respondents struggle to identify quantifiable links between HR and business goals



Just under **1 in 2** respondents said obtaining raw data was a key challenge



**1 in 2** respondents said there was a lack of technological infrastructure

What is holding the HR profession back from more widespread adoption of HR metrics? The top two challenges in 2021 remain unchanged from 2020: 'identifying quantifiable links between HR and business goals' and 'lack of technological infrastructure'. In many cases, the former is no surprise. The aim for any user of HR metrics should be to help the business make better decisions and ultimately drive real business value. The issue then is to keep up with the pace of the business and changing business priorities.

Business expectations about what HR metrics can deliver are increasing, so understanding what each stakeholder requires will become more critical. For example, although the default for HR is often descriptive, talent-related metrics that describe what has happened in the past, prescriptive analytics allow leaders to gain deeper insights from raw data, while predictive analytics use statistical models and machine learning to make predictions about the future. The latter will be particularly useful for executive leaders who may be concerned about the impact that rising staff turnover will have on business growth plans, to cite one example. Sophisticated users of HR metrics will be able to plot out various scenarios, factoring in different circumstances, and in doing so this will help HR plan several contingencies for how to tackle the turnover problem.

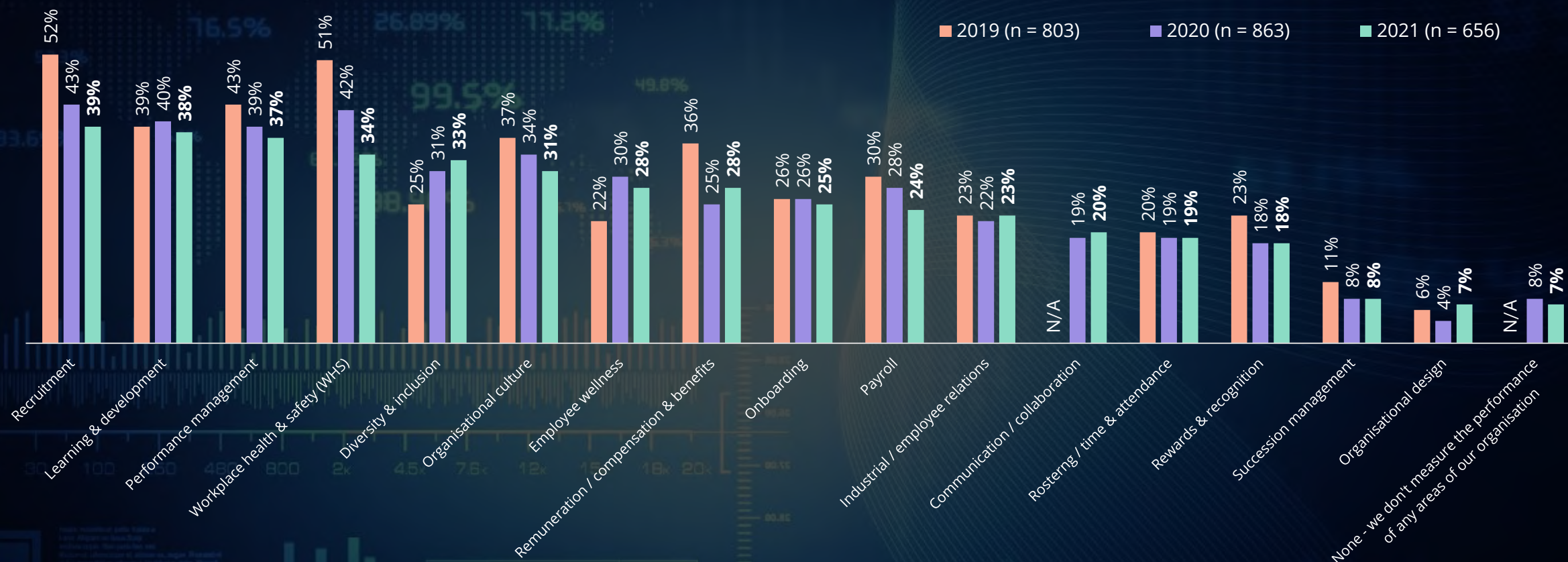
Within the HR team, there might be a number of metrics used to measure success and manage performance specific to HR activities. The collection of these metrics is commonly referred to as an HR scorecard. The HR scorecard is not solely about HR performance – it is about enabling market opportunities, building competitive advantage, and driving business results (refer to [this guide from AIHR](#) for more information).

Another challenge, acknowledged in [this article by McKinsey & Company](#), is that what many organisations call metrics or analytics is really just basic reporting with little strategic value. Most American leaders that they polled said their organisations lacked the ability to embed data analytics in day-to-day HR processes consistently and to use analytics' predictive power to propel better decision-making. This challenge, the McKinsey article states, is compounded by the crowded and fragmented HR technology landscape, which few organisations understand how to navigate. This would also tie in with two of the top challenges identified in our survey: 'lack of technological infrastructure' and 'obtaining raw data'.

# Measuring performance of the functional areas of HR



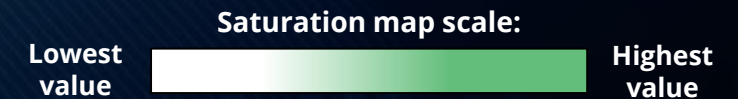
Which of the following areas does your organisation measure the performance of?



# Measuring performance of the functional areas of HR



| Which of the following areas does your organisation measure the performance of?                  | n    | Has fully implemented technology | Does not have fully implemented technology |
|--------------------------------------------------------------------------------------------------|------|----------------------------------|--------------------------------------------|
| Communication / collaboration platforms (e.g. Slack, Microsoft Teams, Yammer, Zoom, Skype, etc.) | 1172 | 64%                              | 36%                                        |
| Recruitment                                                                                      | 1155 | 56%                              | 44%                                        |
| Rostering / time & attendance                                                                    | 1147 | 50%                              | 50%                                        |
| Workplace health & safety (WHS)                                                                  | 1140 | 50%                              | 50%                                        |
| Onboarding                                                                                       | 1157 | 46%                              | 54%                                        |
| Payroll                                                                                          | 1158 | 46%                              | 54%                                        |
| Core HR                                                                                          | 1164 | 46%                              | 54%                                        |
| Performance management                                                                           | 1156 | 45%                              | 55%                                        |
| Remuneration / compensation & benefits                                                           | 1152 | 42%                              | 58%                                        |
| HR surveys                                                                                       | 1161 | 40%                              | 60%                                        |
| Learning management                                                                              | 1159 | 36%                              | 64%                                        |
| Rewards & recognition                                                                            | 1148 | 35%                              | 65%                                        |
| Employee wellness programs                                                                       | 1161 | 32%                              | 68%                                        |
| Workforce planning                                                                               | 1139 | 25%                              | 75%                                        |
| Succession management                                                                            | 1145 | 20%                              | 80%                                        |



# Measuring performance of the functional areas of HR



**2 in 3** respondents with fully implemented technology are able to measure the performance of their communication / collaboration platforms



Just over **1 in 2** respondents with fully implemented technology measure the performance of their recruitment processes



**1 in 2** respondents with fully implemented technology are able to measure the performance of their rostering, time / attendance processes

Technology plays an important role in measuring the performance of the functional areas of HR. All areas, from recruitment and payroll through to performance management and employee wellness, were more likely to be assessed when technology was fully implemented.

However, apart from a few exceptions, such as 'diversity & inclusion', 'remuneration / compensation & benefits', and 'organisational design', most areas that were measured declined between 2020 and 2021. 'Workplace health & safety' and 'recruitment' declined the most.

While assessment of HR operations may have taken a backseat during the height of COVID-19 when business survival was at stake, in 2022 – with budgets tight and the intense focus on employee retention – many of these functional HR areas will be important to track.

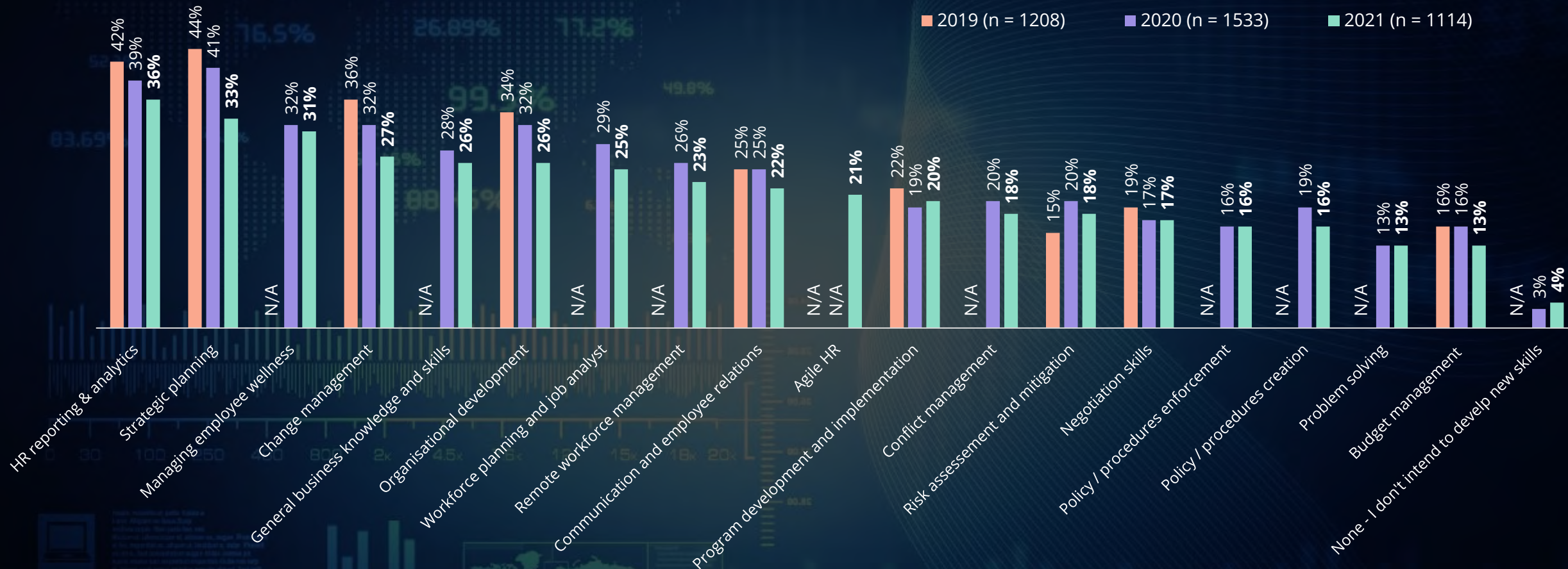
In truth, there is no one-size-fits-all approach to measuring HR success. What is considered best practice in one business may not apply to another. The most relevant, most meaningful metrics will be those that are linked to the HR strategy – and above that, the business strategy. Every HR team has different goals and priorities. In 2022, this might be about resolving a staff retention crisis or figuring out how to boost the reach of the employer brand to draw from a wider, deeper pool of talent. Another employer may be dealing with different challenges – for example, serious skills gaps and gaping holes in succession plans.

A good place to start is with the team's goals instead of the indicators themselves. Start by defining HR goals and priorities, and consider how HR will help the organisation deliver its overall strategy. Unanswered questions will likely need to be answered before goals can be achieved – such as "why can't we find the talent we need?". Only once the goals have been identified and the questions are answered is it possible to pinpoint the metrics that will help measure the effectiveness in that area and, ultimately, deliver your goals.

# Skills that HR professionals aim to develop



Which skill(s) are you aiming to develop for yourself in the next 12 months



# Skills that HR professionals aim to develop



Like much of the workforce, COVID-19 sparked a period of rapid upskilling for HR professionals, as they moved from reacting or resolving through to recovering. As the diverse list of skills on the previous page demonstrates, this focus will continue throughout 2022.

Although they witnessed slight declines from 2020, 'HR reporting & analytics' and 'strategic planning' remained the top two skills that HR professionals wished to develop in the coming 12 months. For the first time since this survey commenced in 2019, 'HR reporting & analytics' was the most popular skill to develop. Although HR's use of data and analytics was still low throughout 2021, having 'HR reporting & analytics' rate so highly as a desired skill indicates a growing awareness that data literacy will be critical as organisations emerge from COVID-19. This comment, found in a [report by PwC](#) on the future of HR, sums up the impact of COVID-19:

"In an effort to stay competitive in the modern and complex business landscape, particularly as a result of COVID-19, organisations should continue to leverage analytics to forecast their workforce requirements and to better optimise revenues and reduce costs. They should also become more reliant on analytics to measure and monitor workforce performance and productivity. By regularly analysing and monitoring employee performance and engagement metrics, HR can determine the strategic talent acquisition, development and management decisions required to prepare the workforce for the challenges they will face post COVID-19."

It is also no surprise that 'strategic planning' has come in second place. HR strategic planning typically requires the identification of and response to HR functional and talent risks that may derail the successful execution of strategic priorities. It refers to the way that HR leaders plan for business risks and opportunities by prioritising and allocating resources to HR initiatives. With the talent risks in 2022 set to be intense – with increased talent mobility, fatigued and disengaged employees, and ongoing health and safety concerns – strategic planning has never been more critical.

It's telling that 6 of the top 10 skills to develop could be counted as strategic rather than transactional. Items like 'change management', 'organisational development', 'workforce planning and job analysis' and 'agile HR' all reflect this shift in HR's mandate. If nothing else, the experiences of COVID-19 demonstrate how valuable HR is to business operations.

It's also important not to lose sight of essential people skills (often referred to as 'soft skills') such as 'conflict management', 'negotiation skills' and 'problem solving'. Although these three items all appear in the lower half of the list of skills HR professionals are aiming to develop, they should not be neglected. It's worthwhile cross-referencing this [survey and pulse report](#) done by the Australian Human Resources Institute (AHRI) in late 2020. Respondents suggested there was a myriad of crucial skills required for post-pandemic recovery – a mix of strategic and essential people skills. The skills fell into five categories that correlated with HR's focus moving forward:

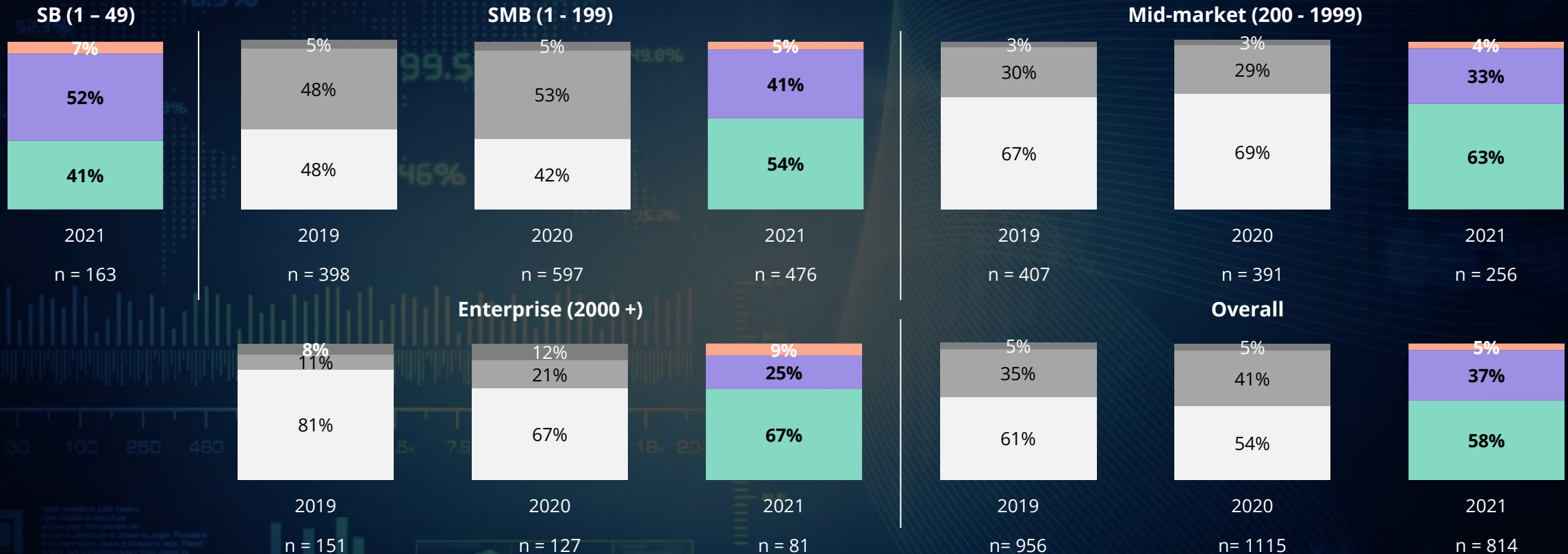
- Change management, flexibility, adaptability and agility
- Managing wellbeing, resilience and psychological safety
- Strategic workforce planning
- Communication
- Compliance, industrial relations and employee relations

# Measuring employee engagement



Do you have a formal process in place to measure employee engagement?

■ Yes ■ No ■ I don't know



# Measuring employee engagement



A refresher on what the term 'employee engagement' means provides a clear indication of why this will be important in 2022. Gartner provides [this definition](#): "Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organisation and put discretionary effort into their work."

It's therefore somewhat surprising to see that a formal process to measure employee engagement is embedded into just under 3 in 5 (58%) of the organisations surveyed. This ranges from enterprise organisations at one end of the spectrum (67%), to small businesses (41%) at the other end.

A number of critical elements are combining to bring engagement to the top of HR agendas:

- The ongoing impact of the global pandemic, which has resulted in previously unheralded pressure on the everyday lives of all employees
- General fatigue after two years of balancing work, personal and family life – sometimes all from the same location (i.e. the home)
- The unrelenting pace of change. Not only are technological developments reshaping jobs, they are also increasing the need for continuous professional development
- The push and pull factors that are increasing employee mobility. Amongst the former are poor managers, distrust in senior leadership, and dissatisfaction with workplace culture. Amongst the latter are higher remuneration, more defined career paths, and greater flexibility

Without formal processes in place to track engagement, it's difficult to identify trends, weaknesses and areas for improvement. These formal processes could take the form of anything from detailed employee engagement surveys to more focused pulse surveys or simply one-on-one catch-ups between employees or managers. However, regardless of the form they take, gathering employee sentiment and then analysing and reporting on that data is important. Just as important is following through and taking action based on the engagement data organisations collect: there's no point having formal processes in place if employees don't see any attempt to make improvements.



**3 in 5** respondents have a formal process in place to measure engagement



Just over **1 in 2** SMB respondents have a formal process in place to measure engagement

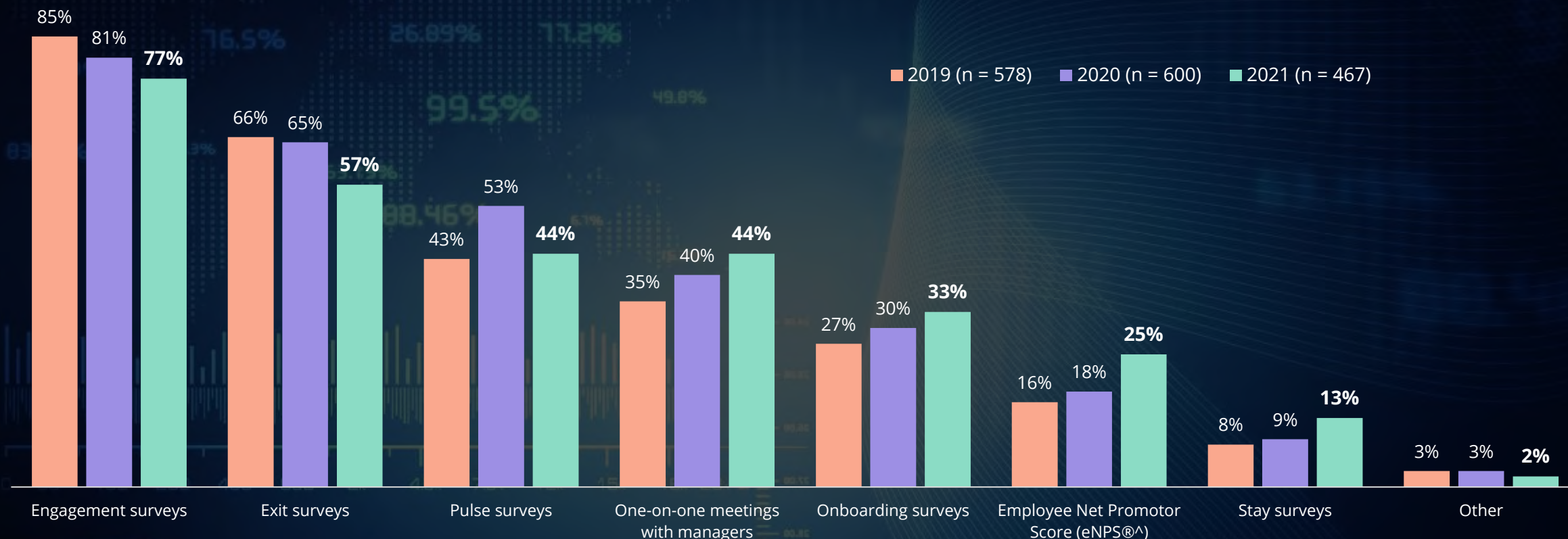


**2 in 3** enterprise organisations have a formal process in place to measure engagement

# Tools / techniques to measure employee engagement



How do you measure employee engagement?



^ Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Tools / techniques to measure employee engagement



4 in 5 respondents use engagement surveys to measure employee engagement



Just under 1 in 2 respondents use pulse surveys to measure engagement



Just under 1 in 8 respondents use stay surveys to measure engagement

In terms of how employee engagement is measured, there were no dramatic changes from the 2020 results. The top 4 tools / techniques remain the same: 'engagement surveys', 'exit surveys', 'pulse surveys', and 'one-on-one meetings with employees'. While the slight dip in 'engagement surveys' might be understandable due to the time it takes to create and then report on the results of such a survey, the reasons for the decline in 'pulse surveys' are less obvious.

One explanation may be the rise in one-on-one meetings with employees, which increased to 44% in 2021 (a 4 percentage point rise from 2020). With remote or hybrid work being undertaken, it's likely that managers have increased the number of one-on-one meetings with employees. As part of those conversations, standard check-in questions would focus on wellbeing, roadblocks at work, etc. – all of which provide clues as to satisfaction and engagement.

It's also interesting to note the increased use of the Employee Net Promoter Score (eNPS®^). This is essentially one question ("would you recommend our organisation as a good place to work?") that is asked of all employees, either as part of a short standalone survey or as part of a larger survey. An open text field allows the employee to elaborate on the reasons for their answer. Respondent results can then be divided into three groups: promoters, passives and detractors. Early adopters of the eNPS^ such as Apple, Rackspace and JetBlue use the score as the anonymous internal 'heartbeat monitor' of their business.

Just as the NPS^ has been a quick way to gauge the sentiment of a customer base on a larger scale, the eNPS^ provides the same insight to the employee base. What differentiates eNPS^ from the traditional end-of-year company survey is its length, frequency and simplicity. Data is gathered continually and this feedback can be easily acted upon, rather than buried in a 100 page report. To ensure reception of a continuous stream of fresh data, employers survey their employees quarterly or sometimes on a staggered monthly basis. While tracing eNPS^ trend data can reveal engagement insights, this should not be the only measure of engagement. An employee engagement index can be compiled to show trends, or a series of pulse surveys of 8-10 questions can be done bi-annually to provide richer insights.

Another point to note from these results is the slow rise of stay surveys, which are used by 13% of respondents (up from 8% in 2019). With higher than average employee turnover expected in 2022, these surveys may further rise in popularity as they are a proactive way to gauge employee sentiment. Unlike exit surveys, which are conducted as an employee is leaving their organisation, a stay survey can help managers determine the reasons why key people are staying with the organisation. They can also be used to understand what triggers will cause key people (especially those in leadership positions or those with sought-after knowledge or skills) to want to leave.

PeoplePulse, an ELMO solution, suggests that stay surveys can help remove gut feel regarding what keeps your star performers happy and focuses on helping HR establish:

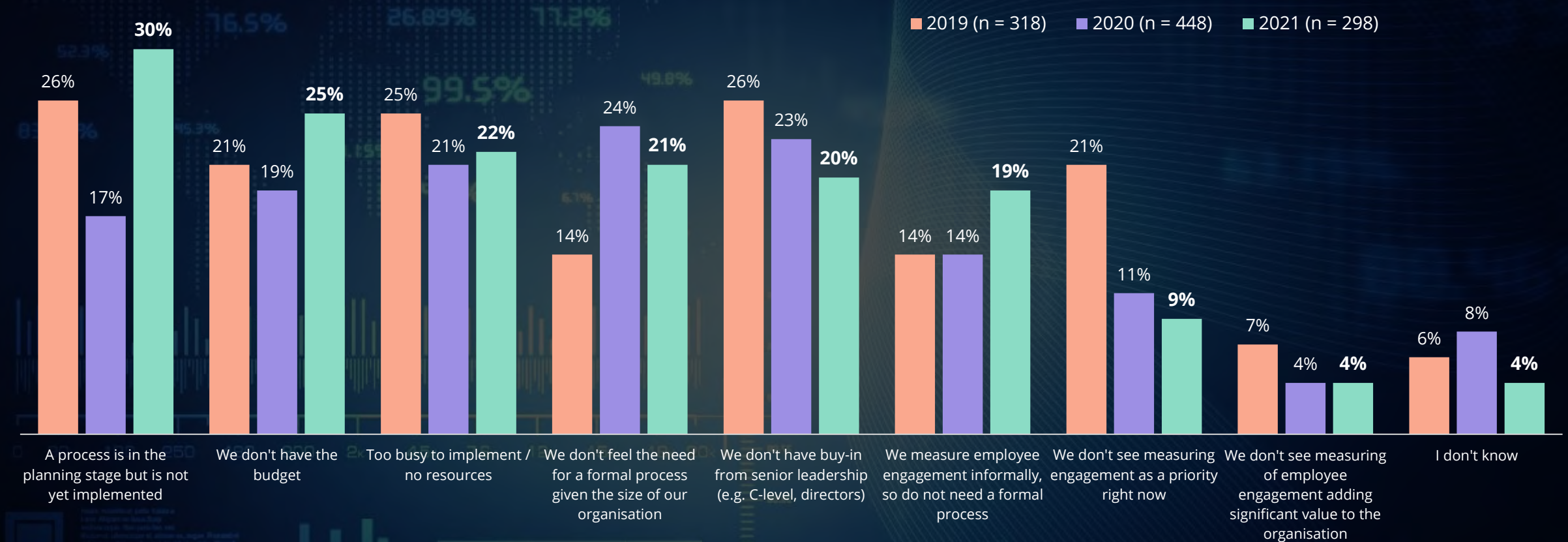
- Why key talent stay, what they like and what they want to see improved
- Which employees might be at risk and what can be done to prevent their possible departure
- Who your competitors are and why they are attractive alternatives in the eyes of your key people

^ Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Engagement measurement challenges



Why doesn't your organisation have any formal processes in place to measure employee engagement?



# Engagement measurement challenges



**1 in 4** respondents said they don't have the budget for a formal process to measure engagement



**1 in 3** enterprise respondents said a process was in place but it is yet to be implemented

The fact that just under a third of respondents (30%) have a process being planned to formally measure engagement but it is not yet implemented is an indication of how critical engagement will be in 2022. However, this does raise the question of what processes have been in place in those organisations up to this point. For SB and SMB respondents, it's obvious that they do not feel formal processes such as employee surveys are required for their organisation – some 46% of the former and 29% of the latter said there was no need to have these processes in place due to the size of their organisations.

Without formal processes in place, organisations must rely on anecdotal evidence gathered through employee interviews and less formal one-on-one check-ins. This approach becomes less effective as an organisation grows. It can be prone to inconsistencies in the questions being asked, manager bias and a lack of forthright, honest responses, mainly due to the lack of anonymity. Other informal channels include analysing employee behaviour. Leaders may keep tabs on how many weekend hours an employee works, the number of network connections they maintain, participation in meetings and time spent collaborating directly with customers as measures of engagement.

'Too busy to implement / no resources' was cited as a reason for not having formal processes in place to measure engagement by 22% of all respondents, while the similarly themed 'lack of buy-in from senior leadership' was cited by 20% of all respondents. These two items were consistent for organisations of all sizes.

2022 will be marked by more change as organisations adapt to new ways of working and face a multitude of existing and unforeseen challenges. Hearing and acting upon 'the voice of the employee' will remain important. Employee surveys can be used to help organisations gather baseline data to build business cases and measure the impact of change initiatives.

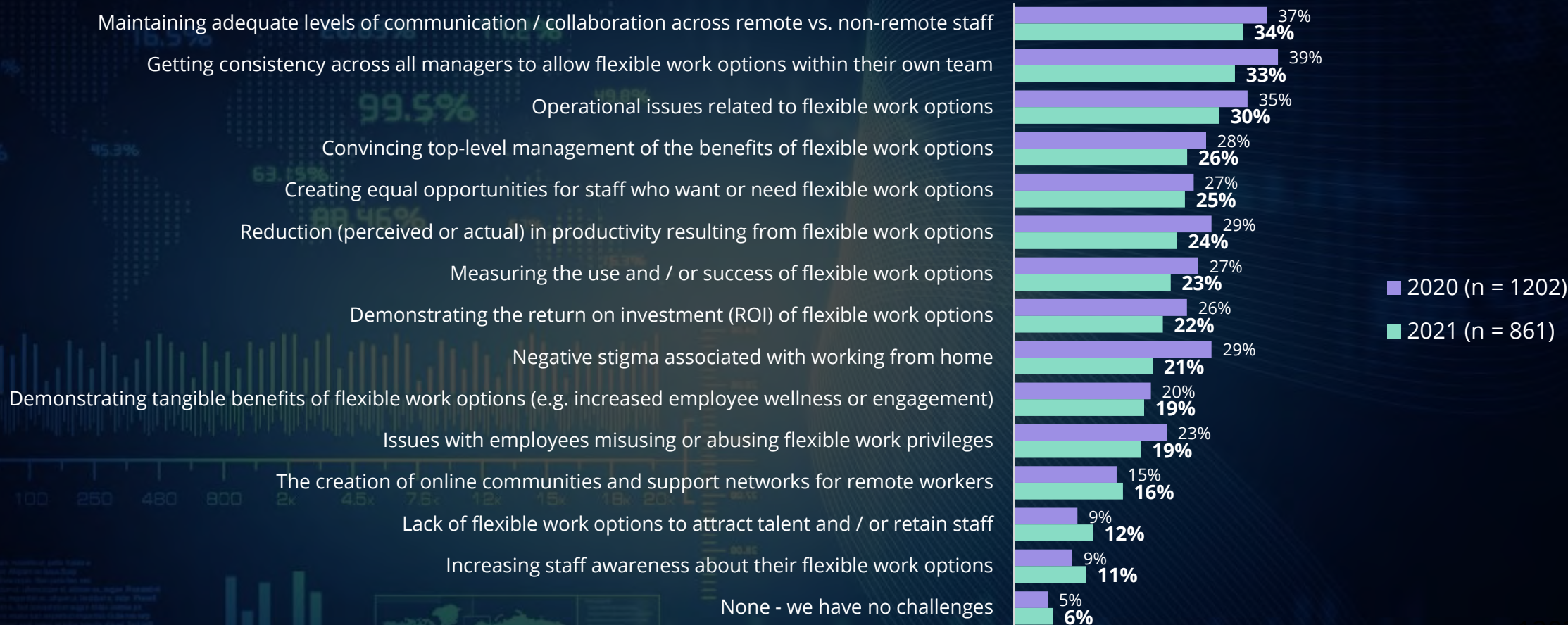
Obtaining senior leadership buy-in is critical. Here are two tips from [PeoplePulse](#), an ELMO solution, to obtain that buy-in:

1. Link employee engagement results with business performance metrics. This can demonstrate how employee engagement has a tangible impact on the organisation and can be done at both an organisational and departmental level. For example, if engagement levels were to go down in the Customer Service department, would there also be a decrease in customer satisfaction or an increase in employee turnover? For each department, use one or two common metrics that are easy to source, such as employee turnover and absenteeism rates, plus one or two department-specific metrics that relate to department performance (e.g. sales revenue, customer retention, data input accuracy rates, etc.). HR may need to partner with other stakeholders in the organisation to capture some of the additional metrics. Doing so provides a more holistic employee engagement scorecard that can directly link employee engagement back to business performance.
1. Promote the benefits of having a 'feedback culture'. Employee surveys that are executed well don't just gather data that is useful to a select group of people. Everyone stands to benefit. Survey results give senior leaders an opportunity and platform to connect with their people via their feedback and show them that their collective voices are valued. Sharing survey learnings openly and transparently with the wider organisation models a culture where people are listened to, their feedback is genuinely valued, and it is safe to put forward suggestions and raise new ideas.

# Flexible work challenges



What are the top challenges for your organisation when it comes to providing flexible work options?



n = 1202

# Flexible work challenges



The decline in almost all challenges associated with flexible work between 2020 and 2021 indicates that organisations and employees have become accustomed to working where, when and how they like. However, while flexible work presents many benefits, it also presents certain challenges – especially when it comes to managing hybrid workforces. The top two challenges remain unchanged from 2020: ‘maintaining adequate levels of communication / collaboration across remote vs. non-remote staff’; and ‘getting consistency across all managers to allow flexible work options within their own team’.

In regard to the former, communication is key for a hybrid workforce. In a situation where some employees are on site and others aren’t, there’s always the risk that remote workers might miss out on important updates that are verbally communicated, which underlines the need for a centralised area for up-to-date information such as a staff portal. These important messages can be amplified through communication channels such as instant messaging platforms and via email, so that everyone everywhere receives the same information. Of course, face-to-face meetings and ‘town hall’ style meetings still need to happen, but these can be set up so that they can be attended virtually. The fact that the job title ‘Employee Communications Manager’ is increasingly common is a testament to the growing need for strong communication in an increasingly geographically dispersed workforce.

Another aspect of communication to consider is facilitating those ‘watercooler’ discussions and allowing employees to digitally ‘bump into’ one another. Having dedicated channels for different teams, interests and groups helps to bridge the gap between in-office and remote colleagues. It’s important to keep these channels alive, however, and doing so requires a proactive mentality. Don’t adopt a ‘set and forget’ approach to these channels. They require an intentional approach and people need to make a point of posting in them for these to be a success.

While the jury is still out on how much structure needs to be in place for remote work to be successful, many organisations find it beneficial to have set ‘at-home’ and set ‘in-office’ days for all team members. This way, even if the office is still half-empty, colleagues who must work closely together are physically in the room together at least once a week. Managers should also aim to ensure the moments that matter still occur – those fun, culture-building events that strengthen team bonds.



**1 in 3** respondents said maintaining adequate levels of communication / collaboration across remote vs. non-remote staff was a top challenge



**1 in 3** respondents said getting consistency across all managers to allow flexible work options within their own team was a challenge

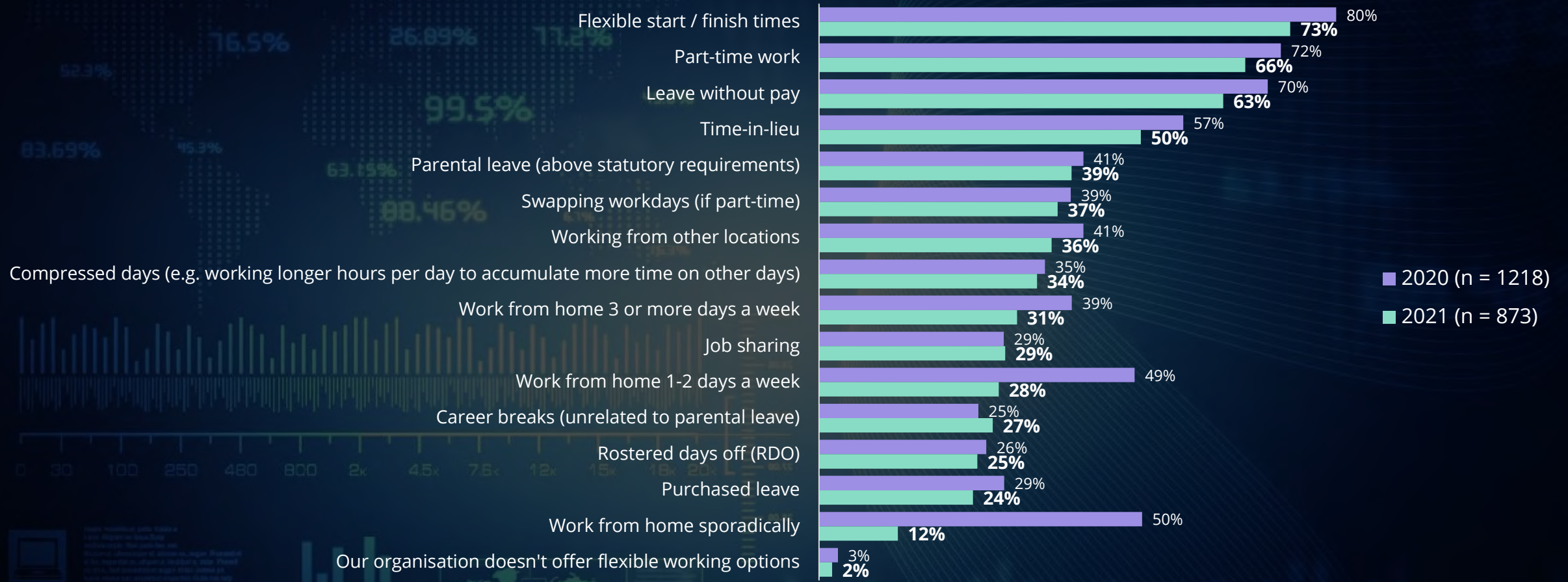


**1 in 4** respondents said creating equal opportunities for staff who want or need flexible work options was a challenge

# Flexible working options



What type of flexible working options does your organisation offer?





**3 in 4** organisations surveyed offer flexible start / finish times



**3 in 4** organisations surveyed offer leave without pay

The coronavirus pandemic thrust flexible work practices into the spotlight and many organisations were forced to adopt alternative work arrangements for the first time. In 2021, the priority was ensuring the foundations were in place to enable employees to be productive and engaged regardless of where or when they were working. For many, this meant embracing hybrid work environments. Of course, flexible work encompasses more than offering work-from-home (WFH) options.

According to Australia's [Fair Work Ombudsman](#), examples of flexible arrangements include changes to work hours (starting and finishing times), work patterns (split shifts or job sharing) and work locations (including WFH). A similar definition can be found on the [Employment New Zealand](#) website.

While the top flexible work options remain unchanged from 2020, it's worth noting that all options except for one ('career breaks unrelated to parental leave') decreased in popularity. The top 3 options were consistent in both Australia and New Zealand: 'flexible start / finish times', 'part-time work', and 'leave without pay'. It's also worth noting that, compared with their New Zealand counterparts, a higher percentage of Australian respondents selected 12 of the 15 answer options provided. Exceptions were 'work from home 1-2 days a week' and 'work from home sporadically', both of which were more strongly favoured by New Zealand respondents. 'Working from other locations' was selected by 36% of respondents from both Australia and New Zealand.

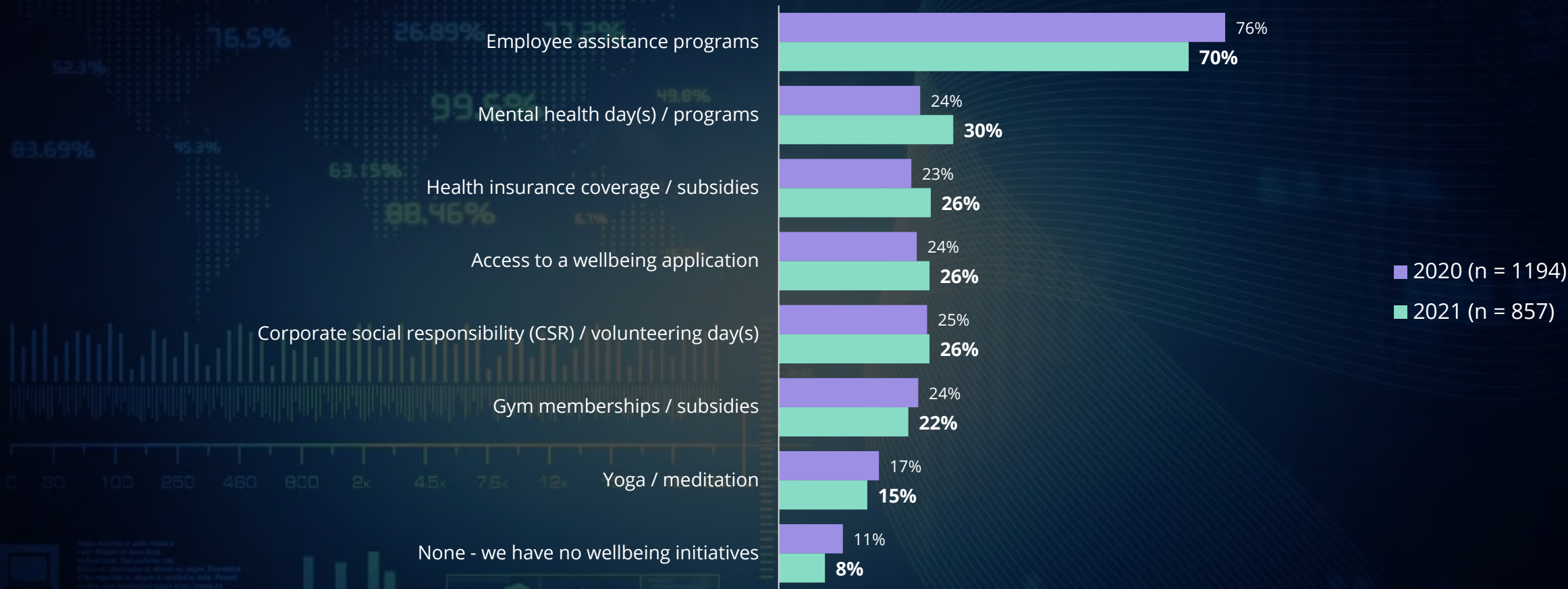
Here is a summary of results from the 2021 survey:

- Most organisations (73%) offered flexible start and finish times as a minimum
- 3 in 5 respondents (59%) offered WFH in various configurations (e.g. 1-2 days per week or 3 or more days per week). A further 12% offered WFH sporadically
- More than 1 in 3 organisations (34%) offered compressed hours, which is an emerging trend
- Only 2% of organisations said they did not offer any form of flexible working options
- Enterprise organisations are generally more mature in their flexible work offerings. The largest differences were their offerings relating to career breaks (unrelated to parental leave), flexible start / finish times, part-time work, and leave without pay. They also lead the way in terms of parental leave above statutory requirements

While there is general agreement from both employers and employees that having flexible work arrangements is important, there is a disconnect occurring. MetLife's [Employee Benefits Trends Study](#) found that when Australian employees were asked about the availability of flexible arrangements in their workplace, only about half (53%) believed such opportunities were available to them. In ELMO's quarterly Employee Sentiment Index Series, which surveyed employees across Australia and [New Zealand](#) throughout 2021, flexible / remote working was consistently in the top 3 priorities for employees when searching for a new employer (behind remuneration and stability of the organisation).

[This article](#) from Forbes suggests that work conducted in a flexible manner can provide smaller organisations with a competitive edge, especially when it's not possible to match the staff benefits of their larger rivals. It can also help organisations cope with the demands of globalisation. Specifically, the demand for customer services across time zones and outside of 9-to-5 has driven the emergence of alternative shift patterns and organisations with these flexible options in place will benefit. Finally, flexible work widens the available pool of talent to those unwilling or unable to work traditional hours or commute to and from a physical workplace.

What wellbeing initiatives does your organisation offer?



# Wellbeing initiatives



Just under **3 in 4** respondents use employee assistance programs (EAPs) to support employee wellbeing



Just under **1 in 3** respondents use mental health days / programs to support employee wellbeing



**1 in 12** respondents do not have any employee wellbeing initiatives in place

Employee wellbeing has never been more critical. As workers continue to grapple with prolonged uncertainty about the future, job insecurity, and lockdown-induced feelings of isolation – among a host of other pandemic-related grievances – an employer's duty of care for every employee has never been greater.

Compared with the 2020 survey, the use of almost all initiatives increased in 2021. 'Employee assistance programs (EAPs)' remained by some margin the most popular wellbeing initiative across all industries and company sizes. Almost 9 in 10 enterprise organisations (89%) and almost as many mid-market organisations (88%) used EAPs. The popularity of EAPs points to how workplace health issues have evolved over the past two years. As mental health conditions relating to anxiety, and depression amongst employees have escalated, so too have the wellbeing initiatives on offer from employers.

This trend is also seen with 'mental health day(s) / programs' being placed as the second most popular wellbeing initiative. These top two initiatives together indicate that the days of employers paying only cursory attention to mental wellbeing and instead focusing solely on physical wellbeing are long gone. This is understandable. In Australia, [research](#) from BeyondBlue indicates the annual cost to Australian workplaces relating to untreated mental health conditions is AU\$10.9 billion. New Zealand [research](#) from Southern Cross suggests that absence from the workplace, not including annual leave, costs an organisation an average of between NZ\$600–\$1000 per employee, with a median of NZ\$722.

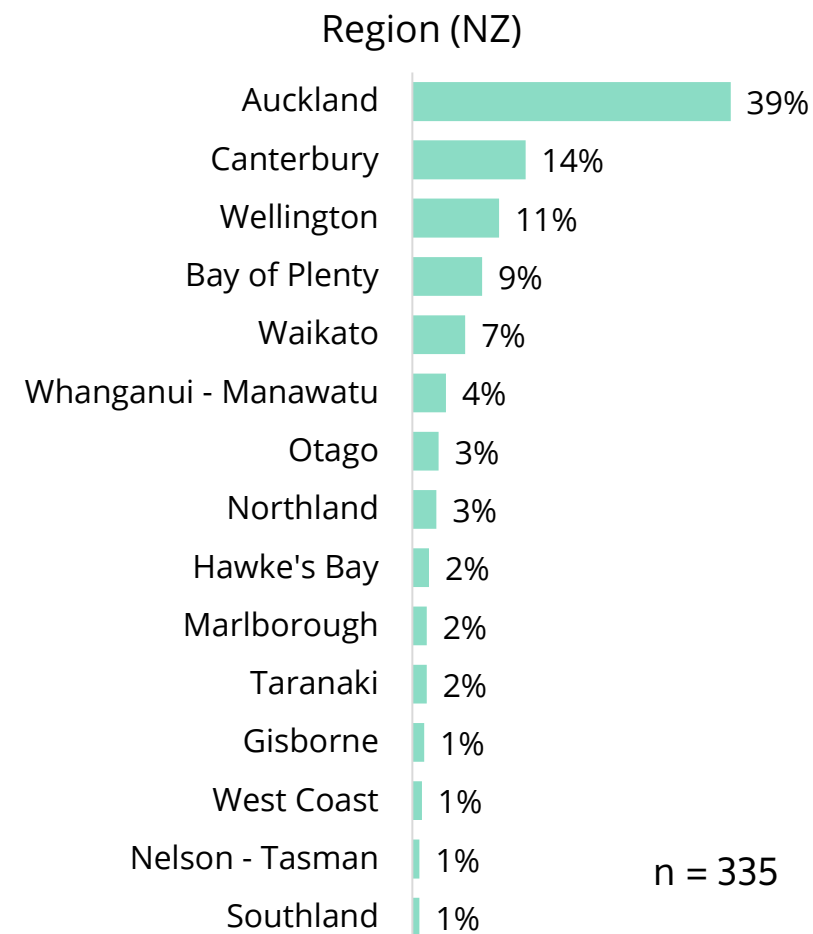
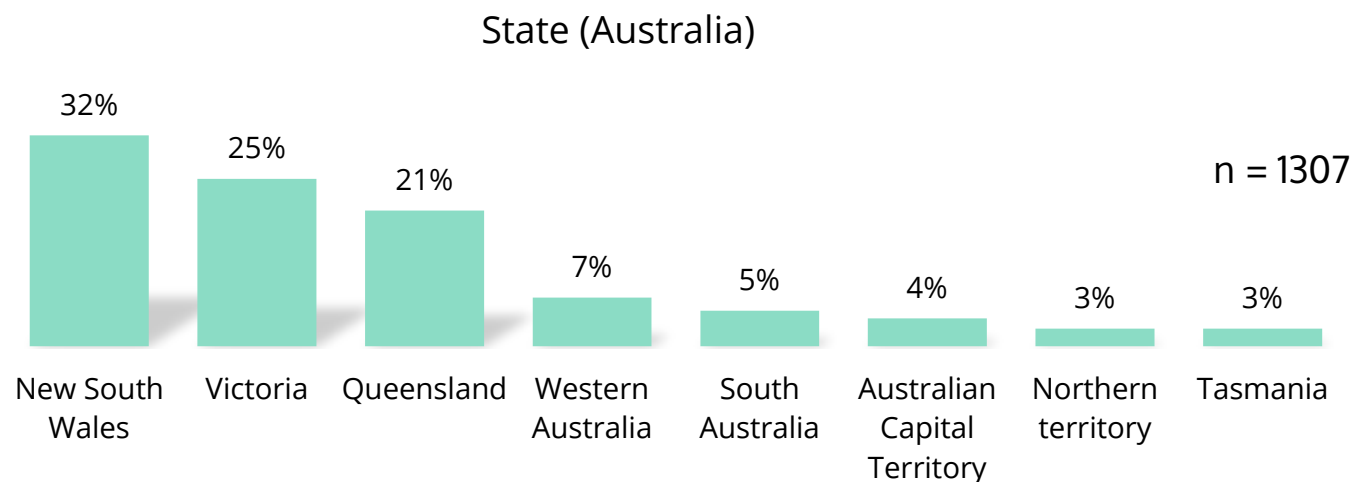
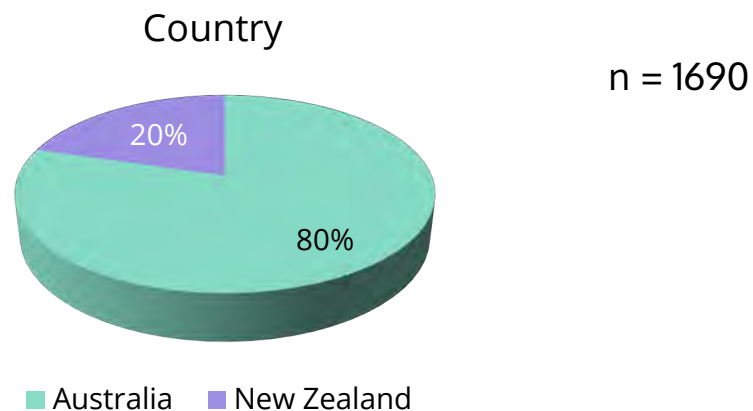
The New Zealand research indicates that employers now have a deeper understanding of their role in improving employee wellbeing and fostering safe, healthy workplaces. A good example is the increase in the number of organisations going above the statutory minimum leave allowance with initiatives like wellbeing days.

As seen in this year's survey results, the spread of initiatives on offer – from 'health insurance coverage' to 'corporate social responsibility / volunteering days' (both of which are utilised by approximately 1 in 4 respondents) – indicate that employers are taking a more holistic approach to employee wellbeing. This approach is likely to factor in the four main wellbeing indicators: financial, mental, physical and social. Read more about the benefits of this holistic health approach in ELMO's eBook, [Thrive Cultures vs. Burnout Cultures](#).

# Appendix A: Respondent profile data

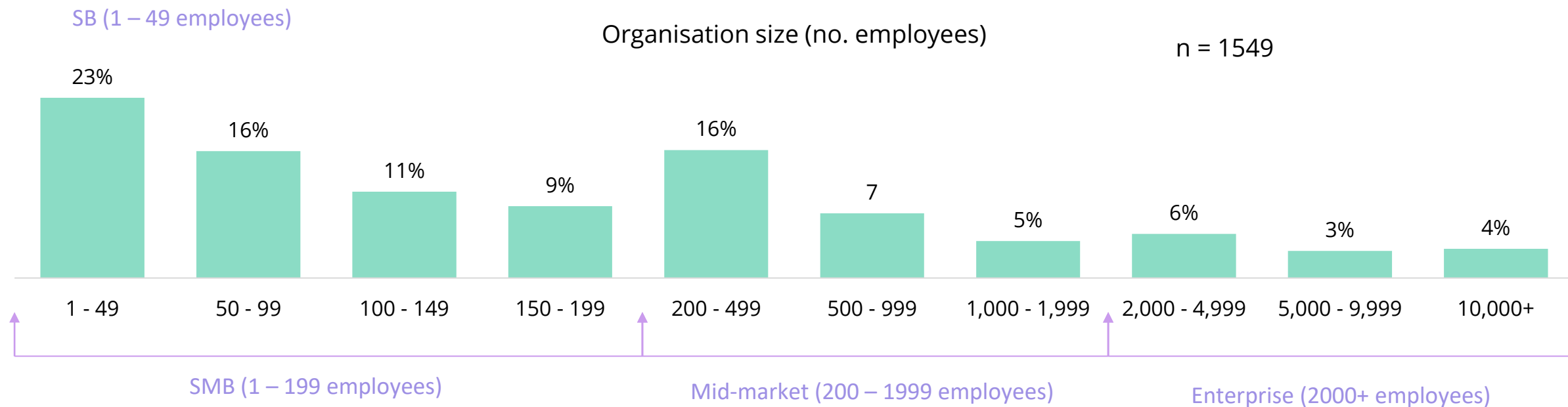


# Location of respondent

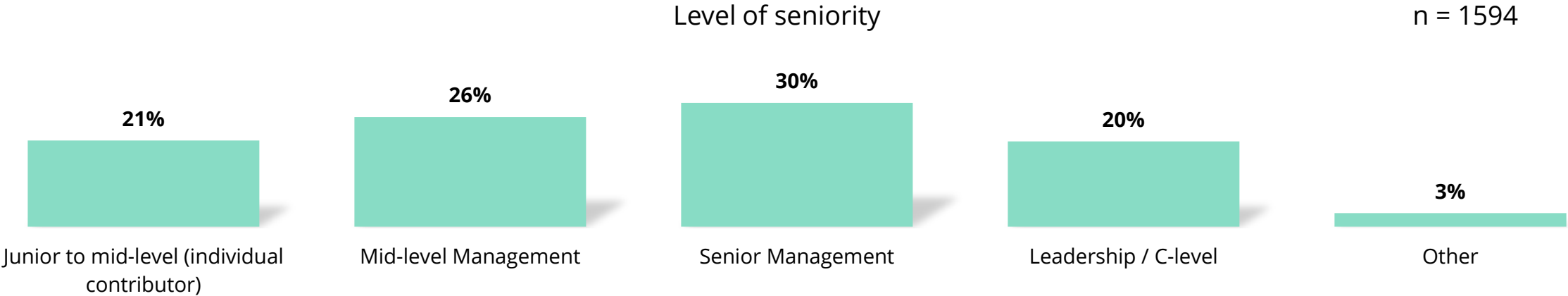


n = 335

# Organisation size classifications



- |                                                          |                    |
|----------------------------------------------------------|--------------------|
| [1] 1 - 199 employees = Small to medium businesses (SMB) | 59% of respondents |
| [2] 200 - 1999 employees = Mid-market                    | 28% of respondents |
| [3] 2000 + employees = Enterprise                        | 13% of respondents |



| n =                  |           | 1345        | 310       | 906          | 446        | 196      | 351 |
|----------------------|-----------|-------------|-----------|--------------|------------|----------|-----|
| Seniority Level      | Australia | New Zealand | SMB       | Mid-market   | Enterprise | SB       |     |
|                      |           |             | (1 - 199) | (200 - 1999) | (2000+)    | (1 – 49) |     |
| Junior to mid-level  | 20%       | 30%         | 16%       | 29%          | 29%        | 15%      |     |
| Mid-level management | 28%       | 21%         | 25%       | 24%          | 43%        | 19%      |     |
| Senior management    | 30%       | 28%         | 32%       | 30%          | 19%        | 25%      |     |
| Leadership / C-Level | 22%       | 20%         | 27%       | 17%          | 8%         | 42%      |     |

**Note:** The general rule is that, in order for responses to have statistical significance, they should have a minimum sample size of 30 respondents. Having said that, inferences can still be made from any data points that have less than 30 respondents and we have therefore left the data points with less than 30 responses visible in the report for your perusal. It is only a small subset of the industry-segmented data that will have less than 30 respondents for specific questions.

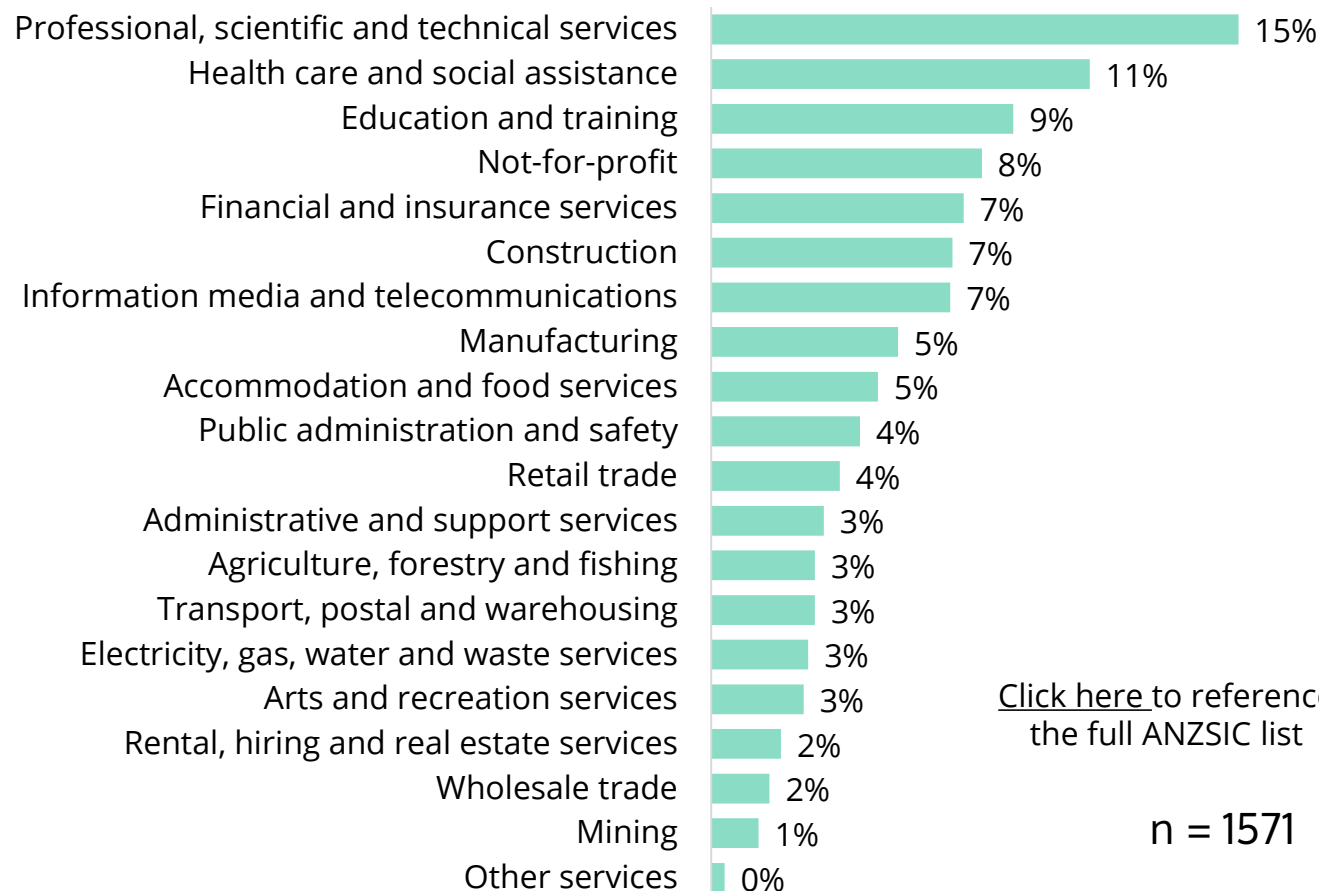


# Industry type



| Industry                                        | No. Resp. |
|-------------------------------------------------|-----------|
| Professional, scientific and technical services | 234       |
| Health care and social assistance               | 168       |
| Not for profit                                  | 134       |
| Financial and insurance services                | 120       |
| Education and training                          | 112       |
| Public administration and safety                | 107       |
| Information media and telecommunications        | 106       |
| Manufacturing                                   | 83        |
| Construction                                    | 74        |
| Retail trade                                    | 66        |
| Transport, postal and warehousing               | 57        |
| Accommodation and food services                 | 50        |
| Electricity, gas, water and waste services      | 46        |
| Administrative and support services             | 46        |
| Agriculture, forestry and fishing               | 43        |
| Wholesale trade                                 | 41        |
| Mining                                          | 31        |
| Rental, hiring and real estate services         | 26        |
| Arts and recreation services                    | 21        |
| Other services                                  | 6         |

Industry types (as per the ANZSIC industry list)



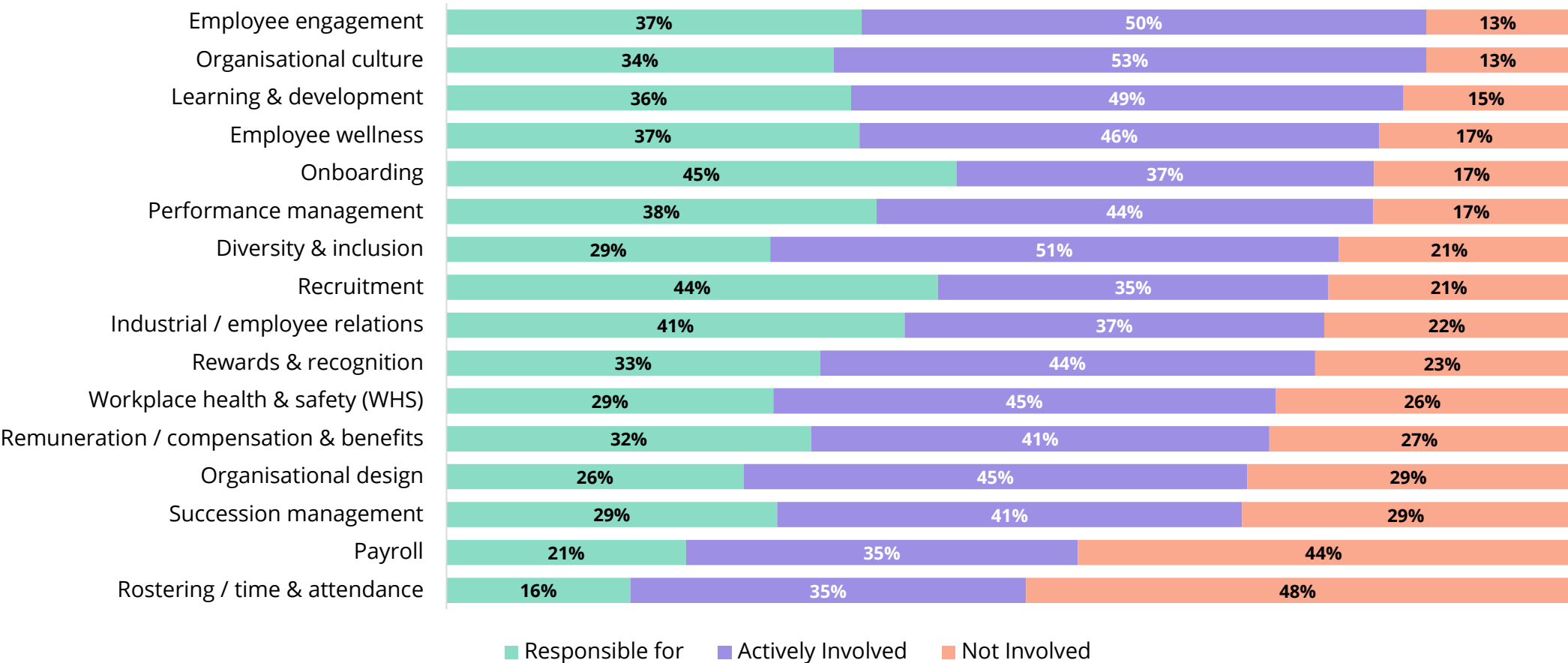
[Click here](#) to reference the full ANZSIC list

n = 1571

# Which areas are respondents involved with?



Which of the following area(s) are you responsible for or actively involved in?

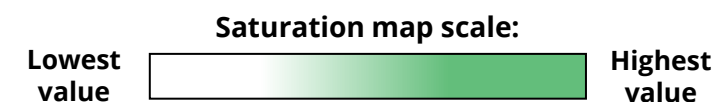


n<sub>min</sub> = 1396

# Where does responsibility most commonly sit?



|                                        | n= | 1398    | 289                 | 379                  | 425               | 302                  |
|----------------------------------------|----|---------|---------------------|----------------------|-------------------|----------------------|
| Responsible for:                       |    | Overall | Junior to mid-level | Mid-level management | Senior management | Leadership / C-level |
| Diversity & inclusion                  |    | 29%     | 6%                  | 16%                  | 39%               | 39%                  |
| Employee engagement                    |    | 37%     | 12%                 | 28%                  | 45%               | 45%                  |
| Employee wellness                      |    | 37%     | 14%                 | 29%                  | 46%               | 46%                  |
| Industrial / employee relations        |    | 41%     | 14%                 | 32%                  | 54%               | 54%                  |
| Learning & development                 |    | 36%     | 13%                 | 32%                  | 41%               | 41%                  |
| Onboarding                             |    | 45%     | 33%                 | 40%                  | 51%               | 51%                  |
| Organisational culture                 |    | 34%     | 10%                 | 27%                  | 38%               | 38%                  |
| Organisational design                  |    | 26%     | 6%                  | 19%                  | 27%               | 27%                  |
| Payroll                                |    | 21%     | 14%                 | 17%                  | 23%               | 23%                  |
| Performance management                 |    | 38%     | 13%                 | 30%                  | 49%               | 49%                  |
| Recruitment                            |    | 44%     | 25%                 | 38%                  | 51%               | 51%                  |
| Remuneration / compensation & benefits |    | 32%     | 12%                 | 25%                  | 36%               | 36%                  |
| Rewards & recognition                  |    | 33%     | 11%                 | 27%                  | 38%               | 38%                  |
| Rostering / time & attendance          |    | 16%     | 7%                  | 15%                  | 18%               | 18%                  |
| Succession management                  |    | 29%     | 7%                  | 21%                  | 35%               | 35%                  |
| Workplace health & safety (WHS)        |    | 29%     | 12%                 | 23%                  | 36%               | 36%                  |



# Appendix B:

## The general state of HR



# Organisational growth and decrease plans



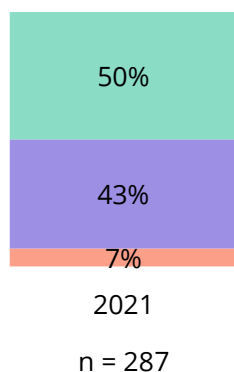
Over the next year, do you anticipate the size of your workforce to to:

Decrease in size

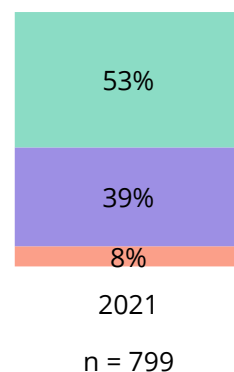
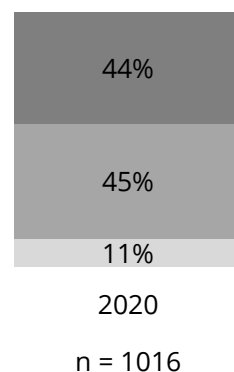
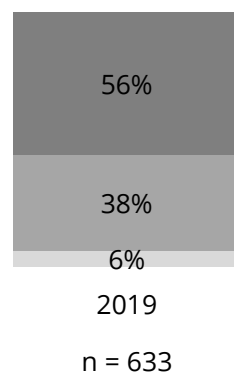
Remain the same

Increase in size

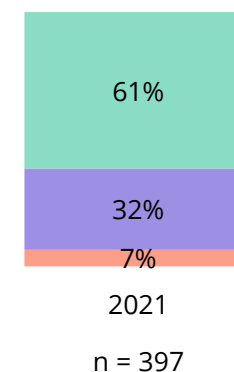
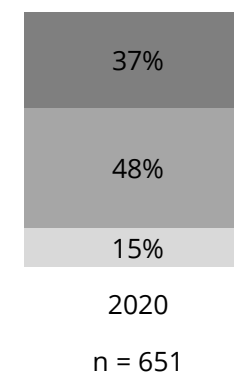
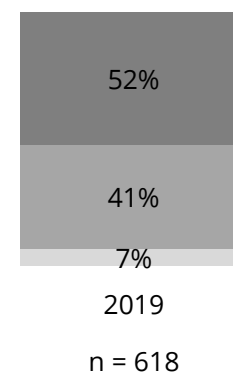
## SB (1 - 49)



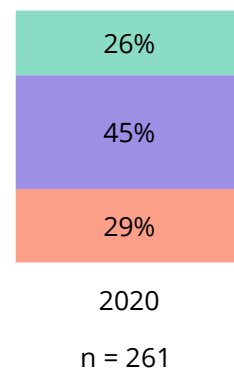
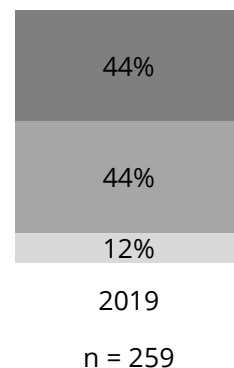
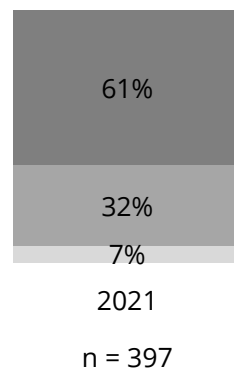
## SMB (1 - 199)



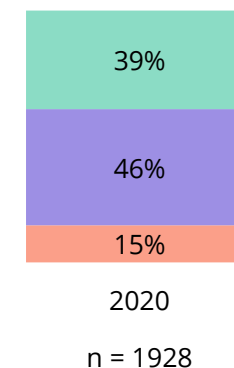
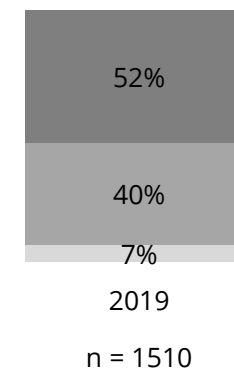
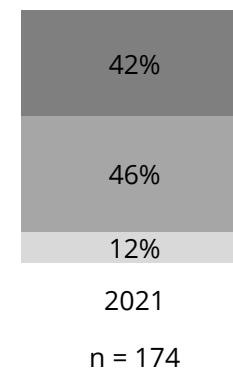
## Mid-market (200 - 1999)



## Enterprise (2000 +)



## Overall



# Organisational growth rates



| The average headcount growth rates cited in this table are only based on respondents who said their organisation intends to grow the size of their workforce. | Overall average |      |      | SMB (1 - 199) |      |      | Mid-market (200 - 1999) |      |      | Enterprise (2000+) |      |      | SB (1 - 49) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------|------|---------------|------|------|-------------------------|------|------|--------------------|------|------|-------------|
|                                                                                                                                                               | 2019            | 2020 | 2021 | 2019          | 2020 | 2021 | 2019                    | 2020 | 2021 | 2019               | 2020 | 2021 | 2021        |
| Average % headcount growth planned                                                                                                                            | 28%             | 19%  | 23%  | 33%           | 21%  | 26%  | 21%                     | 17%  | 17%  | 31%                | 13%  | 24%  | 34%         |
| n =                                                                                                                                                           | 792             | 737  | 721  | 356           | 440  | 413  | 323                     | 235  | 237  | 113                | 62   | 71   | 138         |

| The average headcount growth rates cited in this table are only based on respondents who said their organisation intends to grow the size of their workforce. | Overall | Accommodation and food services | Administrative and support services | Agriculture, forestry and fishing | Arts and recreation services | Construction | Education and training | Electricity, gas, water and waste services | Financial and insurance services | Health care and social assistance | Information and telecommunications | Manufacturing | Mining | Professional, scientific and technical services | Public administration and safety | Rental, hiring and real estate services | Retail trade | Transport, postal and warehousing | Wholesale trade | Not for profit | Other services |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------------|-------------------------------------|-----------------------------------|------------------------------|--------------|------------------------|--------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|---------------|--------|-------------------------------------------------|----------------------------------|-----------------------------------------|--------------|-----------------------------------|-----------------|----------------|----------------|
|                                                                                                                                                               |         | 2019                            | 2020                                | 2021                              | 2019                         | 2020         | 2021                   | 2019                                       | 2020                             | 2021                              | 2019                               | 2020          | 2021   | 2019                                            | 2020                             | 2021                                    | 2019         | 2020                              | 2021            | 2019           | 2020           |
| Average % headcount growth planned                                                                                                                            | 23%     | 23%                             | 47%                                 | 19%                               | 25%                          | 17%          | 16%                    | 13%                                        | 18%                              | 25%                               | 40%                                | 19%           | 20%    | 24%                                             | 8%                               | 25%                                     | 19%          | 18%                               | 13%             | 19%            | 10%            |
| n =                                                                                                                                                           | 721     | 29                              | 21                                  | 15                                | 12                           | 53           | 42                     | 14                                         | 56                               | 92                                | 66                                 | 35            | 6      | 113                                             | 28                               | 17                                      | 32           | 22                                | 9               | 58             | 1              |

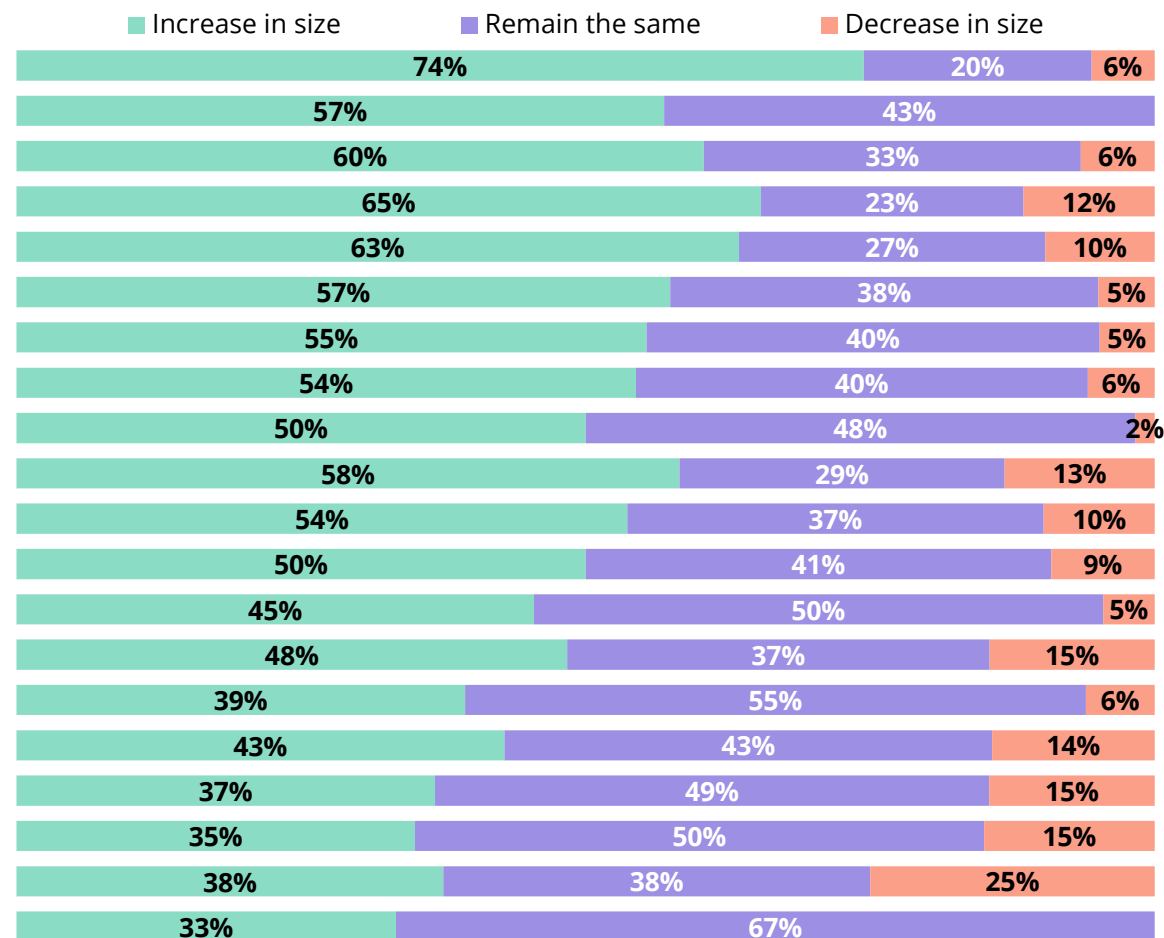
**Note:** The general rule is that, in order for responses to have statistical significance, they should have a minimum sample size of 30 respondents. Having said that, inferences can still be made from any data points that have less than 30 respondents and we have therefore left the data points with less than 30 responses visible in the report for your perusal. It is only a small subset of the industry-segmented data that will have less than 30 respondents for specific questions.

# Organisational growth and decrease by industry



| n = | Industry                                        | Net workforce increase<br>(increase - decrease) |
|-----|-------------------------------------------------|-------------------------------------------------|
| 90  | Information media and telecommunications        | 69%                                             |
| 109 | Not for profit                                  | 57%                                             |
| 154 | Health care and social assistance               | 54%                                             |
| 26  | Rental, hiring and real estate services         | 54%                                             |
| 52  | Retail trade                                    | 54%                                             |
| 202 | Professional, scientific and technical services | 52%                                             |
| 103 | Financial and insurance services                | 50%                                             |
| 68  | Manufacturing                                   | 49%                                             |
| 58  | Public administration and safety                | 48%                                             |
| 91  | Construction                                    | 45%                                             |
| 41  | Transport, postal and warehousing               | 44%                                             |
| 44  | Administrative and support services             | 41%                                             |
| 22  | Wholesale trade                                 | 41%                                             |
| 62  | Accommodation and food services                 | 34%                                             |
| 33  | Arts and recreation services                    | 33%                                             |
| 35  | Agriculture, forestry and fishing               | 29%                                             |
| 117 | Education and training                          | 22%                                             |
| 20  | Mining                                          | 20%                                             |
| 40  | Electricity, gas, water and waste services      | 13%                                             |
| 3   | Other services                                  | 33%                                             |

Over the next year, do you anticipate the size of your workforce to to:



# Average number of HR professionals in organisation



| Organisation size | n =  | Average no. HR professionals |
|-------------------|------|------------------------------|
| 1 to 49           | 186  | 3.0                          |
| 50 to 99          | 205  | 4.6                          |
| 100 to 149        | 139  | 7.3                          |
| 150 to 199        | 113  | 8.3                          |
| 200 to 499        | 201  | 6.5                          |
| 500 to 999        | 103  | 14.5                         |
| 1000 to 1999      | 62   | 27.7                         |
| 2000 to 4999      | 70   | 39.9                         |
| 5000 to 9999      | 41   | 68.2                         |
| 10,000+           | 41   | 153.5                        |
| Average overall   | 1161 | 17.1                         |

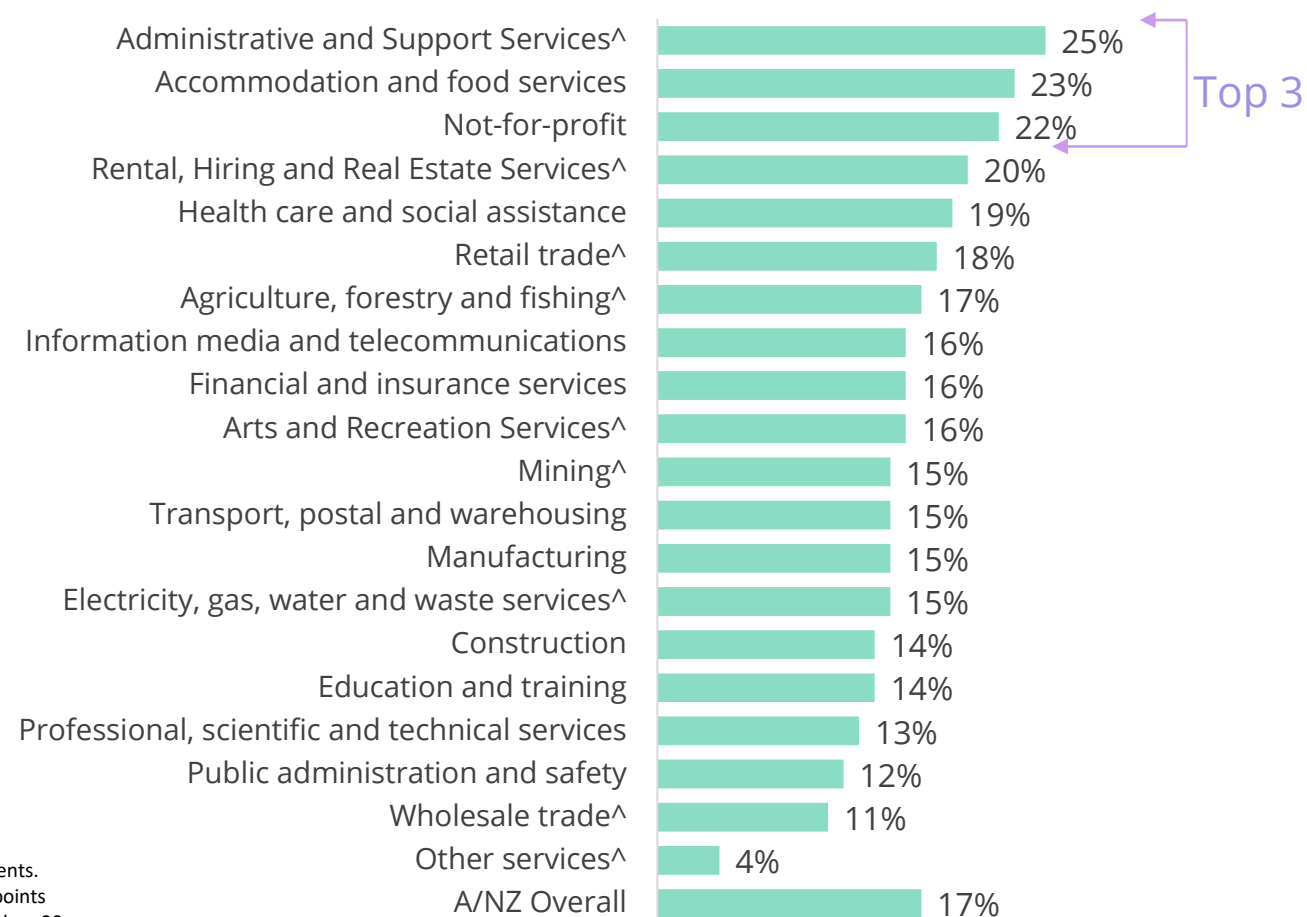
# Average turnover rates



| Organisation size     | Overall average |      |      | SMB (1 - 199) |      |      | Mid-market (200 - 1999) |      |      | Enterprise (2000+) |      |      | SB (1 - 49) |
|-----------------------|-----------------|------|------|---------------|------|------|-------------------------|------|------|--------------------|------|------|-------------|
|                       | 2019            | 2020 | 2021 | 2019          | 2020 | 2021 | 2019                    | 2020 | 2021 | 2019               | 2020 | 2021 | 2021        |
| Average turnover rate | 17%             | 15%  | 17%  | 16%           | 14%  | 16%  | 17%                     | 16%  | 17%  | 17%                | 18%  | 17%  | 12%         |
| n =                   | 986             | 1162 | 815  | 439           | 589  | 477  | 408                     | 444  | 264  | 139                | 129  | 74   | 126         |

**Note:** The general rule is that, in order for responses to have statistical significance, they should have a minimum sample size of 30 respondents. Having said that, inferences can still be made from any data points that have less than 30 respondents and we have therefore left the data points with less than 30 responses visible in the report for your perusal. It is only a small subset of the industry-segmented data that will have less than 30 respondents for specific questions.

