



2023

HR Industry Benchmark Report

Australia

In partnership with



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Introduction

Welcome to the 2023 HR Industry Benchmark Report, produced by ELMO Software in conjunction with the Australian HR Institute (AHRI). Now in its fourth year, the Benchmark Report was created to fill the gap in local research on the HR industry and to provide data-driven insights sourced from professionals within the sector. The report aims to examine the challenges facing HR professionals, their priorities for the year ahead, and how technology is playing a critical role in transforming the way they work.

Looking back, uncertainty has been a central theme of the past three years. Uncertainty over our health, the economy, and how the world would rebound from the global pandemic. It has not been an easy task for the HR industry. With no rulebook to follow, it has been the job of HR professionals to forge a path ahead in the middle of such instability. Despite the lifting of lockdowns and most COVID-19 regulations, a sense of uncertainty remains in 2023. The fear of a recession still looms, forcing many organisations to proceed with caution.

This year's Benchmark Report paints a picture of the balancing act facing the HR industry as they navigate optimistic plans to grow their workforce amid a challenging economic forecast. The other element of balance comes in the form of flexibility. Three years on from the almost overnight shift to working remotely in white-collar industries, now HR and business leaders are trying to strike the right mix of flexibility and face-to-face collaboration.

The findings also point to HR as a function that is becoming more sophisticated in how it uses metrics to make strategic, well-informed decisions. On the flipside, the threat of cybercrime has ramped up in recent years and now HR professionals play a crucial role in developing the skillsets of their staff and securing their employee data. But with new challenges come fresh opportunity, particularly in the use of technology to minimise those risks and automate the time-consuming manual tasks that still take up too much of HR's time.

Read on to delve into what promises to be another exhilarating twelve months.



Danny Lessem

CEO, ELMO Software

Methodology

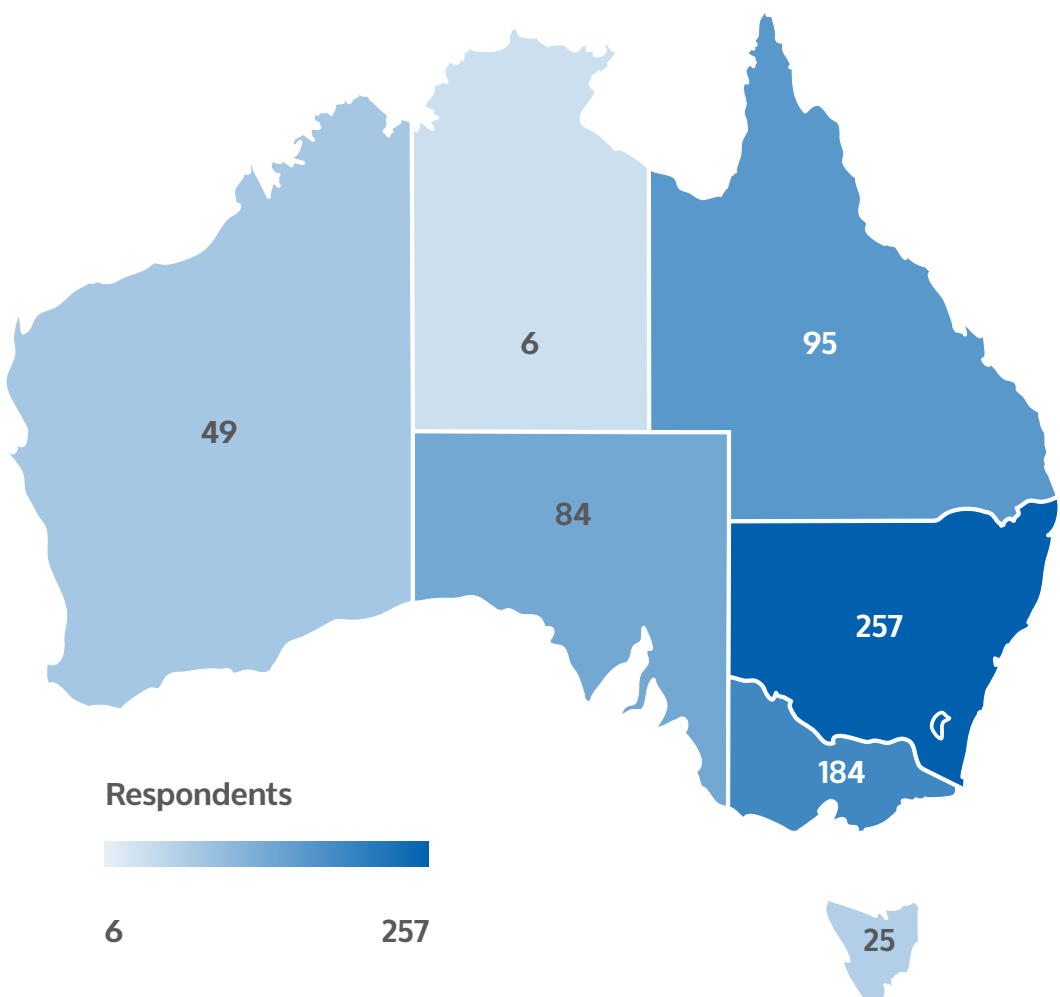
The 2023 HR Industry Benchmark Report survey was conducted by Censuswide, among a sample of 700 HR Professionals in Australia. Respondents were of the middle management level and above, excluding sole traders, and were aged 18+. The data was collected over a 12-day period in November 2022.

All respondents were presented with questions from Part 1 – The State of HR in Australia. In Part 2 – Insights by Function, only respondents who said they take part in each of the six functional areas were presented with questions. This approach attempts to improve the accuracy of the results by ensuring respondents are only asked questions that relate to their responsibilities as HR professionals.

The research was conducted online, with respondents sourced via an online access panel. When joining the panel, respondents complete a highly-detailed online profiling questionnaire. This information is verified as far as possible and respondents go through another validation process each time they try to take a survey through Censuswide. Data entry is monitored during the survey period to flag respondents who are seen to be entering information too quickly or giving contradictory answers.

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

The location of survey respondents in Australia



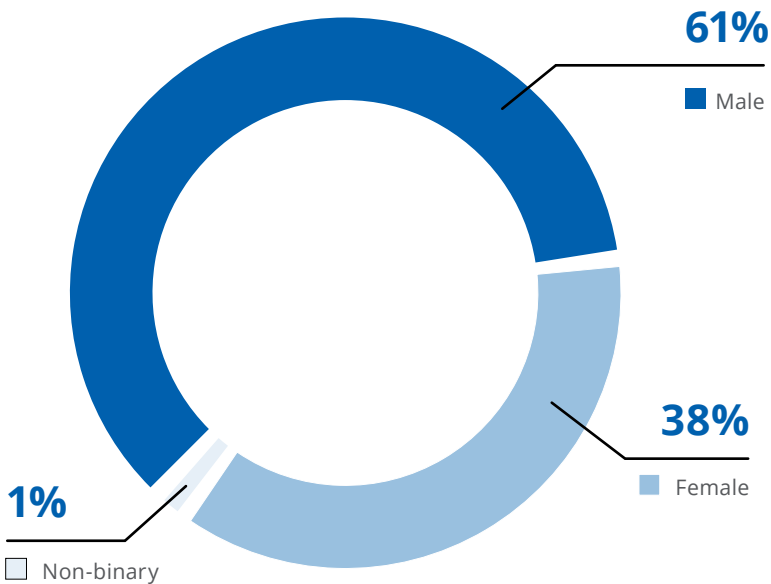
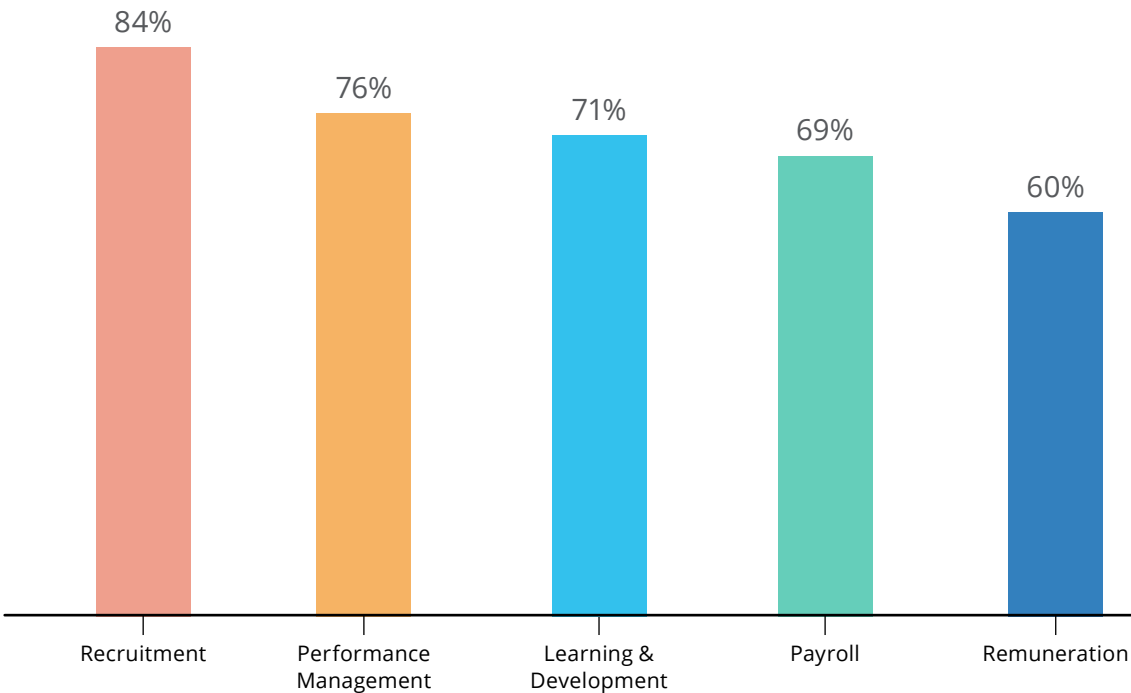
Survey demographics

Respondents worked in a wide range of industries, with HR (consulting), Manufacturing & Utilities, Finance, Retail, Catering & Leisure, and IT & Telecoms being the most dominant sectors among those surveyed. The majority of respondents were male and over 65% were aged between 25 and 44.