## Average turnover rate by industry

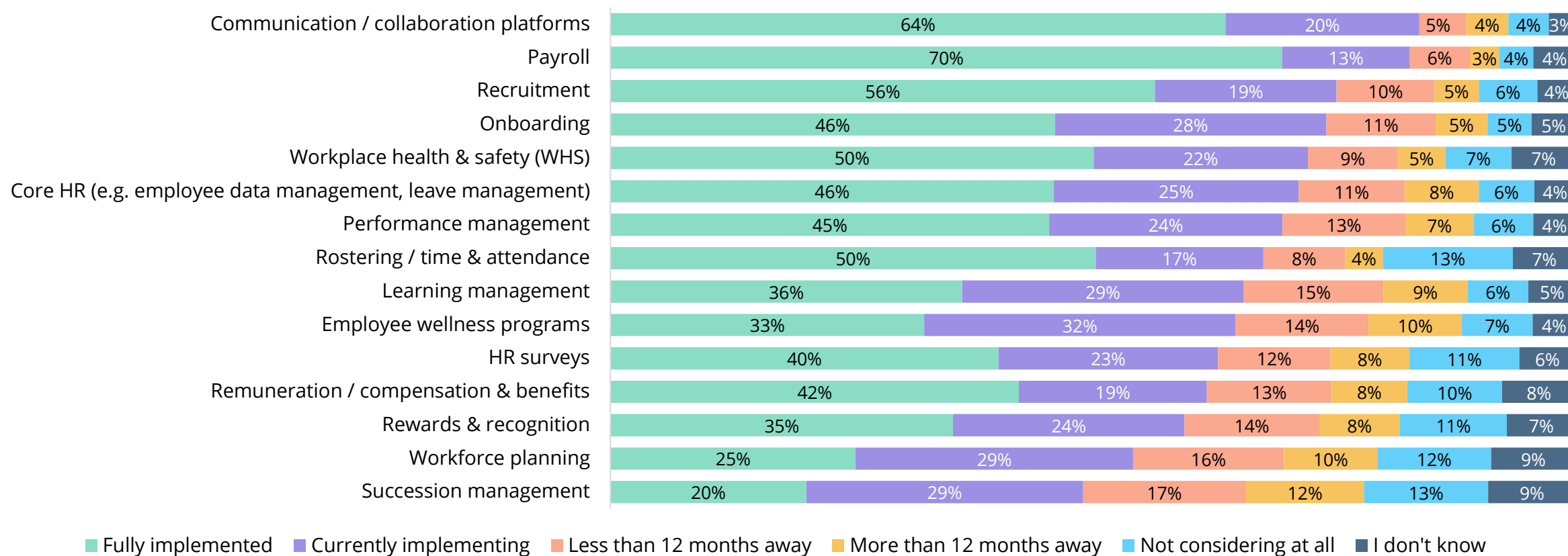


n = 815

# Current state of HR & payroll technology



Which of the following stages best describes your organisation's current state of HR & payroll technology?



n = 1171

# Percentage who have fully implemented HR technology



| n=                                                                 | 1171    | 231                 | 310             | 364          | 266             | 965       | 206         | 697           | 339                     | 135                | 240         |
|--------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| % of respondents who have HR technology <b>fully implemented</b> : | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| Communication / collaboration platforms                            | 72%     | 62%                 | 65%             | 63%          | 64%             | 66%       | 55%         | 64%           | 59%                     | 70%                | 56%         |
| Core HR (e.g. employee data management, leave management)          | 50%     | 50%                 | 46%             | 43%          | 46%             | 46%       | 47%         | 46%           | 44%                     | 48%                | 42%         |
| Employee wellness programs                                         | 54%     | 38%                 | 34%             | 30%          | 29%             | 34%       | 28%         | 33%           | 29%                     | 30%                | 28%         |
| HR surveys                                                         | 55%     | 43%                 | 42%             | 41%          | 34%             | 42%       | 30%         | 40%           | 34%                     | 47%                | 21%         |
| Learning management                                                | 61%     | 38%                 | 42%             | 33%          | 33%             | 38%       | 27%         | 36%           | 28%                     | 43%                | 28%         |
| Onboarding                                                         | 53%     | 45%                 | 50%             | 42%          | 48%             | 49%       | 34%         | 46%           | 45%                     | 46%                | 40%         |
| Payroll                                                            | 74%     | 68%                 | 70%             | 68%          | 71%             | 70%       | 68%         | 70%           | 67%                     | 73%                | 68%         |
| Performance management                                             | 58%     | 47%                 | 46%             | 44%          | 45%             | 46%       | 44%         | 45%           | 42%                     | 48%                | 44%         |
| Recruitment                                                        | 64%     | 57%                 | 57%             | 58%          | 53%             | 56%       | 60%         | 56%           | 51%                     | 65%                | 49%         |
| Remuneration / compensation & benefits                             | 61%     | 44%                 | 47%             | 38%          | 41%             | 42%       | 44%         | 42%           | 40%                     | 40%                | 44%         |
| Rewards & recognition                                              | 50%     | 38%                 | 34%             | 35%          | 36%             | 35%       | 37%         | 35%           | 33%                     | 35%                | 34%         |
| Rostering / time & attendance                                      | 61%     | 53%                 | 53%             | 47%          | 50%             | 50%       | 51%         | 50%           | 50%                     | 47%                | 52%         |
| Succession management                                              | 27%     | 22%                 | 21%             | 17%          | 22%             | 21%       | 18%         | 20%           | 20%                     | 18%                | 19%         |
| Workforce planning                                                 | 34%     | 27%                 | 27%             | 22%          | 27%             | 26%       | 24%         | 25%           | 25%                     | 23%                | 29%         |
| Workplace health & safety (WHS)                                    | 69%     | 50%                 | 54%             | 47%          | 50%             | 50%       | 48%         | 50%           | 45%                     | 53%                | 46%         |

Saturation map scale:



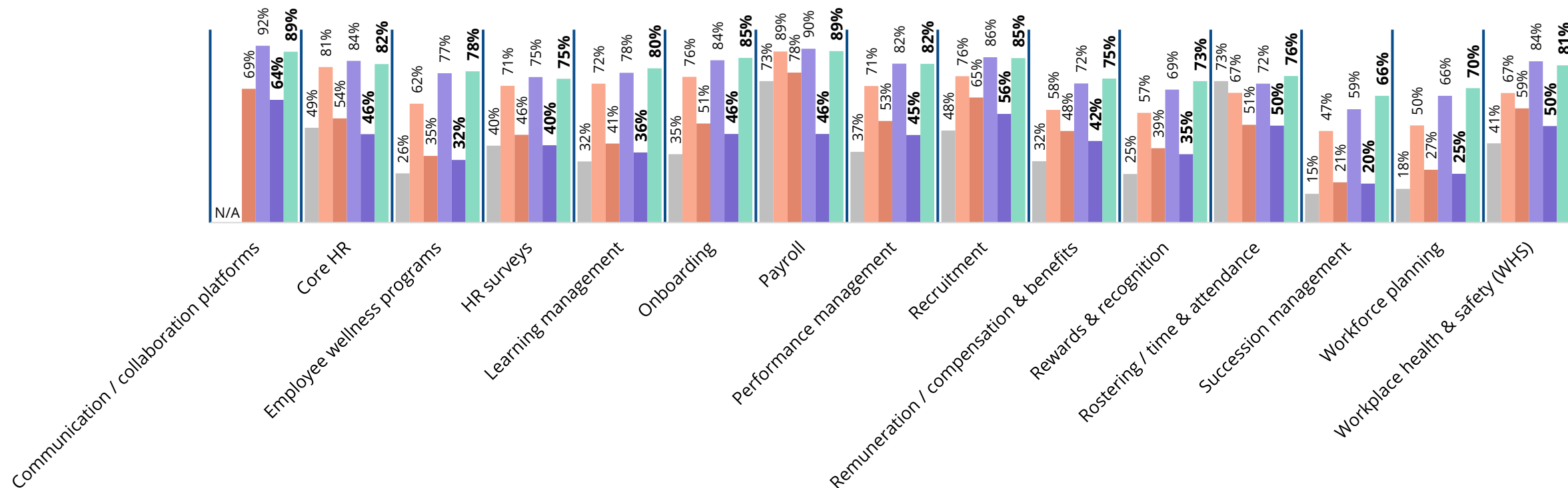
# Projected levels of fully implemented technology



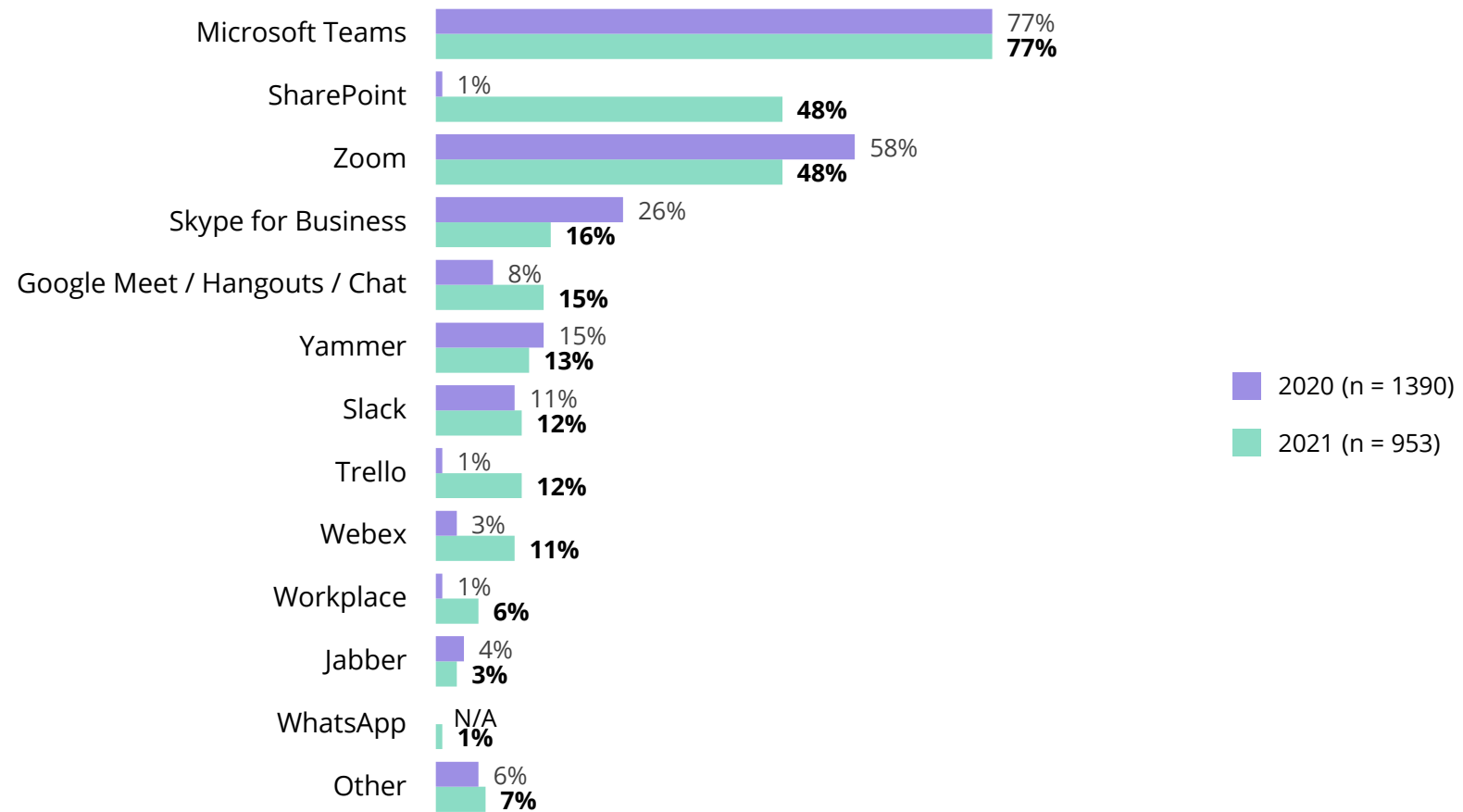
\* The projection of fully implemented technology is based on the combination of respondents relevant to the survey run:

- With fully implemented technology
- Who are currently implementing their technology
- Who said their fully implemented technology is less than 12 months away

■ 2019 (Fully implemented)  
 ■ 2020 (Fully implemented)  
 ■ 2021 (Fully implemented)  
 ■ \* 2020 (Projection of fully implemented from 2019)  
 ■ \* 2021 (Projection of fully implemented from 2020)  
 ■ \* 2022 (Projection of fully implemented from 2021)



What connection / collaboration platform(s) is your organisation currently using or implementing



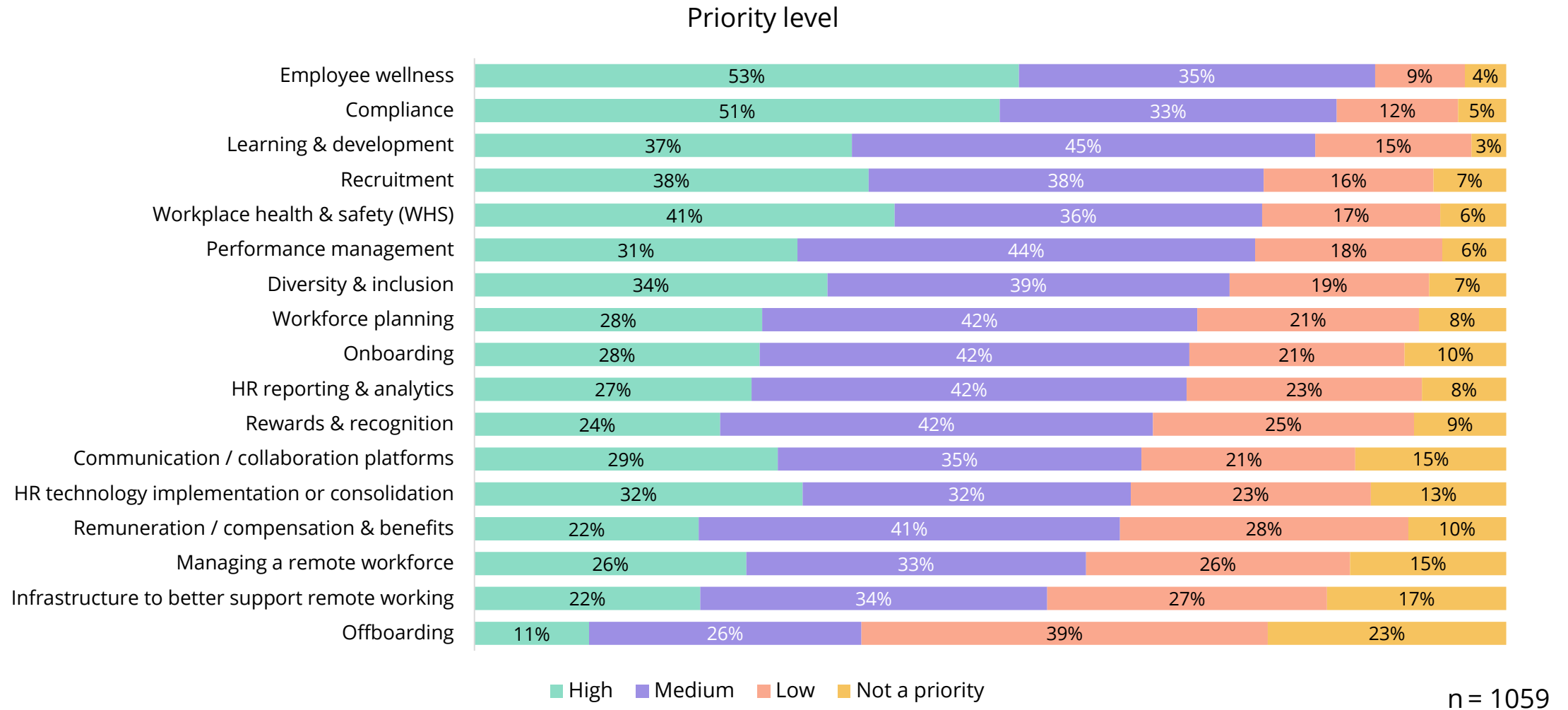
# Connection and collaboration



| n=                                                                                                                                      | 953     | 188                 | 266             | 292          | 207             | 793       | 160         | 551           | 286                     | 116                | 181                        |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|----------------------------|
| What <b>connection / collaboration platform(s)</b> is your organisation currently using or implementing? (Please select all that apply) | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49)<br><br>(1 -49) |
| Google Meet / Hangouts / Chat                                                                                                           | 15%     | 10%                 | 14%             | 17%          | 17%             | 15%       | 14%         | 19%           | 9%                      | 9%                 | 21%                        |
| Jabber                                                                                                                                  | 3%      | 4%                  | 4%              | 4%           | 1%              | 4%        | 2%          | 3%            | 2%                      | 7%                 | 1%                         |
| Microsoft Teams                                                                                                                         | 77%     | 78%                 | 80%             | 79%          | 72%             | 77%       | 80%         | 74%           | 83%                     | 80%                | 67%                        |
| Skype for Business                                                                                                                      | 16%     | 12%                 | 21%             | 15%          | 14%             | 16%       | 16%         | 14%           | 13%                     | 32%                | 15%                        |
| Slack                                                                                                                                   | 12%     | 13%                 | 8%              | 12%          | 17%             | 13%       | 11%         | 13%           | 13%                     | 8%                 | 16%                        |
| Yammer                                                                                                                                  | 13%     | 16%                 | 17%             | 11%          | 6%              | 13%       | 9%          | 7%            | 15%                     | 30%                | 3%                         |
| Zoom                                                                                                                                    | 48%     | 41%                 | 42%             | 49%          | 61%             | 48%       | 49%         | 53%           | 41%                     | 43%                | 68%                        |
| Webex                                                                                                                                   | 11%     | 11%                 | 13%             | 12%          | 7%              | 12%       | 6%          | 10%           | 9%                      | 22%                | 11%                        |
| Workplace                                                                                                                               | 6%      | 6%                  | 5%              | 8%           | 5%              | 6%        | 9%          | 6%            | 5%                      | 11%                | 7%                         |
| Trello                                                                                                                                  | 12%     | 11%                 | 8%              | 13%          | 16%             | 12%       | 9%          | 13%           | 12%                     | 8%                 | 15%                        |
| SharePoint                                                                                                                              | 48%     | 48%                 | 52%             | 50%          | 42%             | 49%       | 46%         | 40%           | 57%                     | 69%                | 34%                        |
| WhatsApp                                                                                                                                | 1%      | 0%                  | 1%              | 2%           | 2%              | 1%        | 3%          | 2%            | 1%                      | 0%                 | 2%                         |
| Other                                                                                                                                   | 7%      | 4%                  | 6%              | 7%           | 11%             | 6%        | 12%         | 8%            | 5%                      | 7%                 | 9%                         |



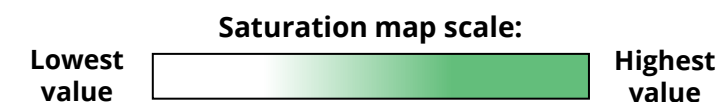
# Priorities over the next 12 months



# High and medium priorities for the next 12 months



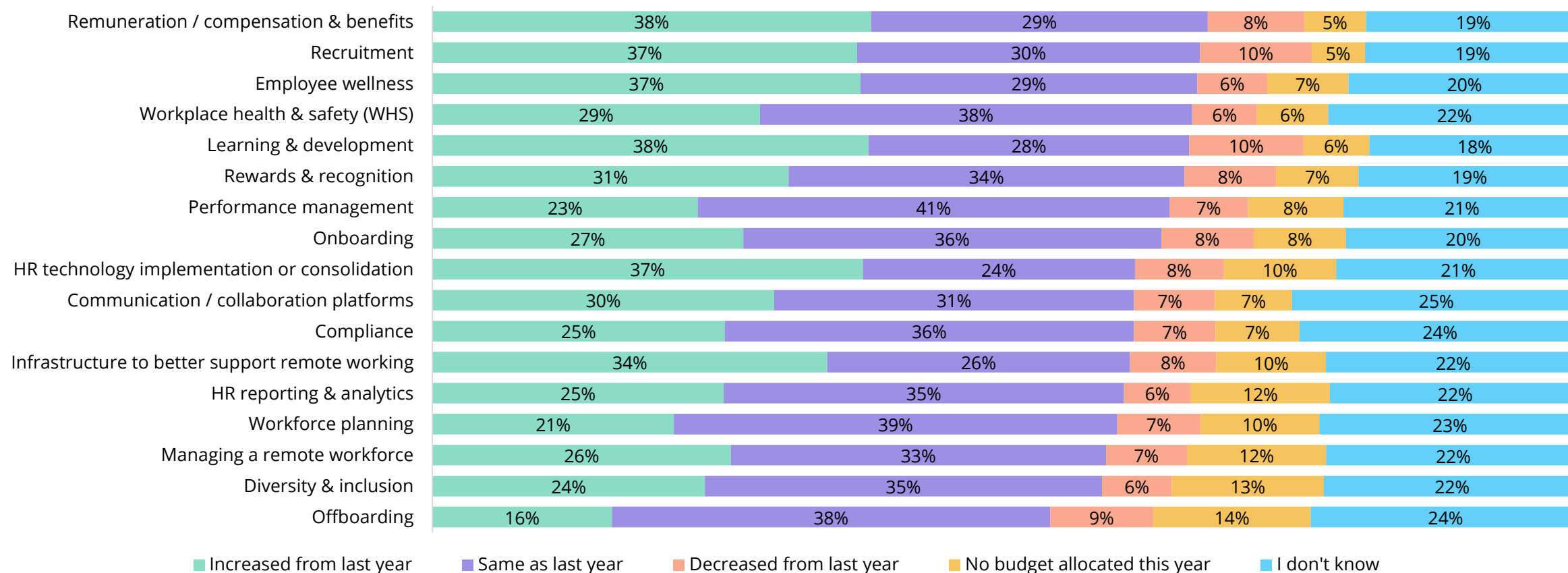
| n=                                                                              | 1059    | 207                 | 285             | 325          | 242             | 875       | 184         | 629              | 313                        | 117                   | 211            |
|---------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| % of organisations placing <b>high or medium priority</b> on these areas of HR: | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Communication / collaboration platforms                                         | 65%     | 67%                 | 65%             | 62%          | 65%             | 66%       | 60%         | 63%              | 65%                        | 74%                   | 60%            |
| Compliance                                                                      | 84%     | 87%                 | 85%             | 83%          | 81%             | 85%       | 78%         | 79%              | 90%                        | 90%                   | 72%            |
| Diversity & inclusion                                                           | 73%     | 82%                 | 78%             | 70%          | 64%             | 74%       | 69%         | 69%              | 76%                        | 89%                   | 58%            |
| Employee wellness                                                               | 87%     | 89%                 | 87%             | 86%          | 88%             | 87%       | 87%         | 86%              | 88%                        | 92%                   | 85%            |
| HR reporting & analytics                                                        | 69%     | 74%                 | 75%             | 66%          | 62%             | 70%       | 62%         | 62%              | 78%                        | 84%                   | 46%            |
| HR technology implementation or consolidation                                   | 64%     | 69%                 | 68%             | 58%          | 60%             | 65%       | 59%         | 58%              | 71%                        | 74%                   | 42%            |
| Infrastructure to better support remote working                                 | 55%     | 60%                 | 55%             | 52%          | 56%             | 57%       | 50%         | 53%              | 57%                        | 64%                   | 52%            |
| Learning & development                                                          | 81%     | 84%                 | 80%             | 79%          | 85%             | 81%       | 82%         | 81%              | 83%                        | 82%                   | 76%            |
| Managing a remote workforce                                                     | 59%     | 64%                 | 60%             | 54%          | 61%             | 61%       | 50%         | 59%              | 57%                        | 68%                   | 58%            |
| Offboarding                                                                     | 38%     | 44%                 | 37%             | 36%          | 36%             | 38%       | 37%         | 36%              | 41%                        | 36%                   | 25%            |
| Onboarding                                                                      | 69%     | 75%                 | 73%             | 66%          | 64%             | 69%       | 70%         | 65%              | 78%                        | 70%                   | 51%            |
| Performance management                                                          | 76%     | 78%                 | 76%             | 76%          | 73%             | 77%       | 70%         | 74%              | 81%                        | 73%                   | 65%            |
| Recruitment                                                                     | 76%     | 81%                 | 78%             | 76%          | 71%             | 76%       | 77%         | 72%              | 83%                        | 81%                   | 58%            |
| Remuneration / compensation & benefits                                          | 63%     | 66%                 | 60%             | 63%          | 62%             | 63%       | 61%         | 63%              | 61%                        | 64%                   | 57%            |
| Rewards & recognition                                                           | 66%     | 61%                 | 67%             | 64%          | 70%             | 66%       | 65%         | 67%              | 66%                        | 58%                   | 63%            |
| Workforce planning                                                              | 70%     | 70%                 | 68%             | 71%          | 70%             | 71%       | 66%         | 68%              | 71%                        | 79%                   | 61%            |
| Workplace health & safety (WHS)                                                 | 76%     | 75%                 | 80%             | 75%          | 75%             | 76%       | 79%         | 74%              | 79%                        | 82%                   | 72%            |



# Budgets over the next 12 months



## HR budget

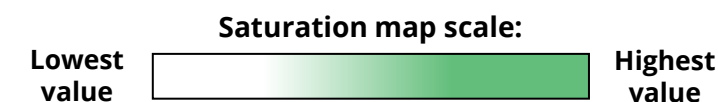


n = 820

# Has budget allocated (regardless of priority level)



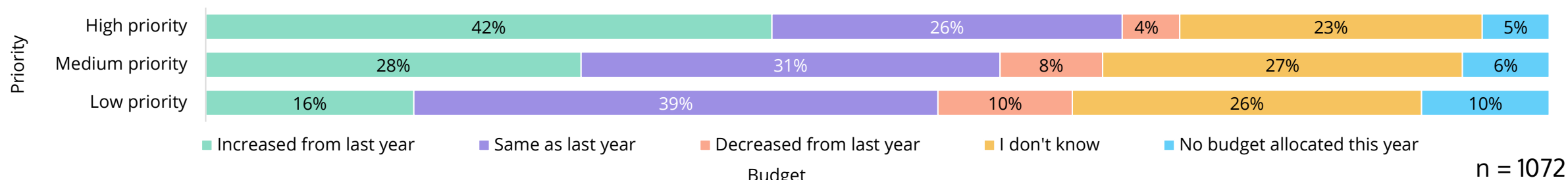
| n=                                                                                               | 820     | 167                 | 226             | 241          | 186             | 680       | 140         | 466              | 253                        | 101                   | 146            |
|--------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Does your organisation <b>have budget allocated</b> to these priorities over the next 12 months? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Communication / collaboration platforms                                                          | 68%     | 45%                 | 63%             | 78%          | 83%             | 68%       | 67%         | 76%              | 62%                        | 48%                   | 85%            |
| Compliance                                                                                       | 68%     | 43%                 | 62%             | 77%          | 86%             | 69%       | 63%         | 74%              | 64%                        | 49%                   | 84%            |
| Diversity & inclusion                                                                            | 64%     | 42%                 | 64%             | 73%          | 73%             | 65%       | 61%         | 69%              | 59%                        | 55%                   | 73%            |
| Employee wellness                                                                                | 73%     | 49%                 | 66%             | 82%          | 88%             | 74%       | 69%         | 79%              | 69%                        | 52%                   | 83%            |
| HR reporting & analytics                                                                         | 66%     | 43%                 | 63%             | 76%          | 77%             | 67%       | 62%         | 72%              | 62%                        | 50%                   | 76%            |
| HR technology implementation or consolidation                                                    | 69%     | 48%                 | 64%             | 79%          | 80%             | 70%       | 65%         | 73%              | 66%                        | 55%                   | 79%            |
| Infrastructure to better support remote working                                                  | 68%     | 49%                 | 64%             | 76%          | 79%             | 69%       | 64%         | 75%              | 62%                        | 51%                   | 82%            |
| Learning & development                                                                           | 76%     | 53%                 | 74%             | 83%          | 88%             | 77%       | 70%         | 81%              | 72%                        | 57%                   | 82%            |
| Managing a remote workforce                                                                      | 66%     | 47%                 | 63%             | 70%          | 79%             | 67%       | 58%         | 73%              | 58%                        | 50%                   | 84%            |
| Offboarding                                                                                      | 63%     | 41%                 | 61%             | 71%          | 75%             | 65%       | 53%         | 68%              | 60%                        | 47%                   | 64%            |
| Onboarding                                                                                       | 72%     | 51%                 | 67%             | 79%          | 85%             | 73%       | 64%         | 77%              | 68%                        | 56%                   | 75%            |
| Performance management                                                                           | 71%     | 49%                 | 65%             | 81%          | 83%             | 73%       | 63%         | 76%              | 66%                        | 57%                   | 79%            |
| Recruitment                                                                                      | 77%     | 52%                 | 73%             | 87%          | 90%             | 78%       | 71%         | 81%              | 74%                        | 62%                   | 85%            |
| Remuneration / compensation & benefits                                                           | 76%     | 54%                 | 71%             | 85%          | 88%             | 77%       | 72%         | 82%              | 70%                        | 60%                   | 85%            |
| Rewards & recognition                                                                            | 74%     | 49%                 | 70%             | 82%          | 85%             | 75%       | 68%         | 79%              | 67%                        | 62%                   | 84%            |
| Workforce planning                                                                               | 67%     | 47%                 | 64%             | 76%          | 76%             | 68%       | 63%         | 73%              | 61%                        | 53%                   | 77%            |
| Workplace health & safety (WHS)                                                                  | 72%     | 49%                 | 66%             | 80%          | 86%             | 72%       | 69%         | 78%              | 68%                        | 51%                   | 84%            |



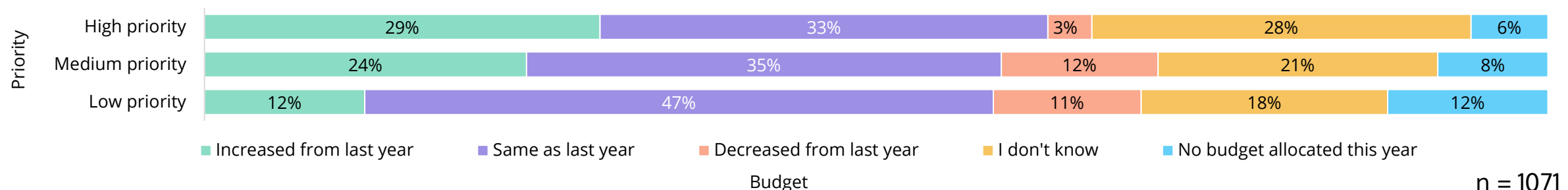
# Priorities vs budgets over the next 12 months



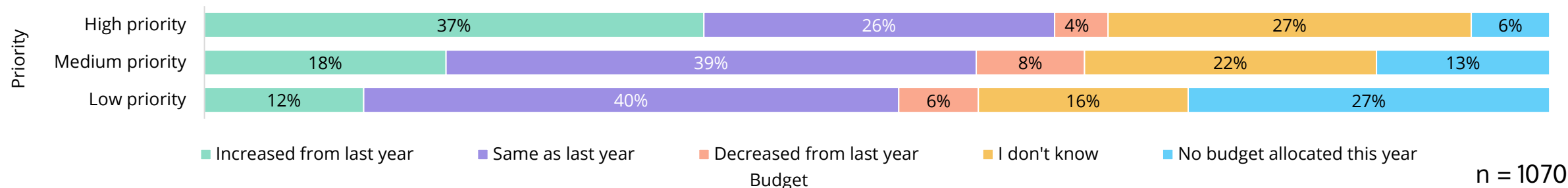
## Communication / collaboration platforms



## Compliance



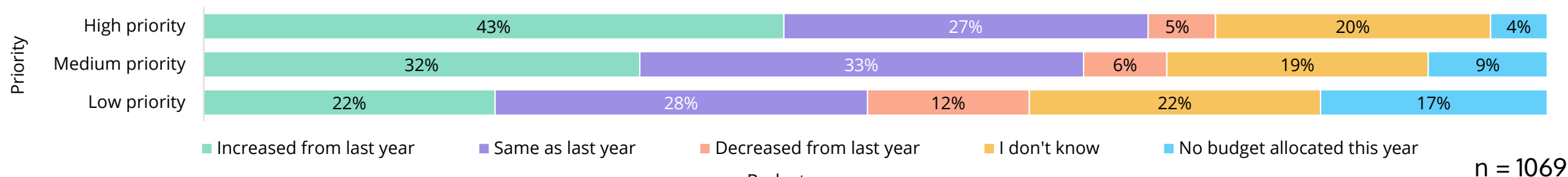
## Diversity & inclusion



# Priorities vs budgets over the next 12 months

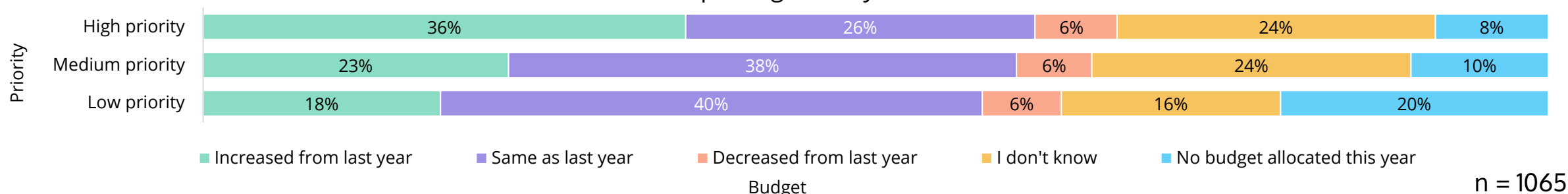


## Employee wellness



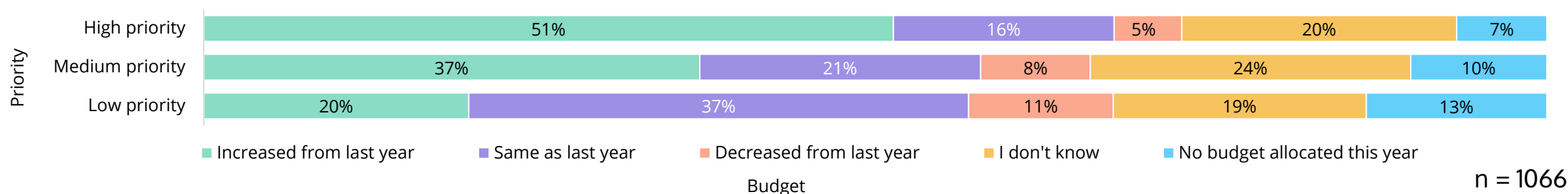
## Budget

## HR reporting & analytics



## Budget

## HR technology implementation or consolidation

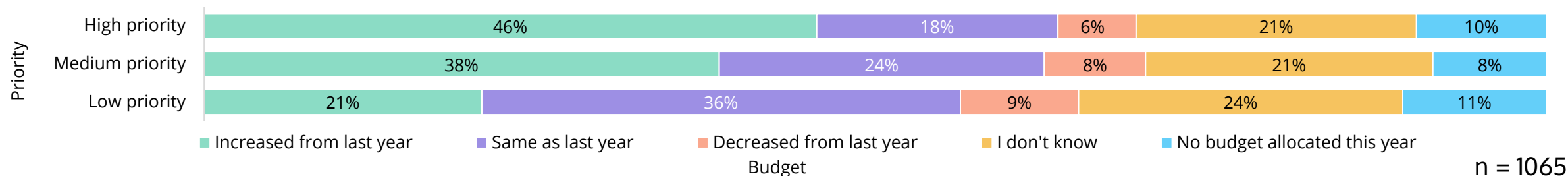


## Budget

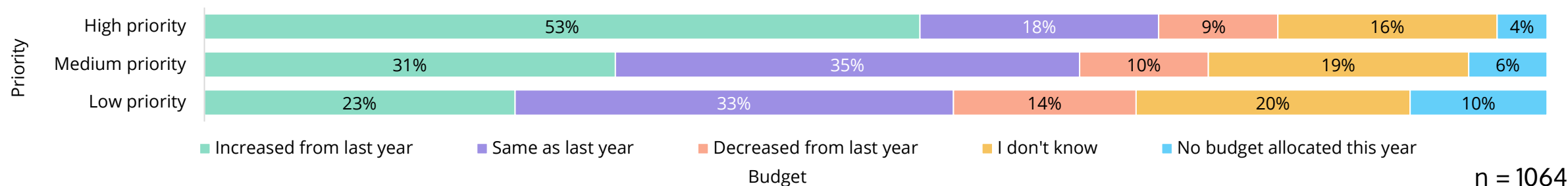
# Priorities vs budgets over the next 12 months



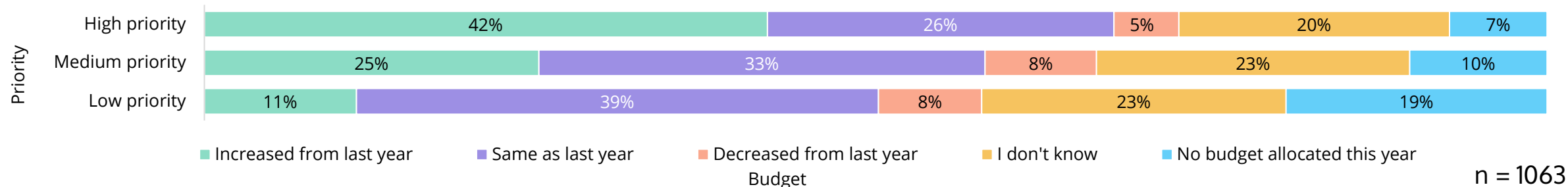
## Infrastructure to better support remote working



## Learning & development



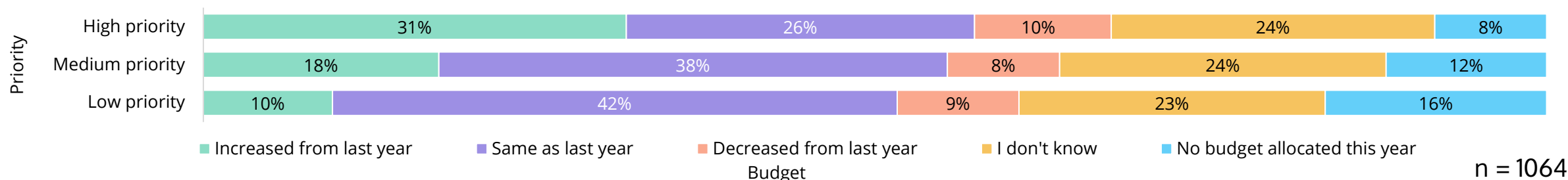
## Managing a remote workforce



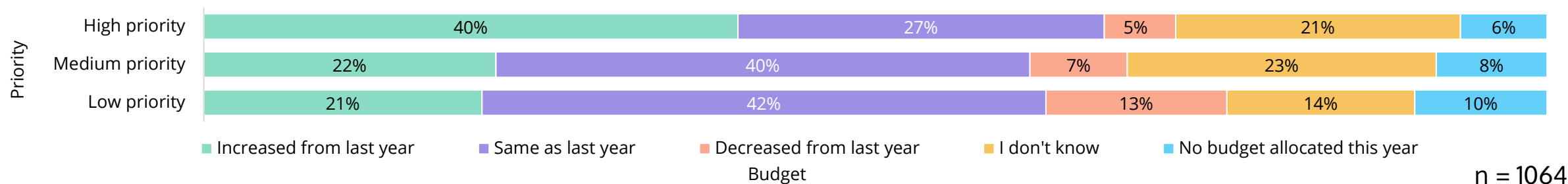
# Priorities vs budgets over the next 12 months



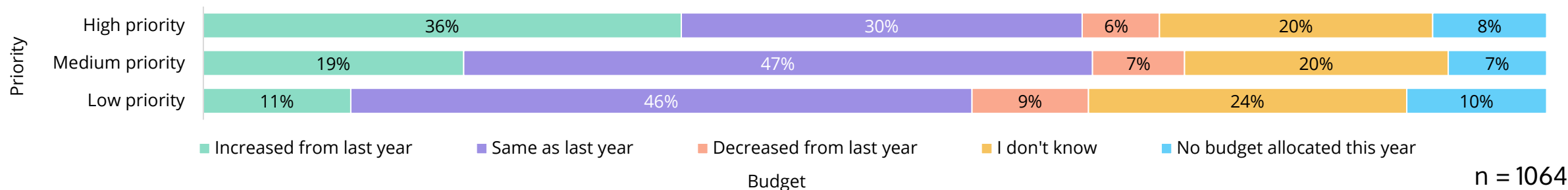
## Offboarding



## Onboarding



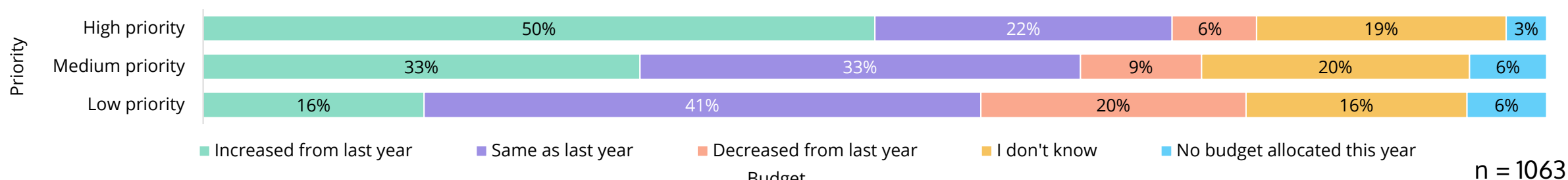
## Performance management



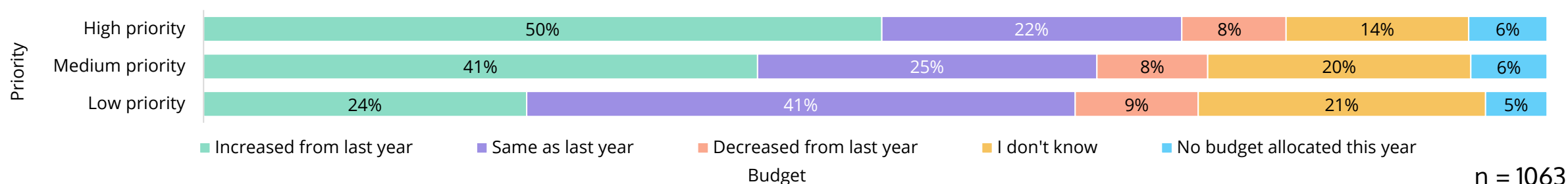
# Priorities vs budgets over the next 12 months



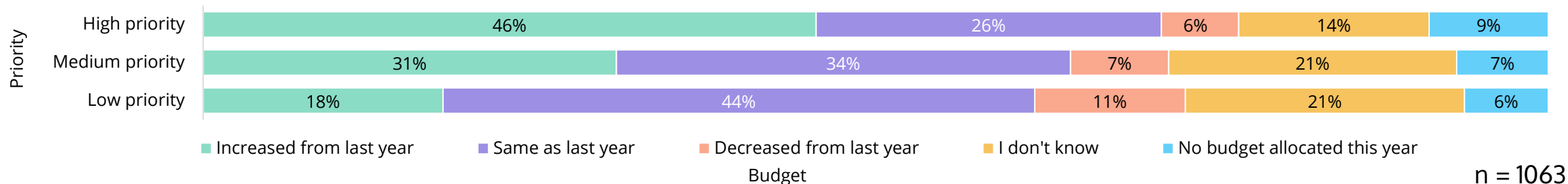
## Recruitment



## Remuneration / compensation & benefits



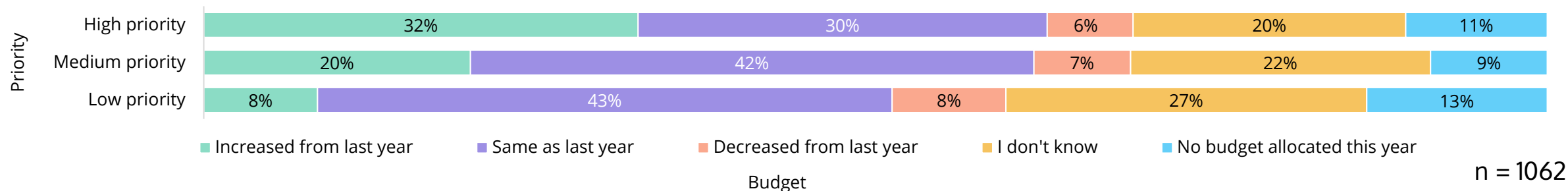
## Rewards & recognition



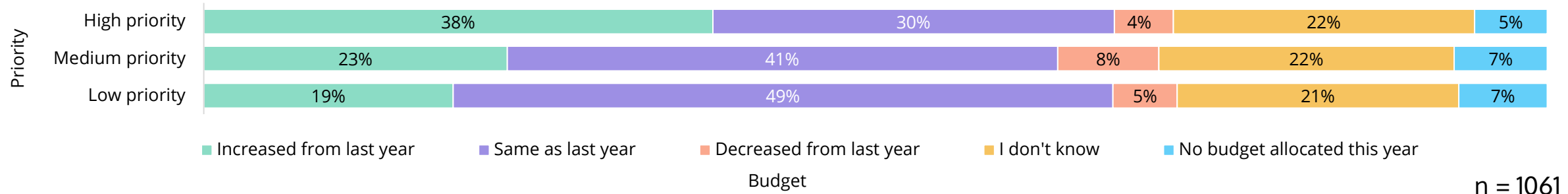
# Priorities vs budgets over the next 12 months



## Workforce planning



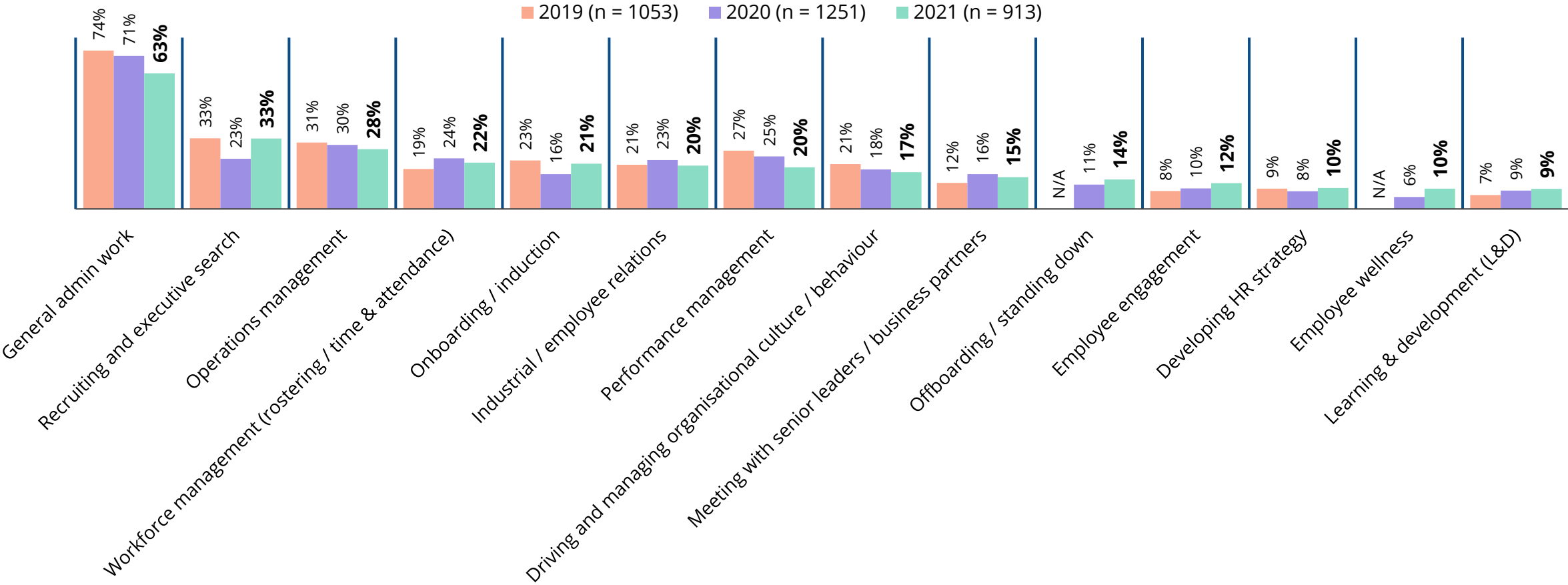
## Workplace health & safety (WHS)



# Areas that take up too much of HR's time



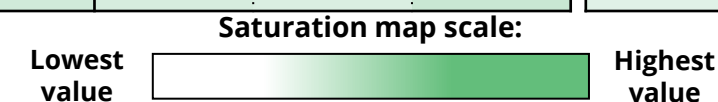
Please select the top three areas that you believe to be taking up too much of HR's time in your organisation, relative to the value they deliver:



# Areas that take up too much of HR's time



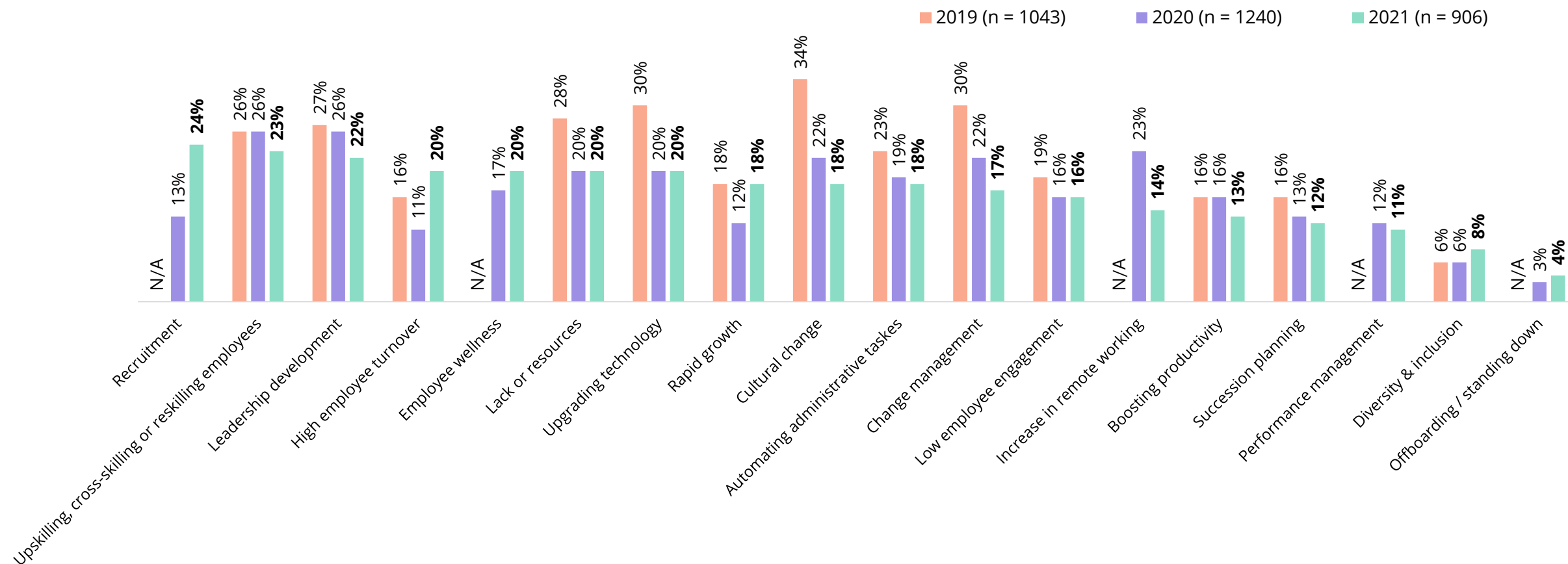
| n=                                                                                                                                                        | 913     | 177                 | 241             | 283          | 212             | 753       | 160         | 535              | 282                        | 96                    | 179            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Please select the top three areas that you believe to be <b>taking up too much of HR's time</b> in your organisation, relative to the value they deliver: | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Developing HR strategy                                                                                                                                    | 10%     | 11%                 | 12%             | 8%           | 8%              | 9%        | 11%         | 12%              | 6%                         | 9%                    | 12%            |
| Driving and managing organisational culture / behaviour                                                                                                   | 17%     | 20%                 | 21%             | 17%          | 11%             | 18%       | 14%         | 15%              | 20%                        | 23%                   | 13%            |
| Employee engagement                                                                                                                                       | 12%     | 14%                 | 13%             | 12%          | 10%             | 13%       | 9%          | 15%              | 6%                         | 14%                   | 15%            |
| Employee wellness                                                                                                                                         | 10%     | 11%                 | 9%              | 9%           | 10%             | 10%       | 9%          | 11%              | 9%                         | 6%                    | 12%            |
| General admin work                                                                                                                                        | 63%     | 68%                 | 58%             | 63%          | 67%             | 62%       | 71%         | 60%              | 67%                        | 69%                   | 65%            |
| Industrial / employee relations                                                                                                                           | 20%     | 20%                 | 19%             | 23%          | 18%             | 19%       | 24%         | 18%              | 24%                        | 23%                   | 20%            |
| Learning & development (L&D)                                                                                                                              | 9%      | 10%                 | 11%             | 7%           | 9%              | 10%       | 7%          | 11%              | 6%                         | 9%                    | 12%            |
| Meeting with senior leaders / business partners                                                                                                           | 15%     | 12%                 | 13%             | 19%          | 14%             | 15%       | 13%         | 16%              | 13%                        | 14%                   | 14%            |
| Offboarding / standing down                                                                                                                               | 14%     | 14%                 | 14%             | 12%          | 17%             | 13%       | 19%         | 14%              | 15%                        | 11%                   | 11%            |
| Onboarding / induction                                                                                                                                    | 21%     | 23%                 | 20%             | 20%          | 23%             | 21%       | 20%         | 22%              | 21%                        | 17%                   | 20%            |
| Operations management                                                                                                                                     | 28%     | 21%                 | 26%             | 33%          | 29%             | 29%       | 24%         | 27%              | 29%                        | 30%                   | 31%            |
| Performance management                                                                                                                                    | 20%     | 19%                 | 20%             | 17%          | 22%             | 20%       | 17%         | 19%              | 22%                        | 18%                   | 21%            |
| Recruiting and executive search                                                                                                                           | 33%     | 37%                 | 32%             | 34%          | 29%             | 34%       | 29%         | 32%              | 37%                        | 25%                   | 29%            |
| Workforce management (rostering / time & attendance)                                                                                                      | 22%     | 23%                 | 25%             | 18%          | 21%             | 21%       | 26%         | 22%              | 20%                        | 27%                   | 21%            |



# Top challenges for the next 12 months



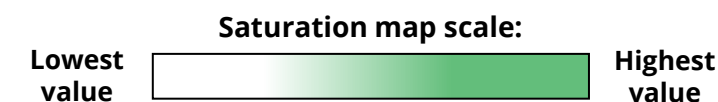
Please select the top three items that you believe will challenge your organisation over the next 12 months



# Top challenges for the next 12 months



| n=                                                                                                                  | 906     | 174                 | 239             | 282          | 211             | 748       | 158         | 533           | 280                     | 93                 | 179         |
|---------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| Please select the top three items that you believe <b>will challenge your organisation</b> over the next 12 months: | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| Automating administrative tasks                                                                                     | 18%     | 16%                 | 15%             | 18%          | 21%             | 18%       | 14%         | 19%           | 16%                     | 12%                | 25%         |
| Boosting productivity                                                                                               | 13%     | 11%                 | 10%             | 17%          | 13%             | 13%       | 12%         | 15%           | 10%                     | 11%                | 20%         |
| Change management                                                                                                   | 17%     | 18%                 | 19%             | 17%          | 15%             | 17%       | 18%         | 16%           | 20%                     | 17%                | 16%         |
| Cultural change                                                                                                     | 18%     | 18%                 | 16%             | 17%          | 21%             | 16%       | 26%         | 18%           | 19%                     | 15%                | 14%         |
| Diversity & inclusion                                                                                               | 8%      | 14%                 | 8%              | 7%           | 4%              | 8%        | 9%          | 7%            | 10%                     | 8%                 | 6%          |
| Employee wellness                                                                                                   | 20%     | 21%                 | 24%             | 19%          | 17%             | 20%       | 20%         | 20%           | 22%                     | 17%                | 20%         |
| High employee turnover                                                                                              | 20%     | 24%                 | 23%             | 19%          | 16%             | 21%       | 16%         | 15%           | 25%                     | 32%                | 9%          |
| Increase in remote working                                                                                          | 14%     | 17%                 | 14%             | 11%          | 14%             | 14%       | 11%         | 14%           | 11%                     | 19%                | 14%         |
| Lack of resources                                                                                                   | 20%     | 21%                 | 19%             | 20%          | 19%             | 20%       | 18%         | 21%           | 14%                     | 28%                | 26%         |
| Leadership development                                                                                              | 22%     | 18%                 | 22%             | 26%          | 20%             | 22%       | 22%         | 22%           | 23%                     | 18%                | 15%         |
| Low employee engagement                                                                                             | 16%     | 18%                 | 19%             | 16%          | 10%             | 15%       | 20%         | 15%           | 17%                     | 18%                | 12%         |
| Offboarding / standing down                                                                                         | 4%      | 2%                  | 7%              | 4%           | 2%              | 4%        | 3%          | 4%            | 4%                      | 4%                 | 2%          |
| Performance management                                                                                              | 11%     | 8%                  | 10%             | 10%          | 15%             | 12%       | 5%          | 12%           | 10%                     | 6%                 | 13%         |
| Rapid growth                                                                                                        | 18%     | 14%                 | 18%             | 18%          | 21%             | 19%       | 14%         | 19%           | 18%                     | 11%                | 22%         |
| Recruitment                                                                                                         | 24%     | 20%                 | 20%             | 28%          | 28%             | 23%       | 32%         | 23%           | 26%                     | 25%                | 18%         |
| Succession planning                                                                                                 | 12%     | 13%                 | 13%             | 11%          | 13%             | 12%       | 15%         | 15%           | 8%                      | 13%                | 16%         |
| Upgrading technology                                                                                                | 20%     | 21%                 | 21%             | 16%          | 22%             | 20%       | 19%         | 17%           | 24%                     | 23%                | 21%         |
| Upskilling, cross-skilling or reskilling employees                                                                  | 23%     | 26%                 | 17%             | 23%          | 25%             | 22%       | 24%         | 24%           | 22%                     | 18%                | 29%         |

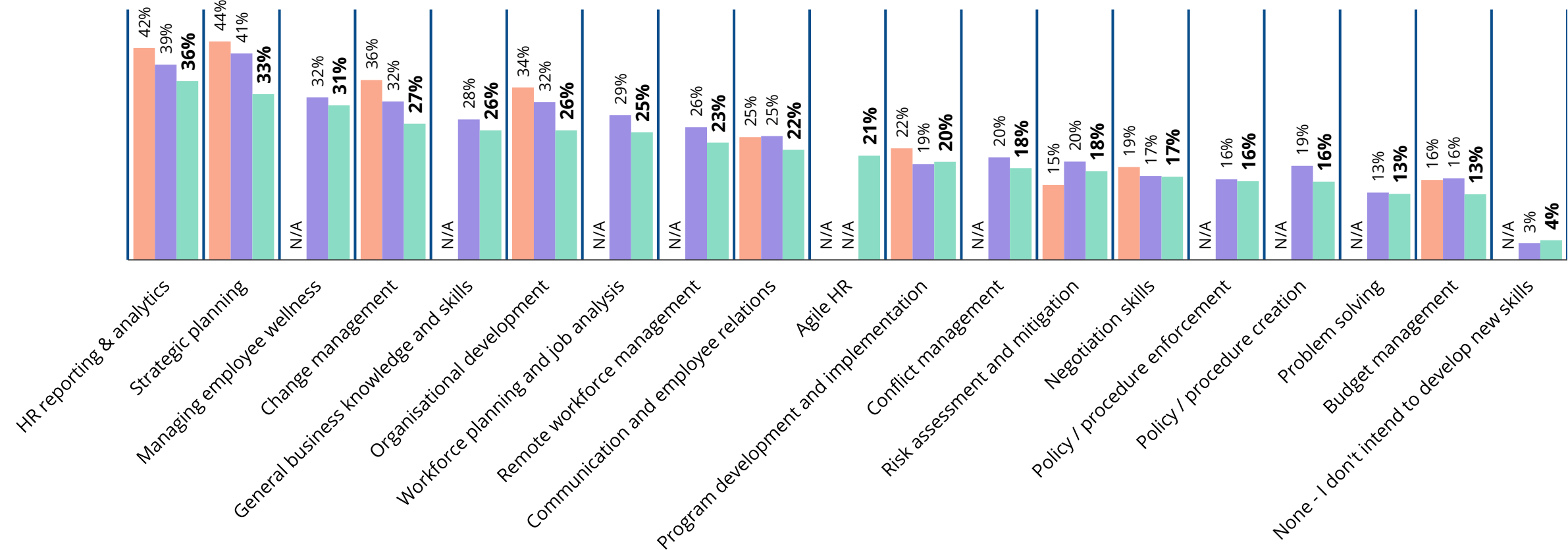


# Which skill(s) are you aiming to develop for yourself?



Which skill(s) are you aiming to develop for yourself in the next 12 months?

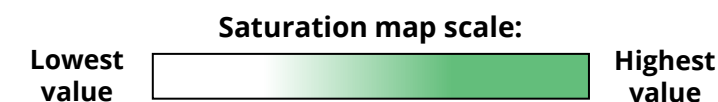
2019 (n = 1208)    2020 (n = 1533)    2021 (n = 1114)



# Which skill(s) are you aiming to develop for yourself?



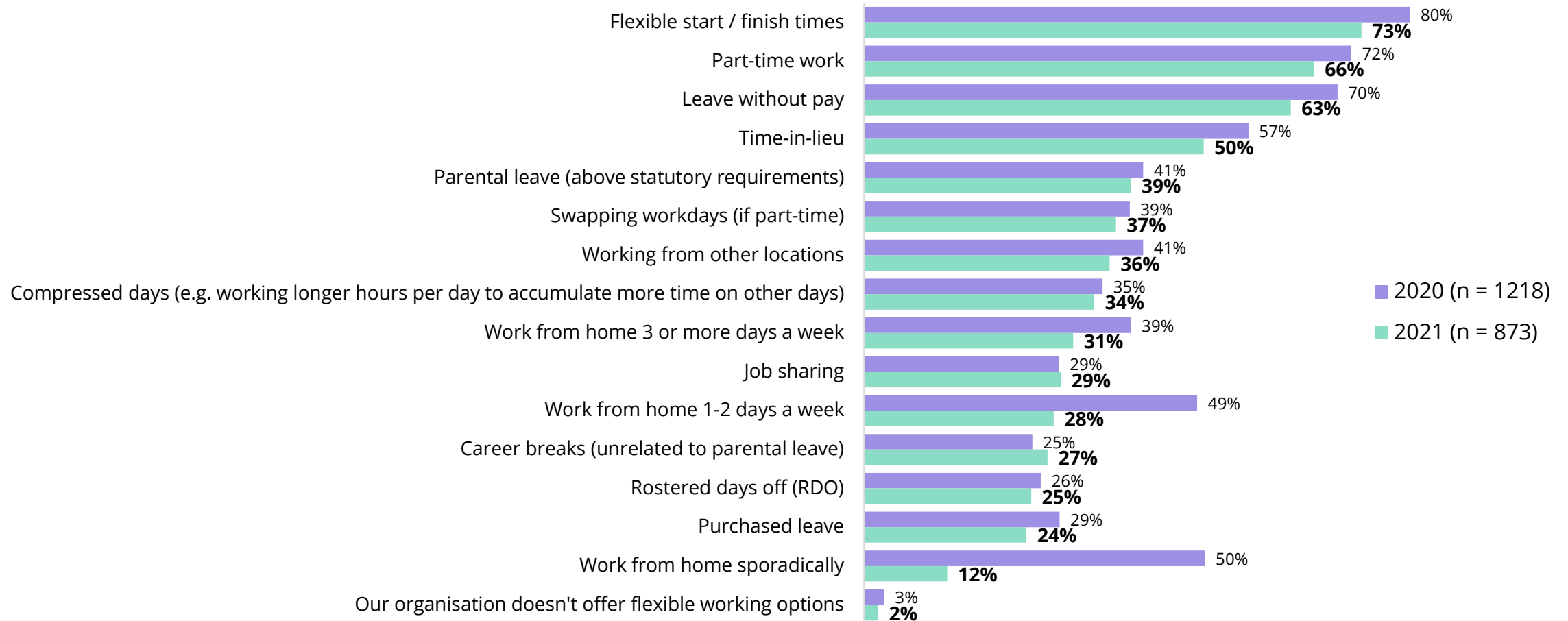
| n=                                                                           | 1114    | 222                 | 299             | 342          | 251             | 922       | 192         | 665           | 322                     | 127                | 225         |
|------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| Which skill(s) are you aiming to develop for yourself in the next 12 months? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| Agile HR                                                                     | 21%     | 18%                 | 24%             | 17%          | 24%             | 22%       | 17%         | 17%           | 28%                     | 22%                | 17%         |
| Budget management                                                            | 13%     | 14%                 | 13%             | 14%          | 12%             | 13%       | 13%         | 15%           | 11%                     | 10%                | 16%         |
| Change management                                                            | 27%     | 32%                 | 28%             | 29%          | 20%             | 27%       | 30%         | 23%           | 32%                     | 38%                | 20%         |
| Communication and employee relations                                         | 22%     | 34%                 | 22%             | 18%          | 17%             | 20%       | 30%         | 22%           | 22%                     | 23%                | 21%         |
| Conflict management                                                          | 18%     | 27%                 | 19%             | 15%          | 14%             | 17%       | 25%         | 17%           | 18%                     | 25%                | 16%         |
| General business knowledge and skills                                        | 26%     | 37%                 | 23%             | 22%          | 25%             | 25%       | 30%         | 27%           | 25%                     | 24%                | 29%         |
| HR reporting & analytics                                                     | 36%     | 37%                 | 36%             | 38%          | 31%             | 36%       | 32%         | 33%           | 44%                     | 30%                | 20%         |
| Managing employee wellness                                                   | 31%     | 34%                 | 32%             | 29%          | 29%             | 30%       | 36%         | 31%           | 30%                     | 34%                | 25%         |
| Negotiation skills                                                           | 17%     | 25%                 | 20%             | 14%          | 8%              | 16%       | 21%         | 15%           | 15%                     | 27%                | 13%         |
| Organisational development                                                   | 26%     | 28%                 | 27%             | 24%          | 26%             | 25%       | 30%         | 25%           | 29%                     | 25%                | 28%         |
| Policy / procedure creation                                                  | 16%     | 23%                 | 14%             | 13%          | 14%             | 14%       | 22%         | 18%           | 13%                     | 13%                | 19%         |
| Policy / procedure enforcement                                               | 16%     | 21%                 | 15%             | 14%          | 15%             | 16%       | 15%         | 16%           | 16%                     | 12%                | 16%         |
| Problem solving                                                              | 13%     | 23%                 | 15%             | 9%           | 8%              | 12%       | 19%         | 14%           | 11%                     | 14%                | 16%         |
| Program development and implementation                                       | 20%     | 21%                 | 25%             | 17%          | 15%             | 20%       | 17%         | 19%           | 20%                     | 24%                | 17%         |
| Remote workforce management                                                  | 23%     | 15%                 | 22%             | 25%          | 31%             | 25%       | 15%         | 25%           | 22%                     | 19%                | 24%         |
| Risk assessment and mitigation                                               | 18%     | 20%                 | 16%             | 18%          | 16%             | 18%       | 17%         | 19%           | 16%                     | 17%                | 18%         |
| Strategic planning                                                           | 33%     | 30%                 | 35%             | 34%          | 33%             | 34%       | 31%         | 32%           | 34%                     | 38%                | 34%         |
| Workforce planning and job analysis                                          | 25%     | 31%                 | 27%             | 24%          | 22%             | 26%       | 22%         | 24%           | 32%                     | 19%                | 20%         |
| None - I don't intend to develop new skills                                  | 4%      | 5%                  | 3%              | 4%           | 5%              | 4%        | 4%          | 3%            | 4%                      | 6%                 | 4%          |



# Flexible working options



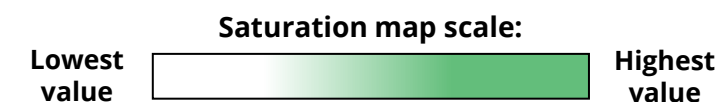
What type of flexible working options does your organisation offer?



# Flexible working options



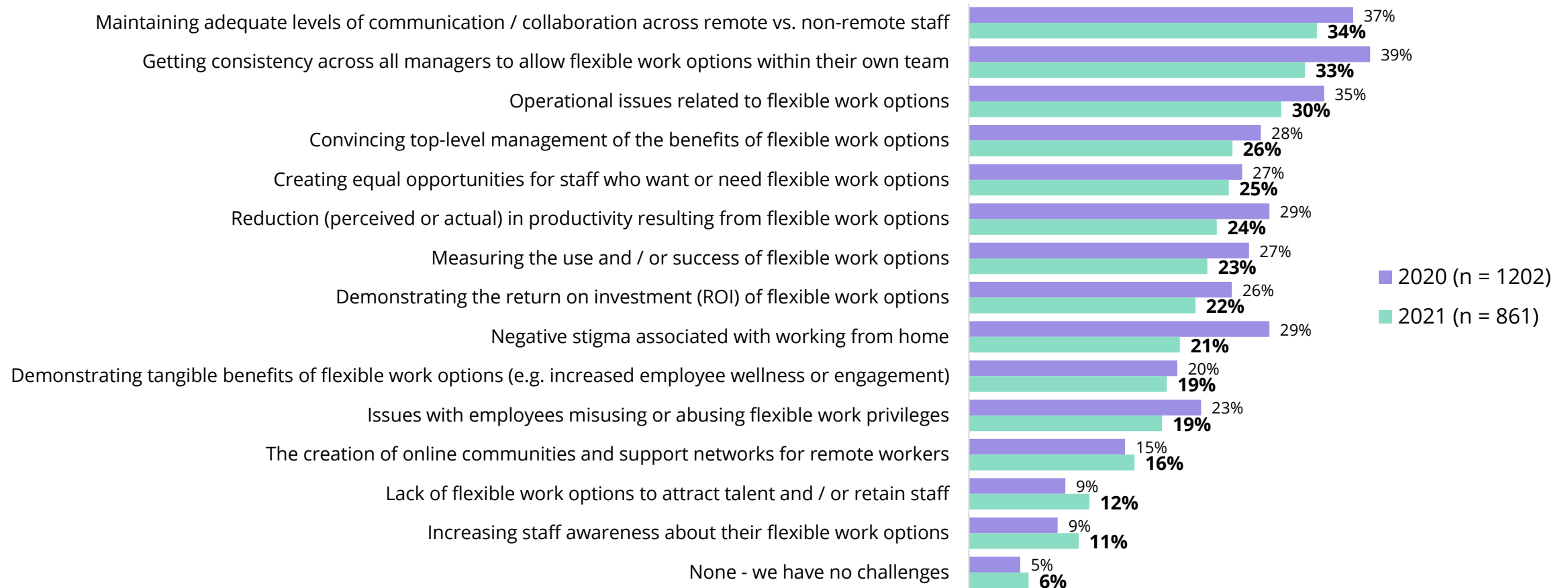
| n=                                                                                        | 873     | 170                 | 229             | 270          | 204             | 719       | 154         | 512              | 272                        | 89                    | 173            |
|-------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What type of flexible working options does your organisation offer?                       | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Career breaks (unrelated to parental leave)                                               | 27%     | 29%                 | 27%             | 26%          | 26%             | 28%       | 25%         | 21%              | 31%                        | 54%                   | 21%            |
| Compressed days (e.g. working longer hours per day to accumulate more time on other days) | 34%     | 35%                 | 34%             | 29%          | 39%             | 34%       | 31%         | 30%              | 37%                        | 49%                   | 34%            |
| Flexible start / finish times                                                             | 73%     | 71%                 | 69%             | 72%          | 82%             | 74%       | 71%         | 69%              | 78%                        | 82%                   | 73%            |
| Job sharing                                                                               | 29%     | 22%                 | 31%             | 33%          | 28%             | 31%       | 21%         | 21%              | 36%                        | 51%                   | 23%            |
| Leave without pay                                                                         | 63%     | 69%                 | 54%             | 65%          | 65%             | 63%       | 61%         | 57%              | 68%                        | 79%                   | 59%            |
| Parental leave (above statutory requirements)                                             | 39%     | 39%                 | 44%             | 40%          | 33%             | 42%       | 29%         | 30%              | 48%                        | 69%                   | 28%            |
| Part-time work                                                                            | 66%     | 66%                 | 62%             | 67%          | 71%             | 67%       | 65%         | 61%              | 72%                        | 80%                   | 66%            |
| Purchased leave                                                                           | 24%     | 32%                 | 24%             | 23%          | 18%             | 26%       | 14%         | 13%              | 35%                        | 55%                   | 9%             |
| Rostered days off (RDO)                                                                   | 25%     | 24%                 | 26%             | 26%          | 22%             | 26%       | 16%         | 19%              | 31%                        | 39%                   | 14%            |
| Swapping workdays (if part-time)                                                          | 37%     | 31%                 | 33%             | 39%          | 44%             | 39%       | 27%         | 35%              | 40%                        | 39%                   | 42%            |
| Time-in-lieu                                                                              | 50%     | 46%                 | 47%             | 52%          | 54%             | 51%       | 46%         | 46%              | 56%                        | 60%                   | 46%            |
| Work from home 1-2 days a week                                                            | 28%     | 32%                 | 28%             | 24%          | 29%             | 26%       | 35%         | 27%              | 32%                        | 21%                   | 22%            |
| Work from home 3 or more days a week                                                      | 31%     | 28%                 | 26%             | 33%          | 36%             | 33%       | 19%         | 26%              | 34%                        | 49%                   | 35%            |
| Work from home sporadically                                                               | 12%     | 12%                 | 12%             | 14%          | 11%             | 11%       | 18%         | 13%              | 11%                        | 11%                   | 13%            |
| Working from other locations                                                              | 36%     | 32%                 | 31%             | 37%          | 45%             | 36%       | 36%         | 33%              | 39%                        | 48%                   | 39%            |
| Our organisation doesn't offer flexible working options                                   | 2%      | 1%                  | 3%              | 1%           | 3%              | 2%        | 2%          | 2%               | 3%                         | 1%                    | 3%             |



# Flexible work challenges



What are the top challenges for your organisation when it comes to providing flexible work options?



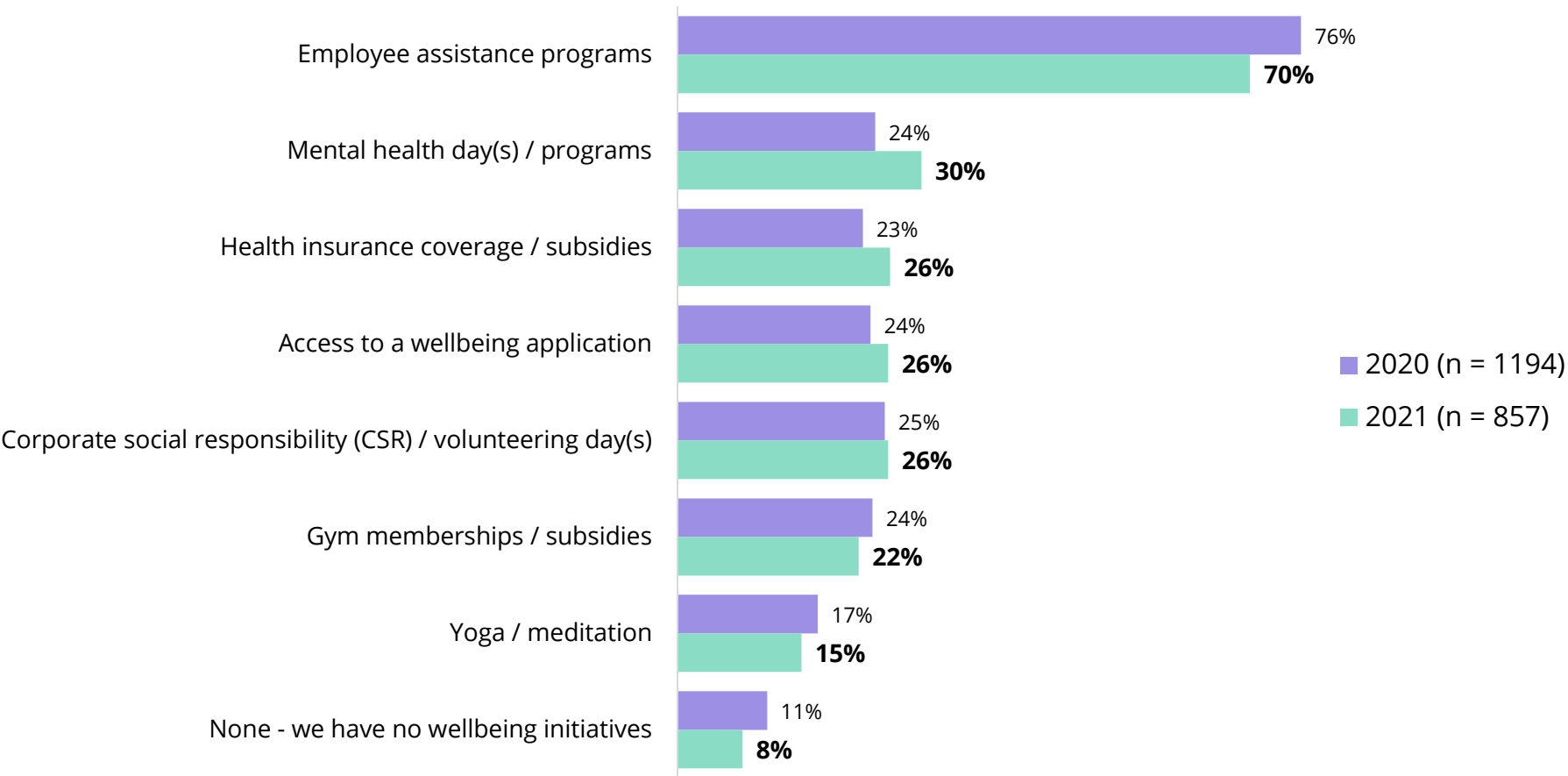
# Flexible work challenges



| n=                                                                                                        | 861     | 167                 | 227             | 264          | 203             | 709       | 152         | 505           | 269                     | 87                 | 170         |
|-----------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
|                                                                                                           | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| What are the top challenges for your organisation when it comes to providing flexible work options?       |         |                     |                 |              |                 |           |             |               |                         |                    |             |
| Convincing top-level management of the benefits of flexible work options                                  | 26%     | 26%                 | 31%             | 30%          | 15%             | 25%       | 27%         | 23%           | 30%                     | 30%                | 16%         |
| Creating equal opportunities for staff who want or need flexible work options                             | 25%     | 23%                 | 26%             | 24%          | 29%             | 24%       | 30%         | 22%           | 29%                     | 34%                | 23%         |
| Demonstrating tangible benefits of flexible work options (e.g. increased employee wellness or engagement) | 19%     | 16%                 | 20%             | 22%          | 17%             | 19%       | 18%         | 19%           | 19%                     | 18%                | 17%         |
| Demonstrating the return on investment (ROI) of flexible work options                                     | 22%     | 25%                 | 18%             | 26%          | 19%             | 22%       | 21%         | 19%           | 26%                     | 24%                | 17%         |
| Getting consistency across all managers to allow flexible work options within their own team              | 33%     | 38%                 | 32%             | 34%          | 27%             | 32%       | 35%         | 25%           | 42%                     | 52%                | 18%         |
| Increasing staff awareness about their flexible work options                                              | 11%     | 15%                 | 10%             | 11%          | 7%              | 10%       | 13%         | 10%           | 11%                     | 11%                | 7%          |
| Issues with employees misusing or abusing flexible work privileges                                        | 19%     | 22%                 | 22%             | 17%          | 14%             | 18%       | 21%         | 16%           | 21%                     | 28%                | 17%         |
| Lack of flexible work options to attract talent and / or retain staff                                     | 12%     | 13%                 | 15%             | 11%          | 8%              | 11%       | 13%         | 10%           | 14%                     | 14%                | 8%          |
| Maintaining adequate levels of communication / collaboration across remote vs. non-remote staff           | 34%     | 31%                 | 33%             | 34%          | 38%             | 33%       | 38%         | 35%           | 33%                     | 30%                | 35%         |
| Measuring the use and / or success of flexible work options                                               | 23%     | 22%                 | 22%             | 28%          | 20%             | 22%       | 30%         | 21%           | 26%                     | 28%                | 21%         |
| Negative stigma associated with working from home                                                         | 21%     | 24%                 | 17%             | 22%          | 20%             | 20%       | 22%         | 19%           | 24%                     | 22%                | 16%         |
| Operational issues related to flexible work options                                                       | 30%     | 29%                 | 30%             | 31%          | 31%             | 30%       | 34%         | 29%           | 32%                     | 34%                | 31%         |
| Reduction (perceived or actual) in productivity resulting from flexible work options                      | 24%     | 19%                 | 25%             | 28%          | 23%             | 22%       | 32%         | 26%           | 22%                     | 21%                | 29%         |
| The creation of online communities and support networks for remote workers                                | 16%     | 15%                 | 16%             | 17%          | 16%             | 17%       | 12%         | 15%           | 16%                     | 21%                | 15%         |
| None - we have no challenges                                                                              | 6%      | 2%                  | 5%              | 4%           | 12%             | 6%        | 4%          | 7%            | 5%                      | 2%                 | 11%         |



What wellbeing initiatives does your organisation offer?



# Wellbeing initiatives



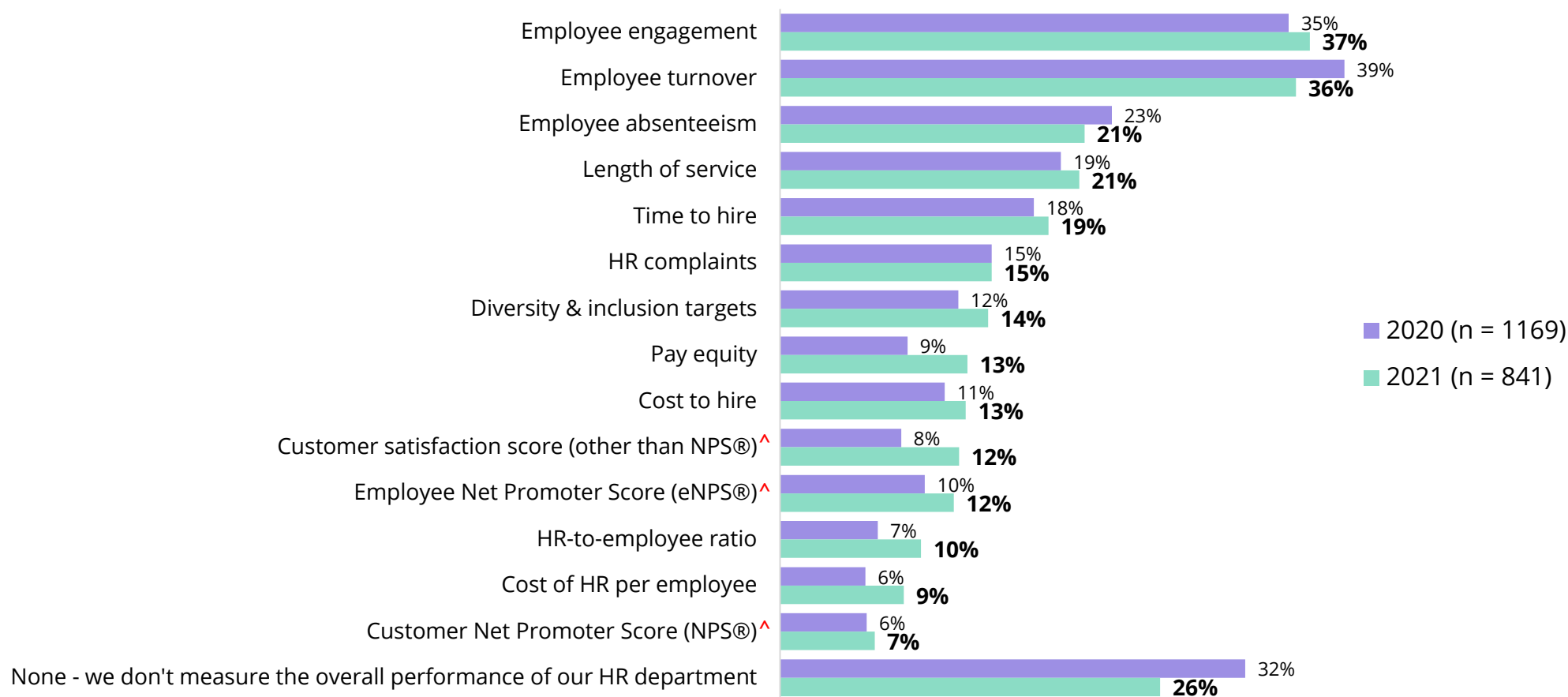
| n=                                                          | 857     | 167                 | 226             | 263          | 201             | 704       | 153         | 502              | 268                        | 87                    | 169            |
|-------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What wellbeing initiatives does your organisation offer?    | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Access to a wellbeing application                           | 26%     | 25%                 | 27%             | 25%          | 26%             | 27%       | 22%         | 23%              | 28%                        | 37%                   | 17%            |
| Corporate social responsibility (CSR) / volunteering day(s) | 26%     | 26%                 | 28%             | 27%          | 20%             | 27%       | 22%         | 24%              | 28%                        | 32%                   | 21%            |
| Employee assistance programs                                | 70%     | 75%                 | 70%             | 72%          | 64%             | 70%       | 71%         | 58%              | 88%                        | 89%                   | 39%            |
| Gym memberships / subsidies                                 | 22%     | 31%                 | 26%             | 19%          | 15%             | 22%       | 23%         | 18%              | 26%                        | 38%                   | 14%            |
| Health insurance coverage / subsidies                       | 26%     | 31%                 | 32%             | 25%          | 16%             | 23%       | 40%         | 22%              | 31%                        | 32%                   | 17%            |
| Mental health day(s) / programs                             | 30%     | 29%                 | 25%             | 31%          | 35%             | 31%       | 26%         | 28%              | 31%                        | 37%                   | 30%            |
| Yoga / meditation                                           | 15%     | 19%                 | 12%             | 18%          | 13%             | 16%       | 13%         | 15%              | 16%                        | 16%                   | 13%            |
| None - we have no wellbeing initiatives                     | 8%      | 5%                  | 7%              | 6%           | 14%             | 8%        | 9%          | 13%              | 1%                         | 1%                    | 22%            |



# Metrics used to assess HR performance



Which metric(s) does your organisation use to measure the overall performance of your HR department?



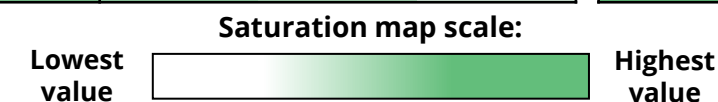
^ Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# Metrics used to assess HR performance



| n=                                                                                                   | 841     | 164                 | 220             | 257          | 200             | 691       | 150         | 493              | 262                        | 86                    | 168            |
|------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the overall performance of your HR department? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Cost of HR per employee                                                                              | 9%      | 7%                  | 11%             | 8%           | 7%              | 9%        | 5%          | 9%               | 9%                         | 6%                    | 10%            |
| Cost to hire                                                                                         | 13%     | 10%                 | 12%             | 17%          | 11%             | 14%       | 8%          | 11%              | 15%                        | 14%                   | 11%            |
| Customer Net Promoter Score (NPS®^)                                                                  | 7%      | 8%                  | 7%              | 7%           | 4%              | 8%        | 2%          | 6%               | 6%                         | 9%                    | 3%             |
| Customer satisfaction score (other than NPS®^)                                                       | 12%     | 10%                 | 14%             | 16%          | 9%              | 12%       | 15%         | 12%              | 14%                        | 12%                   | 13%            |
| Diversity & inclusion targets                                                                        | 14%     | 13%                 | 19%             | 15%          | 10%             | 16%       | 7%          | 11%              | 16%                        | 29%                   | 11%            |
| Employee absenteeism                                                                                 | 21%     | 16%                 | 23%             | 23%          | 21%             | 22%       | 19%         | 19%              | 23%                        | 23%                   | 18%            |
| Employee engagement                                                                                  | 37%     | 34%                 | 31%             | 38%          | 44%             | 37%       | 33%         | 33%              | 42%                        | 42%                   | 35%            |
| Employee Net Promoter Score (eNPS®^)                                                                 | 12%     | 12%                 | 7%              | 15%          | 14%             | 13%       | 8%          | 12%              | 11%                        | 15%                   | 6%             |
| Employee turnover                                                                                    | 36%     | 32%                 | 30%             | 40%          | 40%             | 36%       | 33%         | 33%              | 40%                        | 40%                   | 27%            |
| HR complaints                                                                                        | 15%     | 14%                 | 17%             | 17%          | 10%             | 14%       | 16%         | 14%              | 14%                        | 21%                   | 11%            |
| HR-to-employee ratio                                                                                 | 10%     | 10%                 | 9%              | 10%          | 10%             | 10%       | 7%          | 8%               | 13%                        | 10%                   | 7%             |
| Length of service                                                                                    | 21%     | 21%                 | 16%             | 24%          | 22%             | 21%       | 20%         | 19%              | 24%                        | 17%                   | 18%            |
| Pay equity                                                                                           | 13%     | 12%                 | 16%             | 13%          | 11%             | 14%       | 10%         | 11%              | 15%                        | 16%                   | 9%             |
| Time to hire                                                                                         | 19%     | 15%                 | 19%             | 23%          | 15%             | 19%       | 15%         | 14%              | 27%                        | 17%                   | 13%            |
| None - we don't measure the overall performance of our HR department                                 | 26%     | 22%                 | 25%             | 27%          | 31%             | 24%       | 36%         | 30%              | 24%                        | 13%                   | 40%            |

^Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.



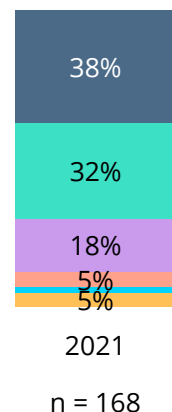
# Level of skill using HR metrics



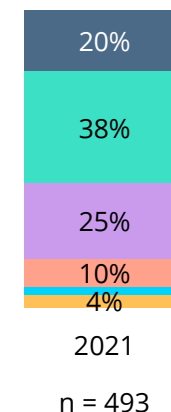
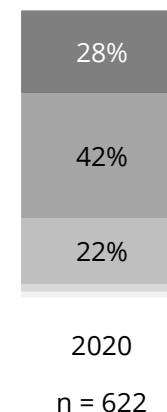
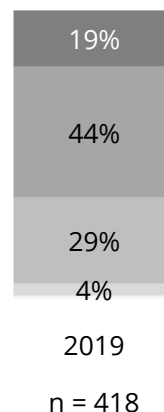
How would you describe your organisation's skill level using HR metrics?



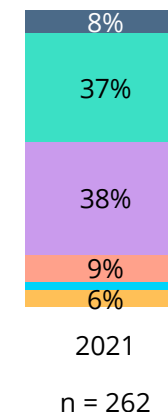
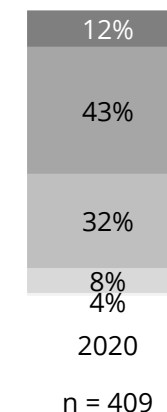
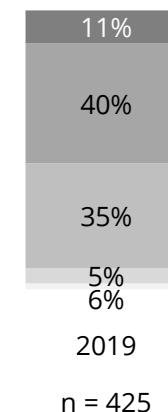
**SB (1 - 49)**



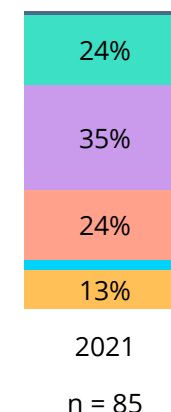
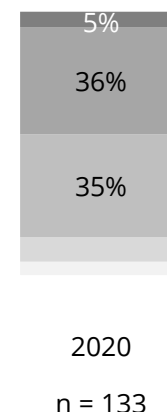
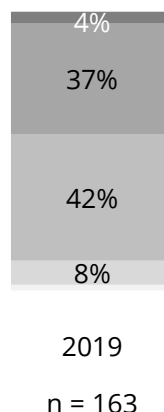
**SMB (1 - 199)**



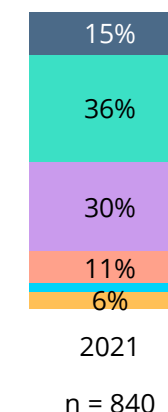
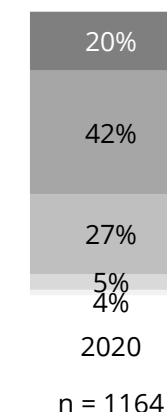
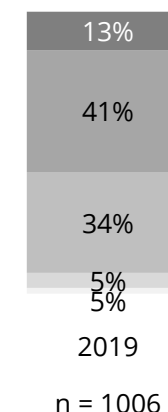
**Mid-market (200 - 1999)**



**Enterprise (2000 +)**



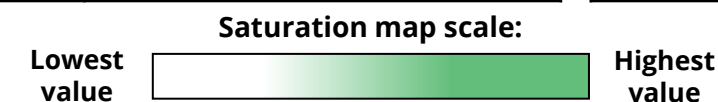
**Overall**



# Level of skill using HR metrics



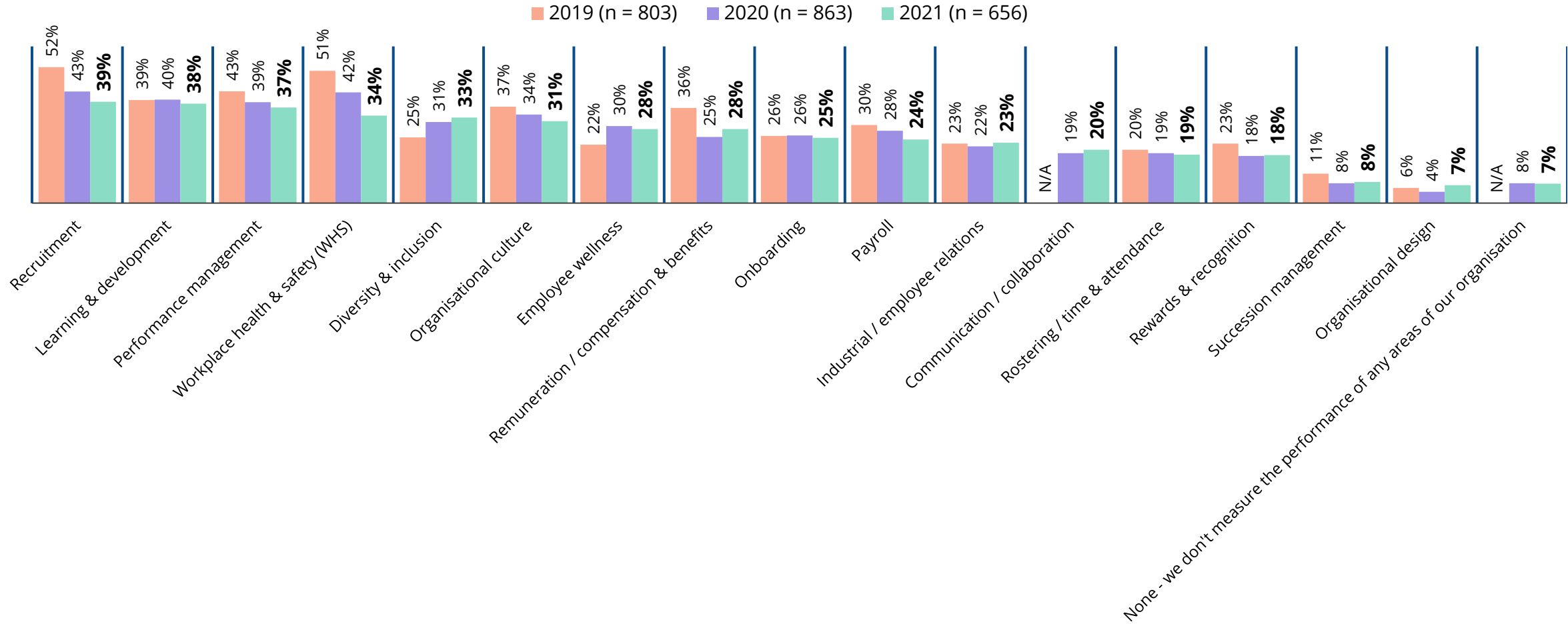
| n=                                                                                                                                                                            | 840     | 164                 | 219             | 257          | 200             | 690       | 150         | 493              | 262                        | 85                    | 168            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How would you describe your organisation's skill level using HR metrics?                                                                                                      | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| <b>None:</b> We don't use HR metrics at all                                                                                                                                   | 15%     | 13%                 | 10%             | 13%          | 23%             | 14%       | 19%         | 20%              | 8%                         | 1%                    | 38%            |
| <b>Basic:</b> We have some basic HR metrics but they don't factor heavily into business decisions                                                                             | 36%     | 26%                 | 34%             | 41%          | 40%             | 35%       | 40%         | 38%              | 37%                        | 24%                   | 32%            |
| <b>Developing:</b> We track HR metrics and leverage these metrics for decision-making purposes                                                                                | 30%     | 29%                 | 33%             | 31%          | 28%             | 31%       | 25%         | 25%              | 38%                        | 35%                   | 18%            |
| <b>Optimised:</b> We track HR metrics and apply descriptive analytics, pulling insights out of historical data to facilitate our decision-making                              | 11%     | 17%                 | 12%             | 10%          | 6%              | 11%       | 9%          | 10%              | 9%                         | 24%                   | 5%             |
| <b>Advanced:</b> We track HR metrics and apply predictive and / or prescriptive analytics, forecasting future possibilities and options, to better inform our decision-making | 3%      | 2%                  | 2%              | 3%           | 4%              | 3%        | 2%          | 2%               | 3%                         | 4%                    | 2%             |
| <b>I don't know</b>                                                                                                                                                           | 6%      | 13%                 | 8%              | 2%           | 1%              | 6%        | 5%          | 4%               | 6%                         | 13%                   | 5%             |



# Measuring performance of the functional areas of HR



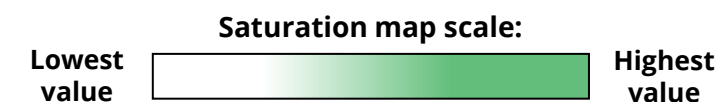
Which of the following areas does your organisation measure the performance of?



# Measuring performance of the functional areas of HR



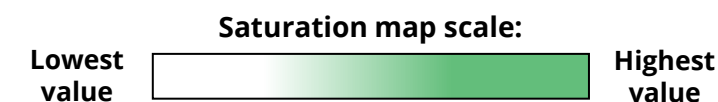
| Which of the following areas does your organisation measure the performance of?                  | n    | Has fully implemented technology | Does not have fully implemented technology |
|--------------------------------------------------------------------------------------------------|------|----------------------------------|--------------------------------------------|
| Communication / collaboration platforms (e.g. Slack, Microsoft Teams, Yammer, Zoom, Skype, etc.) | 1172 | 64%                              | 36%                                        |
| Recruitment                                                                                      | 1155 | 56%                              | 44%                                        |
| Rostering / time & attendance                                                                    | 1147 | 50%                              | 50%                                        |
| Workplace health & safety (WHS)                                                                  | 1140 | 50%                              | 50%                                        |
| Onboarding                                                                                       | 1157 | 46%                              | 54%                                        |
| Payroll                                                                                          | 1158 | 46%                              | 54%                                        |
| Core HR                                                                                          | 1164 | 46%                              | 54%                                        |
| Performance management                                                                           | 1156 | 45%                              | 55%                                        |
| Remuneration / compensation & benefits                                                           | 1152 | 42%                              | 58%                                        |
| HR surveys                                                                                       | 1161 | 40%                              | 60%                                        |
| Learning management                                                                              | 1159 | 36%                              | 64%                                        |
| Rewards & recognition                                                                            | 1148 | 35%                              | 65%                                        |
| Employee wellness programs                                                                       | 1161 | 32%                              | 68%                                        |
| Workforce planning                                                                               | 1139 | 25%                              | 75%                                        |
| Succession management                                                                            | 1145 | 20%                              | 80%                                        |



# Measuring performance of the functional areas of HR



| n=                                                                              | 656     | 118                 | 174             | 214          | 150             | 545       | 111         | 360           | 224                     | 72                 | 93          |
|---------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| Which of the following areas does your organisation measure the performance of? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| Communication / collaboration                                                   | 20%     | 17%                 | 20%             | 16%          | 29%             | 20%       | 24%         | 23%           | 19%                     | 15%                | 32%         |
| Diversity & inclusion                                                           | 33%     | 42%                 | 38%             | 28%          | 27%             | 34%       | 26%         | 25%           | 38%                     | 58%                | 20%         |
| Employee wellness                                                               | 28%     | 30%                 | 30%             | 24%          | 31%             | 28%       | 28%         | 29%           | 25%                     | 39%                | 29%         |
| Industrial / employee relations                                                 | 23%     | 21%                 | 23%             | 25%          | 22%             | 24%       | 21%         | 19%           | 26%                     | 35%                | 20%         |
| Learning & development                                                          | 38%     | 38%                 | 37%             | 36%          | 43%             | 39%       | 32%         | 36%           | 38%                     | 50%                | 47%         |
| Onboarding                                                                      | 25%     | 25%                 | 21%             | 22%          | 34%             | 27%       | 16%         | 23%           | 28%                     | 25%                | 22%         |
| Organisational culture                                                          | 31%     | 25%                 | 29%             | 33%          | 37%             | 31%       | 32%         | 29%           | 31%                     | 42%                | 34%         |
| Organisational design                                                           | 7%      | 9%                  | 9%              | 6%           | 4%              | 7%        | 5%          | 8%            | 4%                      | 10%                | 10%         |
| Payroll                                                                         | 24%     | 19%                 | 28%             | 26%          | 23%             | 25%       | 20%         | 22%           | 25%                     | 35%                | 24%         |
| Performance management                                                          | 37%     | 36%                 | 37%             | 31%          | 44%             | 37%       | 32%         | 36%           | 38%                     | 39%                | 40%         |
| Recruitment                                                                     | 39%     | 46%                 | 40%             | 38%          | 33%             | 39%       | 36%         | 29%           | 50%                     | 50%                | 35%         |
| Remuneration / compensation & benefits                                          | 28%     | 29%                 | 32%             | 29%          | 23%             | 29%       | 27%         | 28%           | 31%                     | 22%                | 34%         |
| Rewards & recognition                                                           | 18%     | 19%                 | 20%             | 15%          | 21%             | 18%       | 19%         | 18%           | 18%                     | 24%                | 20%         |
| Rostering / time & attendance                                                   | 19%     | 20%                 | 20%             | 17%          | 19%             | 19%       | 19%         | 17%           | 19%                     | 24%                | 17%         |
| Succession management                                                           | 8%      | 9%                  | 9%              | 8%           | 6%              | 8%        | 7%          | 7%            | 9%                      | 10%                | 6%          |
| Workplace health & safety (WHS)                                                 | 34%     | 36%                 | 30%             | 33%          | 36%             | 34%       | 30%         | 26%           | 41%                     | 49%                | 34%         |
| None - we don't measure the performance of any areas of our organisation        | 7%      | 3%                  | 5%              | 10%          | 10%             | 6%        | 14%         | 9%            | 6%                      | 4%                 | 6%          |

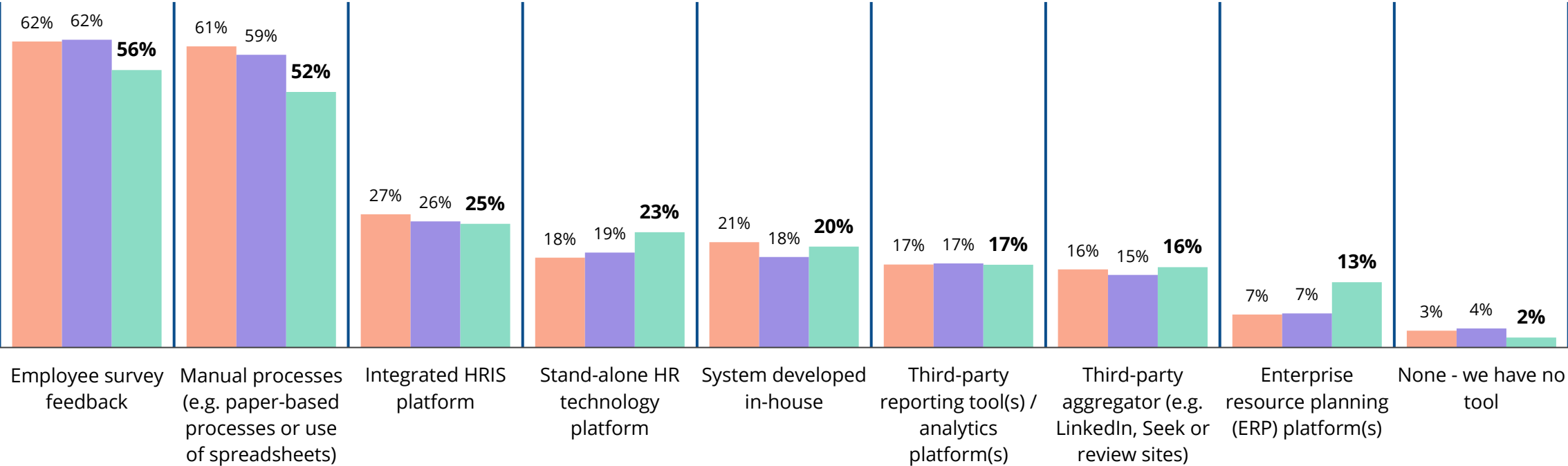


# Tools used to gather HR metrics



Which tool(s) does your organisation currently use to gather and report on HR metrics?

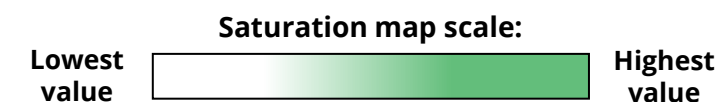
2019 (n = 797)    2020 (n = 858)    2021 (n = 651)



# Tools used to gather HR metrics



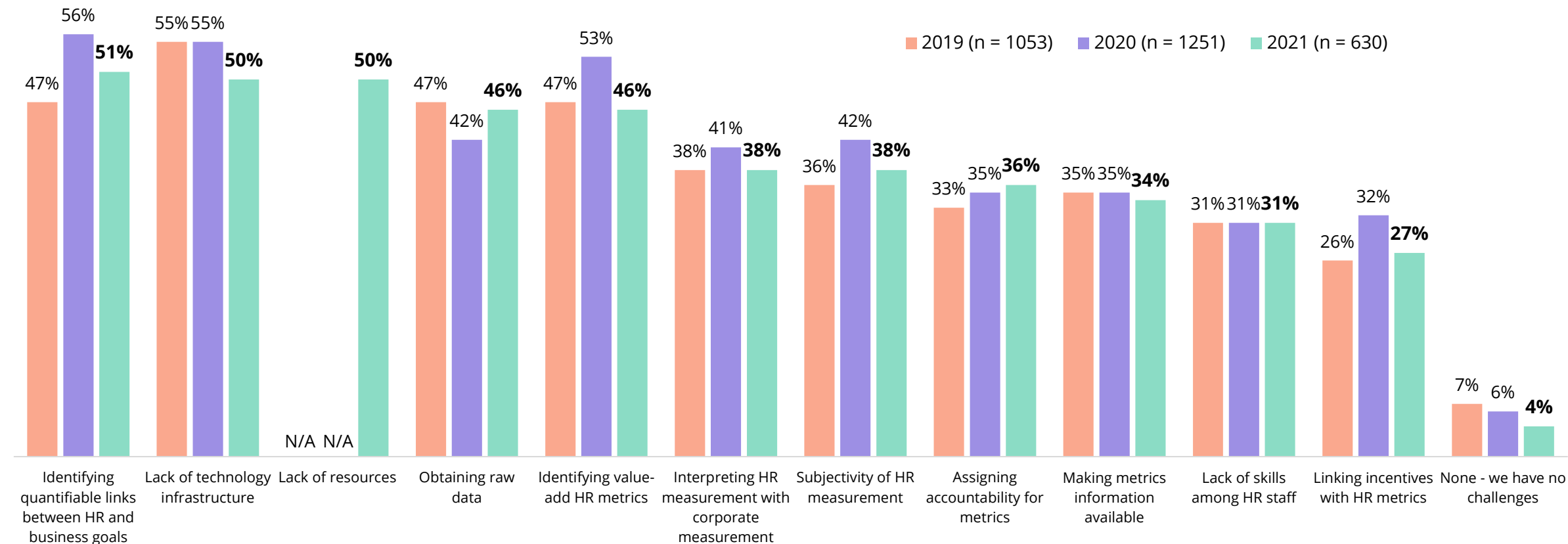
| n=                                                                                     | 651     | 117                 | 171             | 213          | 150             | 541       | 110         | 358              | 222                        | 71                    | 93             |
|----------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which tool(s) does your organisation currently use to gather and report on HR metrics? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Employee survey feedback                                                               | 56%     | 57%                 | 53%             | 56%          | 60%             | 58%       | 49%         | 53%              | 59%                        | 65%                   | 60%            |
| Enterprise resource planning (ERP) platform(s)                                         | 13%     | 15%                 | 16%             | 12%          | 10%             | 14%       | 9%          | 14%              | 10%                        | 18%                   | 10%            |
| Integrated HRIS platform                                                               | 25%     | 29%                 | 26%             | 23%          | 24%             | 26%       | 23%         | 17%              | 35%                        | 37%                   | 12%            |
| Manual processes (e.g. paper-based processes or use of spreadsheets)                   | 52%     | 52%                 | 49%             | 53%          | 53%             | 51%       | 54%         | 50%              | 54%                        | 56%                   | 49%            |
| Stand-alone HR technology platform                                                     | 23%     | 23%                 | 27%             | 26%          | 15%             | 23%       | 23%         | 24%              | 22%                        | 24%                   | 17%            |
| System developed in-house                                                              | 20%     | 15%                 | 22%             | 22%          | 21%             | 20%       | 25%         | 23%              | 17%                        | 21%                   | 27%            |
| Third-party aggregator (e.g. LinkedIn, Seek or review sites)                           | 16%     | 15%                 | 15%             | 19%          | 14%             | 17%       | 15%         | 17%              | 17%                        | 11%                   | 16%            |
| Third-party reporting tool(s) / analytics platform(s)                                  | 17%     | 15%                 | 18%             | 21%          | 11%             | 16%       | 22%         | 15%              | 21%                        | 13%                   | 11%            |
| None - we have no tool                                                                 | 2%      | 1%                  | 2%              | 1%           | 3%              | 1%        | 5%          | 3%               | 1%                         | 0%                    | 5%             |



# Top 5 challenges faced implementing HR metrics



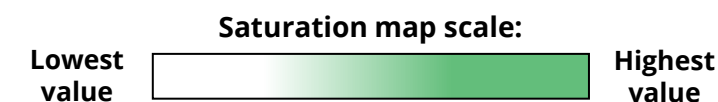
What are the top five challenges you have faced / are facing when trying to implement HR metrics within your organisation?



# Top 5 challenges faced implementing HR metrics



| n=                                                                                                                         | 630     | 114                 | 164             | 208          | 144             | 528       | 102         | 342              | 219                        | 69                    | 86             |
|----------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are the top five challenges you have faced / are facing when trying to implement HR metrics within your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Assigning accountability for metrics                                                                                       | 36%     | 35%                 | 35%             | 39%          | 33%             | 36%       | 34%         | 37%              | 34%                        | 35%                   | 36%            |
| Identifying quantifiable links between HR and business goals                                                               | 51%     | 47%                 | 60%             | 50%          | 47%             | 50%       | 57%         | 51%              | 50%                        | 57%                   | 43%            |
| Identifying value-add HR metrics                                                                                           | 46%     | 46%                 | 48%             | 45%          | 45%             | 46%       | 43%         | 46%              | 47%                        | 39%                   | 37%            |
| Interpreting HR measurement with corporate measurement                                                                     | 38%     | 38%                 | 38%             | 41%          | 34%             | 39%       | 34%         | 41%              | 36%                        | 33%                   | 35%            |
| Lack of resources                                                                                                          | 50%     | 47%                 | 42%             | 50%          | 61%             | 50%       | 50%         | 49%              | 53%                        | 48%                   | 48%            |
| Lack of skills among HR staff                                                                                              | 31%     | 33%                 | 33%             | 30%          | 28%             | 30%       | 36%         | 27%              | 36%                        | 35%                   | 26%            |
| Lack of technological infrastructure                                                                                       | 50%     | 55%                 | 44%             | 50%          | 54%             | 50%       | 52%         | 47%              | 55%                        | 51%                   | 47%            |
| Linking incentives with HR metrics                                                                                         | 27%     | 30%                 | 29%             | 29%          | 22%             | 30%       | 17%         | 32%              | 21%                        | 25%                   | 24%            |
| Making metrics information available                                                                                       | 34%     | 39%                 | 35%             | 33%          | 32%             | 34%       | 35%         | 35%              | 34%                        | 36%                   | 31%            |
| Obtaining raw data                                                                                                         | 46%     | 51%                 | 39%             | 48%          | 48%             | 45%       | 54%         | 45%              | 47%                        | 49%                   | 42%            |
| Subjectivity of HR measurement                                                                                             | 38%     | 32%                 | 48%             | 37%          | 34%             | 37%       | 43%         | 38%              | 36%                        | 42%                   | 37%            |
| None - we have no challenges                                                                                               | 4%      | 3%                  | 1%              | 4%           | 8%              | 4%        | 2%          | 5%               | 4%                         | 0%                    | 12%            |

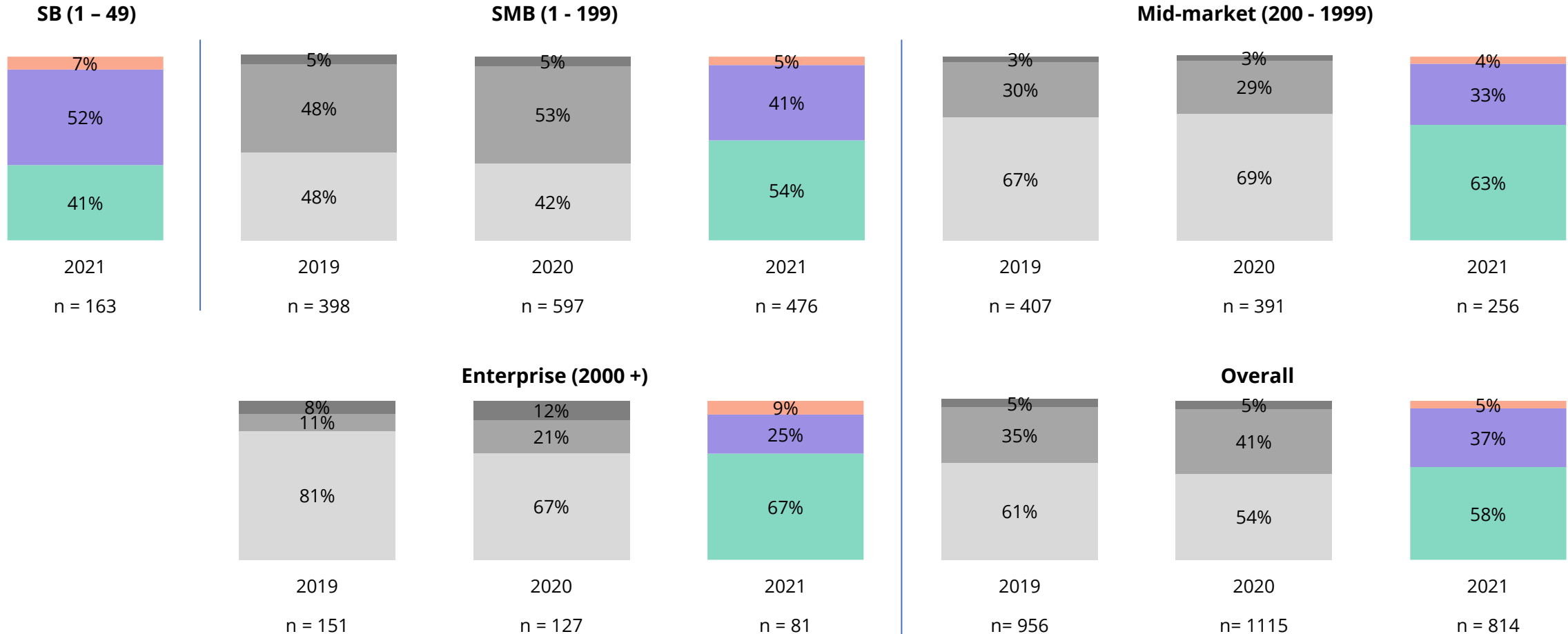


# Measuring employee engagement



Do you have a formal process in place to measure employee engagement?

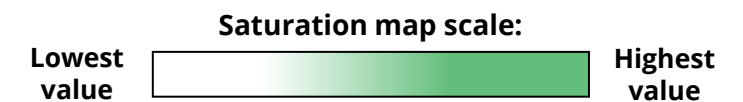
Yes No I don't know



# Measuring employee engagement



| n=                                                                    | 813     | 159                 | 208             | 250          | 196             | 669       | 144         | 476              | 256                        | 81                    | 163            |
|-----------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Do you have a formal process in place to measure employee engagement? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Yes                                                                   | 58%     | 57%                 | 58%             | 62%          | 56%             | 59%       | 53%         | 54%              | 63%                        | 67%                   | 41%            |
| No                                                                    | 37%     | 31%                 | 37%             | 36%          | 43%             | 36%       | 43%         | 41%              | 33%                        | 25%                   | 52%            |
| I don't know                                                          | 5%      | 12%                 | 6%              | 2%           | 1%              | 5%        | 4%          | 5%               | 4%                         | 9%                    | 7%             |

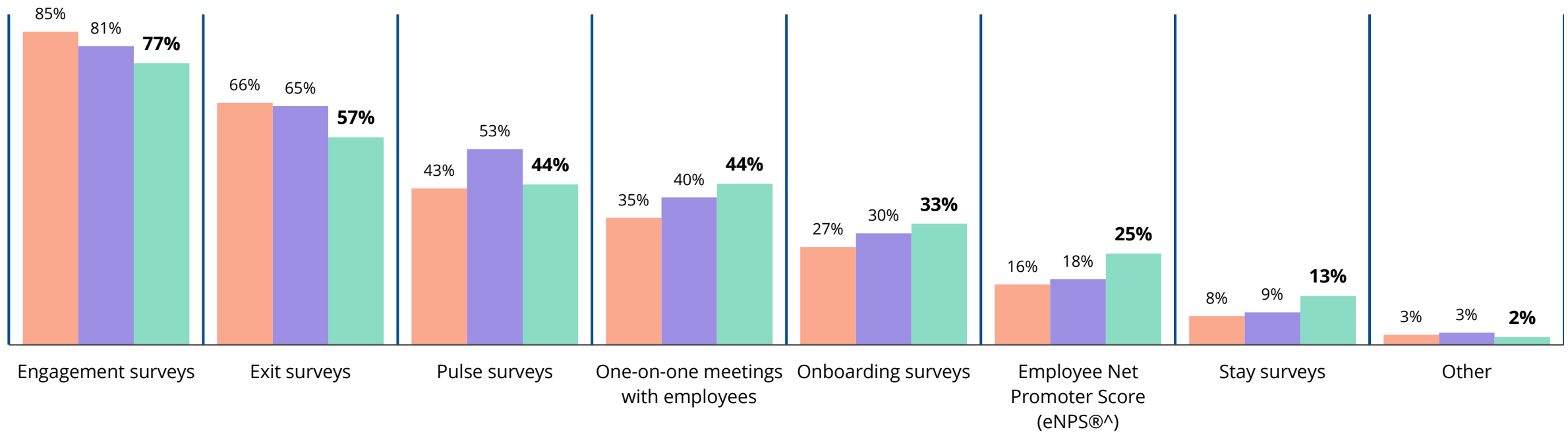


# How do you measure employee engagement?



## How do you measure employee engagement?

2019 (n = 578) 2020 (n = 600) 2021 (n = 467)



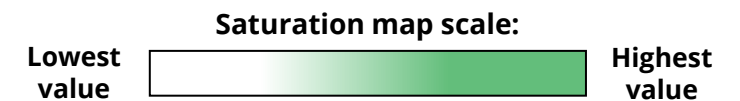
^Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# How do you measure employee engagement?



| n=                                      | 467     | 89                  | 116             | 154          | 108             | 392       | 75          | 254              | 159                        | 54                    | 67             |
|-----------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How do you measure employee engagement? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Pulse surveys                           | 44%     | 45%                 | 39%             | 40%          | 53%             | 44%       | 41%         | 38%              | 49%                        | 56%                   | 43%            |
| Engagement surveys                      | 77%     | 72%                 | 72%             | 81%          | 81%             | 77%       | 73%         | 68%              | 86%                        | 89%                   | 69%            |
| Stay surveys                            | 13%     | 13%                 | 12%             | 18%          | 8%              | 14%       | 8%          | 13%              | 14%                        | 11%                   | 10%            |
| Onboarding surveys                      | 33%     | 33%                 | 32%             | 33%          | 34%             | 35%       | 21%         | 29%              | 40%                        | 31%                   | 27%            |
| Exit surveys                            | 57%     | 56%                 | 48%             | 60%          | 60%             | 58%       | 49%         | 50%              | 67%                        | 56%                   | 57%            |
| One-on-one meetings with employees      | 44%     | 33%                 | 42%             | 46%          | 52%             | 44%       | 45%         | 53%              | 33%                        | 31%                   | 58%            |
| Employee Net Promoter Score (eNPS®^)    | 25%     | 19%                 | 26%             | 26%          | 27%             | 26%       | 19%         | 28%              | 21%                        | 20%                   | 16%            |
| Other                                   | 2%      | 3%                  | 3%              | 1%           | 2%              | 2%        | 5%          | 2%               | 3%                         | 0%                    | 9%             |

^Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

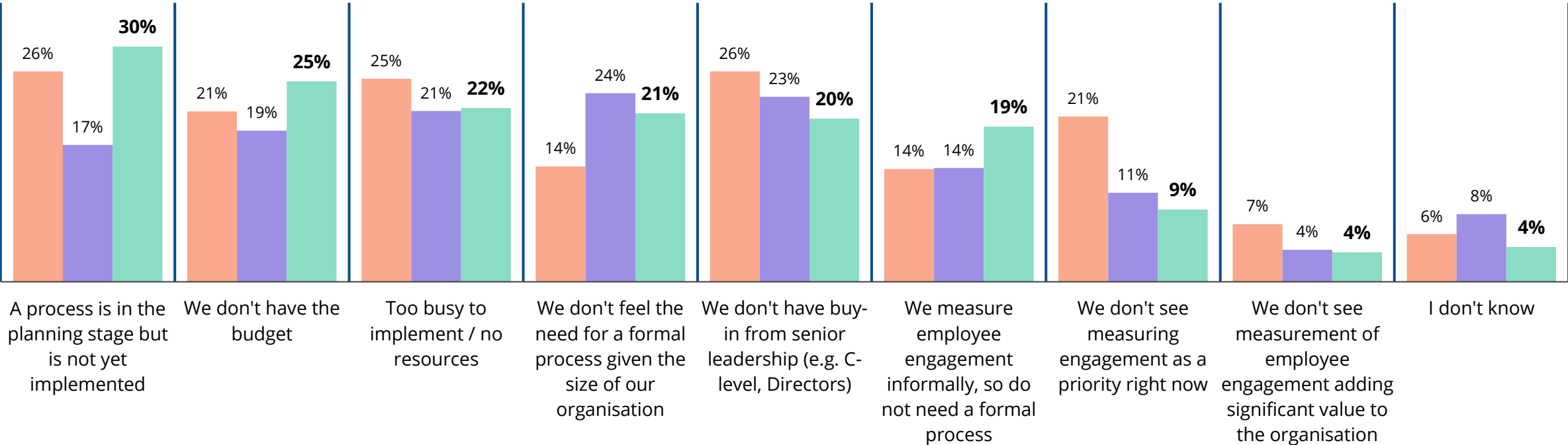


# Why don't you measure employee engagement?



Why doesn't your organisation have any formal processes in place to measure employee engagement?

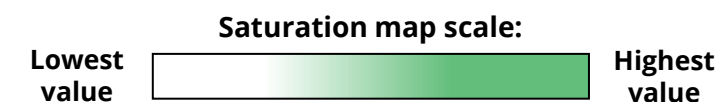
2019 (n = 318)    2020 (n = 448)    2021 (n = 298)



# Why don't you measure employee engagement?



| n=                                                                                               | 298     | 49                  | 75              | 91           | 83              | 237       | 61          | 195           | 82                      | 21                 | 83          |
|--------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| Why doesn't your organisation have any formal processes in place to measure employee engagement? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| We don't have the budget                                                                         | 25%     | 37%                 | 23%             | 23%          | 23%             | 24%       | 30%         | 25%           | 21%                     | 43%                | 29%         |
| We don't have buy-in from senior leadership (e.g. C-level, directors)                            | 20%     | 35%                 | 25%             | 15%          | 13%             | 19%       | 25%         | 18%           | 20%                     | 43%                | 13%         |
| We don't feel the need for a formal process given the size of our organisation                   | 21%     | 6%                  | 25%             | 18%          | 30%             | 20%       | 26%         | 29%           | 7%                      | 5%                 | 46%         |
| A process is in the planning stage but is not yet implemented                                    | 30%     | 29%                 | 24%             | 42%          | 22%             | 33%       | 16%         | 24%           | 40%                     | 43%                | 16%         |
| We don't see measurement of employee engagement adding significant value to the organisation     | 4%      | 2%                  | 8%              | 0%           | 5%              | 4%        | 2%          | 4%            | 2%                      | 5%                 | 4%          |
| We don't see measuring engagement as a priority right now                                        | 9%      | 2%                  | 16%             | 5%           | 11%             | 10%       | 7%          | 7%            | 15%                     | 10%                | 10%         |
| We measure employee engagement informally, so do not need a formal process                       | 19%     | 12%                 | 21%             | 14%          | 28%             | 18%       | 25%         | 23%           | 16%                     | 0%                 | 29%         |
| Too busy to implement / no resources                                                             | 22%     | 37%                 | 20%             | 20%          | 17%             | 22%       | 21%         | 21%           | 24%                     | 24%                | 13%         |
| I don't know                                                                                     | 4%      | 6%                  | 7%              | 2%           | 4%              | 5%        | 3%          | 4%            | 5%                      | 5%                 | 2%          |

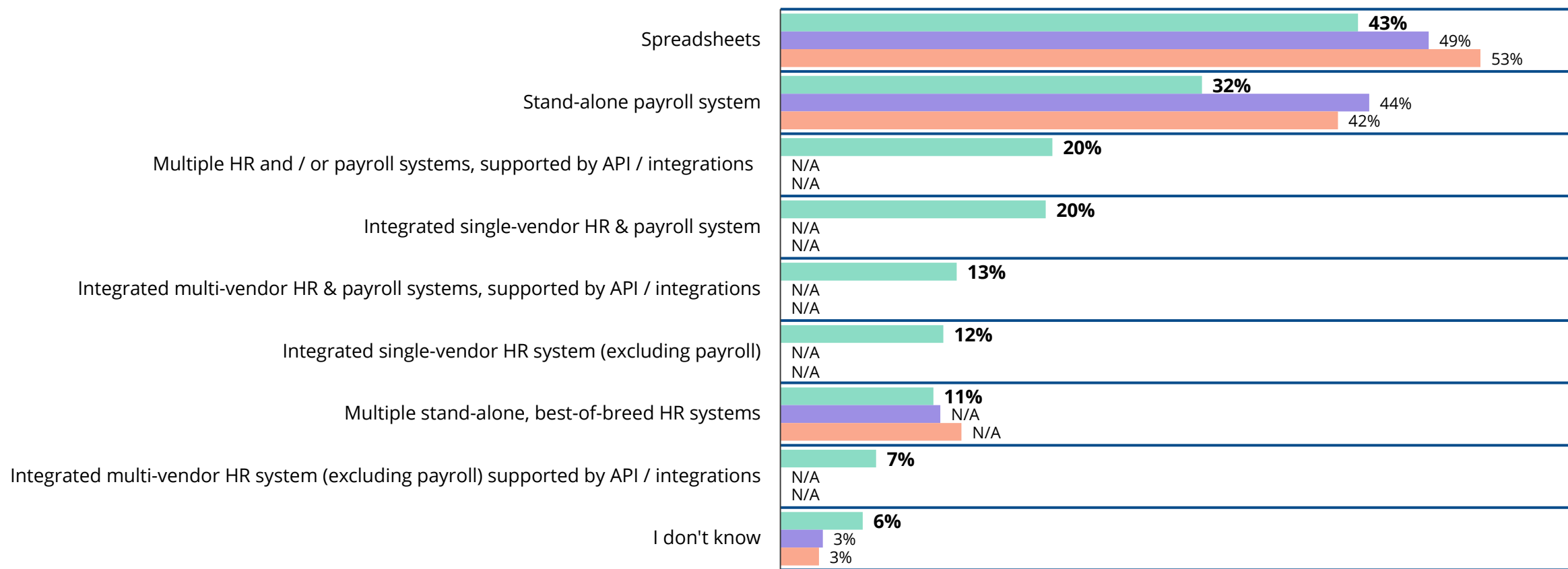


# How does HR manage employee data?



Thinking about the entire HR function, how does your organisation manage its employee data?

■ 2021 (n = 793) ■ 2020 (n = 1099) ■ 2019 (n = 934)



# How does HR manage employee data?



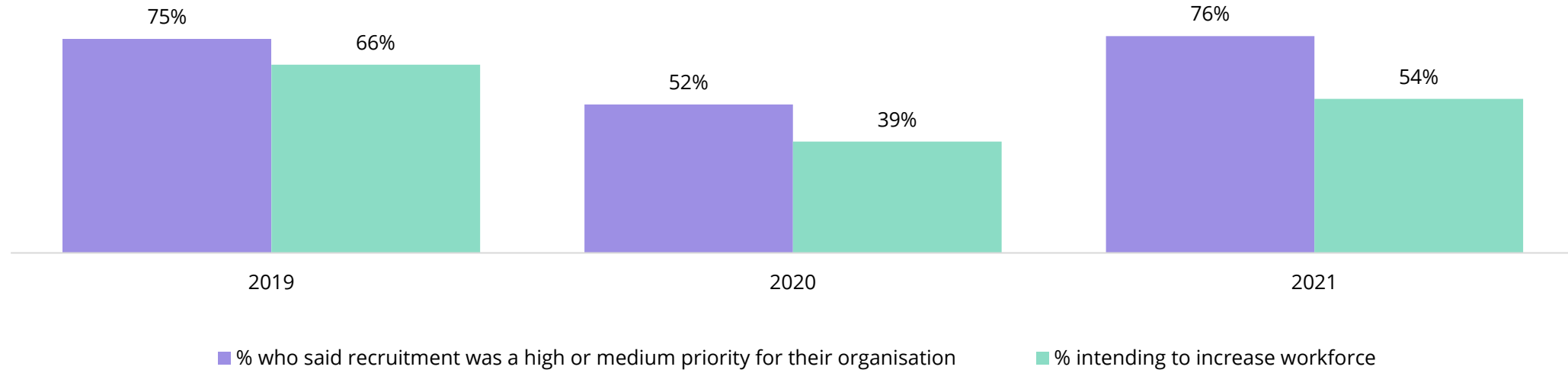
| n=                                                                                          | 793     | 155                 | 200             | 247          | 191             | 652       | 141         | 464              | 250                        | 79                    | 160            |
|---------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Thinking about the entire HR function, how does your organisation manage its employee data? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Spreadsheets                                                                                | 43%     | 45%                 | 39%             | 47%          | 43%             | 43%       | 45%         | 45%              | 47%                        | 25%                   | 43%            |
| Multiple stand-alone, best-of-breed HR systems                                              | 11%     | 8%                  | 19%             | 13%          | 5%              | 11%       | 12%         | 11%              | 15%                        | 5%                    | 6%             |
| Multiple HR and / or payroll systems, supported by API / integrations                       | 20%     | 23%                 | 19%             | 24%          | 15%             | 22%       | 14%         | 16%              | 27%                        | 27%                   | 8%             |
| Integrated single-vendor HR system (excluding payroll)                                      | 12%     | 11%                 | 11%             | 13%          | 14%             | 13%       | 9%          | 12%              | 14%                        | 9%                    | 6%             |
| Integrated single-vendor HR & payroll system                                                | 20%     | 22%                 | 21%             | 19%          | 18%             | 22%       | 11%         | 21%              | 18%                        | 20%                   | 19%            |
| Integrated multi-vendor HR system (excluding payroll) supported by API / integrations       | 7%      | 5%                  | 8%              | 10%          | 6%              | 8%        | 3%          | 8%               | 7%                         | 3%                    | 3%             |
| Integrated multi-vendor HR & payroll systems, supported by API / integrations               | 13%     | 12%                 | 16%             | 16%          | 8%              | 14%       | 9%          | 12%              | 13%                        | 19%                   | 8%             |
| Stand-alone payroll system                                                                  | 32%     | 30%                 | 28%             | 32%          | 37%             | 27%       | 51%         | 35%              | 32%                        | 10%                   | 35%            |
| I don't know                                                                                | 6%      | 14%                 | 7%              | 4%           | 3%              | 6%        | 7%          | 5%               | 3%                         | 22%                   | 10%            |



# Appendix C: Recruitment



# Recruitment as a priority



## Summary:

Compared to results from the 2020 survey, there was a significant increase in the priority given to recruitment, as well as plans to expand the workforce. As seen at the top right of this page, 54% of respondents plan to increase the size of their workforce over the coming 12 months (versus 39% in 2020). Similarly, 76% of respondents said recruitment was a high or medium priority (up from 52% in 2020).

## Insight:

While COVID-19 caused many organisations to pause or delay hiring, this is not the case in 2022. Hiring sentiment is high and employee mobility has also increased. After two years of delayed job movement, 2022 will likely see the War for Talent back in force. One 2021 report by PwC indicated that 38% of the 1800 Australian workers surveyed plan to leave their job over the next 12 months. It's critical that employers refine and hone their talent acquisition plans.

## Action:

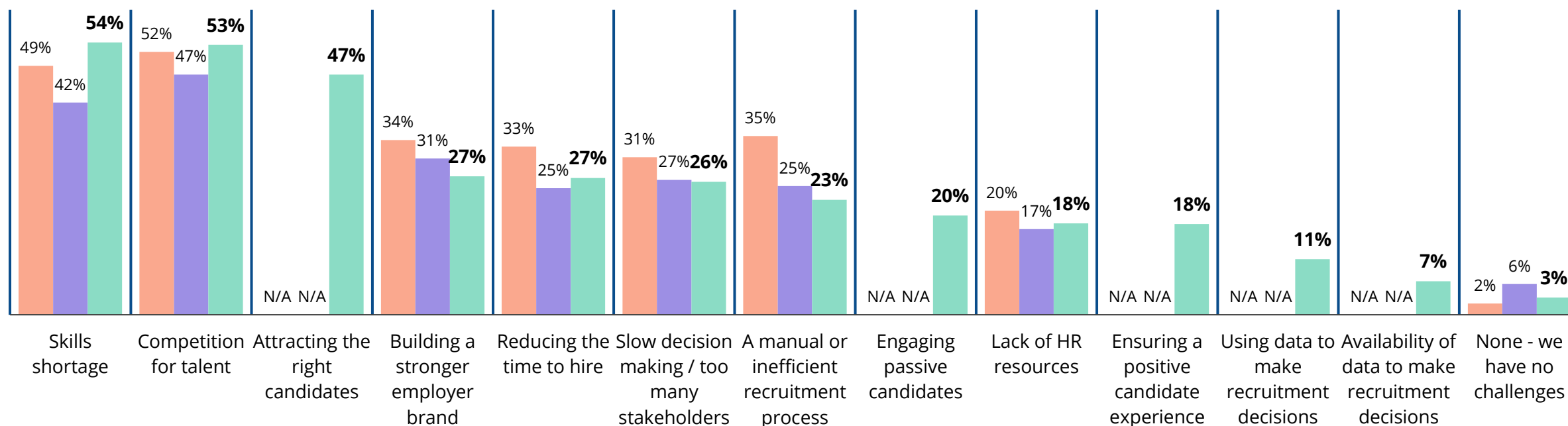
- Apart from having the right technology and specialist recruitment skills available, the PwC report indicates that perhaps the most crucial difference will be made by having an appealing and redefined employee value proposition (EVP). The key to this is knowing what your employees (and candidates) want from you as an employer, from ways of working to remuneration and reward, and onto wellbeing and professional development.

# Key recruitment challenges



What are your organisation's key recruitment challenges?

2019 (n = 762) 2020 (n = 908) 2021 (n = 649)



# Key recruitment challenges



## Summary:

Fundamental changes in the Australian and New Zealand labour markets over the past 12 months have seen three key talent acquisition challenges emerge, and these all relate to the difficulty of attracting and recruiting talent. Over half of all respondents (54%) were challenged by 'skills shortage' and a similar number (53%) said 'competition for talent' was their key challenge. Both these issues were more acute for respondents from New Zealand but were largely being felt across all organisation sizes in Australia and New Zealand. Mid-market organisations are especially struggling with the skills shortage, with 61% of respondents in that segment citing this. The third biggest challenge overall was 'attracting the right candidates' – indicating that many respondents are not struggling to find candidates, as such, but are struggling to find candidates suitable for the roles on offer.

## Insight:

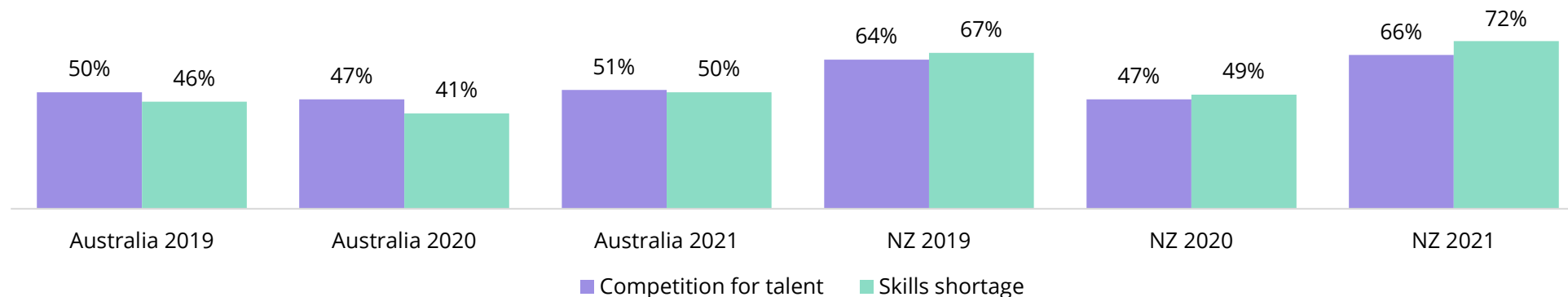
While 2020 was marked by limited recruitment activity and even downsizing in many organisations and industries, hiring intentions improved during 2021, to the extent that the so-called War for Talent reignited. The tumultuous events of 2020 no doubt played a role in many employees seeking job security, so they remained in their existing roles. As economies improved and COVID-19 became easier to live with – thanks to vaccinations and other precautions rolled out during 2021 – this situation changed. Employees started looking for their next opportunity.

However, employers are still impacted by the repercussions of extended border closures and the significant reduction in overseas skilled workers. Despite a likely increase in the number of candidates entering the market in the first half of 2022 in what has been branded as 'The Great Resignation' (as outlined in [this article](#) by the Sydney Morning Herald), candidates with the right skills and experience will remain highly sought after. 'Attracting the right candidates' was the biggest challenge cited in sectors such as 'retail trade', 'transport, postal and warehousing', 'not for profit' and 'mining'. It's no coincidence that in the earlier section of this report titled 'The General State of HR', recruitment was identified as the top expected challenge for 2022.

## Action:

- It's a candidate-led market. Understand what candidates and employees expect from employers in 2022 by undertaking both internal and external research. Survey existing employees to discover what elements of the employee experience (EX) have changed and use benchmark reports to gauge what's happening in your sector.
- Check employer review sites such as Glassdoor to gain further insights about how your organisation is perceived in the market. By understanding what employees are jumping to, leaders can change what they are offering.
- Instead of looking only at remuneration – which ideally should at least be market competitive – also consider what else your organisation can offer to existing and new employees. This might include taking a holistic, 'total rewards' approach. Consider everything your organisation can offer employees, from flexible work to professional development, to unique perks and benefits. Ensure these elements are fed into your employee value proposition (EVP) and your employer brand. For further insights into what candidates are seeking from their future employer, read ELMO's quarterly [Employee Sentiment Index Report](#).
- Streamlining recruitment processes and utilising technology has never been more critical. Review the candidate experience to ensure candidates can apply for roles in an easy, timely manner without jeopardising quality of hire.
- Undertake an internal skills audit to ensure the skills of existing employees are being utilised in the best possible way. This may help avoid the need to look externally for skills.

# Two key recruitment challenges



## Summary:

The 2021 results show an increase in the percentage of respondents from both Australia and especially New Zealand citing 'competition for talent' and 'skills shortage' as key challenges. For New Zealand respondents, there was a 23 percentage point rise in those selecting 'skills shortage' and a 19 percentage point rise in those selecting 'competition for talent'. Although the increases for Australia were less dramatic, both challenges were cited by more respondents in 2021 than in 2020.

## Insight:

There have been fundamental changes in the talent market since COVID-19. Compared with 12 months ago, there are now more jobs being advertised, and more candidates. However, a persistent challenge is whether they are the right candidates. Both Australia and New Zealand have been heavily reliant on skilled migrant workers to fill gaps. And although international borders are re-opening, as this Australian Financial Review [article](#) from November 23, 2021 states, it may take at least 12 months for this re-opening to impact skills shortages. A similar [article](#) in the New Zealand Herald outlined a similar outlook for the Kiwi labour market.

## Action:

- Position the organisation so that it is attractive to external candidates. Review the existing candidate experience and make adjustments so that recruitment is seamless and fast – without cutting corners or jeopardising quality of hire.
- Review existing recruitment processes and re-assess the business strategy to ensure there is alignment between workforce planning – including talent acquisition – and strategic business plans.

# Key recruitment challenges



| n=                                                              | 649     | 108                 | 154             | 211          | 176             | 539       | 110         | 411       | 197          | 41         | 139      |
|-----------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|-----------|--------------|------------|----------|
| What are your organisation's <b>key recruitment challenges?</b> | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB       | Mid-market   | Enterprise | SB       |
|                                                                 |         |                     |                 |              |                 |           |             | (1 - 199) | (200 - 1999) | (2000+)    | (1 - 49) |
| A manual or inefficient recruitment process                     | 23%     | 25%                 | 28%             | 21%          | 18%             | 25%       | 10%         | 19%       | 26%          | 41%        | 12%      |
| Attracting the right candidates                                 | 47%     | 46%                 | 45%             | 50%          | 47%             | 47%       | 48%         | 45%       | 52%          | 49%        | 49%      |
| Availability of data to make recruitment decisions              | 7%      | 6%                  | 8%              | 7%           | 6%              | 7%        | 6%          | 4%        | 10%          | 15%        | 2%       |
| Building a stronger employer brand                              | 27%     | 30%                 | 27%             | 26%          | 28%             | 28%       | 25%         | 23%       | 35%          | 37%        | 15%      |
| Competition for talent                                          | 53%     | 49%                 | 55%             | 56%          | 49%             | 51%       | 65%         | 50%       | 59%          | 54%        | 41%      |
| Engaging passive candidates                                     | 20%     | 15%                 | 19%             | 23%          | 19%             | 20%       | 19%         | 18%       | 23%          | 15%        | 13%      |
| Ensuring a positive candidate experience                        | 18%     | 19%                 | 19%             | 18%          | 15%             | 16%       | 25%         | 15%       | 21%          | 27%        | 13%      |
| Lack of HR resources                                            | 18%     | 18%                 | 14%             | 21%          | 18%             | 19%       | 12%         | 15%       | 23%          | 22%        | 9%       |
| Reducing the time to hire                                       | 27%     | 31%                 | 25%             | 29%          | 23%             | 28%       | 23%         | 21%       | 36%          | 46%        | 19%      |
| Skills shortage                                                 | 54%     | 54%                 | 51%             | 53%          | 56%             | 50%       | 72%         | 50%       | 61%          | 49%        | 46%      |
| Slow decision making / too many stakeholders                    | 26%     | 44%                 | 27%             | 23%          | 18%             | 25%       | 34%         | 20%       | 35%          | 46%        | 10%      |
| Using data to make recruitment decisions                        | 11%     | 9%                  | 12%             | 13%          | 9%              | 12%       | 6%          | 9%        | 13%          | 17%        | 7%       |
| None - we have no challenges                                    | 3%      | 1%                  | 2%              | 1%           | 9%              | 3%        | 3%          | 5%        | 1%           | 0%         | 11%      |

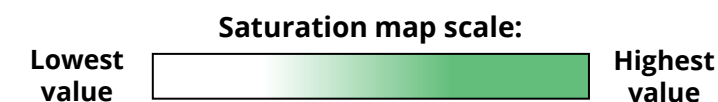
Saturation map scale:



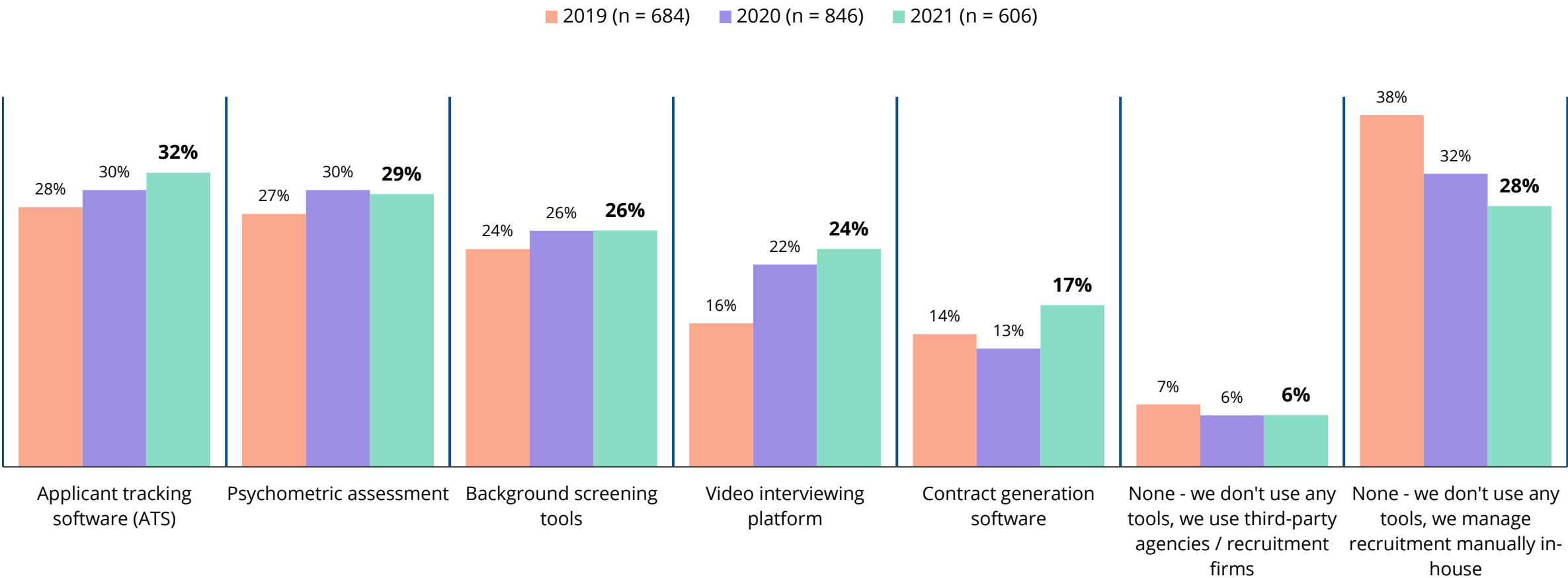
# Key recruitment challenges



| What are your organisation's <b>key recruitment challenges</b> ? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>recruitment</b> ? |                      |                         |                   |                                            |                      |                        |                   |                    |                    |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------|-------------------|--------------------------------------------|----------------------|------------------------|-------------------|--------------------|--------------------|
|                                                                  | Has fully implemented technology                                                                                                         |                      |                         |                   | Does not have fully implemented technology |                      |                        |                   | FIT                | NFIT               |
|                                                                  | Total resp.                                                                                                                              | SMB                  | Mid-market              | Enterprise        | Total resp.                                | SMB                  | Mid-market             | Enterprise        | SB                 | SB                 |
|                                                                  | n = 382                                                                                                                                  | (1 - 199)<br>n = 223 | (200 - 1999)<br>n = 134 | (2000+)<br>n = 25 | n = 267                                    | (1 - 199)<br>n = 188 | (200 - 1999)<br>n = 63 | (2000+)<br>n = 16 | (1 - 49)<br>n = 76 | (1 - 49)<br>n = 63 |
| A manual or inefficient recruitment process                      | 17%                                                                                                                                      | 14%                  | 19%                     | 28%               | 31%                                        | 26%                  | 40%                    | 63%               | 9%                 | 16%                |
| Attracting the right candidates                                  | 49%                                                                                                                                      | 45%                  | 56%                     | 48%               | 45%                                        | 45%                  | 43%                    | 50%               | 54%                | 44%                |
| Availability of data to make recruitment decisions               | 4%                                                                                                                                       | 4%                   | 5%                      | 4%                | 10%                                        | 5%                   | 19%                    | 31%               | 1%                 | 3%                 |
| Building a stronger employer brand                               | 25%                                                                                                                                      | 22%                  | 30%                     | 28%               | 30%                                        | 24%                  | 44%                    | 50%               | 13%                | 17%                |
| Competition for talent                                           | 59%                                                                                                                                      | 57%                  | 63%                     | 48%               | 45%                                        | 42%                  | 51%                    | 63%               | 43%                | 40%                |
| Engaging passive candidates                                      | 20%                                                                                                                                      | 20%                  | 21%                     | 16%               | 19%                                        | 17%                  | 27%                    | 13%               | 12%                | 14%                |
| Ensuring a positive candidate experience                         | 17%                                                                                                                                      | 16%                  | 19%                     | 24%               | 19%                                        | 15%                  | 27%                    | 31%               | 8%                 | 19%                |
| Lack of HR resources                                             | 16%                                                                                                                                      | 13%                  | 23%                     | 16%               | 20%                                        | 18%                  | 24%                    | 31%               | 9%                 | 8%                 |
| Reducing the time to hire                                        | 25%                                                                                                                                      | 20%                  | 31%                     | 48%               | 29%                                        | 22%                  | 46%                    | 44%               | 21%                | 17%                |
| Skills shortage                                                  | 58%                                                                                                                                      | 57%                  | 63%                     | 44%               | 47%                                        | 43%                  | 57%                    | 56%               | 54%                | 38%                |
| Slow decision making / too many stakeholders                     | 24%                                                                                                                                      | 19%                  | 28%                     | 48%               | 30%                                        | 21%                  | 51%                    | 44%               | 12%                | 8%                 |
| Using data to make recruitment decisions                         | 10%                                                                                                                                      | 8%                   | 11%                     | 16%               | 13%                                        | 11%                  | 16%                    | 19%               | 8%                 | 6%                 |
| None - we have no challenges                                     | 3%                                                                                                                                       | 4%                   | 1%                      | 0%                | 4%                                         | 6%                   | 0%                     | 0%                | 8%                 | 14%                |



Which tool(s) does your organisation use to improve the recruitment process?



# Tools used to improve recruitment



## Summary:

The top 3 tools used to improve recruitment remain unchanged since 2019: applicant tracking software (ATS) (32%); psychometric assessment (29%); background screening tools (26%). Unsurprisingly, given the size and scope of recruitment needs, enterprise organisations are the most likely to use recruitment tools, with 1 in 2 utilising an ATS. In contrast, just under 1 in 5 (18%) of small businesses and just under 1 in 4 (23%) of SMBs use an ATS. For all respondents, the largest increase was seen in contract generation software (an increase of 5 percentage points over 2020) and, to a lesser degree, video interviewing platforms (an increase of 2 percentage points over 2020). Also worthy of note is the steady decline since 2019 of respondents selecting 'none – we don't use any tools, we manage recruitment manually in-house', although this figure still sits at just under a third (29%) of respondents.

## Insight:

With a buoyant job market and more employers expected to ramp up hiring in 2022, HR will need to ensure the right tools are being used. Efficient and timely recruitment processes are critical, but so too is the quality of hires. In relation to the former, it's not surprising that ATS continues to dominate as the most-utilised recruitment tool as these platforms typically cover the end-to-end recruitment process, from advertising roles through to shortlisting and interviewing. The rise of contract generation software is likely due to a desire to streamline what has traditionally been a time-consuming process for HR and recruitment teams.

The desire for quality hires is meanwhile seen in the strong showing for psychometric assessment and background screening tools. Psychometric assessments are used to examine an individual's aptitude and personality traits so it's reasonable to assume usage of such tools remains strong in order to assess traits like resilience, communication, problem-solving ability, etc. – all of which have become even more critical in a hybrid working world.

Employers are clearly mindful of making poor hiring decisions. According to research cited by HRM, a bad hire can cost 2.5 times the employee's salary after taking into account recruiting, replacement and onboarding expenses. This would mean that the potential monetary loss of an employee with an annual salary of \$100,000 could be \$250,000 – not to mention the non-monetary costs involved with staff turnover: decreased staff morale, negative working relationships, burnout, damaged brand reputation, etc. With the cost of hiring new employees – and losing bad ones – being so high, organisations can't afford to get it wrong. This fear of getting it wrong can be seen in the steady decline in respondents selecting the 'none – we manage recruitment manually in-house' since 2019: hiring is a complex, time-consuming and costly exercise, so making smarter hiring decisions, using the right tools, is essential.

Video interviewing platforms saw a sharp rise in usage from 2019 to 2020, and a smaller increase in 2021. This is likely tied to the rise in remote recruitment and the ongoing trend towards hybrid work arrangements. While technology is yet to replicate in-person interactions, video interviewing can help personalise the experience. However, employers are urged to use their discretion and perhaps make video interviews optional, so as not to turn off any candidates. Assess this on a case-by-case basis, factoring in a candidate's personality (extrovert vs. introvert) and the role being filled (e.g., sales-based or customer facing vs. technical roles).

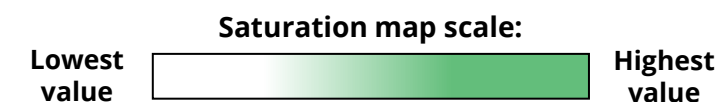
## Action:

- As recruitment will be both a key priority and a key challenge for 2022, assess how technology can help the recruitment function. The ongoing migration from third-party agencies and recruitment firms to in-house recruitment can only occur if the right technology and processes are in place.

# Tools used to improve recruitment



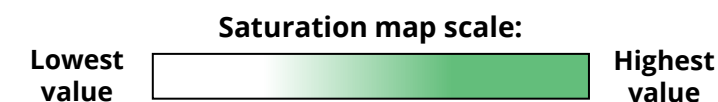
| n=                                                                                         | 606     | 108                 | 141             | 194          | 163             | 506       | 100         | 384              | 184                        | 38                    | 129            |
|--------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which <b>tool(s)</b> does your organisation use to improve the <b>recruitment</b> process? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Applicant tracking software (ATS)                                                          | 32%     | 31%                 | 32%             | 31%          | 31%             | 31%       | 34%         | 23%              | 45%                        | 50%                   | 18%            |
| Background screening tools                                                                 | 26%     | 25%                 | 29%             | 26%          | 22%             | 27%       | 19%         | 22%              | 32%                        | 37%                   | 14%            |
| Contract generation software                                                               | 17%     | 18%                 | 20%             | 19%          | 14%             | 17%       | 20%         | 14%              | 22%                        | 26%                   | 11%            |
| Psychometric assessment                                                                    | 29%     | 31%                 | 33%             | 29%          | 26%             | 29%       | 29%         | 23%              | 39%                        | 47%                   | 19%            |
| Video interviewing platform                                                                | 23%     | 19%                 | 27%             | 30%          | 16%             | 24%       | 18%         | 23%              | 22%                        | 32%                   | 15%            |
| None - we don't use any tools, we use third-party agencies / recruitment firms             | 6%      | 7%                  | 4%              | 4%           | 8%              | 5%        | 10%         | 6%               | 5%                         | 0%                    | 5%             |
| None - we don't use any tools, we manage recruitment manually in-house                     | 28%     | 25%                 | 20%             | 29%          | 36%             | 28%       | 29%         | 34%              | 20%                        | 8%                    | 45%            |



# Tools used to improve recruitment



| Which <b>tool(s)</b> does your organisation use to improve the <b>recruitment</b> process? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>recruitment</b> ? |                             |                                       |                                 |                                            |                             |                                      |                                 |                          |                          |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------|---------------------------------|--------------------------------------------|-----------------------------|--------------------------------------|---------------------------------|--------------------------|--------------------------|
|                                                                                            | Has fully implemented technology                                                                                                         |                             |                                       |                                 | Does not have fully implemented technology |                             |                                      |                                 | FIT                      | NFIT                     |
|                                                                                            | Total resp.<br>n = 359                                                                                                                   | SMB<br>(1 - 199)<br>n = 207 | Mid-market<br>(200 - 1999)<br>n = 127 | Enterprise<br>(2000+)<br>n = 25 | Total resp.<br>n = 247                     | SMB<br>(1 - 199)<br>n = 177 | Mid-market<br>(200 - 1999)<br>n = 57 | Enterprise<br>(2000+)<br>n = 13 | SB<br>(1 - 49)<br>n = 70 | SB<br>(1 - 49)<br>n = 59 |
| Applicant tracking software (ATS)                                                          | 40%                                                                                                                                      | 30%                         | 53%                                   | 52%                             | 20%                                        | 16%                         | 28%                                  | 46%                             | 23%                      | 14%                      |
| Background screening tools                                                                 | 29%                                                                                                                                      | 22%                         | 38%                                   | 36%                             | 21%                                        | 21%                         | 18%                                  | 38%                             | 14%                      | 14%                      |
| Contract generation software                                                               | 18%                                                                                                                                      | 15%                         | 21%                                   | 28%                             | 17%                                        | 14%                         | 25%                                  | 23%                             | 9%                       | 14%                      |
| Psychometric assessment                                                                    | 32%                                                                                                                                      | 25%                         | 43%                                   | 44%                             | 25%                                        | 21%                         | 30%                                  | 54%                             | 20%                      | 19%                      |
| Video interviewing platform                                                                | 25%                                                                                                                                      | 27%                         | 21%                                   | 36%                             | 21%                                        | 19%                         | 25%                                  | 23%                             | 17%                      | 12%                      |
| None - we don't use any tools, we use third-party agencies / recruitment firms             | 6%                                                                                                                                       | 6%                          | 6%                                    | 0%                              | 6%                                         | 7%                          | 4%                                   | 0%                              | 6%                       | 3%                       |
| None - we don't use any tools, we manage recruitment manually in-house                     | 24%                                                                                                                                      | 32%                         | 15%                                   | 8%                              | 34%                                        | 37%                         | 30%                                  | 8%                              | 46%                      | 46%                      |

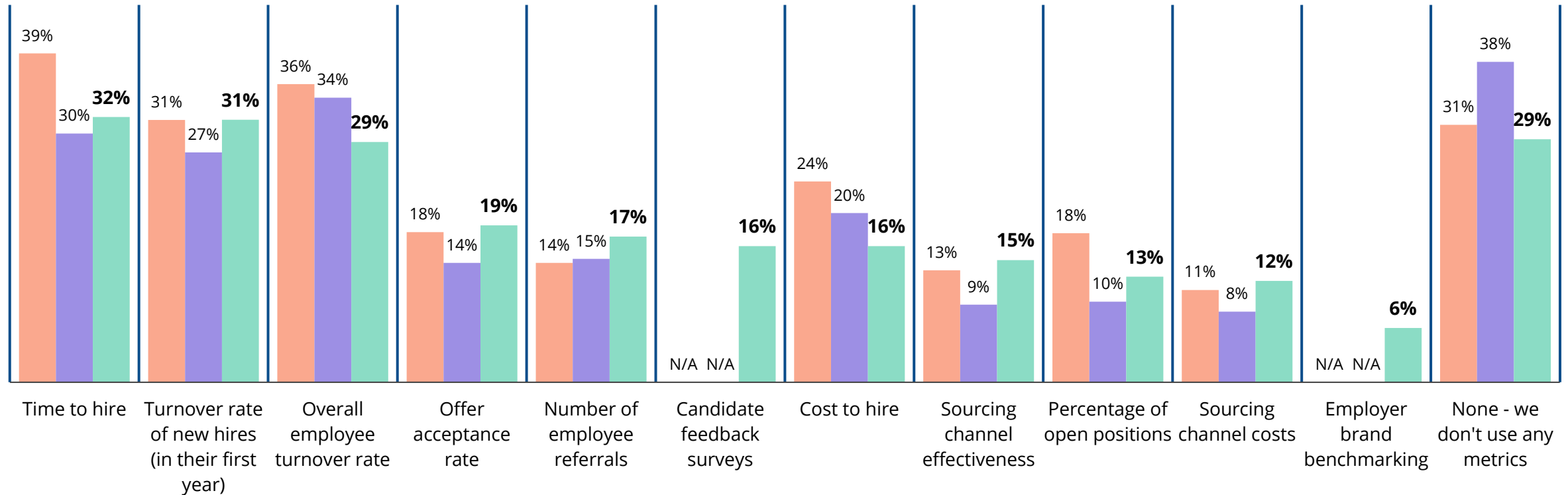


# Metrics used to measure the recruitment process



Which metric(s) does your organisation use to measure the performance of its recruitment processes?

2019 (n = 681) 2020 (n = 843) 2021 (n = 603)



# Metrics used to measure the recruitment process



**3 in 10** respondents do not use any metrics to measure the performance of their recruitment process



**1 in 3** use 'time to hire' as the key metric to measure the performance of their recruitment process

## Summary:

After a regression in the use of most recruitment metrics in 2020, there has been a marginal improvement in the 2021 results. Most metrics increased in use, while the number of respondents selecting 'none – we don't use any metrics' (29%) declined 9 percentage points from 2020 (38%). It's worth noting that in almost all cases, respondents with recruitment technology fully implemented were more likely to use metrics – and a wider range of metrics – than those respondents without technology implemented. The sole exception was 'employer brand benchmarking', which was more likely to be used as a metric by those without technology implemented.

## Insight:

'Time to hire' remains the most commonly used recruitment metric. This is unsurprising, considering ELMO's [Employee Sentiment Report](#) found that 42% of employees will look for a new job in 2022, which will therefore place more pressure on already fatigued remaining employees. The faster vacant roles can be filled, the better the outcome for the business. This metric has traditionally been used to hold recruitment teams to account, but it's also worth considering that today there are so many external factors impacting time to hire that may not necessarily be about the recruitment team. Examples include border closures and the lack of skilled migrant workers, slow internal decision-making, or 'sourcing channel effectiveness' (which is cited as a metric by only 15% of respondents).

'Turnover rate of new hires' is the second most-used metric, which might be a reflection on the increased care employers are taking with their hiring – see also the rise in risk mitigation tools such as psychometric assessment and background checks seen in the 'tools used to improve recruitment' section of this appendix. If employers are not measuring new hire turnover, it's impossible to track the success (or otherwise) of hiring processes.

Year on year, 'overall employee turnover rate' declined 5 percentage points to 29% but again the value of this metric needs to be considered: would the recruitment process have any real impact on the resignation of an employee with five years of tenure?

As the importance of the employer brand increases, 'number of employee referrals' will likely increase as a key metric. Who better to recommend candidates than existing employees, who are often the best brand ambassadors? After all, word of mouth is powerful: according to a [LinkedIn report](#) on the importance of the employer brand, candidates are three times more likely to trust the organisation's employees to provide credible information on what it is like to work there, than they are to trust the organisation itself.

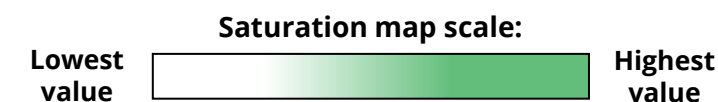
## Action:

- Determine the metrics that are most valuable to assess recruitment processes.
- While 'time to hire' remains a popular metric, today this needs to be considered in context with external factors beyond the control of recruiters. More useful metrics may include 'time to source' and 'offer acceptance rates' – especially in an era where counter-offers are commonplace.
- Access technology to help collate and analyse the metrics that matter. For example, survey tools can be used to easily gather candidate feedback – although this should of course always be optional for candidates.

# Metrics used to measure the recruitment process



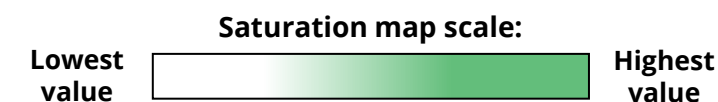
| n=                                                                                                                | 603     | 107                 | 141             | 193          | 162             | 503       | 100         | 381              | 184                        | 38                    | 129            |
|-------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which <b>metric(s)</b> does your organisation use to measure the performance of its <b>recruitment</b> processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Candidate feedback surveys                                                                                        | 16%     | 14%                 | 17%             | 17%          | 17%             | 16%       | 15%         | 15%              | 18%                        | 24%                   | 12%            |
| Cost to hire                                                                                                      | 16%     | 10%                 | 20%             | 18%          | 15%             | 18%       | 7%          | 16%              | 17%                        | 16%                   | 13%            |
| Employer brand benchmarking                                                                                       | 6%      | 9%                  | 6%              | 9%           | 2%              | 7%        | 2%          | 6%               | 7%                         | 8%                    | 3%             |
| Number of employee referrals                                                                                      | 17%     | 14%                 | 15%             | 22%          | 17%             | 19%       | 11%         | 17%              | 18%                        | 21%                   | 10%            |
| Offer acceptance rate                                                                                             | 19%     | 18%                 | 19%             | 20%          | 17%             | 19%       | 18%         | 20%              | 18%                        | 8%                    | 15%            |
| Overall employee turnover rate                                                                                    | 29%     | 18%                 | 28%             | 33%          | 31%             | 30%       | 24%         | 26%              | 36%                        | 18%                   | 19%            |
| Percentage of open positions                                                                                      | 12%     | 11%                 | 18%             | 10%          | 11%             | 12%       | 13%         | 11%              | 13%                        | 21%                   | 5%             |
| Sourcing channel costs                                                                                            | 12%     | 11%                 | 11%             | 13%          | 12%             | 13%       | 8%          | 12%              | 13%                        | 13%                   | 13%            |
| Sourcing channel effectiveness                                                                                    | 15%     | 9%                  | 16%             | 17%          | 14%             | 15%       | 13%         | 14%              | 16%                        | 18%                   | 13%            |
| Time to hire                                                                                                      | 31%     | 32%                 | 32%             | 34%          | 28%             | 33%       | 25%         | 25%              | 43%                        | 37%                   | 20%            |
| Turnover rate of new hires (in their first year)                                                                  | 31%     | 23%                 | 24%             | 38%          | 35%             | 32%       | 27%         | 27%              | 40%                        | 26%                   | 24%            |
| None - we don't use any metrics                                                                                   | 29%     | 25%                 | 24%             | 30%          | 35%             | 28%       | 35%         | 35%              | 22%                        | 5%                    | 46%            |



# Metrics used to measure the recruitment process



| Which <b>metric(s)</b> does your organisation use to measure the performance of its <b>recruitment</b> processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>recruitment</b> ? |              |            |            |                                            |              |            |            |          |          |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|--------------------------------------------|--------------|------------|------------|----------|----------|
|                                                                                                                   | Has fully implemented technology                                                                                                         |              |            |            | Does not have fully implemented technology |              |            |            | FIT      | NFIT     |
|                                                                                                                   | Total resp.                                                                                                                              | SMB          | Mid-market | Enterprise | Total resp.                                | SMB          | Mid-market | Enterprise | SB       | SB       |
|                                                                                                                   | (1 - 199)                                                                                                                                | (200 - 1999) | (2000+)    |            | (1 - 199)                                  | (200 - 1999) | (2000+)    |            | (1 - 49) | (1 - 49) |
|                                                                                                                   | n = 358                                                                                                                                  | n = 206      | n = 127    | n = 25     | n = 245                                    | n = 175      | n = 57     | n = 13     | n = 70   | n = 59   |
| Candidate feedback surveys                                                                                        | 19%                                                                                                                                      | 18%          | 20%        | 20%        | 12%                                        | 10%          | 14%        | 31%        | 10%      | 14%      |
| Cost to hire                                                                                                      | 19%                                                                                                                                      | 18%          | 20%        | 20%        | 13%                                        | 13%          | 12%        | 8%         | 16%      | 10%      |
| Employer brand benchmarking                                                                                       | 5%                                                                                                                                       | 4%           | 7%         | 8%         | 8%                                         | 9%           | 5%         | 8%         | 1%       | 5%       |
| Number of employee referrals                                                                                      | 18%                                                                                                                                      | 18%          | 20%        | 12%        | 16%                                        | 15%          | 14%        | 38%        | 7%       | 14%      |
| Offer acceptance rate                                                                                             | 22%                                                                                                                                      | 24%          | 23%        | 8%         | 13%                                        | 15%          | 9%         | 8%         | 13%      | 17%      |
| Overall employee turnover rate                                                                                    | 33%                                                                                                                                      | 29%          | 43%        | 16%        | 22%                                        | 23%          | 21%        | 23%        | 23%      | 15%      |
| Percentage of open positions                                                                                      | 15%                                                                                                                                      | 14%          | 14%        | 24%        | 9%                                         | 8%           | 11%        | 15%        | 6%       | 5%       |
| Sourcing channel costs                                                                                            | 13%                                                                                                                                      | 10%          | 17%        | 16%        | 11%                                        | 14%          | 4%         | 8%         | 11%      | 15%      |
| Sourcing channel effectiveness                                                                                    | 15%                                                                                                                                      | 14%          | 17%        | 20%        | 14%                                        | 14%          | 14%        | 15%        | 10%      | 17%      |
| Time to hire                                                                                                      | 36%                                                                                                                                      | 28%          | 49%        | 36%        | 25%                                        | 22%          | 30%        | 38%        | 24%      | 15%      |
| Turnover rate of new hires (in their first year)                                                                  | 35%                                                                                                                                      | 30%          | 44%        | 32%        | 26%                                        | 25%          | 32%        | 15%        | 23%      | 25%      |
| None - we don't use any metrics                                                                                   | 26%                                                                                                                                      | 32%          | 21%        | 4%         | 33%                                        | 38%          | 25%        | 8%         | 44%      | 49%      |

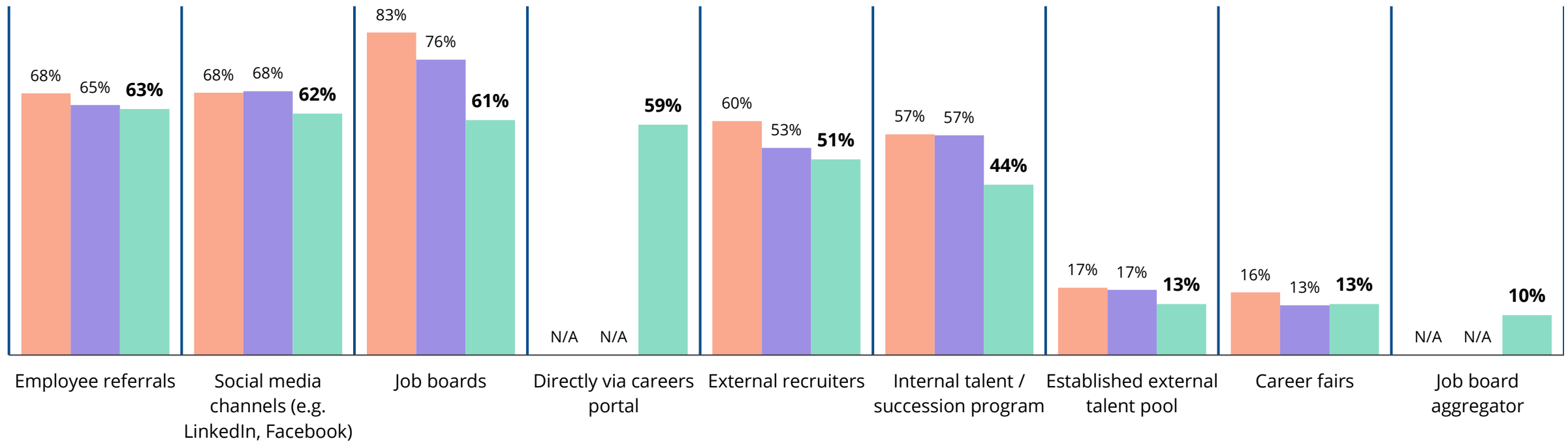


# Channels used to source candidates



Which source(s) does your organisation use to find a new hire?

2019 (n = 681) 2020 (n = 834) 2021 (n = 593)



# Channels used to source candidates



## Summary:

Between 2019 and 2021, there was a decrease in the use of some of the more traditional channels used to source candidates, such as job boards (e.g., Seek) and external recruiters. However, it's interesting to note the most popular sourcing channels in 2021 still included a mix of more established channels (employee referrals) and newer channels (social media channels). 'Employee referrals' were the most popular channel for SMB respondents, while for mid-market and enterprise respondents the most popular option was directly via a career portal.

## Insight:

The increased popularity of employee referrals is not surprising. Not only is this a cost-effective way to source talent, but it can often result in higher quality hires: would an existing employee put forward anyone they didn't believe would succeed at the organisation? Existing employees know the culture and 'how things work'. They can also 'sell' the benefits authentically. This is important in the candidate-driven talent market of 2022, as most candidates will have a lengthy list of criteria they are looking for in an employer. An endorsement from a friend or colleague may give a candidate who is undecided about moving employers the confidence to take the plunge. That sense of trust, coupled with 'insider knowledge' of an employer, can help an organisation stand out from the crowd.

Social channels such as LinkedIn also remain popular (especially for small business respondents, where it was the top channel used), but for recruiters these tools have their limitations. While they enable proactive outreach to potential candidates, recruiters are reliant on the candidate responding to the outreach; there's not much to be done if the communication is a one-way street. It's also worth considering that a tool like LinkedIn may not be extensively used in certain industries or by certain professions. Ultimately, success relies on knowing where people are searching for jobs. For example, having a presence on online forums or attending industry networking events may be a better option for some employers to find suitable candidates.

Despite talk of 'The Great Resignation' and the need to provide career paths and professional development to retain employees, an 'internal talent pool / succession program' is utilised by just 44% of respondents. This is surprising given the increasing sophistication of applicant tracking software (ATS), which often allow for talent pools to be created. However, the limited use of this sourcing channel may be due to the rapidly changing nature of job roles, meaning that talent pools need to be regularly reviewed and – if possible – refreshed. According to LinkedIn Learning's [Workplace Learning Report 2021](#), the average life span of a skill – particularly a hard skill – is five years, but that life span is shortening, especially for IT and engineering. Therefore, the requirements and skills for certain R&D roles, for example, change so regularly – and brand new roles are being created so often – that a stagnant talent pool may not be useful.

It's also worth noting that the internal talent pool / succession program channel was deemed the most effective by respondents, with 74% rating this channel as either 'effective' or 'extremely effective'. This was followed by external recruiters, with 70% of respondents rating this channel as either 'effective' or 'extremely effective'. Social media channels lagged with 60% considering them as either 'effective' or 'extremely effective'. For job boards, this figure was 58% – perhaps reflecting the less targeted 'post and pray' nature of these channels.

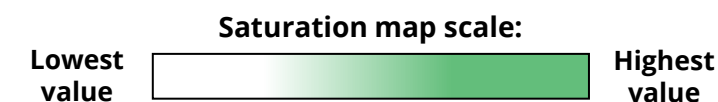
## Action:

- Review the effectiveness of the channels used to find new hires. Metrics to consider include channel cost per hire, in addition to the time taken to hire through each channel and the overall hiring quality achieved through each channel.

# Channels used to source candidates



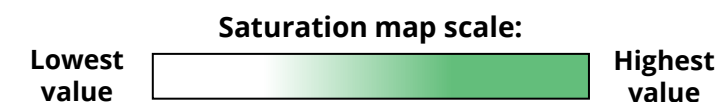
| n=                                                                            | 593     | 106                 | 137             | 189          | 161             | 494       | 99          | 377              | 180                        | 36                    | 129            |
|-------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which <b>source(s)</b> does your organisation use to find a <b>new hire</b> ? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Directly via careers portal                                                   | 59%     | 68%                 | 64%             | 58%          | 52%             | 59%       | 59%         | 51%              | 74%                        | 75%                   | 41%            |
| External recruiters                                                           | 50%     | 53%                 | 54%             | 49%          | 47%             | 49%       | 57%         | 47%              | 54%                        | 61%                   | 35%            |
| Employee referrals                                                            | 63%     | 51%                 | 62%             | 70%          | 65%             | 64%       | 61%         | 64%              | 62%                        | 58%                   | 55%            |
| Job boards                                                                    | 61%     | 56%                 | 62%             | 66%          | 57%             | 61%       | 59%         | 54%              | 74%                        | 67%                   | 46%            |
| Job board aggregator                                                          | 10%     | 10%                 | 12%             | 11%          | 8%              | 11%       | 6%          | 9%               | 12%                        | 14%                   | 6%             |
| Internal talent / succession program                                          | 44%     | 36%                 | 49%             | 50%          | 38%             | 45%       | 40%         | 39%              | 51%                        | 56%                   | 30%            |
| Established external talent pool                                              | 13%     | 12%                 | 14%             | 14%          | 11%             | 14%       | 11%         | 11%              | 14%                        | 28%                   | 12%            |
| Career fairs                                                                  | 13%     | 18%                 | 20%             | 10%          | 8%              | 12%       | 20%         | 9%               | 18%                        | 31%                   | 6%             |
| Social media channels (e.g. LinkedIn, Facebook)                               | 62%     | 56%                 | 58%             | 65%          | 67%             | 62%       | 63%         | 60%              | 68%                        | 61%                   | 68%            |



# Channels used to source candidates



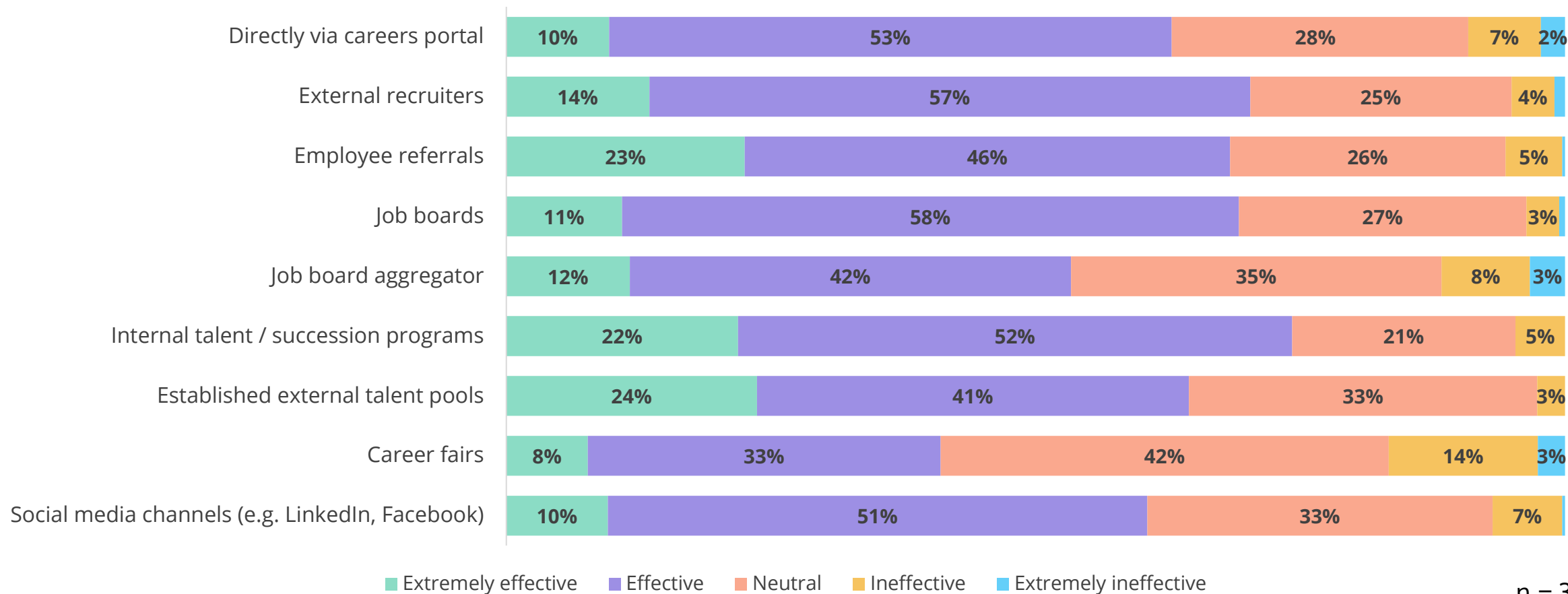
| Which <b>source(s)</b> does your organisation use to find a <b>new hire</b> ? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>recruitment</b> ? |                  |                            |                       |                                          |                  |                            |                       |                |                |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                               | Has fully implemented technology                                                                                                         |                  |                            |                       | Do not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                               | Total resp.                                                                                                                              | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                              | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                               | n = 353                                                                                                                                  | n = 204          | n = 125                    | n = 24                | n = 240                                  | n = 173          | n = 55                     | n = 12                | n = 70         | n = 59         |
| Directly via careers portal                                                   | 67%                                                                                                                                      | 59%              | 77%                        | 75%                   | 49%                                      | 41%              | 67%                        | 75%                   | 44%            | 37%            |
| External recruiters                                                           | 54%                                                                                                                                      | 50%              | 59%                        | 67%                   | 45%                                      | 45%              | 44%                        | 50%                   | 40%            | 31%            |
| Employee referrals                                                            | 66%                                                                                                                                      | 69%              | 64%                        | 54%                   | 60%                                      | 60%              | 58%                        | 67%                   | 59%            | 53%            |
| Job boards                                                                    | 63%                                                                                                                                      | 56%              | 75%                        | 63%                   | 57%                                      | 51%              | 71%                        | 75%                   | 46%            | 47%            |
| Job board aggregator                                                          | 12%                                                                                                                                      | 10%              | 14%                        | 13%                   | 8%                                       | 8%               | 9%                         | 17%                   | 4%             | 8%             |
| Internal talent / succession program                                          | 49%                                                                                                                                      | 41%              | 58%                        | 63%                   | 37%                                      | 38%              | 35%                        | 42%                   | 31%            | 29%            |
| Established external talent pool                                              | 18%                                                                                                                                      | 15%              | 19%                        | 38%                   | 6%                                       | 7%               | 4%                         | 8%                    | 17%            | 7%             |
| Career fairs                                                                  | 16%                                                                                                                                      | 10%              | 22%                        | 29%                   | 10%                                      | 8%               | 11%                        | 33%                   | 6%             | 7%             |
| Social media channels (e.g. LinkedIn, Facebook)                               | 68%                                                                                                                                      | 64%              | 74%                        | 71%                   | 54%                                      | 55%              | 55%                        | 42%                   | 71%            | 66%            |



# Effectiveness of candidate search channels



How would you rank the effectiveness of each channel in finding the most suitable candidate?



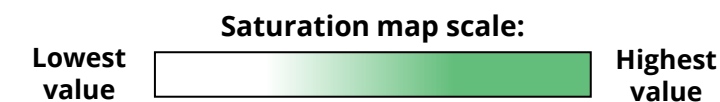
n = 372

# Effectiveness of candidate search channels

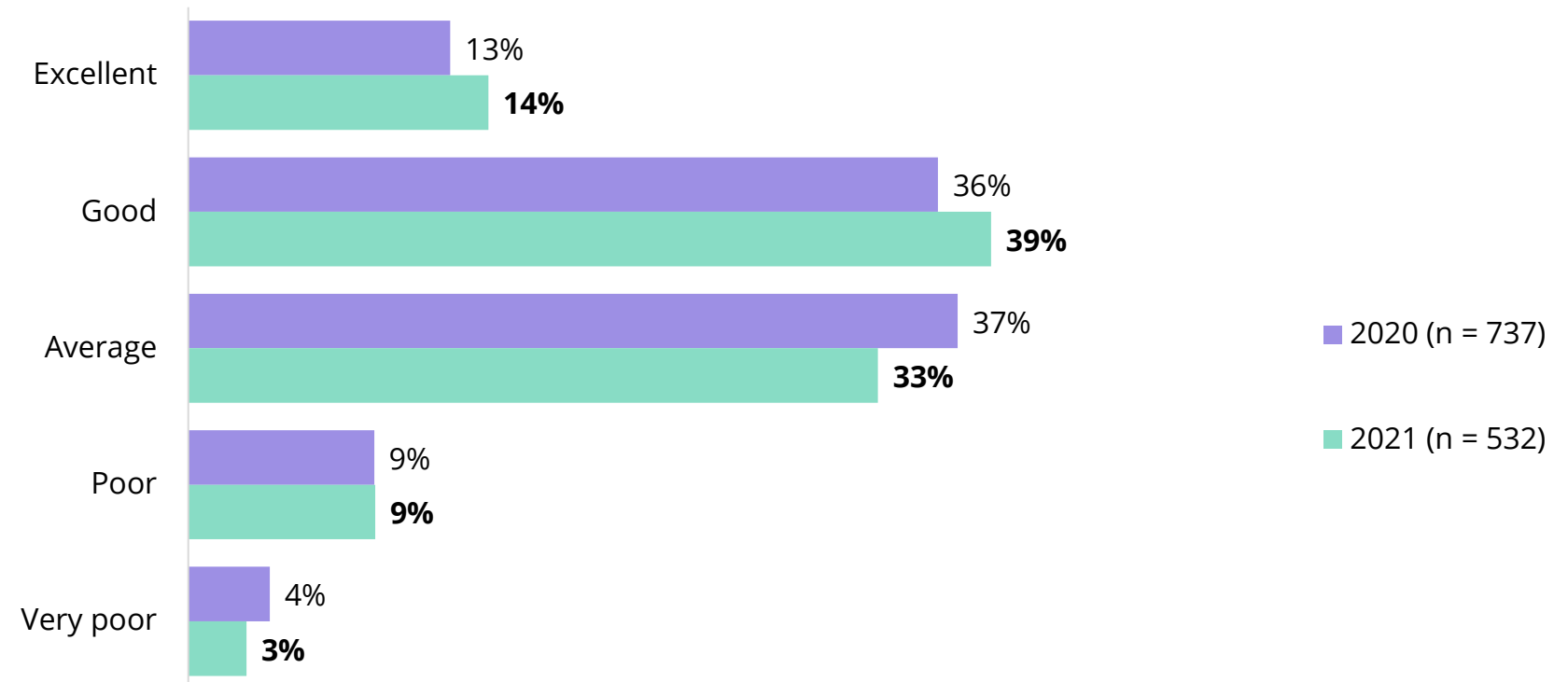


This table presents the % of respondents who selected either 'effective' or 'extremely effective'.

| n =                                                                           | 372     | 54                  | 84              | 131          | 103             | 312       | 60          | 240              | 112                        | 20                    | 70             |
|-------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which <b>source(s)</b> does your organisation use to find a <b>new hire</b> ? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Directly via careers portal                                                   | 63%     | 64%                 | 66%             | 63%          | 60%             | 66%       | 49%         | 59%              | 69%                        | 58%                   | 60%            |
| External recruiters                                                           | 71%     | 68%                 | 69%             | 75%          | 68%             | 72%       | 64%         | 71%              | 73%                        | 52%                   | 55%            |
| Employee referrals                                                            | 69%     | 63%                 | 64%             | 70%          | 73%             | 68%       | 72%         | 74%              | 63%                        | 35%                   | 74%            |
| Job boards                                                                    | 69%     | 81%                 | 71%             | 67%          | 62%             | 69%       | 72%         | 64%              | 76%                        | 78%                   | 56%            |
| Job board aggregator                                                          | 53%     | 82%                 | 63%             | 55%          | 15%             | 56%       | 33%         | 48%              | 64%                        | 40%                   | 63%            |
| Internal talent / succession programs                                         | 74%     | 76%                 | 80%             | 70%          | 73%             | 76%       | 67%         | 76%              | 77%                        | 47%                   | 70%            |
| Established external talent pools                                             | 64%     | 85%                 | 70%             | 58%          | 53%             | 63%       | 73%         | 73%              | 62%                        | 33%                   | 73%            |
| Career fairs                                                                  | 41%     | 37%                 | 44%             | 47%          | 31%             | 45%       | 30%         | 41%              | 42%                        | 36%                   | 38%            |
| Social media channels (e.g. LinkedIn, Facebook)                               | 61%     | 66%                 | 62%             | 61%          | 57%             | 62%       | 56%         | 62%              | 59%                        | 57%                   | 66%            |

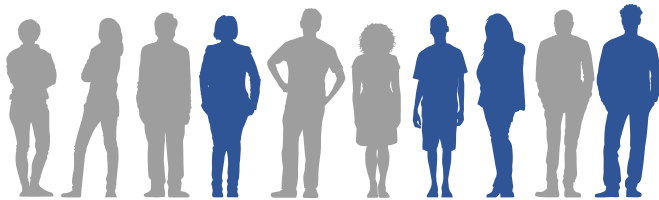


Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing recruitment ?