ELMO has chosen to include industry comparisons throughout the report, where sample sizes were above 30 respondents and of a similar size.

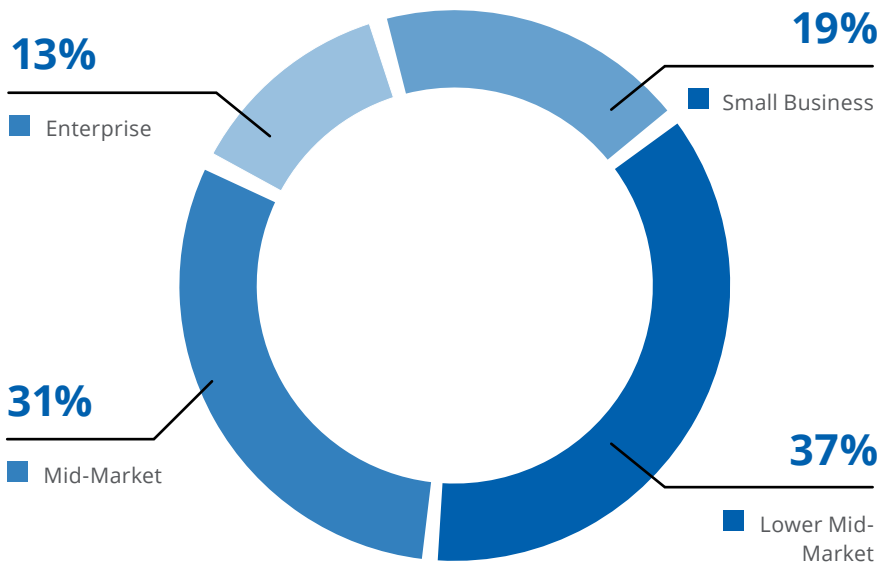
The majority of respondents surveyed worked in Lower Mid-Market and Mid-Market organisations. ELMO has chosen to use the following business size definitions: Small Business, <50 employees; Lower Mid-Market, 50-179 employees; Mid-Market, 180-1999 employees; Enterprise, 2000+ employees.

Which area of HR are you involved in?



The average age of the respondents

37



THE STATE OF HR IN AUSTRALIA

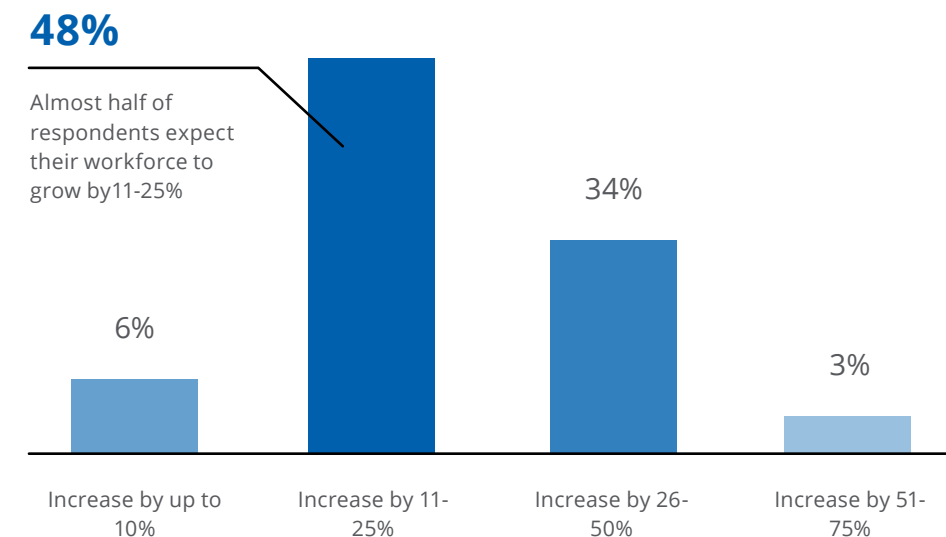
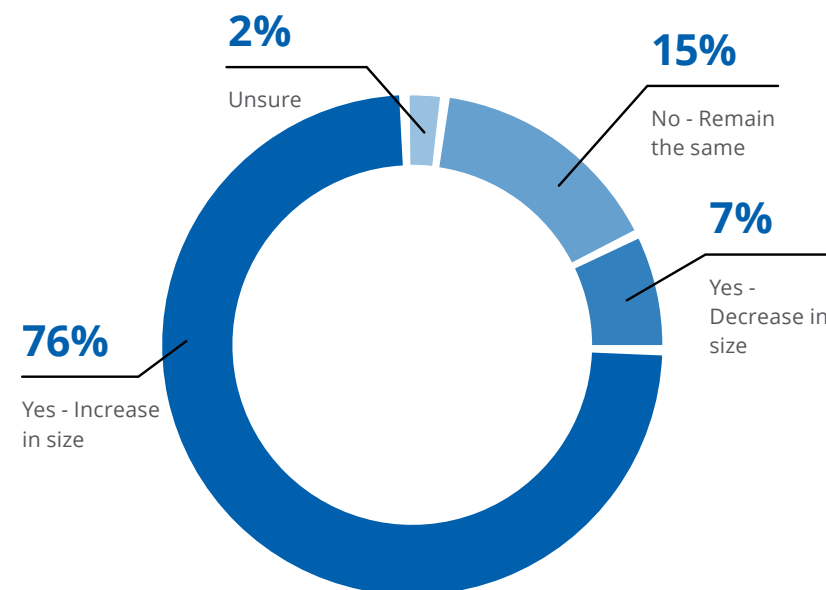
Key Findings

Australia's workforce is predicted to grow in 2023

Despite recession fears dominating the headlines, the majority of HR professionals surveyed are optimistic about workforce growth over the next 12 months. Just over three quarters expect their workforce to increase in size, with a further 15% anticipating it will remain the same and only 7% predicting a decline. It's certainly a positive sign for Australia's businesses and a reminder that not all organisations will be impacted by economic uncertainty in the same way. While some sectors may be forced to downsize in 2023, whether due to a potential recession, material prices or rising interest rates, others will outperform.

Interestingly, there is a greater level of optimism for 2023 compared to last year's report, when just over 50% of respondents predicted workforce growth for the coming year. This year's results are in line with a recent survey of Australian business leaders by JP Morgan. Despite half of respondents anticipating a recession in 2023, almost 90% said they expect to add or keep staff¹. But given the continuing labour shortage and a rocky global economy, the big question is whether plans to expand will materialise over the next 12 months.

Over the next year, do you anticipate any changes to the size of your workforce?



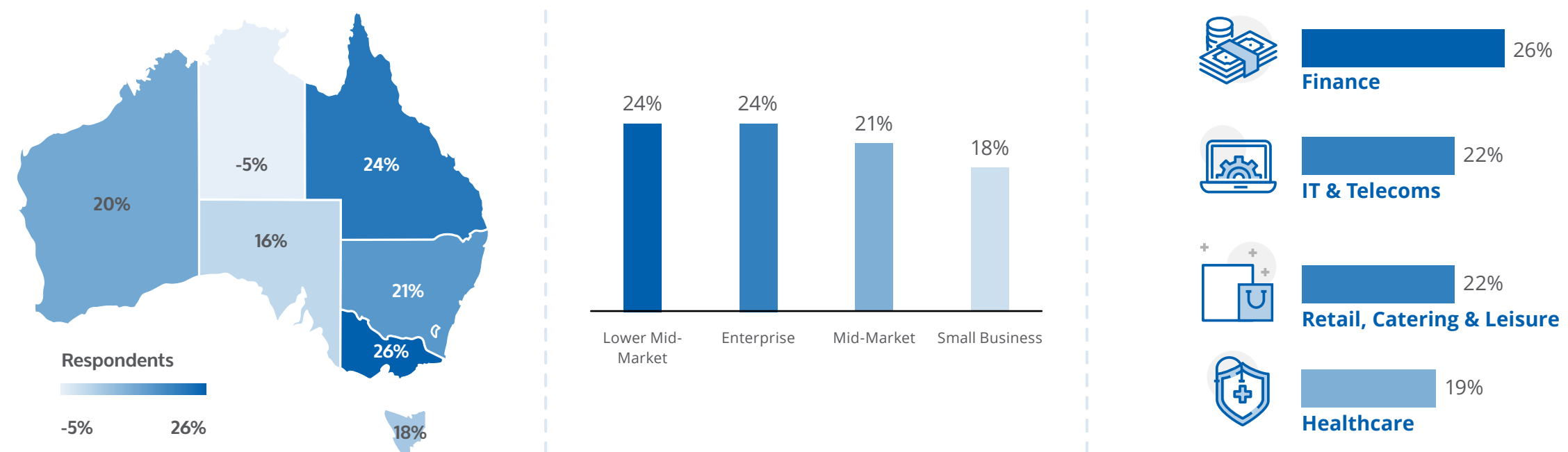
1. 2023 Business Leaders Outlook: Australia, JP Morgan

Victoria leads the way for predicted workforce growth

On average, respondents expect the size of their workforce to grow by 22% over the coming year, which is on par with last year's report (23%). The results were also similar to last year when comparing business sizes, except for Small Business respondents. In 2022, HR professionals in the Small Business category predicted their workforce to grow by 34%, compared to just 18% this year. This steep decline could indicate that Small Business owners in Australia have felt the effects of the past year more acutely than larger organisations, particularly around the acquisition of labour, and are therefore taking a more cautious approach to headcount growth in 2023.

By region, HR professionals in Queensland and Victoria were most optimistic about how much they predict their workforce will increase in 2023. The findings mirror a strong economic outlook in Victoria, which in 2021-2022 saw the biggest annual growth in Gross State Product of anywhere in Australia.

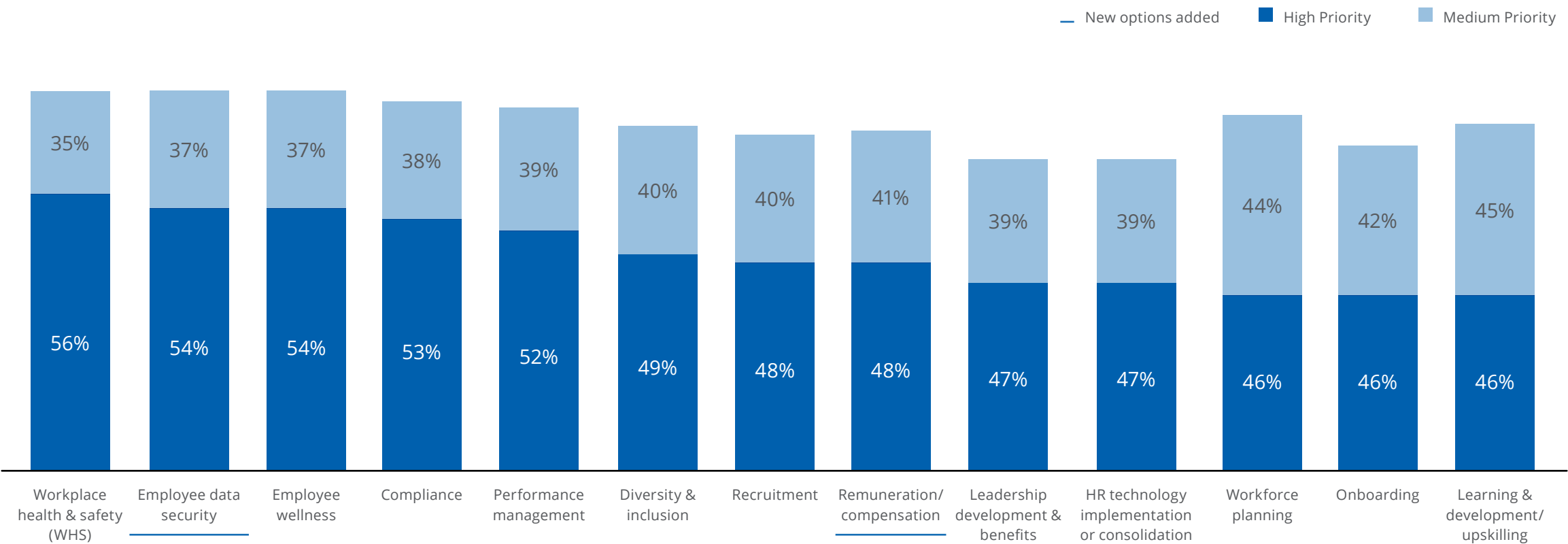
By how much do you expect your workforce to grow?



Employee data security is a top priority in 2023

In today's digital world, data security has emerged as the biggest risk facing corporate businesses in Australia. The string of high-profile hacks in 2022 underlined just how serious the issue is, and our findings show that the security of employee data is a top priority in the minds of HR professionals too. Over half of respondents said it is a high priority in 2023 and a further 37% ranked it as medium. Compared to last year, employee wellness has dropped down the priority list, while workplace health & safety has risen by 15 percentage points, jumping from fifth to first. This trend could in part be due to a tightening of the workplace health & safety in NSW last year, which now include requirements for employers to identify and reduce psychosocial risks, as well as harsher penalties.

How much of a priority are the following areas for your organisation over the next 12 months?



One industry is most worried about employee data security



HR professionals in **Mid-Market** businesses are most concerned about employee data security with **93%** ranking it a high or medium priority



More HR professionals working in the **Retail, Catering & Leisure** industry ranked data security as a high priority than any other sector (**64%**)



In comparison, only **50%** of HR professionals in the Finance sector ranked data security as a high priority

Given the fallout of the cyber attacks on financial institutions in Australia last year, you'd expect HR professionals in the sector to be the most intent about prioritising employee data security. Yet our findings show otherwise. Instead, the Retail, Catering & Leisure industry had the most respondents ranking data security as a high priority. One reason could be the prevalence of attacks in the industry. Last year, global research found that in 2021 there had been a 75% increase in the number of retail businesses hit by ransomware attacks compared to the previous year². Over half of respondents said both the volume and the complexity of attacks had also increased.

It's also worth considering the existing level of investment and data-protection technology in use across different industries. While the Finance sector represents high-profile targets for hackers, many institutions already have a certain level of safeguarding in place. The opposite may be true for the Retail, Catering & Leisure industry which has seen many businesses lying dormant during the pandemic. Facing a resurgence in trade and an increasing number of cyber attacks could be why HR professionals in this sector are prioritising employee data security this year.

"Securing the personal information of employees is a critical concern for businesses and their well-placed trust in your ability to do so shouldn't be taken for granted. That's why it is imperative for HR leaders to develop policies and processes that safeguard their employee data, as well as thoroughly vetting the external vendors they work with."

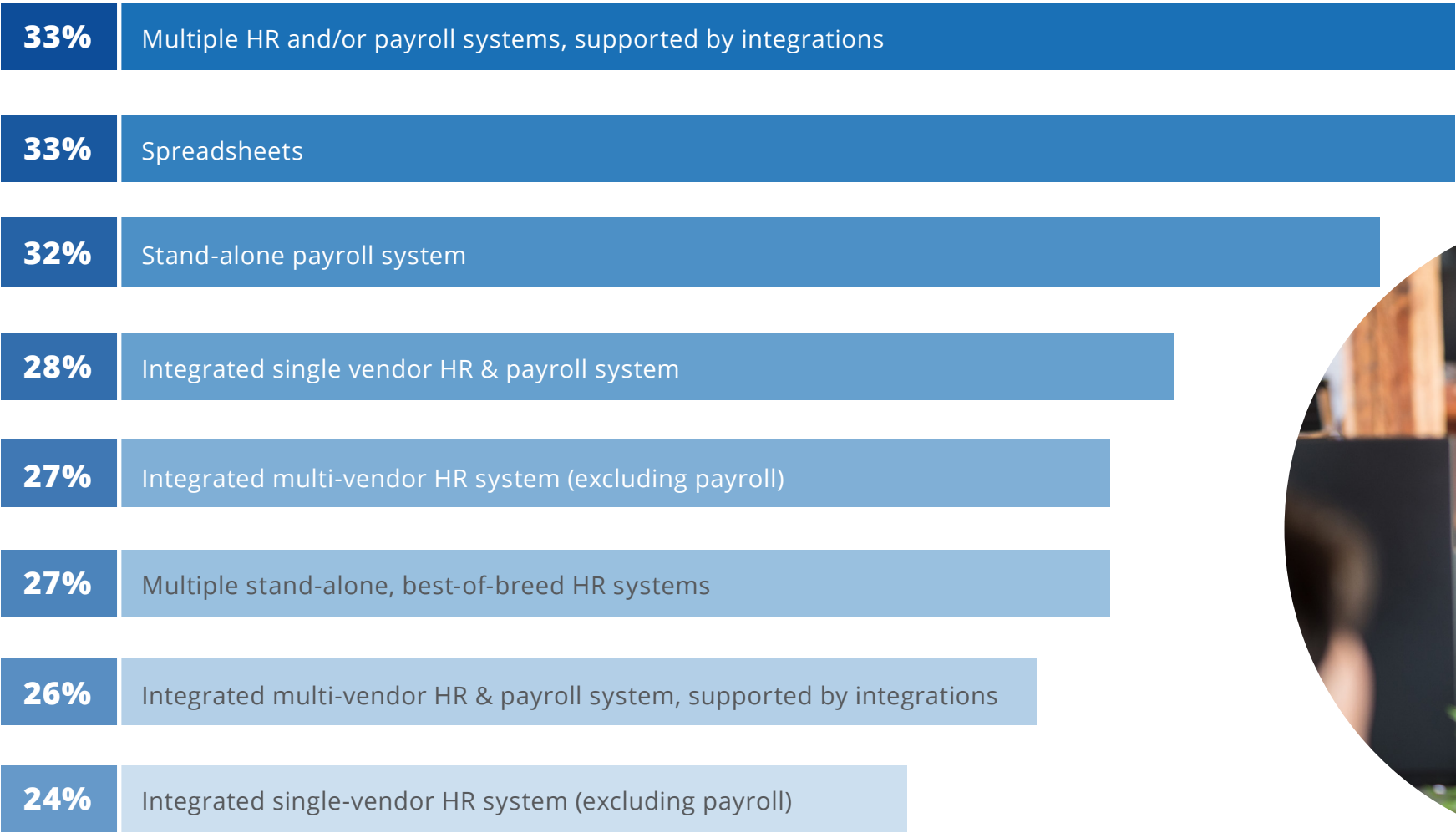
- **Keith Marlow**, Cloud Architect and Security Expert, ELMO Software