**6 in 10** respondents with fully implemented technology rate their recruitment systems as 'excellent' or 'good'



**4 in 10** respondents without fully implemented technology rate their recruitment systems as 'excellent' or 'good'

## Summary:

Respondents appeared more satisfied with their systems and processes in 2021 compared with 2020. 39% of respondents rated these as 'good' while 14% rated these as 'excellent' – both slight increases over 2020. The percentage of respondents rating their systems and processes as 'average' dropped 4 percentage points from 2020. It's apparent that technology has a significant impact on satisfaction levels: 60% of respondents with fully implemented recruitment technology rated their systems and processes as 'good' or 'excellent' versus 44% of respondents without fully implemented technology.

## Insight:

In most instances, technology makes a significant difference in how respondents rated the efficiency and effectiveness of their recruitment systems and processes. It's also apparent that enterprise respondents were less satisfied with their recruitment systems and processes than smaller organisations. Half of enterprise organisations without technology fully implemented rated their systems and processes as 'average' and a further 30% rated them as either 'poor' or 'very poor'. These results were only slightly better for those respondents with fully implemented technology.

This result is potentially linked to some of the key challenges that were more apparent for enterprise respondents, such as 'slow decision making / too many stakeholders', 'creating a positive candidate experience' and 'reducing time to hire'. Unfortunately, these three challenges are not necessarily improved with the use of technology.

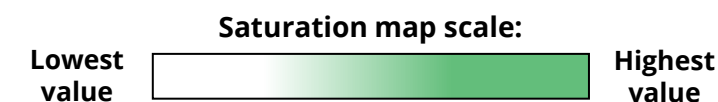
## Action:

- Review existing recruitment processes and identify where improvements can be made. Assess how and where technology can assist.
- Consider conducting candidate surveys to shed light on the candidate experience – this can be invaluable when trying to enhance talent acquisition processes. Surveying the end beneficiaries of hiring – that is, line managers and department heads – should also be considered. These results can be used to refine and improve systems and processes and may spark fresh approaches and the use of different tools.

# Internal systems and processes



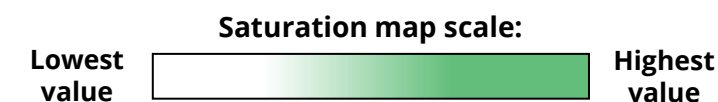
| n=                                                                                                                                          | 532     | 98                  | 121             | 173          | 140             | 439       | 93          | 336              | 163                        | 33                    | 114            |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's <b>internal systems and processes</b> for efficiently and effectively managing recruitment? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                   | 14%     | 11%                 | 12%             | 15%          | 19%             | 13%       | 20%         | 17%              | 11%                        | 6%                    | 22%            |
| Good                                                                                                                                        | 39%     | 38%                 | 42%             | 40%          | 35%             | 40%       | 31%         | 43%              | 34%                        | 21%                   | 39%            |
| Average                                                                                                                                     | 33%     | 31%                 | 33%             | 34%          | 35%             | 32%       | 40%         | 28%              | 40%                        | 52%                   | 29%            |
| Poor                                                                                                                                        | 9%      | 15%                 | 7%              | 8%           | 7%              | 9%        | 8%          | 9%               | 9%                         | 9%                    | 6%             |
| Very poor                                                                                                                                   | 3%      | 4%                  | 3%              | 3%           | 1%              | 3%        | 1%          | 1%               | 4%                         | 9%                    | 1%             |



# Internal systems and processes



|                                                                                                                                              | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>recruitment</b> ? |                  |                            |                       |                                          |                  |                            |                       |                |                |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                              | Has fully implemented technology                                                                                                         |                  |                            |                       | Do not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
| Overall, how would you rate your organisation's <b>internal systems and processes</b> for efficiently and effectively managing recruitment ? | Total resp.                                                                                                                              | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                              | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                              | n = 315                                                                                                                                  | n = 179          | n = 113                    | n = 23                | n = 217                                  | n = 157          | n = 50                     | n = 10                | n = 61         | n = 53         |
| Excellent                                                                                                                                    | 14%                                                                                                                                      | 17%              | 12%                        | 0%                    | 16%                                      | 17%              | 10%                        | 20%                   | 16%            | 28%            |
| Good                                                                                                                                         | 46%                                                                                                                                      | 50%              | 43%                        | 30%                   | 28%                                      | 34%              | 14%                        | 0%                    | 48%            | 30%            |
| Average                                                                                                                                      | 31%                                                                                                                                      | 24%              | 38%                        | 52%                   | 36%                                      | 32%              | 46%                        | 50%                   | 26%            | 32%            |
| Poor                                                                                                                                         | 6%                                                                                                                                       | 6%               | 5%                         | 9%                    | 13%                                      | 12%              | 18%                        | 10%                   | 7%             | 6%             |
| Very poor                                                                                                                                    | 2%                                                                                                                                       | 1%               | 2%                         | 4%                    | 5%                                       | 2%               | 10%                        | 20%                   | 0%             | 2%             |

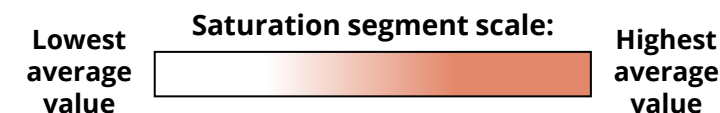


# Average hours spent on recruitment activities



| n=                                                                                                              | 624     | 108                 | 146             | 197          | 173             | 518       | 106         | 397              | 188                        | 39                    | 137            |
|-----------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Estimate <b>how many hours</b> you personally currently spend on these key recruitment activities per new hire? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Applicant review and shortlisting                                                                               | 4       | 5                   | 4               | 4            | 4               | 4         | 5           | 5                | 4                          | 4                     | 4              |
| Applicant tracking                                                                                              | 3       | 6                   | 3               | 3            | 2               | 3         | 4           | 3                | 3                          | 2                     | 3              |
| Background / Reference checking                                                                                 | 3       | 3                   | 3               | 3            | 3               | 3         | 3           | 3                | 3                          | 3                     | 2              |
| Candidate sourcing                                                                                              | 5       | 7                   | 4               | 6            | 5               | 5         | 7           | 5                | 5                          | 6                     | 5              |
| Careers site management                                                                                         | 4       | 5                   | 3               | 3            | 7               | 4         | 6           | 5                | 2                          | 2                     | 8              |
| Interview scheduling                                                                                            | 3       | 4                   | 3               | 3            | 3               | 3         | 4           | 3                | 3                          | 3                     | 3              |
| Interviewing                                                                                                    | 7       | 11                  | 6               | 8            | 6               | 8         | 6           | 7                | 8                          | 12                    | 6              |
| Job posting                                                                                                     | 3       | 3                   | 3               | 3            | 2               | 3         | 4           | 3                | 2                          | 2                     | 3              |
| Offer management                                                                                                | 3       | 4                   | 3               | 2            | 2               | 3         | 3           | 3                | 2                          | 2                     | 2              |
| Psychometric and skills testing                                                                                 | 4       | 5                   | 4               | 4            | 3               | 4         | 6           | 4                | 3                          | 5                     | 3              |
| Reporting                                                                                                       | 3       | 4                   | 3               | 2            | 2               | 3         | 5           | 3                | 2                          | 3                     | 2              |
| Writing position descriptions                                                                                   | 3       | 4                   | 3               | 3            | 3               | 3         | 4           | 4                | 2                          | 2                     | 3              |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

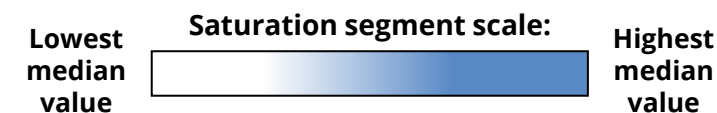


# Median hours spent on recruitment activities



| n=                                                                                                              | 624     | 108                 | 146             | 197          | 173             | 518       | 106         | 397              | 188                        | 39                    | 137            |
|-----------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Estimate <b>how many hours</b> you personally currently spend on these key recruitment activities per new hire? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Applicant review and shortlisting                                                                               | 2       | 3                   | 2               | 2            | 2               | 2         | 2           | 2                | 2                          | 3                     | 3              |
| Applicant tracking                                                                                              | 2       | 3                   | 2               | 1            | 2               | 2         | 2           | 2                | 1                          | 1                     | 2              |
| Background / Reference checking                                                                                 | 1       | 2                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 2                     | 2              |
| Candidate sourcing                                                                                              | 2       | 3                   | 2               | 2            | 3               | 2         | 3           | 2                | 2                          | 2                     | 3              |
| Careers site management                                                                                         | 1       | 1                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 1                     | 2              |
| Interview scheduling                                                                                            | 1       | 1                   | 2               | 1            | 2               | 1         | 2           | 1                | 1                          | 2                     | 2              |
| Interviewing                                                                                                    | 4       | 4                   | 5               | 4            | 4               | 4         | 4           | 4                | 4                          | 5                     | 4              |
| Job posting                                                                                                     | 1       | 1                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 1                     | 2              |
| Offer management                                                                                                | 1       | 1                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 2                     | 1              |
| Psychometric and skills testing                                                                                 | 1       | 2                   | 1               | 1            | 1               | 1         | 2           | 1                | 1                          | 2                     | 2              |
| Reporting                                                                                                       | 1       | 1                   | 2               | 1            | 1               | 1         | 1           | 1                | 1                          | 1                     | 1              |
| Writing position descriptions                                                                                   | 1       | 1                   | 1.5             | 1            | 2               | 2         | 1           | 2                | 1                          | 1                     | 2              |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

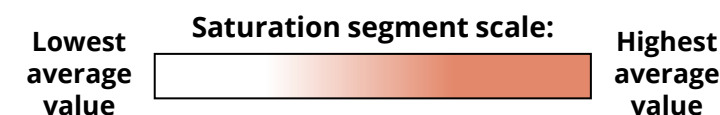


# Average number of days taken to fill position vacancies



| n=                                                                                                                       | 559     | 102                 | 127             | 178          | 152             | 464       | 95          | 354              | 171                        | 34                    | 121            |
|--------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What is the <b>average number of days</b> it takes to fill the following types of vacant positions in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Entry-level / junior roles                                                                                               | 22      | 23                  | 22              | 22           | 19              | 21        | 25          | 20               | 24                         | 37                    | 19             |
| Mid-level individual contributors                                                                                        | 30      | 26                  | 32              | 29           | 31              | 28        | 38          | 29               | 30                         | 40                    | 25             |
| Mid-level managers                                                                                                       | 35      | 33                  | 36              | 36           | 34              | 33        | 45          | 36               | 31                         | 40                    | 29             |
| Senior-level individual contributors                                                                                     | 43      | 39                  | 47              | 45           | 41              | 41        | 52          | 46               | 36                         | 57                    | 39             |
| Senior-level managers                                                                                                    | 48      | 40                  | 53              | 52           | 44              | 46        | 56          | 50               | 41                         | 61                    | 39             |
| Executives                                                                                                               | 63      | 52                  | 69              | 68           | 58              | 59        | 86          | 65               | 54                         | 85                    | 50             |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

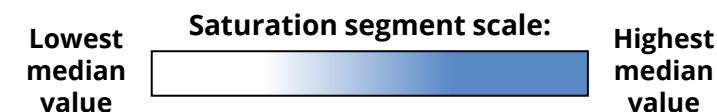


# Median number of days taken to fill position vacancies



| n=                                                                                                                       | 559     | 102                 | 127             | 178          | 152             | 464       | 95          | 354              | 171                        | 34                    | 121            |
|--------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What is the <b>average number of days</b> it takes to fill the following types of vacant positions in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Entry-level / junior roles                                                                                               | 20      | 20                  | 15              | 20           | 20              | 20        | 23          | 15               | 20                         | 30                    | 15             |
| Mid-level individual contributors                                                                                        | 25      | 25                  | 27              | 30           | 25              | 25        | 30          | 25               | 30                         | 40                    | 23             |
| Mid-level managers                                                                                                       | 30      | 30                  | 30              | 30           | 30              | 30        | 30          | 30               | 30                         | 45                    | 28             |
| Senior-level individual contributors                                                                                     | 30      | 30                  | 30              | 30           | 30              | 30        | 40          | 30               | 30                         | 60                    | 30             |
| Senior-level managers                                                                                                    | 34      | 30                  | 38              | 30           | 35              | 32        | 40          | 30               | 35                         | 60                    | 30             |
| Executives                                                                                                               | 45      | 33                  | 45              | 50           | 50              | 45        | 55          | 48               | 43                         | 90                    | 40             |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

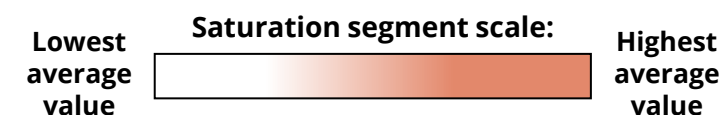


# Average cost of hiring a new employee



| n=                                                                               | 539     | 99                  | 124             | 174          | 142             | 446       | 93          | 340              | 165                        | 34                    | 117            |
|----------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What is the <b>estimated cost of hiring</b> a new employee in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Entry-level / junior roles                                                       | 3543    | 5625                | 1777            | 4207         | 2461            | 3230      | 4899        | 2761             | 5178                       | 5492                  | 2290           |
| Mid-level individual contributors                                                | 11353   | 19100               | 11458           | 21760        | 24397           | 12323     | 7066        | 16114            | 27726                      | 19214                 | 9667           |
| Mid-level managers                                                               | 9542    | 7177                | 7305            | 7058         | 24825           | 9601      | 9284        | 4815             | 27874                      | 6157                  | 5708           |
| Senior-level individual contributors                                             | 10106   | 9232                | 2823            | 7965         | 18864           | 9698      | 11750       | 6650             | 17078                      | 6929                  | 4487           |
| Senior-level managers                                                            | 11721   | 9987                | 5994            | 11834        | 11167           | 10912     | 15236       | 8225             | 14204                      | 13429                 | 6804           |
| Executives                                                                       | 19624   | 12059               | 4158            | 14539        | 14145           | 18726     | 24016       | 10673            | 13768                      | 14357                 | 6662           |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

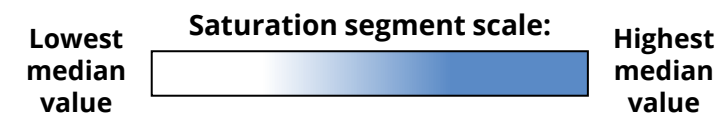


# Median cost of hiring a new employee



| n=                                                                               | 539     | 99                  | 124             | 174          | 142             | 446       | 93          | 340              | 165                        | 34                    | 117            |
|----------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What is the <b>estimated cost of hiring</b> a new employee in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Entry-level / junior roles                                                       | 1000    | 500                 | 450             | 1000         | 1000            | 1000      | 1000        | 1000             | 1000                       | 2100                  | 1000           |
| Mid-level individual contributors                                                | 5000    | 1500                | 2250            | 5000         | 15000           | 5000      | 5000        | 5000             | 4500                       | 10000                 | 5000           |
| Mid-level managers                                                               | 1500    | 500                 | 500             | 2000         | 2000            | 1400      | 1500        | 1500             | 1350                       | 2000                  | 2000           |
| Senior-level individual contributors                                             | 2000    | 550                 | 675             | 2500         | 3000            | 1500      | 3000        | 2000             | 1500                       | 2000                  | 2000           |
| Senior-level managers                                                            | 2500    | 875                 | 1500            | 3000         | 3750            | 2500      | 3750        | 2500             | 1550                       | 3500                  | 3000           |
| Executives                                                                       | 3000    | 1150                | 1500            | 4000         | 6500            | 3000      | 3500        | 3000             | 2000                       | 4000                  | 3000           |

Note: This question asked respondents to provide values relating to several aspects of the recruitment process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Appendix D: Onboarding



# Turnover rates for new hires



| n= | Industry segment                                | New hire turnover rate within probation period |
|----|-------------------------------------------------|------------------------------------------------|
| 16 | Accommodation and food services                 | 19%                                            |
| 13 | Administrative and support services             | 19%                                            |
| 4  | Agriculture, forestry and fishing               | 18%                                            |
| 9  | Arts and recreation services                    | 9%                                             |
| 15 | Construction                                    | 14%                                            |
| 20 | Education and training                          | 14%                                            |
| 7  | Electricity, gas, water and waste services      | 15%                                            |
| 20 | Financial and insurance services                | 15%                                            |
| 37 | Health care and social assistance               | 19%                                            |
| 22 | Information media and telecommunications        | 11%                                            |
| 22 | Manufacturing                                   | 11%                                            |
| 7  | Mining                                          | 11%                                            |
| 30 | Not for profit                                  | 14%                                            |
| 30 | Professional, scientific and technical services | 10%                                            |
| 5  | Public administration and safety                | 3%                                             |
| 7  | Rental, hiring and real estate services         | 11%                                            |
| 12 | Retail trade                                    | 19%                                            |
| 14 | Transport, postal and warehousing               | 11%                                            |
| 7  | Wholesale trade                                 | 15%                                            |

|                                                                                                               | n = 583 | 106                 | 131                  | 187               | 159             | 485       | 98          | 370           | 178                     | 35                 | 125         |
|---------------------------------------------------------------------------------------------------------------|---------|---------------------|----------------------|-------------------|-----------------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| What is the turnover rate (as a percentage) for new hires in your organisation within their probation period? | Overall | Junior to mid-level | Mid-level management | Senior management | C-suite leaders | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| Provided details                                                                                              | 51%     | 51%                 | 52%                  | 52%               | 48%             | 54%       | 35%         | 49%           | 57%                     | 43%                | 34%         |
| I don't know                                                                                                  | 49%     | 49%                 | 48%                  | 48%               | 52%             | 49%       | 65%         | 51%           | 43%                     | 57%                | 66%         |

|                                                | n = 297 | 263       | 34          | 180           | 102                     | 15                 | 42          |
|------------------------------------------------|---------|-----------|-------------|---------------|-------------------------|--------------------|-------------|
| New hire turnover rate within probation period | Overall | Australia | New Zealand | SMB (1 - 199) | Mid-market (200 - 1999) | Enterprise (2000+) | SB (1 - 49) |
| New hire turnover rate                         | 14%     | 14%       | 14%         | 15%           | 12%                     | 18%                | 13%         |

# Turnover rates for new hires



Summary:

The overall new hire turnover rate doubled from 7% in 2020 to 14% in 2021. Every organisation size saw a significant increase in new hire turnover. For example, in 2020, SMB new hire turnover was 5%, while in 2021 this figure was 15%. Mid-market respondents increased from 9% in 2020 to 12% in 2021, while enterprise respondents increased from 13% in 2020 to 18% in 2021. There was no significant difference by geographic region, with both Australia and New Zealand sitting at 14%. All industry segments saw an increase in new hire turnover from 2020, with some – such as ‘accommodation and food services’ – seeing a 10 percentage point jump and ‘health care and social assistance’ seeing a 12 percentage point increase. There was also an increase in the percentage of C-suite leaders who were ‘actively involved in’ or ‘responsible for’ onboarding who did not know their new hire turnover rate (from 33% in 2020 to 52% in 2021). However, both ‘junior to mid-level’ and ‘mid-level management’ respondents saw a decline in those not knowing this figure – a sign perhaps that those closer to the frontline are tracking this important metric but it is not being communicated up the hierarchy.

Insight:

The lack of knowledge about new hire turnover rates was somewhat surprising because this metric is fairly easy to calculate and can help an organisation gauge if there is an issue with the quality of hiring or an issue with the experience for new hires. A high new hire turnover figure might also point to resourcing issues and the impact this is having on employee health and wellbeing. It’s telling that two of the heaviest hit industries during the pandemic – ‘healthcare’ and ‘travel / accommodation’ – had marked increases in new hire turnover.

The cost of recruiting and training a new employee, only to see them leave within the first year of their employment directly hits the bottom line because often the organisation has not yet seen a return on investment for that new starter. In addition, the organisation is forced to fill the role again which duplicates hiring and training costs.

Overall, slightly less than half (49%) of all respondents ‘actively involved in’ or ‘responsible for’ onboarding knew their new hire turnover rate. This indicates that there are still many executive teams who do not yet see HR as a strategic player at the table, so they are not asking for this metric and HR teams are not proactively providing it either. Unfortunately, it is common that requests for onboarding metrics only occur when the turnover of new starters is noticed by executives, by which time the issue may be harder to resolve. Proactively tracking these metrics can help HR teams spot potential issues early and minimise new hire turnover which saves the organisation a significant amount of time and money.

Action:

- HR must proactively report on new hire turnover rates. A simple way to calculate new hire turnover (aka ‘early separators’) is to take the most recent segment of new hires who started between 24 and 12 months ago, and then work out how many of them left within their first year of service. These figures can also be divided into voluntary and involuntary leavers. Voluntary leavers are potentially reflective of a poor new starter experience. The involuntary leavers are potentially reflective of a poor hire / job fit.

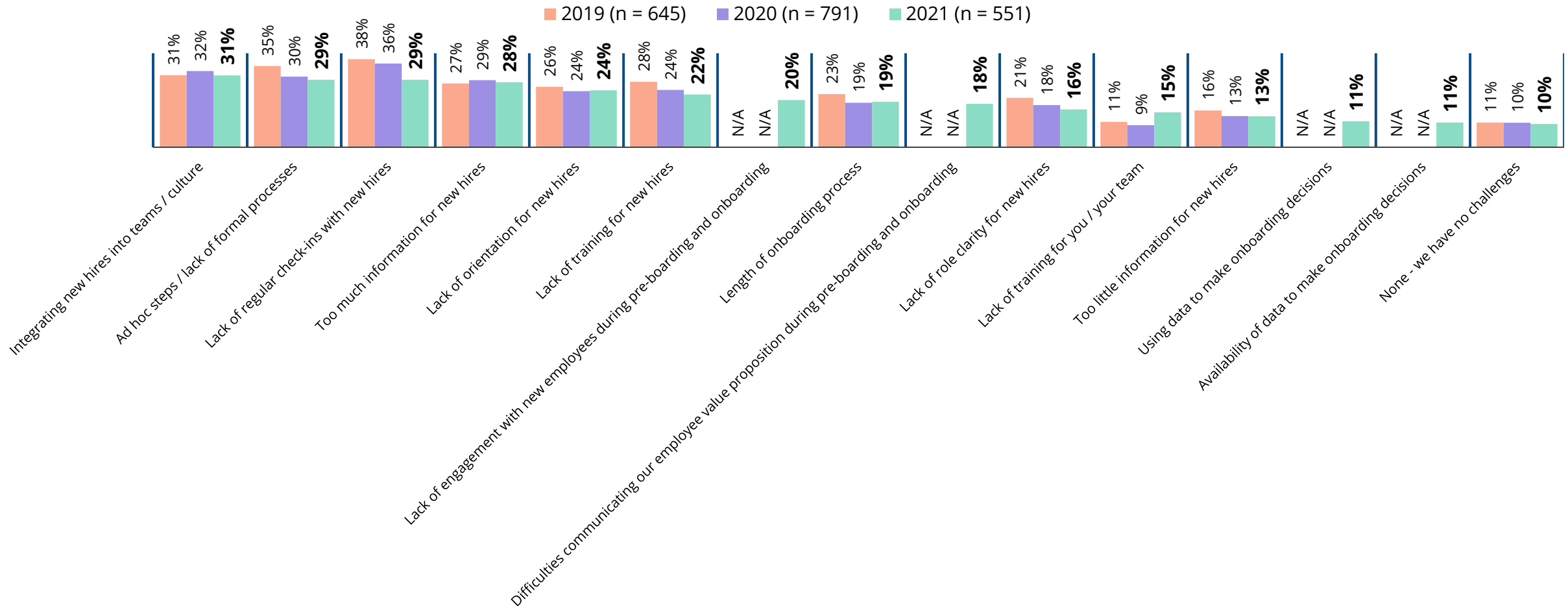
Example of Company ABC calculating their 2021 new hire turnover on 31 December 2021:

| No. of new FTE that started between Jan 1 2021 and 31 Dec 2021 | No. that terminated before their 1-year tenure date | New hire turnover rate         |
|----------------------------------------------------------------|-----------------------------------------------------|--------------------------------|
| 500                                                            | 40                                                  | $40 \div 500 \times 100 = 8\%$ |

# Key onboarding challenges



What are your organisation's key onboarding challenges?



# Key onboarding challenges



## Summary:

The top 3 onboarding challenges have remained consistent since 2019, with only slight changes to the order of those challenges. In 2021, the top challenge was 'integrating new hires into teams / culture'. 'Lack of regular check-ins for new hires' had the most significant drop from 2020 – when it was the top challenge – although this still rates as the third most-cited challenge.

## Insight:

Few areas within HR's mandate were as impacted by COVID-19 as recruitment and onboarding. For onboarding in particular, the challenges relating to providing opportunities for new hires to bond or integrate with team members, or to form an attachment to organisational culture, were exacerbated by remote or hybrid work. Indeed, this [global study](#) by Microsoft found that collaboration and interactions with our immediate team, or close network, strengthened with the move to remote work. However, our interactions outside of that team, or distant networks, have diminished. This can have an impact on innovation, ideas generation and social bonds between people from different teams or departments.

Fortunately, some challenges have declined. The survey results indicate that several important lessons were learned following the initial round of lockdowns in 2020, such as the benefits of doing regular check-ins with new hires – this dropped 7 percentage points as a challenge from 2020 to 2021. Clearly, the employee experience is quite different when team members are geographically dispersed, so extra effort must be taken to build and reinforce company culture. Remote working also makes it more challenging for managers and peers to form a personal connection to new hires. There usually isn't the scope for those 'water-cooler' moments where casual conversations take place.

It's significant that a number of process-related challenges have declined. For example, 'ad hoc steps / lack of formal processes' has steadily declined as a challenge since 2019. The same can be said for 'too much information for new hires' and 'too little information for new hires'. This is an indication that not only is the importance of onboarding being recognised in the overall employee journey, but that foundational processes are now in place and are being followed.

It's worth noting that all challenges were reduced for respondents with fully implemented technology versus respondents without fully implemented technology – with one exception: 'too much information for new hires'. This may be a content curation issue: having everything available digitally without any kind of structure or timeline for when or how that content should be digested could result in 'information overload' for new hires.

## Action:

- Review onboarding processes to ensure new hires have a consistent experience, regardless of whether they are working inhouse or remotely. However, also be aware that remote or hybrid workers may require some additional support. In a buoyant candidate market, it has never been more critical to ensure onboarding processes are streamlined and seamless.
- Consider conducting 'stay interviews' with new hires at the end of their probation period, or at the three- or six-month mark of their tenure. Such interviews can help ascertain if promises made during the recruitment process have been delivered upon, and whether there are areas for the organisation to improve the experience for new hires.

# Key onboarding challenges



| n=                                                                                           | 551     | 109                 | 129             | 182          | 131             | 456       | 95          | 331              | 176                        | 44                    | 109            |
|----------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's <b>key onboarding challenges</b> ?                              | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Ad hoc steps / lack of formal processes                                                      | 29%     | 24%                 | 30%             | 31%          | 28%             | 28%       | 32%         | 27%              | 31%                        | 34%                   | 25%            |
| Too little information for new hires                                                         | 13%     | 14%                 | 16%             | 12%          | 12%             | 14%       | 11%         | 14%              | 12%                        | 14%                   | 10%            |
| Too much information for new hires                                                           | 28%     | 28%                 | 21%             | 34%          | 26%             | 27%       | 33%         | 25%              | 31%                        | 34%                   | 22%            |
| Lack of role clarity for new hires                                                           | 16%     | 17%                 | 21%             | 14%          | 14%             | 17%       | 14%         | 13%              | 21%                        | 18%                   | 5%             |
| Lack of orientation for new hires                                                            | 24%     | 25%                 | 28%             | 19%          | 27%             | 24%       | 26%         | 24%              | 24%                        | 30%                   | 15%            |
| Lack of training for new hires                                                               | 22%     | 21%                 | 22%             | 23%          | 23%             | 21%       | 28%         | 23%              | 20%                        | 27%                   | 14%            |
| Lack of training for you / your team                                                         | 15%     | 15%                 | 22%             | 12%          | 11%             | 15%       | 15%         | 15%              | 14%                        | 18%                   | 13%            |
| Length of onboarding process                                                                 | 19%     | 18%                 | 23%             | 15%          | 22%             | 21%       | 12%         | 17%              | 19%                        | 39%                   | 17%            |
| Lack of regular check-ins with new hires                                                     | 29%     | 33%                 | 32%             | 29%          | 21%             | 28%       | 31%         | 25%              | 34%                        | 36%                   | 15%            |
| Integrating new hires into teams / culture                                                   | 31%     | 30%                 | 32%             | 27%          | 34%             | 31%       | 31%         | 31%              | 31%                        | 27%                   | 32%            |
| Lack of engagement with new employees during pre-boarding and onboarding                     | 20%     | 18%                 | 25%             | 21%          | 16%             | 21%       | 17%         | 18%              | 22%                        | 30%                   | 15%            |
| Difficulties communicating our employee value proposition during pre-boarding and onboarding | 18%     | 15%                 | 21%             | 19%          | 18%             | 18%       | 23%         | 17%              | 19%                        | 27%                   | 15%            |
| Availability of data to make onboarding decisions                                            | 11%     | 10%                 | 14%             | 9%           | 9%              | 10%       | 14%         | 8%               | 15%                        | 14%                   | 2%             |
| Using data to make onboarding decisions                                                      | 11%     | 7%                  | 14%             | 13%          | 8%              | 11%       | 9%          | 9%               | 14%                        | 14%                   | 5%             |
| None - we have no challenges                                                                 | 10%     | 6%                  | 5%              | 12%          | 15%             | 10%       | 9%          | 13%              | 6%                         | 2%                    | 26%            |

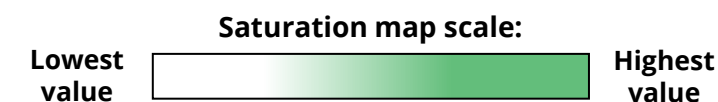


# Key onboarding challenges



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **onboarding**?

| What are your organisation's <b>key onboarding challenges</b> ?                              | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|----------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                              | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                              | n = 260                          | n = 155          | n = 80                     | n = 25                | n = 291                                    | n = 176          | n = 96                     | n = 19                | n = 48         | n = 61         |
| Ad hoc steps / lack of formal processes                                                      | 20%                              | 18%              | 21%                        | 28%                   | 37%                                        | 35%              | 39%                        | 42%                   | 19%            | 30%            |
| Too little information for new hires                                                         | 9%                               | 10%              | 8%                         | 8%                    | 17%                                        | 18%              | 16%                        | 21%                   | 10%            | 10%            |
| Too much information for new hires                                                           | 31%                              | 28%              | 36%                        | 32%                   | 25%                                        | 22%              | 27%                        | 37%                   | 23%            | 21%            |
| Lack of role clarity for new hires                                                           | 13%                              | 10%              | 19%                        | 16%                   | 19%                                        | 16%              | 23%                        | 21%                   | 2%             | 8%             |
| Lack of orientation for new hires                                                            | 17%                              | 16%              | 18%                        | 24%                   | 31%                                        | 31%              | 29%                        | 37%                   | 8%             | 21%            |
| Lack of training for new hires                                                               | 17%                              | 19%              | 14%                        | 20%                   | 27%                                        | 27%              | 26%                        | 37%                   | 10%            | 16%            |
| Lack of training for you / your team                                                         | 12%                              | 12%              | 11%                        | 12%                   | 18%                                        | 17%              | 17%                        | 26%                   | 8%             | 16%            |
| Length of onboarding process                                                                 | 18%                              | 15%              | 16%                        | 44%                   | 20%                                        | 18%              | 22%                        | 32%                   | 19%            | 16%            |
| Lack of regular check-ins with new hires                                                     | 26%                              | 21%              | 35%                        | 32%                   | 31%                                        | 30%              | 32%                        | 42%                   | 8%             | 21%            |
| Integrating new hires into teams / culture                                                   | 28%                              | 27%              | 30%                        | 32%                   | 33%                                        | 35%              | 31%                        | 21%                   | 23%            | 39%            |
| Lack of engagement with new employees during pre-boarding and onboarding                     | 15%                              | 12%              | 16%                        | 28%                   | 25%                                        | 23%              | 26%                        | 32%                   | 10%            | 18%            |
| Difficulties communicating our employee value proposition during pre-boarding and onboarding | 15%                              | 14%              | 11%                        | 32%                   | 22%                                        | 20%              | 25%                        | 21%                   | 10%            | 18%            |
| Availability of data to make onboarding decisions                                            | 8%                               | 5%               | 13%                        | 16%                   | 12%                                        | 10%              | 18%                        | 11%                   | 0%             | 3%             |
| Using data to make onboarding decisions                                                      | 9%                               | 6%               | 13%                        | 16%                   | 13%                                        | 13%              | 15%                        | 11%                   | 2%             | 8%             |
| None - we have no challenges                                                                 | 13%                              | 18%              | 8%                         | 4%                    | 7%                                         | 9%               | 4%                         | 0%                    | 33%            | 21%            |

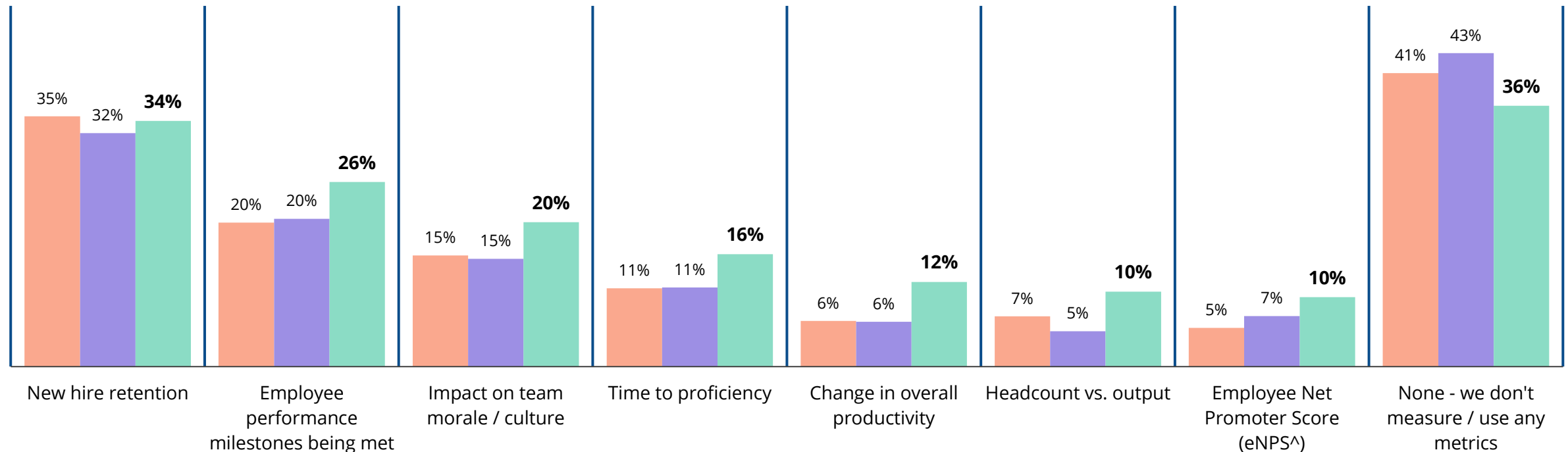


# Measuring onboarding performance



Which metric(s) does your organisation use to measure the performance of its onboarding processes?

2019 (n = 617) 2020 (n = 757) 2021 (n = 519)



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# Measuring onboarding performance



**1 in 3** respondents do not measure the performance of their onboarding process



**1 in 3** respondents measure the effectiveness of their onboarding process via their new hire retention rate

## Summary:

The use of almost all onboarding metrics increased in 2021, with the most noticeable increases occurring for ‘employee performance milestones being met’ and ‘change in overall productivity’ (both with 6 percentage point increases over 2020). This uptick in the use of metrics is also reflected in the decline in the number of respondents selecting ‘none – we don’t measure / use any metrics’, although over a third (36%) still selected this option.

## Insight:

‘New hire retention’ is by some margin the most-used metric to assess onboarding, and this has been the case since 2019. However, this still only represents a third (34%) of respondents. The low level of respondents using a new hire retention metric is interesting because earlier in this Onboarding Appendix it was found that 51% of respondents knew their new hire turnover rates. Therefore, new hire retention rates should also be easy to calculate. This further strengthens a previously cited insight in this report, which indicated that new hire turnover / retention rates are not of great interest at the leadership level, despite the way this metric can help identify issues early and save the organisation from duplicating hiring and training costs.

Also of note is the focus on the performance of new hires – not just for themselves but for teams as a whole. This can be seen in the increased use of metrics relating to ‘employee performance milestones being met’, ‘time to proficiency’ and ‘change in overall productivity’. Performance expectations should always be mapped out for new hires. While it’s a fine line between overloading new hires with unachievable objectives and getting them up to full productivity as quickly as possible, it’s also worth noting that performance measures don’t always have to be based around ‘hard’ KPIs; gentler KPIs for new hires could focus on getting to know new peers or customers, or understanding what each department in the organisation does.

Although Employee Net Promoter Score (eNPS<sup>^</sup>) was only selected by 1 in 10 respondents, this is a metric that may increase in popularity in coming years as the employer brand and the reputation of employers becomes a priority, and the employee experience (EX) becomes ever-more intertwined with the customer experience (CX). In its [2022 technology trends eBook](#), Gartner named this phenomenon the ‘total experience’ – a business strategy that integrates the EX, CX, user experience and multi-experience across multiple touchpoints to accelerate growth. Gartner commented:

“Total experience can drive greater customer and employee confidence, satisfaction, loyalty through holistic management of stakeholder experiences.”

## Action:

- Utilise metrics to provide insights about onboarding. As a minimum, new hire turnover / retention rates should be calculated and used in regular reports to the C-suite.
- Investigate how technology can be used for the gathering, reporting and analysis of key onboarding metrics. As with other areas of this report, it’s apparent that technology impacts the extent to which metrics will be utilised. The usage of 6 out of 7 metrics increased for those respondents with technology fully implemented versus respondents without technology fully implemented.

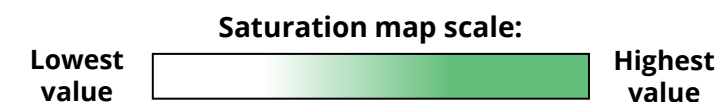
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# Measuring onboarding performance



| n=                                                                                                 | 519     | 105                 | 120             | 171          | 123             | 429       | 90          | 311              | 166                        | 42                    | 101            |
|----------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the performance of its onboarding processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Change in overall productivity                                                                     | 12%     | 12%                 | 12%             | 11%          | 12%             | 13%       | 4%          | 13%              | 11%                        | 2%                    | 12%            |
| Employee Net Promoter Score (eNPS^)                                                                | 10%     | 12%                 | 7%              | 10%          | 9%              | 10%       | 8%          | 9%               | 6%                         | 26%                   | 5%             |
| Employee performance milestones being met                                                          | 26%     | 18%                 | 26%             | 27%          | 30%             | 29%       | 11%         | 29%              | 23%                        | 14%                   | 25%            |
| Headcount vs. output                                                                               | 10%     | 13%                 | 9%              | 9%           | 11%             | 11%       | 6%          | 12%              | 8%                         | 10%                   | 9%             |
| Impact on team morale / culture                                                                    | 20%     | 18%                 | 20%             | 20%          | 21%             | 20%       | 18%         | 23%              | 17%                        | 7%                    | 21%            |
| New hire retention                                                                                 | 34%     | 27%                 | 31%             | 37%          | 38%             | 35%       | 31%         | 33%              | 37%                        | 31%                   | 30%            |
| Time to proficiency                                                                                | 16%     | 14%                 | 15%             | 15%          | 18%             | 16%       | 14%         | 19%              | 11%                        | 10%                   | 16%            |
| None - we don't measure / use any metrics                                                          | 36%     | 36%                 | 34%             | 34%          | 41%             | 33%       | 49%         | 38%              | 37%                        | 19%                   | 42%            |

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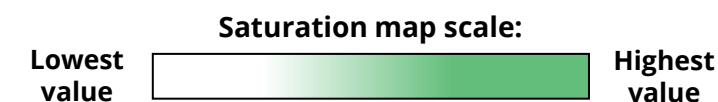
# Measuring onboarding performance



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **onboarding**?

| Which metric(s) does your organisation use to measure the performance of its onboarding processes? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|----------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                    | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                    | n = 244                          | n = 148          | n = 73                     | n = 23                | n = 275                                    | n = 163          | n = 93                     | n = 19                | n = 45         | n = 56         |
| Change in overall productivity                                                                     | 11%                              | 13%              | 12%                        | 0%                    | 12%                                        | 14%              | 10%                        | 5%                    | 9%             | 14%            |
| Employee Net Promoter Score (eNPS^)                                                                | 11%                              | 11%              | 5%                         | 35%                   | 8%                                         | 8%               | 6%                         | 16%                   | 4%             | 5%             |
| Employee performance milestones being met                                                          | 33%                              | 36%              | 34%                        | 9%                    | 19%                                        | 22%              | 14%                        | 21%                   | 29%            | 23%            |
| Headcount vs. output                                                                               | 11%                              | 11%              | 14%                        | 9%                    | 9%                                         | 12%              | 4%                         | 11%                   | 4%             | 13%            |
| Impact on team morale / culture                                                                    | 25%                              | 28%              | 25%                        | 4%                    | 16%                                        | 19%              | 11%                        | 11%                   | 29%            | 14%            |
| New hire retention                                                                                 | 41%                              | 40%              | 47%                        | 30%                   | 28%                                        | 26%              | 30%                        | 32%                   | 38%            | 25%            |
| Time to proficiency                                                                                | 17%                              | 19%              | 18%                        | 4%                    | 14%                                        | 18%              | 6%                         | 16%                   | 13%            | 18%            |
| None - we don't measure / use any metrics                                                          | 27%                              | 30%              | 26%                        | 17%                   | 44%                                        | 45%              | 46%                        | 21%                   | 38%            | 46%            |

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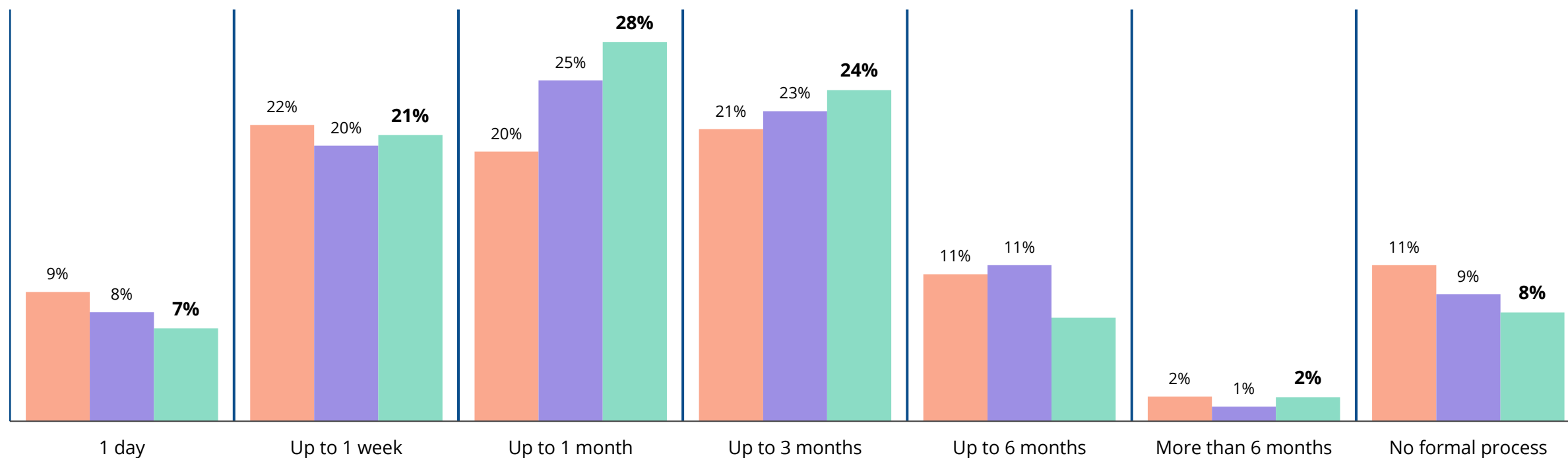


# Duration of onboarding programs



What is the average duration of your organisation's onboarding program?

2019 (n = 616) 2020 (n = 757) 2021 (n = 517)



# Duration of onboarding programs



Just over **1 in 4** respondents said the duration of their onboarding program is up to 1 month



**1 in 5** respondents said the duration of their onboarding program is up to 1 week

## Summary:

The perception of onboarding has changed. It's no longer viewed as an afterthought, or something to be completed within a day or so. Today, onboarding is recognised as the key starting point of an employee's journey with an organisation; it's something that needs appropriate time and resources to be done well. This evolution is reflected in the responses to this question. Respondents selecting 'up to 1 month' (28%) and 'up to 3 months' (24%) have increased steadily since 2019. Just 7% of respondents selected '1 day', down 2 percentage points from 2019. At the other end of the spectrum, those selecting 'up to 6 months' has also declined, indicating that the 'sweet spot' for onboarding programs is between 1-3 months.

## Insight:

The word 'onboarding' is often used interchangeably with 'induction', 'orientation' and even 'probation', and those different interpretations likely dictated how respondents answered this question. To clarify:

- Induction or orientation is typically about practical and technical integration: it's about connecting the employee with the bureaucratic, social, hierarchical and technological systems used across the company, so they can start 'plugging in' to these systems. There is always an element of paperwork to gather personal taxation, superannuation, banking, and contact details from employees.
- Onboarding typically includes long-term, relationship-based programs: mentoring schemes and 'buddy' systems designed to facilitate the employee's understanding of the organisation and how to apply their skills effectively could be part of a longer-term onboarding program.
- Probation is the period of time at the start of a permanent full-time or part-time employment relationship that gives the employer the opportunity to assess whether their new employee is capable, reliable and suitable for the job. It also provides the employee with the opportunity to assess whether the job and organisation is right for them.

There is no 'right' or 'wrong' response to this question, as there are many variables that will impact the duration of onboarding, such as the job role (seniority, reporting lines, etc.) and the size and complexity of an organisation. This last point is reflected in the higher percentage (16%) of respondents from small businesses selecting 'no formal processes'; it's much easier for a new hire to 'find their way' and understand their role and how they fit in with the hierarchy in a smaller organisation versus the experience for new hires in an enterprise-sized business.

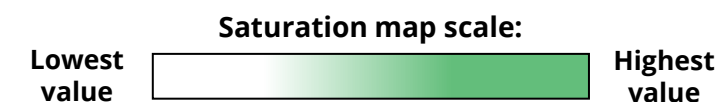
## Action:

- Regardless of the duration of the onboarding process, it's essential to have a formal process in place. A formal process helps time-poor managers take a more proactive role in the onboarding of new starters. It also ensures all steps are covered, with the right amount of information for new hires, distributed at the right time during their onboarding journey. This will remove the risk of information overload for new hires.
- Ensure all new hires have a consistent onboarding experience, whether that's in-person, remote or hybrid. Without a formal process in place, there is no real understanding what the new employee experience is like, and as the organisation grows larger so too does the risk that pockets of the organisation are creating a poor EX for new starters. Unfortunately, the repercussions of onboarding inconsistencies are often not known until valuable time and money has already been lost.

# Duration of onboarding programs



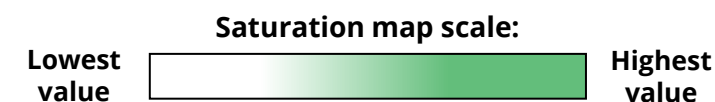
| n=                                                                             | 517     | 105                 | 120             | 170          | 122             | 427       | 90          | 309              | 166                        | 42                    | 100            |
|--------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What is the <b>average duration</b> of your organisation's onboarding program? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| 1 day                                                                          | 7%      | 9%                  | 7%              | 8%           | 4%              | 7%        | 6%          | 7%               | 6%                         | 5%                    | 6%             |
| Up to 1 week                                                                   | 21%     | 29%                 | 19%             | 22%          | 15%             | 21%       | 19%         | 21%              | 21%                        | 17%                   | 20%            |
| Up to 1 month                                                                  | 28%     | 31%                 | 27%             | 23%          | 32%             | 26%       | 33%         | 30%              | 25%                        | 21%                   | 23%            |
| Up to 3 months                                                                 | 24%     | 14%                 | 28%             | 27%          | 25%             | 23%       | 29%         | 22%              | 27%                        | 29%                   | 27%            |
| Up to 6 months                                                                 | 8%      | 6%                  | 7%              | 9%           | 8%              | 9%        | 1%          | 6%               | 10%                        | 12%                   | 2%             |
| More than 6 months                                                             | 2%      | 1%                  | 3%              | 3%           | 0%              | 2%        | 0%          | 2%               | 1%                         | 0%                    | 1%             |
| No formal process                                                              | 8%      | 7%                  | 7%              | 6%           | 12%             | 7%        | 10%         | 9%               | 7%                         | 7%                    | 16%            |



# Duration of onboarding programs



| What is the <b>average duration</b> of your organisation's onboarding program? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>onboarding</b> ? |              |            |            |                                            |              |            |            |          |          |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|--------------------------------------------|--------------|------------|------------|----------|----------|
|                                                                                | Has fully implemented technology                                                                                                        |              |            |            | Does not have fully implemented technology |              |            |            | FIT      | NFIT     |
|                                                                                | Total resp.                                                                                                                             | SMB          | Mid-market | Enterprise | Total resp.                                | SMB          | Mid-market | Enterprise | SB       | SB       |
|                                                                                | (1 - 199)                                                                                                                               | (200 - 1999) | (2000+)    |            | (1 - 199)                                  | (200 - 1999) | (2000+)    |            | (1 - 49) | (1 - 49) |
|                                                                                | n = 244                                                                                                                                 | n = 148      | n = 73     | n = 23     | n = 273                                    | n = 161      | n = 93     | n = 19     | n = 45   | n = 55   |
| 1 day                                                                          | 6%                                                                                                                                      | 7%           | 5%         | 4%         | 7%                                         | 8%           | 6%         | 5%         | 4%       | 7%       |
| Up to 1 week                                                                   | 21%                                                                                                                                     | 23%          | 21%        | 9%         | 21%                                        | 20%          | 22%        | 26%        | 29%      | 13%      |
| Up to 1 month                                                                  | 29%                                                                                                                                     | 30%          | 27%        | 26%        | 26%                                        | 30%          | 23%        | 16%        | 22%      | 24%      |
| Up to 3 months                                                                 | 25%                                                                                                                                     | 22%          | 27%        | 35%        | 23%                                        | 22%          | 27%        | 21%        | 29%      | 25%      |
| Up to 6 months                                                                 | 10%                                                                                                                                     | 7%           | 16%        | 13%        | 5%                                         | 4%           | 5%         | 11%        | 2%       | 2%       |
| More than 6 months                                                             | 3%                                                                                                                                      | 4%           | 1%         | 0%         | 1%                                         | 1%           | 1%         | 0%         | 0%       | 2%       |
| No formal process                                                              | 3%                                                                                                                                      | 5%           | 0%         | 0%         | 12%                                        | 12%          | 12%        | 16%        | 11%      | 20%      |

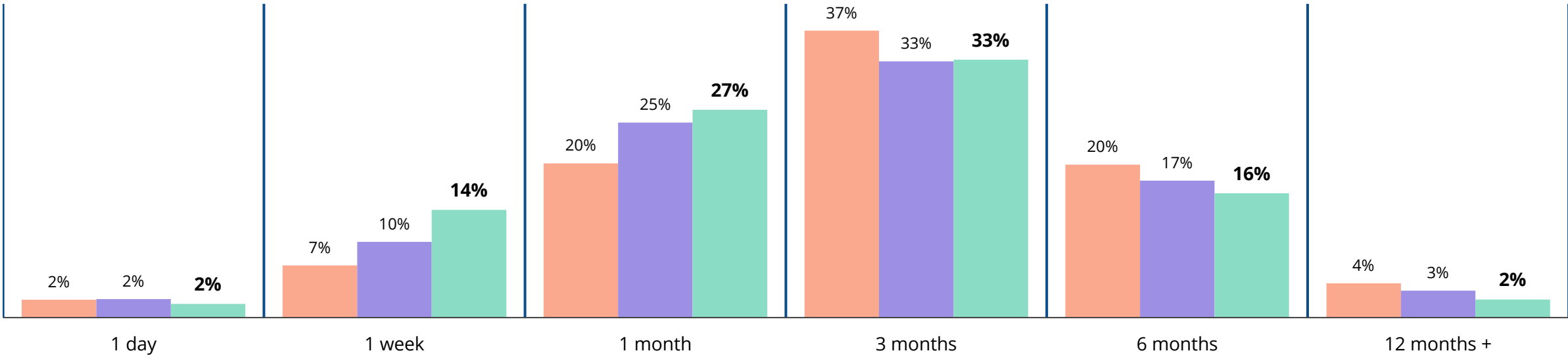


# Time for new hires to reach full productivity



How long does it typically take for a new hire to be fully productive after they have commenced employment? (Including onboarding period)

2019 (n = 615)    2020 (n = 756)    2021 (n = 516)



# Time for new hires to reach full productivity



**1 in 3** respondents said new hires typically take 3 months to get up to full productivity



**1 in 6** respondents said new hires typically take 6 months to get up to full productivity



**1 in 8** respondents said full productivity for new hires is reached within 1 week

## Summary:

Respondents believe that 3 months is the most optimal length of time for a new starter to reach full productivity. However, there was an increase in respondents who said that full productivity is reached within 1 month, which correlates with the increase in the number of respondents who said their onboarding program lasts 1 month. When this question was correlated by those who use onboarding technology and those who don't, there was no real difference between the results.

## Insight:

Like many other areas of this report, it's apparent that while technology can make onboarding processes easier, save time and help create a more consistent EX for new starters, it can only improve processes so much. For example, the impact of technology on time to productivity for new hires is negligible. Effective onboarding is one piece of the productivity puzzle. Other elements to consider are how well 'socialised' the new hire is with colleagues and peers, whether they have the right tools to do their job, and any training and support they are given in these early days of employment. It's also important to consider how productivity is measured and what the approach is to setting productivity targets during the onboarding phase.

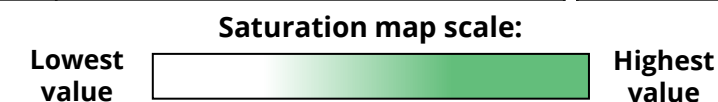
## Action:

- Ensure the onboarding process contains the right mix of elements to ensure new hires are productive as soon as possible. This will include opportunities to meet and collaborate with colleagues (virtually or face-to-face), providing relevant training and tools to do the job, offering information about the company and its culture, and ensuring all compliance related issues (including paperwork for third party agencies) are handled efficiently.

# Time for new hires to reach full productivity



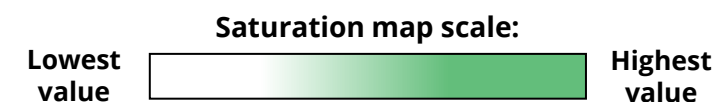
| n=                                                                                                                                               | 516     | 105                 | 120             | 170          | 121             | 426       | 90          | 309              | 165                        | 42                    | 100            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How long does it typically take for a new hire to be <b>fully productive after they have commenced employment?</b> (Including onboarding period) | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| 1 day                                                                                                                                            | 2%      | 2%                  | 2%              | 2%           | 2%              | 2%        | 1%          | 3%               | 1%                         | 0%                    | 4%             |
| 1 week                                                                                                                                           | 14%     | 19%                 | 18%             | 12%          | 8%              | 13%       | 19%         | 14%              | 14%                        | 10%                   | 8%             |
| 1 month                                                                                                                                          | 27%     | 27%                 | 25%             | 26%          | 29%             | 27%       | 22%         | 28%              | 25%                        | 21%                   | 30%            |
| 3 months                                                                                                                                         | 33%     | 29%                 | 33%             | 37%          | 31%             | 33%       | 31%         | 34%              | 31%                        | 33%                   | 30%            |
| 6 months                                                                                                                                         | 16%     | 13%                 | 18%             | 14%          | 18%             | 16%       | 14%         | 14%              | 19%                        | 17%                   | 17%            |
| 12 months +                                                                                                                                      | 2%      | 1%                  | 1%              | 4%           | 3%              | 2%        | 6%          | 2%               | 1%                         | 10%                   | 2%             |



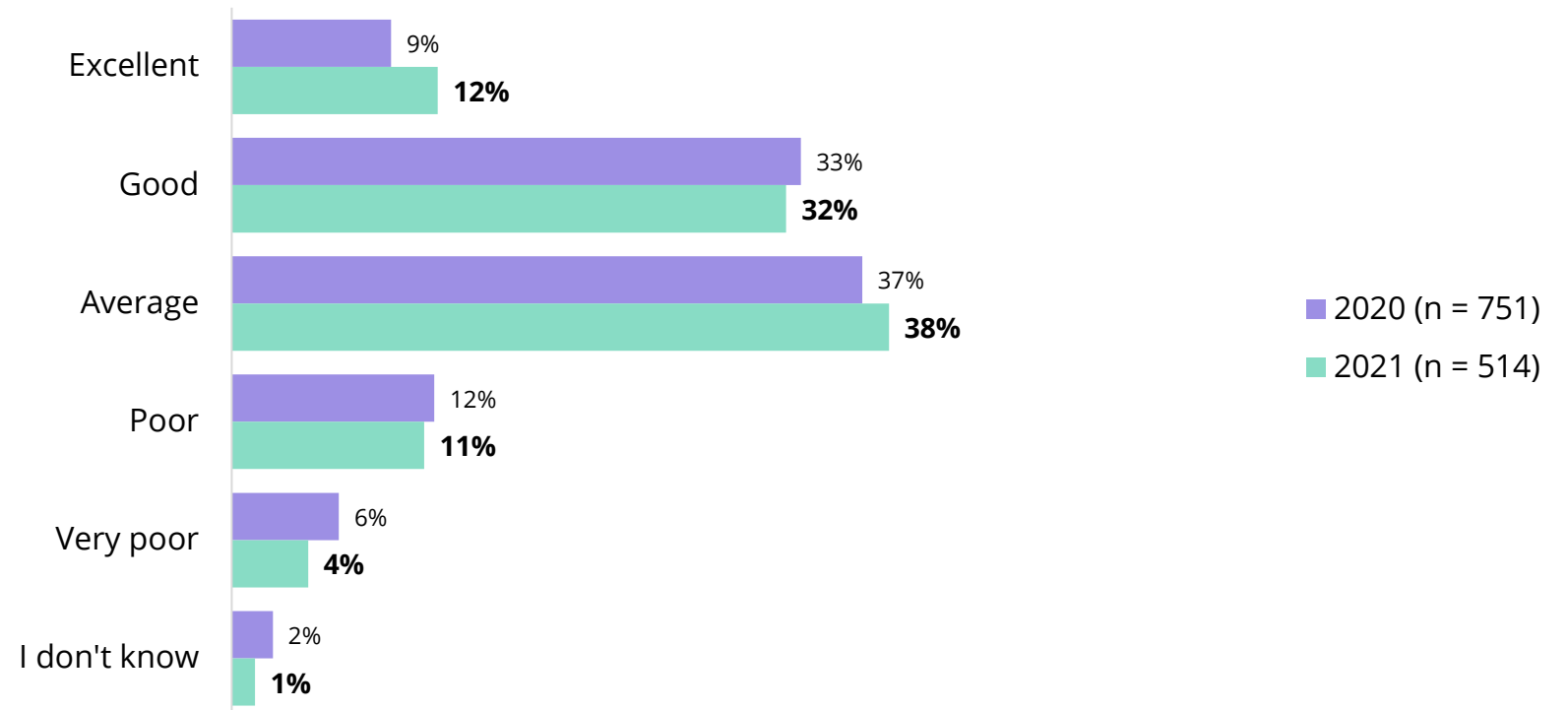
# Time for new hires to reach full productivity



| How long does it typically take for a new hire to be <b>fully productive after they have commenced employment?</b><br>(Including onboarding period) | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>onboarding?</b> |                  |                            |                       |                                            |                  |                            |                       |                |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                     | Has fully implemented technology                                                                                                       |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                     | Total resp.                                                                                                                            | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                     | n = 243                                                                                                                                | n = 148          | n = 72                     | n = 23                | n = 273                                    | n = 161          | n = 93                     | n = 19                | n = 45         | n = 55         |
| 1 day                                                                                                                                               | 1%                                                                                                                                     | 2%               | 0%                         | 0%                    | 2%                                         | 3%               | 1%                         | 0%                    | 2%             | 5%             |
| 1 week                                                                                                                                              | 13%                                                                                                                                    | 14%              | 14%                        | 4%                    | 14%                                        | 14%              | 14%                        | 16%                   | 13%            | 4%             |
| 1 month                                                                                                                                             | 28%                                                                                                                                    | 28%              | 29%                        | 26%                   | 25%                                        | 28%              | 22%                        | 16%                   | 31%            | 29%            |
| 3 months                                                                                                                                            | 35%                                                                                                                                    | 36%              | 33%                        | 30%                   | 32%                                        | 32%              | 29%                        | 37%                   | 31%            | 29%            |
| 6 months                                                                                                                                            | 15%                                                                                                                                    | 14%              | 15%                        | 17%                   | 17%                                        | 14%              | 22%                        | 16%                   | 13%            | 20%            |
| 12 months +                                                                                                                                         | 3%                                                                                                                                     | 3%               | 3%                         | 9%                    | 1%                                         | 1%               | 0%                         | 11%                   | 4%             | 0%             |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing the onboarding of new starters?



## Summary:

Satisfaction about internal onboarding systems and processes has generally improved since 2020. More respondents selected 'good' or 'excellent', while fewer selected 'poor' or 'very poor'. This is tempered somewhat by the persistently high level of respondents selecting 'average', with nearly 4 in 10 (38%) choosing this option. Very few respondents selected 'I don't know' for this question, yet it was established in an earlier question that over a third of respondents (36%) do not use any metrics to measure the effectiveness of their onboarding process.

## Insight:

How can HR improve the experience for new hires? There are two key elements to consider in 2022:

1. Use technology and metrics to improve the onboarding experience. When looking at the results for respondents with fully implemented technology versus those without, the results are clear: 18% of respondents with fully implemented tech rated their systems and processes as 'excellent' (vs. 7% for not fully implemented), and 43% of fully implemented rated them as 'good' (vs. 23% for not fully implemented). At the other end of the scale, 6% of those with fully implemented technology rated their systems and processes as either 'poor' or 'very poor' vs. 24% for those without fully implemented technology. Similarly, without metrics, it's impossible to improve systems and processes. Without metrics, HR is reliant on gut feeling, verbal feedback, and anecdotal evidence – not exactly the hard numbers required to make meaningful improvements.
2. Personalisation. Although standardised processes are required to ensure each employee gets a similar new-hire experience, consider if there's scope to introduce any degree of personalisation for those people. To the extent possible, take the time to understand each individual's personal preferences. For example: How will they be working moving forward – remotely or in-person, or hybrid? Would they prefer to meet team members one-on-one or in a group? Are they 're-onboarding' due to being away from the business for a period of time (such as parental leave) or 'cross-boarding' from one department to another, and therefore perhaps do not require the 'full experience'? Armed with these insights, it's easier to tailor a unique onboarding experience for each person.

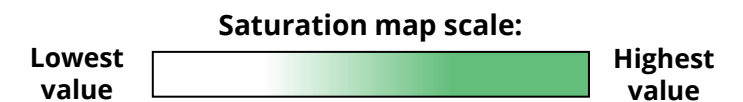
## Action:

- Assess how technology can be used to enhance the new hire experience – as well as the experience for managers and HR.
- Understand the most impactful metrics to be gathering and assessing. As a minimum, consider new hire retention and time to proficiency.
- Gather feedback about the onboarding experience from new hires via the use of surveys: What was done well? What can be improved? Was the duration satisfactory? Also consider introducing 'stay conversations' for those who have been with the organisation for six months or one year (or longer). Were the promises made during the recruitment and onboarding experience followed through? With high employee turnover expected throughout 2022, stay conversations can be used as a proactive way to retain employees. Research from Gallup indicates that 52% of voluntarily exiting employees feel their manager or organisation could have done something to prevent them leaving. The research states: "The best leaders don't wait for signs of trouble: They take preventive action to keep their talented people."

# Internal systems and processes



| n=                                                                                                                                                             | 514     | 104                 | 119             | 170          | 121             | 424       | 90          | 307              | 165                        | 42                    | 99             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's <b>internal systems and processes</b> for efficiently and effectively managing the onboarding of new starters? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                                      | 12%     | 14%                 | 10%             | 12%          | 12%             | 12%       | 13%         | 15%              | 8%                         | 10%                   | 13%            |
| Good                                                                                                                                                           | 32%     | 27%                 | 30%             | 35%          | 36%             | 34%       | 26%         | 37%              | 28%                        | 19%                   | 32%            |
| Average                                                                                                                                                        | 39%     | 40%                 | 45%             | 36%          | 34%             | 38%       | 41%         | 35%              | 44%                        | 45%                   | 43%            |
| Poor                                                                                                                                                           | 11%     | 11%                 | 8%              | 13%          | 12%             | 11%       | 14%         | 8%               | 14%                        | 21%                   | 4%             |
| Very poor                                                                                                                                                      | 4%      | 8%                  | 5%              | 3%           | 3%              | 4%        | 6%          | 3%               | 7%                         | 5%                    | 1%             |

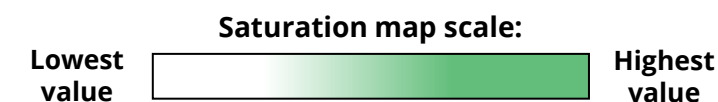


# Internal systems and processes



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **onboarding**?

| Overall, how would you rate your organisation's <b>internal systems and processes</b> for efficiently and effectively managing the onboarding of new starters? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                                | Total resp.                      | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                                | n = 241                          | n = 146          | n = 72                     | n = 23                | n = 273                                    | n = 161          | n = 93                     | n = 19                | n = 44         | n = 55         |
| Excellent                                                                                                                                                      | 18%                              | 22%              | 14%                        | 9%                    | 7%                                         | 8%               | 3%                         | 11%                   | 18%            | 9%             |
| Good                                                                                                                                                           | 43%                              | 46%              | 43%                        | 26%                   | 23%                                        | 29%              | 16%                        | 11%                   | 43%            | 24%            |
| Average                                                                                                                                                        | 32%                              | 27%              | 36%                        | 52%                   | 44%                                        | 42%              | 49%                        | 37%                   | 32%            | 53%            |
| Poor                                                                                                                                                           | 5%                               | 3%               | 6%                         | 13%                   | 17%                                        | 13%              | 20%                        | 32%                   | 5%             | 4%             |
| Very poor                                                                                                                                                      | 1%                               | 1%               | 1%                         | 0%                    | 7%                                         | 5%               | 11%                        | 11%                   | 0%             | 2%             |

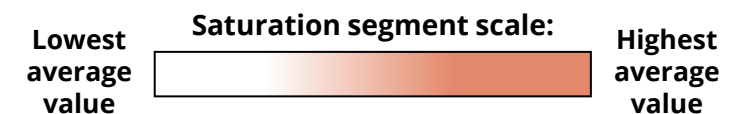


# Average number of hours per week spent onboarding activities



| n=                                                                                                   | 527     | 107                 | 122             | 173          | 125             | 437       | 90          | 314              | 171                        | 42                    | 103            |
|------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many <b>hours per week</b> do you personally typically spend on these key onboarding activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Company policy training                                                                              | 3       | 3                   | 4               | 4            | 3               | 4         | 3           | 4                | 3                          | 5                     | 3              |
| Initial follow-ups (first day, first week, first month, etc.)                                        | 4       | 4                   | 4               | 4            | 3               | 4         | 4           | 4                | 4                          | 4                     | 4              |
| Introductions (in person, via email, etc.)                                                           | 3       | 3                   | 3               | 3            | 3               | 2         | 3           | 2                | 3                          | 2                     | 2              |
| Onboarding forms                                                                                     | 3       | 3                   | 3               | 3            | 2               | 3         | 3           | 2                | 4                          | 5                     | 2              |
| Pre-boarding                                                                                         | 3       | 3                   | 3               | 3            | 2               | 3         | 3           | 3                | 3                          | 3                     | 3              |
| Role-specific training                                                                               | 7       | 6                   | 6               | 8            | 8               | 7         | 9           | 7                | 7                          | 6                     | 9              |
| Technology access                                                                                    | 3       | 3                   | 4               | 3            | 2               | 3         | 3           | 3                | 3                          | 5                     | 3              |

Note: This question asked respondents to provide values relating to several aspects of the onboarding process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

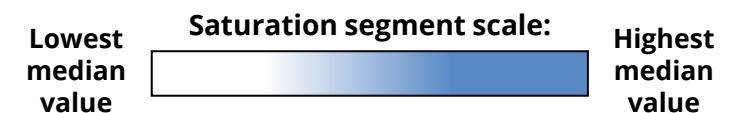


# Median number of hours per week spent onboarding activities



| n=                                                                                                   | 527     | 107                 | 122             | 173          | 125             | 437       | 90          | 314              | 171                        | 42                    | 103            |
|------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many <b>hours per week</b> do you personally typically spend on these key onboarding activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Company policy training                                                                              | 2       | 2                   | 2               | 2            | 2               | 2         | 1           | 2                | 2                          | 4                     | 2              |
| Initial follow-ups (first day, first week, first month, etc.)                                        | 2       | 2                   | 2               | 1            | 2               | 2         | 2           | 2                | 2                          | 5                     | 2              |
| Introductions (in person, via email, etc.)                                                           | 1       | 1                   | 1               | 1            | 2               | 1         | 1           | 1                | 2                          | 1                     | 2              |
| Onboarding forms                                                                                     | 1       | 2                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 2                     | 1              |
| Pre-boarding                                                                                         | 2       | 2                   | 2               | 2            | 2               | 2         | 2           | 2                | 2                          | 2                     | 2              |
| Role-specific training                                                                               | 2       | 2                   | 2               | 3            | 5               | 3         | 2           | 2                | 2                          | 5                     | 4              |
| Technology access                                                                                    | 1       | 1                   | 1               | 1            | 1               | 1         | 1           | 1                | 1                          | 3                     | 1              |

Note: This question asked respondents to provide values relating to several aspects of the onboarding process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Appendix E: Performance management

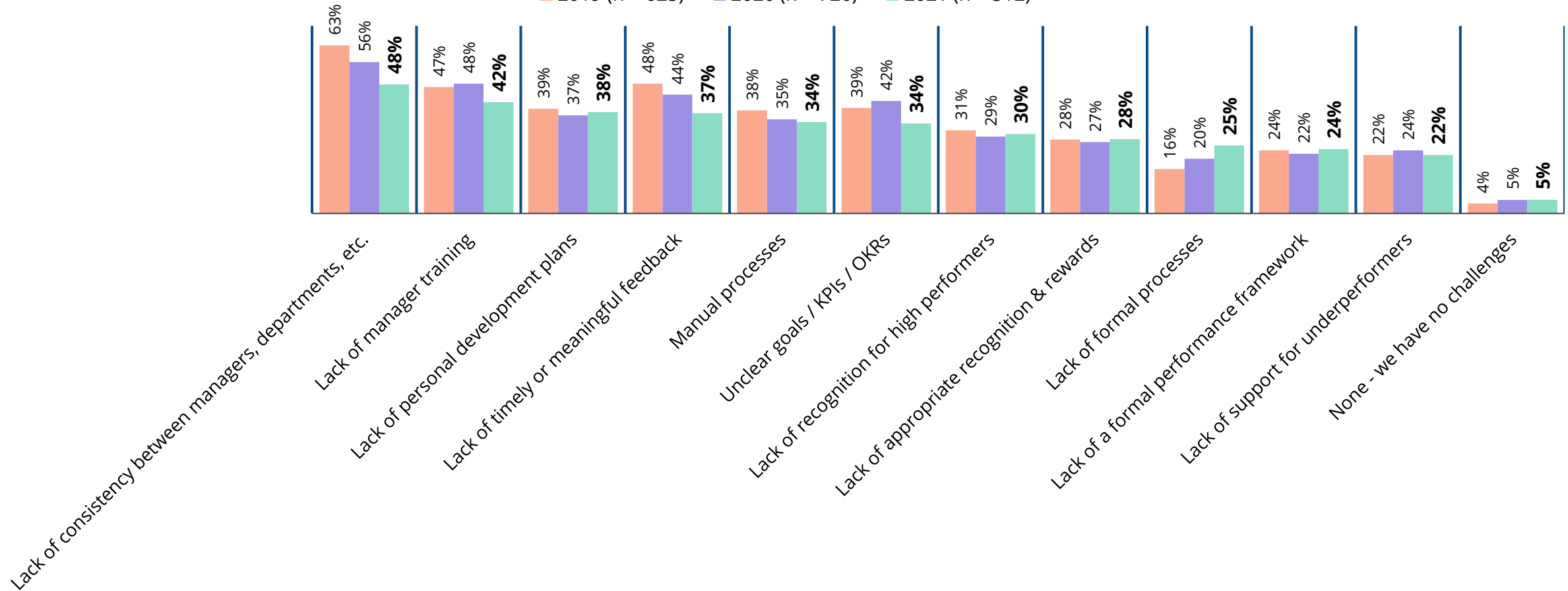


# Performance management key challenges



What are your organisation's key performance management challenges?

2019 (n = 625) 2020 (n = 726) 2021 (n = 512)



# Performance management key challenges



## Summary:

Overall, there has been little change in key performance management challenges since 2020. The top 2 challenges remain the same: 'lack of consistency between managers / departments' and 'lack of manager training'. A new entry to the top 3 was 'lack of personal development plans', while 'lack of timely and meaningful feedback' dropped to from third to fourth position in 2021. Almost all challenges were improved for respondents with fully implemented technology – the one exception being 'lack of consistency between managers / departments'.

## Insight:

The role of managers in performance management has never been greater and this is seen in the top 2 challenges in the 2021 results. Not only do managers set goals and key performance indicators (KPIs) and then assess performance against those, but they also ensure high performers are rewarded appropriately, and underperformers are given the support they need to improve. 'Lack of manager training' may relate to the 'sink or swim' mentality that many organisations have towards managers, who are often promoted into people management roles due to technical excellence but are not given the tools or support required to fulfil such a role. The nuances of people management – especially relating to performance management – are often overlooked as areas that require skill development. An example would be the ability to have difficult conversations with employees about performance, absenteeism, inappropriate behaviour, etc. COVID-19 added to this skills shortfall: many managers had to effectively re-learn how to manage remote or hybrid teams.

'Lack of consistency between managers / departments' has likely been exacerbated by remote working, especially when no clear performance management framework has been established and managers have to 'wing it'. This approach is potentially dangerous and may open up organisations to compliance breaches or unfair dismissal claims. It's also worth noting that this 'lack of consistency' challenge was most prevalent for mid-market respondents (as cited by 64% of respondents), no doubt due to the scramble to ensure HR processes scale up as organisations grow.

'Lack of personal development plans' may become a larger challenge throughout 2022 as employees look at the 'total rewards' offered by their employer – an important element of which is offering clear career paths and the learning & development required to follow those paths. Read more about building a post COVID-19 total rewards strategy in [ELMO's whitepaper](#).

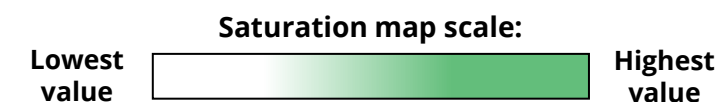
## Action:

- To build consistency across the organisation, identify the underlying purpose of performance management. Is it compliance-focused? Perhaps it's about building skills and capability. Once the purpose is identified, review the processes that help achieve that core purpose.
- Develop formal processes. For example: When do appraisals occur? How are goals and KPIs set? How will they be assessed? This is especially important if technology is to be used to assist with performance management. If technology does not have the right guiderails, it is just another icon that sits on a computer screen. Similarly, unless managers are properly trained to use that technology, it's a wasted investment.
- Assess how technology can help manage and deliver performance management processes – but don't stop there. Also review the skills of managers to ensure they can conduct meaningful conversations with employees. Finally, consider if the corporate culture is open to building continuous performance improvement processes into everyday operations.

# Performance management key challenges



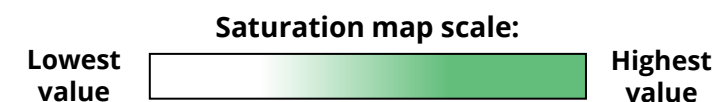
| n=                                                                          | 512     | 96                  | 120             | 163          | 133             | 422       | 90          | 307              | 160                        | 45                    | 100            |
|-----------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's <b>key performance management challenges</b> ? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Lack of a formal performance framework                                      | 24%     | 23%                 | 28%             | 25%          | 20%             | 23%       | 27%         | 27%              | 21%                        | 13%                   | 25%            |
| Lack of appropriate recognition & rewards                                   | 28%     | 31%                 | 35%             | 28%          | 18%             | 27%       | 32%         | 24%              | 31%                        | 38%                   | 14%            |
| Lack of consistency between managers, departments, etc.                     | 48%     | 48%                 | 55%             | 48%          | 41%             | 48%       | 50%         | 39%              | 64%                        | 53%                   | 28%            |
| Lack of formal processes                                                    | 25%     | 27%                 | 30%             | 23%          | 23%             | 23%       | 37%         | 28%              | 23%                        | 16%                   | 27%            |
| Lack of manager training                                                    | 42%     | 41%                 | 45%             | 43%          | 38%             | 43%       | 36%         | 38%              | 46%                        | 49%                   | 25%            |
| Lack of personal development plans                                          | 38%     | 40%                 | 37%             | 41%          | 33%             | 37%       | 40%         | 37%              | 39%                        | 38%                   | 30%            |
| Lack of recognition for high performers                                     | 30%     | 35%                 | 41%             | 26%          | 20%             | 30%       | 29%         | 25%              | 33%                        | 47%                   | 17%            |
| Lack of support for underperformers                                         | 22%     | 30%                 | 29%             | 17%          | 15%             | 21%       | 26%         | 18%              | 29%                        | 24%                   | 17%            |
| Lack of timely or meaningful feedback                                       | 37%     | 34%                 | 41%             | 42%          | 31%             | 38%       | 36%         | 35%              | 41%                        | 42%                   | 21%            |
| Manual processes                                                            | 34%     | 29%                 | 34%             | 37%          | 35%             | 35%       | 28%         | 33%              | 38%                        | 29%                   | 27%            |
| Unclear goals / KPIs / OKRs                                                 | 34%     | 29%                 | 30%             | 37%          | 35%             | 34%       | 32%         | 33%              | 37%                        | 22%                   | 31%            |
| None - we have no challenges                                                | 5%      | 3%                  | 2%              | 4%           | 11%             | 5%        | 7%          | 8%               | 1%                         | 0%                    | 16%            |



# Performance management key challenges

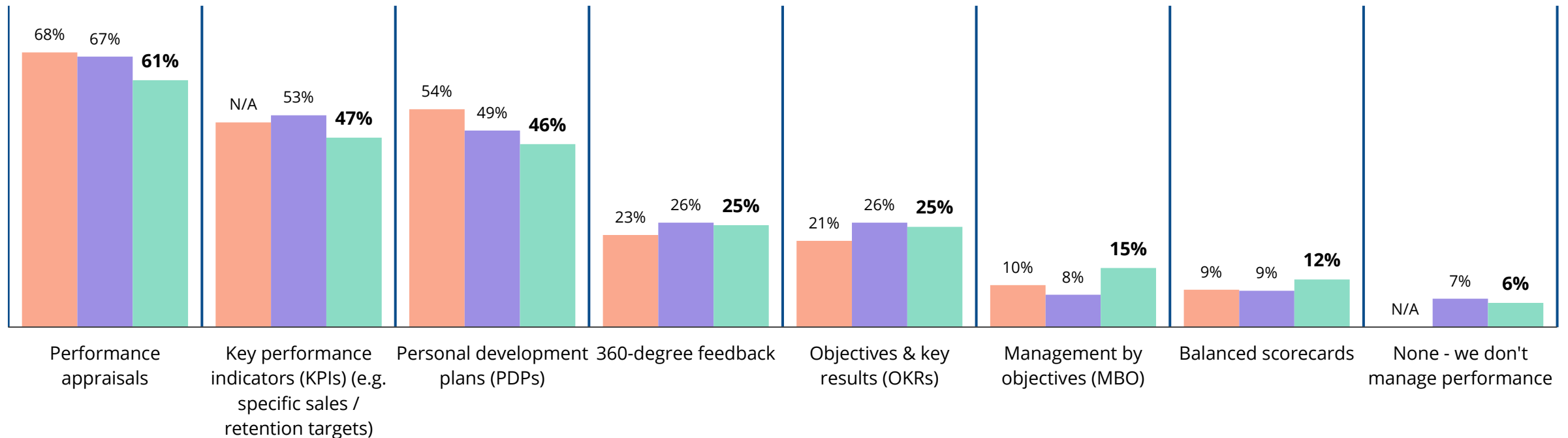


| What are your organisation's <b>key performance management challenges?</b> | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>performance management?</b> |                  |                            |                       |                                            |                  |                            |                       |                |                |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                            | Has fully implemented technology                                                                                                                   |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                            | Total resp.                                                                                                                                        | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                            | n = 237                                                                                                                                            | n = 130          | n = 77                     | n = 30                | n = 275                                    | n = 177          | n = 83                     | n = 15                | n = 48         | n = 52         |
| Lack of a formal performance framework                                     | 14%                                                                                                                                                | 20%              | 6%                         | 7%                    | 33%                                        | 33%              | 34%                        | 27%                   | 19%            | 31%            |
| Lack of appropriate recognition & rewards                                  | 24%                                                                                                                                                | 19%              | 29%                        | 33%                   | 31%                                        | 28%              | 34%                        | 47%                   | 13%            | 15%            |
| Lack of consistency between managers, departments, etc.                    | 50%                                                                                                                                                | 42%              | 65%                        | 47%                   | 47%                                        | 38%              | 63%                        | 67%                   | 33%            | 23%            |
| Lack of formal processes                                                   | 14%                                                                                                                                                | 16%              | 10%                        | 10%                   | 36%                                        | 37%              | 34%                        | 27%                   | 21%            | 33%            |
| Lack of manager training                                                   | 38%                                                                                                                                                | 35%              | 40%                        | 40%                   | 45%                                        | 41%              | 51%                        | 67%                   | 31%            | 19%            |
| Lack of personal development plans                                         | 32%                                                                                                                                                | 32%              | 32%                        | 33%                   | 43%                                        | 41%              | 46%                        | 47%                   | 27%            | 33%            |
| Lack of recognition for high performers                                    | 29%                                                                                                                                                | 25%              | 32%                        | 40%                   | 30%                                        | 26%              | 34%                        | 60%                   | 21%            | 13%            |
| Lack of support for underperformers                                        | 19%                                                                                                                                                | 14%              | 25%                        | 23%                   | 25%                                        | 21%              | 33%                        | 27%                   | 17%            | 17%            |
| Lack of timely or meaningful feedback                                      | 35%                                                                                                                                                | 33%              | 39%                        | 33%                   | 40%                                        | 36%              | 43%                        | 60%                   | 31%            | 12%            |
| Manual processes                                                           | 24%                                                                                                                                                | 24%              | 27%                        | 20%                   | 43%                                        | 40%              | 47%                        | 47%                   | 27%            | 27%            |
| Unclear goals / KPIs / OKRs                                                | 31%                                                                                                                                                | 32%              | 32%                        | 20%                   | 36%                                        | 34%              | 41%                        | 27%                   | 29%            | 33%            |
| None - we have no challenges                                               | 8%                                                                                                                                                 | 12%              | 3%                         | 0%                    | 3%                                         | 5%               | 0%                         | 0%                    | 19%            | 13%            |



Which of the following methods / paradigms are used to undertake performance management in your organisation?

2019 (n = 610) 2020 (n = 707) 2021 (n = 495)





**6 in 10** respondents use performance appraisals to track performance



**1 in 2** respondents use key performance indicators (KPIs) to track performance



**1 in 4** respondents use 360-degree feedback to track performance

## Summary:

There was no dramatic change in the methods being used to manage performance, with the top 3 items from 2020 being carried across to 2021. There was a marginal increase in the use of management by objectives (MBOs) and balanced scorecards. However, performance appraisals were by some margin the most popular method used, across businesses of all sizes and geographic locations.

## Insight:

For many organisations, the focus in 2020/21 was not on performance but engagement. As COVID-19 upended where, when, and how people undertook work, and organisations grappled with keeping people healthy, safe, and connected, it's not surprising that the methods and paradigms used to manage performance remained largely the same. However, it's also apparent that what's in place is not effective. One pre-pandemic survey by Gartner in 2019 indicated that 96% of managers were dissatisfied with their organisation's current performance management practices.

With hybrid likely to continue, it's likely that performance appraisals and even the setting of goals and KPIs will need to move with the times. Looking beyond COVID-19, [this article](#) from Gartner identified several emerging trends:

- Managers will need to move beyond merely measuring employee outcomes and shift to considering the context in which those outcomes are achieved, factoring in each employee's personal goals, the circumstances in which they work, the teams to which they belong and the type of work tasks they complete. This is part of a push for employees to be seen as people, not just names on a spreadsheet.
- With more organisations adopting agile work practices, performance reviews – and pay decisions – will shift to be project-based instead of annual or biannual.
- Goals will be a mix of personal and professional. People managers will seek to integrate personal goals, such as wellbeing or acquiring skills not directly to their work, into a professional context.

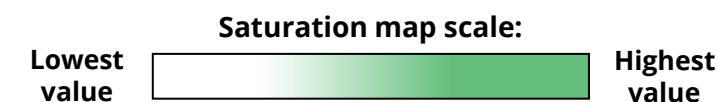
## Action:

- Review existing performance management methods to ensure they are supporting, adding to, and reinforcing overall business objectives.
- With hybrid work likely to continue, ensure existing performance management methods support and are accessible to on-premise and work-from-home employees. Ensure it's not a case of 'out of sight, out of mind' for remote or hybrid workers.
- Ask whether the processes and paradigms in place facilitate agile performance management and considers the 'whole person' and not just the employee. Do these processes allow performance to be assessed beyond looking solely at outputs? A simple way to personalise the performance management process and introduce some empathy to the equation is for managers to reframe the question from "what are you doing" to "how are you doing?"

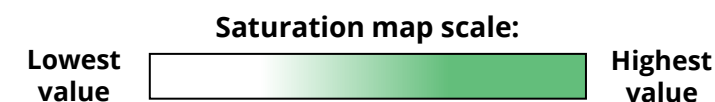
# Methods used



| n=                                                                                                                   | 495     | 93                  | 120             | 160          | 122             | 407       | 88          | 297              | 154                        | 44                    | 95             |
|----------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which of the following <b>methods / paradigms</b> are used to undertake performance management in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| 360-degree feedback                                                                                                  | 25%     | 27%                 | 26%             | 23%          | 27%             | 25%       | 25%         | 23%              | 31%                        | 23%                   | 19%            |
| Balanced scorecards                                                                                                  | 12%     | 11%                 | 14%             | 11%          | 11%             | 13%       | 7%          | 12%              | 13%                        | 9%                    | 7%             |
| Key performance indicators (KPIs) (e.g. specific sales / retention targets)                                          | 47%     | 49%                 | 43%             | 53%          | 43%             | 48%       | 43%         | 45%              | 49%                        | 57%                   | 36%            |
| Management by objectives (MBO)                                                                                       | 15%     | 15%                 | 17%             | 13%          | 15%             | 15%       | 15%         | 14%              | 14%                        | 20%                   | 9%             |
| Objectives & key results (OKRs)                                                                                      | 25%     | 18%                 | 26%             | 23%          | 33%             | 25%       | 27%         | 28%              | 22%                        | 18%                   | 27%            |
| Performance appraisals                                                                                               | 61%     | 61%                 | 62%             | 63%          | 60%             | 63%       | 52%         | 56%              | 69%                        | 70%                   | 47%            |
| Personal development plans (PDPs)                                                                                    | 46%     | 44%                 | 50%             | 41%          | 48%             | 46%       | 42%         | 40%              | 52%                        | 61%                   | 39%            |
| None - we don't manage performance                                                                                   | 6%      | 4%                  | 2%              | 6%           | 11%             | 5%        | 11%         | 8%               | 4%                         | 2%                    | 16%            |



| Which of the following <b>methods / paradigms</b> are used to undertake performance management in your organisation? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for performance management? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                      | Has fully implemented technology                                                                                                            |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                      | Total resp.                                                                                                                                 | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                      | n = 227                                                                                                                                     | n = 126          | n = 72                     | n = 29                | n = 268                                    | n = 171          | n = 82                     | n = 15                | n = 46         | n = 49         |
| 360-degree feedback                                                                                                  | 30%                                                                                                                                         | 26%              | 36%                        | 28%                   | 22%                                        | 20%              | 27%                        | 13%                   | 20%            | 18%            |
| Balanced scorecards                                                                                                  | 15%                                                                                                                                         | 15%              | 18%                        | 7%                    | 9%                                         | 9%               | 9%                         | 13%                   | 11%            | 4%             |
| Key performance indicators (KPIs)<br>(e.g. specific sales / retention targets)                                       | 57%                                                                                                                                         | 53%              | 65%                        | 55%                   | 39%                                        | 39%              | 35%                        | 60%                   | 41%            | 33%            |
| Management by objectives (MBO)                                                                                       | 17%                                                                                                                                         | 18%              | 18%                        | 7%                    | 13%                                        | 11%              | 11%                        | 47%                   | 15%            | 4%             |
| Objectives & key results (OKRs)                                                                                      | 33%                                                                                                                                         | 37%              | 29%                        | 21%                   | 19%                                        | 20%              | 16%                        | 13%                   | 33%            | 22%            |
| Performance appraisals                                                                                               | 73%                                                                                                                                         | 66%              | 82%                        | 83%                   | 52%                                        | 50%              | 57%                        | 47%                   | 57%            | 39%            |
| Personal development plans (PDPs)                                                                                    | 56%                                                                                                                                         | 48%              | 67%                        | 69%                   | 37%                                        | 35%              | 39%                        | 47%                   | 37%            | 41%            |
| None - we don't manage performance                                                                                   | 2%                                                                                                                                          | 4%               | 0%                         | 0%                    | 9%                                         | 11%              | 7%                         | 7%                    | 11%            | 20%            |

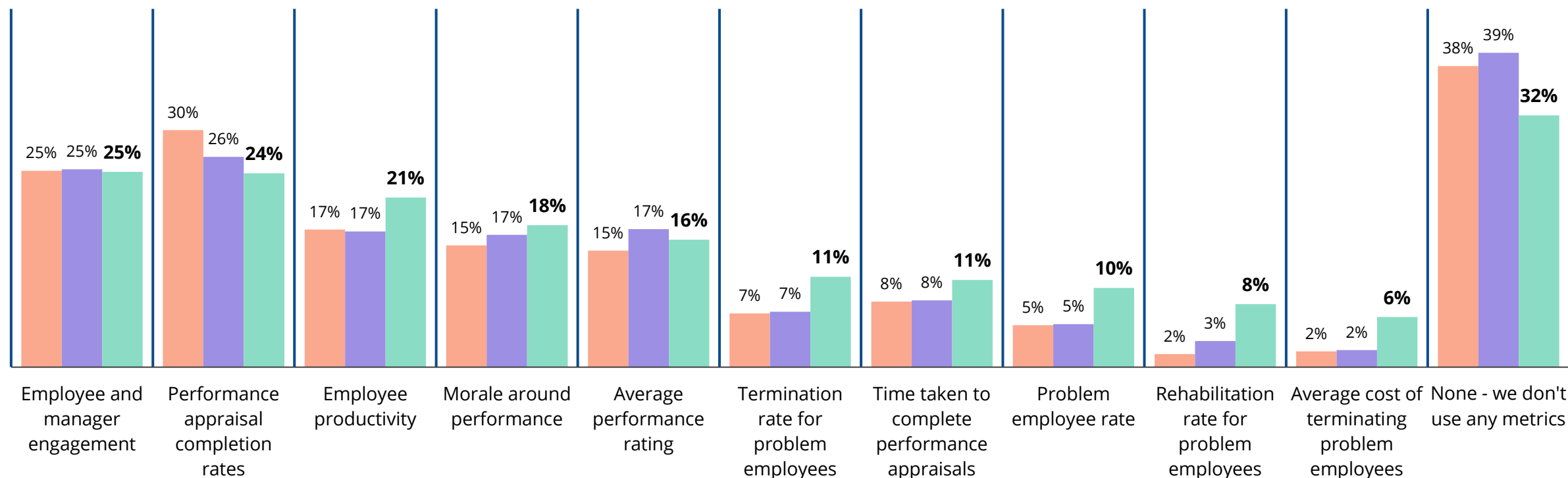


# Measuring performance management effectiveness



Which metric(s) does your organisation use to measure the effectiveness of its performance management processes?