2. The State of Ransomware in Retail 2022, Sophos

But despite data concerns, organisations still favour manual methods

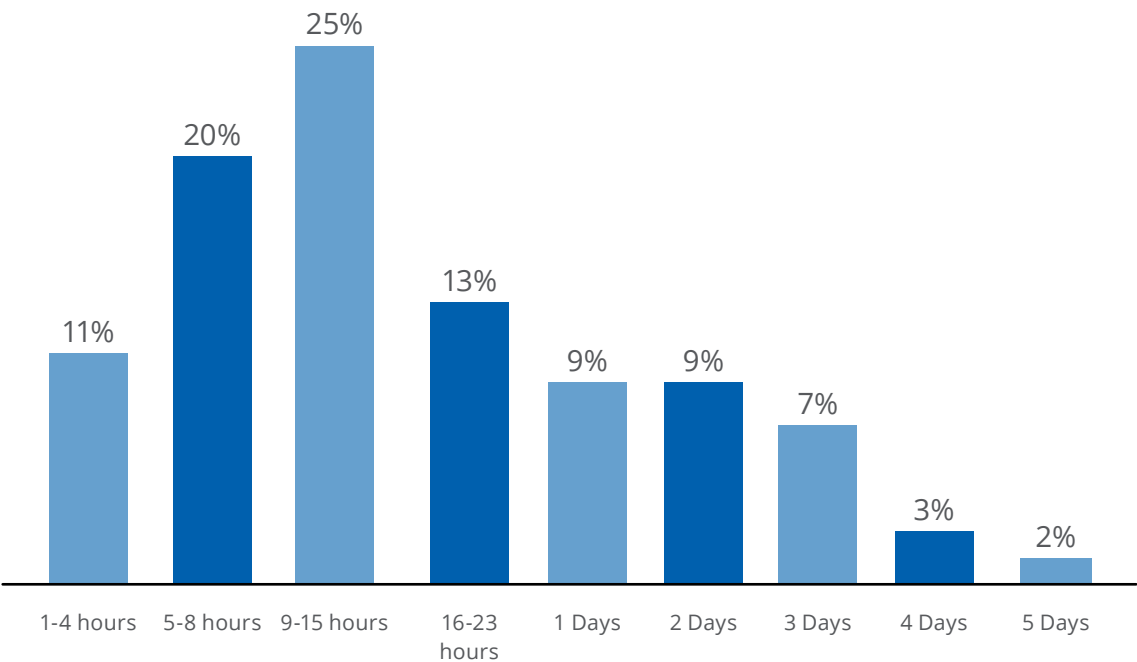
This question demonstrates a lag between the priorities of HR professionals and the outdated methods to manage employee data. Using spreadsheets has been the most common way of managing employee data since the Benchmark Report began and this year, it's hit the top spot again. Only now, spreadsheets are equally as popular as multiple HR and/or payroll systems, supported by integrations. While it's reassuring to see the use of manual methods declining each year, down almost 40% on 2019, it's still a top choice for storing employee information despite the lack of data integrity associated with manual methods.

How does your organisation manage employee data?



HR professionals are losing valuable time to manual tasks and admin work

Roughly how much time do you spend on manual HR tasks per week, on average?



Our survey found that on average, respondents spend **one day a week** on manual HR tasks. That figure is even higher for HR professionals in the **Manufacturing & Utilities industry** who spend **1.5 days** on manual HR tasks per week.

Meanwhile, when asked which areas of HR take up too much time relative to the value they deliver, **general admin work** came out on top for the fourth year running.

Developing HR strategy and learning & development (L&D) were the **second** and **third** most popular choices, followed by performance management.

General admin work is the most draining for HR professionals in **Enterprise-sized business** (2000+ employees), with 39% of respondents choosing it as their top answer.

Many time-consuming tasks could be automated

If you could spend less time on one admin task, what would it be? Top 5 answers



The most time-consuming tasks in...



Manufacturing & Utilities

Onboarding



Healthcare

Rostering/workforce planning and payroll preparation



Finance

Approving and tracking leave

According to our respondents, payroll preparation is the number one admin task they'd like to spend less time on. The result was the same across business sizes except for those in Lower Mid-Market organisations, where distributing employment contracts came out on top.

This could be due to a higher volume of recruitment during the growth phase for companies with 50-179 employees as they scale rapidly into the Mid-Market space (180+ employees). Early-stage businesses are also less likely to utilise technology solutions during their initial growth period, meaning tasks like distributing employment contracts can quickly become a drain on HR's time.

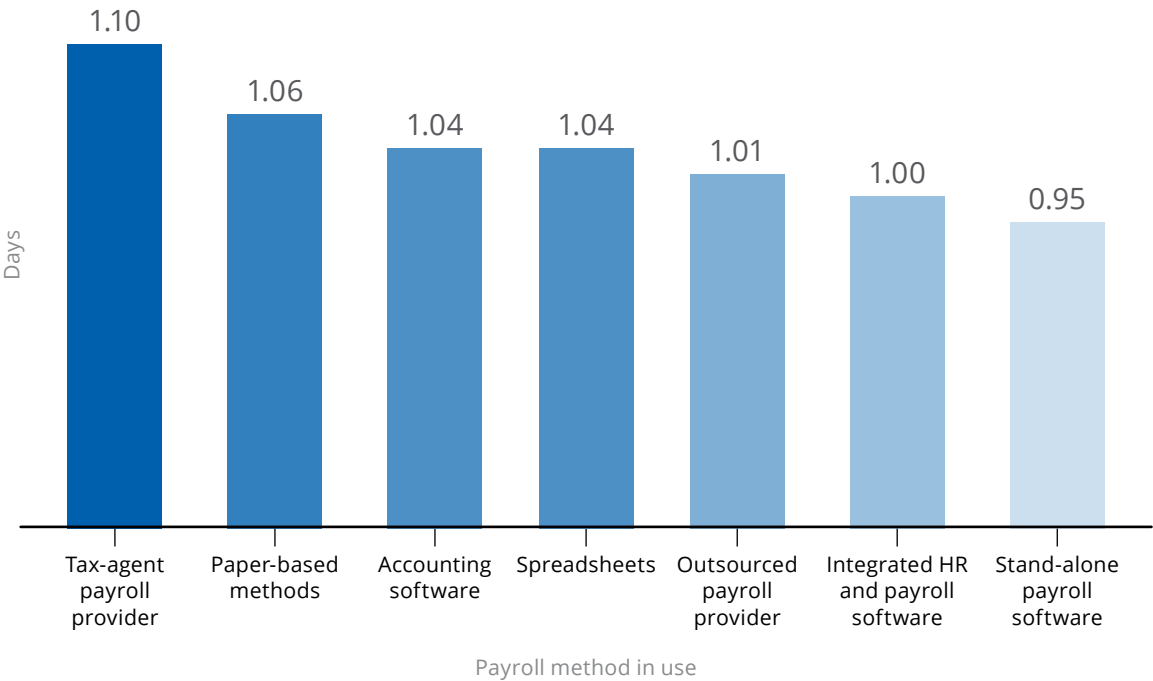
Looking at the results by industry sheds even more light on the time-consuming tasks HR professionals are struggling with. For those in Manufacturing & Utilities, onboarding was the top task they'd like to spend less time on. Given the high level of recruitment required in the sector, it's easy to understand why onboarding is so time-consuming, especially if it's being done manually.

In Healthcare, rostering/workforce planning and payroll preparation ranked joint first. Again, this mirrors the shift-based nature of work in the Healthcare industry.

But technology is easing the admin burden

Given the rapid digitisation that has occurred over the past few years, it's worth understanding how technology is impacting HR's role. In the past, HR has typically been seen as an admin-heavy function. But the pandemic has strengthened the importance of a people-first approach in the workplace, elevating the role of HR professionals in the process. However, do those working in HR have enough time to focus on the work that matters most, or is their schedule still burdened by manual tasks that could be automated?

How much time do you spend on manual HR tasks per week?



It's clear from the graph on the left that the type of payroll method in use impacts the average amount of time being spent on manual tasks. Respondents who are still using outdated processes such as spreadsheets and paper-based methods (i.e, a box of receipts), or are relying on a tax-agent payroll provider, are spending more of their time on manual HR tasks each week, compared to those using an integrated HR & payroll system or a stand-alone payroll solution. That represents precious time for already over-burdened HR professionals which could be freed up by using technology. We explore the payroll function in more detail on page 48.



13% less time is spent on manual HR tasks for respondents with a fully implemented performance management tool, compared to those without.



85% of respondents said technology would be helpful in automating administrative tasks.

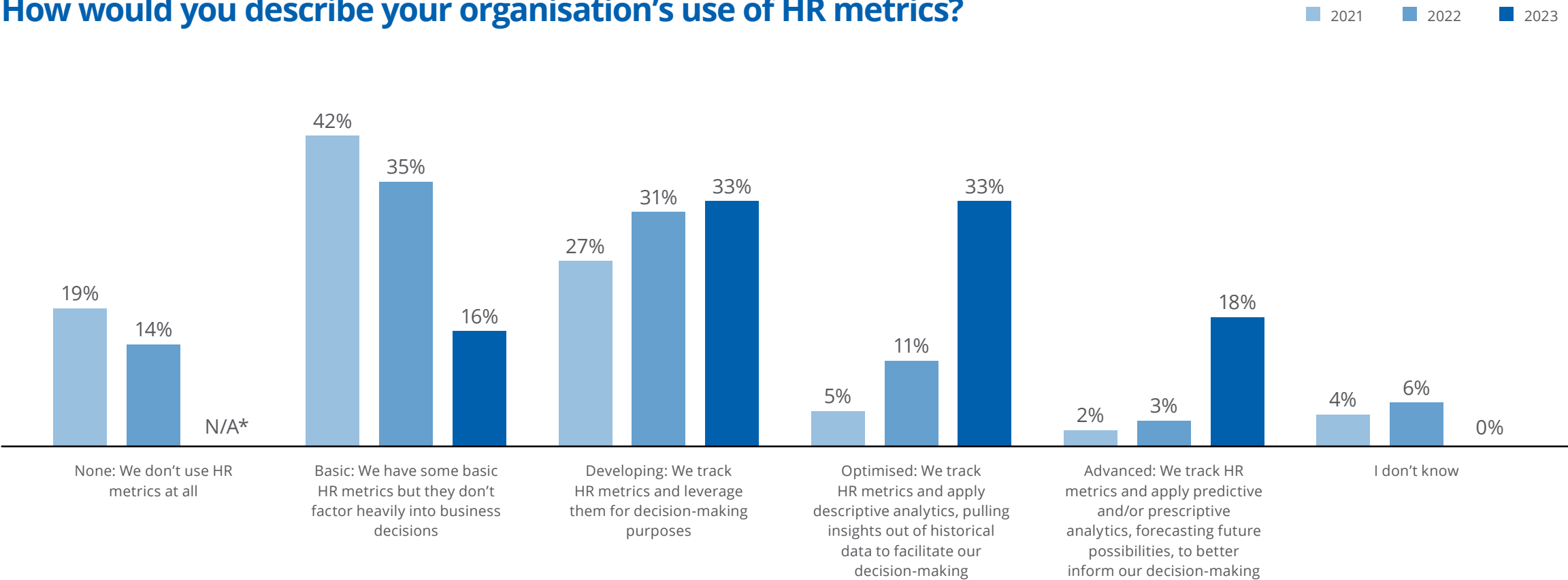
HR Industry Trends

HR professionals are becoming more data-driven

As the focus of the profession has shifted, so too has the sophistication with which HR professionals are utilising their workforce data. Since 2021, the number of respondents who rated their use of HR metrics as basic has steadily decreased, as has the percentage who do not use metrics at all. At the same time, the number of respondents who say they're leveraging metrics in their decision making, who are applying descriptive and even predictive analytics is on the rise. It's a positive trend. The sharp uptake in both historical analysis and forecasting demonstrates how important data has become for HR professionals.



How would you describe your organisation's use of HR metrics?



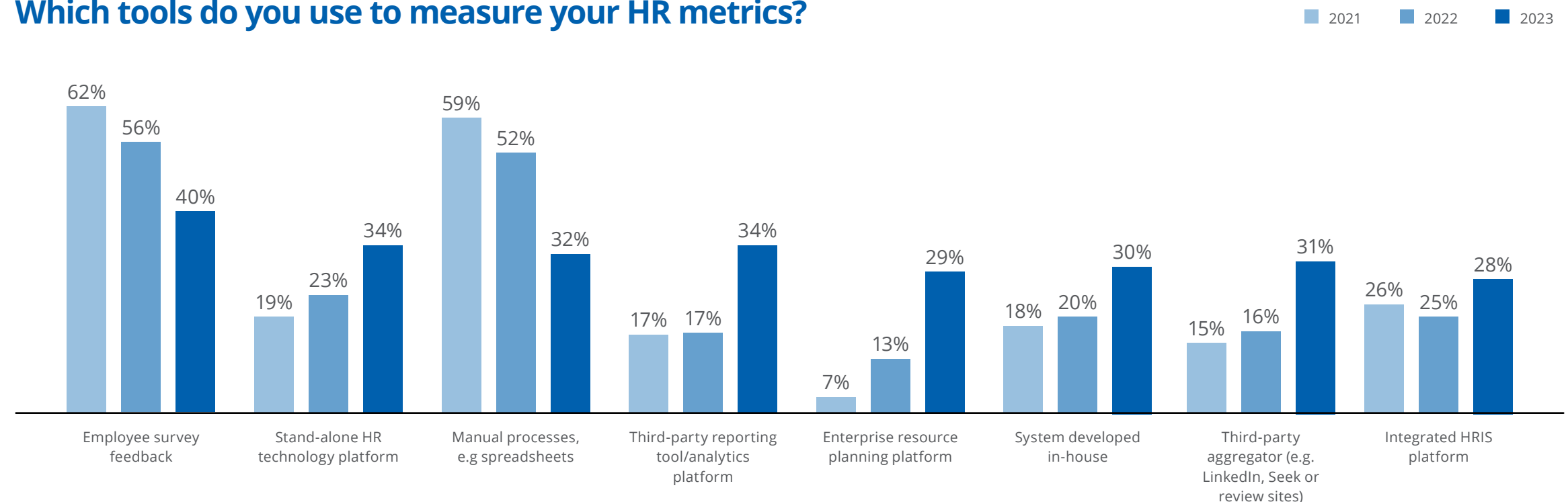
*This option was removed from the 2023 survey. In the next question, 4% of respondents said they do not measure HR metrics

More organisations are turning to tech to measure their HR metrics

Technology has transformed the way HR professionals are able to track and analyse data from their workforce, particularly for those capturing information throughout the employee lifecycle. This year's report shows a sizeable rise in the number of respondents using HR technology platforms, reporting tools, and external aggregator sites to capture metrics, while manual processes and feedback surveys have declined.

The steady uptake of technology mirrors the increasing level of sophistication highlighted on the previous page. With more HR professionals using their metrics to understand the past and predict the future, new tools are required to make data analysis as quick and simple as possible.

Which tools do you use to measure your HR metrics?



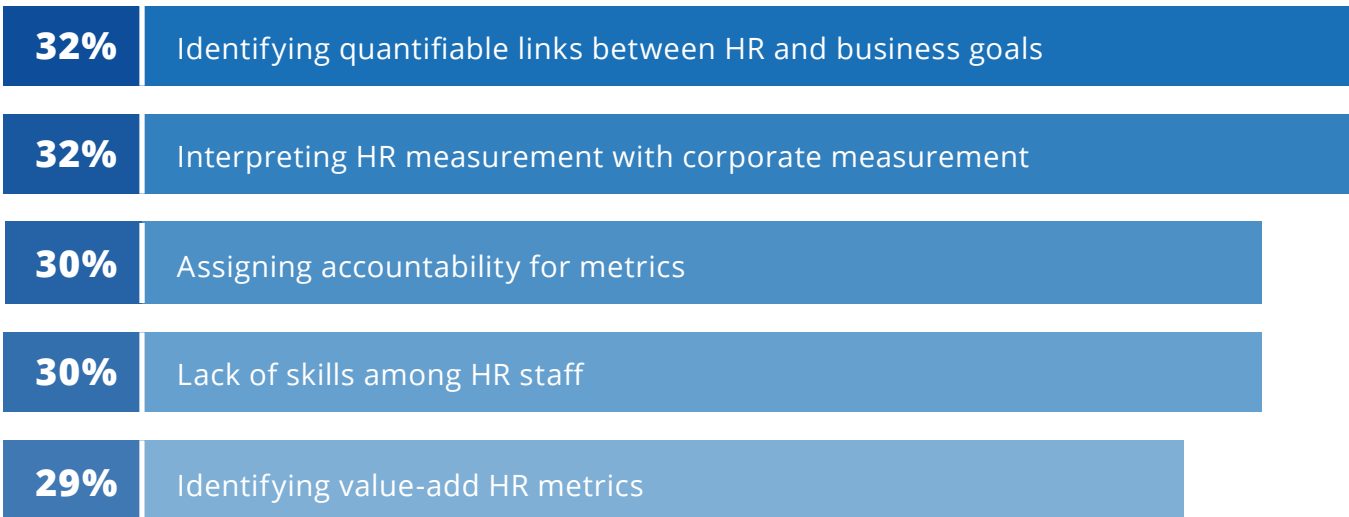
But aligning HR and company goals remains a challenge

Despite the improvement in how HR professionals are using their metrics and the tools they have in place, the same difficulty crops up time and time again. In last year's report, identifying quantifiable links between HR and business goals was the biggest challenge for HR professionals when trying to implement HR metrics. Now in joint first, it's clear that HR is still struggling to demonstrate the impact of their metrics on the business.

Being able to capture and analyse data from the workforce is one thing, but the true value comes from communicating the tangible effects of those results and why they matter. One reason for this difficulty could be the mindset of other C-suite leaders. While many have embraced HR's new seat at the table, others may still be sceptical about the immense value of people and culture management. It's the job of HR leaders to demonstrate this value, establishing a clear link between the data available and the business's ability (or inability, as it may be) to meet their goals.

Pleasingly, the number of respondents who said lack of resources and a lack of technology infrastructure declined significantly, dropping out of the top five. This indicates that there has been a greater level of investment in resources over the past year.

What challenges have you faced when trying to implement HR metrics? Top 5 answers



The most common ways to measure the performance of an HR department, according to respondents, are...

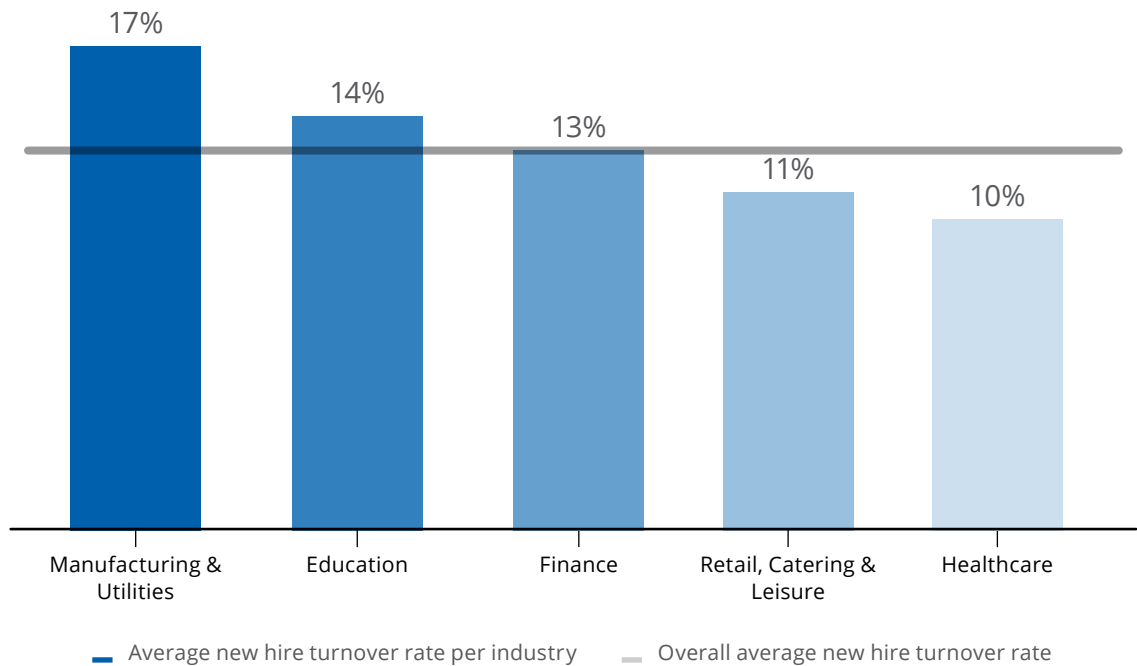
- 
1. Employee engagement (27%)
 2. Absenteeism rate (26%)
 3. HR complaints (25%)
 4. Retention rate (23%)
 5. Early turnover rate (23%)

Holding onto new recruits is harder for some

Our survey found the average new hire turnover rate in Australia is 13%. This is almost on par with last year (14%), however it is a 85% increase when compared to pre-pandemic levels in 2019. Whether due to the labour shortage in Australia or higher levels of confidence among jobseekers, it's clear that employers are finding it harder to retain their new recruits.

The graph below shows that for some industries, heightened levels of new hire turnover is an issue. Interestingly, Healthcare shows a below average rate. This could be due to the length of training involved in the industry and the fact that most medical professionals undergo placement work before they enter the role full-time, giving them a taste of what's to come.