2019 (n = 608) 2020 (n = 704) 2021 (n = 492)



# Measuring performance management effectiveness



## Summary:

A third of respondents do not use any metrics to measure performance management effectiveness, although this figure has decreased since 2020. Of the metrics that are used, a quarter of respondents use 'employee and manager engagement', and a similar number use 'performance appraisal completion rates'. Also worthy of note is the significant increase in the use of those two metrics for respondents with technology fully implemented versus those without technology implemented. The use of all metrics increased for those respondents with technology implemented.

## Insight:

These findings indicate that HR teams remain unsure of how best to measure the effectiveness of their performance management process because they are not clear on the intent of the process or the value it can potentially bring to their organisation. Without this clarity, sensible metrics cannot be defined to measure success. Value creation, business outcomes, customer satisfaction, employee engagement / morale and team collaboration are suggested as more effective ways to gauge whether an organisation has a successful operating model that develops its employees and improves productivity. When correlating the chart on this page against respondents who use performance management technology and those who don't, it is clear that the use of performance management technology makes the extraction of some of these listed metrics much easier.

Technology is also impacting how performance is assessed. For example, employee productivity monitoring tools – sometimes referred to as 'Bossware' or 'Tattleware' – have seen a significant increase in use since remote working became the norm in many organisations. According to one [survey](#) by ExpressVPN, the vast majority (78%) of managers and executives said they use software to 'track employee performance and/or online activity' and more than half (57%) incorporated these technologies in the first half of 2021.

In its [research](#) on the future of performance management, Gartner commented: "Automated data collection and analytics around employee activities can be powerful for helping individual employees understand how they are performing and where there is room to improve. In the future, this technology will automate feedback processes and provide timely, data-based feedback to employees."

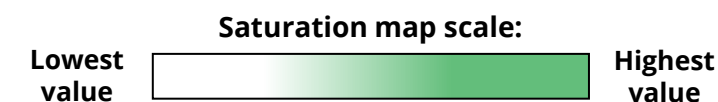
## Action:

- Determine the metrics that will most effectively assess performance management processes. Remember that some metrics – such as employee engagement – can be obtained through other channels, such as employee surveys.
- Consider how technology can help with the extraction and analysis of the metrics that matter. Also ensure managers have the appropriate skills to undertake effective performance management interventions with employees.

# Measuring performance management effectiveness



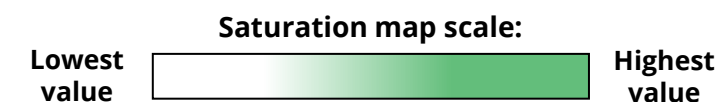
| n=                                                                                                                      | 492     | 93                  | 120             | 158          | 121             | 405       | 87          | 296              | 153                        | 43                    | 95             |
|-------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which <b>metric(s)</b> does your organisation use to measure the effectiveness of its performance management processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Average cost of terminating problem employees                                                                           | 6%      | 5%                  | 4%              | 9%           | 6%              | 7%        | 5%          | 7%               | 3%                         | 12%                   | 1%             |
| Average performance rating                                                                                              | 16%     | 16%                 | 20%             | 13%          | 17%             | 16%       | 17%         | 15%              | 18%                        | 19%                   | 13%            |
| Employee and manager engagement                                                                                         | 25%     | 22%                 | 25%             | 23%          | 28%             | 26%       | 18%         | 22%              | 29%                        | 30%                   | 18%            |
| Employee productivity                                                                                                   | 21%     | 18%                 | 21%             | 20%          | 26%             | 21%       | 21%         | 23%              | 20%                        | 16%                   | 28%            |
| Morale around performance                                                                                               | 18%     | 10%                 | 15%             | 22%          | 22%             | 17%       | 22%         | 18%              | 21%                        | 5%                    | 17%            |
| Performance appraisal completion rates                                                                                  | 24%     | 26%                 | 26%             | 23%          | 23%             | 27%       | 10%         | 19%              | 31%                        | 40%                   | 16%            |
| Problem employee rate                                                                                                   | 10%     | 10%                 | 9%              | 10%          | 11%             | 8%        | 18%         | 8%               | 11%                        | 16%                   | 7%             |
| Rehabilitation rate for problem employees                                                                               | 8%      | 8%                  | 11%             | 7%           | 7%              | 8%        | 9%          | 8%               | 9%                         | 5%                    | 4%             |
| Termination rate for problem employees                                                                                  | 11%     | 11%                 | 15%             | 9%           | 11%             | 11%       | 11%         | 13%              | 7%                         | 16%                   | 5%             |
| Time taken to complete performance appraisals                                                                           | 11%     | 13%                 | 8%              | 10%          | 13%             | 11%       | 10%         | 11%              | 11%                        | 9%                    | 5%             |
| None - we don't use any metrics                                                                                         | 32%     | 28%                 | 26%             | 37%          | 33%             | 31%       | 37%         | 34%              | 33%                        | 12%                   | 40%            |



# Measuring performance management effectiveness



| Which <b>metric(s)</b> does your organisation use to measure the effectiveness of its performance management processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for performance management? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                         | Has fully implemented technology                                                                                                            |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                         | Total resp.                                                                                                                                 | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                         | n = 226                                                                                                                                     | n = 126          | n = 72                     | n = 28                | n = 266                                    | n = 170          | n = 81                     | n = 15                | n = 46         | n = 49         |
| Average cost of terminating problem employees                                                                           | 6%                                                                                                                                          | 7%               | 4%                         | 7%                    | 6%                                         | 7%               | 2%                         | 20%                   | 2%             | 0%             |
| Average performance rating                                                                                              | 21%                                                                                                                                         | 21%              | 24%                        | 14%                   | 12%                                        | 11%              | 12%                        | 27%                   | 17%            | 8%             |
| Employee and manager engagement                                                                                         | 33%                                                                                                                                         | 29%              | 38%                        | 36%                   | 18%                                        | 16%              | 21%                        | 20%                   | 22%            | 14%            |
| Employee productivity                                                                                                   | 24%                                                                                                                                         | 25%              | 24%                        | 18%                   | 19%                                        | 21%              | 16%                        | 13%                   | 33%            | 24%            |
| Morale around performance                                                                                               | 17%                                                                                                                                         | 19%              | 19%                        | 4%                    | 18%                                        | 18%              | 22%                        | 7%                    | 20%            | 14%            |
| Performance appraisal completion rates                                                                                  | 31%                                                                                                                                         | 24%              | 40%                        | 43%                   | 18%                                        | 15%              | 23%                        | 33%                   | 22%            | 10%            |
| Problem employee rate                                                                                                   | 11%                                                                                                                                         | 10%              | 13%                        | 7%                    | 9%                                         | 7%               | 10%                        | 33%                   | 9%             | 6%             |
| Rehabilitation rate for problem employees                                                                               | 9%                                                                                                                                          | 12%              | 8%                         | 0%                    | 7%                                         | 5%               | 9%                         | 13%                   | 7%             | 2%             |
| Termination rate for problem employees                                                                                  | 13%                                                                                                                                         | 16%              | 8%                         | 11%                   | 10%                                        | 11%              | 6%                         | 27%                   | 7%             | 4%             |
| Time taken to complete performance appraisals                                                                           | 13%                                                                                                                                         | 13%              | 13%                        | 11%                   | 9%                                         | 9%               | 10%                        | 7%                    | 4%             | 6%             |
| None - we don't use any metrics                                                                                         | 24%                                                                                                                                         | 27%              | 28%                        | 4%                    | 38%                                        | 39%              | 37%                        | 27%                   | 28%            | 51%            |

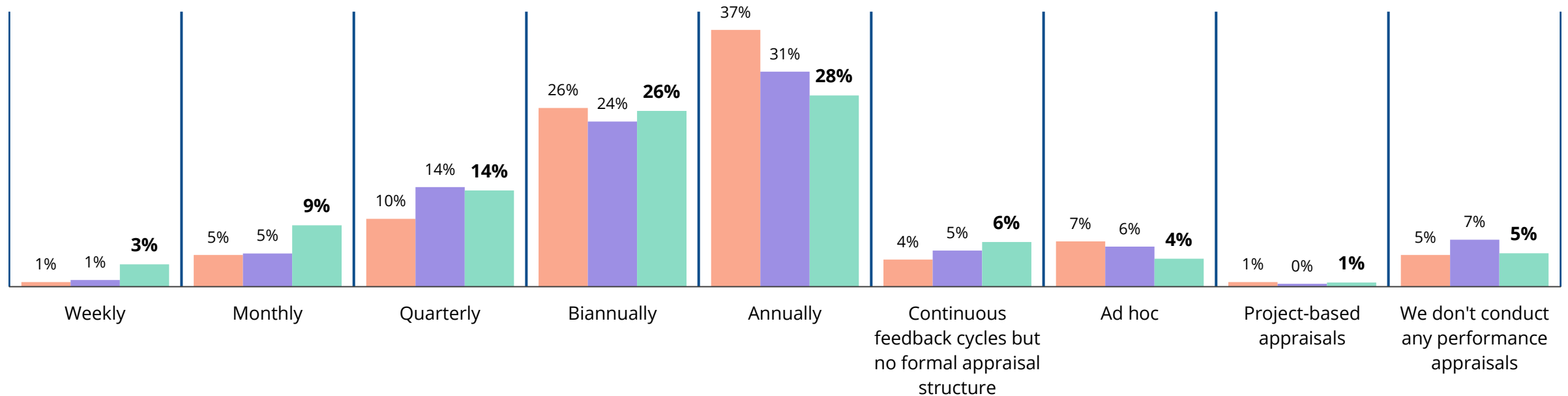


# Frequency of performance appraisals



How frequently are performance appraisals conducted in your organisation?

2019 (n = 608) 2020 (n = 704) 2021 (n = 492)



# Frequency of performance appraisals



Just over **1 in 4** respondents conduct performance appraisals annually



**1 in 4** respondents conduct performance appraisals biannually

## Summary:

The survey results show the annual performance appraisal has lost ground since 2019, although it is still used by just over a quarter (28%) of respondents. This use of annual appraisals escalates as organisations get larger. For example, just 21% of small business respondents use annual appraisals, but this escalates to 37% of enterprise respondents. While annual appraisals remain the most popular, continually gaining traction over the past three years are monthly and quarterly appraisals. Ad hoc appraisals have meanwhile continued to lose ground and are now used by just 4% of respondents. Small business respondents are more likely than other company size respondents to use this ad hoc approach.

## Insight:

As COVID-19 demonstrated, organisations that can pivot and adjust to new operating environments and challenges quickly tend to be the most successful. However, to do this, HR processes – including performance management processes – must be up to the task.

A July 2020 survey of HR leaders from Gartner found that 63% of respondents are using some variation of Agile Methodology within the HR function. However, 78% of HR leaders admitted to neither having a defined strategy nor being prepared; they also don't have outcomes in place to guide how to use Agile strategies. This extends to the adoption of Agile performance processes.

The challenge with annual and bi-annual performance appraisals is the risk that goals set more than six months ago become less meaningful or even redundant if business priorities have been adjusted throughout the course of the year. Agile organisations understand this and have designed frameworks and operating rhythms that provide constant, almost real-time feedback opportunities that allow for course correction. On a positive note, there are some trends in the right direction, with annual and bi-annual cycles slightly reducing and quarterly cycles slightly increasing, which is likely linked to the emerging trend towards the use of objectives and key results (OKRs), as outlined in this [ELMO blog](#).

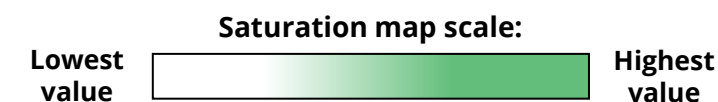
## Action:

- The days of annual performance reviews are numbered. Employees expect more regular performance conversations with their managers, so consider formally introducing this kind of framework. It's worth noting this is especially important for the youngest members of the workforce. [Research](#) undertaken by the Centre for Generational Kinetics revealed that 60% of Gen Z employees want weekly, if not daily, check-ins from their manager.
- Consider if it's worthwhile introducing at least some elements of Agile Methodology to the HR function. Fundamentally, Agile is about the customer. For HR leaders, this means focusing on the employee experience in relation to operations, processes, and solutions. For more on Agile performance management, read [ELMO's eBook](#).

# Frequency of performance appraisals



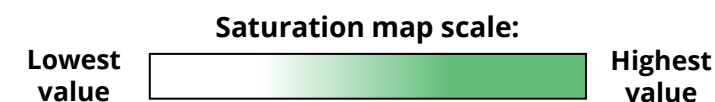
| n=                                                                               | 492     | 93                  | 120             | 158          | 121             | 405       | 87          | 296              | 153                        | 43                    | 95             |
|----------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How <b>frequently</b> are performance appraisals conducted in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Weekly                                                                           | 3%      | 3%                  | 3%              | 3%           | 4%              | 2%        | 8%          | 5%               | 1%                         | 0%                    | 2%             |
| Monthly                                                                          | 9%      | 9%                  | 13%             | 4%           | 12%             | 9%        | 8%          | 11%              | 6%                         | 5%                    | 11%            |
| Quarterly                                                                        | 14%     | 13%                 | 17%             | 17%          | 8%              | 16%       | 6%          | 17%              | 9%                         | 14%                   | 15%            |
| Biannually                                                                       | 26%     | 31%                 | 24%             | 24%          | 25%             | 25%       | 28%         | 22%              | 30%                        | 33%                   | 18%            |
| Annually                                                                         | 28%     | 29%                 | 28%             | 31%          | 23%             | 29%       | 23%         | 22%              | 36%                        | 37%                   | 21%            |
| Continuous feedback cycles but no formal appraisal structure                     | 7%      | 2%                  | 2%              | 8%           | 12%             | 6%        | 8%          | 8%               | 5%                         | 2%                    | 12%            |
| Ad hoc                                                                           | 4%      | 2%                  | 6%              | 5%           | 2%              | 3%        | 8%          | 5%               | 3%                         | 2%                    | 6%             |
| Project-based appraisals                                                         | 1%      | 0%                  | 2%              | 1%           | 0%              | 1%        | 0%          | 1%               | 1%                         | 0%                    | 2%             |
| We don't conduct any performance appraisals                                      | 5%      | 3%                  | 2%              | 3%           | 12%             | 4%        | 8%          | 6%               | 4%                         | 2%                    | 8%             |



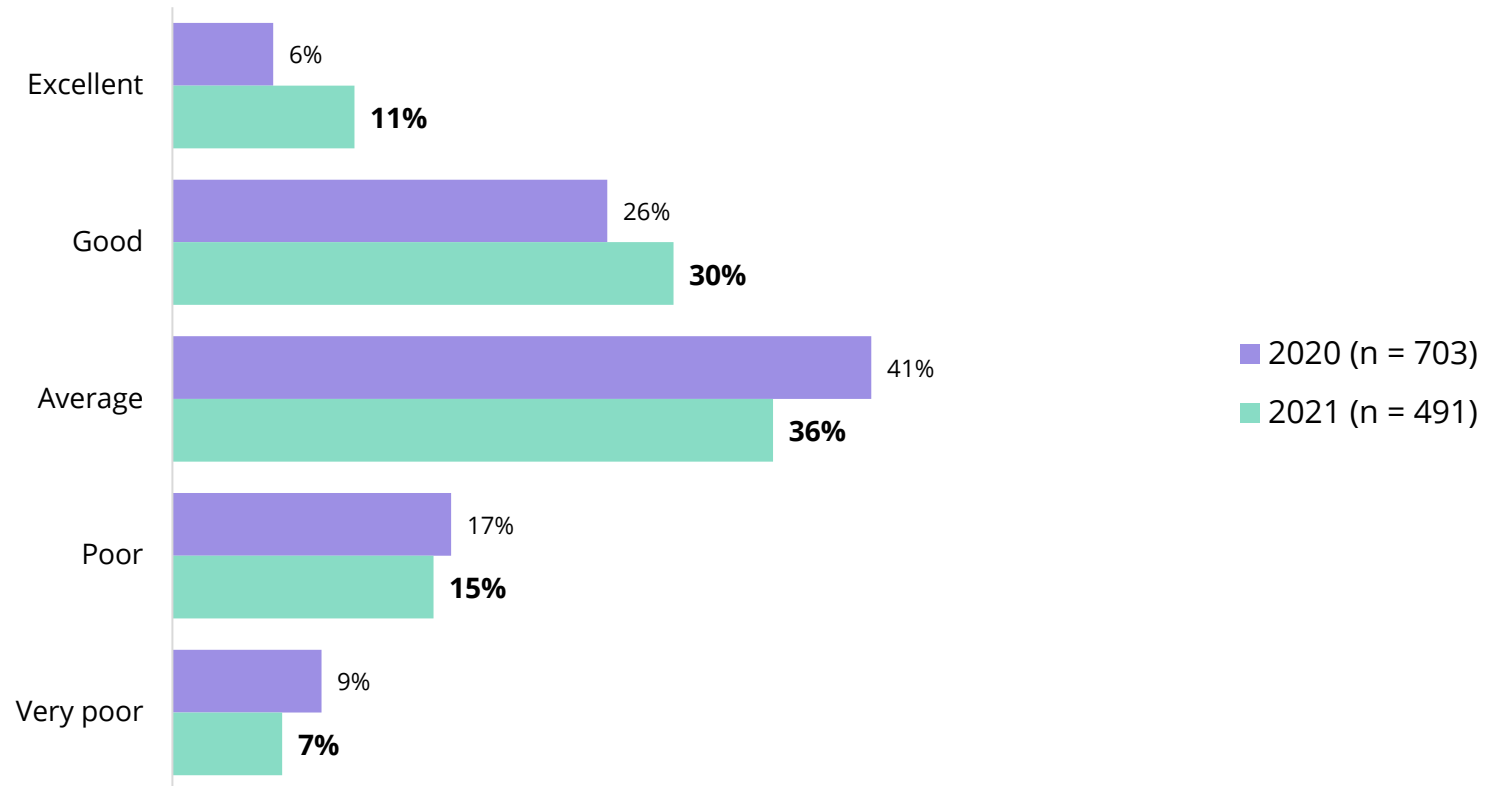
# Frequency of performance appraisals



| How <b>frequently</b> are performance appraisals conducted in your organisation? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for performance management? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                  | Has fully implemented technology                                                                                                            |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                  | Total resp.                                                                                                                                 | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                  | n = 226                                                                                                                                     | n = 126          | n = 72                     | n = 28                | n = 266                                    | n = 170          | n = 81                     | n = 15                | n = 46         | n = 49         |
| Weekly                                                                           | 3%                                                                                                                                          | 6%               | 0%                         | 0%                    | 3%                                         | 4%               | 2%                         | 0%                    | 2%             | 2%             |
| Monthly                                                                          | 8%                                                                                                                                          | 10%              | 8%                         | 4%                    | 11%                                        | 13%              | 7%                         | 7%                    | 4%             | 16%            |
| Quarterly                                                                        | 15%                                                                                                                                         | 16%              | 14%                        | 11%                   | 14%                                        | 17%              | 6%                         | 20%                   | 13%            | 16%            |
| Biannually                                                                       | 31%                                                                                                                                         | 28%              | 33%                        | 39%                   | 21%                                        | 18%              | 27%                        | 20%                   | 24%            | 12%            |
| Annually                                                                         | 60%                                                                                                                                         | 51%              | 69%                        | 79%                   | 48%                                        | 40%              | 64%                        | 53%                   | 48%            | 31%            |
| Continuous feedback cycles but no formal appraisal structure                     | 6%                                                                                                                                          | 7%               | 6%                         | 0%                    | 7%                                         | 9%               | 4%                         | 7%                    | 11%            | 12%            |
| Ad hoc                                                                           | 0%                                                                                                                                          | 1%               | 0%                         | 0%                    | 7%                                         | 8%               | 5%                         | 7%                    | 0%             | 12%            |
| Project-based appraisals                                                         | 0%                                                                                                                                          | 1%               | 0%                         | 0%                    | 1%                                         | 1%               | 1%                         | 0%                    | 2%             | 2%             |
| We don't conduct any performance appraisals                                      | 2%                                                                                                                                          | 4%               | 0%                         | 0%                    | 7%                                         | 7%               | 7%                         | 7%                    | 9%             | 8%             |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing employee performance?



## Summary:

While just over a third of respondents still rate their internal systems and processes as 'average', this declined 5 percentage points from the 2020 survey, to sit at 36% in 2021. More respondents rated their systems and processes as 'good' (30% in 2021 vs. 26% in 2020) or 'excellent' (11% in 2021 vs. 6% in 2020), while fewer respondents selected 'poor' or 'very poor'.

## Insight:

Although organisations rely on performance management to inform compensation, promotion, and succession planning activities, as well as to drive employee performance, development and engagement, there has long been dissatisfaction with traditional performance management processes. A 2019 report by Mercer indicated that just 2% of surveyed organisations felt their performance management approach delivered exceptional value, while 70% said there was a need to improve the link between performance management and other talent decisions.

Technology is not the sole answer to this issue. Indeed, the Mercer report suggested that a complex web of interactions, processes and technology must work in harmony to address the changing size, shape, and skills of the workforce. HR teams cannot implement performance management technology and expect it to generate an effective process for them. The comparison of those who use performance technology across key challenges, methods and metrics show that technology can increase the efficiency of the process and even make it easier to have more frequent performance management cycles. At a higher level, performance management is about culture and manager capability, which is something technology cannot improve on its own.

Instead of enforcing traditional approaches to performance management that have not fundamentally changed in decades, leaders need to play a different role by acting as facilitators and enablers of high performance, removing barriers to performance, and providing career pathways and guidance to their team members.

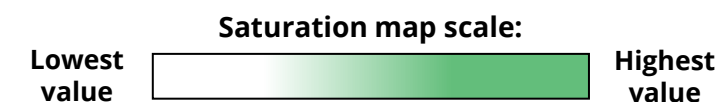
## Action:

- Change the focus of performance management from being merely a box-ticking exercise. Concentrate on embedding performance-related conversations into the culture of the organisation and ensure managers have the capability to undertake performance-related interventions with employees.
- Before implementing a new framework, pilot a few different structures with different teams and review their effectiveness. Think of ways to make performance management bottom-up and driven by employees, because people tend to make better decisions when they are motivated and empowered to take ownership of their own development.
- Once a suitable framework has been defined, ensure the right technology and tools are in place to support the end-to-end performance management process.
- Finally, clarify what performance management entails in a hybrid working world. There might be confusion about whether a weekly employee / manager catch-up is merely a casual chat, or part of a formal performance management process.

# Internal systems and processes



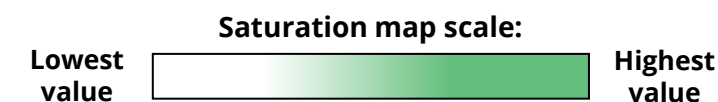
| n=                                                                                                                                                   | 491     | 93                  | 119             | 158          | 121             | 404       | 87          | 295              | 153                        | 43                    | 94             |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your <b>organisation's internal systems and processes</b> for efficiently and effectively managing employee performance? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                            | 11%     | 11%                 | 8%              | 11%          | 13%             | 9%        | 17%         | 14%              | 5%                         | 7%                    | 18%            |
| Good                                                                                                                                                 | 30%     | 30%                 | 34%             | 25%          | 31%             | 32%       | 20%         | 31%              | 27%                        | 28%                   | 22%            |
| Average                                                                                                                                              | 36%     | 29%                 | 34%             | 42%          | 34%             | 36%       | 33%         | 34%              | 39%                        | 35%                   | 39%            |
| Poor                                                                                                                                                 | 15%     | 15%                 | 17%             | 15%          | 15%             | 15%       | 16%         | 14%              | 18%                        | 16%                   | 14%            |
| Very poor                                                                                                                                            | 7%      | 12%                 | 6%              | 5%           | 5%              | 5%        | 14%         | 5%               | 9%                         | 12%                   | 3%             |



# Internal systems and processes



| Overall, how would you rate your <b>organisation's internal systems and processes</b> for efficiently and effectively managing employee performance? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>performance management</b> ? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                      | Has fully implemented technology                                                                                                                    |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                      | Total resp.                                                                                                                                         | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                      | n = 226                                                                                                                                             | n = 126          | n = 72                     | n = 28                | n = 265                                    | n = 169          | n = 81                     | n = 15                | n = 46         | n = 48         |
| Excellent                                                                                                                                            | 13%                                                                                                                                                 | 21%              | 6%                         | 0%                    | 9%                                         | 9%               | 5%                         | 20%                   | 22%            | 15%            |
| Good                                                                                                                                                 | 38%                                                                                                                                                 | 37%              | 38%                        | 39%                   | 23%                                        | 27%              | 19%                        | 7%                    | 26%            | 19%            |
| Average                                                                                                                                              | 36%                                                                                                                                                 | 33%              | 42%                        | 39%                   | 35%                                        | 35%              | 37%                        | 27%                   | 39%            | 40%            |
| Poor                                                                                                                                                 | 9%                                                                                                                                                  | 8%               | 10%                        | 11%                   | 21%                                        | 19%              | 25%                        | 27%                   | 9%             | 19%            |
| Very poor                                                                                                                                            | 2%                                                                                                                                                  | 0%               | 4%                         | 7%                    | 10%                                        | 8%               | 12%                        | 20%                   | 0%             | 6%             |

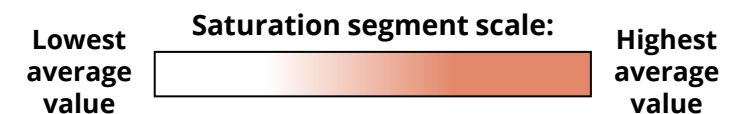


# Average number of hours per year spent conducting performance appraisals



| n=                                                                                                        | 502     | 95                  | 120             | 161          | 126             | 414       | 88          | 302              | 156                        | 44                    | 98             |
|-----------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many <b>hours per year</b> is spent conducting performance appraisals by each of the following roles? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Employees                                                                                                 | 88      | 50                  | 167             | 85           | 45              | 64        | 214         | 56               | 84                         | 391                   | 34             |
| HR team members                                                                                           | 48      | 35                  | 54              | 63           | 33              | 48        | 51          | 42               | 62                         | 39                    | 22             |
| People managers                                                                                           | 75      | 49                  | 104             | 101          | 30              | 69        | 108         | 46               | 131                        | 70                    | 29             |

Note: This question asked respondents to provide values relating to several aspects of the performance management process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

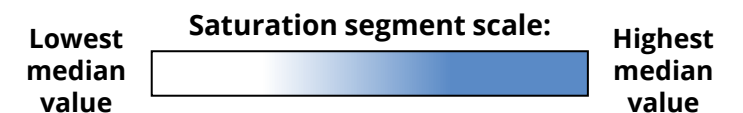


# Median number of hours per year spent conducting performance appraisals



| n=                                                                                                        | 502     | 95                  | 120             | 161          | 126             | 414       | 88          | 302              | 156                        | 44                    | 98             |
|-----------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many <b>hours per year</b> is spent conducting performance appraisals by each of the following roles? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Employees                                                                                                 | 5       | 5                   | 10              | 4            | 5               | 5         | 5           | 5                | 5                          | 5                     | 5              |
| HR team members                                                                                           | 12      | 14                  | 10              | 20           | 10              | 12        | 20          | 10               | 16                         | 19                    | 10             |
| People managers                                                                                           | 16      | 15                  | 20              | 20           | 15              | 15        | 20          | 15               | 16                         | 30                    | 14             |

Note: This question asked respondents to provide values relating to several aspects of the performance management process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Appendix F:

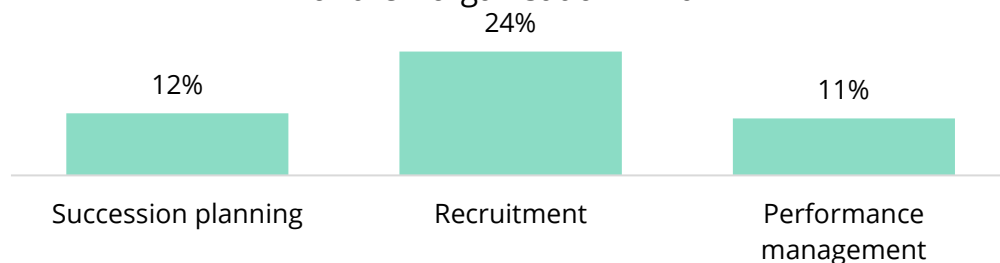
## Succession management



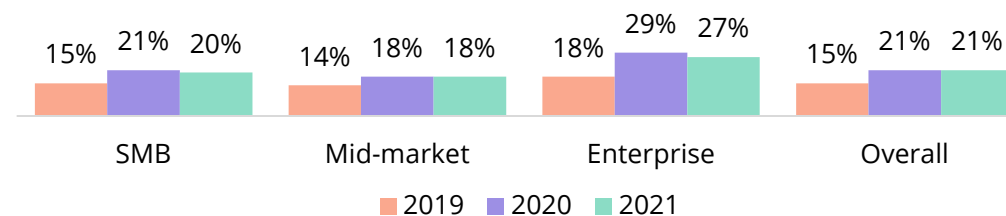
# Succession management key challenges



% of respondents who cited these as top challenges for their organisation in 2021



% of organisations with fully implemented succession planning technology



## Summary:

In the General section of this report, 12% of respondents said succession planning was expected to be a top challenge for their organisation in 2022. This was on par with the percentage of respondents who said they would be challenged by performance management (11%). Recruitment was the top challenge, cited by 24% of respondents. However, whereas implementation of performance management and recruitment technology remains high, succession management technology is overlooked. Indeed, it sits at the bottom of a list of 15 technology types already implemented or currently being implemented.

## Insight:

The 2021 survey results reinforce the belief that HR teams are struggling to find time to spend on succession planning, let alone do it well. According to a pre-pandemic [article](#) published by Forbes, 2 in 3 organisations do not have a succession management strategy in place. For most organisations, succession management is seen as an aspirational part of HR's remit and it appears there are always more pressing issues that end up taking precedence. However, 66% of respondents in this survey said their organisation intends to invest in this kind of technology within the next 12 months (up from 59% who said the same thing in 2020), which reflects widespread awareness about the benefits of effective succession management. The intention is good – now it's time to follow through.

## Action:

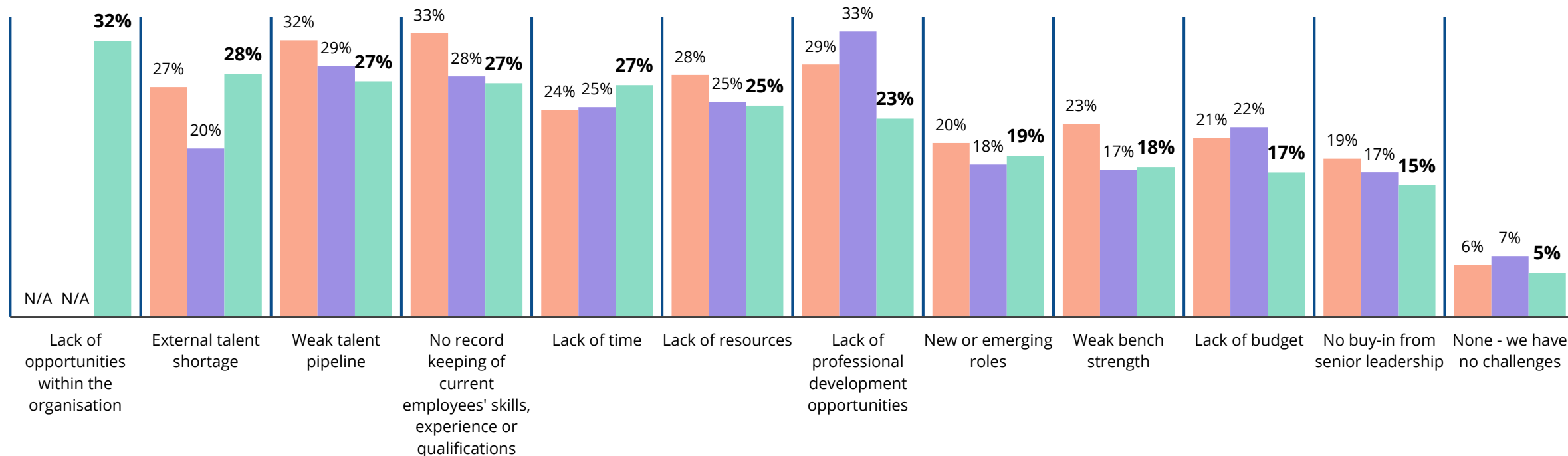
- Addressing succession planning will help retain talent, drive employee engagement, and enable more operational continuity when employee churn occurs in critical roles. HR must communicate these benefits to the wider business – especially senior leadership. With [research](#) from McKinsey & Company suggesting that more than 40% of the global workforce are at least somewhat likely to leave their jobs in the next 3–6 months, these issues will become more acute for Australian and New Zealand employers in 2022.

# Succession management key challenges



What are your organisation's key succession management challenges?

2019 (n = 492) 2020 (n = 645) 2021 (n = 461)



# Succession management key challenges



## Summary:

A new answer included in the survey for 2021, 'lack of opportunities within the organisation', was cited by just under a third of respondents (32%), making it the top succession management challenge. The second biggest challenge was 'external talent shortage', cited by over a quarter of respondents (28%). While the first is largely within control of employers, the second is a larger issue, indicative of the talent shortage that will continue to confront employers in 2022. It's also interesting to note that 'lack of opportunities within the organisation' was particularly acute in New Zealand, with 40% of respondents selecting this (versus 31% in Australia).

## Insight:

The priorities of Australian and New Zealand workers searching for a new employer remained remarkably steady throughout 2021. ELMO's [Employee Sentiment Index Report](#), produced quarterly, showed that 'career development opportunities' consistently sits at around sixth position on the list of jobseeker priorities (out of 12 answer options), behind perennials such as remuneration, flexible work options, and the culture of the organisation.

There appears to be something of a disconnect occurring between employees and employers. Earlier in this report, in the 'top challenges for the next 12 months' section, 'succession planning' sat at the bottom end of the scale, ranking 15th out of 18 challenges. In 2020 it sat at 12th.

Succession planning is about risk mitigation. Given the hype around The Great Resignation (outlined in [this article](#) by Smart Company), it's worth considering what would happen if your organisation lost a senior leader or a key member of staff with niche technical skills or knowledge. Is there a contingency plan in place?

The fourth most significant challenge, 'no record keeping of current employees' skills, experience or qualification', cited by 27% of respondents, indicates a foundational problem: many employers don't know what's 'in their own backyard' when it comes to employee skills. Without that knowledge, it's not only difficult to fill roles internally, but employees can't be provided with career paths.

It's also interesting to note elsewhere in this report how critical learning & development will be in 2022. When asked about top priorities for FY21/22, learning & development was in third position, behind 'employee wellness' and 'compliance'. If employers are not mapping learning opportunities to critical roles, this is something of a missed opportunity. Instead of being groomed for internal roles, employees are being equipped for roles outside of the organisation. Any learning initiatives should benefit the employee as much as it does the organisation.

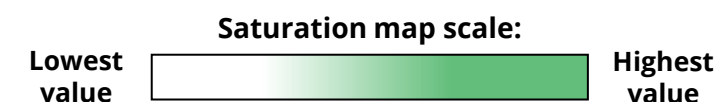
## Action:

- Consider undertaking a skills audit or skills mapping exercise to obtain a better understanding of the skills, experience, and qualifications of existing employees. In [this article](#), Gartner suggests that skills mapping can be done on an individual, team, and organisational level and can feed into development plans across the business. Ideally, a skills map should show both what skills are needed for a given role and how far along the required skills pathway each employee is. Such an initiative helps to identify 'skills adjacencies' – in other words, those that are related to a skill or competency an employee already has or could be easily developed. They are often skills that are not targeted in job descriptions or in job-related education, but play an essential role in enhancing an employee's ability to fully understand their role and perform it more effectively.
- Consider how technology can assist. When this question was correlated with respondents who use a form of succession management technology, the results showed that technology does a lot to support HR teams with their succession management strategy. For example, it helps to clarify the professional development opportunities available and identify new / emerging roles for potential successors. It also makes the record-keeping of skills, experience, and qualifications much easier, which may also be why respondents who use technology are less challenged by a lack of time or resources. It's also worth considering tools driven by artificial intelligence, such as ELMO's [Predictive People Analytics](#). Such tools identify employee flight risks so proactive steps can be taken to reduce employee turnover. When it comes to careers and job mobility, AI-powered tools will recommend job roles and present new developmental assignments for employees – helping them to see a future for themselves within the organisation.

# Succession management key challenges



| n=                                                                           | 461     | 77                  | 118             | 149          | 117             | 376       | 85          | 280              | 147                        | 34                    | 93             |
|------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your <b>organisation's key succession management</b> challenges?    | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| External talent shortage                                                     | 28%     | 18%                 | 26%             | 34%          | 31%             | 29%       | 27%         | 30%              | 24%                        | 35%                   | 29%            |
| Lack of budget                                                               | 17%     | 30%                 | 14%             | 12%          | 17%             | 18%       | 12%         | 14%              | 20%                        | 32%                   | 16%            |
| Lack of opportunities within the organisation                                | 32%     | 35%                 | 39%             | 32%          | 25%             | 31%       | 40%         | 32%              | 34%                        | 26%                   | 26%            |
| Lack of professional development opportunities                               | 23%     | 29%                 | 30%             | 19%          | 18%             | 23%       | 22%         | 22%              | 22%                        | 38%                   | 20%            |
| Lack of resources                                                            | 25%     | 40%                 | 19%             | 21%          | 24%             | 25%       | 21%         | 20%              | 33%                        | 26%                   | 13%            |
| Lack of time                                                                 | 27%     | 39%                 | 22%             | 28%          | 24%             | 27%       | 27%         | 23%              | 33%                        | 29%                   | 18%            |
| New or emerging roles                                                        | 19%     | 19%                 | 17%             | 25%          | 13%             | 21%       | 11%         | 20%              | 18%                        | 18%                   | 14%            |
| No buy-in from senior leadership                                             | 15%     | 21%                 | 13%             | 18%          | 10%             | 14%       | 20%         | 11%              | 22%                        | 21%                   | 7%             |
| No record keeping of current employees' skills, experience or qualifications | 27%     | 39%                 | 24%             | 30%          | 20%             | 28%       | 24%         | 24%              | 32%                        | 35%                   | 10%            |
| Weak bench strength                                                          | 18%     | 12%                 | 14%             | 24%          | 16%             | 18%       | 15%         | 14%              | 19%                        | 38%                   | 9%             |
| Weak talent pipeline                                                         | 27%     | 19%                 | 33%             | 30%          | 25%             | 28%       | 26%         | 25%              | 29%                        | 41%                   | 20%            |
| None - we have no challenges                                                 | 5%      | 1%                  | 3%              | 4%           | 11%             | 5%        | 6%          | 7%               | 1%                         | 0%                    | 17%            |



# Succession management key challenges



| What are your <b>organisation's key succession management</b> challenges?    | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                            |                                      |                                |                                            |                             |                                       |                                 |                          |                          |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------|--------------------------------|--------------------------------------------|-----------------------------|---------------------------------------|---------------------------------|--------------------------|--------------------------|
|                                                                              | Has fully implemented technology                                                                                                                   |                            |                                      |                                | Does not have fully implemented technology |                             |                                       |                                 | FIT                      | NFIT                     |
|                                                                              | Total resp.<br>n = 85                                                                                                                              | SMB<br>(1 - 199)<br>n = 55 | Mid-market<br>(200 - 1999)<br>n = 23 | Enterprise<br>(2000+)<br>n = 7 | Total resp.<br>n = 376                     | SMB<br>(1 - 199)<br>n = 225 | Mid-market<br>(200 - 1999)<br>n = 124 | Enterprise<br>(2000+)<br>n = 27 | SB<br>(1 - 49)<br>n = 19 | SB<br>(1 - 49)<br>n = 74 |
| External talent shortage                                                     | 33%                                                                                                                                                | 36%                        | 30%                                  | 14%                            | 27%                                        | 28%                         | 23%                                   | 41%                             | 37%                      | 27%                      |
| Lack of budget                                                               | 11%                                                                                                                                                | 7%                         | 9%                                   | 43%                            | 18%                                        | 15%                         | 22%                                   | 30%                             | 5%                       | 19%                      |
| Lack of opportunities within the organisation                                | 22%                                                                                                                                                | 24%                        | 17%                                  | 29%                            | 35%                                        | 34%                         | 37%                                   | 26%                             | 11%                      | 30%                      |
| Lack of professional development opportunities                               | 20%                                                                                                                                                | 18%                        | 17%                                  | 43%                            | 24%                                        | 23%                         | 23%                                   | 37%                             | 16%                      | 22%                      |
| Lack of resources                                                            | 15%                                                                                                                                                | 15%                        | 22%                                  | 0%                             | 27%                                        | 22%                         | 35%                                   | 33%                             | 16%                      | 12%                      |
| Lack of time                                                                 | 20%                                                                                                                                                | 22%                        | 17%                                  | 14%                            | 29%                                        | 24%                         | 36%                                   | 33%                             | 11%                      | 20%                      |
| New or emerging roles                                                        | 13%                                                                                                                                                | 15%                        | 13%                                  | 0%                             | 20%                                        | 21%                         | 19%                                   | 22%                             | 16%                      | 14%                      |
| No buy-in from senior leadership                                             | 18%                                                                                                                                                | 16%                        | 26%                                  | 0%                             | 15%                                        | 10%                         | 22%                                   | 26%                             | 11%                      | 7%                       |
| No record keeping of current employees' skills, experience or qualifications | 21%                                                                                                                                                | 24%                        | 13%                                  | 29%                            | 29%                                        | 24%                         | 35%                                   | 37%                             | 11%                      | 9%                       |
| Weak bench strength                                                          | 13%                                                                                                                                                | 11%                        | 13%                                  | 29%                            | 19%                                        | 15%                         | 20%                                   | 41%                             | 0%                       | 11%                      |
| Weak talent pipeline                                                         | 21%                                                                                                                                                | 15%                        | 43%                                  | 0%                             | 29%                                        | 28%                         | 26%                                   | 52%                             | 11%                      | 23%                      |
| None - we have no challenges                                                 | 9%                                                                                                                                                 | 15%                        | 0%                                   | 0%                             | 4%                                         | 6%                          | 2%                                    | 0%                              | 32%                      | 14%                      |

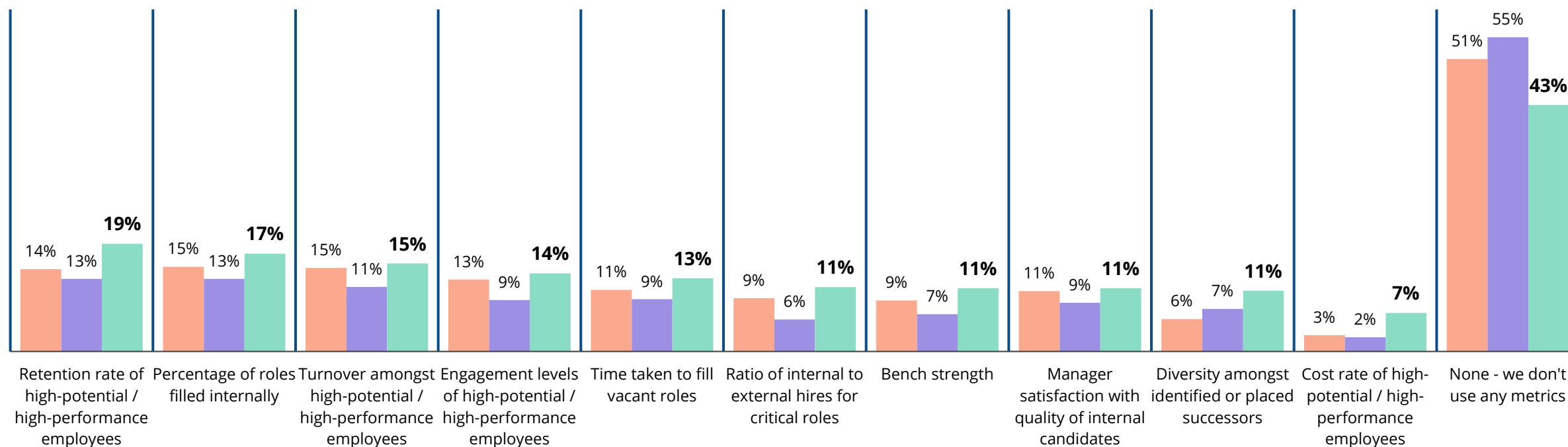


# Measuring process effectiveness



Which metric(s) does your organisation use to measure the effectiveness of its succession management processes?

2019 (n = 491) 2020 (n = 645) 2021 (n = 459)



# Measuring process effectiveness



## Summary:

After the low figures seen over the past two years, the 2021 results revealed that more metrics are being used to track the effectiveness of succession management – however, when judged against other key areas outlined in this report, usage is low. Indeed, the high result for ‘none – we don’t use any metrics’ (43%) indicates there’s still an element of manager / leader judgment and ‘gut feel’ being used in succession, which of course is prone to bias and discrimination. The most commonly used metrics are ‘retention rate of high-potential / high-performance employees’ (19%) and ‘percentage of roles filled internally’ (17%).

## Insight:

It’s significant that on the previous graphs showing key succession management challenges, a lack of buy-in from senior leaders has dropped from 19% in 2019 to 15% in 2021. Could this be correlated with the uptake of metrics? It’s possible. A [whitepaper](#) by Deloitte indicated there are four key performance areas that HR must focus on: customer metrics, process metrics, talent metrics, and financial metrics. Several of the talent metrics are tied to succession. They help to identify competency gaps in an organisation’s workforce, recognise the implications of different hiring, attrition, and promotion strategies, and seek to understand which talent characteristics foster high performance. Deloitte states: “Talent metrics include succession plan promotion rates, retention of high performers or critical segments, and the share of new hires who receive top performance ratings but leave within six months.”

Although ‘bench strength’ was used as a metric by just over 1 in 10 respondents (11%), this will likely increase in importance as the War for Talent continues and retention becomes a key focus for HR. Analysing organisational needs, defining what a future leader looks like, and then identifying suitable successors are key steps to build bench strength. Limited bench strength is not necessarily a result of insufficient leader capabilities, but rather a result of the constantly shifting challenges associated with leadership in a volatile, uncertain, complex and ambiguous (VUCA) world. Leadership succession should never be ‘set and forget’ – it needs constant work to identify successors and ensure they have the development required to help them succeed in this world.

It’s also worth noting the slow but steady rise of ‘diversity amongst identified or placed successors’ as a metric. Although this is used by just over 1 in 10 respondents (11%), D&I-related metrics are increasingly moving beyond tick-the-box exercises towards being seen as a critical lens to view where organisations are falling short, assessing the experience of specific groups in the organisation, and preventing employee attrition. Numerous studies, including [this one](#) by McKinsey & Company, have shown the benefits of a diverse, equitable workplace for business performance, innovation, customer loyalty, and employee trust.

## Action:

- Planning for the future is an easy task to put off; metrics can help make tomorrow’s problem today’s problem. Select the metrics that most effectively assess the succession management processes in your organisation. Some of these metrics may be easier to obtain and track with the aid of technology – for example, ‘percentage of roles filled internally’ or ‘retention rate of high potential / high performance employees’. When comparing this question by those who use succession management technology and those who don’t, it was evident that technology makes the availability or ease of sourcing metrics much easier.
- As with any plan to use metrics, it’s important to consider data quality. Invest the time, resources, and investment required to identify and manage core HR data systems, establish a common language and consistent data structure, and determine a basic set of guidelines for data collection, processing, and engineering.
- Visualise the data to drive action. HR leaders need to be able to deliver relevant, consumable insights to stakeholders. Graphs, charts, and other data visualisation tools can help offer the right data at the right time while ensuring it has maximum impact.

# Measuring process effectiveness



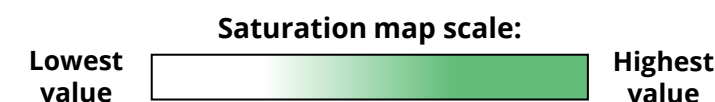
| n=                                                                                                             | 459     | 77                  | 117             | 149          | 116             | 374       | 85          | 280              | 145                        | 34                    | 93             |
|----------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the effectiveness of its succession management processes | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Bench strength                                                                                                 | 11%     | 10%                 | 10%             | 13%          | 9%              | 10%       | 14%         | 10%              | 12%                        | 15%                   | 6%             |
| Cost rate of high-potential / high-performance employees                                                       | 7%      | 8%                  | 9%              | 9%           | 1%              | 7%        | 6%          | 7%               | 7%                         | 6%                    | 7%             |
| Diversity amongst identified or placed successors                                                              | 11%     | 8%                  | 12%             | 13%          | 9%              | 10%       | 12%         | 10%              | 12%                        | 6%                    | 6%             |
| Engagement levels of high-potential / high-performance employees                                               | 14%     | 14%                 | 9%              | 17%          | 14%             | 13%       | 18%         | 16%              | 11%                        | 6%                    | 19%            |
| Manager satisfaction with quality of internal candidates                                                       | 11%     | 5%                  | 8%              | 20%          | 7%              | 11%       | 9%          | 13%              | 8%                         | 9%                    | 11%            |
| Percentage of roles filled internally                                                                          | 17%     | 12%                 | 23%             | 19%          | 13%             | 18%       | 14%         | 15%              | 20%                        | 24%                   | 13%            |
| Ratio of internal to external hires for critical roles                                                         | 11%     | 10%                 | 13%             | 13%          | 9%              | 11%       | 14%         | 11%              | 10%                        | 18%                   | 11%            |
| Retention rate of high-potential / high-performance employees                                                  | 19%     | 17%                 | 18%             | 23%          | 16%             | 19%       | 19%         | 19%              | 18%                        | 21%                   | 20%            |
| Time taken to fill vacant roles                                                                                | 13%     | 14%                 | 11%             | 14%          | 12%             | 13%       | 13%         | 11%              | 14%                        | 26%                   | 14%            |
| Turnover amongst high-potential / high-performance employees                                                   | 15%     | 14%                 | 14%             | 18%          | 14%             | 15%       | 18%         | 16%              | 12%                        | 24%                   | 15%            |
| None - we don't use any metrics                                                                                | 43%     | 36%                 | 33%             | 42%          | 59%             | 42%       | 49%         | 44%              | 45%                        | 26%                   | 52%            |



# Measuring process effectiveness



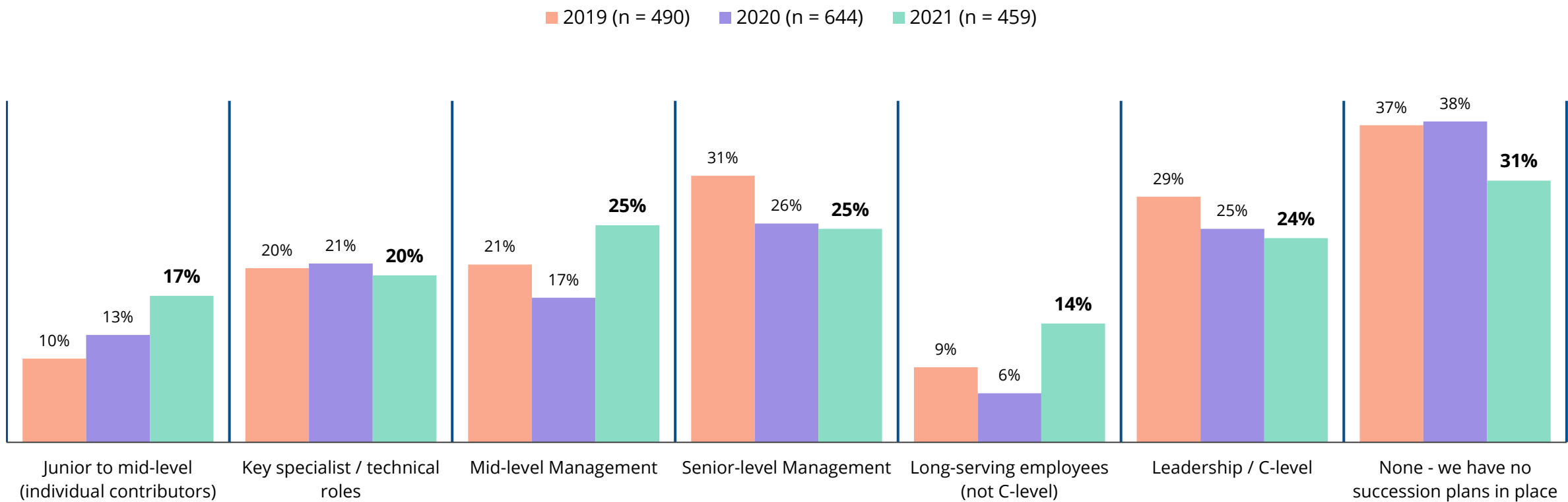
|                                                                                                                 | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                 | Has fully implemented technology                                                                                                                   |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
| Which metric(s) does your organisation use to measure the effectiveness of its succession management processes? | Total resp.                                                                                                                                        | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                 | n = 84                                                                                                                                             | n = 55           | n = 22                     | n = 7                 | n = 375                                    | n = 225          | n = 123                    | n = 27                | n = 19         | n = 74         |
| Bench strength                                                                                                  | 15%                                                                                                                                                | 16%              | 18%                        | 0%                    | 10%                                        | 9%               | 11%                        | 19%                   | 21%            | 3%             |
| Cost rate of high-potential / high-performance employees                                                        | 14%                                                                                                                                                | 15%              | 14%                        | 14%                   | 5%                                         | 5%               | 6%                         | 4%                    | 11%            | 7%             |
| Diversity amongst identified or placed successors                                                               | 21%                                                                                                                                                | 25%              | 18%                        | 0%                    | 8%                                         | 7%               | 11%                        | 7%                    | 16%            | 4%             |
| Engagement levels of high-potential / high-performance employees                                                | 17%                                                                                                                                                | 18%              | 18%                        | 0%                    | 13%                                        | 16%              | 10%                        | 7%                    | 21%            | 19%            |
| Manager satisfaction with quality of internal candidates                                                        | 13%                                                                                                                                                | 13%              | 18%                        | 0%                    | 11%                                        | 13%              | 6%                         | 11%                   | 16%            | 9%             |
| Percentage of roles filled internally                                                                           | 21%                                                                                                                                                | 22%              | 23%                        | 14%                   | 16%                                        | 13%              | 20%                        | 26%                   | 21%            | 11%            |
| Ratio of internal to external hires for critical roles                                                          | 24%                                                                                                                                                | 25%              | 23%                        | 14%                   | 9%                                         | 8%               | 8%                         | 19%                   | 16%            | 9%             |
| Retention rate of high-potential / high-performance employees                                                   | 26%                                                                                                                                                | 29%              | 18%                        | 29%                   | 17%                                        | 17%              | 18%                        | 19%                   | 32%            | 18%            |
| Time taken to fill vacant roles                                                                                 | 19%                                                                                                                                                | 18%              | 14%                        | 43%                   | 11%                                        | 9%               | 14%                        | 22%                   | 21%            | 12%            |
| Turnover amongst high-potential / high-performance employees                                                    | 21%                                                                                                                                                | 24%              | 18%                        | 14%                   | 14%                                        | 15%              | 11%                        | 26%                   | 16%            | 15%            |
| None - we don't use any metrics                                                                                 | 24%                                                                                                                                                | 27%              | 14%                        | 29%                   | 48%                                        | 49%              | 50%                        | 26%                   | 37%            | 57%            |



# Where succession is used



Which of the following employee levels in your organisation have a succession plan in place?



# Where succession is used



## Summary:

Out of the 459 respondents who said they were 'actively involved in' or 'responsible for' succession management, 1 in 3 (31%) said they do not have any succession plans in place. For most respondents, the focus remains at the higher end of the corporate hierarchy. A quarter of respondents (25%) use succession management for senior level management roles, while 24% use it for leadership / C-level roles. It appears that it's not just about hierarchy. Respondents said they had succession plans in place for employees holding specialist or technical knowledge (20%, a slight decline from 21% in 2020) and also for employees with long tenure (14%, a significant rise from the 6% in 2020).

## Insight:

Research from Gartner suggests that only 27% of business units have the leaders they need for the future, so the focus of succession plans at the top end of the corporate pyramid – as indicated in our survey – seems to be well-founded. However, in a transient labour market, it's risky to ignore other mission-critical roles and also junior to mid-level individual contributors, who may include future leaders in their ranks. While the obvious successor to a role may be the person who is immediately next in line on the organisational chart, it's also worth considering other promising employees across the business. This outlook helps foster internal mobility, which in turn helps with employee retention.

In 2022, critical roles are not just leadership positions. Succession plans also need to cover roles relating to customer interaction, sales, product development, and IT. Imagine, for example, if a key IT team member was to leave the organisation: how would this jeopardise day-to-day operations, including remote working? It's important to consider the expert or specialist roles in the organisation and the part they play in overall success. They may not be management or leadership roles, but they would leave a capability gap if left vacant for an extended period of time.

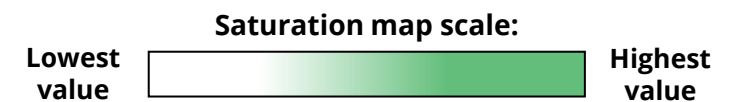
## Action:

- Clarify the scope of the succession management plan. Will it include all roles over a certain hierarchical level? What happens with highly technical or mission critical roles? Perhaps the organisation has particular vulnerabilities, such as a large percentage of retiring employees in a particular division.
- Identify critical 'at risk' roles within your organisation – those which cannot be filled easily if the current occupant were to leave the organisation or move to a different position. Can retention and engagement strategies be targeted to keep these 'at risk' employees within your workforce?
- In terms of assessing the bench strength for certain roles, the first step is to determine which positions are critical to business operations. The C-suite is an obvious inclusion, but so too are VPs and directors. The leaders who fill them have advanced knowledge about the organisation and the daily tasks required to keep things moving smoothly. These roles should be the priority for requiring a succession plan.
- After identifying these mission critical roles, consider their daily responsibilities and the skills and experience required to fulfil those responsibilities. From there, determine if there are currently employees within the organisation who possess that mix of experience, skills, and knowledge to fill each role. Remember that sometimes key employees are not in upper leadership roles but rather in support positions. If it's possible to name at least one or two individuals, your organisation's bench strength is strong. If not, consider how to bolster the ranks. Start with professional development for those identified as having potential. Assign them more challenging tasks or create a development plan for them to see how they perform and adapt. Executive coaching is another option.
- Finally, be transparent about the possible career paths available and hire team members who embrace continuous improvement and advancement.

# Succession management programs



| n=                                                                                           | 459     | 77                  | 117             | 149          | 116             | 374       | 85          | 280              | 145                        | 34                    | 93             |
|----------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which of the following employee levels in your organisation have a succession plan in place? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Junior to mid-level (individual contributors)                                                | 17%     | 21%                 | 19%             | 15%          | 15%             | 17%       | 19%         | 17%              | 15%                        | 29%                   | 17%            |
| Key specialist / technical roles                                                             | 20%     | 25%                 | 18%             | 19%          | 19%             | 19%       | 22%         | 19%              | 19%                        | 24%                   | 16%            |
| Mid-level management                                                                         | 25%     | 25%                 | 26%             | 26%          | 24%             | 26%       | 21%         | 26%              | 26%                        | 21%                   | 19%            |
| Senior-level management                                                                      | 25%     | 21%                 | 30%             | 26%          | 22%             | 25%       | 24%         | 27%              | 21%                        | 26%                   | 28%            |
| Long-serving employees (not C-level)                                                         | 14%     | 13%                 | 16%             | 13%          | 13%             | 13%       | 16%         | 15%              | 11%                        | 21%                   | 15%            |
| Leadership / C-level                                                                         | 24%     | 23%                 | 27%             | 26%          | 19%             | 25%       | 19%         | 22%              | 26%                        | 29%                   | 18%            |
| None - we have no succession plans in place                                                  | 30%     | 26%                 | 23%             | 29%          | 43%             | 29%       | 35%         | 30%              | 34%                        | 18%                   | 37%            |



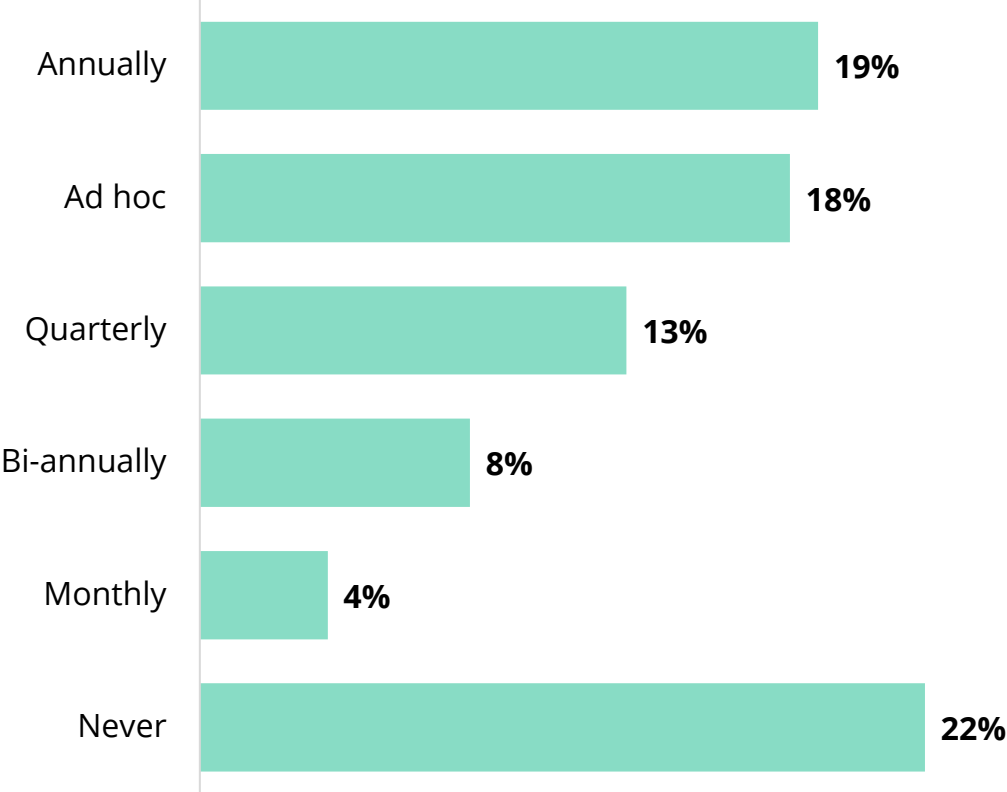
# Succession management programs



| Which of the following employee levels in your organisation have a succession plan in place? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                            |                                      |                                |                                            |                             |                                       |                                 |                          |                          |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------|--------------------------------|--------------------------------------------|-----------------------------|---------------------------------------|---------------------------------|--------------------------|--------------------------|
|                                                                                              | Has fully implemented technology                                                                                                                   |                            |                                      |                                | Does not have fully implemented technology |                             |                                       |                                 | FIT                      | NFIT                     |
|                                                                                              | Total resp.<br>n = 84                                                                                                                              | SMB<br>(1 – 199)<br>n = 55 | Mid-market<br>(200 – 1999)<br>n = 22 | Enterprise<br>(2000+)<br>n = 7 | Total resp.<br>n = 375                     | SMB<br>(1 – 199)<br>n = 225 | Mid-market<br>(200 – 1999)<br>n = 123 | Enterprise<br>(2000+)<br>n = 27 | SB<br>(1 - 49)<br>n = 19 | SB<br>(1 - 49)<br>n = 74 |
| Junior to mid-level (individual contributors)                                                | 19%                                                                                                                                                | 18%                        | 18%                                  | 29%                            | 17%                                        | 16%                         | 15%                                   | 30%                             | 21%                      | 16%                      |
| Key specialist / technical roles                                                             | 25%                                                                                                                                                | 27%                        | 27%                                  | 0%                             | 18%                                        | 17%                         | 18%                                   | 30%                             | 21%                      | 15%                      |
| Mid-level management                                                                         | 39%                                                                                                                                                | 38%                        | 45%                                  | 29%                            | 22%                                        | 23%                         | 23%                                   | 19%                             | 21%                      | 19%                      |
| Senior-level management                                                                      | 38%                                                                                                                                                | 42%                        | 32%                                  | 29%                            | 22%                                        | 24%                         | 19%                                   | 26%                             | 42%                      | 24%                      |
| Long-serving employees (not C-level)                                                         | 27%                                                                                                                                                | 29%                        | 23%                                  | 29%                            | 11%                                        | 11%                         | 9%                                    | 19%                             | 37%                      | 9%                       |
| Leadership / C-level                                                                         | 38%                                                                                                                                                | 42%                        | 36%                                  | 14%                            | 21%                                        | 17%                         | 24%                                   | 33%                             | 32%                      | 15%                      |
| None - we have no succession plans in place                                                  | 12%                                                                                                                                                | 13%                        | 5%                                   | 29%                            | 35%                                        | 35%                         | 39%                                   | 15%                             | 21%                      | 42%                      |



How often are succession plans typically reviewed?



n = 459



**1 in 5** respondents review their succession plans annually



Almost **1 in 4** respondents never review their succession plans

## Summary:

A new question in the 2021 survey, the results indicate that succession plans are rarely reviewed. Just under a fifth of respondents (19%) review them annually, while 13% review them quarterly. It seems the 'as-needed' mentality dominates this part of HR's mandate, with 18% of respondents indicating such plans are only reviewed on an ad hoc basis, no doubt when a key employee has already left the organisation. Close to a quarter of respondents (22%) indicated they never review their succession plans.

## Insight:

Succession management is not a 'set and forget' task: it requires continuous effort to ensure the processes, people, and skills are in place so that key employees who depart the organisation can be replaced with minimal disruption. Organisational strategy, skills, and even positions are rapidly changing. COVID-19 demonstrated just how volatile and unpredictable life can be, which in turn can spark major changes to organisational strategy. On the skills front, [2021 data](#) from Gartner indicates the total number of skills required for a single job has increased by 10% year each year since 2017. Similarly, in terms of new job roles, the World Economic Forum's 2020 [Future of Work Report](#) predicted that 65% of children who started kindergarten in 2020 will do jobs that have yet to be invented.

As priorities, skills, employees, and leadership ranks adapt and evolve, succession processes that use elements of Agile Methodology are being used by an increasing number of employers to ensure delays between an employee departing and a successor filling the role are minimised (read more in [this whitepaper](#) from Korn Kerry). The only way to guarantee this continuity is by undertaking regular – at least bi-annual – reviews of succession plans.

Technology does have a positive impact: for respondents with fully implemented succession management technology, 5% said they never review their succession plan; for those without technology fully implemented, this figure increases to 26%. Similarly, for those with technology fully implemented, 24% undertake a quarterly review, versus 11% for those without technology fully implemented.

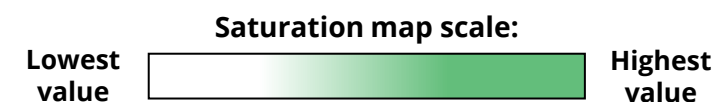
## Action:

- Understand the risks of not reviewing succession plans on a regular basis, or not at all. A succession plan is designed as a long-term employee plan, but it can also serve as an emergency back-up plan. You should review your strategic plan and your succession plan at least twice a year. After all, you can never predict when a key employee will take parental leave, take another job, or when someone might have an accident or health problem requiring time off work. A succession plan that is regularly updated helps future-proof your organisation, reduces the risk of not having the leaders it needs, and provides defined career paths for employees.
- Assess how technology can help with such reviews, and how the data input into succession management platforms or software can integrate with learning & development and performance management platforms.

# Succession plans reviewed



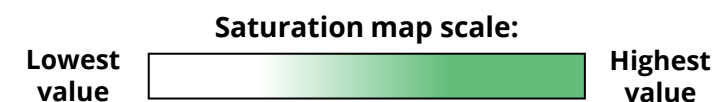
| n=                                                 | 459     | 77                  | 117             | 149          | 116             | 374       | 85          | 280              | 145                        | 34                    | 93             |
|----------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How often are succession plans typically reviewed? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Annually                                           | 19%     | 14%                 | 27%             | 16%          | 18%             | 18%       | 25%         | 19%              | 17%                        | 24%                   | 22%            |
| Bi-annually                                        | 8%      | 9%                  | 9%              | 7%           | 8%              | 8%        | 8%          | 6%               | 10%                        | 18%                   | 8%             |
| Quarterly                                          | 13%     | 9%                  | 12%             | 19%          | 9%              | 14%       | 7%          | 16%              | 10%                        | 6%                    | 12%            |
| Monthly                                            | 4%      | 5%                  | 3%              | 5%           | 3%              | 4%        | 5%          | 5%               | 2%                         | 0%                    | 0%             |
| Ad hoc                                             | 18%     | 16%                 | 16%             | 15%          | 25%             | 18%       | 16%         | 19%              | 18%                        | 12%                   | 20%            |
| Never                                              | 22%     | 18%                 | 13%             | 26%          | 30%             | 21%       | 26%         | 22%              | 25%                        | 12%                   | 27%            |



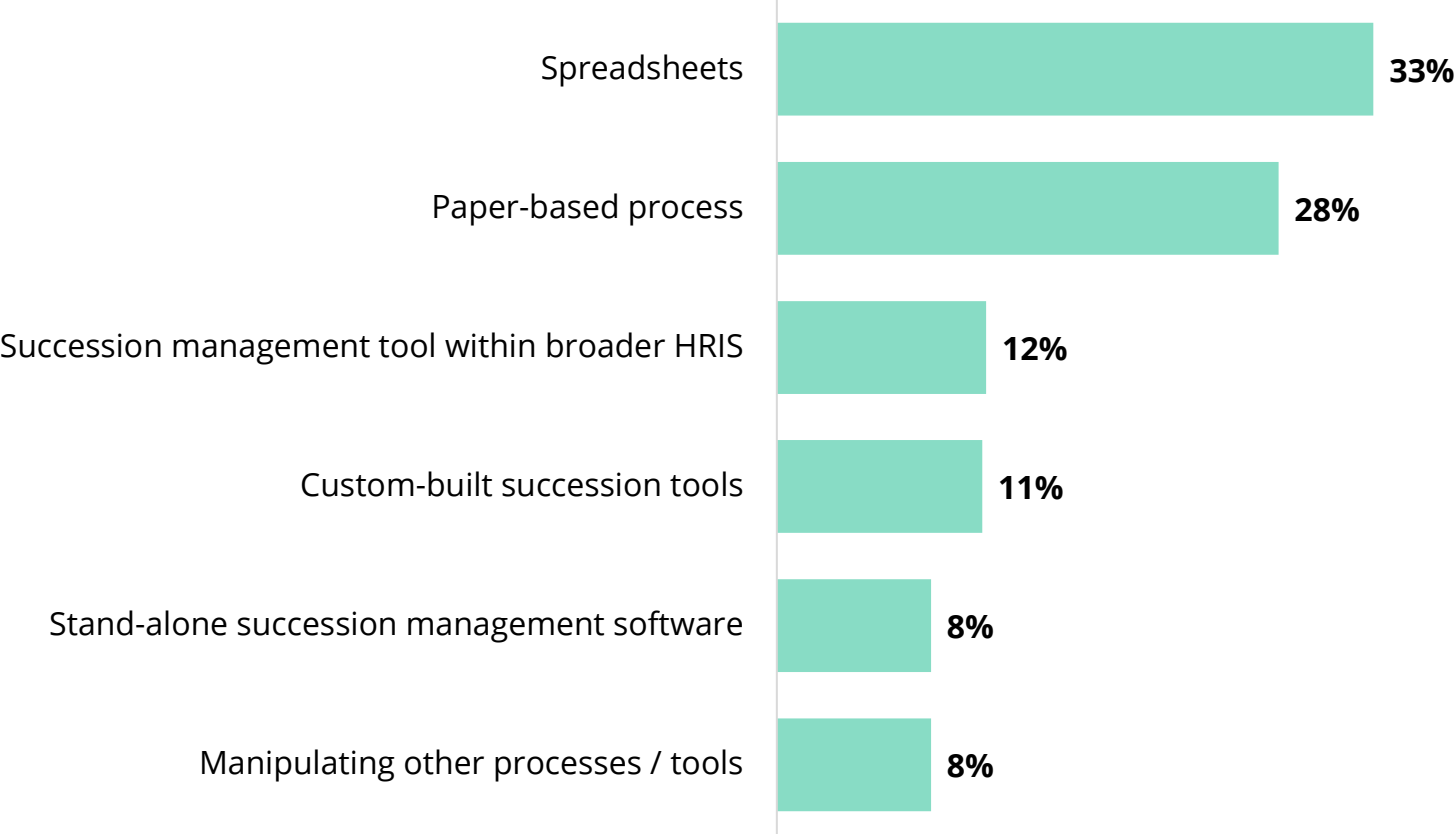
# Succession plans reviewed



| How often are succession plans typically reviewed? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                            |                                      |                                |                                            |                             |                                       |                                 |                          |                          |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------|--------------------------------|--------------------------------------------|-----------------------------|---------------------------------------|---------------------------------|--------------------------|--------------------------|
|                                                    | Has fully implemented technology                                                                                                                   |                            |                                      |                                | Does not have fully implemented technology |                             |                                       |                                 | FIT                      | NFIT                     |
|                                                    | Total resp.<br>n = 84                                                                                                                              | SMB<br>(1 - 199)<br>n = 55 | Mid-market<br>(200 - 1999)<br>n = 22 | Enterprise<br>(2000+)<br>n = 7 | Total resp.<br>n = 375                     | SMB<br>(1 - 199)<br>n = 225 | Mid-market<br>(200 - 1999)<br>n = 123 | Enterprise<br>(2000+)<br>n = 27 | SB<br>(1 - 49)<br>n = 19 | SB<br>(1 - 49)<br>n = 74 |
| Annually                                           | 32%                                                                                                                                                | 36%                        | 27%                                  | 14%                            | 16%                                        | 15%                         | 15%                                   | 26%                             | 47%                      | 15%                      |
| Bi-annually                                        | 12%                                                                                                                                                | 13%                        | 0%                                   | 43%                            | 7%                                         | 5%                          | 11%                                   | 11%                             | 11%                      | 7%                       |
| Quarterly                                          | 24%                                                                                                                                                | 22%                        | 36%                                  | 0%                             | 11%                                        | 14%                         | 5%                                    | 7%                              | 11%                      | 12%                      |
| Monthly                                            | 6%                                                                                                                                                 | 9%                         | 0%                                   | 0%                             | 3%                                         | 4%                          | 2%                                    | 0%                              | 0%                       | 0%                       |
| Ad hoc                                             | 13%                                                                                                                                                | 13%                        | 14%                                  | 14%                            | 19%                                        | 20%                         | 19%                                   | 11%                             | 11%                      | 23%                      |
| Never                                              | 5%                                                                                                                                                 | 4%                         | 5%                                   | 14%                            | 26%                                        | 27%                         | 28%                                   | 11%                             | 11%                      | 31%                      |



What tool(s) enable your organisation's succession planning process?



n = 459



**1 in 3** respondents use  
spreadsheets to manage succession



More than **1 in 4** respondents use  
paper-based processes to manage  
succession

## Summary:

A new question in the 2021 survey, the results show how manual processes dominate succession planning. A third of respondents (33%) utilise spreadsheets, while 28% use paper-based processes. When it comes to technology, 12% use a succession management tool within a broader HRIS and a similar percentage (11%) use custom-built succession tools.

## Insight:

The dominance of spreadsheets is disheartening. The appeal of a spreadsheet is undeniable, and they certainly serve a purpose – but usually only when used in conjunction with more sophisticated technology. Once an organisation hits around 100 employees, tracking performance, training and succession planning with spreadsheets becomes overly complicated. Spreadsheets and paper-based processes can't provide the deep, real-time insight into how employees are performing or how to help them – and the organisation – to be more successful. They also can't efficiently produce data in an appealing way with visual aides to help convey the story behind the numbers.

It appears that succession management is too often branded as “tomorrow’s problem” and it’s an area that rarely gets the tools that are required to do the job well. In the 2021 report, 59% of respondents expected to have fully implemented succession management technology by the end of 2021. However, earlier in this report, when asked about the projected implementation of HR technology, only 20% of respondents said succession management technology was fully implemented. This was the lowest technology category in this report. An additional 29% said they were ‘currently implementing’ the technology, and 17% said implementation was ‘less than 12 months away’. It seems the intention is there, but it’s possible that succession management is always viewed as a secondary, less pressing problem. The impact of it is often not immediately felt, so it gets shuffled down the priority list.

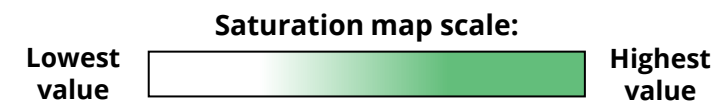
## Action:

- If succession management technology is not yet being utilised, undertake research to better understand the full functionality of such technology and how it can save time, resources, and money.
- If technology is already being used, ensure managers understand how to use it effectively. If it’s too complicated or is not being used to its full potential, it may not be a surprise to see people reverting back to tried and tested spreadsheets and other manual methods. Remember, the success of a succession plan is reliant on data. Employee skills, role requirements and other factors change regularly, and these changes need to be reflected in any technology being utilised.

# Succession planning tool(s)



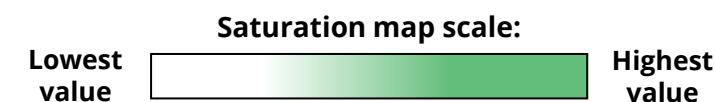
| n=                                                                   | 459     | 77                  | 117             | 149          | 116             | 374       | 85          | 280              | 145                        | 34                    | 93             |
|----------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What tool(s) enable your organisation's succession planning process? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Custom-built succession tools                                        | 11%     | 14%                 | 14%             | 11%          | 7%              | 11%       | 12%         | 10%              | 12%                        | 18%                   | 9%             |
| Stand-alone succession management software                           | 8%      | 6%                  | 10%             | 12%          | 3%              | 9%        | 7%          | 9%               | 8%                         | 6%                    | 6%             |
| Succession management tool within broader HRIS                       | 12%     | 10%                 | 19%             | 9%           | 8%              | 12%       | 9%          | 12%              | 10%                        | 15%                   | 6%             |
| Paper-based process                                                  | 28%     | 22%                 | 19%             | 30%          | 37%             | 28%       | 26%         | 27%              | 29%                        | 29%                   | 29%            |
| Spreadsheets                                                         | 33%     | 43%                 | 31%             | 34%          | 28%             | 34%       | 28%         | 31%              | 35%                        | 35%                   | 28%            |
| Manipulating other processes / tools                                 | 8%      | 8%                  | 9%              | 8%           | 9%              | 9%        | 5%          | 9%               | 6%                         | 12%                   | 4%             |



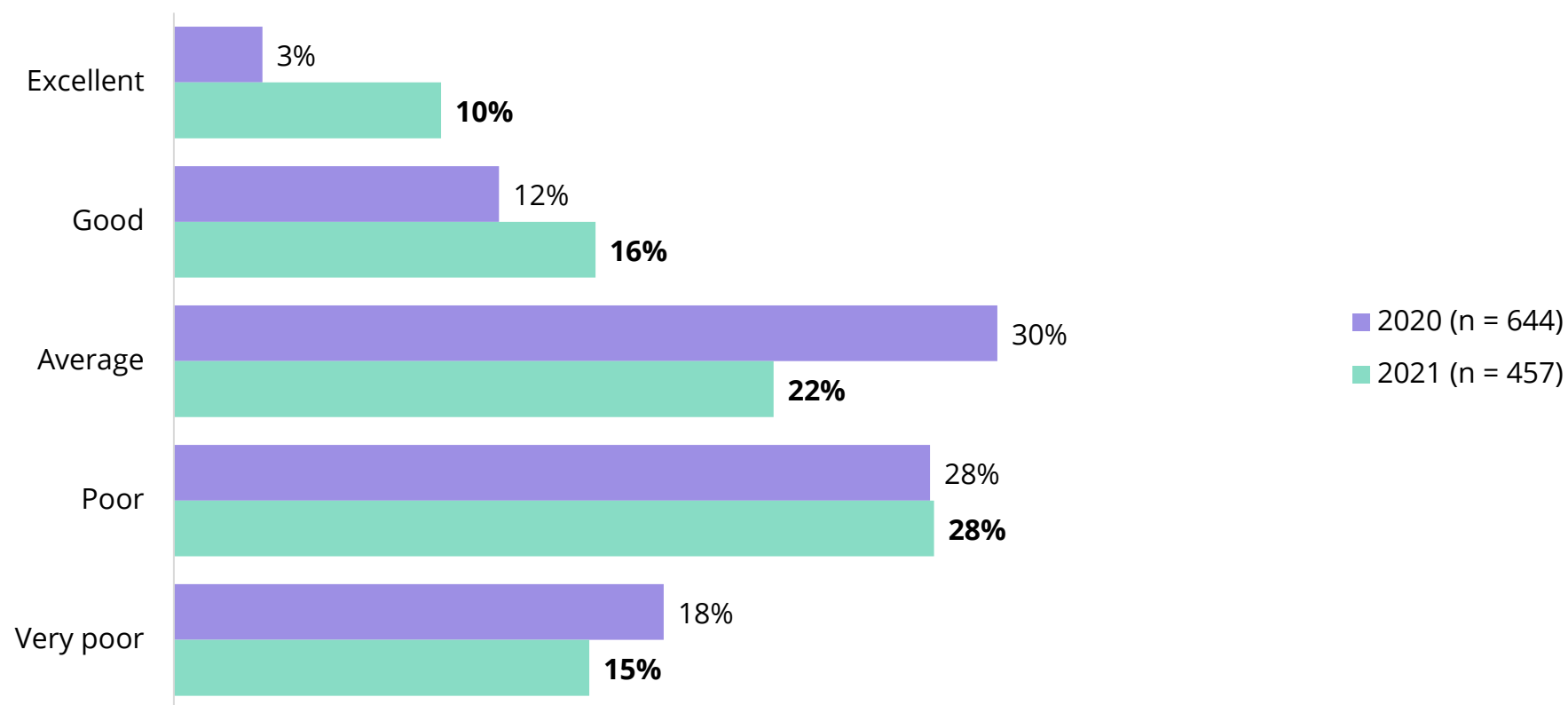
# Succession planning tool(s)



| What tool(s) enable your organisation's succession planning process? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                     |                        |                  |                                            |                      |                         |                   |                    |                    |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|------------------|--------------------------------------------|----------------------|-------------------------|-------------------|--------------------|--------------------|
|                                                                      | Has fully implemented technology                                                                                                                   |                     |                        |                  | Does not have fully implemented technology |                      |                         |                   | FIT                | NFIT               |
|                                                                      | Total resp.                                                                                                                                        | SMB                 | Mid-market             | Enterprise       | Total resp.                                | SMB                  | Mid-market              | Enterprise        | SB                 | SB                 |
|                                                                      | n = 84                                                                                                                                             | (1 – 199)<br>n = 55 | (200 – 1999)<br>n = 22 | (2000+)<br>n = 7 | n = 375                                    | (1 – 199)<br>n = 225 | (200 – 1999)<br>n = 123 | (2000+)<br>n = 27 | (1 - 49)<br>n = 19 | (1 - 49)<br>n = 74 |
| Custom-built succession tools                                        | 4%                                                                                                                                                 | 4%                  | 5%                     | 0%               | 4%                                         | 4%                   | 4%                      | 7%                | 5%                 | 7%                 |
| Stand-alone succession management software                           | 4%                                                                                                                                                 | 2%                  | 10%                    | 0%               | 2%                                         | 3%                   | 2%                      | 0%                | 5%                 | 4%                 |
| Succession management tool within broader HRIS                       | 7%                                                                                                                                                 | 9%                  | 0%                     | 14%              | 5%                                         | 3%                   | 9%                      | 0%                | 11%                | 0%                 |
| Paper-based process                                                  | 19%                                                                                                                                                | 22%                 | 19%                    | 0%               | 17%                                        | 18%                  | 14%                     | 22%               | 26%                | 20%                |
| Spreadsheets                                                         | 17%                                                                                                                                                | 18%                 | 14%                    | 14%              | 21%                                        | 21%                  | 20%                     | 19%               | 11%                | 19%                |
| Manipulating other processes / tools                                 | 1%                                                                                                                                                 | 2%                  | 0%                     | 0%               | 2%                                         | 2%                   | 1%                      | 4%                | 5%                 | 0%                 |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing succession planning?



## Summary:

Although there was an increase in respondents rating their succession management systems and processes as 'excellent' and 'good', the percentage of respondents selecting 'poor' or 'very poor' remained high. Technology plays a significant role. Respondents with technology fully implemented were far more likely to rate their systems and processes as 'good' or 'excellent' compared to those without technology fully implemented. For example, 33% of those with technology fully implemented rated their systems and processes as 'good', while just 12% of those without technology fully implemented said the same.

## Insight:

In comparison to the same question asked about other HR topics in this report, the above figures indicate succession management is the most poorly regarded area within HR's remit. Organisations often lack clarity about what they want their succession planning strategy to deliver, which was evident in their inability to measure effectiveness. Furthermore, the events of the past two years forced many organisations to re-evaluate their business operations, which pushed succession management even further down the priority list.

Succession planning does not need to be addressed in isolation from other HR activities and the desire to overcome these challenges may be achieved via complementary HR tools. However, dedicated succession planning software is designed to provide a holistic view of a person. Without it, HR teams are mining data from multiple sources (e.g. performance management systems, L&D platforms, etc.) to paint a picture about an individual's capability and aspirations. Technology is also making metrics easier for HR teams to access and analyse to measure the effectiveness of their succession management processes.

## Action:

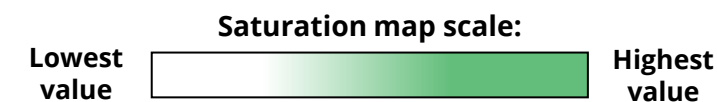
Faced with the increased likelihood of high employee turnover in 2022, now is the time to reposition succession management as a key organisational priority. However, while the idea of positioning succession as a priority is easy to talk about, executing on it is more challenging. Re-assess the key drivers for succession planning within the business. For example, there may be a desire to reduce the risk of having roles vacant for an extended period, or perhaps it's about enhancing employee engagement by providing career pathways. These drivers are often not unique to succession. For example, there may be shared or similar drivers to enhance performance management and professional development. Once the drivers are understood, an action plan can be developed:

- Obtain the right data. Identify the most important roles in the organisation that would need to be filled quickly if that employee were to leave. Every employee has responsibilities they need to fulfil, as well as unique skills, knowledge, and experience. Involve managers to understand what personality traits best suit the role. Use the performance management process to gain insights into career aspirations and ensure high potential employees are identified and groomed for new roles in the organisation. Document all of it.
- Use the established criteria to assess internal candidates and to determine who has the potential to grow into a leadership position.
- Establish a talent pool of workers who are qualified to eventually fill key roles in the organisation. This might be a mix of internal and external talent.
- Develop these existing employees through training, coaching, and work experience so they're ready to take over leadership positions when the time comes.
- Ensure you have the right tools to keep track of the interlinked pieces of the succession puzzle, including how learning & development and performance management processes feed into succession planning.
- Keep an open dialogue with employees so they are aware of the opportunities ahead of them.

# Internal systems and processes



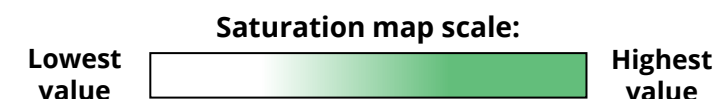
| n=                                                                                                                                           | 415     | 65                  | 106             | 139          | 105             | 342       | 73          | 252              | 133                        | 30                    | 77             |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing succession planning? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                    | 10%     | 10%                 | 8%              | 13%          | 8%              | 8%        | 16%         | 13%              | 5%                         | 9%                    | 13%            |
| Good                                                                                                                                         | 16%     | 12%                 | 20%             | 13%          | 17%             | 16%       | 12%         | 19%              | 12%                        | 3%                    | 17%            |
| Average                                                                                                                                      | 22%     | 17%                 | 27%             | 22%          | 21%             | 22%       | 22%         | 23%              | 19%                        | 26%                   | 24%            |
| Poor                                                                                                                                         | 28%     | 30%                 | 23%             | 32%          | 27%             | 31%       | 16%         | 24%              | 34%                        | 35%                   | 26%            |
| Very poor                                                                                                                                    | 15%     | 16%                 | 14%             | 14%          | 18%             | 15%       | 19%         | 12%              | 22%                        | 15%                   | 9%             |



# Internal systems and processes



| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing succession planning? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>succession management</b> ? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                              | Has fully implemented technology                                                                                                                   |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                              | Total resp.                                                                                                                                        | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                              | n = 83                                                                                                                                             | n = 55           | n = 21                     | n = 7                 | n = 374                                    | n = 224          | n = 123                    | n = 27                | n = 19         | n = 74         |
| Excellent                                                                                                                                    | 25%                                                                                                                                                | 29%              | 14%                        | 29%                   | 6%                                         | 8%               | 3%                         | 4%                    | 37%            | 7%             |
| Good                                                                                                                                         | 33%                                                                                                                                                | 36%              | 29%                        | 14%                   | 12%                                        | 15%              | 9%                         | 0%                    | 37%            | 12%            |
| Average                                                                                                                                      | 23%                                                                                                                                                | 25%              | 19%                        | 14%                   | 22%                                        | 22%              | 20%                        | 30%                   | 21%            | 24%            |
| Poor                                                                                                                                         | 12%                                                                                                                                                | 5%               | 29%                        | 14%                   | 32%                                        | 29%              | 35%                        | 41%                   | 0%             | 32%            |
| Very poor                                                                                                                                    | 2%                                                                                                                                                 | 0%               | 5%                         | 14%                   | 18%                                        | 15%              | 25%                        | 15%                   | 0%             | 11%            |



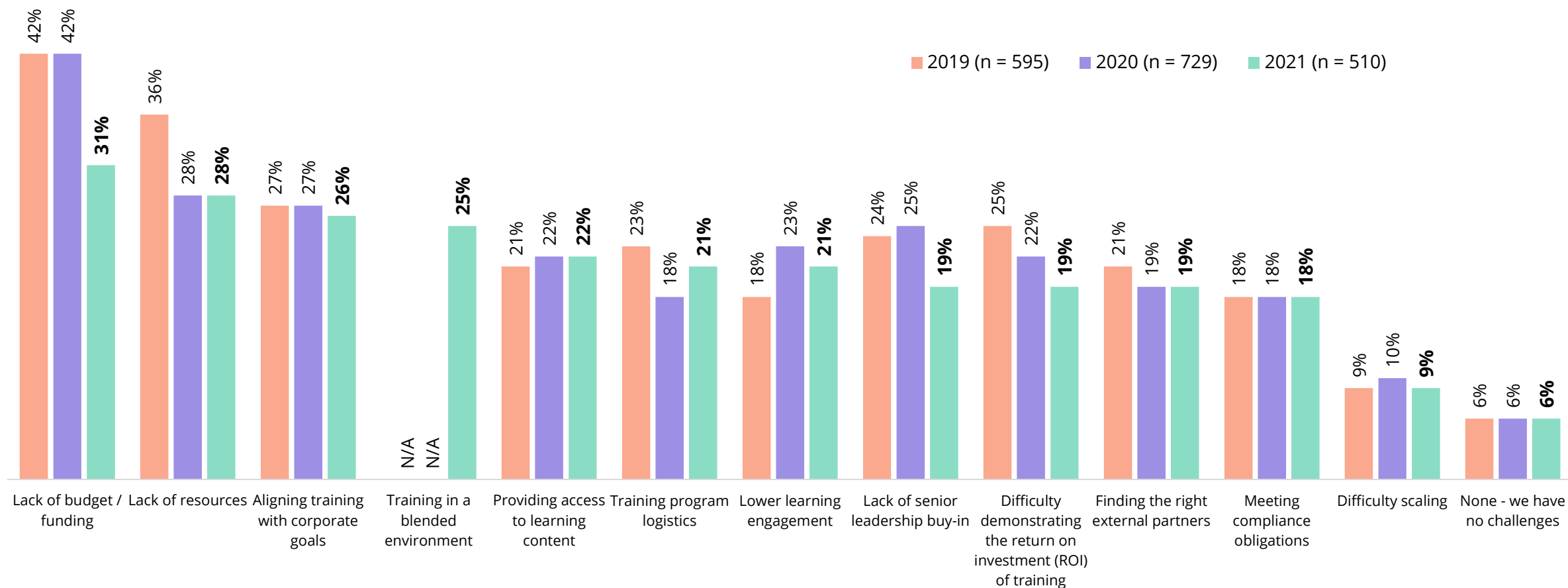
# Appendix G: Learning & development (L&D)



# Learning & development key challenges



What are your organisation's key learning & development (L&D) challenges?



# Learning & development key challenges



## Summary:

Learning & development remains a focus for many organisations. Earlier in this report, when asked about the top challenges for the next 12 months, 2 of the top 3 challenges fell under the learning & development umbrella: 'upskilling, cross-skilling or reskilling employees' and 'leadership development'. These were topped only by recruitment. When looking deeper at learning & development as a specialist area of HR, there was no dominant challenge in the 2021 results. Mirroring the 2020 results, 'lack of budget / funding' was the top challenge, although this dropped 11 percentage points from 2020. 'Lack of resources' remained steady in second position. All other challenges remained largely unchanged, with only 'training program logistics' having any gain – and that at only 3 percentage points.

## Insight:

Despite talk of 'The Great Resignation' (analysed in detail in [this article](#) by HRM) and the increased focus on retaining talent in 2022, securing appropriate budget and resources for learning & development initiatives remains difficult. This struggle has been well documented elsewhere, with the global pandemic being a major contributing factor as organisations shifted focus to other, more critical areas of business. A [2021 L&D trends report](#) by The Ken Blanchard Companies indicated that at the tail end of 2020, budget cuts, layoffs, furloughs, and questions of management support were some of the biggest challenges facing learning & development in 2021. The report suggested that the concern was that 2021 would usher in a difficult period of high expectations for converting to digital and virtual delivery, but without the resources and support necessary to be successful. This was best expressed as "too much to do, not enough resources".

These results suggest that now, more than ever before, it's crucial to understand the return on investment of professional development, and to have the data and metrics to back this up. Incidentally, this also ties in with the third most significant learning & development challenge cited in our survey: 'aligning training with corporate goals'. Without metrics, it's difficult to spot where a lack of professional development is impacting business operations, gain insights into where skills gaps exist, and understand how learning can help achieve certain organisational goals.

Just over a fifth of respondents (21%) cited 'training program logistics' as a challenge. With the range of learning tools and modes now bigger than ever, and more learning taking place virtually, this is unsurprising. This might be a matter of understanding how learners in a particular subject want to learn, and how best to convey the information they need, and then allocating resources and budgets accordingly. For example, despite the advances in video conferencing technology, there is still a need for face-to-face learning, especially in key areas such as leadership development. Compliance-driven learning, on the other hand, is often best delivered via eLearning, due to the ease with which course completion rates can be tracked.

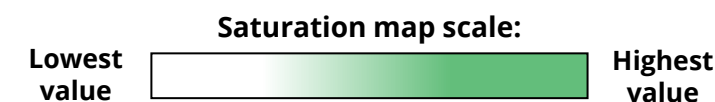
## Action:

- Maintain focus. Building a skilled workforce that can drive and deliver what the organisation needs is a key part of sustaining operations through challenging periods. PwC's [Talent Trends 2020 Report](#) indicated that 74% of CEOs were concerned about the availability of key skills (this was pre-COVID-19), while 40% of workers will require up to six months of reskilling by 2026.
- Don't forget leaders! Turbulent times call for transformational leaders – and they require special skills. The annual Training Magazine [Leadership Development Study](#) revealed that the top 5 skill areas for leaders in 2021 included: coaching others; communication; diversity and inclusion; emotional intelligence; and team leadership.
- Undertake a skills audit to understand the existing skills your employees have, even if they are not currently using those skills. This will help align skills to roles and enable your organisation to meet its strategic objectives. A capability framework can also be created. This will help with internal talent movement, as employees and managers gain knowledge of which skills are transferable, which skills will need to be developed, and what steps will be required to move a person from one role to another within the business. According to a [global survey](#) by Gartner, 47% of surveyed HR leaders do not know what skills gaps their current employees have, while 40% said they cannot develop skill development solutions fast enough to meet evolving skill needs.
- Learning delivery modes are changing and organisations will need to improve how they measure and understand impact so that they can make the smartest choices around the tools and platforms implemented.

# Learning & development key challenges



| n=                                                                        | 510     | 93                  | 126             | 167          | 124             | 417       | 93          | 314              | 153                        | 43                    | 110            |
|---------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key learning & development (L&D) challenges? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Aligning training with corporate goals                                    | 26%     | 24%                 | 33%             | 27%          | 19%             | 26%       | 27%         | 23%              | 33%                        | 23%                   | 18%            |
| Difficulty demonstrating the return on investment (ROI) of training       | 19%     | 24%                 | 21%             | 16%          | 17%             | 19%       | 18%         | 16%              | 22%                        | 28%                   | 14%            |
| Difficulty scaling                                                        | 9%      | 10%                 | 6%              | 11%          | 10%             | 9%        | 9%          | 8%               | 11%                        | 12%                   | 6%             |
| Finding the right external partners                                       | 19%     | 14%                 | 19%             | 20%          | 20%             | 19%       | 19%         | 20%              | 18%                        | 12%                   | 17%            |
| Lack of budget / funding                                                  | 31%     | 40%                 | 28%             | 29%          | 29%             | 30%       | 34%         | 29%              | 31%                        | 42%                   | 32%            |
| Lack of resources                                                         | 28%     | 34%                 | 22%             | 25%          | 33%             | 28%       | 27%         | 24%              | 35%                        | 30%                   | 19%            |
| Lack of senior leadership buy-in                                          | 19%     | 20%                 | 22%             | 19%          | 15%             | 19%       | 18%         | 17%              | 22%                        | 28%                   | 13%            |
| Low learner engagement                                                    | 21%     | 20%                 | 22%             | 22%          | 17%             | 20%       | 22%         | 17%              | 29%                        | 19%                   | 10%            |
| Meeting compliance obligations                                            | 18%     | 16%                 | 19%             | 18%          | 18%             | 18%       | 17%         | 18%              | 15%                        | 23%                   | 17%            |
| Providing access to learning content                                      | 22%     | 25%                 | 20%             | 25%          | 19%             | 20%       | 29%         | 22%              | 21%                        | 23%                   | 17%            |
| Training in a blended environment                                         | 25%     | 24%                 | 27%             | 26%          | 23%             | 25%       | 25%         | 21%              | 32%                        | 26%                   | 14%            |
| Training program logistics                                                | 21%     | 23%                 | 18%             | 26%          | 17%             | 21%       | 23%         | 19%              | 23%                        | 28%                   | 12%            |
| None - we have no challenges                                              | 6%      | 3%                  | 3%              | 5%           | 10%             | 5%        | 8%          | 8%               | 3%                         | 0%                    | 14%            |

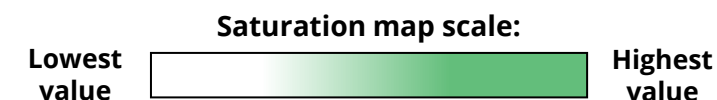


# Learning & development key challenges



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **learning and development**?

| What are your organisation's key learning & development (L&D) challenges? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|---------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                           | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                           | n = 187                          | n = 89           | n = 73                     | n = 25                | n = 323                                    | n = 225          | n = 80                     | n = 18                | n = 31         | n = 79         |
| Aligning training with corporate goals                                    | 25%                              | 26%              | 26%                        | 20%                   | 26%                                        | 22%              | 39%                        | 28%                   | 26%            | 15%            |
| Difficulty demonstrating the return on investment (ROI) of training       | 19%                              | 17%              | 19%                        | 24%                   | 19%                                        | 16%              | 25%                        | 33%                   | 13%            | 14%            |
| Difficulty scaling                                                        | 7%                               | 3%               | 11%                        | 8%                    | 11%                                        | 10%              | 11%                        | 17%                   | 0%             | 9%             |
| Finding the right external partners                                       | 17%                              | 20%              | 14%                        | 12%                   | 20%                                        | 20%              | 23%                        | 11%                   | 13%            | 19%            |
| Lack of budget / funding                                                  | 30%                              | 25%              | 32%                        | 44%                   | 31%                                        | 31%              | 31%                        | 39%                   | 26%            | 34%            |
| Lack of resources                                                         | 23%                              | 20%              | 26%                        | 24%                   | 31%                                        | 26%              | 43%                        | 39%                   | 16%            | 20%            |
| Lack of senior leadership buy-in                                          | 20%                              | 13%              | 22%                        | 36%                   | 19%                                        | 18%              | 21%                        | 17%                   | 10%            | 14%            |
| Low learner engagement                                                    | 19%                              | 13%              | 30%                        | 4%                    | 22%                                        | 18%              | 29%                        | 39%                   | 3%             | 13%            |
| Meeting compliance obligations                                            | 18%                              | 17%              | 19%                        | 16%                   | 18%                                        | 19%              | 11%                        | 33%                   | 13%            | 19%            |
| Providing access to learning content                                      | 16%                              | 19%              | 12%                        | 16%                   | 25%                                        | 24%              | 29%                        | 33%                   | 13%            | 19%            |
| Training in a blended environment                                         | 22%                              | 18%              | 27%                        | 24%                   | 26%                                        | 23%              | 36%                        | 28%                   | 13%            | 15%            |
| None - we have no challenges                                              | 6%                               | 10%              | 3%                         | 0%                    | 6%                                         | 7%               | 4%                         | 0%                    | 23%            | 11%            |

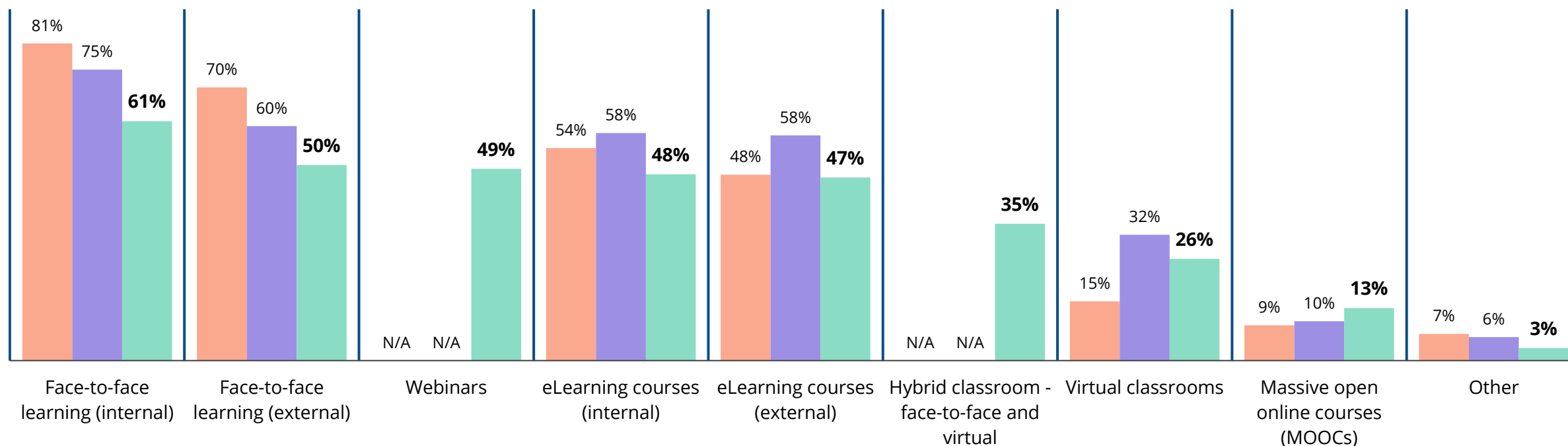


# Delivery of learning & development



How is learning & development (L&D) delivered in your organisation?

2019 (n = 586) 2020 (n = 714) 2021 (n = 498)





6 in 10 respondents use face-to-face learning (internal)



1 in 2 respondents use webinars

## Summary:

Face-to-face learning continues to decline, with the most dramatic drop seen in 'internal face-to-face learning' (a 14 percentage point decline from 2020) and a similar fall in 'external face-to-face learning' (a 10 percentage point decline). A new response option, 'webinars', appears to have picked up the slack and is now utilised by just under half (49%) of all respondents. eLearning courses declined from 2020; this may be due to the 2020 survey being conducted at the height of COVID-19 when remote learning was the only option. Regardless, there are some subtle geographic differences, with New Zealand respondents more likely to use face-to-face learning over eLearning. Respondents with fully implemented technology predictably use eLearning delivery modes more than respondents without technology fully implemented. However, it's also interesting to note that even face-to-face learning is higher in the former, indicating that finding a balance between different delivery modes is important.

## Insight:

While it's easy to assume the major trend for 2022 will be the continued rise of online learning (in whatever form that takes), the dominant theme is more likely to be learning flexibility. That flexibility comes in the form of time, content, and delivery of that content. Modern learning & development means adapting and offering more flexible courses that are available during a time slot that is convenient for the user, in a format that is convenient for the user, and on devices that are convenient for the user. While COVID-19 was perhaps a tipping point for the uptake of online learning, it will not suit all industries or all workers. Face-to-face learning still has a place but instead of being the default delivery mode, it will be used selectively.

Hybrid classrooms, which blend face-to-face with virtual learning (formerly referred to as blended learning), are being increasingly favoured by mid-market and enterprise sized organisations and will likely increase in popularity for all organisations. Certainly, hybrid learning appears to be favoured by younger workers. One study by McCrindle of 1200 Gen Z students found that 7 in 10 students (70%) described their ideal learning situation as a hybrid one.

Nonetheless, online will continue its rise. According to LinkedIn Learning's [Workplace Learning Report 2021](#), in early 2020, 38% of learning professionals expected to spend less on instructor-led training (ILT) and 57% expected to spend more on online learning. In early 2021, those numbers were significantly higher: 73% of learning professionals expected to spend less on ILT and 79% expected to spend more on online learning. The future will also be about personalising the learner experience, empowering employees to pick and choose what, where and how they learn.

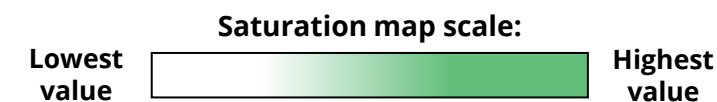
## Action:

- Survey employees to better understand how comfortable they are with different learning modes, and which modes they would prefer. Remember, flexibility is the key.
- Be mindful of moving completely to a virtual and / or eLearning model. Using a hybrid approach is the best of both worlds. Use a learning management system (LMS) to deliver pre-course work and then bring people together (virtually if not in the same location) to share experiences and learn with and through others.
- Focus on learner-centred design thinking (as detailed in this [Training Industry article](#)) and look out for ways to introduce greater personalisation to the learner experience.

# Delivery of learning & development



| n=                                                                  | 498     | 90                  | 123             | 163          | 122             | 406       | 92          | 304              | 152                        | 42                    | 107            |
|---------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How is learning & development (L&D) delivered in your organisation? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| eLearning courses (external)                                        | 47%     | 44%                 | 48%             | 45%          | 51%             | 48%       | 43%         | 41%              | 56%                        | 57%                   | 37%            |
| eLearning courses (internal)                                        | 48%     | 58%                 | 53%             | 42%          | 42%             | 51%       | 35%         | 38%              | 59%                        | 76%                   | 24%            |
| Face-to-face learning (external)                                    | 50%     | 47%                 | 47%             | 53%          | 52%             | 49%       | 55%         | 45%              | 58%                        | 60%                   | 43%            |
| Face-to-face learning (internal)                                    | 61%     | 64%                 | 60%             | 64%          | 57%             | 60%       | 68%         | 55%              | 74%                        | 64%                   | 53%            |
| Hybrid classroom - face-to-face and virtual                         | 35%     | 31%                 | 40%             | 36%          | 32%             | 37%       | 26%         | 30%              | 43%                        | 48%                   | 23%            |
| Massive open online courses (MOOCs)                                 | 13%     | 11%                 | 18%             | 15%          | 9%              | 13%       | 15%         | 14%              | 11%                        | 19%                   | 12%            |
| Virtual classrooms                                                  | 26%     | 26%                 | 29%             | 24%          | 26%             | 28%       | 16%         | 22%              | 28%                        | 45%                   | 22%            |
| Webinars                                                            | 49%     | 44%                 | 52%             | 45%          | 55%             | 51%       | 42%         | 47%              | 51%                        | 57%                   | 49%            |
| Other                                                               | 3%      | 2%                  | 2%              | 2%           | 7%              | 2%        | 7%          | 3%               | 3%                         | 2%                    | 5%             |

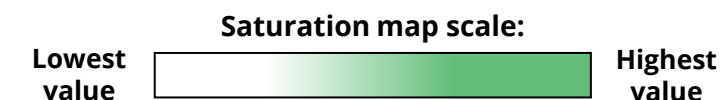


# Delivery of learning & development



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **learning and development**?

| How is learning & development (L&D) delivered in your organisation? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|---------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                     | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                     | n = 185                          | n = 88           | n = 72                     | n = 25                | n = 313                                    | n = 216          | n = 80                     | n = 17                | n = 31         | n = 76         |
| eLearning courses (external)                                        | 59%                              | 49%              | 71%                        | 60%                   | 40%                                        | 38%              | 43%                        | 53%                   | 39%            | 37%            |
| eLearning courses (internal)                                        | 65%                              | 53%              | 74%                        | 84%                   | 37%                                        | 32%              | 45%                        | 65%                   | 35%            | 20%            |
| Face-to-face learning (external)                                    | 54%                              | 48%              | 60%                        | 56%                   | 48%                                        | 44%              | 56%                        | 65%                   | 42%            | 43%            |
| Face-to-face learning (internal)                                    | 64%                              | 53%              | 75%                        | 72%                   | 60%                                        | 56%              | 73%                        | 53%                   | 52%            | 54%            |
| Hybrid classroom - face-to-face and virtual                         | 43%                              | 40%              | 46%                        | 48%                   | 30%                                        | 25%              | 40%                        | 47%                   | 29%            | 21%            |
| Massive open online courses (MOOCs)                                 | 17%                              | 22%              | 11%                        | 20%                   | 11%                                        | 11%              | 11%                        | 18%                   | 23%            | 8%             |
| Virtual classrooms                                                  | 31%                              | 24%              | 32%                        | 56%                   | 23%                                        | 22%              | 25%                        | 29%                   | 29%            | 20%            |
| Webinars                                                            | 54%                              | 48%              | 63%                        | 52%                   | 46%                                        | 47%              | 40%                        | 65%                   | 48%            | 50%            |
| Other                                                               | 1%                               | 1%               | 0%                         | 0%                    | 5%                                         | 4%               | 6%                         | 6%                    | 3%             | 5%             |

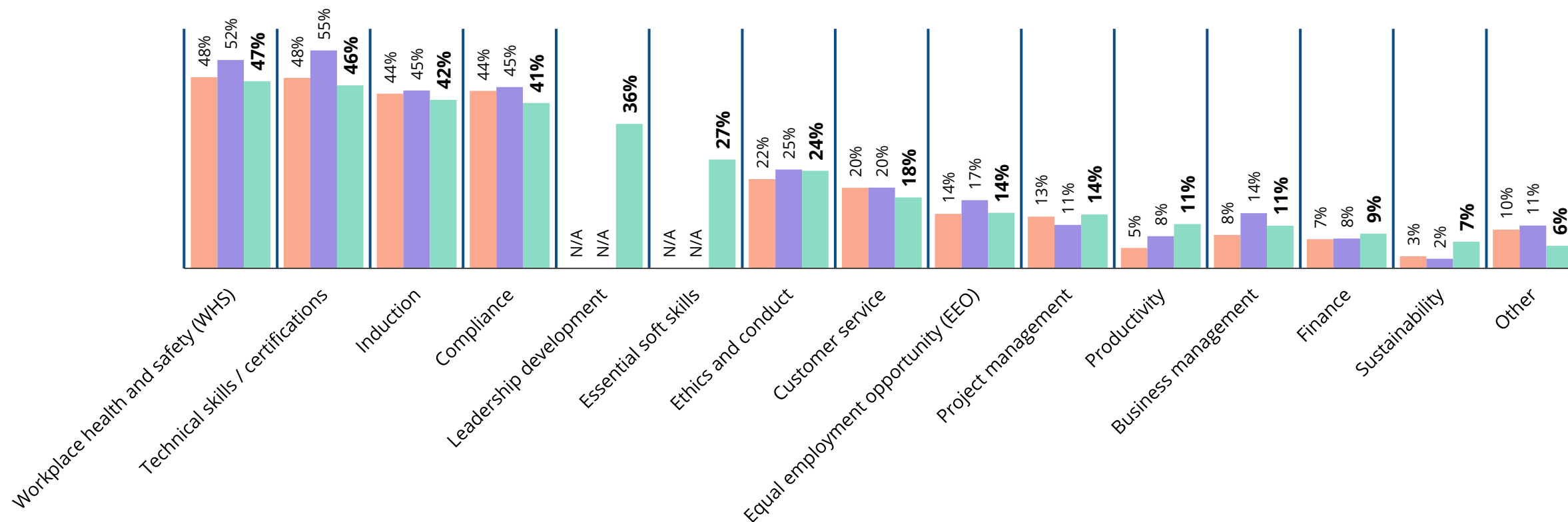


# Most common courses undertaken by staff



What are the most common courses (by volume) undertaken by your employees?

2019 (n = 585) 2020 (n = 707) 2021 (n = 494)



# Most common courses undertaken by staff



## Summary:

The top 4 most popular courses undertaken by staff remain unchanged since 2020, although the order has changed. The most popular was 'workplace health and safety', followed closely by 'technical skills / certifications'. Given the significant focus on compliance-related matters throughout 2020, it's perhaps unsurprising to see 'compliance' decline 4 percentage points in 2021 as more organisations got on top of their compliance obligations, although this remained the fourth most popular course in 2021. Marginal increases were recorded for 'project management' and 'sustainability', while just over one quarter of respondents (27%) said employees were seeking learning opportunities in 'essential soft skills' – which today are also being referred to as 'essential people skills'.

## Insight:

With retention likely to be a major focus for HR teams in 2022, employers should be encouraging internal mobility. LinkedIn Learning's [Workplace Learning Report 2021](#) found that 51% of L&D professionals consider internal mobility to be more of a priority now than before COVID-19. A key element of internal mobility is ensuring employees have the confidence – and the skills – to move easily from one role to another within the organisation. This may require some reskilling, upskilling or cross-skilling.

The high level of interest on areas such as 'technical skills / certifications', 'leadership development' and 'essential soft skills' also reflects that in some ways 2021 provided more opportunities for employees to undertake learning they may have previously delayed or not attempted at all. Given the new working conditions many employees found themselves in during the year – for example, remote working – they may have been more open to undertaking eLearning without having to deal with the distractions of the workplace and the commute to / from work. Research by HR observer [Josh Bersin](#) suggests that although people may be too time poor to commit to formal learning (due to the need to balance home and work life), informal 'in the flow of work' learning will continue to rise.

The wide range of courses being undertaken is reflected in other research. For example, a [2021 report by HRNZ](#) placed 'management training and development' and 'workforce training and development' within the top 5 challenges facing HR leaders in the coming 12 months. The report stated: "Training means responding to increased demand for communication and interpersonal skills as well as filling technical gaps such as 'the digital skillset'. There is a growing emphasis on 'resiliency and ability to adapt, operate in a changing environment' and on managers having 'soft skills – adapting to the workforce of today, dealing with issues instead of hoping they'll go away, having the conversations be they positive or negative'. HR also needs to develop managers in these areas in turn to upskill the workforce, for example 'convincing managers to change recruitment practices, e.g., when recruiting engineers to include softer skills like resilience, communication alongside engineering degrees."

It's not just about employer offerings. Universities and other education providers have seen a boom in self-paced online study options such as short courses and micro-credentials. Online learning provider [Udemy's](#) performance during the COVID-19 pandemic was typical, with the number of global enrolments growing by 425%. Categories with the highest surge in new courses seen in office productivity (159% increase), health and fitness (84%), IT and software (77%), and personal development (61%).

To tap into this desire to learn, many organisations are focusing on developing a 'growth mindset' in individuals and teams, as opposed to a 'fixed mindset' (as outlined in this [Harvard Business School](#) article). People with a growth mindset not only want to learn and apply what they have learned to help their organisation, they also feel compelled to share their knowledge with others.

# Most common courses undertaken by staff



Just under **1 in 2** respondents said employees are undertaking workplace health & safety (WHS) courses



**1 in 4** respondents said employees are undertaking courses relating to essential soft skills

## Action:

- Don't lose sight of the bigger picture. While it's logical that learning should be used to address immediate concerns, including meeting compliance obligations, longer term issues such as change management and project management should not be dropped. These are key areas that will require development in the coming 12 months and beyond.
- Ensure all professional development opportunities are actively promoted to employees and the external talent market (via job advertisements, employer branding exercises, etc.). These opportunities will serve as valuable tools in the War for Talent.
- Redefine 'critical roles' and the skills needed for those roles. Gartner research, outlined in this [InsideHR article](#), suggests that before COVID-19, critical roles were viewed as roles with critical skills, or the capabilities an organisation needed to meet its strategic goals. While this is still the case, employers now realise there is another category of critical roles: those that are crucial to the success of essential workflows. For example, IT admin skills may not be central to an organisation's core business but are critical to supporting a remote or hybrid workforce. Leaders will need to develop succession plans and appropriate training for these business-critical roles in the future.
- Look at existing employees who have skills closely matched to those in demand and utilise training to close any gaps. The first step to finding these 'adjacent skills', according to [research](#) from Gartner, is to collect information on current employee skill sets, which enables employers to map out secondary and tertiary skills and build a capability framework. Employees and managers should be encouraged – and empowered – to maintain a portfolio of skills that are visible to HR, who can then maintain an up-to-date view of skills for the organisation.

# Most common courses undertaken by staff



| n=                                                                         | 494     | 89                  | 123             | 161          | 121             | 403       | 91          | 303       | 150          | 41         | 106      |
|----------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|-----------|--------------|------------|----------|
| What are the most common courses (by volume) undertaken by your employees? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB       | Mid-market   | Enterprise | SB       |
|                                                                            |         |                     |                 |              |                 |           |             | (1 - 199) | (200 - 1999) | (2000+)    | (1 - 49) |
| Business management                                                        | 11%     | 7%                  | 10%             | 9%           | 16%             | 10%       | 13%         | 12%       | 9%           | 7%         | 19%      |
| Compliance                                                                 | 41%     | 43%                 | 43%             | 42%          | 38%             | 43%       | 36%         | 35%       | 51%          | 59%        | 28%      |
| Customer service                                                           | 18%     | 17%                 | 23%             | 19%          | 12%             | 18%       | 19%         | 17%       | 19%          | 15%        | 13%      |
| Equal employment opportunity (EEO)                                         | 14%     | 12%                 | 11%             | 18%          | 12%             | 16%       | 5%          | 11%       | 21%          | 10%        | 10%      |
| Essential soft skills                                                      | 27%     | 25%                 | 29%             | 25%          | 31%             | 29%       | 18%         | 24%       | 35%          | 22%        | 29%      |
| Ethics and conduct                                                         | 24%     | 29%                 | 28%             | 25%          | 16%             | 26%       | 18%         | 21%       | 29%          | 37%        | 18%      |
| Finance                                                                    | 9%      | 8%                  | 10%             | 9%           | 7%              | 9%        | 9%          | 10%       | 6%           | 12%        | 11%      |
| Induction                                                                  | 42%     | 44%                 | 45%             | 42%          | 38%             | 44%       | 33%         | 34%       | 53%          | 63%        | 25%      |
| Leadership development                                                     | 36%     | 24%                 | 33%             | 42%          | 41%             | 37%       | 34%         | 32%       | 47%          | 32%        | 31%      |
| Productivity                                                               | 11%     | 9%                  | 13%             | 12%          | 10%             | 12%       | 8%          | 11%       | 13%          | 7%         | 9%       |
| Project management                                                         | 14%     | 7%                  | 20%             | 12%          | 14%             | 15%       | 9%          | 15%       | 11%          | 15%        | 16%      |
| Sustainability                                                             | 7%      | 3%                  | 11%             | 6%           | 5%              | 6%        | 8%          | 7%        | 7%           | 5%         | 6%       |
| Technical skills / certifications                                          | 46%     | 39%                 | 38%             | 57%          | 44%             | 46%       | 46%         | 49%       | 44%          | 27%        | 51%      |
| Workplace health and safety (WHS)                                          | 47%     | 42%                 | 49%             | 48%          | 47%             | 48%       | 43%         | 43%       | 51%          | 56%        | 43%      |
| Other                                                                      | 6%      | 8%                  | 4%              | 2%           | 10%             | 5%        | 7%          | 5%        | 6%           | 7%         | 8%       |

Saturation map scale:

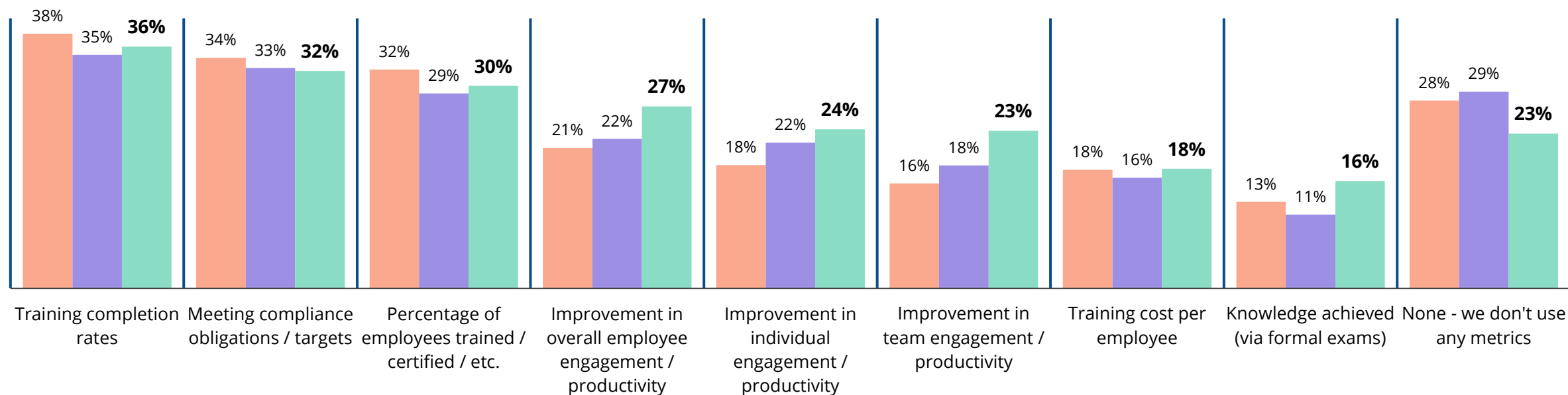


# Measuring learning & development effectiveness



Which metric(s) does your organisation use to measure the effectiveness of its learning & development (L&D) activities?

2019 (n = 586) 2020 (n = 714) 2021 (n = 496)



# Measuring learning & development effectiveness



## Summary:

The top 3 metrics used to measure the effectiveness of learning & development were unchanged from 2020. Encouragingly, the use of 7 out of 8 listed metrics increased in 2021 compared with 2020. Aligned with this, the number of respondents who selected 'none – we don't use any metrics' declined 6 percentage points from 2020 to sit at 23% – the first time this has dropped below 1 in 4 respondents. The largest gains were seen in 'improvement in overall employee engagement / productivity', 'improvement in team engagement / productivity', and 'knowledge achieved (via formal exams)'. The use of all metrics increased for respondents with technology fully implemented versus those without technology fully implemented. In some cases, such as 'training completion rates', the figure was almost double (50% for those with technology and 28% for those without technology).

## Insight:

With learning & development taking on renewed importance in 2022, the use of metrics to track learning effectiveness has never been more critical. The simple truth is that in 2022, employers cannot afford not to invest in professional development. And just like any investment, data is needed to convince naysayers, build a business case, understand where the greatest need is, and where the biggest 'bang for your buck' will be felt. While the assessment of learning & development has traditionally been put in the 'too hard' basket, or has been hazy at best, times are changing. The increased use of a range of metrics is encouraging.

Looking at wider KPIs – such as productivity and engagement improvements – may be more challenging to link specifically to learning interventions, but this will improve as more sophisticated data analysis and 'cross-pollination' of data sets takes place. Technology platforms such as a learning management system (LMS) can provide easy access to data so that organisations can keep track of overall learning impact.

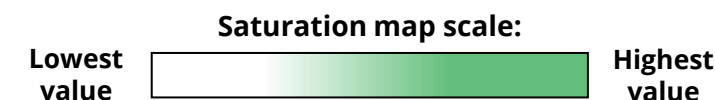
## Action:

- To demonstrate the value of learning to a CEO, CFO, or board of directors, the first critical step is to ensure that the organisation's learning initiatives are linked to business goals. Identify what matters most to the executive team and board of directors with regard to learning metrics. LinkedIn [data released in May 2020](#) showed that CEOs were actively championing learning programs 43% more than they did in 2019. Ongoing support of such programs will be dependent on leaders receiving a holistic view of learning – and that includes basic metrics.
- The [Kirkpatrick Model](#), created in 1958, introduced 4 key ways to assess the impact of learning – all of which still resonate today. In summary:
  - **Reaction.** What the learner's thoughts, feelings, and opinions are regarding the training.
  - **Learning.** The increase in knowledge and skill of the learner.
  - **Behavioural change.** The level of change in the learner's behaviour in the workplace.
  - **Results.** The overall change in the organisation due to training.
  - **Potential payoff.** A few years later the Kirkpatrick model was extended to include a fifth level of measurement. This ties the potential payoff (i.e., the return on investment) to the outcomes of a training program. It was an acknowledgement that linking training outcomes to business goals was critical.
- For further tips, [download ELMO's whitepaper](#) on 7 essential learning & development metrics to track.

# Measuring learning & development effectiveness



| n=                                                                                                                      | 496     | 90                  | 123             | 161          | 122             | 404       | 92          | 303              | 151                        | 42                    | 106            |
|-------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the effectiveness of its learning & development (L&D) activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Improvement in individual engagement / productivity                                                                     | 24%     | 14%                 | 19%             | 27%          | 30%             | 24%       | 21%         | 24%              | 25%                        | 14%                   | 26%            |
| Improvement in overall employee engagement / productivity                                                               | 27%     | 19%                 | 29%             | 30%          | 26%             | 28%       | 23%         | 28%              | 26%                        | 24%                   | 28%            |
| Improvement in team engagement / productivity                                                                           | 23%     | 14%                 | 27%             | 27%          | 22%             | 24%       | 20%         | 26%              | 21%                        | 17%                   | 25%            |
| Knowledge achieved (via formal exams)                                                                                   | 16%     | 16%                 | 15%             | 16%          | 18%             | 16%       | 17%         | 15%              | 15%                        | 21%                   | 15%            |
| Meeting compliance obligations / targets                                                                                | 32%     | 29%                 | 34%             | 37%          | 27%             | 33%       | 28%         | 27%              | 38%                        | 48%                   | 26%            |
| Percentage of employees trained / certified / etc.                                                                      | 30%     | 28%                 | 33%             | 34%          | 23%             | 30%       | 28%         | 25%              | 35%                        | 48%                   | 18%            |
| Training completion rates                                                                                               | 36%     | 37%                 | 40%             | 33%          | 35%             | 38%       | 25%         | 25%              | 50%                        | 62%                   | 23%            |
| Training cost per employee                                                                                              | 18%     | 10%                 | 19%             | 21%          | 18%             | 19%       | 14%         | 19%              | 18%                        | 7%                    | 21%            |
| None - we don't use any metrics                                                                                         | 23%     | 17%                 | 17%             | 24%          | 32%             | 22%       | 26%         | 28%              | 17%                        | 5%                    | 31%            |



# Measuring learning & development effectiveness



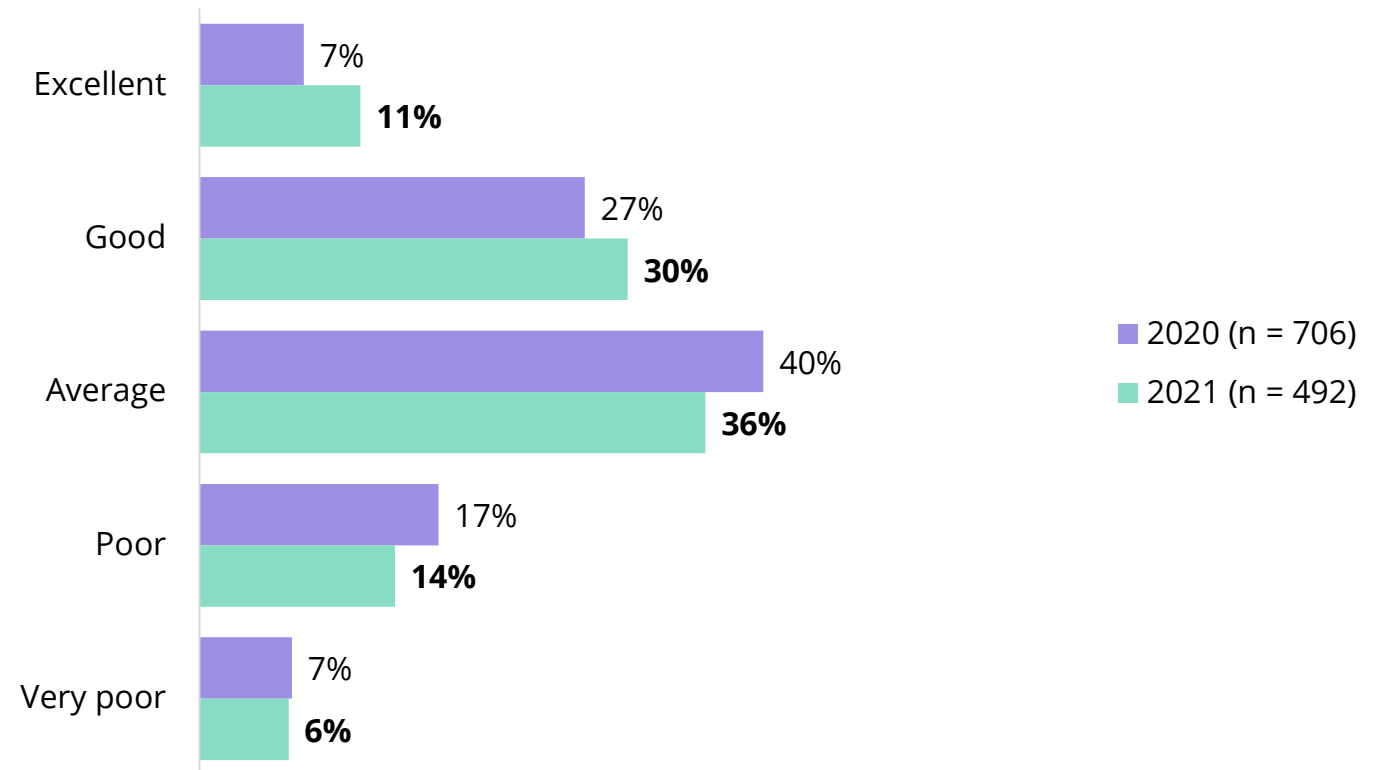
Which of the following stages best describes your organisation's current state of HR and payroll and technology for **learning and development**?

| Which metric(s) does your organisation use to measure the effectiveness of its learning & development (L&D) activities? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                         | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                         | n = 184                          | n = 88           | n = 71                     | n = 25                | n = 312                                    | n = 215          | n = 80                     | n = 17                | n = 31         | n = 75         |
| Improvement in individual engagement / productivity                                                                     | 24%                              | 30%              | 20%                        | 16%                   | 23%                                        | 22%              | 30%                        | 12%                   | 32%            | 24%            |
| Improvement in overall employee engagement / productivity                                                               | 33%                              | 40%              | 28%                        | 24%                   | 23%                                        | 23%              | 24%                        | 24%                   | 32%            | 27%            |
| Improvement in team engagement / productivity                                                                           | 25%                              | 31%              | 23%                        | 12%                   | 22%                                        | 24%              | 19%                        | 24%                   | 23%            | 27%            |
| Knowledge achieved (via formal exams)                                                                                   | 21%                              | 22%              | 21%                        | 16%                   | 13%                                        | 13%              | 10%                        | 29%                   | 19%            | 13%            |
| Meeting compliance obligations / targets                                                                                | 41%                              | 35%              | 45%                        | 52%                   | 27%                                        | 24%              | 33%                        | 41%                   | 29%            | 25%            |
| Percentage of employees trained / certified / etc.                                                                      | 35%                              | 28%              | 38%                        | 52%                   | 27%                                        | 24%              | 33%                        | 41%                   | 16%            | 19%            |
| Training completion rates                                                                                               | 50%                              | 39%              | 58%                        | 68%                   | 28%                                        | 20%              | 43%                        | 53%                   | 39%            | 17%            |
| Training cost per employee                                                                                              | 18%                              | 24%              | 18%                        | 0%                    | 17%                                        | 17%              | 18%                        | 18%                   | 26%            | 19%            |
| None - we don't use any metrics                                                                                         | 11%                              | 14%              | 11%                        | 0%                    | 30%                                        | 34%              | 23%                        | 12%                   | 19%            | 36%            |

Saturation map scale:



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing learning & development (L&D) for all employees?



## Summary:

The percentage of respondents who rated their organisation's internal systems and processes as 'good' or 'excellent' increased in 2021 compared with 2020. At the other end of the spectrum, those selecting 'poor' and 'very poor' declined – indicating an overall greater satisfaction with established learning systems and processes. Similar to other sections of this report, the use of technology improves the ratings. For example, 58% of respondents with technology fully implemented rated their systems and processes as either 'good' or 'excellent' versus 33% of respondents without technology fully implemented.

## Insight:

Professional development is in a state of near constant flux as new skills are required, new technologies emerge and gain favour, and traditional delivery modes are reconsidered or used more selectively. The way that employees are consuming learning has undergone a significant shift over the past decade, and particularly over the past two years. Seen through that lens, it's understandable that there may be some lag in the evolution of systems and processes to keep pace with those shifts.

How can systems and processes be improved? Apart from understanding what employees want from their learning experience (topics / subjects, delivery mode, etc.) which can be obtained via surveys, it's also important to remember that learning & development technology should act as a learning enabler, not a learning barrier. Employers should consider investing in accessible learning technology in the same way they would invest in creating accessible and inclusive office spaces. Accessible learning technology prioritises the learner experience and ensures a consistent learning experience can occur, regardless of where an employee is based.

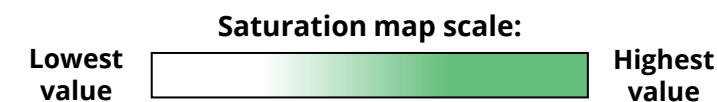
## Action:

- Focus on personalisation. Learning needs to be personalised, customised and tailored in order to best meet the needs of learners.
- Provide on-demand access. Empower employees to learn anytime, anywhere, at their own pace. This is ideal for hybrid workforces split between the physical workplace and the home. Employees can move quickly through concepts they find easier and spend more time on the areas they find more challenging.
- Be aware that learning remotely, much like working remotely, can be isolating. Creating a sense of connectedness is a challenge for any online learning initiative but it's not insurmountable. Trainers should try to embed opportunities for social collaboration in online learning activities. For example, consider how peer review and simulation tasks could be built into the course structure. Online meetings and workshops should also be designed to tap into the interplay of learning and dialogue.
- Break content down into manageable pieces. Content that's broken down into segments gives learners the option to finish everything in one sitting or do it piece by piece over a few sessions. It also allows learners to go back and review a specific segment of content without having to wade through a lengthy video or pages of text.
- Consider introducing elements of gamification (as outlined in [this eLearning Industry article](#)) to keep learners engaged. Gamification is the process of adding features found in games such as earning points and badges, progress tracking, and receiving rewards.

# Internal systems and processes



| n=                                                                                                                                                                      | 492     | 88                  | 123             | 160          | 121             | 401       | 91          | 302              | 149                        | 41                    | 106            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing learning & development (L&D) for all employees? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                                               | 11%     | 14%                 | 11%             | 13%          | 8%              | 10%       | 19%         | 13%              | 7%                         | 17%                   | 12%            |
| Good                                                                                                                                                                    | 30%     | 30%                 | 32%             | 28%          | 32%             | 31%       | 26%         | 32%              | 29%                        | 20%                   | 35%            |
| Average                                                                                                                                                                 | 36%     | 26%                 | 37%             | 39%          | 37%             | 36%       | 34%         | 34%              | 40%                        | 32%                   | 31%            |
| Poor                                                                                                                                                                    | 14%     | 16%                 | 13%             | 11%          | 17%             | 14%       | 12%         | 13%              | 15%                        | 17%                   | 14%            |
| Very poor                                                                                                                                                               | 6%      | 9%                  | 4%              | 8%           | 5%              | 6%        | 8%          | 7%               | 5%                         | 7%                    | 5%             |



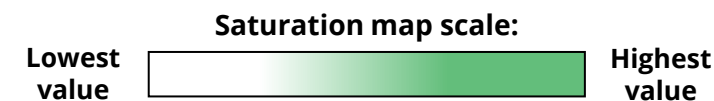
# Internal systems and processes



Which of the following stages best describes your organisation's current state of HR and payroll and technology for performance management?

| Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
| Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
| n = 391                          | n = 392          | n = 393                    | n = 394               | n = 395                                    | n = 396          | n = 397                    | n = 398               | n = 392        | n = 396        |

|           |     |     |     |     |     |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Excellent | 18% | 24% | 9%  | 20% | 8%  | 8%  | 6%  | 13% | 26% | 7%  |
| Good      | 40% | 44% | 40% | 24% | 25% | 28% | 19% | 13% | 48% | 29% |
| Average   | 32% | 26% | 37% | 36% | 38% | 38% | 42% | 25% | 16% | 37% |
| Poor      | 7%  | 3%  | 10% | 8%  | 18% | 16% | 20% | 31% | 6%  | 17% |
| Very poor | 1%  | 0%  | 3%  | 0%  | 9%  | 9%  | 8%  | 19% | 0%  | 7%  |

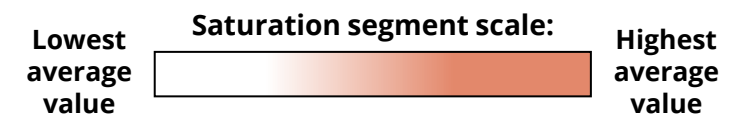


# Average monthly hours spent on learning & development activities



| n=                                                                                                     | 500     | 91                  | 124             | 162          | 123             | 409       | 91          | 306              | 152                         | 42                    | 108            |
|--------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|-----------------------------|-----------------------|----------------|
| How many hours per month do you personally spend on these key learning & development (L&D) activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market:<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Administering employee participation / completion                                                      | 11      | 6                   | 23              | 8            | 5               | 12        | 10          | 12               | 9                           | 8                     | 6              |
| Compliance-related activities                                                                          | 10      | 9                   | 19              | 7            | 5               | 10        | 12          | 12               | 7                           | 6                     | 5              |
| Conducting training needs analysis                                                                     | 10      | 9                   | 15              | 9            | 4               | 9         | 11          | 11               | 7                           | 9                     | 6              |
| Delivering / presenting course materials                                                               | 11      | 9                   | 18              | 10           | 7               | 11        | 12          | 12               | 9                           | 13                    | 8              |
| Developing / creating course materials                                                                 | 12      | 9                   | 22              | 10           | 7               | 12        | 13          | 14               | 9                           | 12                    | 9              |
| Developing L&D strategies                                                                              | 10      | 7                   | 19              | 10           | 4               | 11        | 8           | 11               | 9                           | 11                    | 5              |
| Reporting                                                                                              | 8       | 6                   | 14              | 6            | 5               | 8         | 9           | 8                | 7                           | 8                     | 3              |
| Researching materials, methods, etc.                                                                   | 11      | 11                  | 16              | 9            | 8               | 11        | 11          | 12               | 9                           | 11                    | 9              |

Note: This question asked respondents to provide values relating to several aspects of the learning & development process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

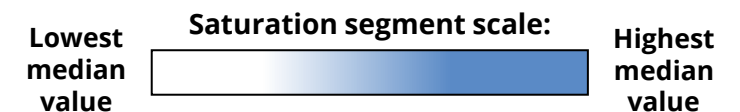


# Median monthly hours spent on learning & development activities



| n=                                                                                                     | 500     | 91                  | 124             | 162          | 123             | 409       | 91          | 306              | 152                        | 42                    | 108            |
|--------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many hours per month do you personally spend on these key learning & development (L&D) activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Administering employee participation / completion                                                      | 3       | 4                   | 5               | 2            | 2               | 3         | 4           | 3                | 4                          | 5                     | 2              |
| Compliance-related activities                                                                          | 3       | 4                   | 4               | 3            | 2               | 3         | 4           | 3                | 3                          | 5                     | 2              |
| Conducting training needs analysis                                                                     | 3       | 5                   | 3               | 2            | 2               | 2         | 4           | 3                | 2                          | 7                     | 2              |
| Delivering / presenting course materials                                                               | 4       | 4                   | 5               | 4            | 5               | 4         | 6           | 4                | 4                          | 9                     | 4              |
| Developing / creating course materials                                                                 | 5       | 5                   | 5               | 5            | 4               | 5         | 8           | 5                | 5                          | 10                    | 4              |
| Developing L&D strategies                                                                              | 3       | 4                   | 4               | 2            | 2               | 3         | 4           | 2                | 3                          | 10                    | 2              |
| Reporting                                                                                              | 2       | 4                   | 4               | 2            | 2               | 2         | 4           | 2                | 3                          | 4                     | 2              |
| Researching materials, methods, etc.                                                                   | 5       | 5                   | 5               | 5            | 5               | 5         | 5           | 5                | 5                          | 8                     | 4              |

Note: This question asked respondents to provide values relating to several aspects of the learning & development process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

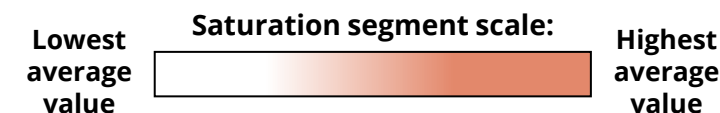


# Average time and cost spent on training per year



| n=                                                                                                                                                                | 493     | 89                  | 123             | 160          | 121             | 402       | 91          | 303              | 149                        | 41                    | 106            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Learning & Development                                                                                                                                            | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| How many days does a typical employee in your organisation spend undertaking formal training (i.e. training that takes them away from their daily role) per year? | 24      | 9                   | 12              | 33           | 34              | 28        | 10          | 33               | 8                          | 10                    | 12             |
| n=                                                                                                                                                                | 496     | 90                  | 123             | 161          | 122             | 404       | 92          | 303              | 151                        | 42                    | 106            |
| What is the average annual cost of training an employee (post-probation and excluding any onboarding-related training costs)?                                     | 9864    | 8269                | 20448           | 6921         | 6205            | 9960      | 9432        | 7223             | 16430                      | 10773                 | 6190           |

Note: This question asked respondents to provide values relating to several aspects of the learning & development process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

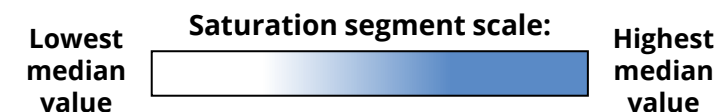


# Median time and cost spent on training per year



| n=                                                                                                                                                                | 493     | 89                  | 123             | 160          | 121             | 402       | 91          | 303              | 149                        | 41                    | 106            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Learning & Development                                                                                                                                            | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| How many days does a typical employee in your organisation spend undertaking formal training (i.e. training that takes them away from their daily role) per year? | 5       | 5                   | 5               | 5            | 5               | 5         | 5           | 5                | 5                          | 5                     | 5              |
| n=                                                                                                                                                                | 496     | 90                  | 123             | 161          | 122             | 404       | 92          | 303              | 151                        | 42                    | 106            |
| What is the average annual cost of training an employee (post-probation and excluding any onboarding-related training costs)?                                     | 1500    | 2500                | 2000            | 1000         | 1750            | 1500      | 2500        | 2000             | 1500                       | 500                   | 3000           |

Note: This question asked respondents to provide values relating to several aspects of the learning & development process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Median time and cost spent on training per year



## Summary:

The overall median time employees spend on formal training per year is 5 days. Remarkably, this is consistent across all business sizes, geographic locations, and job roles. This is a slight increase from 2020, when this overall median figure was 4 days. The median cost per employee spent on training in Australia is AU\$1500, and this escalates to NZ\$2500 for New Zealand employees. The Australian cost is the same as that seen in 2020, while New Zealand has increased from the NZ\$1000 seen in 2020.

## Insight:

Asking how much budget should be applied to learning and development initiatives can be like asking how long a piece of string is. There are many elements to consider. It's not uncommon to see three metrics mentioned when it comes to setting budgets:

- Training budget as a percent of revenue
- Training budget as a percent of salary
- Training budget per employee

All of these metrics will produce widely variable results. Looking specifically at training budget per employee, it's important to consider that some industries are less people dependent than others which are entirely built on human capital. Some industries are stable while others are undergoing significant change requiring extensive employee upskilling. Training needs can also vary by experience and role. All of these elements make a like-for-like comparison based on dollars spent per employee in a training budget difficult. It's just one data point to consider, amidst a range of other factors.

However, these data points are often viewed independently from one key factor: outcomes. A better approach is to consider the business strategy and then ask what training will be required to improve performance. Then, given the strategy, understand where to prioritise to get the most significant impact. Ultimately, getting the most 'bang for your buck' is about knowing the budget, understanding the objective, and being clear on which program will deliver the best results to achieve the business strategy.

## Action:

Consider developing a framework that identifies what the organisation is hoping to achieve, and the competencies and skills required to get there. This can then be cascaded to individual levels. Some will get more training than others and the amount of training will also vary depending on organisational requirements. The key to this is understanding the outcomes that are desired from the training provided, not fixating on the percentage of overall budget allocated to each employee.

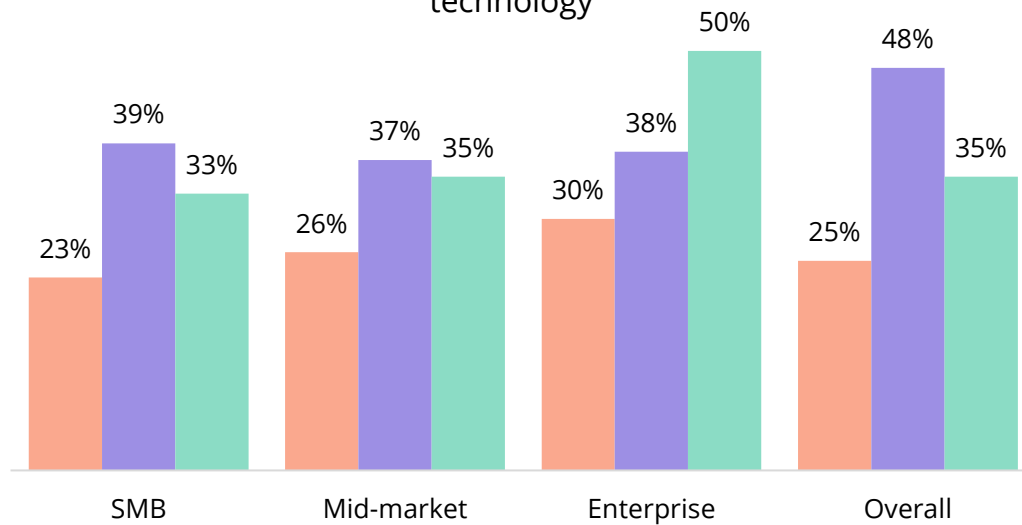
An end goal of any training program must be improved employee performance. Most organisations will consider this objective achieved if several key criteria are met:

- Efficient use of time: employees are not absent from their daily work to undertake training any longer than is necessary
- Promise of performance: the result must improve performance, however that is measured
- Budget efficiency: the cost is within a reasonable limit
- Highest possible return on investment: both the organisation and the employee see the benefits of training – in other words, the skills learnt can be used on the job and beyond

# Appendix H: Rewards & recognition (R&R)

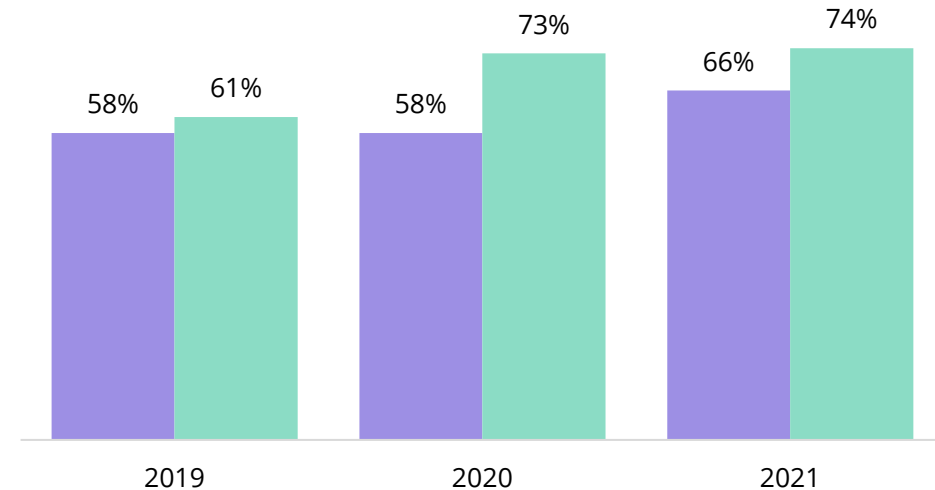


% of organisations with fully implemented R&R technology



2019 2020 2021

Priorities and R&R technology budgets



% who said R&R was a high or medium priority

% who have budget allocated for R&R

## Summary:

The importance of rewards and recognition (R&R) as a retention tool is well-established, but as seen in the graph on the left-hand side of the previous page, there remains a reluctance from organisations to invest in the technology required to optimise the effectiveness of R&R programs. When asked to rate their organisation's current state of HR technology, R&R rated 12th out of 15 areas, with just 35% of respondents saying technology in this area was fully implemented and a further 24% saying it was currently being implemented. However, the graph on the right indicates that allocating a budget to R&R is not keeping pace with the priority level organisations are applying to this area. The percentage of respondents who indicated R&R was a high or medium priority jumped from 58% in 2020 to 66% in 2021, while the percentage of organisations allocating a budget (74%) remained almost unchanged from 2020 (73%). Time will tell if that budget does indeed get used for R&R technology initiatives.

## Insight:

The global pandemic, extensive skills shortages due to border closures, and the anticipated higher-than-average staff turnover rate for 2022 have created a perfect storm for R&R programs. With remote or hybrid work now standard in many organisations, it has never been more important to track performance and reward employees for going above and beyond. This major shift from an in-person to virtual work environment has also created a shift in communications surrounding recognition programs. 36% of respondents to a survey conducted by the Incentive Research Foundation indicated they are communicating more frequently about the program to participants, and the same percentage said they were providing tips to managers about virtual recognition.

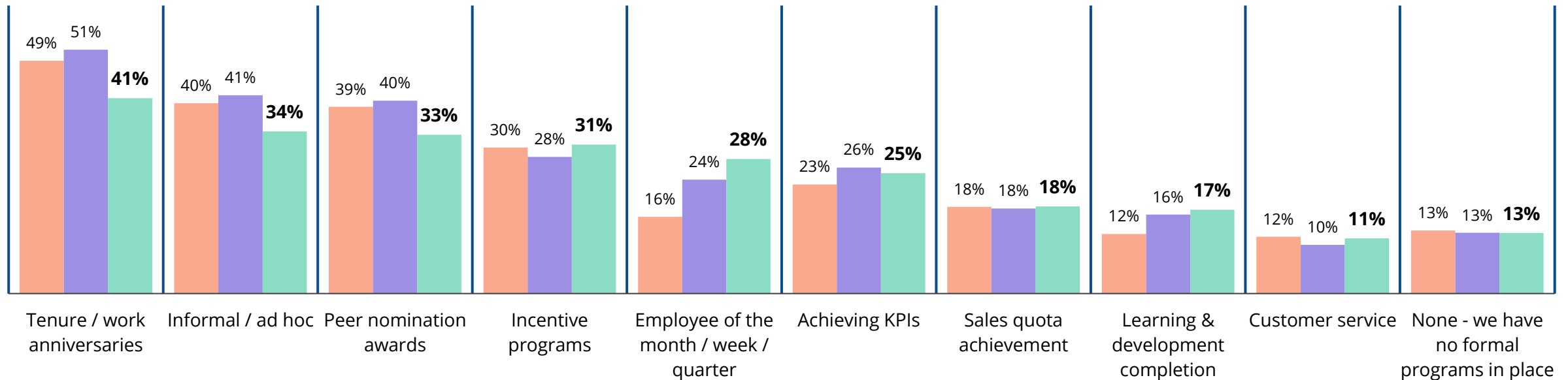
Just a few years ago, HR was still struggling to get senior leadership buy-in for R&R programs. As initiatives like employee feedback surveys saturated the market and became one of the key measurements of employee engagement, so too did the awareness that R&R was one of the most influential drivers of engagement. In simple terms, just making someone feel valued is one of the most basic building blocks of any type of relationship, professional or personal. A key challenge for business leaders moving forward will be understanding the personal motivators of employees and creating personalised R&R programs that align with those motivators, while also reinforcing and strengthening corporate values and culture.

## Action:

- Consider building a genuine, meaningful relationship with employees by implementing a R&R program. Employers who want highly engaged workforces need to start viewing the connection between employer and employee as more than a contract to perform certain tasks for money. Psychological safety, a feeling of belonging, and genuine inclusion are foundational building blocks. In addition, the employer-employee relationship must be built on mutual trust and respect. Take the time to understand what motivates and drives employees – and then build a R&R program that capitalises on these insights by offering personalised rewards.
- R&R programs don't need big budgets. Don't underestimate the motivational power of a simple 'thanks for a job well done' from a manager. [This article](#) from Harvard Business Review suggests that symbolic rewards – interventions such as congratulatory cards, public recognition, and certificates – can significantly increase intrinsic employee motivation, performance, and retention. It's important to consider the timing of such symbolic gestures. For employees whose daily workflows have become increasingly stressful and unpredictable during the pandemic, daily recognition of the impact of their work could be effective. In other environments, daily feedback may come across as forced or repetitive.

What kinds of rewards and recognition programs does your organisation currently have in place?

2019 (n = 532) 2020 (n = 632) 2021 (n = 434)



## Summary:

'Tenure / work anniversaries', 'informal / ad hoc', and 'peer nomination awards' remained the three most common types of R&R programs; however, all three saw a decrease from the 2020 results, losing 24% altogether. There was no category which appeared to take up that decline, although slight gains were seen in 'incentive programs' and 'employee of the month / week / quarter'. It's significant that those answering 'none – we have no formal programs in place' remained steady at 13%, indicating that organisations are not dropping R&R programs but are perhaps honing the range of programs on offer. By company size, 'tenure / work anniversaries' were the most popular option for small businesses, SMBs and mid-market respondents. Enterprise respondents favoured 'peer nomination awards'. It appears technology has a significant impact. For respondents with technology fully implemented, all program types saw an increase in use, with the only exception being 'informal / ad hoc'.

## Insights:

With remote and hybrid work occurring more than ever before throughout 2020/21, a challenge for leaders was to continue to acknowledge the efforts of employees, even if those efforts were largely unseen, or at least less visible given the geographically dispersed workforce. To combat this, it was not surprising to see the continued rise in organisations implementing 'employee of the week / month / quarter' initiatives. This type of recognition program often takes minimal effort to implement and has a high level of visibility amongst employees. The key challenge when implementing this type of program is making sure it is seen as fair and not rigged by favouritism. If a R&R program is deemed unfair then the program can do more damage than good to employee morale, so it is critical to design a program that makes the nomination and selection criteria completely transparent and equally available to all employees. Many 'employee of the week / month / quarter' programs are run off the back of peer to peer recognition programs, where leaders select winners based off the volume or quality of peer nominations.

With fresh people management challenges for 2022, not least of which will be staff turnover, it will be important for business leaders to understand the value of R&R. This [report](#) from Deloitte highlights the important role R&R can play in staff retention:

"Since companies can more easily match compensation packages, Deloitte believes companies can differentiate themselves in the talent marketplace by going beyond financial incentives and creating customised engagement and retention strategies that address issues such as leadership, culture, learning opportunities, career advancement and greater recognition."

The Deloitte research indicates that recognition correlates with higher employee engagement, which in turn can improve job performance. The right recognition program can have a measurable impact. For example:

- Employee engagement, productivity, and performance are 14% higher in organisations with recognition programs in place, compared to those without programs
- A 15% improvement in engagement can result in a 2% increase in profit margins

In addition, Deloitte's [Talent 2020 report](#) found that leadership support and recognition are among the top 3 most effective non-financial factors for retention.



**4 in 10** respondents said their organisation has a 'tenure / work anniversary' R&R program in place



**1 in 4** respondents said they have a R&R program in place to recognise those employees who achieve their KPIs

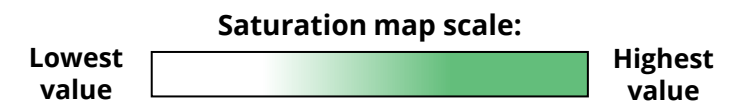
#### Actions:

- Consider how technology can assist with R&R programs. Technology supports a variety of R&R programs by making the process of nominating and selecting employees for recognition more streamlined, consistent, and transparent. Technology can also automate some types of recognition – e.g. notifications about nominations and/or selections, sending “thank you” and ‘congratulations’ emails on certain dates etc.
- Beyond technology, effective recognition will always come down to authentic human praise. This ultimately places accountability back on managers and leaders.
- Market-leading organisations are taking a holistic approach to R&R. They are centralising initiatives and ensuring alignment with business goals, culture, and talent management processes. They design their programs to consistently reinforce key behaviours and outcomes necessary to drive business success, and they measure the impact of those programs.
- HR teams need to invest time into coaching managers and leaders about the types of recognition available to them, and how different types of recognition will motivate people. A personalised approach (e.g. publicly, privately, verbally, with incentives etc. depending on recipient preferences) can produce better results.

# R&R programs

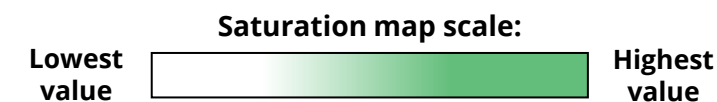


| n=                                                                                             | 434     | 74                  | 104             | 143          | 113             | 354       | 80          | 277              | 134                        | 23                    | 90             |
|------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What kinds of rewards and recognition programs does your organisation currently have in place? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Achieving KPIs                                                                                 | 25%     | 28%                 | 18%             | 22%          | 33%             | 23%       | 34%         | 27%              | 23%                        | 13%                   | 31%            |
| Customer service                                                                               | 11%     | 5%                  | 12%             | 13%          | 12%             | 12%       | 10%         | 10%              | 13%                        | 17%                   | 10%            |
| Employee of the month / week / quarter                                                         | 28%     | 31%                 | 29%             | 29%          | 24%             | 30%       | 20%         | 25%              | 32%                        | 39%                   | 24%            |
| Incentive programs                                                                             | 31%     | 24%                 | 31%             | 31%          | 35%             | 32%       | 29%         | 30%              | 33%                        | 35%                   | 23%            |
| Informal / ad hoc                                                                              | 34%     | 26%                 | 28%             | 38%          | 39%             | 34%       | 34%         | 34%              | 33%                        | 35%                   | 31%            |
| Learning & development completion                                                              | 17%     | 15%                 | 19%             | 18%          | 17%             | 16%       | 24%         | 19%              | 16%                        | 9%                    | 24%            |
| Peer nomination awards                                                                         | 33%     | 36%                 | 31%             | 38%          | 26%             | 34%       | 28%         | 25%              | 46%                        | 57%                   | 18%            |
| Sales quota achievement                                                                        | 18%     | 19%                 | 21%             | 16%          | 18%             | 18%       | 18%         | 18%              | 18%                        | 22%                   | 14%            |
| Tenure / work anniversaries                                                                    | 41%     | 41%                 | 33%             | 44%          | 43%             | 40%       | 44%         | 36%              | 51%                        | 30%                   | 32%            |
| None - we have no formal programs in place                                                     | 13%     | 11%                 | 10%             | 11%          | 19%             | 12%       | 14%         | 14%              | 12%                        | 4%                    | 22%            |



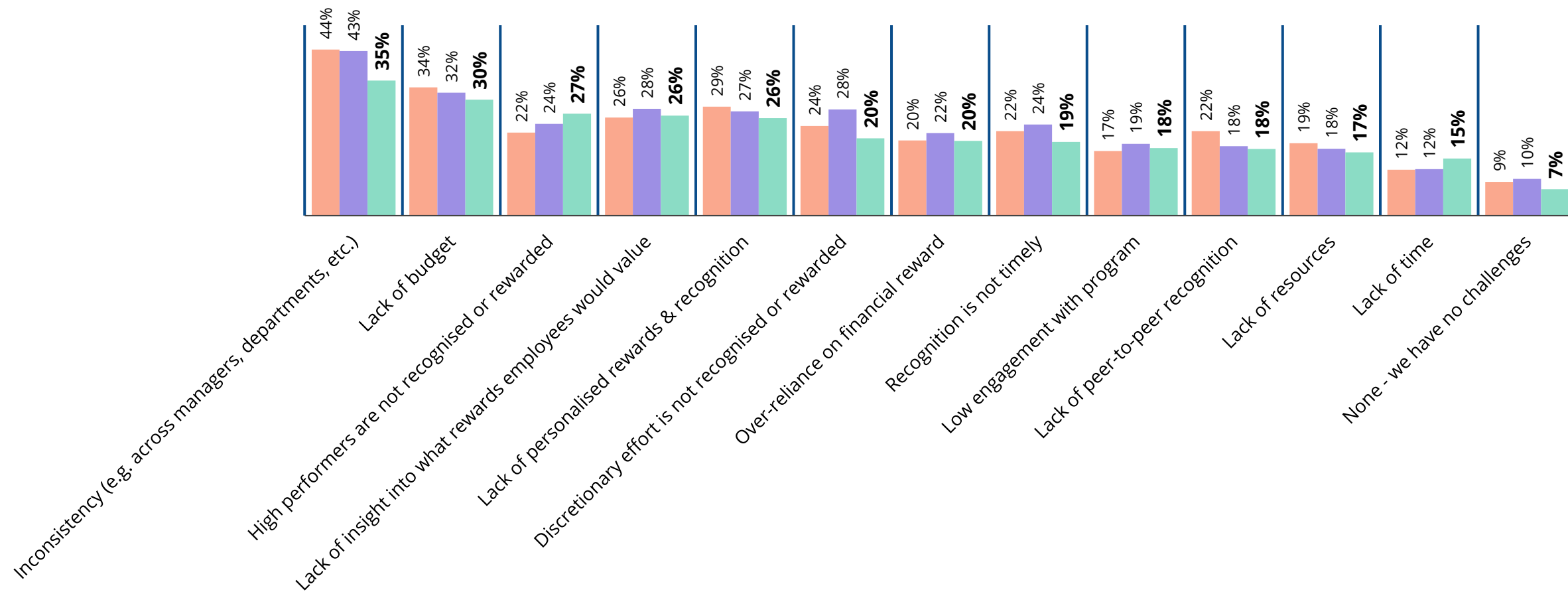
Which of the following stages best describes your organisation's current state of HR and payroll and technology for **rewards and recognition**?

| What kinds of rewards and recognition programs does your organisation currently have in place? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                | n = 150                          | n = 93           | n = 44                     | n = 13                | n = 284                                    | n = 184          | n = 90                     | n = 10                | n = 31         | n = 59         |
| Achieving KPIs                                                                                 | 29%                              | 33%              | 25%                        | 15%                   | 23%                                        | 24%              | 22%                        | 10%                   | 42%            | 25%            |
| Customer service                                                                               | 15%                              | 11%              | 23%                        | 23%                   | 10%                                        | 10%              | 8%                         | 10%                   | 10%            | 10%            |
| Employee of the month / week / quarter                                                         | 33%                              | 29%              | 36%                        | 46%                   | 26%                                        | 23%              | 30%                        | 30%                   | 19%            | 27%            |
| Incentive programs                                                                             | 39%                              | 39%              | 41%                        | 31%                   | 27%                                        | 26%              | 29%                        | 40%                   | 29%            | 20%            |
| Informal / ad hoc                                                                              | 33%                              | 31%              | 36%                        | 38%                   | 34%                                        | 36%              | 31%                        | 30%                   | 35%            | 29%            |
| Learning & development completion                                                              | 21%                              | 22%              | 23%                        | 15%                   | 15%                                        | 18%              | 12%                        | 0%                    | 19%            | 27%            |
| Peer nomination awards                                                                         | 44%                              | 35%              | 55%                        | 69%                   | 27%                                        | 20%              | 41%                        | 40%                   | 10%            | 22%            |
| Sales quota achievement                                                                        | 22%                              | 24%              | 16%                        | 31%                   | 16%                                        | 15%              | 19%                        | 10%                   | 26%            | 8%             |
| Tenure / work anniversaries                                                                    | 49%                              | 47%              | 57%                        | 31%                   | 37%                                        | 31%              | 49%                        | 30%                   | 35%            | 31%            |
| None - we have no formal programs in place                                                     | 7%                               | 10%              | 2%                         | 0%                    | 16%                                        | 16%              | 17%                        | 10%                   | 16%            | 25%            |



What are your organisation's key rewards & recognition challenges?

2019 (n = 532) 2020 (n = 632) 2021 (n = 433)



## Summary:

Overall challenges reduced by 27 percentage points from the 2020 results, but there was no large increase in any particular challenge – just slight increases in ‘high performers are not recognised or rewarded’ and ‘lack of time’. It’s interesting to note that the top challenge for SMB, mid-market and enterprise respondents was the same: ‘inconsistency across managers, departments, etc.’ For small business respondents, the biggest challenge was lack of budget. It’s also worth noting the difference technology has on R&R challenges: 10 out of 12 of the listed challenges were reduced markedly for respondents with technology fully implemented. The biggest improvements were seen in ‘lack of insight into what rewards employees would value’ and ‘inconsistency across managers, departments, etc.’.

## Insights:

Whilst employee expectations around appreciation and recognition are nothing new, the way in which recognition is delivered must evolve to meet the needs of the workforce that exists today. By 2030, just under 75% of the global workforce will consist of Millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2012). Both these generations are more accustomed to receiving instantaneous, high frequency and individualised feedback. This has led to a greater number and variety of recognition tools being made available to managers. While recognition ultimately falls under the remit of managers and leaders, it’s HR’s role to provide the process and tools to support this process, as well as guidance to managers about how to utilise these tools effectively. The type of recognition appreciated by a Millennial is likely to be very different to a Baby Boomer. For this reason, consistency across departments and managers is always going to be a challenge, but it is not insurmountable. It’s more critical to have overarching processes and mechanisms that are transparent and consistent, and managers who are coached on how to give recognition fairly and within the context of the organisation’s desired outcomes. After all, there is only so much HR can control beyond putting the systems and process in place.

## Actions:

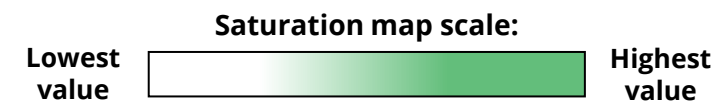
Any R&R program must have solid foundations. Take the time required to design a program so that it is ‘fit for purpose’ but also agile enough to overcome unforeseen challenges. According to [this article](#) from Deloitte, elements to consider for a recognition program include:

- Whether there is a clear business case for investment before design begins. Is it clear how recognition aligns with business goals and what the expected impact is? What metric will change as a result?
- The extent of the program. Budget and financing will play a key role in this, as it will take time to design, launch and maintain.
- Who will be permitted to recognise staff? For example, will it be open to both internal peers and external networks (e.g. customers, third parties)? Is there going to be top-down, peer-to-peer, bottom-up or combination recognisers?
- The level of visibility that will be given to those who are recognised. For example, will it be public or private, within departments or across the entire organisation?
- What, if any, rewards are going to be given? The choices vary from formal to informal, emblematic (e.g. praise, special projects, certificates), tokens (gift cards, points), monetary (conferences, paid time off). It’s important to think about the right mix of monetary and non-monetary. Financial rewards aren’t always the most effective, so it’s often best to combine with internal certificates / award ceremony schemes.
- Consideration also needs to be given to execution, governance, and ongoing measurement of the program (see ‘measuring R&R program effectiveness’ later in this report).
- Don’t forget the rewards side of the equation. Consider offering a catalogue of holistic rewards. Factoring in the likelihood of remote work for the foreseeable future, look for platforms that cater to life in a COVID-19 world. For example, offer options like training with remote fitness instructors, video chats with expert dieticians or life coaches, home office amenities, or wellness-themed e-gift cards.

# R&R key challenges



| n=                                                                 | 433     | 74                  | 103             | 143          | 113             | 353       | 80          | 277              | 133                        | 23                    | 90             |
|--------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key rewards & recognition challenges? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Discretionary effort is not recognised or rewarded                 | 20%     | 20%                 | 18%             | 27%          | 13%             | 22%       | 13%         | 16%              | 29%                        | 26%                   | 8%             |
| High performers are not recognised or rewarded                     | 27%     | 23%                 | 35%             | 30%          | 18%             | 28%       | 23%         | 26%              | 29%                        | 26%                   | 14%            |
| Inconsistency (e.g. across managers, departments, etc.)            | 35%     | 30%                 | 35%             | 45%          | 28%             | 37%       | 30%         | 31%              | 43%                        | 52%                   | 23%            |
| Lack of budget                                                     | 30%     | 42%                 | 28%             | 28%          | 28%             | 31%       | 29%         | 28%              | 35%                        | 30%                   | 25%            |
| Lack of insight into what rewards employees would value            | 26%     | 28%                 | 27%             | 32%          | 17%             | 25%       | 31%         | 25%              | 31%                        | 17%                   | 21%            |
| Lack of peer-to-peer recognition                                   | 18%     | 8%                  | 17%             | 22%          | 19%             | 19%       | 13%         | 15%              | 20%                        | 26%                   | 9%             |
| Lack of personalised rewards & recognition                         | 26%     | 30%                 | 27%             | 25%          | 22%             | 25%       | 30%         | 24%              | 27%                        | 30%                   | 21%            |
| Lack of resources                                                  | 17%     | 27%                 | 12%             | 15%          | 16%             | 17%       | 16%         | 13%              | 26%                        | 4%                    | 9%             |
| Lack of time                                                       | 15%     | 18%                 | 13%             | 15%          | 15%             | 16%       | 13%         | 16%              | 14%                        | 13%                   | 14%            |
| Low engagement with program                                        | 18%     | 22%                 | 23%             | 16%          | 12%             | 18%       | 16%         | 15%              | 21%                        | 30%                   | 13%            |
| Over-reliance on financial reward                                  | 20%     | 22%                 | 15%             | 22%          | 19%             | 19%       | 21%         | 22%              | 14%                        | 26%                   | 21%            |
| Recognition is not timely                                          | 19%     | 12%                 | 17%             | 24%          | 20%             | 22%       | 8%          | 17%              | 23%                        | 30%                   | 13%            |
| None - we have no challenges                                       | 7%      | 0%                  | 3%              | 5%           | 18%             | 6%        | 13%         | 10%              | 2%                         | 0%                    | 16%            |

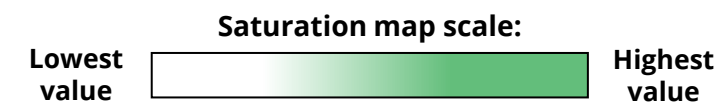


# R&R key challenges



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **rewards and recognition**?

| What are your organisation's key rewards & recognition challenges? | Has fully implemented technology |              |            |            | Does not have fully implemented technology |              |            |            | FIT      | NFIT     |
|--------------------------------------------------------------------|----------------------------------|--------------|------------|------------|--------------------------------------------|--------------|------------|------------|----------|----------|
|                                                                    | Total resp.                      | SMB          | Mid-market | Enterprise | Total resp.                                | SMB          | Mid-market | Enterprise | SB       | SB       |
|                                                                    | (1 - 199)                        | (200 - 1999) | (2000+)    |            | (1 - 199)                                  | (200 - 1999) | (2000+)    |            | (1 - 49) | (1 - 49) |
|                                                                    | n = 150                          | n = 93       | n = 44     | n = 13     | n = 283                                    | n = 184      | n = 89     | n = 10     | n = 31   | n = 59   |
| Discretionary effort is not recognised or rewarded                 | 17%                              | 13%          | 23%        | 31%        | 22%                                        | 17%          | 31%        | 20%        | 0%       | 12%      |
| High performers are not recognised or rewarded                     | 21%                              | 16%          | 27%        | 38%        | 30%                                        | 30%          | 30%        | 10%        | 3%       | 20%      |
| Inconsistency (e.g. across managers, departments, etc.)            | 29%                              | 22%          | 34%        | 69%        | 39%                                        | 35%          | 47%        | 30%        | 13%      | 29%      |
| Lack of budget                                                     | 26%                              | 25%          | 32%        | 15%        | 33%                                        | 30%          | 36%        | 50%        | 19%      | 29%      |
| Lack of insight into what rewards employees would value            | 20%                              | 16%          | 27%        | 23%        | 30%                                        | 29%          | 33%        | 10%        | 10%      | 27%      |
| Lack of peer-to-peer recognition                                   | 12%                              | 10%          | 14%        | 23%        | 20%                                        | 18%          | 24%        | 30%        | 3%       | 12%      |
| Lack of personalised rewards & recognition                         | 21%                              | 17%          | 27%        | 23%        | 28%                                        | 28%          | 27%        | 40%        | 10%      | 27%      |
| Lack of resources                                                  | 13%                              | 10%          | 20%        | 8%         | 19%                                        | 15%          | 29%        | 0%         | 6%       | 10%      |
| Lack of time                                                       | 11%                              | 10%          | 14%        | 8%         | 17%                                        | 19%          | 13%        | 20%        | 3%       | 20%      |
| Low engagement with program                                        | 21%                              | 18%          | 25%        | 31%        | 16%                                        | 14%          | 19%        | 30%        | 19%      | 10%      |
| Over-reliance on financial reward                                  | 19%                              | 20%          | 11%        | 31%        | 20%                                        | 23%          | 15%        | 20%        | 13%      | 25%      |
| Recognition is not timely                                          | 21%                              | 16%          | 23%        | 46%        | 19%                                        | 17%          | 24%        | 10%        | 13%      | 14%      |
| None - we have no challenges                                       | 13%                              | 19%          | 5%         | 0%         | 4%                                         | 5%           | 1%         | 0%         | 32%      | 8%       |

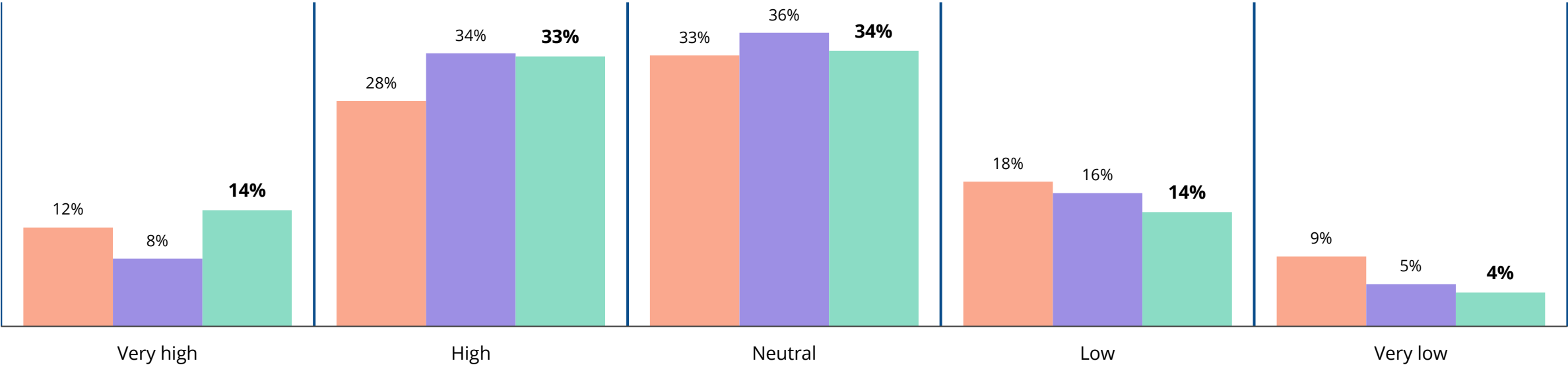


# Value placed on R&R by senior leaders



In your opinion, what is the level of value that senior management (e.g. CEO, directors) places on recognition programs?

2019 (n = 532)   2020 (n = 632)   2021 (n = 431)





Just under **1 in 2** respondents said their senior management team placed 'high' or 'very high' value on recognition programs



**1 in 5** respondents said their senior management team placed a 'low' or 'very low' value on recognition programs

### Summary:

In 2021, almost half of respondents (47%) said their senior leaders placed a 'high' or 'very high' value on R&R programs – a slight uplift from the 42% seen in 2020. In addition, one third of respondents (34%) said their senior leaders placed a 'neutral' value on R&R programs – this ratio remains unchanged since 2020. Also of note, a fifth of respondents (18%) said their senior leaders placed a 'low' or 'very low' value on R&R programs, a slight decline on the 21% seen in 2020. These results show that senior management support for R&R programs is increasing. However, 38% of C-suite leader respondents to this question still gave a 'neutral' rating – the highest of any job family – and were less inclined to give 'high' or 'very high' ratings. Junior to mid-level respondents were more optimistic, with 37% indicating that senior management place 'high' value on R&R programs.

### Insights:

One of the main reasons senior leaders do not buy into the value of R&R programs is the challenge of demonstrating return on investment. It can be difficult for HR teams to secure the funding they need for a R&R program, especially when they are competing with other departments and projects for funding. However, these results clearly show that HR teams are having more success in getting senior leaders onboard, because there were twice as many respondents who said their leaders placed a high / very high value on R&R than respondents who said their leaders placed a low / very low value on it.

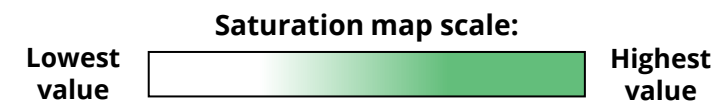
### Action:

To persuade leaders to fund R&R programs, it's critical to present a compelling business case, backed by real numbers. There are plenty of helpful resources online, including ELMO's own [business case template](#).

# Value placed on R&R by senior leaders



| n=                                                                                                                       | 431     | 73                  | 103             | 143          | 112             | 351       | 80          | 276              | 132                        | 23                    | 90             |
|--------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| In your opinion, what is the level of value that Senior Management (e.g. CEO, Directors) places on recognition programs? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Very high                                                                                                                | 14%     | 14%                 | 17%             | 11%          | 17%             | 14%       | 16%         | 15%              | 14%                        | 9%                    | 18%            |
| High                                                                                                                     | 33%     | 37%                 | 34%             | 34%          | 30%             | 33%       | 35%         | 36%              | 30%                        | 30%                   | 28%            |
| Neutral                                                                                                                  | 34%     | 32%                 | 36%             | 31%          | 38%             | 35%       | 29%         | 32%              | 37%                        | 48%                   | 39%            |
| Low                                                                                                                      | 14%     | 12%                 | 13%             | 19%          | 11%             | 14%       | 16%         | 13%              | 18%                        | 9%                    | 10%            |
| Very low                                                                                                                 | 4%      | 5%                  | 1%              | 5%           | 4%              | 4%        | 4%          | 5%               | 2%                         | 4%                    | 6%             |

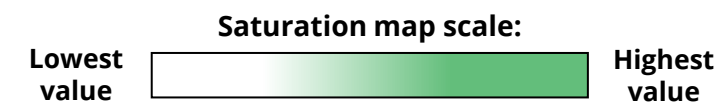


# Value placed on R&R by senior leaders



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **rewards and recognition**?

| In your opinion, what is the level of value that senior management (e.g. CEO, directors) places on recognition programs? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                          | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                          | n = 149                          | n = 92           | n = 44                     | n = 13                | n = 282                                    | n = 184          | n = 88                     | n = 10                | n = 31         | n = 59         |
| Very high                                                                                                                | 21%                              | 26%              | 14%                        | 8%                    | 11%                                        | 10%              | 14%                        | 10%                   | 29%            | 12%            |
| High                                                                                                                     | 60%                              | 67%              | 50%                        | 46%                   | 41%                                        | 42%              | 40%                        | 30%                   | 61%            | 37%            |
| Neutral                                                                                                                  | 28%                              | 20%              | 41%                        | 38%                   | 38%                                        | 38%              | 35%                        | 60%                   | 29%            | 44%            |
| Low                                                                                                                      | 12%                              | 13%              | 9%                         | 15%                   | 21%                                        | 20%              | 25%                        | 10%                   | 10%            | 19%            |
| Very low                                                                                                                 | 2%                               | 2%               | 0%                         | 8%                    | 5%                                         | 7%               | 2%                         | 0%                    | 3%             | 7%             |

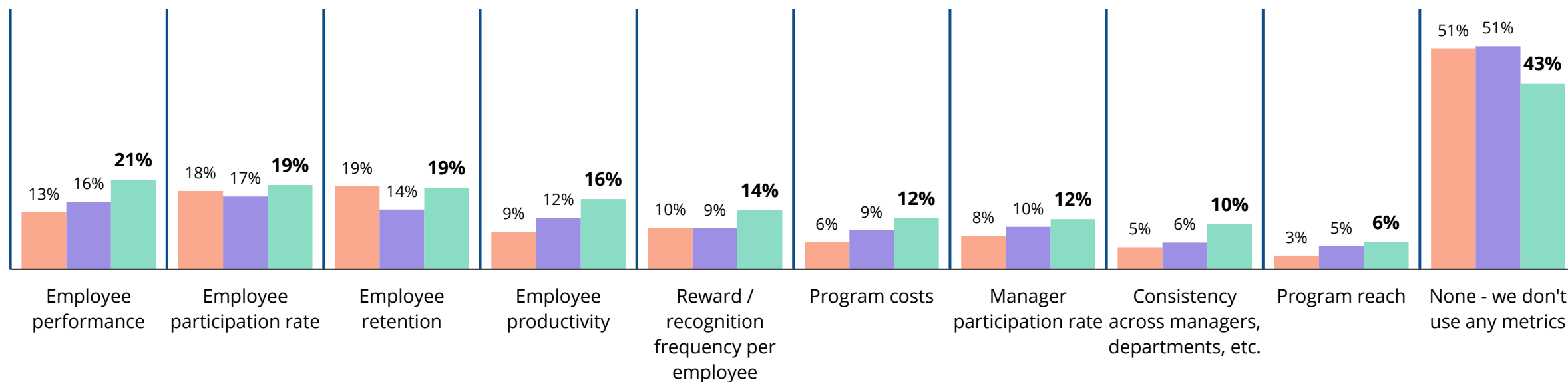


# Measuring R&R program effectiveness



Which metric(s) does your organisation use to measure the effectiveness of its rewards & recognition processes?