What is the average turnover rate for new hires within their probation period?



The time and cost of hiring



The average cost to hire a new employee is
\$8,000



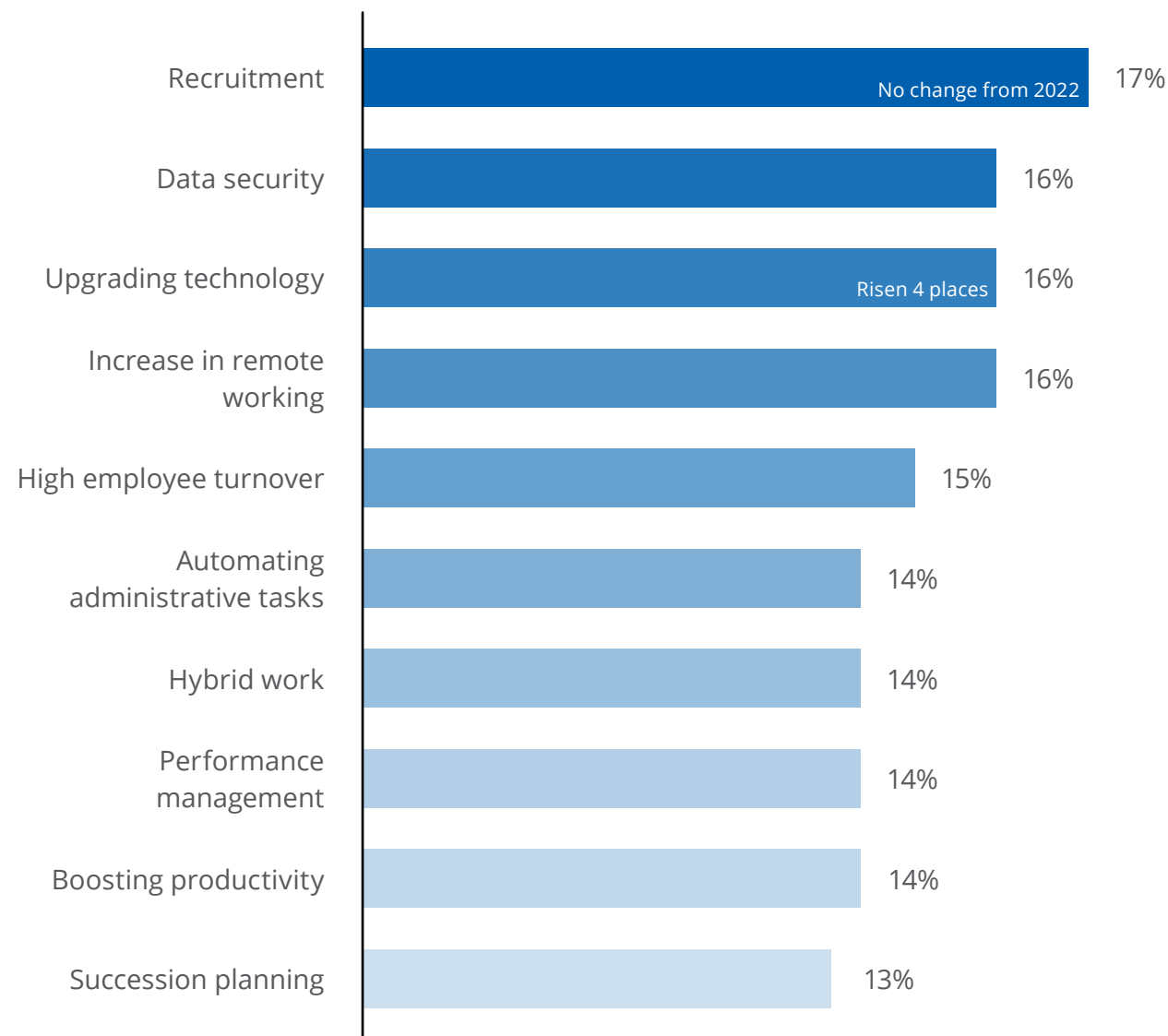
The average time to fill a vacant role is
20 days



The average turnover rate for organisations is
15%

As a result, recruitment remains the top challenge for organisations in 2023

Which, if any, do you most believe will challenge your organisation over the next 12 months? Top 10 answers



Top challenges for HR professionals in...



Healthcare

Upskilling or reskilling employees



Education

Employee wellness



Retail, Catering & Leisure

Recruitment and upskilling or reskilling employees



Lower Mid-Market

Data security and the increase in remote working



Mid-Market

Performance management

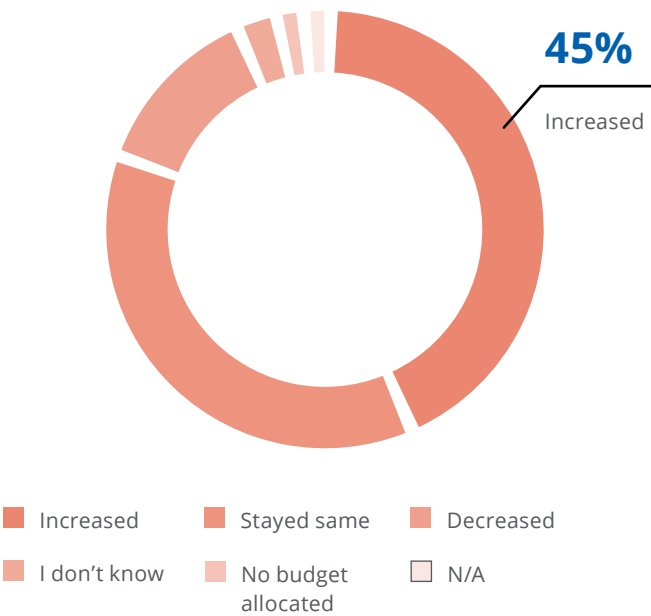
Recruitment spend is increasing

Where HR departments are spending their budgets offers a useful insight into their priorities for the year. For 2023, the biggest increase in budget was for recruitment, which makes sense given the continuing challenges of acquiring new talent and the ambitious growth plans highlighted earlier in the report.

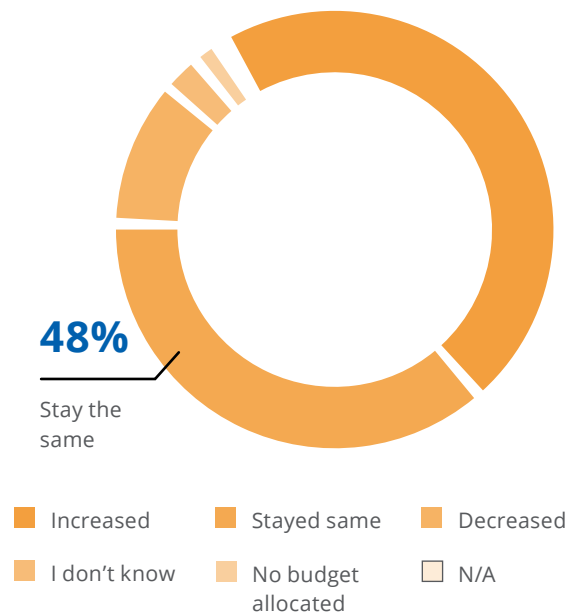
Communication/collaboration platforms showed the biggest decrease, indicating investment in that space has already been made or organisations are moving away from online tools in favour of face-to-face collaboration. Rewards & recognition was the most common item without any budget allocated, suggesting it's still seen as a perk, rather than a necessity, for some organisations.

Interestingly, this year's results are a departure from 2022, when remuneration and compensation/benefits was the biggest area where budget had increased. This shift in priorities could indicate that the time of competing for talent with over-inflated salary offers may be over.

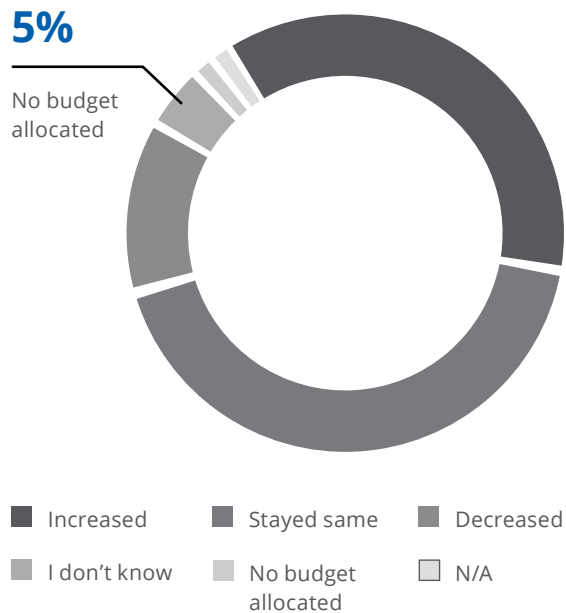
**Largest budget increase:
Recruitment**



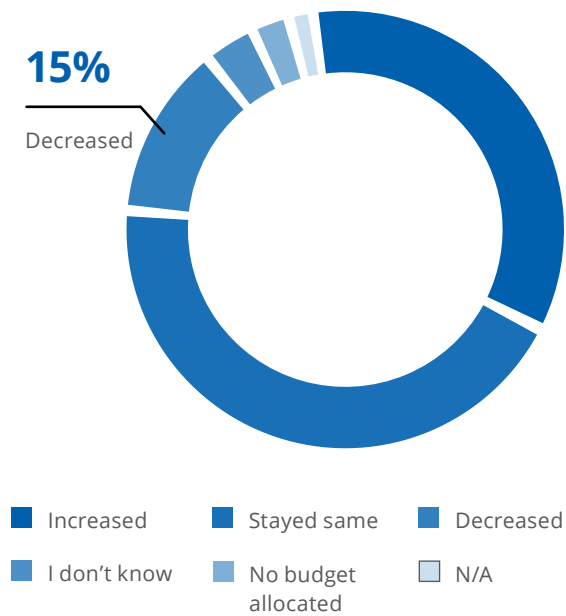
**Largest remain the same:
Performance management**



**Largest no budget allocation:
Rewards & recognition**



**Largest budget decrease:
Communication/collaboration platforms**



Preventative wellbeing is also on the rise

Wellbeing has been a big topic for HR professionals during the pandemic and 2023 is no different. But what we’ve noticed is a shift away from reactive measures and towards preventative initiatives. While employee assistance programs are a valuable tool, they tend to be utilised later down the line once an employee needs urgent support. The rise of mental health days, wellbeing apps, volunteering days, and subsidies for mental and physical health all point to organisations taking conscious steps to prevent poor wellbeing. What was surprising is that almost a quarter of HR professionals said their organisation offers unlimited leave, an initiative that would’ve been a rarity in the past.