2019 (n = 532) 2020 (n = 632) 2021 (n = 431)



# Measuring R&R program effectiveness



## Summary:

Although it was an improvement over the 2020 results, just under half of respondents (43%) still do not use any metrics to measure the effectiveness of their R&R program, and this ratio did not vary greatly by organisation size. However, the use of all listed metrics increased in 2021, especially for respondents with fully implemented technology. Less than a third (30%) of respondents with technology fully implemented said they did not use any metrics at all, compared with half (50%) of respondents without fully implemented technology. Those who use technology utilise a very diverse range of metrics – indeed, there was no specific metric that stood out as being common best practice.

## Insights:

It's impossible to change or improve something if it isn't being measured. With organisational commitment to R&R an important part of what employees value most in their employer, the increase in measurement seen in the 2021 results indicate that R&R is starting to be appreciated. This is important as R&R will play a key role in the War for Talent, especially on the retention front.

It's no surprise to see that 'employee retention' and 'employee performance' were the two metrics with the largest increase in use, although it could be argued that both are difficult to trace back to a R&R program. It's usually a mix of elements, including the relationship with the direct manager, company culture, learning opportunities provided, not to mention remuneration, that drive turnover. The drivers of employee performance are equally diverse and may come down to employee engagement, having the tools and training required to do the job effectively, and many other components. The competitive nature of incentives – striving to hit a KPI or goal – also plays a role, so the impact of R&R programs on performance should not be underestimated. However, the hazy correlations between these metrics and R&R highlight how challenging it can be for HR teams to link R&R back to business outcomes and demonstrate the ROI.

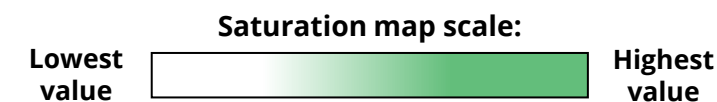
## Actions:

- Rewards & recognition initiatives and activities can vary immensely in format, frequency, and scale. This also means the impacts will not be centralised or translate into single metrics. Organisations can increase their awareness by firstly identifying what initiatives relate to R&R, and defining what a success metric could be for each initiative. If these are reviewed frequently, they will help define a baseline for expectations, especially if supported with engagement surveys, employee retention and performance metrics, and other data sources in the organisation.
- In addition to cost, important metrics to assess include employee and manager engagement with a program: is it being used, and if so, how often? Employee surveys are perhaps the most effective way to gain an understanding of how satisfied employees are with any R&R initiative. Some key questions to ask include:
  - Are you aware of our employee recognition program?
  - Do you feel valued for your contributions?
  - Do you feel motivated to reach targets, knowing you will be recognised for your effort?
  - What part of the program do you feel doesn't work?
  - How would you like to be recognised for your work?
- Employee satisfaction is important but so too is the impact that a R&R program plays in improving employee and organisational performance. Before launching a program, aim to determine which key performance indicators (KPIs) will be used to both earn rewards and measure the program's effectiveness. Linking R&R to performance management processes is an important – and often overlooked – step.

# Measuring R&R program effectiveness



| n=                                                                                                              | 431     | 73                  | 103             | 143          | 112             | 351       | 80          | 276              | 132                        | 23                    | 90             |
|-----------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the effectiveness of its rewards & recognition processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Consistency across managers, departments, etc.                                                                  | 10%     | 8%                  | 15%             | 5%           | 14%             | 11%       | 9%          | 10%              | 11%                        | 4%                    | 7%             |
| Employee participation rate                                                                                     | 19%     | 25%                 | 23%             | 20%          | 13%             | 20%       | 16%         | 16%              | 22%                        | 43%                   | 20%            |
| Employee performance                                                                                            | 21%     | 12%                 | 25%             | 19%          | 24%             | 21%       | 19%         | 21%              | 20%                        | 17%                   | 29%            |
| Employee productivity                                                                                           | 16%     | 10%                 | 19%             | 17%          | 16%             | 16%       | 18%         | 16%              | 17%                        | 13%                   | 21%            |
| Employee retention                                                                                              | 19%     | 16%                 | 20%             | 17%          | 21%             | 19%       | 19%         | 17%              | 21%                        | 22%                   | 15%            |
| Manager participation rate                                                                                      | 12%     | 8%                  | 14%             | 11%          | 12%             | 13%       | 5%          | 11%              | 12%                        | 17%                   | 8%             |
| Program costs                                                                                                   | 12%     | 10%                 | 13%             | 15%          | 9%              | 12%       | 10%         | 10%              | 13%                        | 30%                   | 9%             |
| Program reach                                                                                                   | 6%      | 10%                 | 8%              | 6%           | 3%              | 6%        | 8%          | 7%               | 5%                         | 9%                    | 8%             |
| Reward / recognition frequency per employee                                                                     | 14%     | 15%                 | 16%             | 13%          | 11%             | 13%       | 16%         | 14%              | 12%                        | 17%                   | 11%            |
| None - we don't use any metrics                                                                                 | 43%     | 38%                 | 30%             | 45%          | 54%             | 43%       | 41%         | 46%              | 41%                        | 13%                   | 44%            |



# Measuring R&R program effectiveness



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **rewards and recognition**?

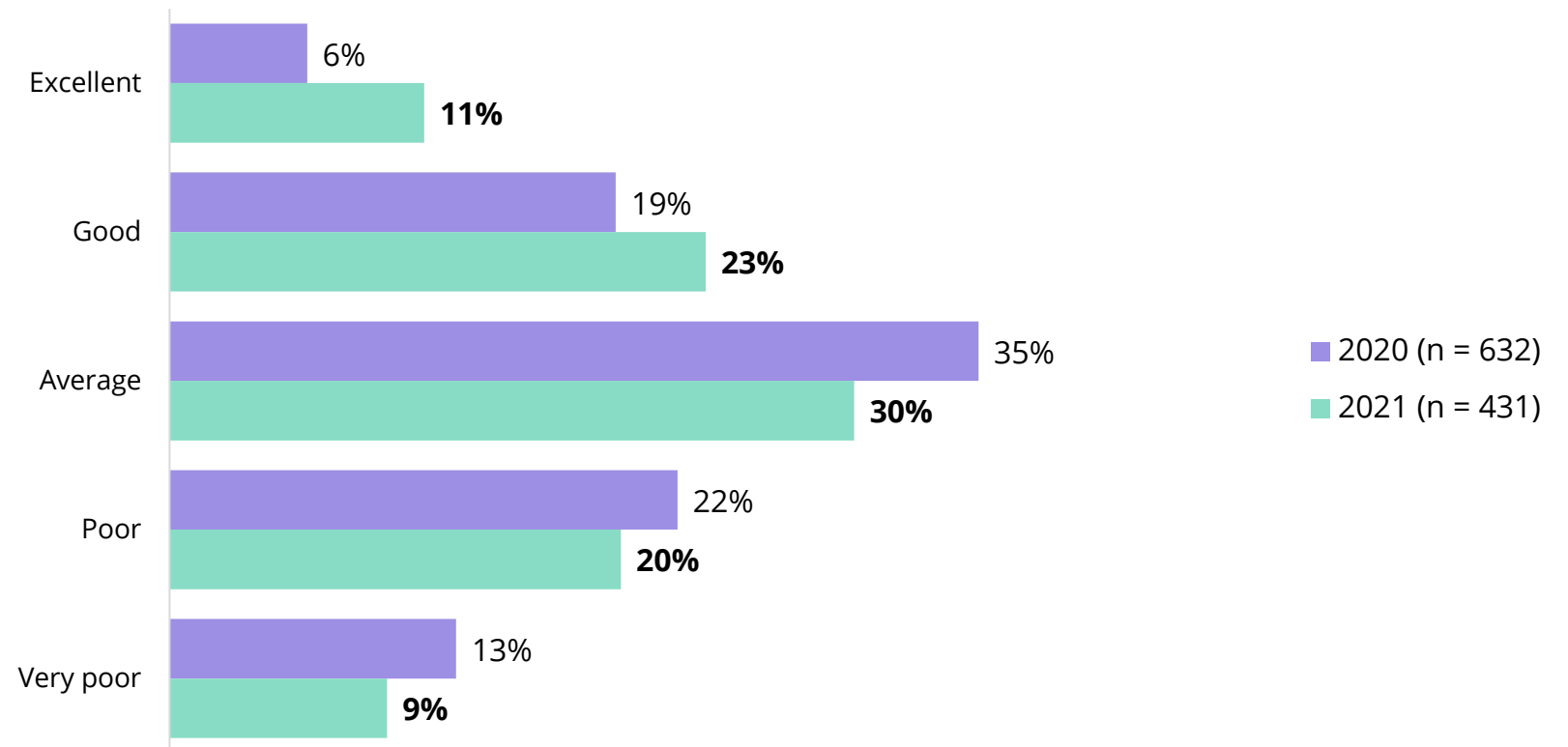
| Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
| Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
| n = 149                          | n = 92           | n = 44                     | n = 13                | n = 282                                    | n = 184          | n = 88                     | n = 10                | n = 31         | n = 59         |

|                                                |     |     |     |     |     |     |     |     |     |     |
|------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Consistency across managers, departments, etc. | 12% | 14% | 11% | 0%  | 10% | 9%  | 11% | 10% | 13% | 3%  |
| Employee participation rate                    | 26% | 23% | 30% | 38% | 16% | 13% | 18% | 50% | 19% | 20% |
| Employee performance                           | 28% | 33% | 18% | 23% | 17% | 16% | 20% | 10% | 55% | 15% |
| Employee productivity                          | 23% | 27% | 18% | 8%  | 13% | 11% | 16% | 20% | 35% | 14% |
| Employee retention                             | 19% | 21% | 20% | 8%  | 18% | 16% | 22% | 40% | 16% | 15% |
| Manager participation rate                     | 19% | 17% | 23% | 15% | 8%  | 8%  | 7%  | 20% | 13% | 5%  |
| Program costs                                  | 13% | 13% | 9%  | 23% | 11% | 8%  | 15% | 40% | 6%  | 10% |
| Program reach                                  | 8%  | 9%  | 7%  | 8%  | 5%  | 5%  | 5%  | 10% | 16% | 3%  |
| Reward / recognition frequency per employee    | 20% | 18% | 23% | 23% | 10% | 12% | 7%  | 10% | 10% | 12% |
| None - we don't use any metrics                | 29% | 30% | 27% | 23% | 50% | 54% | 48% | 0%  | 32% | 51% |

Saturation map scale:



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rewards & recognition?



## Summary:

Respondents who said their R&R processes were 'good' or better increased 9 percentage points from the 2020 survey, and those rating them as 'poor' or worse decreased by 6 percentage points. SMB respondents were the most satisfied, with 37% rating their systems as 'good' or better. Enterprise respondents were the least satisfied, with 26% rating their systems as 'good' or better, and 30% rating them as 'poor' or worse. Technology had a positive impact. For those respondents with technology fully implemented, 51% rated their processes as 'good' or better, compared with 26% of those without technology fully implemented.

## Insights:

R&R programs aren't one-size fits all. When it comes to design, different types of rewards & recognition work best in different situations, depending on the strategic objectives of the organisation, as well as its culture and the characteristics of its employees.

Whilst data presented earlier in this section showed that HR teams are steadily improving their ability to convince senior leaders of the value of R&R programs, these results suggest there is still ample room for improvement in the programs currently in place. There are a number of reasons why R&R programs are not being used to their fullest potential:

- There are interdependencies and complexities that make it hard to demonstrate the ROI, which then makes senior leaders question the value and investment into R&R programs.
- Many HR teams are potentially using 'out of the box' vendor-designed R&R programs without considering the uniqueness of their organisation's own needs and culture.
- Once R&R programs have been implemented, HR teams are realising that they are not perceived as fair by some employees.
- HR teams are relying too much on R&R systems and process and not spending enough time coaching managers and leaders on how to effectively give recognition.

## Actions:

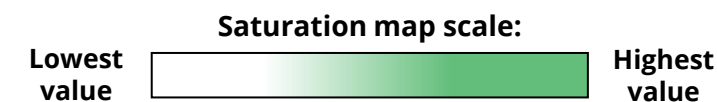
Start with the end in mind. Highlight what is important to the organisation and be very clear about what outcomes a R&R program is meant to produce. Here are 4 key questions to ask:

- What does the organisation want to recognise? Tenure? Performance? Exemplifying company values?
- What behaviours does the organisation want to encourage and drive?
- What support or coaching do managers / leaders need to fully leverage the potential of the program?
- What outcomes is the organisation looking for that can be a measure of success for the program?

# Internal systems and processes



| n=                                                                                                                                             | 431     | 73                  | 103             | 143          | 112             | 351       | 80          | 276              | 132                        | 23                    | 90             |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rewards & recognition? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                      | 11%     | 8%                  | 11%             | 11%          | 13%             | 10%       | 16%         | 13%              | 7%                         | 9%                    | 17%            |
| Good                                                                                                                                           | 23%     | 27%                 | 30%             | 20%          | 20%             | 23%       | 24%         | 24%              | 24%                        | 17%                   | 17%            |
| Average                                                                                                                                        | 30%     | 30%                 | 30%             | 30%          | 29%             | 29%       | 33%         | 28%              | 33%                        | 35%                   | 31%            |
| Poor                                                                                                                                           | 20%     | 15%                 | 17%             | 22%          | 22%             | 22%       | 10%         | 21%              | 17%                        | 26%                   | 22%            |
| Very poor                                                                                                                                      | 10%     | 10%                 | 8%              | 11%          | 9%              | 11%       | 5%          | 9%               | 12%                        | 4%                    | 4%             |

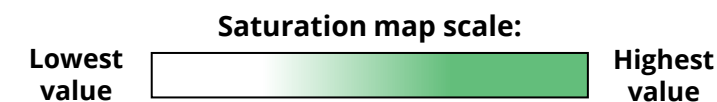


# Internal systems and processes



Which of the following stages best describes your organisation's current state of HR and payroll and technology for **rewards and recognition**?

| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rewards & recognition? | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                | n = 149                          | n = 92           | n = 44                     | n = 13                | n = 282                                    | n = 184          | n = 88                     | n = 10                | n = 31         | n = 59         |
| Excellent                                                                                                                                      | 20%                              | 26%              | 11%                        | 8%                    | 6%                                         | 7%               | 5%                         | 10%                   | 32%            | 8%             |
| Good                                                                                                                                           | 31%                              | 35%              | 25%                        | 23%                   | 20%                                        | 18%              | 24%                        | 10%                   | 29%            | 10%            |
| Average                                                                                                                                        | 28%                              | 22%              | 41%                        | 31%                   | 31%                                        | 31%              | 30%                        | 40%                   | 19%            | 37%            |
| Poor                                                                                                                                           | 11%                              | 9%               | 14%                        | 23%                   | 24%                                        | 27%              | 18%                        | 30%                   | 10%            | 29%            |
| Very poor                                                                                                                                      | 3%                               | 1%               | 5%                         | 8%                    | 13%                                        | 13%              | 16%                        | 0%                    | 0%             | 7%             |



# Appendix I: Remuneration & benefits

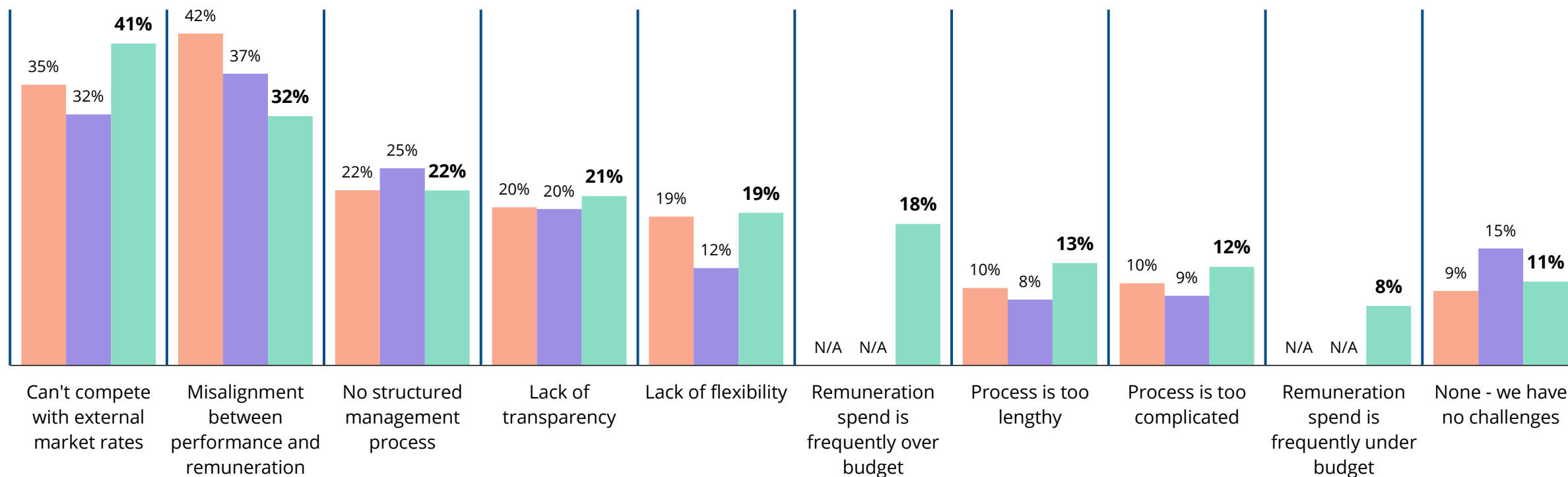


# Remuneration & benefits key challenges



What are your organisation's key remuneration challenges?

2019 (n = 510) 2020 (n = 602) 2021 (n = 424)



# Remuneration & benefits key challenges



## Summary:

In contrast to the previous two years, where the misalignment between performance and remuneration was the top challenge, in this 2021 survey, the top challenge is that organisations cannot compete with external market rates. As the War for Talent heats up and The Great Resignation takes hold, many employers will be scrambling to retain talent and attract new staff by salary matching what their competitors are offering.

## Insight:

A unique mix of push and pull factors are impacting employee retention. When employees were asked about their priorities when searching for a new job in ELMO's 2021 Employee Sentiment Index series for Australia and New Zealand, the top 3 priorities remained unchanged all year: remuneration and bonus payments / incentives; stability of an organisation; and flexible / remote working. Added to this perfect storm of talent mobility is two years of pent-up feelings that the grass is greener in other organisations and largely stagnant wage growth. Therefore, it's no surprise that employers are struggling to match market remuneration rates.

This challenge appears to be hitting the mid-market hardest, with 50% of respondents from that category citing an inability to compete with market rates. This is possibly due to larger organisations being better able to bridge the gap between what employees want and what employers are able to offer.

For the past two years, there were four typical approaches to remuneration:

- Rem reviews were delayed or on-hold until the situation with COVID-19 improved
- Rem was business as usual, but budgets were smaller
- Rem reviews have been cancelled, but bonuses were still being handed out
- Rem reviews have been cancelled, and salaries have been frozen

Some organisations have turned to more creative ways to remain competitive, such as the adoption of a total rewards strategy (read more in [ELMO's whitepaper](#)). Such a strategy is not focused solely on remuneration, but instead looks holistically at what the organisation can offer to each employee. These total rewards strategies consider all aspects of the employee value proposition (EVP) such as wellbeing, training, recognition, work environment / schedule / location, and other employee experience elements.

Looking ahead, it's critical that remuneration planning and modelling is well underway to give businesses the best chance of a successful recovery.

COVID-19 has been a valuable opportunity for organisations to refocus, look holistically at rewards, and get remuneration frameworks in order to increase transparency, consistency, and ultimately, engagement and performance.

# Remuneration & benefits key challenges



**4 in 10** respondents said they can't compete with external market rates



**1 in 3** respondents said a key challenge was a misalignment between performance and remuneration

## Action:

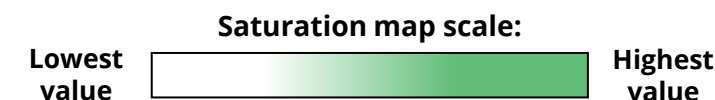
To develop a total rewards strategy, follow this 4-step guide:

- **Assess.** Analyse the effectiveness of the current approach to rewards, remuneration, and performance. This can be done through employee surveys and gathering data to determine employee sentiment around reward preferences. Assessing current rewards and measuring the pulse of the organisation can enable a data-driven, employee-centric approach to recognising the most valued rewards that will have the biggest impact. It can also ensure the total reward system supports the organisation's employee value proposition (EVP) by helping to answer questions such as, "Will we reward effort, or will we stick to our principles of rewarding outcome?"
- **Design.** Finalise which rewards would work best within your organisation and clarify who receives rewards, what they're rewarded for, and what types of rewards will be offered. In addition, the necessary HR policies will need to be recreated or drawn from scratch. These could be work from home policies, leave policies, or personal development and training opportunities.
- **Execute.** Buy-in is critical. Clearly communicate the plan to employees – the reason behind any changes, what rewards employees are entitled to and what they must achieve to obtain the offerings. As with any change, there will be resistance, so the more transparent an organisation is around a new total rewards strategy, the better it'll be received. Managers will also need to be educated about rewards – what is on offer, who is eligible, and why it's important to implement rewards. Armed with the correct knowledge, managers can factor total rewards into their conversations with employees, especially when talking about performance.
- **Evaluate.** The purpose of a total rewards strategy is to drive engagement and performance to maximise retention efforts, so this needs to be measured. Organisations should leverage data and employee surveys to determine the effectiveness and sentiment of the strategy to uncover any concerns and inform future change management.

# Remuneration & benefits key challenges



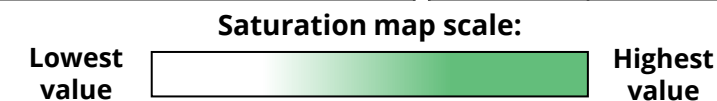
| n=                                                        | 424     | 75                  | 95              | 141          | 113             | 341       | 83          | 268              | 136                        | 20                    | 85             |
|-----------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key remuneration challenges? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Can't compete with external market rates                  | 41%     | 45%                 | 31%             | 45%          | 40%             | 42%       | 34%         | 36%              | 50%                        | 45%                   | 28%            |
| Lack of flexibility                                       | 19%     | 19%                 | 21%             | 23%          | 14%             | 20%       | 17%         | 16%              | 24%                        | 30%                   | 8%             |
| Lack of transparency                                      | 21%     | 24%                 | 28%             | 19%          | 17%             | 22%       | 19%         | 19%              | 26%                        | 25%                   | 16%            |
| Misalignment between performance and remuneration         | 32%     | 35%                 | 29%             | 39%          | 22%             | 31%       | 34%         | 25%              | 42%                        | 45%                   | 22%            |
| No structured management process                          | 22%     | 23%                 | 24%             | 26%          | 16%             | 23%       | 20%         | 21%              | 24%                        | 20%                   | 19%            |
| Process is too complicated                                | 12%     | 9%                  | 13%             | 14%          | 12%             | 12%       | 16%         | 11%              | 14%                        | 20%                   | 10%            |
| Process is too lengthy                                    | 13%     | 8%                  | 16%             | 14%          | 12%             | 14%       | 7%          | 12%              | 14%                        | 20%                   | 12%            |
| Remuneration spend is frequently over budget              | 18%     | 15%                 | 19%             | 18%          | 19%             | 18%       | 18%         | 19%              | 16%                        | 20%                   | 15%            |
| Remuneration spend is frequently under budget             | 8%      | 7%                  | 10%             | 9%           | 4%              | 8%        | 5%          | 9%               | 4%                         | 5%                    | 6%             |
| None - we have no challenges                              | 10%     | 4%                  | 5%              | 9%           | 20%             | 8%        | 18%         | 14%              | 4%                         | 0%                    | 23%            |



# Remuneration & benefits key challenges



| What are your organisation's key remuneration challenges? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for remuneration / compensation & benefits? |                             |                                      |                                 |                                            |                             |                                      |                                |                          |                          |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|---------------------------------|--------------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------|--------------------------|
|                                                           | Has fully implemented technology                                                                                                                            |                             |                                      |                                 | Does not have fully implemented technology |                             |                                      |                                | FIT                      | NFIT                     |
|                                                           | Total resp.<br>n = 178                                                                                                                                      | SMB<br>(1 - 199)<br>n = 112 | Mid-market<br>(200 - 1999)<br>n = 52 | Enterprise<br>(2000+)<br>n = 14 | Total resp.<br>n = 246                     | SMB<br>(1 - 199)<br>n = 156 | Mid-market<br>(200 - 1999)<br>n = 84 | Enterprise<br>(2000+)<br>n = 6 | SB<br>(1 - 49)<br>n = 43 | SB<br>(1 - 49)<br>n = 42 |
| Can't compete with external market rates                  | 38%                                                                                                                                                         | 35%                         | 46%                                  | 36%                             | 43%                                        | 37%                         | 52%                                  | 67%                            | 23%                      | 33%                      |
| Lack of flexibility                                       | 15%                                                                                                                                                         | 13%                         | 17%                                  | 21%                             | 22%                                        | 19%                         | 27%                                  | 50%                            | 9%                       | 7%                       |
| Lack of transparency                                      | 21%                                                                                                                                                         | 21%                         | 23%                                  | 21%                             | 22%                                        | 17%                         | 29%                                  | 33%                            | 21%                      | 12%                      |
| Misalignment between performance and remuneration         | 24%                                                                                                                                                         | 18%                         | 37%                                  | 29%                             | 37%                                        | 31%                         | 45%                                  | 83%                            | 23%                      | 21%                      |
| No structured management process                          | 12%                                                                                                                                                         | 12%                         | 13%                                  | 14%                             | 29%                                        | 28%                         | 31%                                  | 33%                            | 14%                      | 24%                      |
| Process is too complicated                                | 15%                                                                                                                                                         | 12%                         | 21%                                  | 21%                             | 11%                                        | 11%                         | 10%                                  | 17%                            | 12%                      | 10%                      |
| Process is too lengthy                                    | 16%                                                                                                                                                         | 13%                         | 17%                                  | 29%                             | 11%                                        | 11%                         | 12%                                  | 0%                             | 12%                      | 12%                      |
| Remuneration spend is frequently over budget              | 17%                                                                                                                                                         | 18%                         | 17%                                  | 7%                              | 19%                                        | 19%                         | 15%                                  | 50%                            | 9%                       | 21%                      |
| Remuneration spend is frequently under budget             | 5%                                                                                                                                                          | 7%                          | 2%                                   | 0%                              | 9%                                         | 11%                         | 6%                                   | 17%                            | 2%                       | 10%                      |
| None - we have no challenges                              | 13%                                                                                                                                                         | 19%                         | 6%                                   | 0%                              | 8%                                         | 11%                         | 4%                                   | 0%                             | 28%                      | 19%                      |

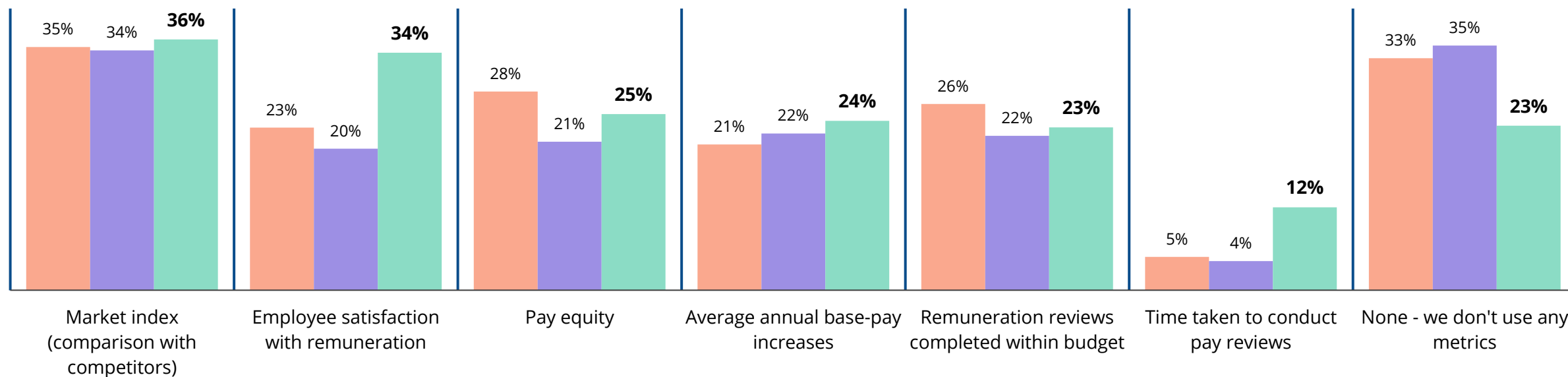


# Measuring remuneration process effectiveness



Which metric(s) does your organisation use to measure the effectiveness of its remuneration processes?

2019 (n = 507) 2020 (n = 602) 2021 (n = 423)





**1 in 4** respondents use pay equity as a metric



**1 in 3** enterprise organisations measure employee satisfaction with remuneration

## Summary:

The use of all metrics has increased since the 2020 survey. 'Employee satisfaction with remuneration' saw the largest increase, from 20% of respondents in 2020 to 34% in 2021. Encouragingly, the number of respondents who selected 'none – we don't use any metrics' has declined to 23%, a significant 12 percentage point drop from 2020. As seen in other areas of this report, technology has had an impact on the use of metrics. Respondents with remuneration technology fully implemented versus those without technology fully implemented saw the biggest gains in the use of these metrics: 'market index – comparison with competitors' (15 percentage point difference); 'employee satisfaction with remuneration' (14% difference); pay equity (10% difference).

## Insight:

As the labour market tightens, employee satisfaction with their remuneration is being considered by a larger number of organisations. There is another correlation worth calling out: the industries finding market competitiveness to be the biggest challenge are also the industries trying to combat the issue by measuring employee satisfaction with remuneration.

However, while fair and competitive remuneration will always be important, the drivers of employee satisfaction are diverse. For example, being treated with respect, providing regular employee recognition, creating a safe workplace, and empowering employees have all been shown to increase satisfaction. Once again, it's worth considering the holistic employee experience. In 2022, employees want to be seen as a valuable resource rather than an expense. Anything that can be done to show them that they matter will go a long way to garner loyalty. In its commentary around 2022 turnover trends, Gartner states: "To successfully retain staff, organisations must treat their employees like people, not workers, and invest in re-designing work to be more human-centric."

It's also worth noting that getting into a remuneration matching competition to retain employees or attract new employees is not sustainable. While salaries are a significant component of the cost of doing business, there are opportunities for organisations of all sizes to reduce waste and ensure they maximise the return on investment for every dollar spent. Knowing and tracking key remuneration metrics is an invaluable way to do this. Data has never been more important to make informed business decisions. Remuneration metrics help tell a large part of the people story and should be considered to give decision makers a holistic picture.

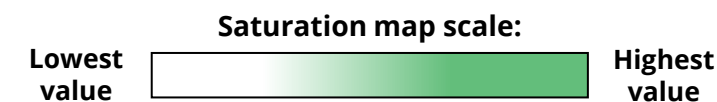
## Action:

- Identify the metrics that can most effectively assess the remuneration process. The use of metrics can help identify hot spots and key talent where retention and engagement initiatives are critical. This enables leaders to present business cases to do "something" to mitigate identified risks, rather than taking a blanket "do nothing" approach for all staff. For further insights, read ELMO Software's [whitepaper](#), which explains a range of key remuneration metrics and how they can be used and calculated. Tracking these regularly can help HR leaders spot opportunities, unlock savings, and prevent smaller issues from escalating into major problems.

# Measuring remuneration process effectiveness



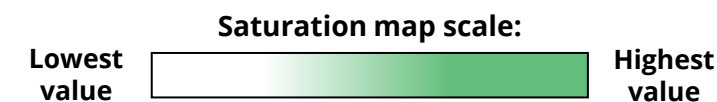
| n=                                                                                                     | 423     | 75                  | 95              | 140          | 113             | 340       | 83          | 268              | 135                        | 20                    | 85             |
|--------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the effectiveness of its remuneration processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Remuneration reviews completed within budget                                                           | 23%     | 21%                 | 23%             | 29%          | 17%             | 24%       | 19%         | 20%              | 30%                        | 25%                   | 17%            |
| Pay equity                                                                                             | 25%     | 24%                 | 20%             | 26%          | 29%             | 24%       | 28%         | 23%              | 30%                        | 25%                   | 21%            |
| Time taken to conduct pay reviews                                                                      | 12%     | 11%                 | 14%             | 16%          | 5%              | 13%       | 8%          | 13%              | 11%                        | 5%                    | 6%             |
| Employee satisfaction with remuneration                                                                | 34%     | 29%                 | 28%             | 36%          | 38%             | 35%       | 28%         | 35%              | 30%                        | 35%                   | 36%            |
| Market index (comparison with competitors)                                                             | 36%     | 39%                 | 29%             | 40%          | 34%             | 36%       | 33%         | 32%              | 44%                        | 25%                   | 29%            |
| Average annual base-pay increases                                                                      | 24%     | 21%                 | 28%             | 24%          | 22%             | 26%       | 17%         | 22%              | 27%                        | 30%                   | 20%            |
| None - we don't use any metrics                                                                        | 23%     | 16%                 | 17%             | 24%          | 33%             | 22%       | 29%         | 23%              | 24%                        | 15%                   | 28%            |



# Measuring remuneration process effectiveness



| Which metric(s) does your organisation use to measure the effectiveness of its remuneration processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for remuneration / compensation & benefits? |                             |                                      |                                 |                                            |                             |                                      |                                |                          |                          |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|---------------------------------|--------------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------|--------------------------|
|                                                                                                        | Has fully implemented technology                                                                                                                            |                             |                                      |                                 | Does not have fully implemented technology |                             |                                      |                                | FIT                      | NFIT                     |
|                                                                                                        | Total resp.<br>n = 176                                                                                                                                      | SMB<br>(1 - 199)<br>n = 111 | Mid-market<br>(200 - 1999)<br>n = 51 | Enterprise<br>(2000+)<br>n = 14 | Total resp.<br>n = 246                     | SMB<br>(1 - 199)<br>n = 156 | Mid-market<br>(200 - 1999)<br>n = 84 | Enterprise<br>(2000+)<br>n = 6 | SB<br>(1 - 49)<br>n = 43 | SB<br>(1 - 49)<br>n = 42 |
| Remuneration reviews completed within budget                                                           | 24%                                                                                                                                                         | 20%                         | 33%                                  | 29%                             | 17%                                        | 20%                         | 27%                                  | 17%                            | 21%                      | 14%                      |
| Pay equity                                                                                             | 29%                                                                                                                                                         | 25%                         | 41%                                  | 21%                             | 19%                                        | 21%                         | 23%                                  | 33%                            | 28%                      | 14%                      |
| Time taken to conduct pay reviews                                                                      | 10%                                                                                                                                                         | 10%                         | 12%                                  | 0%                              | 11%                                        | 15%                         | 11%                                  | 17%                            | 5%                       | 7%                       |
| Employee satisfaction with remuneration                                                                | 38%                                                                                                                                                         | 42%                         | 35%                                  | 21%                             | 24%                                        | 31%                         | 27%                                  | 67%                            | 47%                      | 26%                      |
| Market index (comparison with competitors)                                                             | 40%                                                                                                                                                         | 37%                         | 53%                                  | 21%                             | 25%                                        | 29%                         | 38%                                  | 33%                            | 33%                      | 26%                      |
| Average annual base-pay increases                                                                      | 24%                                                                                                                                                         | 18%                         | 35%                                  | 29%                             | 19%                                        | 26%                         | 21%                                  | 33%                            | 16%                      | 24%                      |
| None - we don't use any metrics                                                                        | 18%                                                                                                                                                         | 21%                         | 12%                                  | 21%                             | 27%                                        | 26%                         | 32%                                  | 0%                             | 21%                      | 36%                      |

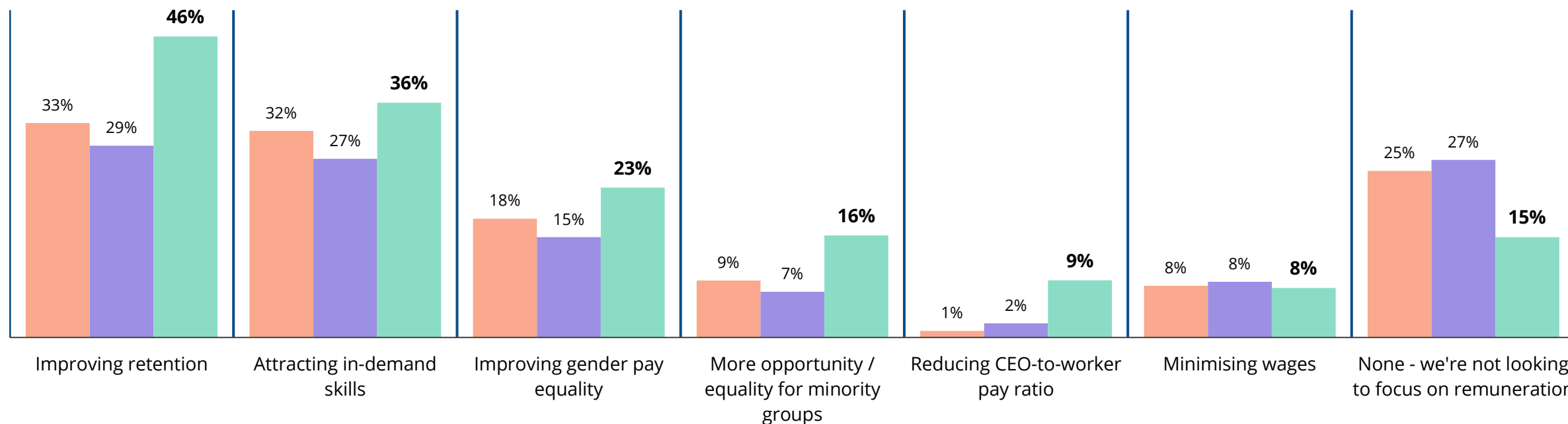


# Remuneration & benefits focus areas



Which of the following areas of remuneration is your organisation planning to focus on over the next 12 months?

2019 (n = 507) 2020 (n = 601) 2021 (n = 423)



## Summary:

While mainstays such as improving retention and attracting in-demand skills remain important focus areas, a key result in 2021 was the increase in the percentage of organisations that are focused on improving gender pay equity and providing more opportunity / equality for minority groups. This is particularly apparent for mid-market and enterprise respondents. Overall, 1 in 5 respondents (25%) use pay equity as a metric to assess their remuneration systems and processes, and 1 in 4 (23%) said improving gender parity was a focus.

## Insight:

It's worth noting the 12 percentage point drop from 2020 in the number of respondents who selected 'none – we're not looking to focus on remuneration'. This is an indication that employers are concerned about potentially losing valued employees in 2022 and are reviewing their remuneration approach to combat this. The focus on both attracting and retaining employees through remuneration is a positive sign. Often organisations will focus on bringing in new talent on higher remuneration at the expense of existing employees. This pay imbalance is a recipe for dissatisfaction and disengagement. As stated earlier in this report, it's extremely difficult to understand the impact of proposed changes to rem budgets – or simply where to focus rem strategies – without appropriate metrics in place.

The renewed focus on improving gender pay equity, following the dip in 2020 when many organisations bunkered down to 'survival mode' and cost-cutting, is refreshing to see. While COVID-19 impacted organisations in numerous ways, one consistent feature across sectors was the disproportionate impact on female workers. Many cost and risk management measures that appeared innocuous in fact hit women's roles hardest and this impact was also seen in the widening gender pay gap. May 2021 statistics from the Workplace Gender Equality Agency (WGEA) showed the gender pay gap in Australia stood at 14.2%. In May 2020 – just as the pandemic hit – this figure was 14%. In New Zealand, the [latest report](#) from Stats NZ (June 2021) found the gender pay gap remains largely unchanged at around 9.1%.

Pay equity is an important part of workplace gender equality and a priority across many organisations to deliver on their organisational values and talent strategy. As this [Forbes article](#) suggests, workplaces prioritising gender equality attract better talent, while gender diversity at the leadership level correlates to better financial results and long-term value.

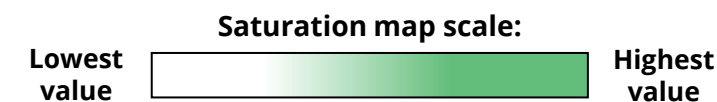
## Action:

- Use key HR metrics to understand the link between remuneration and employee engagement and retention. Although fair remuneration is not the only reason people show up to work, it is always going to be an important element.
- Ensure that the current two-pronged focus areas of attraction and retention do not generate remuneration inequalities amongst new hires and longer tenured employees.
- Review remuneration practices across the organisation to ensure there are no gender or minority group-related pay disparities – and if disparities do exist, develop a long-term strategy to systemically close those gaps. For tips on how to close the gender pay gap, read the WGEA's report, [She's Price\(d\)less: The Economics of the Gender Pay Gap](#).

# Remuneration & benefits focus areas



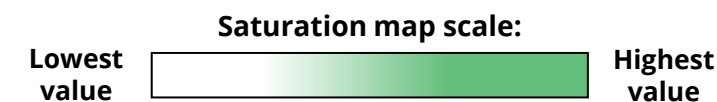
| n=                                                                                                              | 423     | 75                  | 95              | 140          | 113             | 340       | 83          | 268              | 135                        | 20                    | 85             |
|-----------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which of the following areas of remuneration is your organisation planning to focus on over the next 12 months? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Improving retention                                                                                             | 46%     | 44%                 | 48%             | 49%          | 42%             | 47%       | 43%         | 41%              | 56%                        | 45%                   | 29%            |
| Attracting in-demand skills                                                                                     | 36%     | 33%                 | 31%             | 39%          | 38%             | 37%       | 31%         | 36%              | 36%                        | 30%                   | 34%            |
| Minimising wages                                                                                                | 8%      | 4%                  | 10%             | 10%          | 4%              | 8%        | 7%          | 9%               | 4%                         | 15%                   | 2%             |
| Improving gender pay equality                                                                                   | 23%     | 21%                 | 29%             | 27%          | 13%             | 23%       | 23%         | 17%              | 32%                        | 40%                   | 9%             |
| More opportunity / equality for minority groups                                                                 | 16%     | 12%                 | 23%             | 16%          | 11%             | 17%       | 10%         | 15%              | 18%                        | 10%                   | 7%             |
| Reducing CEO-to-worker pay ratio                                                                                | 9%      | 12%                 | 9%              | 9%           | 6%              | 9%        | 10%         | 11%              | 4%                         | 10%                   | 7%             |
| None - we're not looking to focus on remuneration                                                               | 15%     | 8%                  | 7%              | 15%          | 27%             | 16%       | 13%         | 18%              | 10%                        | 10%                   | 33%            |



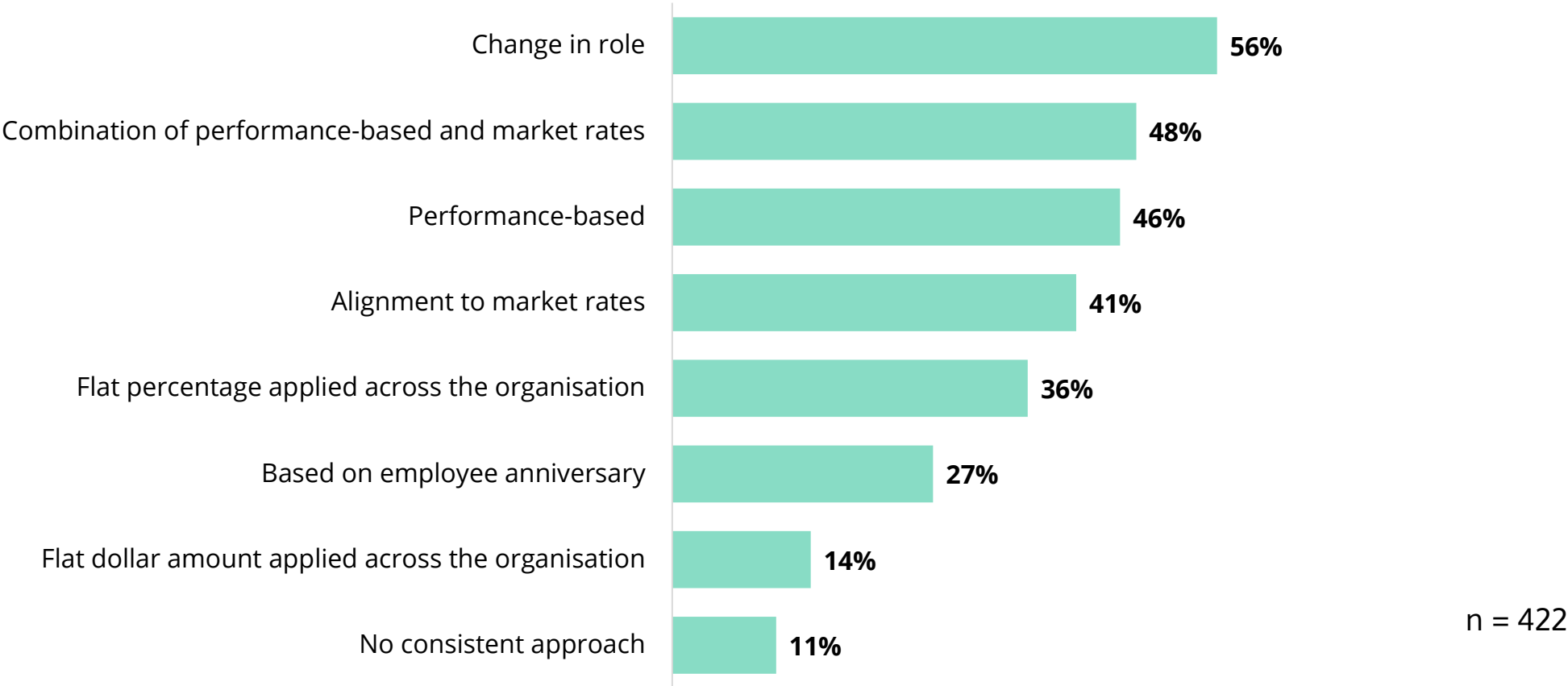
# Remuneration & benefits focus areas



| Which of the following areas of remuneration is your organisation planning to focus on over the next 12 months?<br>(Please select all that apply) | Which of the following stages best describes your organisation's current state of HR and payroll and technology for remuneration / compensation & benefits? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                   | Has fully implemented technology                                                                                                                            |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                   | Total resp.                                                                                                                                                 | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                   | n = 177                                                                                                                                                     | n = 112          | n = 51                     | n = 14                | n = 246                                    | n = 156          | n = 84                     | n = 6                 | n = 43         | n = 42         |
| Improving retention                                                                                                                               | 42%                                                                                                                                                         | 35%              | 61%                        | 29%                   | 49%                                        | 46%              | 54%                        | 83%                   | 23%            | 36%            |
| Attracting in-demand skills                                                                                                                       | 36%                                                                                                                                                         | 37%              | 37%                        | 21%                   | 36%                                        | 36%              | 36%                        | 50%                   | 30%            | 38%            |
| Minimising wages                                                                                                                                  | 6%                                                                                                                                                          | 6%               | 4%                         | 14%                   | 9%                                         | 10%              | 5%                         | 17%                   | 2%             | 2%             |
| Improving gender pay equality                                                                                                                     | 22%                                                                                                                                                         | 15%              | 35%                        | 29%                   | 24%                                        | 19%              | 30%                        | 67%                   | 12%            | 7%             |
| More opportunity / equality for minority groups                                                                                                   | 14%                                                                                                                                                         | 13%              | 18%                        | 7%                    | 17%                                        | 16%              | 18%                        | 17%                   | 2%             | 12%            |
| Reducing CEO-to-worker pay ratio                                                                                                                  | 10%                                                                                                                                                         | 13%              | 6%                         | 0%                    | 8%                                         | 9%               | 4%                         | 33%                   | 12%            | 2%             |
| None - we're not looking to focus on remuneration                                                                                                 | 16%                                                                                                                                                         | 21%              | 6%                         | 14%                   | 15%                                        | 17%              | 13%                        | 0%                    | 40%            | 26%            |



How does your organisation most commonly apply remuneration changes?



## Summary:

A new question in this year's survey, the results show that more than half of respondents (56%) use a change in role to trigger a remuneration adjustment. In other cases, employers are considering both internal factors such as employee performance and external factors such as market rates.

## Insight:

The days of applying a flat percentage remuneration increase across the organisation are long gone – or they should be. It's disheartening to see that more than a third (36%) of respondents still use this method – although this may relate to salary adjustments to take CPI increases into consideration. This blanket approach may also be a result of union-based / collective bargaining. However, there may be other elements at play. Differentiating pay by other means may simply be deemed 'too hard', or there may not be internal expertise on how to do this effectively.

As the survey results suggest, perhaps the two most important considerations when applying remuneration changes are market rates and employee performance. For the former, employees want to know they are being paid a fair rate for their skills and expertise. It helps to know what's happening in your sector or industry. Given that an inability to compete with market rates was cited as the top remuneration challenge, it's imperative that an understanding of market trends is factored into decisions about remuneration. Not every employer will set salaries that match the averages, of course. The size of the organisation and the region it operates in will play a part.

In terms of using employee performance as a guide to remuneration, a starting point is to check the employee's latest performance review. Use this data to identify if the employee has exceeded goals and targets in the past year. It's worth taking a holistic view and not concentrate solely on key performance indicators (KPIs) and other tangible results. For example, an employee may have mentored a new employee, introduced new systems to the organisation, or put their hand up for additional responsibilities. Perhaps a project was delivered ahead of schedule and achieved results far beyond what was expected. Also consider their attitude to work and performance. Do they have a positive impact on colleagues? Perhaps they are always willing to share knowledge and insights to help colleagues?

Finally, it's worth remembering that while the pandemic caused many organisations to freeze or reduce salaries, it didn't necessarily mean that promotions were also paused. According to these insights from Korn Ferry, more than three-quarters of leaders said the pandemic did not stop their organisation's promotion cycles. While a change in job title would normally correlate to a pay increase, if this did not occur, those same employees will be looking to remedy this in 2022.

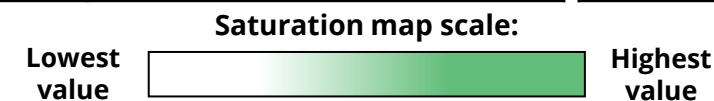
## Action:

- Undertake research on external market rates. Many major recruiters and other remuneration consultancies produce salary guides based on market surveys, which can be used to gain an understanding of remuneration by job, location and industry.
- The link between performance management processes and remuneration has never been more critical. Without appropriate performance management systems in place, it's difficult to ascertain who is deserving of more pay, simply because there's no clear understanding of who is a high performer, who is an average performer, and who is an under-performer. Deciding who will receive a pay rise, and the value of each individual increase, requires considered and fair evaluation, using set factors that can be applied equally to each employee.
- While promotions typically come with a pay rise, if your organisation hasn't been in a financial position to offer a salary increase in line with an employee's wider responsibilities, assure them this will be prioritised as soon as circumstances allow.

# Application of remuneration



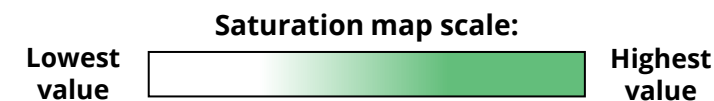
| n=                                                                   | 422     | 75                  | 95              | 139          | 113             | 339       | 83          | 267              | 135                        | 20                    | 85             |
|----------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How does your organisation most commonly apply remuneration changes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Performance-based                                                    | 46%     | 44%                 | 50%             | 46%          | 43%             | 45%       | 48%         | 49%              | 41%                        | 45%                   | 48%            |
| Alignment to market rates                                            | 41%     | 37%                 | 46%             | 40%          | 42%             | 41%       | 41%         | 41%              | 43%                        | 40%                   | 36%            |
| Combination of performance-based and market rates                    | 48%     | 44%                 | 42%             | 48%          | 54%             | 45%       | 59%         | 48%              | 50%                        | 25%                   | 49%            |
| Flat dollar amount applied across the organisation                   | 14%     | 17%                 | 14%             | 17%          | 9%              | 14%       | 16%         | 16%              | 11%                        | 15%                   | 10%            |
| Flat percentage applied across the organisation                      | 36%     | 43%                 | 45%             | 35%          | 27%             | 39%       | 27%         | 33%              | 41%                        | 45%                   | 28%            |
| Based on employee anniversary                                        | 27%     | 20%                 | 33%             | 26%          | 27%             | 26%       | 28%         | 26%              | 25%                        | 45%                   | 24%            |
| Change in role                                                       | 56%     | 63%                 | 55%             | 53%          | 55%             | 56%       | 53%         | 51%              | 66%                        | 55%                   | 49%            |
| No consistent approach                                               | 10%     | 11%                 | 4%              | 12%          | 14%             | 11%       | 10%         | 12%              | 7%                         | 10%                   | 17%            |



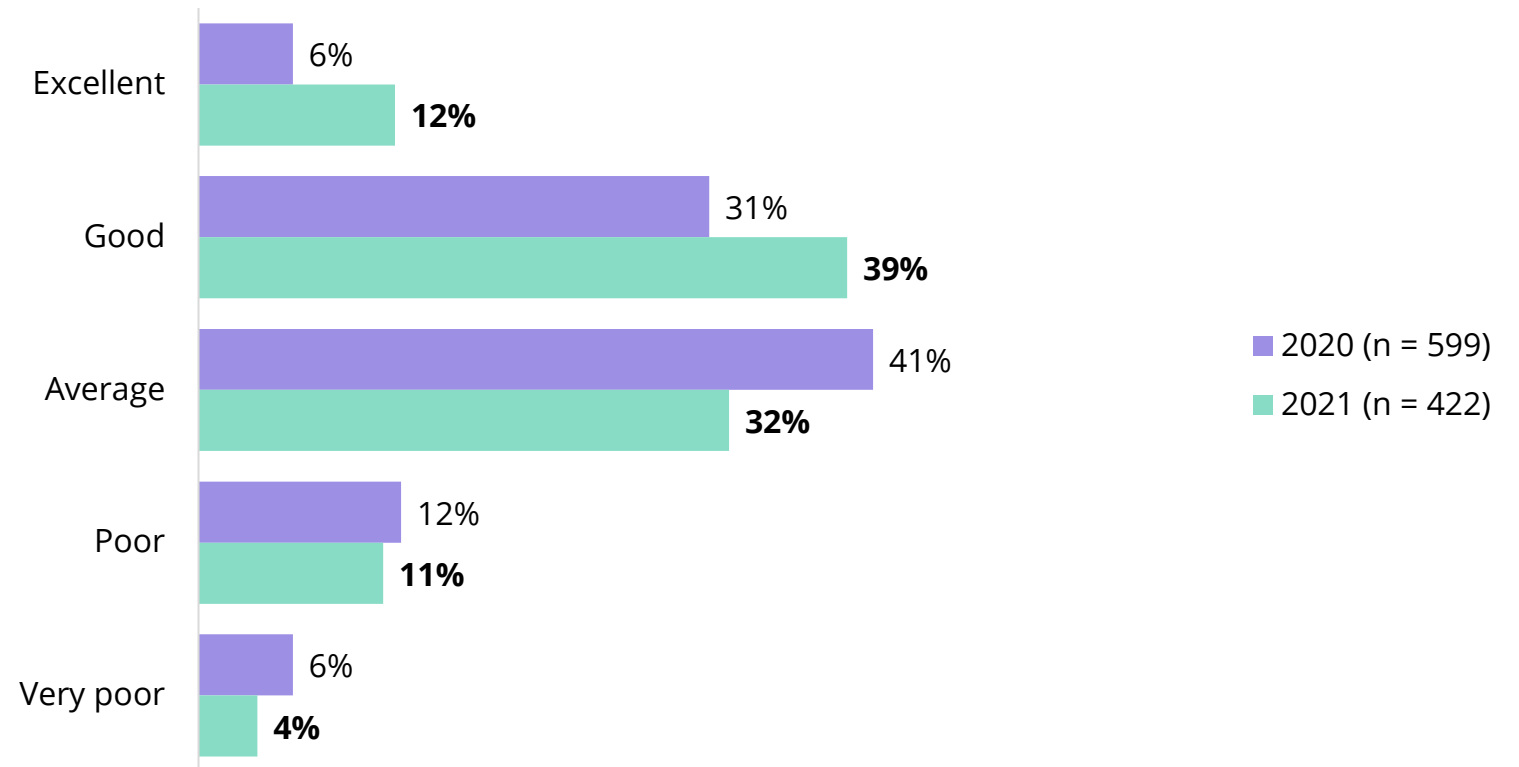
# Application of remuneration



| How does your organisation most commonly apply remuneration changes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for remuneration / compensation & benefits? |                             |                                      |                                 |                                            |                             |                                      |                                |                          |                          |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|---------------------------------|--------------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------|--------------------------|
|                                                                      | Has fully implemented technology                                                                                                                            |                             |                                      |                                 | Does not have fully implemented technology |                             |                                      |                                | FIT                      | NFIT                     |
|                                                                      | Total resp.<br>n = 176                                                                                                                                      | SMB<br>(1 - 199)<br>n = 111 | Mid-market<br>(200 - 1999)<br>n = 51 | Enterprise<br>(2000+)<br>n = 14 | Total resp.<br>n = 246                     | SMB<br>(1 - 199)<br>n = 156 | Mid-market<br>(200 - 1999)<br>n = 84 | Enterprise<br>(2000+)<br>n = 6 | SB<br>(1 - 49)<br>n = 43 | SB<br>(1 - 49)<br>n = 42 |
| Performance-based                                                    | 73%                                                                                                                                                         | 72%                         | 78%                                  | 57%                             | 70%                                        | 71%                         | 69%                                  | 50%                            | 70%                      | 69%                      |
| Alignment to market rates                                            | 47%                                                                                                                                                         | 48%                         | 47%                                  | 36%                             | 38%                                        | 36%                         | 40%                                  | 50%                            | 44%                      | 29%                      |
| Combination of performance-based and market rates                    | 48%                                                                                                                                                         | 50%                         | 51%                                  | 14%                             | 48%                                        | 46%                         | 50%                                  | 50%                            | 44%                      | 55%                      |
| Flat dollar amount applied across the organisation                   | 16%                                                                                                                                                         | 19%                         | 12%                                  | 7%                              | 13%                                        | 13%                         | 11%                                  | 33%                            | 12%                      | 10%                      |
| Flat percentage applied across the organisation                      | 36%                                                                                                                                                         | 33%                         | 39%                                  | 43%                             | 37%                                        | 33%                         | 43%                                  | 50%                            | 26%                      | 31%                      |
| Based on employee anniversary                                        | 28%                                                                                                                                                         | 26%                         | 24%                                  | 57%                             | 26%                                        | 26%                         | 26%                                  | 17%                            | 26%                      | 24%                      |
| Change in role                                                       | 58%                                                                                                                                                         | 49%                         | 75%                                  | 71%                             | 54%                                        | 53%                         | 61%                                  | 17%                            | 53%                      | 45%                      |
| No consistent approach                                               | 7%                                                                                                                                                          | 9%                          | 2%                                   | 7%                              | 13%                                        | 14%                         | 11%                                  | 17%                            | 16%                      | 19%                      |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing remuneration / compensation & benefits?





**1 in 5** respondents gave a 'poor' rating to their remuneration systems and processes



**1 in 2** respondents rated their remuneration systems and processes as either 'good' or 'excellent'

## Summary:

The number of respondents rating their remuneration systems and processes as 'good' or 'excellent' increased from 37% in 2020 to 51% in 2021. The results show that satisfaction rates decline the larger an organisation becomes. 41% of small business respondents and 43% of SMB respondents rated their processes and systems as 'good'. This declined to just 10% of enterprise respondents. In addition, 1 in 5 enterprise respondents gave a 'poor' rating, higher than any other size category. Technology has a noticeable positive impact. Some 61% of respondents with technology fully implemented gave their scores as 'good' or 'excellent' versus 43% of respondents without technology fully implemented.

## Insight:

Since the 2020 survey, there appears to have been an increased focus on remuneration systems and processes. Given the current climate and pressures on HR teams to retain and attract key talent, and make remuneration budgets stretch further, this was perhaps inevitable.

Managing remuneration is an inescapable part of having employees. Remuneration frameworks and processes form the foundation of employment relationships. Therefore, being able to deliver key remuneration processes efficiently and effectively can save time and money, and free up HR teams to focus on more pressing people issues.

It's also apparent that having a remuneration and benefits framework is critical to attracting and retaining high calibre talent. While larger organisations are more likely to have a remuneration and benefits specialist capable of creating such a framework, smaller organisations tend to have two 'types' of people responsible for their remuneration process. The first 'type' is savvy with numbers and potentially crunches the data manually to ensure the technology is giving them the same result. The second 'type' of person relies solely on the technology but does not know how to calculate the numbers, or how to interpret the meaning behind the numbers to spot anomalies or opportunities. This is where partnering with a remuneration and benefits technology specialist can help smaller organisations to analyse their data and draw more meaningful insights.

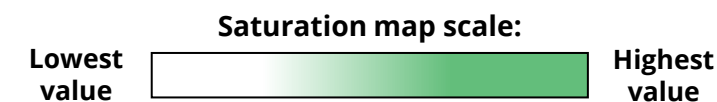
## Action:

- Consider how technology can help with remuneration processes. The use of technology significantly increases the chance of respondents rating their organisation's remuneration processes favourably. Technology can help stretch remuneration budgets further, enables deeper analysis of trends to occur, and can help ensure consistency across the business so that all rem decisions are fair.
- Concentrate on developing a well-thought-out framework. Technology is not the sole answer. Similar to other topics covered in this report, one cannot lay a technology platform over a poor framework and expect it to become effective.

# Internal systems and processes



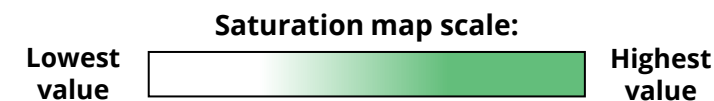
| n=                                                                                                                                                              | 422     | 75                  | 95              | 139          | 113             | 339       | 83          | 267              | 135                        | 20                    | 85             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing remuneration / compensation & benefits? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                                       | 12%     | 13%                 | 9%              | 12%          | 13%             | 11%       | 17%         | 13%              | 8%                         | 20%                   | 14%            |
| Good                                                                                                                                                            | 39%     | 33%                 | 41%             | 40%          | 41%             | 39%       | 41%         | 43%              | 36%                        | 10%                   | 41%            |
| Average                                                                                                                                                         | 32%     | 33%                 | 35%             | 32%          | 29%             | 34%       | 24%         | 31%              | 33%                        | 40%                   | 27%            |
| Poor                                                                                                                                                            | 11%     | 9%                  | 8%              | 14%          | 12%             | 12%       | 7%          | 8%               | 16%                        | 20%                   | 11%            |
| Very poor                                                                                                                                                       | 4%      | 5%                  | 3%              | 3%           | 4%              | 4%        | 4%          | 3%               | 6%                         | 0%                    | 2%             |



# Internal systems and processes



| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing remuneration / compensation & benefits? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for remuneration / compensation & benefits? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                                 | Has fully implemented technology                                                                                                                            |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                                 | Total resp.                                                                                                                                                 | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                                 | n = 176                                                                                                                                                     | n = 111          | n = 51                     | n = 14                | n = 246                                    | n = 156          | n = 84                     | n = 6                 | n = 43         | n = 42         |
| Excellent                                                                                                                                                       | 15%                                                                                                                                                         | 17%              | 12%                        | 14%                   | 9%                                         | 10%              | 6%                         | 33%                   | 16%            | 12%            |
| Good                                                                                                                                                            | 46%                                                                                                                                                         | 50%              | 45%                        | 14%                   | 34%                                        | 37%              | 31%                        | 0%                    | 51%            | 31%            |
| Average                                                                                                                                                         | 28%                                                                                                                                                         | 24%              | 31%                        | 43%                   | 35%                                        | 35%              | 35%                        | 33%                   | 26%            | 29%            |
| Poor                                                                                                                                                            | 7%                                                                                                                                                          | 5%               | 8%                         | 21%                   | 14%                                        | 10%              | 20%                        | 17%                   | 5%             | 17%            |
| Very poor                                                                                                                                                       | 1%                                                                                                                                                          | 1%               | 2%                         | 0%                    | 5%                                         | 4%               | 8%                         | 0%                    | 0%             | 5%             |



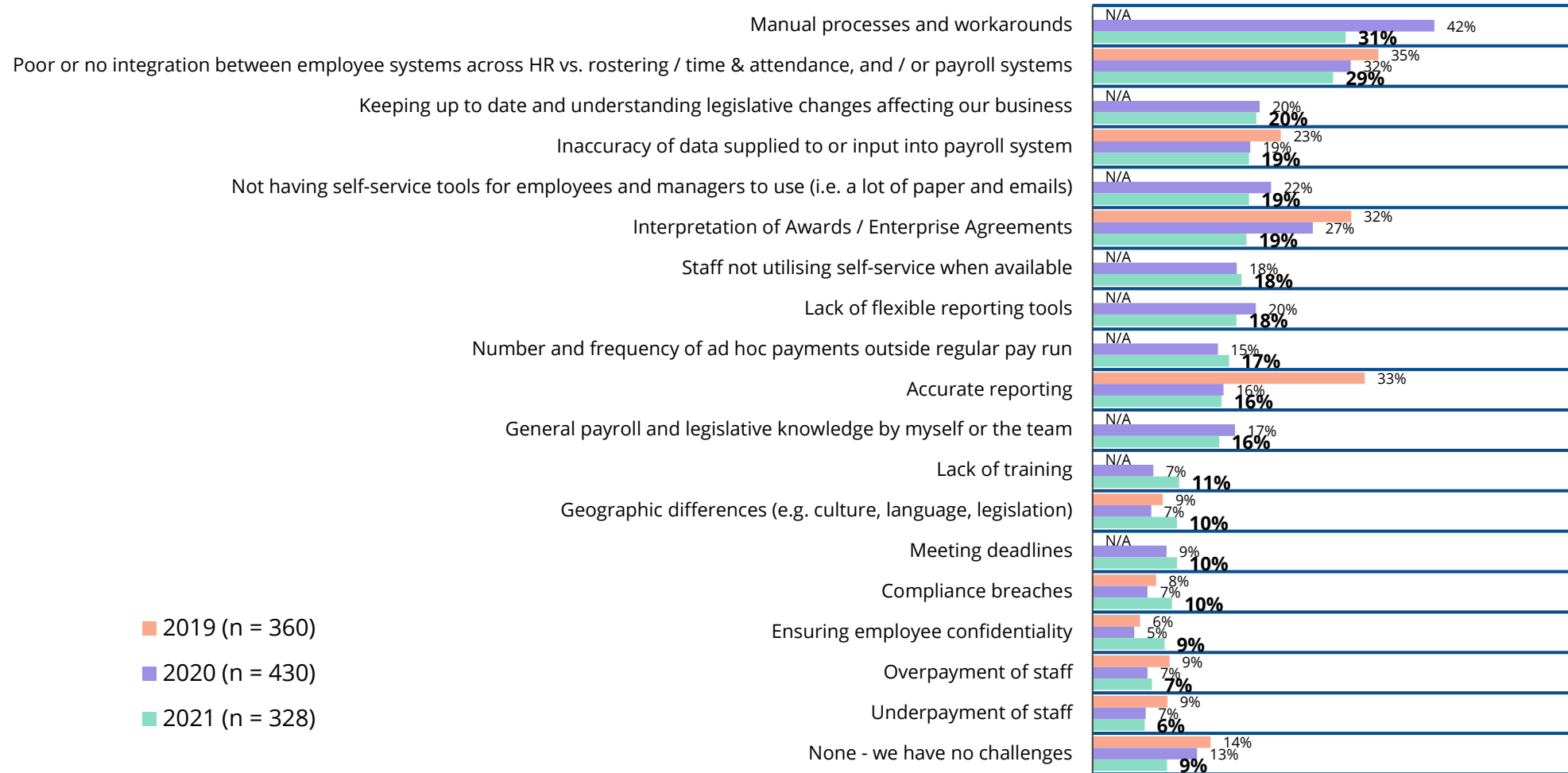
# Appendix J: Payroll



# Payroll key challenges



## What are your organisation's key payroll challenges?



## Summary:

Replicating the 2020 results, the biggest payroll challenge in 2021 was 'manual processes and workarounds'. Although this was the top challenge cited regardless of business size, it's most prevalent in the mid-market segment, with 45% of those respondents selecting it as a challenge. Approximately a quarter of respondents in the other size segments said this was a challenge. Surprisingly, this remains a challenge for those respondents with technology fully implemented. Indeed, the second biggest challenge relates directly to technology and shows that tech is not the silver bullet for resolving all issues: 'poor integrations across HR / payroll / rostering / time & attendance systems' (cited by 29% of all respondents). Unlike other areas of this report, the impact of technology on payroll challenges is less pronounced. Twelve of the 19 listed challenges declined for those with technology implemented. For example, areas such as 'inaccuracy of data supplied to or input into the payroll system' and 'interpretation of awards / enterprise agreements' were only marginally improved with technology.

## Insight:

Existing and long-standing payroll challenges continued to be compounded by COVID-19 in 2021. Indeed, few areas of business operations have been impacted as heavily throughout the pandemic as the payroll function. This can even be seen in seemingly unrelated challenges. For example, although the significant challenge of 'poor integration of HR / payroll / rostering / time & attendance systems' mirrored the 2020 results, in 2021 the complexity and time required to implement new systems were exacerbated by the pandemic; many organisations simply did not want to undergo major changes around new system implementations.

While 'manual processes and workarounds' remained the top challenge, it's worth noting that this was not the case for enterprise respondents, which saw a drop from 58% of respondents selecting this in 2020 to 25% in 2021. Although enterprise respondents were only a small percentage of the overall sample size, it's fair to hypothesise that this was likely due to the easing of government wage subsidy programs such as Australia's JobKeeper or New Zealand's 2020 Wage Subsidy. Most enterprise organisations were not eligible for this support throughout 2021. In addition, most payroll systems did not have an automated process for these subsidies during the early stage of the pandemic. In many cases, payroll professionals had to cope with the time-consuming, laborious process of uploading and dealing with exceptions, and in some cases, transposing data manually. Fortunately, by 2021 many payroll software vendors had improved their ability to handle these kinds of disruptions.

It is to the payroll profession's credit that compliance breaches, as well as underpayments and overpayments, were rated quite low on the list of challenges. In 2021, there was also a decline in award and enterprise agreement interpretation being cited as a challenge. This is no doubt due to the increased adoption of automated interpretation through smart HR and payroll technology.

It's also worth noting that small business respondents rated all challenges lower than their larger counterparts and just under a third (28%) said they had no payroll challenges at all. This is likely due to most small business operators utilising the services of accountants to look after payroll processes. While this makes sense due to the time commitments and specialised compliance knowledge required, it could also reflect the mentality that HR is something that only larger organisations need to be concerned about. In reality, any type of people management falls under the umbrella of human resources management and the risk of getting things like payroll wrong ultimately rests with business owners.

For some organisations, there's a lingering reluctance to help their payroll teams to deal with admin and minimising payroll inaccuracies; a common expectation is that payroll will simply "fix things". More than that, there may be an expectation that their payroll software will keep them out of trouble. However, this is dangerous. More experienced payroll professionals are aware of their compliance obligations and stay on top of changing legislation. This will continue throughout 2022, not only due to the significant focus from company boards on areas such as cybersecurity (as outlined in [this report](#) by Gartner), but also with significant government initiatives rolling out, such as Australia's [Single Touch Payroll Phase 2](#), and changes to New Zealand's [Holidays Act](#). These issues will impact payroll system implementation, payroll reporting, and compliance and reinforces just how critical continuous professional development is for payroll professionals.



**1 in 3** respondents said manual processes and workarounds was a payroll challenge



**1 in 5** respondents said keeping up to date with and understanding legislation was a payroll challenge

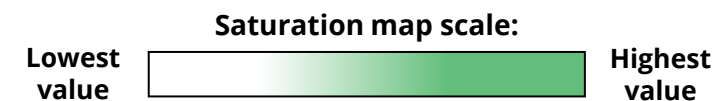
#### Action:

- Manual workarounds remain a challenge for payroll. Payroll professionals don't need to be calculating pay manually; however, they do need to know that if something needs to be changed, and it's happening for the first time, that the change is implemented correctly. This is where over-reliance on technology can be risky. Today's payroll professionals must be aware of what's changing and who it impacts. Continuous professional development and always being alert to changing legislation and regulations is a better response than relying solely on a system to dictate what is compliant.
- Training for payroll professionals is not just about staying on top of compliance and legislation; it's also about getting the most from any technology solution. For example, understanding how to set up and run relevant reports.
- When it comes to technology, it's possible to lead a horse to the water but there's no guarantee that it will drink. In this context, it's possible to encourage the use of employee self-service tools, for example, but these tools will only make a difference if they are followed through with genuine process change. It's all too easy to implement new technology only to revert to previous processes. It's also important to ensure any payroll software solution does the job it needs to – often this is not the case if higher level executives decide and sign off on a tech investment without first checking it has the right level of functionality with those who implement and use the technology.

# Payroll key challenges – Part 1



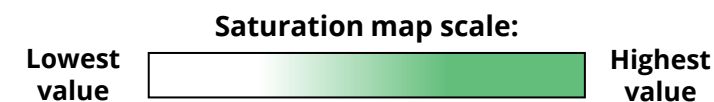
| n=                                                                              | 328     | 56                  | 74              | 112          | 86              | 267       | 61          | 224              | 92                         | 12                    | 68             |
|---------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key payroll challenges?                            | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Accurate reporting                                                              | 16%     | 11%                 | 17%             | 21%          | 12%             | 17%       | 11%         | 13%              | 24%                        | 8%                    | 10%            |
| Compliance breaches                                                             | 10%     | 5%                  | 16%             | 9%           | 8%              | 11%       | 5%          | 8%               | 13%                        | 25%                   | 0%             |
| Ensuring employee confidentiality                                               | 9%      | 7%                  | 13%             | 11%          | 3%              | 10%       | 5%          | 10%              | 5%                         | 8%                    | 12%            |
| General payroll and legislative knowledge by myself or the team                 | 16%     | 16%                 | 19%             | 16%          | 12%             | 16%       | 15%         | 14%              | 17%                        | 25%                   | 12%            |
| Geographic differences (e.g. culture, language, legislation)                    | 10%     | 14%                 | 11%             | 11%          | 7%              | 10%       | 11%         | 12%              | 7%                         | 8%                    | 10%            |
| Inaccuracy of data supplied to or input into payroll system                     | 19%     | 30%                 | 17%             | 19%          | 14%             | 19%       | 18%         | 14%              | 32%                        | 25%                   | 4%             |
| Interpretation of Awards / Enterprise Agreements                                | 19%     | 20%                 | 15%             | 22%          | 17%             | 23%       | 2%          | 16%              | 28%                        | 0%                    | 4%             |
| Keeping up to date and understanding legislative changes affecting our business | 20%     | 21%                 | 12%             | 22%          | 23%             | 22%       | 13%         | 19%              | 22%                        | 25%                   | 20%            |
| Lack of flexible reporting tools                                                | 18%     | 13%                 | 24%             | 16%          | 17%             | 18%       | 16%         | 17%              | 18%                        | 25%                   | 10%            |
| Lack of training                                                                | 11%     | 14%                 | 12%             | 13%          | 3%              | 12%       | 3%          | 9%               | 14%                        | 17%                   | 4%             |



# Payroll key challenges – Part 2



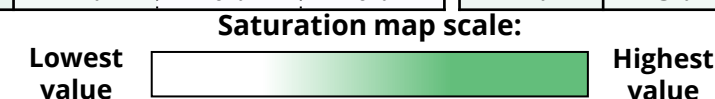
| n=                                                                                                                    | 328     | 56                  | 74              | 112          | 86              | 267       | 61          | 224              | 92                         | 12                    | 68             |
|-----------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key payroll challenges?                                                                  | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Manual processes and workarounds                                                                                      | 31%     | 32%                 | 33%             | 32%          | 27%             | 34%       | 20%         | 26%              | 45%                        | 25%                   | 23%            |
| Meeting deadlines                                                                                                     | 10%     | 16%                 | 5%              | 13%          | 7%              | 12%       | 3%          | 7%               | 16%                        | 33%                   | 3%             |
| Not having self-service tools for employees and managers to use (i.e. a lot of paper and emails)                      | 19%     | 30%                 | 23%             | 21%          | 7%              | 20%       | 15%         | 20%              | 21%                        | 0%                    | 14%            |
| Number and frequency of ad hoc payments outside regular pay run                                                       | 17%     | 23%                 | 13%             | 19%          | 13%             | 19%       | 8%          | 12%              | 27%                        | 25%                   | 7%             |
| Overpayment of staff                                                                                                  | 7%      | 9%                  | 3%              | 10%          | 7%              | 8%        | 3%          | 6%               | 11%                        | 8%                    | 3%             |
| Poor or no integration between employee systems across HR vs. rostering / time & attendance, and / or payroll systems | 29%     | 29%                 | 29%             | 30%          | 29%             | 32%       | 20%         | 28%              | 30%                        | 42%                   | 22%            |
| Staff not utilising self-service when available                                                                       | 18%     | 29%                 | 13%             | 22%          | 10%             | 17%       | 25%         | 14%              | 28%                        | 17%                   | 17%            |
| Underpayment of staff                                                                                                 | 6%      | 9%                  | 7%              | 7%           | 3%              | 7%        | 5%          | 5%               | 10%                        | 0%                    | 6%             |
| None - we have no challenges                                                                                          | 9%      | 0%                  | 4%              | 11%          | 16%             | 8%        | 13%         | 12%              | 1%                         | 0%                    | 28%            |



# Payroll key challenges



| What are your organisation's key payroll challenges?                                                                  | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>payroll</b> ? |                      |                        |                  |                                            |                     |                        |                  |                     |                    |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------|------------------|--------------------------------------------|---------------------|------------------------|------------------|---------------------|--------------------|
|                                                                                                                       | Has fully implemented technology                                                                                                     |                      |                        |                  | Does not have fully implemented technology |                     |                        |                  | FIT                 | NFIT               |
|                                                                                                                       | Total resp.                                                                                                                          | SMB                  | Mid-market             | Enterprise       | Total resp.                                | SMB                 | Mid-market             | Enterprise       | SB                  | SB                 |
|                                                                                                                       | n = 246                                                                                                                              | (1 - 199)<br>n = 166 | (200 - 1999)<br>n = 71 | (2000+)<br>n = 9 | n = 82                                     | (1 - 199)<br>n = 58 | (200 - 1999)<br>n = 21 | (2000+)<br>n = 3 | (1 - 49)<br>n = 117 | (1 - 49)<br>n = 39 |
| Accurate reporting                                                                                                    | 17%                                                                                                                                  | 13%                  | 28%                    | 0%               | 12%                                        | 12%                 | 10%                    | 33%              | 15%                 | 10%                |
| Compliance breaches                                                                                                   | 9%                                                                                                                                   | 7%                   | 11%                    | 22%              | 12%                                        | 9%                  | 19%                    | 33%              | 10%                 | 13%                |
| Ensuring employee confidentiality                                                                                     | 7%                                                                                                                                   | 9%                   | 3%                     | 11%              | 13%                                        | 14%                 | 14%                    | 0%               | 8%                  | 15%                |
| General payroll and legislative knowledge by myself or the team                                                       | 15%                                                                                                                                  | 14%                  | 15%                    | 22%              | 17%                                        | 14%                 | 24%                    | 33%              | 14%                 | 21%                |
| Geographic differences (e.g. culture, language, legislation)                                                          | 9%                                                                                                                                   | 11%                  | 7%                     | 0%               | 13%                                        | 16%                 | 5%                     | 33%              | 11%                 | 18%                |
| Inaccuracy of data supplied to or input into payroll system                                                           | 19%                                                                                                                                  | 12%                  | 35%                    | 22%              | 20%                                        | 19%                 | 19%                    | 33%              | 15%                 | 28%                |
| Interpretation of Awards / Enterprise Agreements                                                                      | 18%                                                                                                                                  | 14%                  | 30%                    | 0%               | 21%                                        | 21%                 | 24%                    | 0%               | 20%                 | 26%                |
| Keeping up to date and understanding legislative changes affecting our business                                       | 20%                                                                                                                                  | 20%                  | 20%                    | 11%              | 22%                                        | 17%                 | 29%                    | 67%              | 19%                 | 18%                |
| Lack of flexible reporting tools                                                                                      | 17%                                                                                                                                  | 16%                  | 20%                    | 22%              | 20%                                        | 21%                 | 14%                    | 33%              | 18%                 | 26%                |
| Lack of training                                                                                                      | 11%                                                                                                                                  | 10%                  | 14%                    | 22%              | 9%                                         | 7%                  | 14%                    | 0%               | 12%                 | 8%                 |
| Manual processes and workarounds                                                                                      | 32%                                                                                                                                  | 25%                  | 48%                    | 33%              | 28%                                        | 28%                 | 33%                    | 0%               | 26%                 | 28%                |
| Meeting deadlines                                                                                                     | 11%                                                                                                                                  | 7%                   | 18%                    | 33%              | 9%                                         | 7%                  | 10%                    | 33%              | 8%                  | 10%                |
| Not having self-service tools for employees and managers to use                                                       | 19%                                                                                                                                  | 19%                  | 21%                    | 0%               | 21%                                        | 22%                 | 19%                    | 0%               | 21%                 | 26%                |
| Number and frequency of ad hoc payments outside regular pay run                                                       | 16%                                                                                                                                  | 10%                  | 30%                    | 33%              | 18%                                        | 19%                 | 19%                    | 0%               | 11%                 | 23%                |
| Overpayment of staff                                                                                                  | 6%                                                                                                                                   | 5%                   | 10%                    | 0%               | 11%                                        | 9%                  | 14%                    | 33%              | 6%                  | 10%                |
| Poor or no integration between employee systems across HR vs. rostering / time & attendance, and / or payroll systems | 30%                                                                                                                                  | 29%                  | 32%                    | 22%              | 29%                                        | 28%                 | 24%                    | 100%             | 31%                 | 33%                |
| Staff not utilising self-service when available                                                                       | 20%                                                                                                                                  | 16%                  | 30%                    | 22%              | 13%                                        | 10%                 | 24%                    | 0%               | 14%                 | 10%                |
| Underpayment of staff                                                                                                 | 7%                                                                                                                                   | 5%                   | 10%                    | 0%               | 7%                                         | 5%                  | 14%                    | 0%               | 5%                  | 5%                 |
| None - we have no challenges                                                                                          | 10%                                                                                                                                  | 14%                  | 1%                     | 0%               | 5%                                         | 7%                  | 0%                     | 0%               | 7%                  | 3%                 |

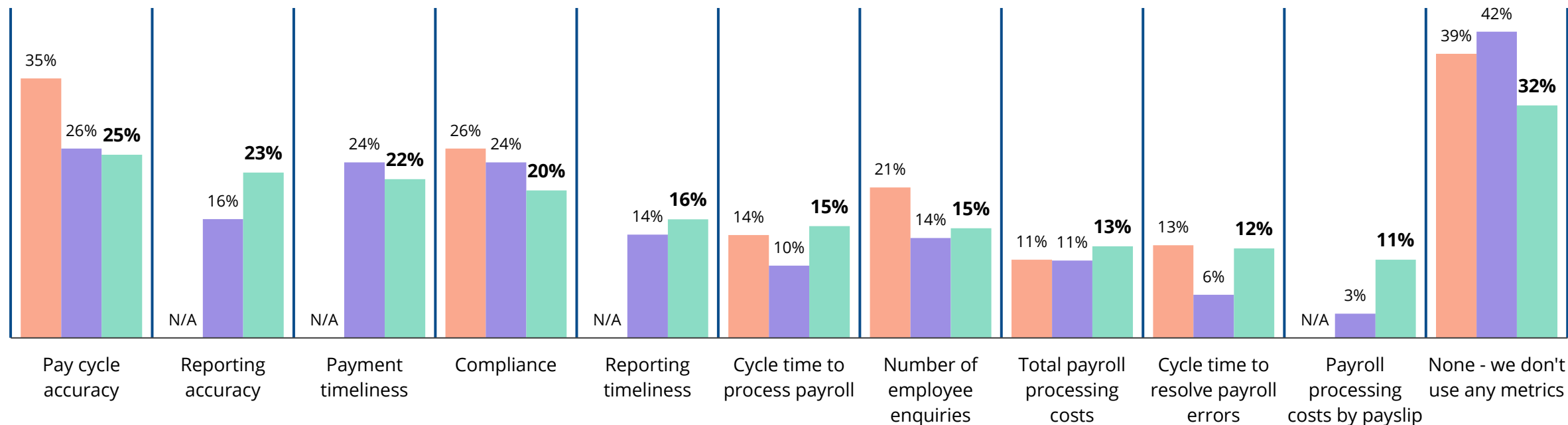


# Measuring payroll process effectiveness



Which metric(s) does your organisation use to measure the performance of its payroll processes?

2019 (n = 356) 2020 (n = 426) 2021 (n = 327)



# Measuring payroll process effectiveness



**1 in 3** respondents do not use any metrics at all to track payroll effectiveness



**1 in 4** respondents use 'pay cycle accuracy' as a metric to track payroll effectiveness

## Summary:

Just over 3 in 10 respondents (32%) do not use any metrics at all to assess payroll effectiveness. While this is an improvement on the over 4 in 10 (42%) seen in 2020, it's most prevalent in small businesses (46%) and SMBs (35%). Surprisingly, those respondents with technology fully implemented tend to utilise metrics less than those without technology fully implemented. Similarly, 34% of businesses with fully implemented technology do not use any metrics at all, versus the 23% that do not have fully implemented technology. This is consistent across the SB, SMB and mid-market segments. Enterprise businesses, whether they have technology or not, are always measuring the effectiveness of their payroll processes. Overall, 7 out of the 10 listed metrics increased in usage in 2021 compared with 2020, with the largest gains seen in 'reporting accuracy' (7 percentage point increase), 'cycle time to resolve payroll errors' (6 percentage point increase), and 'cycle time to process payroll' (5 percentage point increase).

## Insight:

The ongoing impact of COVID-19 can be seen in the payroll metrics being used. For example, 'payroll processing costs by payslip' jumped from 3% in 2020 to 11% in 2021. 'Cycle time to process payroll' also increased. These increases may be due to the increased administrative requirements of government wage subsidy programs. Anecdotal evidence suggests these requirements added an additional 20 hours of work per week to payroll processing times.

Almost a third of respondents still do not use metrics, pointing to the fact that although some respondents may not use formal metrics, they will still be 'unofficially' tracking success or lack thereof. Their mentality might be: as long as people get paid on time and I don't see complaints coming through, that's sufficient. For those who have technology implemented and are still not using metrics, there might be some element of 'blind faith' that the technology will do the work for them, or at least will alert the payroll professional if there are anomalies or errors.

It's also possible that the lack of integration between payroll, HR and rostering / time & attendance solutions – as identified in the earlier question about payroll challenges – is impacting payroll operations. Success is often dependent on HR and payroll teams (if they are separate teams) knowing what their technology solutions can do and ensuring they communicate clearly to other complementary teams about any anomalies that crop up.

# Measuring payroll process effectiveness



**1 in 4** respondents use 'reporting accuracy' as a metric to measure the performance of payroll processes



**1 in 10** respondents use payroll processing costs per payslip as a metric to measure the performance of payroll processes

One emerging trend is around employee satisfaction with the resolution of payroll inquiries. This is an important metric to track as it reflects not just the level of customer satisfaction from employees, but also where payroll professionals are spending their time. Obviously if more enquiries are coming through, it might indicate ongoing problems with payroll processes.

Excessive pay enquiries and errors can have unfortunate consequences for employee retention and engagement. Indeed, research from the US indicates that 25% of employees will start looking for another job after just two payroll mistakes. Different research from the Australian Payroll Association (APA) suggests that in 45% of organisations in which payment mistakes occur, it's the employees who alert managers to the errors.

Wider implications can be drawn from this data about payroll metrics. One is that it's almost unsurprising that some payroll professionals may not know how to assess their operations, as there can be high staff turnover in the profession, and employee burnout is a genuine – and concerning – issue. New hires may be unaware of or untrained on what needs to be assessed or where to find relevant data. The survey results also highlight an underlying reluctance to change. For a payroll professional to give up a previous system and adopt a new one whilst carrying on their day-to-day activities is a big ask. It also takes time to find all the relevant data and information required in a new system. Although payroll professionals are clearly passionate about accuracy and getting the job done as efficiently as possible, some would rather stick with an inefficient process than switch to a newer, more efficient process or platform and risk getting it wrong.

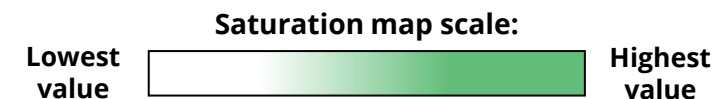
## Action:

- Ensure payroll employees have appropriate training and support to keep up with regulatory and legislative changes. 2019 research from the APA revealed that only 10% of payroll professionals in Australia across large and small organisations have a competency-based payroll qualification. Without the right training and support, payroll accuracy cannot be guaranteed and compliance issues will continue.
- Strengthen the bond between HR, payroll and operations management teams. Improve the communication lines and bolster understanding amongst employees in these teams about what their technology solutions can do – and then ensure such systems are well integrated.
- Fully utilise the reporting capabilities of any software in place. If software is not yet implemented, undertake market research to identify which system can best serve the needs of the organisation.