What wellbeing initiatives does your organisation offer?



Organisations are shifting back to the office

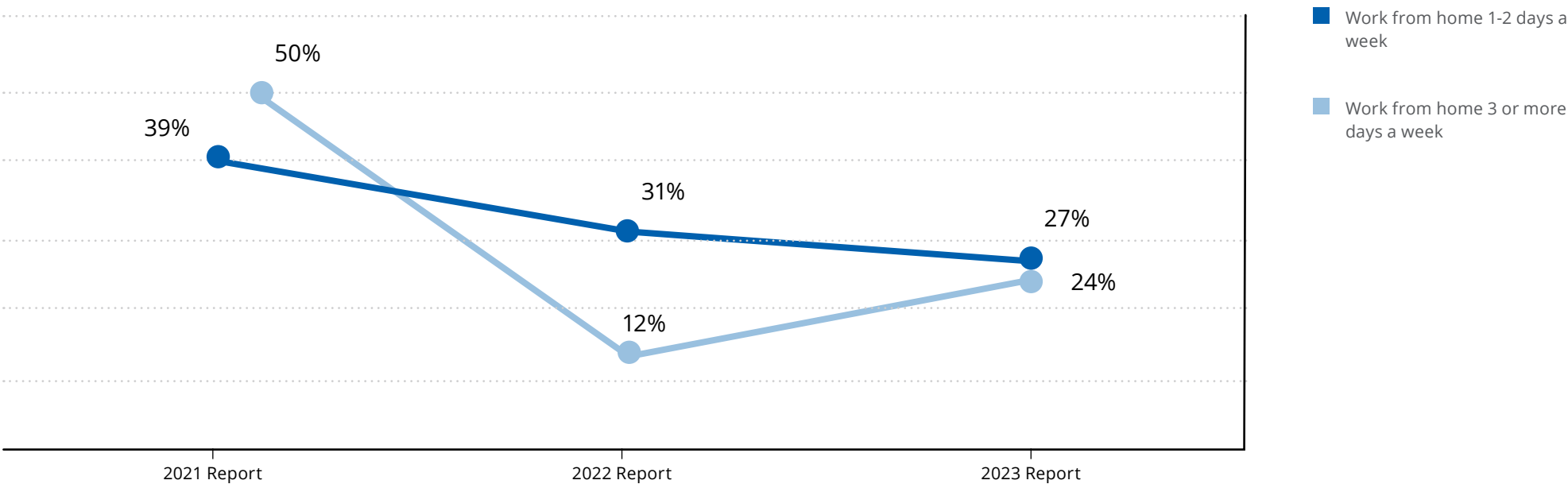
Flexibility is the other area of balance for businesses in 2023. Our survey found that from the height of working from home in 2021, offering 1-2 days a week seems to be the most favoured option among Australian businesses where employees can do their jobs from home. Allowing employees to do three or more days a week from home has taken a nosedive since 2021, underlining the sense that most business leaders would prefer employees in the office for most of their working week.

The industry with the least flexibility is Architecture, Engineering & Building, as 14% of respondents in the sector say they offer no flexible working options at all. Unsurprisingly, Finance is the most lenient when it comes to working from home, with 8 out of 10 respondents saying they offer working from home either 1-2, 3-4 days per week or sporadically.

While the topic of working from home has dominated the conversation, for the majority of Australia’s workforce it’s not an option due to the on-site or in-person nature of their work. But that doesn’t mean flexibility is off the cards. Across all sectors, the most common form of flexibility is flexible start/finish hours, offered by 35% of respondents, followed by part-time work (29%).

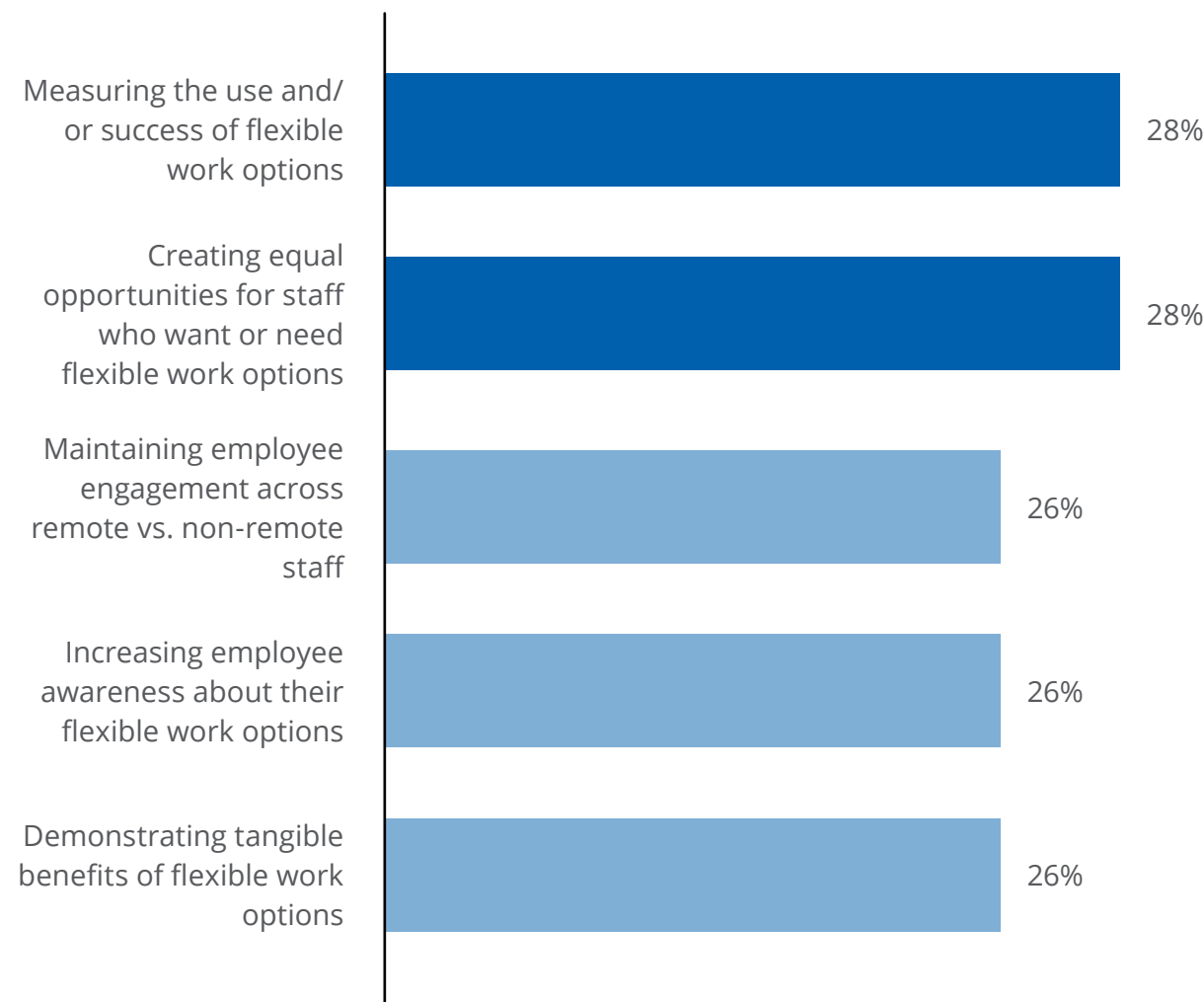
In the Retail, Catering & Leisure sector, flexibility most often comes in the form of flexible start/finish times and swapping shifts. While in Healthcare, part-time work was the most common option.

What type of flexibility does your organisation offer?



The pressure is on to defend flexible working

What are the biggest challenges when it comes to providing flexible work options? Top 5 answers



With lockdowns no longer a threat, the need for flexible work options is not the necessity it has been during the pandemic. But most business leaders know forcing a return to the past is not a smart option, especially if they want to recruit and retain staff in a competitive market. As a result, HR leaders are under more pressure to measure and quantify the impacts of flexible working options as seen in the graph on the left.