# Measuring payroll process effectiveness



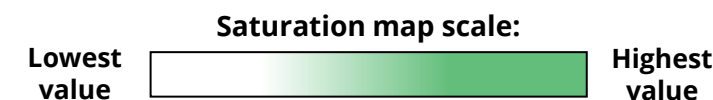
| n=                                                                                              | 327     | 56                  | 73              | 112          | 86              | 266       | 61          | 223              | 92                         | 12                    | 68             |
|-------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the performance of its payroll processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Compliance                                                                                      | 20%     | 18%                 | 22%             | 25%          | 14%             | 20%       | 21%         | 16%              | 28%                        | 33%                   | 14%            |
| Cycle time to process payroll                                                                   | 15%     | 16%                 | 12%             | 21%          | 10%             | 16%       | 11%         | 13%              | 20%                        | 33%                   | 4%             |
| Cycle time to resolve payroll errors                                                            | 12%     | 9%                  | 22%             | 11%          | 8%              | 13%       | 10%         | 13%              | 9%                         | 33%                   | 6%             |
| Number of employee enquiries                                                                    | 15%     | 14%                 | 14%             | 17%          | 14%             | 14%       | 18%         | 14%              | 15%                        | 25%                   | 6%             |
| Pay cycle accuracy                                                                              | 25%     | 23%                 | 30%             | 21%          | 27%             | 25%       | 25%         | 23%              | 29%                        | 25%                   | 17%            |
| Payment timeliness                                                                              | 22%     | 20%                 | 23%             | 23%          | 20%             | 22%       | 20%         | 20%              | 23%                        | 42%                   | 14%            |
| Payroll processing costs by payslip                                                             | 11%     | 7%                  | 12%             | 13%          | 8%              | 10%       | 13%         | 13%              | 7%                         | 8%                    | 7%             |
| Reporting accuracy                                                                              | 23%     | 23%                 | 26%             | 24%          | 17%             | 25%       | 13%         | 21%              | 24%                        | 33%                   | 16%            |
| Reporting timeliness                                                                            | 16%     | 18%                 | 19%             | 16%          | 13%             | 16%       | 15%         | 14%              | 21%                        | 25%                   | 14%            |
| Total payroll processing costs                                                                  | 13%     | 14%                 | 15%             | 13%          | 9%              | 13%       | 8%          | 13%              | 13%                        | 8%                    | 6%             |
| None - we don't use any metrics                                                                 | 31%     | 21%                 | 19%             | 31%          | 49%             | 30%       | 36%         | 35%              | 26%                        | 0%                    | 46%            |



# Measuring payroll process effectiveness

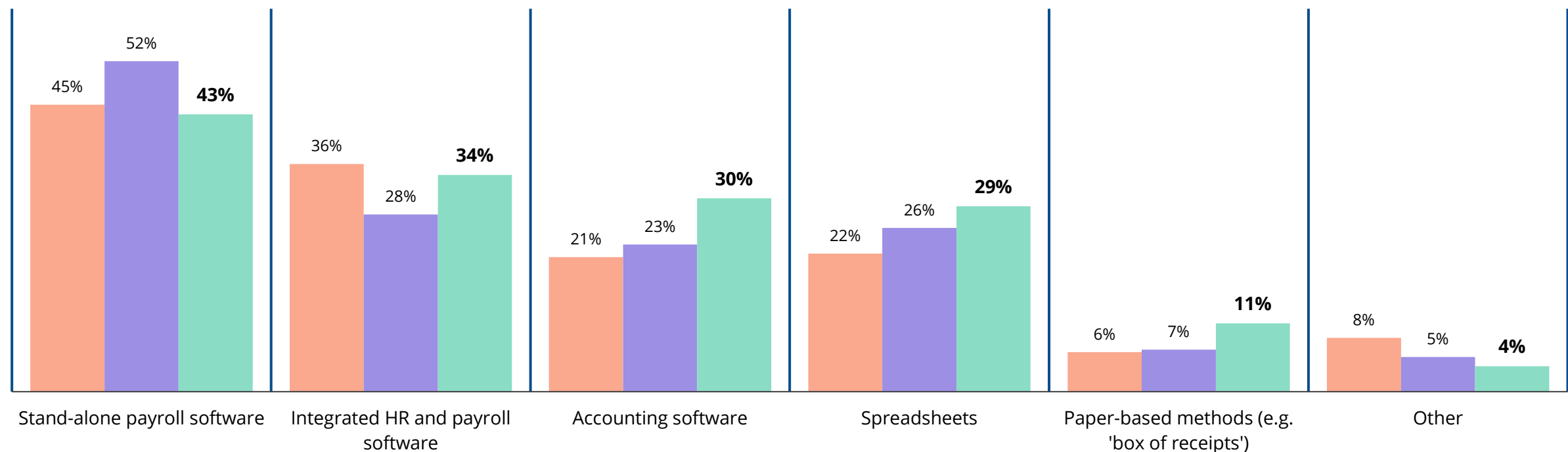


| Which metric(s) does your organisation use to measure the performance of its payroll processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for payroll? |              |            |            |                                            |              |            |            |          |          |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|--------------------------------------------|--------------|------------|------------|----------|----------|
|                                                                                                 | Has fully implemented technology                                                                                             |              |            |            | Does not have fully implemented technology |              |            |            | FIT      | NFIT     |
|                                                                                                 | Total resp.                                                                                                                  | SMB          | Mid-market | Enterprise | Total resp.                                | SMB          | Mid-market | Enterprise | SB       | SB       |
|                                                                                                 | (1 - 199)                                                                                                                    | (200 - 1999) | (2000+)    |            | (1 - 199)                                  | (200 - 1999) | (2000+)    |            | (1 - 49) | (1 - 49) |
|                                                                                                 | n = 245                                                                                                                      | n = 165      | n = 71     | n = 9      | n = 82                                     | n = 58       | n = 21     | n = 3      | n = 116  | n = 39   |
| Compliance                                                                                      | 21%                                                                                                                          | 17%          | 28%        | 33%        | 18%                                        | 14%          | 29%        | 33%        | 16%      | 18%      |
| Cycle time to process payroll                                                                   | 12%                                                                                                                          | 11%          | 14%        | 22%        | 24%                                        | 17%          | 38%        | 67%        | 13%      | 26%      |
| Cycle time to resolve payroll errors                                                            | 10%                                                                                                                          | 10%          | 10%        | 22%        | 18%                                        | 21%          | 5%         | 67%        | 12%      | 26%      |
| Number of employee enquiries                                                                    | 14%                                                                                                                          | 14%          | 14%        | 11%        | 18%                                        | 16%          | 19%        | 67%        | 17%      | 21%      |
| Pay cycle accuracy                                                                              | 27%                                                                                                                          | 25%          | 32%        | 22%        | 18%                                        | 17%          | 19%        | 33%        | 27%      | 23%      |
| Payment timeliness                                                                              | 20%                                                                                                                          | 21%          | 18%        | 33%        | 26%                                        | 19%          | 38%        | 67%        | 21%      | 28%      |
| Payroll processing costs by payslip                                                             | 9%                                                                                                                           | 10%          | 7%         | 0%         | 17%                                        | 21%          | 5%         | 33%        | 10%      | 28%      |
| Reporting accuracy                                                                              | 23%                                                                                                                          | 22%          | 24%        | 33%        | 22%                                        | 21%          | 24%        | 33%        | 23%      | 26%      |
| Reporting timeliness                                                                            | 14%                                                                                                                          | 12%          | 20%        | 22%        | 22%                                        | 21%          | 24%        | 33%        | 9%       | 26%      |
| Total payroll processing costs                                                                  | 12%                                                                                                                          | 12%          | 14%        | 0%         | 15%                                        | 16%          | 10%        | 33%        | 15%      | 18%      |
| None - we don't use any metrics                                                                 | 34%                                                                                                                          | 38%          | 30%        | 0%         | 23%                                        | 28%          | 14%        | 0%         | 36%      | 13%      |



How do you currently manage your organisation's payroll processes?

2019 (n = 356)    2020 (n = 425)    2021 (n = 326)



# Tools to manage payroll processes



## Summary:

Stand-alone payroll software remains the most used tool to manage payroll; however, there was a decline from 52% in 2020 to 43% in 2021. Over the same timeframe, there was a 6 percentage point increase in the use of integrated HR and payroll software, from 28% in 2020 to 34% in 2021. This was most apparent in the SMB and mid-market segments, which saw an increase of 8% and 7% respectively from the 2020 survey. Accounting software saw the largest overall increase, from 23% in 2020 to 30% in 2021. This was most apparent in the small business segment, with 41% of respondents selecting this option.

## Insight:

The use of accounting software in smaller businesses is not surprising. Most of these businesses would pay their accountants to perform payroll tasks due to the lack of payroll and compliance knowledge and for time saving reasons. Even those who do perform this task themselves would likely be using the payroll functionality that their accounting software provides for the sake of convenience.

It's also worth noting that in Australia, the Single Touch Payroll (STP) rules changed from 1 July 2021 (as outlined in [this update](#) from the Australian Taxation Office). STP submissions became compulsory for micro businesses (1-4 employees). This may also explain the increase in the use of accounting software for small businesses.

Spreadsheets are still used by just under a third (29%) of respondents. With the number of technology options available to businesses and the additional compliance regulations being introduced, it may seem strange that spreadsheets still feature as a tool. Part of this is about a desire to stay with the tried and tested methods. For payroll professionals who have been in the industry for many years there may be a reluctance to rely on modern technology, so tools like spreadsheets are still used to collect, collate and calculate the numbers. It provides peace of mind to run additional checks and validate numbers using spreadsheets. It's also possible some software solutions simply could not process some of the government-related COVID-19 requirements so manual methods were required.

It's also worth noting the differences between the Australian and New Zealand markets. For example, 38% of Australian respondents favoured integrated HR and payroll software versus 18% of New Zealand respondents. Conversely, 64% of New Zealand respondents favoured stand-alone payroll software versus 39% of Australian respondents. One explanation may be the fact that Australia has more larger organisations than New Zealand. The larger an organisation, the more likely they are to have an integrated HR / payroll / rostering / time & attendance software system, given the time, cost and resource savings possible by having all-in-one HR and payroll systems.

While paper-based methods (e.g. 'box of receipts') sat at around 6% in 2019 and 2020, this spiked to 11% in 2021. Once again, it's likely that COVID-19 has played a role in this increase, especially for organisations forced to work remotely during shutdowns without cloud-based solutions for employee expenses, payroll, and rostering / time & attendance. For those organisations, paper-based forms would be required – especially for important employee onboarding forms relating to superannuation, tax file numbers, etc.

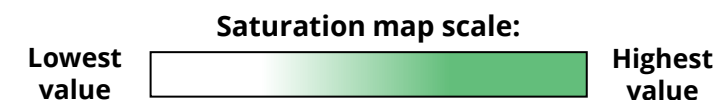
## Action:

- Assess how technology could be utilised to streamline payroll operations at whatever stage of growth or level of digital sophistication your organisation currently is.
- Prioritise HR automation, especially in a smaller business. The burden of HR administration is not just felt by larger organisations; consider the volume of manual employee records that are collected and stored, including leave requests and roster spreadsheets. Consider how technology might reduce the resource, cost and security risks associated with this data.

# Tools to manage payroll processes



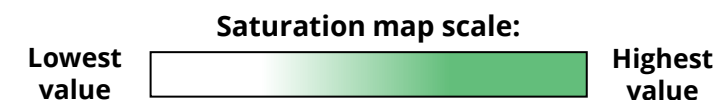
| n=                                                                 | 326     | 56                  | 73              | 111          | 86              | 265       | 61          | 222       | 92           | 12         | 67       |
|--------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|-----------|--------------|------------|----------|
| How do you currently manage your organisation's payroll processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB       | Mid-market   | Enterprise | SB       |
|                                                                    |         |                     |                 |              |                 |           |             | (1 - 199) | (200 - 1999) | (2000+)    | (1 - 49) |
| Accounting software                                                | 30%     | 29%                 | 31%             | 32%          | 29%             | 32%       | 25%         | 35%       | 20%          | 25%        | 41%      |
| Integrated HR and payroll software                                 | 34%     | 39%                 | 38%             | 35%          | 26%             | 38%       | 18%         | 30%       | 39%          | 58%        | 18%      |
| Paper-based methods (e.g. 'box of receipts')                       | 11%     | 5%                  | 18%             | 11%          | 8%              | 11%       | 11%         | 10%       | 11%          | 17%        | 10%      |
| Spreadsheets                                                       | 29%     | 39%                 | 32%             | 27%          | 22%             | 30%       | 25%         | 29%       | 29%          | 33%        | 22%      |
| Stand-alone payroll software                                       | 43%     | 39%                 | 38%             | 49%          | 44%             | 39%       | 64%         | 42%       | 48%          | 33%        | 29%      |
| Other                                                              | 4%      | 2%                  | 3%              | 3%           | 8%              | 4%        | 3%          | 3%        | 7%           | 0%         | 4%       |



# Tools to manage payroll processes

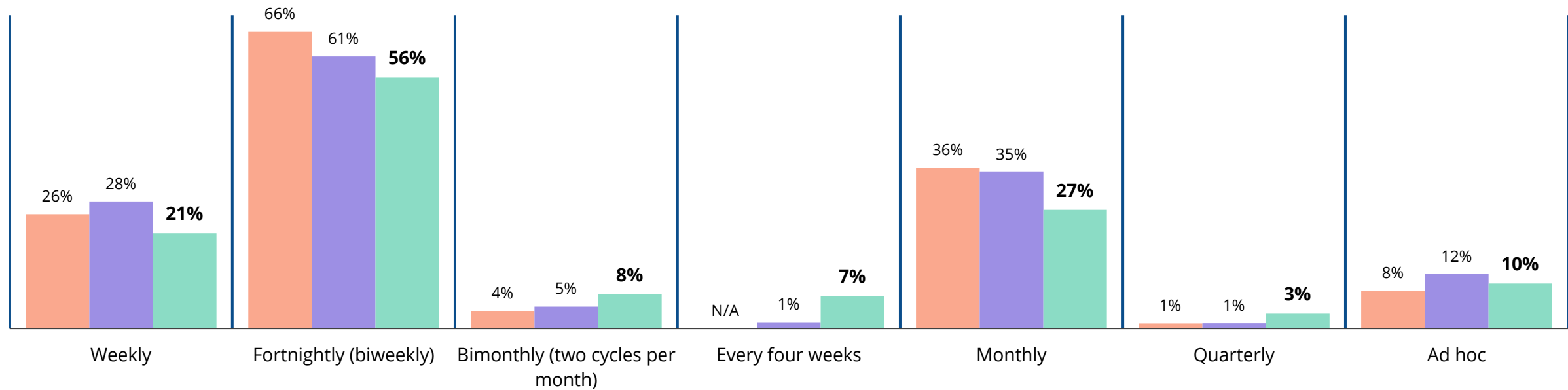


| How do you currently manage your organisation's payroll processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for payroll? |                             |                                      |                                |                                            |                            |                                      |                                |                           |                          |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------------------------|----------------------------|--------------------------------------|--------------------------------|---------------------------|--------------------------|
|                                                                    | Has fully implemented technology                                                                                             |                             |                                      |                                | Does not have fully implemented technology |                            |                                      |                                | FIT                       | NFIT                     |
|                                                                    | Total resp.<br>n = 245                                                                                                       | SMB<br>(1 - 199)<br>n = 165 | Mid-market<br>(200 - 1999)<br>n = 71 | Enterprise<br>(2000+)<br>n = 9 | Total resp.<br>n = 81                      | SMB<br>(1 - 199)<br>n = 57 | Mid-market<br>(200 - 1999)<br>n = 21 | Enterprise<br>(2000+)<br>n = 3 | SB<br>(1 - 49)<br>n = 116 | SB<br>(1 - 49)<br>n = 39 |
| Accounting software                                                | 29%                                                                                                                          | 36%                         | 15%                                  | 22%                            | 33%                                        | 33%                        | 33%                                  | 33%                            | 31%                       | 36%                      |
| Integrated HR and payroll software                                 | 37%                                                                                                                          | 32%                         | 44%                                  | 67%                            | 26%                                        | 26%                        | 24%                                  | 33%                            | 37%                       | 33%                      |
| Paper-based methods (e.g. 'box of receipts')                       | 8%                                                                                                                           | 7%                          | 10%                                  | 11%                            | 20%                                        | 21%                        | 14%                                  | 33%                            | 8%                        | 18%                      |
| Spreadsheets                                                       | 27%                                                                                                                          | 25%                         | 31%                                  | 11%                            | 37%                                        | 39%                        | 24%                                  | 100%                           | 26%                       | 49%                      |
| Stand-alone payroll software                                       | 44%                                                                                                                          | 44%                         | 48%                                  | 11%                            | 42%                                        | 37%                        | 48%                                  | 100%                           | 48%                       | 46%                      |
| Other                                                              | 4%                                                                                                                           | 3%                          | 7%                                   | 0%                             | 4%                                         | 4%                         | 5%                                   | 0%                             | 3%                        | 3%                       |



Across your entire organisation, which of the following pay cycles are run?

2019 (n = 356)    2020 (n = 426)    2021 (n = 327)



# Types of pay cycles



**4 in 7** respondents use fortnightly (bi-weekly) pay cycles



**1 in 4** respondents use monthly pay cycles

## Summary:

The 2021 responses to this question mirrored those from 2020. Fortnightly (bi-weekly) was by some margin the most popular pay cycle, cited by 56% of respondents, followed by monthly (27%) and weekly (21%). Company size may play a role in the pay cycle chosen. For example, mid-market organisations strongly favoured fortnightly (bi-weekly), as cited by 75% of those respondents. SMBs favoured either fortnightly (bi-weekly) (49%) or monthly (28%). Enterprise respondents were more evenly split between fortnightly (bi-weekly) (42%), bi-monthly (two cycles per month) (25%), and monthly (25%). The use of technology does not appear to have much impact on pay cycles. For example, 77% of respondents with technology fully implemented have a weekly pay cycle, while 61% of those without technology fully implemented said the same. The biggest difference was seen with fortnightly (bi-weekly), which was chosen by 60% of those respondents with technology fully implemented, but only 46% of those without.

## Insight:

The payroll process should be as easy and effective as possible. Ad hoc pay cycles would normally only be applicable for corrections or terminations, which need to be paid within seven days and are frequently paid out of cycle. The most common payroll schedules in Australia are fortnightly (bi-weekly) (57%), monthly (28%) and weekly (18%) – results that are also mirrored in the Australian Payroll Association's [2021 Payroll Benchmarking Report](#) which showed that 54% of pay cycles are fortnightly. In our survey, New Zealand's top 3 is the same as Australia, but in a slightly different order: fortnightly (bi-weekly) (52%), weekly (36%), monthly (28%).

However, the data outlined in the graph on the previous page shows the traditionally high fortnightly and monthly cycles have continued to decrease in popularity, while 'bi-monthly (two cycles per month)' and 'every four weeks' have increased. The decline in fortnightly might be due to a desire to cut payroll administration and processing times. Explaining the drop in monthly is more challenging but may relate to changing expectations from employees: it may be viewed as a disadvantage to be paid monthly due to personal budgets and expenditure.

Every business has the freedom to choose its own payroll schedule, although in some instances this may be dictated by awards or collective bargaining agreements. In Australia, enterprise bargaining agreements (EBAs) cover almost 40% of employees, about 22% are solely award-reliant, and the remainder have individual contracts underwritten by the legislated National Employment Standards (NES). In New Zealand, approximately 21% of workers are on collective agreements.

## Action:

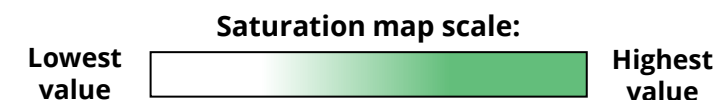
If circumstances allow for a pay schedule to be chosen, consider the following questions:

- How many employees do you have?
- Does your Award specify a pay period?
- Do you pay your employees hourly or salary?
- Do you pay your employees for overtime?
- How much does it cost you to process the payroll?

# Types of pay cycles



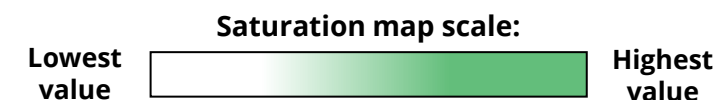
| n=                                                                          | 327     | 56                  | 73              | 112          | 86              | 266       | 61          | 223              | 92                         | 12                    | 68             |
|-----------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Across your entire organisation, which of the following pay cycles are run? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Weekly                                                                      | 21%     | 18%                 | 18%             | 23%          | 24%             | 18%       | 36%         | 21%              | 23%                        | 17%                   | 25%            |
| Fortnightly (bi-weekly)                                                     | 56%     | 66%                 | 43%             | 60%          | 56%             | 57%       | 52%         | 49%              | 75%                        | 42%                   | 46%            |
| Bi-monthly (two cycles per month)                                           | 8%      | 7%                  | 8%              | 9%           | 6%              | 8%        | 5%          | 7%               | 8%                         | 25%                   | 6%             |
| Every four weeks                                                            | 7%      | 9%                  | 14%             | 7%           | 1%              | 8%        | 3%          | 8%               | 4%                         | 8%                    | 6%             |
| Monthly                                                                     | 27%     | 34%                 | 26%             | 21%          | 30%             | 26%       | 28%         | 28%              | 24%                        | 25%                   | 22%            |
| Quarterly                                                                   | 3%      | 5%                  | 3%              | 4%           | 1%              | 4%        | 2%          | 4%               | 1%                         | 0%                    | 3%             |
| Ad hoc                                                                      | 10%     | 16%                 | 7%              | 10%          | 9%              | 9%        | 16%         | 9%               | 13%                        | 8%                    | 7%             |



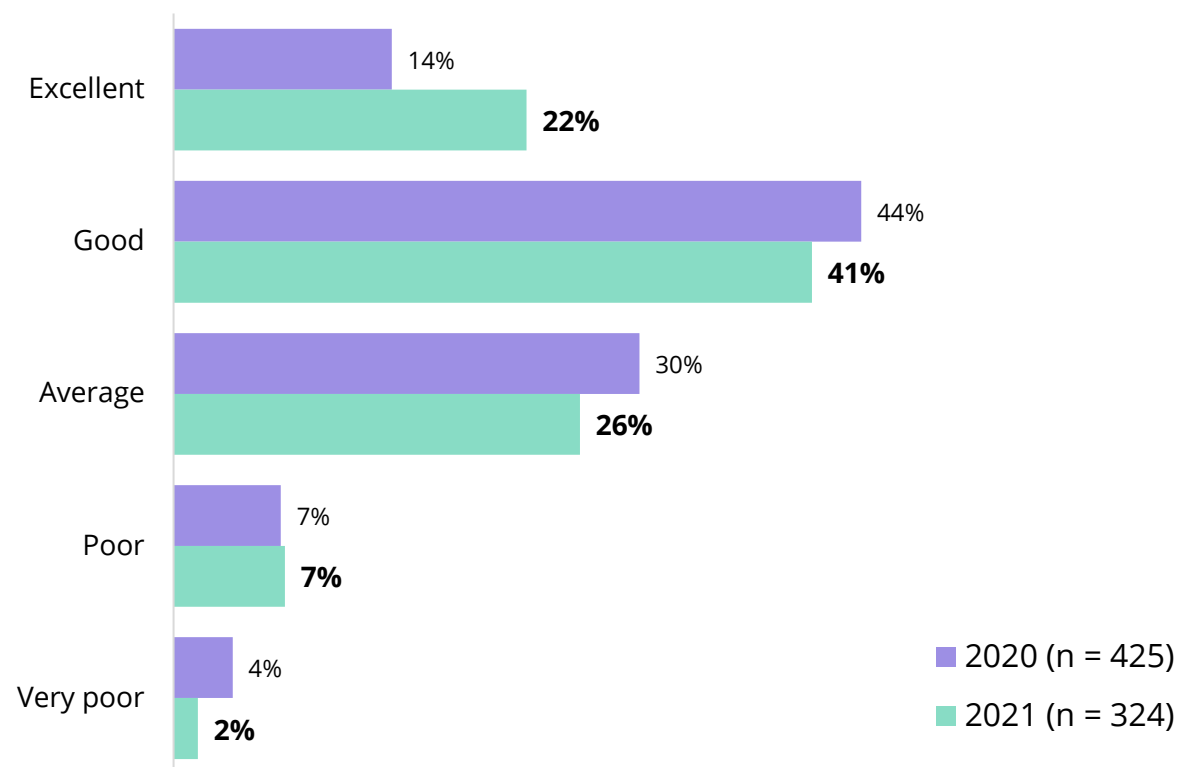
# Types of pay cycles



| Which of the following stages best describes your organisation's current state of HR and payroll and technology for payroll? |                                  |                  |                            |                       |                                            |                  |                            |                       |                |                |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
| Across your entire organisation, which of the following pay cycles are run?                                                  | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                              | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                              | n = 245                          | n = 165          | n = 71                     | n = 9                 | n = 82                                     | n = 58           | n = 21                     | n = 3                 | n = 116        | n = 39         |
| Weekly                                                                                                                       | 77%                              | 72%              | 92%                        | 56%                   | 61%                                        | 55%              | 86%                        | 0%                    | 72%            | 54%            |
| Fortnightly (bi-weekly)                                                                                                      | 60%                              | 52%              | 77%                        | 56%                   | 46%                                        | 41%              | 67%                        | 0%                    | 52%            | 46%            |
| Bi-monthly (two cycles per month)                                                                                            | 4%                               | 4%               | 4%                         | 22%                   | 17%                                        | 16%              | 19%                        | 33%                   | 4%             | 15%            |
| Every four weeks                                                                                                             | 4%                               | 5%               | 1%                         | 0%                    | 17%                                        | 17%              | 14%                        | 33%                   | 6%             | 21%            |
| Monthly                                                                                                                      | 32%                              | 33%              | 30%                        | 44%                   | 32%                                        | 33%              | 24%                        | 67%                   | 35%            | 36%            |
| Quarterly                                                                                                                    | 2%                               | 3%               | 0%                         | 0%                    | 7%                                         | 9%               | 5%                         | 0%                    | 4%             | 8%             |
| Ad hoc                                                                                                                       | 12%                              | 11%              | 15%                        | 11%                   | 4%                                         | 3%               | 5%                         | 0%                    | 11%            | 5%             |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing your organisation's payroll?



## Summary:

Most organisations are satisfied with how their payroll processes and systems are tracking, with 63% of respondents rating themselves as 'good' or above. Comparatively, in 2020 this figure was 58%. In contrast, 31% rated their systems and processes as average or worse (compared with 41% in 2020). SMB respondents were the most satisfied, with 70% rating their systems and processes as either 'good' or 'excellent'. Technology appears to have a positive impact on these ratings. For respondents with technology fully implemented, 65% rated their systems and processes as either 'good' or 'excellent', compared with 59% of those without technology fully implemented. In addition, more respondents without technology implemented were likely to judge their systems and processes as 'poor' (12%) compared to those with fully implemented technology (5%).

## Insight:

Most enterprise respondents rated their systems and processes as 'average'. This result should not come as a surprise – there are so many variables with payroll and leave and these variables increase as employee numbers rise. There may also be broader, more systemic issues at play. For example, enterprise processes may suffer due to a lack of payroll operational leadership. Many payroll managers are typically 'do-ers' rather than leaders, and many career payroll professionals are retiring. This will leave a talent gap and a lack of skills relating to change management, strategic planning and also executive team liaison – updating leaders on what needs to be done to improve compliance and reduce risk.

For those industries that have been burnt by employee underpayments or wage theft claims – and that's most industries – one would expect that processes have been improved to prevent such mistakes occurring in the future. However, this will take time. For now, a survey conducted by the Australian Payroll Association found that 33% of payroll managers admit to making employee payment or entitlement blunders at least once a month – and that's a financial and reputational risk that no organisation can afford. It's also critical that payroll professionals understand what their technology can – and can't – do. A good example is understanding the types of reports the system can run, as these can save time and potentially even financial costs down the line.

## Action:

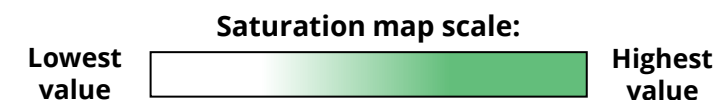
For those organisations looking to improve their payroll operations, here are four questions to ask:

1. When was the last time we checked that the way we pay people is correct or sought advice to ensure that what we think are the correct rules, are actually correct?
2. How are we resourcing compliance internally and have we struck the right balance between systems and people?
3. How regularly are we updating our HR information systems, time and attendance systems, and payroll systems and are these systems still fit for purpose – and are there appropriate handover or succession plans in place to ensure nothing falls through the cracks should a key payroll team member leave the organisation?
4. Is there sufficient training and support for payroll professionals in the organisation so they can keep abreast of the industrial relations landscape and understand how to apply new legislation and regulations to the business?

# Internal systems and processes



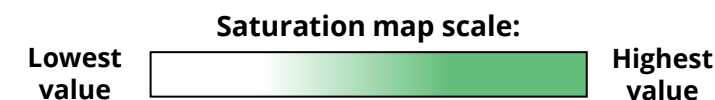
| n=                                                                                                                                                   | 324     | 55                  | 73              | 111          | 85              | 263       | 61          | 221              | 91                         | 12                    | 66             |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing your organisation's payroll? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                            | 23%     | 15%                 | 22%             | 29%          | 20%             | 21%       | 31%         | 26%              | 16%                        | 8%                    | 29%            |
| Good                                                                                                                                                 | 41%     | 42%                 | 41%             | 38%          | 44%             | 41%       | 41%         | 44%              | 32%                        | 42%                   | 38%            |
| Average                                                                                                                                              | 26%     | 27%                 | 30%             | 24%          | 24%             | 28%       | 18%         | 22%              | 34%                        | 42%                   | 24%            |
| Poor                                                                                                                                                 | 7%      | 13%                 | 3%              | 7%           | 7%              | 8%        | 5%          | 5%               | 13%                        | 8%                    | 3%             |
| Very poor                                                                                                                                            | 2%      | 0%                  | 1%              | 1%           | 4%              | 1%        | 3%          | 1%               | 3%                         | 0%                    | 2%             |



# Internal systems and processes



| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing your organisation's payroll? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for payroll? |                  |                            |                       |                                          |                  |                            |                       |                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                      | Has fully implemented technology                                                                                             |                  |                            |                       | Do not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                      | Total resp.                                                                                                                  | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                              | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                      | n = 243                                                                                                                      | n = 164          | n = 70                     | n = 9                 | n = 81                                   | n = 57           | n = 21                     | n = 3                 | n = 116        | n = 39         |
| Excellent                                                                                                                                            | 23%                                                                                                                          | 29%              | 11%                        | 0%                    | 22%                                      | 18%              | 33%                        | 33%                   | 27%            | 18%            |
| Good                                                                                                                                                 | 42%                                                                                                                          | 45%              | 37%                        | 44%                   | 36%                                      | 44%              | 14%                        | 33%                   | 47%            | 46%            |
| Average                                                                                                                                              | 26%                                                                                                                          | 20%              | 36%                        | 44%                   | 27%                                      | 26%              | 29%                        | 33%                   | 20%            | 23%            |
| Poor                                                                                                                                                 | 5%                                                                                                                           | 3%               | 10%                        | 11%                   | 12%                                      | 9%               | 24%                        | 0%                    | 3%             | 10%            |
| Very poor                                                                                                                                            | 2%                                                                                                                           | 1%               | 4%                         | 0%                    | 1%                                       | 2%               | 0%                         | 0%                    | 0%             | 3%             |

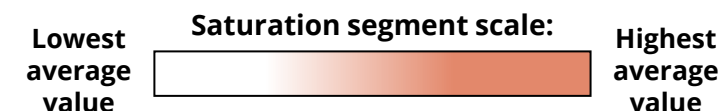


# Average hours per month spent on payroll activities



| n=                                                                                                 | 325     | 56                  | 72              | 111          | 86              | 264       | 61          | 221              | 92                         | 12                    | 68             |
|----------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many hours per calendar month do you personally spend on the following key payroll activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Ad hoc or off-cycle payroll                                                                        | 7       | 8                   | 8               | 7            | 3               | 7         | 7           | 7                | 6                          | 3                     | 5              |
| Data validation                                                                                    | 6       | 8                   | 7               | 6            | 5               | 6         | 8           | 6                | 7                          | 4                     | 4              |
| Distributing payments                                                                              | 7       | 8                   | 7               | 7            | 5               | 7         | 7           | 7                | 7                          | 4                     | 4              |
| Employee enquiries                                                                                 | 6       | 9                   | 7               | 5            | 3               | 6         | 6           | 5                | 8                          | 3                     | 4              |
| Gathering required data input                                                                      | 8       | 10                  | 10              | 8            | 4               | 7         | 11          | 8                | 9                          | 5                     | 6              |
| Payroll accounting                                                                                 | 9       | 10                  | 10              | 9            | 6               | 8         | 10          | 9                | 8                          | 5                     | 6              |
| Payroll calculation                                                                                | 10      | 9                   | 14              | 11           | 4               | 11        | 8           | 11               | 8                          | 5                     | 7              |
| Payroll policy administration                                                                      | 7       | 10                  | 8               | 7            | 4               | 7         | 7           | 7                | 7                          | 6                     | 5              |
| Reporting                                                                                          | 6       | 7                   | 8               | 5            | 4               | 6         | 7           | 6                | 6                          | 5                     | 4              |
| Reviewing and approving all payroll payments                                                       | 6       | 11                  | 6               | 6            | 4               | 6         | 8           | 7                | 6                          | 3                     | 4              |
| Staff training / coaching / development / management                                               | 8       | 10                  | 9               | 9            | 6               | 8         | 13          | 9                | 8                          | 6                     | 6              |
| Statutory compliance                                                                               | 8       | 10                  | 8               | 10           | 4               | 8         | 7           | 8                | 7                          | 11                    | 6              |

Note: This question asked respondents to provide values relating to several aspects of the payroll process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

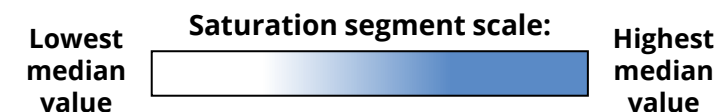


# Median hours per month spent on payroll activities



| n=                                                                                                 | 325     | 56                  | 72              | 111          | 86              | 264       | 61          | 221              | 92                         | 12                    | 68             |
|----------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many hours per calendar month do you personally spend on the following key payroll activities? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Ad hoc or off-cycle payroll                                                                        | 2       | 4                   | 3               | 2            | 1               | 2         | 2           | 2                | 2                          | 2                     | 2              |
| Data validation                                                                                    | 3       | 5                   | 3               | 3            | 2               | 3         | 4           | 3                | 5                          | 3                     | 2              |
| Distributing payments                                                                              | 3       | 5                   | 4               | 3            | 2               | 3         | 3           | 2                | 4                          | 4                     | 1              |
| Employee enquiries                                                                                 | 2       | 5                   | 2               | 2            | 2               | 2         | 3           | 2                | 2                          | 2                     | 2              |
| Gathering required data input                                                                      | 4       | 5                   | 4               | 4            | 2               | 4         | 5           | 4                | 5                          | 3                     | 2              |
| Payroll accounting                                                                                 | 4       | 4                   | 6               | 4            | 2               | 3         | 4           | 4                | 3                          | 5                     | 2              |
| Payroll calculation                                                                                | 5       | 5                   | 5               | 5            | 2               | 4         | 5           | 5                | 4                          | 5                     | 2              |
| Payroll policy administration                                                                      | 4       | 5                   | 3               | 4            | 3               | 4         | 5           | 4                | 4                          | 6                     | 2              |
| Reporting                                                                                          | 3       | 5                   | 2               | 3            | 2               | 3         | 2           | 2                | 4                          | 6                     | 2              |
| Reviewing and approving all payroll payments                                                       | 3       | 6                   | 3               | 3            | 2               | 3         | 4           | 3                | 4                          | 3                     | 2              |
| Staff training / coaching / development / management                                               | 4       | 5                   | 4               | 3            | 4               | 4         | 5           | 4                | 3                          | 6                     | 2              |
| Statutory compliance                                                                               | 3       | 5                   | 4               | 3            | 1               | 3         | 4           | 2                | 4                          | 10                    | 2              |

Note: This question asked respondents to provide values relating to several aspects of the payroll process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Median hours per month spent on payroll activities



**10 hours per month**

Payroll calculation takes a median of 10 hours per month - the most time devoted to any payroll task



**5 hours per month**

SMB respondents spend a median of 5 hours on payroll calculation per month

## **Summary:**

'Payroll calculation' was identified as the activity that payroll professionals spend the most time on, closely followed by tasks such as 'gathering data', 'payroll accounting', 'payroll policy administration', and 'staff training / coaching / development / management'.

## **Insight:**

The fact that payroll professionals spend most of their time on tasks such as 'gathering data for payroll' and 'payroll calculations' is not surprising. Many payroll systems aren't geared towards across-the-board simplified self-service and automation. Gathering data for payroll is an onerous process that not everyone has mastered through self-service functionality and online onboarding. Transactional data such as timesheets, ensuring information is obtained from new starters, and changes in employment conditions all impact payroll. The time put into payroll calculations is likely due to complex termination calculations and the increase of those during the ongoing uncertainty wrought by COVID-19.

Several factors will influence where payroll professionals are spending their time – but perhaps the most critical elements are the size and expertise of the payroll team. Research from the Australian Payroll Association (APA) suggests that the number of payroll professionals required to manage a certain size payroll will vary based on technology, processes, industry and the collective knowledge and capability of the payroll team. On average, the APA says one payroll professional processes 274 weekly paid employees, 549 fortnightly paid employees, or 1190 monthly paid employees.

Continuous education for payroll professionals is obviously critical. The APA's 2021 Payroll Benchmarking Report found that payroll professionals spend 2.1 days of external training per year. This average is higher in larger organisations – particularly those with 2000 or more employees. The top 4 areas to upskill in were: legislative compliance (60.6%); award and ABA interpretations (42.9%); soft skills (e.g. management) (31.6%); and technical calculations (28%). It's interesting to note how closely these areas align with the payroll challenges identified earlier in this appendix, and also where payroll professionals are spending their time.

In terms of improving efficiencies, it pays to understand the processes, technology and systems used. By including payroll in your continuous improvement program, you will ensure cost efficient payroll delivery, a fully compliant payroll process and a payroll team that will deliver tangible value to your organisation. The ABA has found the majority of organisations (64%) have undergone a payroll operation process review within the past two years, although small businesses are less likely to review their operations regularly, if at all.

# Median hours per month spent on payroll activities



6 hours per month

Mid-level management spends a median of 6 hours per month on payroll accounting



4 hours per month

C-suite leaders spend a median of 4 hours per month on staff training, coaching and development

Action:

- Consider a payroll audit. As outlined in [this article](#) from the Academy to Innovate HR, such an audit is a comprehensive review of systems, data accuracy, and compliance-related processes.
- Undertake research into what can be automated. While payroll technology cannot fix a fundamentally complex regulatory environment and human oversight will always be required, it can streamline and automate processes and help with compliance obligations.
- Investigate how self-service functionality can help improve the efficiency of payroll operations. Self-service tools can help employees and managers / HR to manage their payroll and rostering / time & attendance obligations and has clear benefits for employees as well as managers and HR:

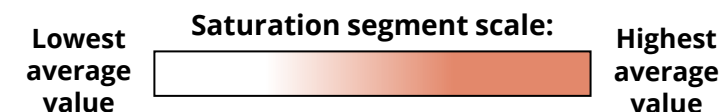
| For employees                                                                                             | For managers / HR                                                               |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Ability to check leave and payslips online at any time                                                    | Approve leave requests and review balances                                      |
| Update bank and superannuation details online at any time                                                 | Track absentee rates                                                            |
| Fill out and send timesheets easily online at any time; receive automated emails when rosters are updated | Approve timesheets, rosters, and schedules; send automated roster update emails |

# Average hours taken to complete one pay cycle



| n=                                                                                   | 327     | 56                  | 73              | 112          | 86              | 266       | 61          | 223              | 92                         | 12                    | 68             |
|--------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many hours of work does it take your organisation to complete one pay cycle run? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Weekly                                                                               | 17      | 9                   | 12              | 28           | 7               | 20        | 8           | 13               | 25                         | 8                     | 3              |
| Bi-monthly (2 cycles per month)                                                      | 12      | 18                  | 9               | 11           | 10              | 11        | 13          | 10               | 19                         | 6                     | 2              |
| Fortnightly (bi-weekly)                                                              | 26      | 16                  | 21              | 29           | 34              | 28        | 17          | 12               | 38                         | 379                   | 7              |
| Every four weeks                                                                     | 51      | 20                  | 80              | 21           | 2               | 55        | 16          | 60               | 20                         | N/A                   | 2              |
| Monthly                                                                              | 18      | 15                  | 33              | 15           | 13              | 19        | 12          | 17               | 20                         | 16                    | 14             |
| Quarterly                                                                            | 10      | N/A                 | 8               | 12           | 3               | 11        | 3           | 11               | 4                          | N/A                   | N/A            |
| Ad hoc                                                                               | 5       | 4                   | 9               | 4            | 5               | 6         | 2           | 5                | 5                          | N/A                   | 4              |

Note: This question asked respondents to provide values relating to several aspects of the payroll process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.

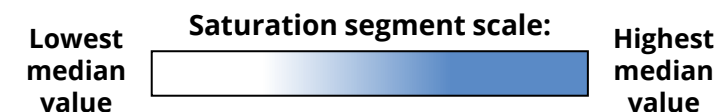


# Median hours taken to complete one pay cycle



| n=                                                                                   | 327     | 56                  | 73              | 112          | 86              | 266       | 61          | 223              | 92                         | 12                    | 68             |
|--------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How many hours of work does it take your organisation to complete one pay cycle run? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Weekly                                                                               | 5       | 8                   | 5               | 8            | 3               | 5         | 5           | 5                | 14                         | 8                     | 2              |
| Bi-monthly (2 cycles per month)                                                      | 8       | 15                  | 10              | 5            | 5               | 7         | 8           | 9                | 18                         | 5                     | 2              |
| Fortnightly (bi-weekly)                                                              | 10      | 10                  | 18              | 10           | 7               | 12        | 8           | 8                | 20                         | 379                   | 5              |
| Every four weeks                                                                     | 24      | 23                  | 30              | 24           | 2               | 24        | 16          | 30               | 20                         | N/A                   | 2              |
| Monthly                                                                              | 10      | 10                  | 14              | 8            | 8               | 10        | 10          | 8                | 16                         | 16                    | 5              |
| Quarterly                                                                            | 8       | N/A                 | 8               | 8            | 3               | 8         | 3           | 8                | 4                          | N/A                   | N/A            |
| Ad hoc                                                                               | 3       | 3                   | 3               | 2            | 3               | 5         | 2           | 2                | 5                          | N/A                   | 3              |

Note: This question asked respondents to provide values relating to several aspects of the payroll process. The number of respondents listed for each column in the table above refers to the average number of people who provided an answer for these questions, as some respondents may not have answered all questions.



# Appendix K: Rostering / time & attendance

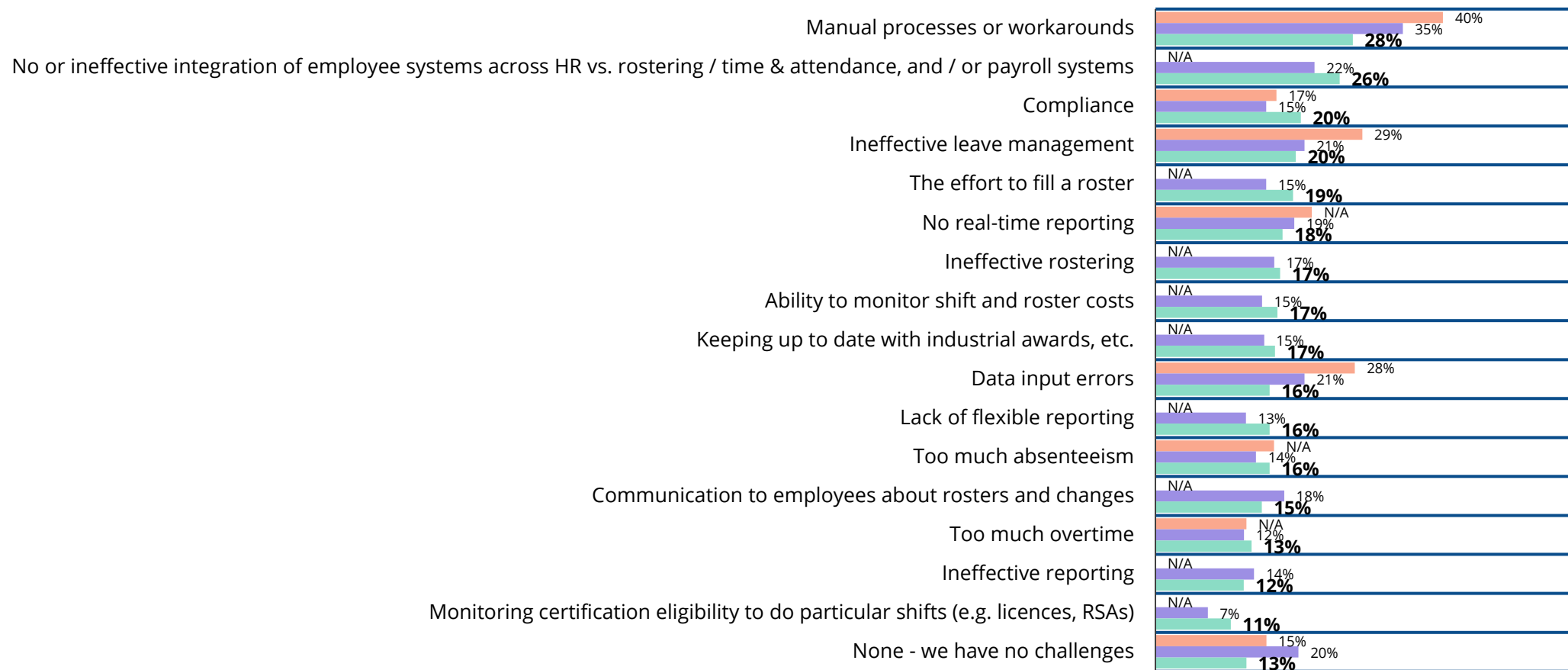


# Rostering / time & attendance key challenges



What are your organisation's key roasting / time & attendance challenges?

2019 (n = 284) 2020 (n = 356) 2021 (n = 275)



# Rostering / time & attendance key challenges



## Summary:

Earlier in this report, the rising importance of workforce planning was noted. It was deemed a 'high' or 'medium' priority by 71% of respondents. Similarly, 76% of respondents predicted they would have rostering / time & attendance technology fully implemented in 2022, and 70% said the same about workforce management technology. Workforce planning enables employers to reduce costs from over-rostering and mitigate compliance issues of over- or under-paying awards and entitlements.

In terms of challenges, 'manual processes or workarounds' remains the top challenge, although this has declined steadily since 2019. Declines were also seen in 'data input errors' and 'communication to employees about rosters and changes'. Compared with the 2020 results, several challenges saw noticeable increases in 2021. These included: the integration of employee systems; compliance; and the effort required to fill a roster. 'Ineffective rostering' was the most significant challenge for mid-market and enterprise respondents, while SMBs struggled the most with compliance. Eleven out of the 16 listed challenges were reduced for respondents with technology fully implemented compared to those without technology fully implemented. The challenges that were not reduced with technology included: compliance, data input errors, and ineffective rostering.

## Insight:

The reduction in data input errors as a challenge in 2021 is perhaps reflective of the effort to reduce manual processes (2021's top challenge) which has a flow-on effect to data input errors. It's also apparent that ineffective rostering is still plaguing enterprise and mid-market businesses. Business size has a direct correlation with ease of rostering and staff management. Even though there was a drop in mid-market and enterprise respondents indicating that manual processes were a challenge, this remains high. Complex needs, unique rostering / time & attendance requirements, and a hesitancy to change or start major projects in this area may be driving factors behind the reluctance to embrace technology and automation.

Certain challenges have impacted some industries more than others. For example, 43% of retail respondents indicated they were struggling to fill rosters (in 2020 this figure was 5%). It's similarly high in health care and social services (46%). This is no doubt COVID-19 related. Ongoing uncertainty, extended periods of lockdowns, border closures, employee burnout, and the struggle to retain employees have all heavily impacted employers in these sectors. Data is critical for successful rostering and some organisations will feed previous sales figures into workforce management (WFM) tools to determine staffing needs. For organisations that have relied upon the previous year's data, the danger is always having too many or too few people on the ground – a fact magnified by the unusual business and economic conditions seen during 2020/21. However, even this is better than no data at all.

It appears that most challenges are more operationally focused than technology focused. As with other areas of this report, it's possible to implement a technology platform without also reviewing business processes – but technology can't fix poor processes. WFM systems for enterprise businesses can be notoriously difficult to implement due to their complex requirements. If organisations are not supported properly through the post-implementation phase, they generally end up falling back on old processes, or under-utilising the newly installed system. Every organisation should consider a change management plan to ensure everyone is onboard when rolling out a new platform across the business. Even for SMBs, there are opportunities to save time and money by adopting a WFM solution, provided the implementation is well-handled.

Just under a fifth of respondents (18%) said they have no real-time reporting (a slight decline on the 19% from 2020). However, 28% of mid-market respondents said this was a challenge. Having real-time visibility and reporting over day-to-day operational performance can give leaders more insight and control over how the workforce is managed – and that means significant cost and resource savings. The higher figure for mid-market respondents makes sense when one considers many mid-market organisations are in 'scale up' mode. As these organisations outgrow the SMB space, real-time reporting becomes more important as they start to closely monitor their day-to-day scheduling activities and related wage spending.

# Rostering / time & attendance key challenges



## Action:

- Consider how technology can help with WFM. Mid-market organisations in particular want more visibility of daily operations during times of economic uncertainty to ensure careful monitoring of wage spend vs. business demand.
- For those still relying on manual processes, consider if the maximum value is being obtained from any solution already in place. Launch an education program if knowledge gaps are visible. Simple tips – for example, calling staff to check availability vs. auto emails to the team – can reduce the time spent on staff schedules and rosters.
- Workforce modelling based on previous consumer demand and other variables such as weather conditions (for certain businesses) can have a huge impact on the people resources used on a daily basis. Such modelling is reliant on real-time and detailed reporting.



Just over **1 in 4** respondents said manual processes or workarounds was their biggest rostersing / time & attendance challenge



**1 in 3** mid-market organisations cite ineffective rostersing as a key challenge

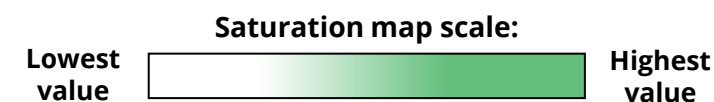


**1 in 2** respondents have either fully implemented or are currently implementing rostersing / time & attendance technology

# Rostering / time & attendance key challenges



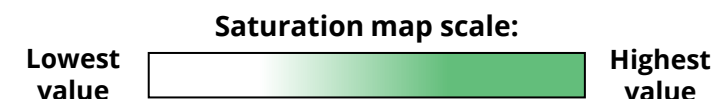
| n=                                                                         | 275     | 41                  | 67              | 93           | 74              | 225       | 50          | 185              | 75                         | 15                    | 69             |
|----------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key rostering / time & attendance challenges? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Ability to monitor shift and roster costs                                  | 17%     | 15%                 | 26%             | 18%          | 8%              | 18%       | 12%         | 11%              | 29%                        | 33%                   | 6%             |
| Communication to employees about rosters and changes                       | 15%     | 20%                 | 12%             | 22%          | 7%              | 15%       | 14%         | 13%              | 19%                        | 20%                   | 11%            |
| Compliance                                                                 | 20%     | 15%                 | 18%             | 22%          | 24%             | 22%       | 14%         | 17%              | 27%                        | 27%                   | 14%            |
| Data input errors                                                          | 16%     | 22%                 | 12%             | 23%          | 8%              | 18%       | 8%          | 13%              | 20%                        | 27%                   | 9%             |
| Ineffective leave management                                               | 20%     | 17%                 | 19%             | 27%          | 12%             | 21%       | 12%         | 15%              | 31%                        | 20%                   | 7%             |
| Ineffective reporting                                                      | 12%     | 7%                  | 15%             | 11%          | 15%             | 13%       | 8%          | 9%               | 21%                        | 13%                   | 6%             |
| Ineffective rostering                                                      | 17%     | 17%                 | 16%             | 22%          | 14%             | 19%       | 12%         | 10%              | 32%                        | 40%                   | 3%             |
| Keeping up to date with industrial awards, etc.                            | 17%     | 17%                 | 18%             | 19%          | 12%             | 19%       | 4%          | 13%              | 27%                        | 13%                   | 6%             |
| Lack of flexible reporting                                                 | 16%     | 22%                 | 15%             | 18%          | 11%             | 19%       | 4%          | 11%              | 25%                        | 27%                   | 10%            |



# Rostering / time & attendance key challenges



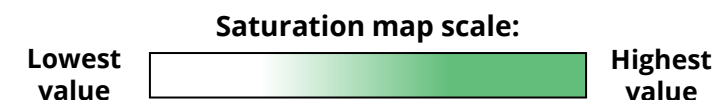
| n=                                                                                                                      | 275     | 41                  | 67              | 93           | 74              | 225       | 50          | 185              | 75                         | 15                    | 69             |
|-------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| What are your organisation's key rostering / time & attendance challenges?                                              | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Manual processes or workarounds                                                                                         | 28%     | 37%                 | 29%             | 26%          | 23%             | 31%       | 14%         | 22%              | 40%                        | 40%                   | 14%            |
| Monitoring certification eligibility to do particular shifts (e.g. licences, RSAs)                                      | 11%     | 12%                 | 13%             | 13%          | 4%              | 12%       | 2%          | 7%               | 20%                        | 7%                    | 3%             |
| No or ineffective integration of employee systems across HR vs. rostering / time & attendance, and / or payroll systems | 26%     | 32%                 | 21%             | 27%          | 26%             | 28%       | 16%         | 22%              | 36%                        | 20%                   | 16%            |
| No real-time reporting                                                                                                  | 18%     | 20%                 | 18%             | 18%          | 16%             | 19%       | 14%         | 13%              | 28%                        | 27%                   | 9%             |
| The effort to fill a roster                                                                                             | 19%     | 24%                 | 19%             | 18%          | 18%             | 20%       | 16%         | 15%              | 28%                        | 33%                   | 10%            |
| Too much absenteeism                                                                                                    | 16%     | 12%                 | 19%             | 18%          | 12%             | 15%       | 20%         | 12%              | 24%                        | 20%                   | 11%            |
| Too much overtime                                                                                                       | 13%     | 22%                 | 7%              | 12%          | 16%             | 14%       | 12%         | 9%               | 21%                        | 27%                   | 3%             |
| None - we have no challenges                                                                                            | 13%     | 2%                  | 7%              | 14%          | 22%             | 11%       | 22%         | 17%              | 5%                         | 0%                    | 30%            |



# Rostering / time & attendance key challenges



| What are your organisation's key rosters / time & attendance challenges?                                                | Has fully implemented technology |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                         | Total resp.                      | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                         | n = 139                          | n = 97           | n = 31                     | n = 11                | n = 136                                    | n = 88           | n = 44                     | n = 4                 | n = 41         | n = 28         |
| Ability to monitor shift and roster costs                                                                               | 14%                              | 10%              | 19%                        | 27%                   | 21%                                        | 11%              | 36%                        | 50%                   | 5%             | 7%             |
| Communication to employees about rosters and changes                                                                    | 14%                              | 11%              | 19%                        | 27%                   | 15%                                        | 15%              | 18%                        | 0%                    | 10%            | 14%            |
| Compliance                                                                                                              | 22%                              | 20%              | 29%                        | 18%                   | 19%                                        | 15%              | 25%                        | 50%                   | 20%            | 7%             |
| Data input errors                                                                                                       | 17%                              | 13%              | 26%                        | 18%                   | 15%                                        | 14%              | 16%                        | 50%                   | 2%             | 18%            |
| Ineffective leave management                                                                                            | 13%                              | 10%              | 23%                        | 9%                    | 26%                                        | 20%              | 36%                        | 50%                   | 0%             | 18%            |
| Ineffective reporting                                                                                                   | 12%                              | 7%               | 26%                        | 9%                    | 13%                                        | 10%              | 18%                        | 25%                   | 5%             | 7%             |
| Ineffective rostering                                                                                                   | 20%                              | 12%              | 35%                        | 45%                   | 15%                                        | 7%               | 30%                        | 25%                   | 5%             | 0%             |
| Keeping up to date with industrial awards, etc.                                                                         | 17%                              | 14%              | 29%                        | 0%                    | 17%                                        | 11%              | 25%                        | 50%                   | 5%             | 7%             |
| Lack of flexible reporting                                                                                              | 14%                              | 9%               | 29%                        | 18%                   | 18%                                        | 14%              | 23%                        | 50%                   | 10%            | 11%            |
| Manual processes or workarounds                                                                                         | 24%                              | 21%              | 32%                        | 36%                   | 31%                                        | 23%              | 45%                        | 50%                   | 12%            | 18%            |
| Monitoring certification eligibility to do particular shifts (e.g. licences, RSAs)                                      | 10%                              | 5%               | 26%                        | 9%                    | 11%                                        | 9%               | 16%                        | 0%                    | 5%             | 0%             |
| No or ineffective integration of employee systems across HR vs. rostering / time & attendance, and / or payroll systems | 19%                              | 16%              | 32%                        | 9%                    | 32%                                        | 28%              | 39%                        | 50%                   | 7%             | 29%            |
| No real-time reporting                                                                                                  | 15%                              | 9%               | 32%                        | 18%                   | 21%                                        | 17%              | 25%                        | 50%                   | 7%             | 11%            |
| The effort to fill a roster                                                                                             | 20%                              | 15%              | 32%                        | 27%                   | 18%                                        | 14%              | 25%                        | 50%                   | 12%            | 7%             |
| Too much absenteeism                                                                                                    | 14%                              | 12%              | 23%                        | 0%                    | 18%                                        | 13%              | 25%                        | 75%                   | 10%            | 14%            |
| Too much overtime                                                                                                       | 11%                              | 7%               | 23%                        | 9%                    | 16%                                        | 11%              | 20%                        | 75%                   | 2%             | 4%             |
| None - we have no challenges                                                                                            | 17%                              | 21%              | 13%                        | 0%                    | 8%                                         | 13%              | 0%                         | 0%                    | 39%            | 18%            |



# Measuring rostering / time & attendance process effectiveness



Which metric(s) does your organisation use to measure the performance of its rostering / time & attendance processes?

2019 (n = 284) 2020 (n = 356) 2021 (n = 275)



## Summary:

33% of respondents do not use any metrics at all to measure the performance of rostering / time & attendance (RTA) processes – a 14 percentage point decrease from 2020. There is significant variation by organisation size: 49% of small businesses and 35% of SMBs do not use any metrics, compared to 32% of mid-market and just 13% of enterprise respondents. Overall, the use of metrics has increased from 2020, with large gains seen in 'overtime cost management' and 'time taken for processing'. The biggest rise, however, was seen in 'employee wellness', which saw a 13 percentage point increase from 2020. Unlike other areas of this report, which generally saw an increase in the use of metrics when technology was fully implemented, the RTA area saw a reduction in the use of metrics when technology was fully implemented, compared to respondents without technology fully implemented.

## Insight:

For assessment of WFM and RTA effectiveness, metrics relating to 'data accuracy', 'compliance (labour regulation)', 'overtime cost management' and 'time taken for processing' should all factor highly.

The steady increase in 'compliance (labour regulation)' as a metric is not surprising due to the heightened awareness of wage theft in [Australia](#) and [New Zealand](#). This is a big win for employees who can take comfort in knowing they are being paid correctly for the hours worked when their business is using a WFM or RTA solution.

While 'absenteeism / tardiness' is the most popular metric tracked, this statistic may also point to other, wider issues at play in the business and shouldn't be treated as a sole reflection of WFM or RTA effectiveness. For example, high levels of absenteeism may point to a toxic culture, bullying or harassment. It may also indicate overwork and employee burnout. On the latter note, it's worth considering the increased use of 'employee wellness' as a metric. While employee wellness covers a broad spectrum of issues, for rostering and scheduling the most relevant element is fatigue management and burnout.

All facets of mental health play a significant contributing role in employee wellbeing, [A 2020 study](#) by Beyond Blue showed that the annual cost of untreated mental health conditions to Australian workplaces was A\$10.9 billion. In New Zealand, [a 2016 study](#) by the Royal Australian & New Zealand College of Psychiatrists found the overall annual cost of poor mental health to the broader New Zealand economy was NZ\$12 billion.

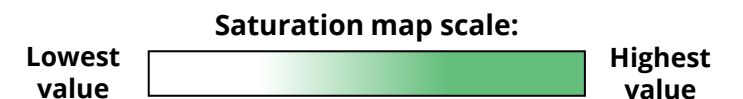
## Action:

- The increase in the use of metrics is encouraging but there is still work to do. At the C-suite / executive level, 50% still do not use any metrics at all. However, what gets measured gets managed, so having a basic level of metrics is critical. With HR – and in some instances even payroll – wanting to obtain and sustain a seat at the executive table, these insights will be invaluable.
- It's disconcerting to see that technology is not encouraging the use of metrics. Take the time to understand the functionality of any technology being utilised. Most RTA platforms will have reporting functions, making it easier to extract data and spot trends.
- Don't fall back on old processes. Organisations that are not supported properly through the post-implementation phase for new technology generally end up falling back on old processes or under-utilising the newly installed system. Use the opportunity presented by new technology to re-examine the underlying processes, and fine-tune or overhaul these if required.
- Track how your technology vendor is performing and constantly assess if they are addressing the needs and problems unique to your business. It's important for all businesses – but especially small businesses – to look beyond the financial cost of choosing a vendor. Employees have frequent interactions with RTA systems and poorly implemented systems or systems that are a poor fit for the business can have a negative impact on how employees do their jobs and can ultimately damage their perception of the business.

# Measuring rostering / time & attendance process effectiveness



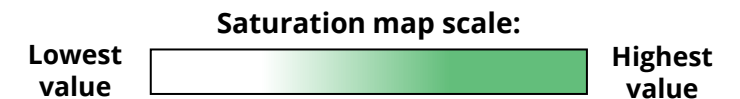
| n=                                                                                                                    | 275     | 41                  | 67              | 93           | 74              | 225       | 50          | 185              | 75                         | 15                    | 69             |
|-----------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Which metric(s) does your organisation use to measure the performance of its rostering / time & attendance processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Absenteeism / tardiness rates                                                                                         | 26%     | 29%                 | 29%             | 29%          | 18%             | 28%       | 16%         | 24%              | 27%                        | 53%                   | 13%            |
| Accuracy                                                                                                              | 20%     | 12%                 | 22%             | 19%          | 22%             | 21%       | 12%         | 17%              | 25%                        | 20%                   | 14%            |
| Compliance (labour regulation)                                                                                        | 17%     | 22%                 | 21%             | 17%          | 9%              | 17%       | 16%         | 16%              | 15%                        | 33%                   | 17%            |
| Employee wellness                                                                                                     | 18%     | 24%                 | 16%             | 22%          | 11%             | 18%       | 18%         | 19%              | 15%                        | 20%                   | 7%             |
| Number of missing or late timesheets                                                                                  | 18%     | 17%                 | 18%             | 22%          | 15%             | 20%       | 8%          | 14%              | 28%                        | 20%                   | 9%             |
| Overtime cost management                                                                                              | 23%     | 20%                 | 26%             | 27%          | 18%             | 24%       | 18%         | 20%              | 25%                        | 47%                   | 13%            |
| Time taken for processing                                                                                             | 17%     | 17%                 | 16%             | 19%          | 16%             | 18%       | 16%         | 19%              | 15%                        | 13%                   | 16%            |
| None - we don't use any metrics                                                                                       | 33%     | 22%                 | 25%             | 31%          | 50%             | 31%       | 46%         | 35%              | 32%                        | 13%                   | 49%            |



# Measuring rostering / time & attendance process effectiveness



| Which metric(s) does your organisation use to measure the performance of its rostering / time & attendance processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for <b>rostering / time &amp; attendance</b> ? |                  |                            |                       |                                            |                  |                            |                       |                |                |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                       | Has fully implemented technology                                                                                                                               |                  |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                       | Total resp.                                                                                                                                                    | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 – 199) | Mid-market<br>(200 – 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                       | n = 139                                                                                                                                                        | n = 97           | n = 31                     | n = 11                | n = 136                                    | n = 88           | n = 44                     | n = 4                 | n = 41         | n = 28         |
| Absenteeism / tardiness rates                                                                                         | 24%                                                                                                                                                            | 22%              | 26%                        | 45%                   | 28%                                        | 26%              | 27%                        | 75%                   | 17%            | 7%             |
| Accuracy                                                                                                              | 18%                                                                                                                                                            | 16%              | 26%                        | 9%                    | 21%                                        | 18%              | 25%                        | 50%                   | 12%            | 18%            |
| Compliance (labour regulation)                                                                                        | 14%                                                                                                                                                            | 14%              | 10%                        | 27%                   | 19%                                        | 18%              | 18%                        | 50%                   | 17%            | 18%            |
| Employee wellness                                                                                                     | 14%                                                                                                                                                            | 16%              | 10%                        | 9%                    | 21%                                        | 22%              | 18%                        | 50%                   | 7%             | 7%             |
| Number of missing or late timesheets                                                                                  | 17%                                                                                                                                                            | 13%              | 29%                        | 18%                   | 19%                                        | 15%              | 27%                        | 25%                   | 7%             | 11%            |
| Overtime cost management                                                                                              | 22%                                                                                                                                                            | 19%              | 29%                        | 36%                   | 24%                                        | 23%              | 23%                        | 75%                   | 15%            | 11%            |
| Time taken for processing                                                                                             | 17%                                                                                                                                                            | 19%              | 16%                        | 9%                    | 18%                                        | 19%              | 14%                        | 25%                   | 17%            | 14%            |
| None - we don't use any metrics                                                                                       | 35%                                                                                                                                                            | 40%              | 26%                        | 18%                   | 32%                                        | 31%              | 36%                        | 0%                    | 46%            | 54%            |

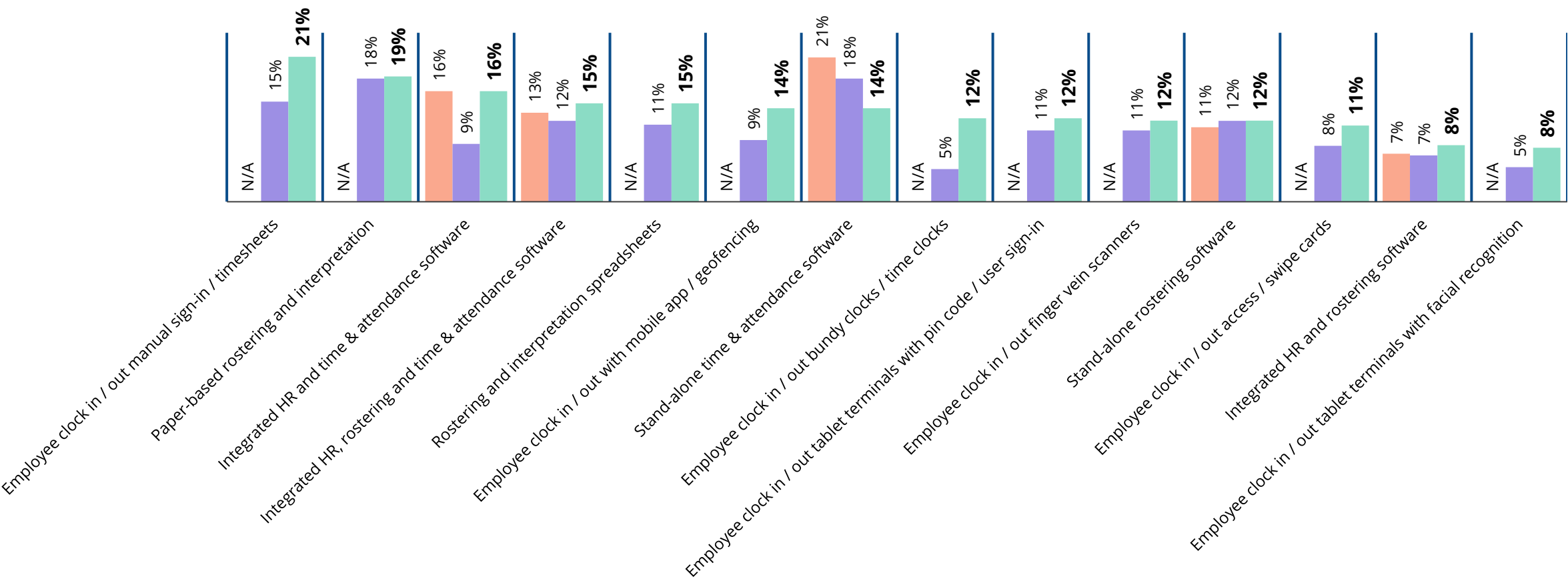


# Tools to manage rostering / time & attendance



How does your organisation currently manage its rostering / time & attendance processes?

2019 (n = 281)    2020 (n = 351)    2021 (n = 274)



# Tools to manage rostering / time & attendance



## Summary:

When it comes to the tools used for WFM and specifically rostering / time & attendance, 'stand-alone time & attendance software' has seen a 4 percentage point drop from 2020, while noticeable increases were seen in the use of several tools: 'integrated HR and time & attendance software' (a 7 percentage point increase); 'rostering and interpretation spreadsheets' (up 4 percentage points); 'employee clock-in / out bundy clocks / time clocks' (up 7 percentage points).

In contrast to the steady uptake of more advanced technologies such as 'facial recognition' (up 3 percentage points from 2020, but still used by just 8% of respondents) and 'mobile apps / geofencing' (up 4 percentage points, currently at 14%), there has also been an increase across all business sizes for manually capturing employee working times / timesheets (up 6 percentage points from 2020).

## Insight:

For those enterprise organisations with fully implemented technology, the preference is for 'integrated HR, rostering and time & attendance software' (36%). For mid-market organisations, the preference is for 'employee clock in / out with pin code / user sign-in' (26%). SMBs and small businesses favoured 'stand-alone time & attendance software' (16% and 17% respectively).

How can these differences be accounted for? Most SMBs will add software to meet particular needs as and when they arise. It's possible the experience with WFM has not been 'painful' enough to make the jump. Enterprise organisations, on the other hand, will often look to implement a platform that meets all their needs – as seen in the consistent showing for integrated platforms.

Regardless of organisation size, integrated systems will always be popular for those employers looking to simplify their software eco-system, reduce their operating costs and remove day-to-day technical issues.

The use of 'paper-based rostering and interpretation' by 28% of mid-market and 50% of enterprise organisations (for those without fully implemented technology) naturally drops for those who do have fully implemented technology (to 16% and 27% respectively). However, these are still high figures when one considers the relatively widespread use of technology for these two size segments in other functional areas.

Indeed, the uptick in 'manual tools for clocking in / out' (up from 16% in 2020 to 21% in 2021) is worth further investigation. Prior to modern technology, workplaces issued employees with a timecard, which they inserted into a bundy clock, which clocked them in and out of their shift. Today, with wage underpayments rife, employers are increasingly going 'back to basics', albeit with a digital slant. Biometric clocks that feature a sensor or a facial recognition system are making a return for many white-collar workers. An unexpected complication has been remote working, which has introduced fresh challenges in accurately monitoring hours. Even clocking start and end times, as well as unpaid breaks, may not reflect workers who log off to complete a personal or family task, and then log back on.

Another challenge has been the spate of wage theft and / or underpayment cases (as outlined in this [ABC article](#)). In Australia, one small step towards rectifying wage theft came in March 2020, when the Fair Work Commission (FWC) made it compulsory for employers of salaried staff subject to an annualised salary arrangement under an award to keep a record of starting and finishing times and unpaid breaks taken. As stated in this [HRD article](#): "The new rules mean greater record keeping responsibilities for employers to ensure their workers are being remunerated correctly, after the FWC began zeroing in on underpayments."



**1 in 5** respondents use employee clock in / out manual sign-in / timesheets



**1 in 5** respondents use paper-based rostering and interpretation

## Action:

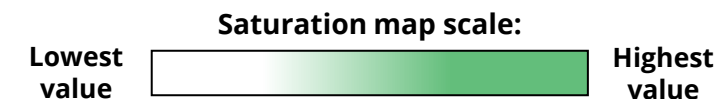
It's easy to take WFM solutions for granted – unless, of course, there isn't one implemented. COVID-19 has demonstrated the critical role such solutions can play. The ability to stagger shifts and break times to minimise crowding in high traffic areas, to incorporate flexibility to allow for increased cleaning of common spaces, and to schedule enough time for employees to put on and take off protective clothing are only possible with smart WFM software. Here are a few factors to consider:

- The changes instigated by Australia's FWC in 2020, which required businesses to track hours worked, was the perfect opportunity for businesses to review their current software provider to see if that functionality existed. Review everything your software vendor has delivered in the last 12 months and check what's on the roadmap for the next 12 months. Software providers are forever looking at ways to improve the lives of their customers, and there have been many opportunities for software companies to tackle some big problems affecting businesses over the past two years. It's not uncommon for new features to fly under the radar, so note any system updates that come through.
- The enduring popularity of all-in-one solutions proves that, more than anything, business leaders want easy-to-use technology. This is even more critical in a volatile business environment with ever-evolving rules and regulations. Instead of multiple vendors with different interfaces and training requirements, the appeal of having a consolidated system with minimal internal friction points will likely continue.
- Consider current strengths and gaps in existing HR-related technology, including WFM software. In this [article](#), experienced HR observer Dave Ulrich suggests asking these four questions as part of an overall HR technology audit:
  1. To what extent do we use technology to streamline administrative HR work?
  2. To what extent do we use technology to innovate our HR practices?
  3. To what extent do we use technology to access information?
  4. To what extent do we use technology to create social experiences and connections?

# Tools to manage rostering / time & attendance



| n=                                                                                       | 274     | 41                  | 67              | 92           | 74              | 224       | 50          | 185              | 74                         | 15                    | 69             |
|------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| How does your organisation currently manage its rostering / time & attendance processes? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Employee clock in / out access / swipe cards                                             | 11%     | 12%                 | 10%             | 14%          | 8%              | 12%       | 6%          | 10%              | 15%                        | 7%                    | 4%             |
| Employee clock in / out Bundy clocks / time clocks                                       | 12%     | 20%                 | 15%             | 13%          | 5%              | 13%       | 10%         | 11%              | 16%                        | 13%                   | 9%             |
| Employee clock in / out finger vein scanners                                             | 12%     | 7%                  | 16%             | 16%          | 5%              | 14%       | 4%          | 11%              | 15%                        | 13%                   | 6%             |
| Employee clock in / out manual sign-in / timesheets                                      | 21%     | 22%                 | 24%             | 27%          | 12%             | 24%       | 10%         | 19%              | 24%                        | 40%                   | 17%            |
| Employee clock in / out tablet terminals with facial recognition                         | 8%      | 10%                 | 10%             | 8%           | 5%              | 8%        | 10%         | 8%               | 8%                         | 7%                    | 4%             |
| Employee clock in / out tablet terminals with pin code / user sign-in                    | 12%     | 22%                 | 12%             | 14%          | 5%              | 12%       | 12%         | 11%              | 15%                        | 20%                   | 6%             |
| Employee clock in / out with mobile app / geofencing                                     | 14%     | 20%                 | 15%             | 16%          | 7%              | 14%       | 12%         | 11%              | 18%                        | 27%                   | 3%             |
| Integrated HR and rostering software                                                     | 8%      | 2%                  | 9%              | 10%          | 9%              | 8%        | 10%         | 8%               | 7%                         | 27%                   | 4%             |
| Integrated HR and time & attendance software                                             | 16%     | 10%                 | 22%             | 20%          | 11%             | 18%       | 10%         | 13%              | 19%                        | 47%                   | 7%             |
| Integrated HR, rostering and time & attendance software                                  | 15%     | 15%                 | 12%             | 18%          | 12%             | 16%       | 10%         | 15%              | 9%                         | 33%                   | 10%            |
| Paper-based rostering and interpretation                                                 | 19%     | 15%                 | 15%             | 18%          | 24%             | 18%       | 22%         | 16%              | 23%                        | 33%                   | 21%            |
| Rostering and interpretation spreadsheets                                                | 15%     | 15%                 | 10%             | 16%          | 16%             | 15%       | 14%         | 13%              | 18%                        | 20%                   | 11%            |
| Stand-alone rostering software                                                           | 12%     | 15%                 | 10%             | 12%          | 12%             | 13%       | 8%          | 8%               | 20%                        | 20%                   | 7%             |
| Stand-alone time & attendance software                                                   | 14%     | 20%                 | 10%             | 17%          | 9%              | 12%       | 20%         | 15%              | 14%                        | 0%                    | 14%            |



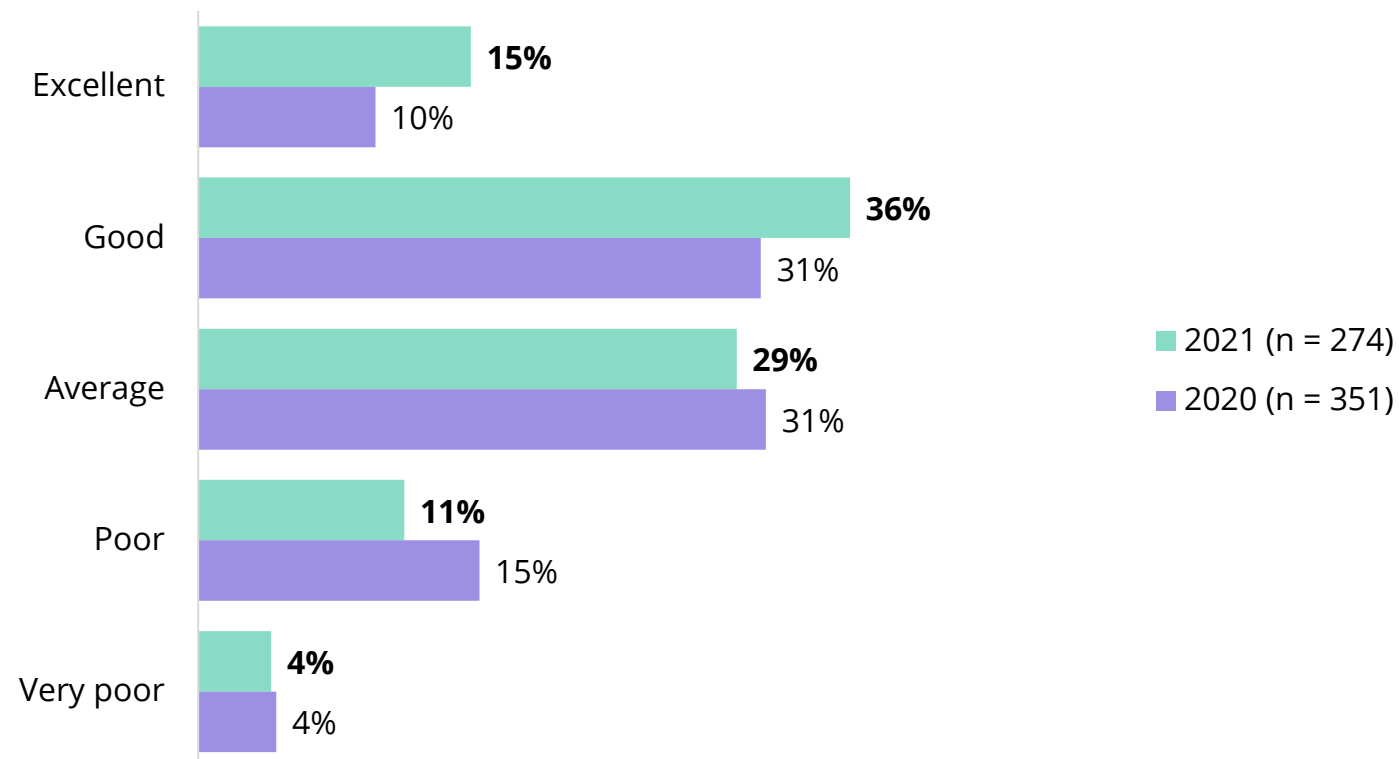
# Tool to manage rostering / time & attendance



| How does your organisation currently manage its rostering / time & attendance processes? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for rostering / time & attendance? |              |            |            |                                            |              |            |            |        | FIT    | NFIT |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|------------|--------------------------------------------|--------------|------------|------------|--------|--------|------|
|                                                                                          | Has fully implemented technology                                                                                                                   |              |            |            | Does not have fully implemented technology |              |            |            |        |        |      |
|                                                                                          | Total resp.                                                                                                                                        | SMB          | Mid-market | Enterprise | Total resp.                                | SMB          | Mid-market | Enterprise |        |        |      |
|                                                                                          | (1 - 199)                                                                                                                                          | (200 - 1999) | (2000+)    |            | (1 - 199)                                  | (200 - 1999) | (2000+)    |            |        |        |      |
|                                                                                          | n = 139                                                                                                                                            | n = 97       | n = 31     | n = 11     | n = 135                                    | n = 88       | n = 43     | n = 4      | n = 41 | n = 28 |      |
| Employee clock in / out access / swipe cards                                             | 9%                                                                                                                                                 | 8%           | 13%        | 9%         | 13%                                        | 13%          | 16%        | 0%         | 2%     | 7%     |      |
| Employee clock in / out bundy clocks / time clocks                                       | 9%                                                                                                                                                 | 7%           | 13%        | 9%         | 16%                                        | 15%          | 19%        | 25%        | 7%     | 11%    |      |
| Employee clock in / out finger vein scanners                                             | 11%                                                                                                                                                | 8%           | 19%        | 9%         | 13%                                        | 14%          | 12%        | 25%        | 0%     | 14%    |      |
| Employee clock in / out manual sign-in / timesheets                                      | 17%                                                                                                                                                | 15%          | 23%        | 18%        | 26%                                        | 23%          | 26%        | 100%       | 15%    | 21%    |      |
| Employee clock in / out tablet terminals with facial recognition                         | 6%                                                                                                                                                 | 6%           | 10%        | 0%         | 10%                                        | 10%          | 7%         | 25%        | 0%     | 11%    |      |
| Employee clock in / out tablet terminals with pin code / user sign-in                    | 12%                                                                                                                                                | 6%           | 26%        | 27%        | 13%                                        | 16%          | 7%         | 0%         | 2%     | 11%    |      |
| Employee clock in / out with mobile app / geofencing                                     | 12%                                                                                                                                                | 10%          | 16%        | 18%        | 16%                                        | 13%          | 19%        | 50%        | 0%     | 7%     |      |
| Integrated HR and rostering software                                                     | 9%                                                                                                                                                 | 6%           | 13%        | 18%        | 8%                                         | 9%           | 2%         | 50%        | 2%     | 7%     |      |
| Integrated HR and time & attendance software                                             | 14%                                                                                                                                                | 10%          | 19%        | 36%        | 19%                                        | 16%          | 19%        | 75%        | 5%     | 11%    |      |
| Integrated HR, rostering and time & attendance software                                  | 17%                                                                                                                                                | 14%          | 23%        | 27%        | 12%                                        | 16%          | 0%         | 50%        | 7%     | 14%    |      |
| Paper-based rostering and interpretation                                                 | 14%                                                                                                                                                | 12%          | 16%        | 27%        | 23%                                        | 19%          | 28%        | 50%        | 12%    | 36%    |      |
| Rostering and interpretation spreadsheets                                                | 9%                                                                                                                                                 | 9%           | 10%        | 9%         | 20%                                        | 17%          | 23%        | 50%        | 10%    | 14%    |      |
| Stand-alone rostering software                                                           | 12%                                                                                                                                                | 8%           | 23%        | 9%         | 13%                                        | 8%           | 19%        | 50%        | 7%     | 7%     |      |
| Stand-alone time & attendance software                                                   | 13%                                                                                                                                                | 16%          | 6%         | 0%         | 15%                                        | 14%          | 19%        | 0%         | 17%    | 11%    |      |



Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rostering / time & attendance?



## Summary:

Overall, ratings for rostering / time & attendance (RTA) and workforce management (WFM) systems and processes have improved from 2020. Fewer respondents rated their systems as 'average' (29% in 2021 vs. 31% in 2020), and more rated them as 'good' (36% in 2021 vs. 31% in 2020) or 'excellent' (15% in 2021 vs. 10% in 2020). When this data is assessed based on whether or not technology is used (see later chart), the results were mixed. For example, although 19% of respondents with technology fully implemented rated their systems and processes as 'excellent' (compared with 11% of respondents without technology), fewer respondents with technology rated their systems as 'good' (36%) versus those without technology (40%). 'Average' ratings were very similar regardless of technology usage, and there was only a slight decrease in 'poor' responses for those with technology (8%) versus those without technology (10%). By business size, mid-market respondents were the most likely to give an 'average', 'poor' or 'very poor' rating. In contrast, SMBs were the most likely to give a 'good' or 'excellent' rating.

## Insight:

COVID-19 has resulted in changes to almost every facet of business, and the WFM and RTA areas have not been immune. Having the right systems in place can take pressure off business owners and help them ensure they are compliant with current legislation and pay obligations. While the level of satisfaction was generally fair for WFM and RTA systems and processes, there is plenty of room for improvement. Clearly, technology is an enabler here, but some vendors may have struggled to adapt and provide the functionality required to help organisations deal with COVID-related issues. Those include more flexible scheduling, capacity limits (understanding who is on-location vs. working remotely), and even dealing with staff shortages due to illness – as seen by the strain on supply and distribution channels during the height of the Omicron outbreak (read more in this [ABC article](#)).

However, it's also clear that manual processes are unable to keep up with the demands and requirements of modern-day workplaces. As this [HRM article](#) suggests, the modern industrial landscape is complex. Mistakes can and unfortunately do happen – but complexity, data collection errors, and misinterpreting industrial instruments such as Enterprise Bargaining Agreements and awards are no excuse for pay-related mistakes.

Viewed in this way, it's no surprise that some mid-market organisations are suffering from growing pains and may be slightly less impressed with the systems and processes they have in place. While SMBs can usually cope with manual processes up to a point, for larger organisations, this becomes untenable.

WFM and RTA tools can go some way to effectively and efficiently managing business processes and wage costs – especially when measured against error-prone and time-consuming manual systems.

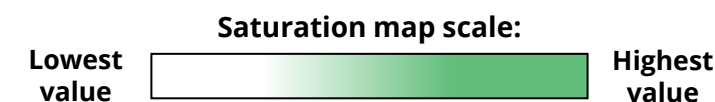
## Action:

- Reassess the critical role WFM and RTA tools play in your business's success. WFM started as a scheduling process but has since grown into a multi-faceted framework for maintaining human capital, budgeting, and workforce scheduling. The ultimate goal is to optimise productivity and reduce unnecessary expenditure.
- Understand the work required to do each job task, while prioritising efficiency and safety. From that seemingly simple basis, it's possible to determine demand-based forecasts, schedule the appropriate number of workers, and measure performance to provide feedback and incentives to workers. Along the way, employees are paid fairly and accurately for the hours worked.
- WFM and RTA processes don't just focus on employee performance and scheduling – they also determine how organisations should invest in their employees. A solid WFM / RTA strategy involves online training and supervisor-based coaching to ensure employees are up-to-date on the latest skills for the job. When implemented correctly, accurate WFM and RTA processes can reduce costs and improve customer service through consistent and automated monitoring of the workforce. It becomes easier to predict future demands for seasonal talent and can assist in making smarter decisions if cuts are needed within a certain department.
- If resources allow, and the task is big enough, consider creating a dedicated WFM analyst role. The job requires a combination of human resources, analytics, and operations skills. Such a professional is responsible for collecting data on the organisation's workforce, analysing that data to determine trends, and creating plans and operational goals for the business.

# Internal systems and processes



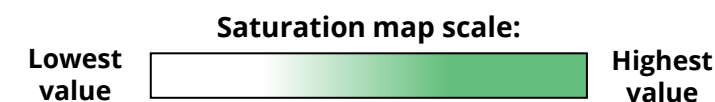
| n=                                                                                                                                                     | 274     | 41                  | 67              | 92           | 74              | 224       | 50          | 185              | 74                         | 15                    | 69             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|-----------------|--------------|-----------------|-----------|-------------|------------------|----------------------------|-----------------------|----------------|
| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rostering / time & attendance? | Overall | Junior to mid-level | Mid-level mgmt. | Senior mgmt. | C-suite leaders | Australia | New Zealand | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) |
| Excellent                                                                                                                                              | 15%     | 17%                 | 12%             | 17%          | 14%             | 13%       | 22%         | 18%              | 7%                         | 13%                   | 17%            |
| Good                                                                                                                                                   | 36%     | 34%                 | 43%             | 36%          | 30%             | 35%       | 40%         | 39%              | 27%                        | 33%                   | 30%            |
| Average                                                                                                                                                | 30%     | 20%                 | 34%             | 26%          | 35%             | 32%       | 20%         | 27%              | 36%                        | 27%                   | 29%            |
| Poor                                                                                                                                                   | 11%     | 22%                 | 4%              | 12%          | 11%             | 13%       | 6%          | 8%               | 19%                        | 20%                   | 9%             |
| Very poor                                                                                                                                              | 4%      | 2%                  | 4%              | 4%           | 4%              | 4%        | 2%          | 2%               | 9%                         | 7%                    | 1%             |



# Internal systems and processes



| Overall, how would you rate your organisation's internal systems and processes for efficiently and effectively managing rostering / time & attendance? | Which of the following stages best describes your organisation's current state of HR and payroll and technology for rostering / time & attendance? |                   |                            |                       |                                            |                  |                            |                       |                |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------|-----------------------|--------------------------------------------|------------------|----------------------------|-----------------------|----------------|----------------|
|                                                                                                                                                        | Has fully implemented technology                                                                                                                   |                   |                            |                       | Does not have fully implemented technology |                  |                            |                       | FIT            | NFIT           |
|                                                                                                                                                        | Total resp.                                                                                                                                        | .SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | Total resp.                                | SMB<br>(1 - 199) | Mid-market<br>(200 - 1999) | Enterprise<br>(2000+) | SB<br>(1 - 49) | SB<br>(1 - 49) |
|                                                                                                                                                        | n = 139                                                                                                                                            | n = 97            | n = 31                     | n = 11                | n = 135                                    | n = 88           | n = 43                     | n = 4                 | n = 41         | n = 28         |
| Excellent                                                                                                                                              | 19%                                                                                                                                                | 24%               | 6%                         | 9%                    | 11%                                        | 13%              | 7%                         | 25%                   | 24%            | 7%             |
| Good                                                                                                                                                   | 36%                                                                                                                                                | 39%               | 26%                        | 36%                   | 36%                                        | 40%              | 28%                        | 25%                   | 34%            | 25%            |
| Average                                                                                                                                                | 31%                                                                                                                                                | 25%               | 52%                        | 27%                   | 28%                                        | 30%              | 26%                        | 25%                   | 24%            | 36%            |
| Poor                                                                                                                                                   | 8%                                                                                                                                                 | 5%                | 13%                        | 18%                   | 15%                                        | 10%              | 23%                        | 25%                   | 2%             | 18%            |
| Very poor                                                                                                                                              | 2%                                                                                                                                                 | 1%                | 3%                         | 9%                    | 6%                                         | 2%               | 14%                        | 0%                    | 2%             | 0%             |



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