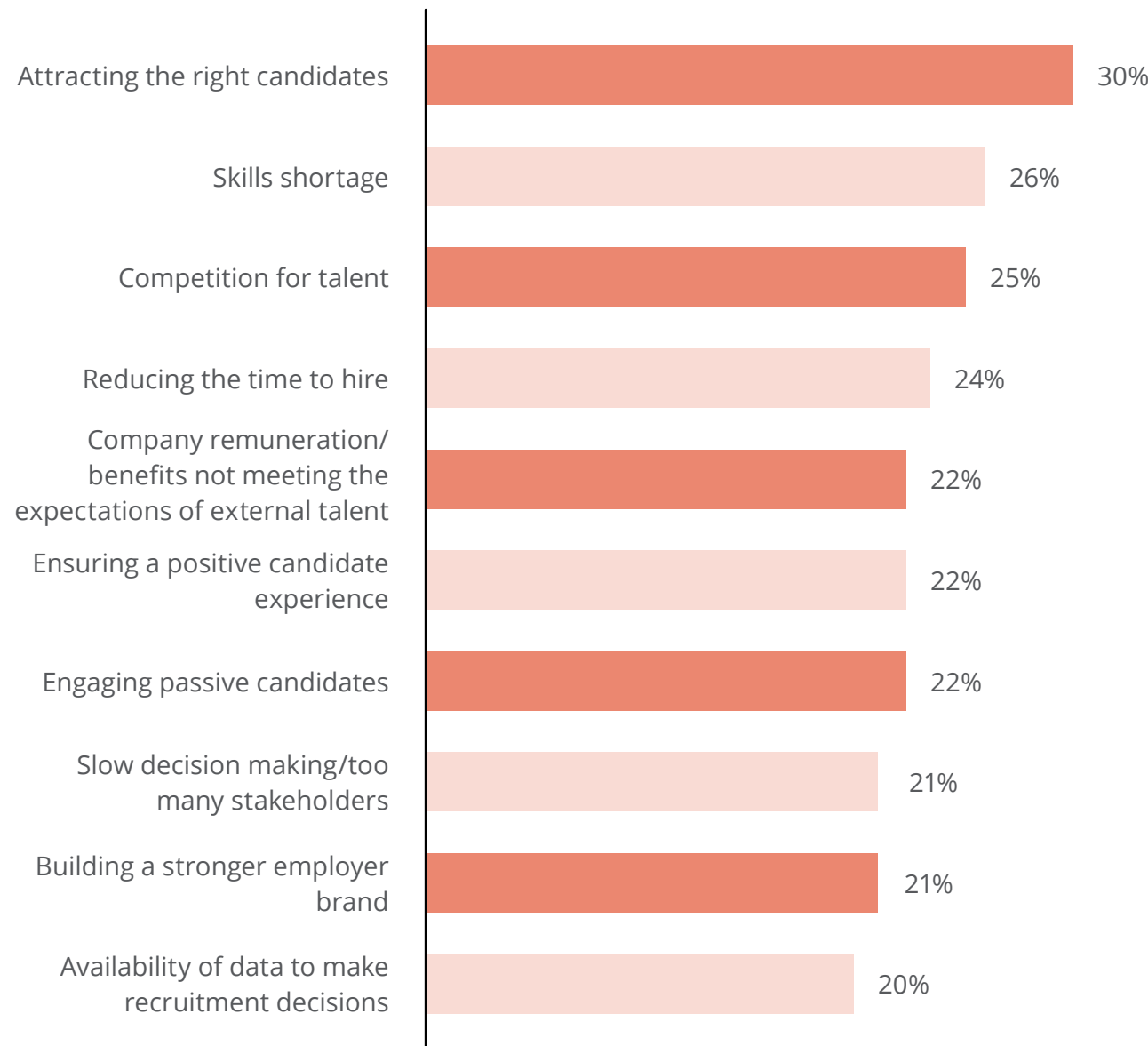
This is quite a shift from last year's top challenge – maintaining adequate levels of communication and collaboration – which didn't make the top five this time around. It indicates that while employees have adjusted and embraced working in a dispersed nature, the main challenge now is justifying whether the previous level of flexibility should continue, and if not, why.

It seems 2023 could be a make-or-break year for the gains made around flexible working during the pandemic. As organisations strive to get the balance right, it will be interesting to see whether new challenges emerge next year.

Recruitment

Sourcing quality candidates is proving difficult

What are your organisation's key recruitment challenges? Top 10 answers



This year's results drive home just how tight the labour market is after unemployment in Australia hit the lowest rate in almost forty years. The overwhelming challenge for recruiters is finding and competing for talent. But it's interesting to see that finding the right candidates has surpassed competition for talent and skills shortage, which was top in 2022. It suggests that the focus has shifted from quantity to quality, in order to hire those who are truly right for the roles.

Given potential budget constraints this year and the need for high productivity against a slump in the economy, it makes commercial sense to hire well rather than waste money churning through new staff.

Top recruitment challenges for...



Finance

Rem/benefits not meeting the expectations of external talent



Healthcare

Attracting the right candidates



Retail, Catering & Leisure

Attracting the right candidates and slow decision making from stakeholders

How much time is spent on recruitment tasks?



Interviewing and offer management are the two most time-consuming tasks for those involved in recruitment, with 26% of respondents spending between 4-6 hours on these tasks for each new hire.

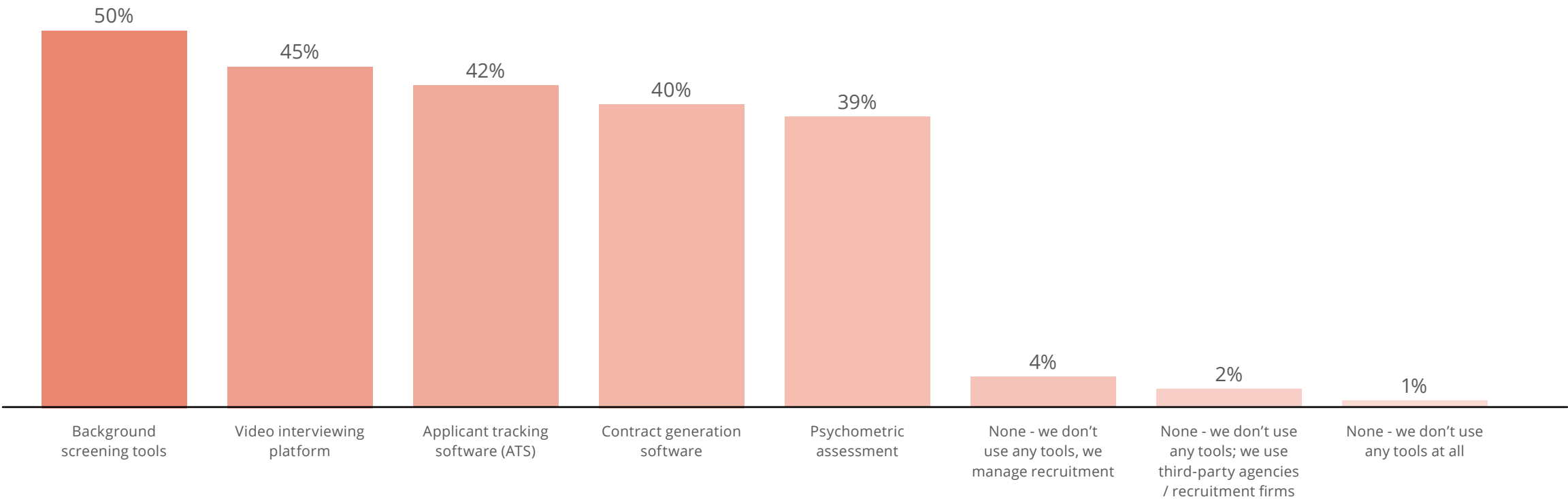


On average, respondents involved in recruitment spend 7 hours on reviewing and shortlisting applicants per new hire.

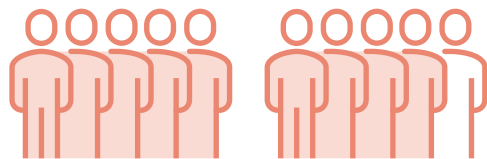


The average cost to hire a new employee is \$8,000 AUD. Approximately 40% of respondents said they do not know the cost of hiring in their organisation, despite being involved in recruitment

What tools does your organisation use to improve the recruitment process?



Recruiters are relying on technology to be more efficient



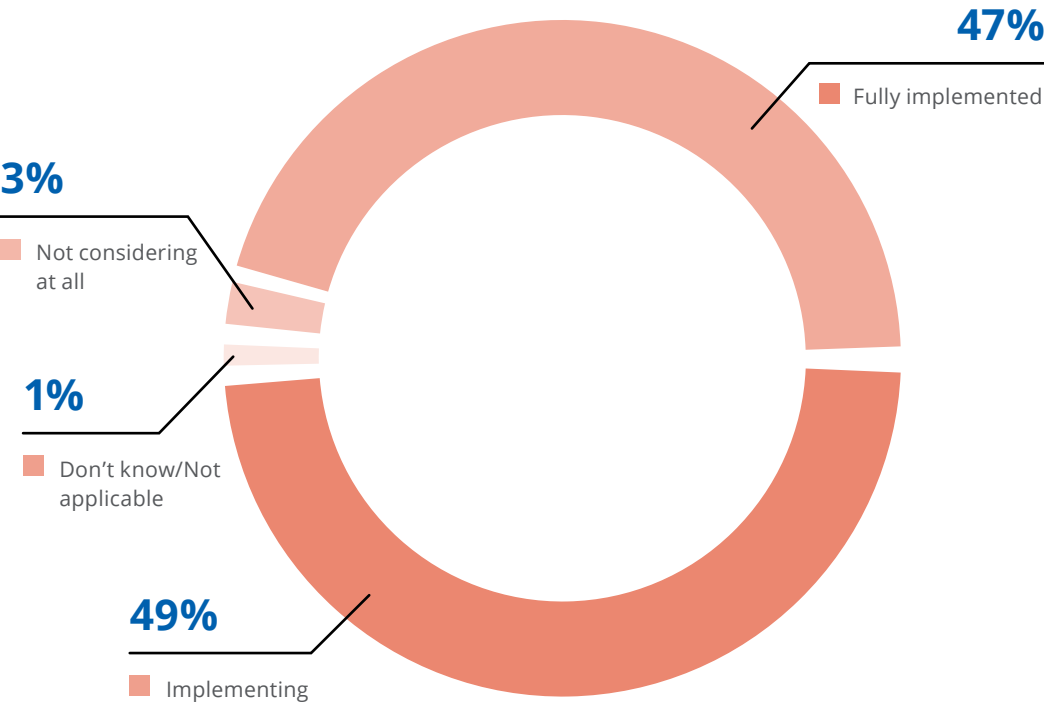
Over 9 in 10 respondents say they've implemented or are in the process of implementing an applicant tracking system, while only 3% are not considering it at all.

Applicant tracking systems are becoming a must-have tool for recruiters. By automating repetitive manual tasks, improving visibility among stakeholders, and streamlining the process, talent acquisition teams are able to source candidates more efficiently than ever.

What's more, offering a smooth and prompt experience impacts a candidate's first impression and influences whether they progress through the recruitment process or slip through the net. At a time when new recruits are hard to come by, the candidate experience is paramount.

New research on recruitment in APAC found the most common reasons for candidates withdrawing during an application were a lengthy process and feeling their time was disrespected. In 2023, the pressure is on, and organisations cannot afford to miss out on talent because of a sloppy process³.

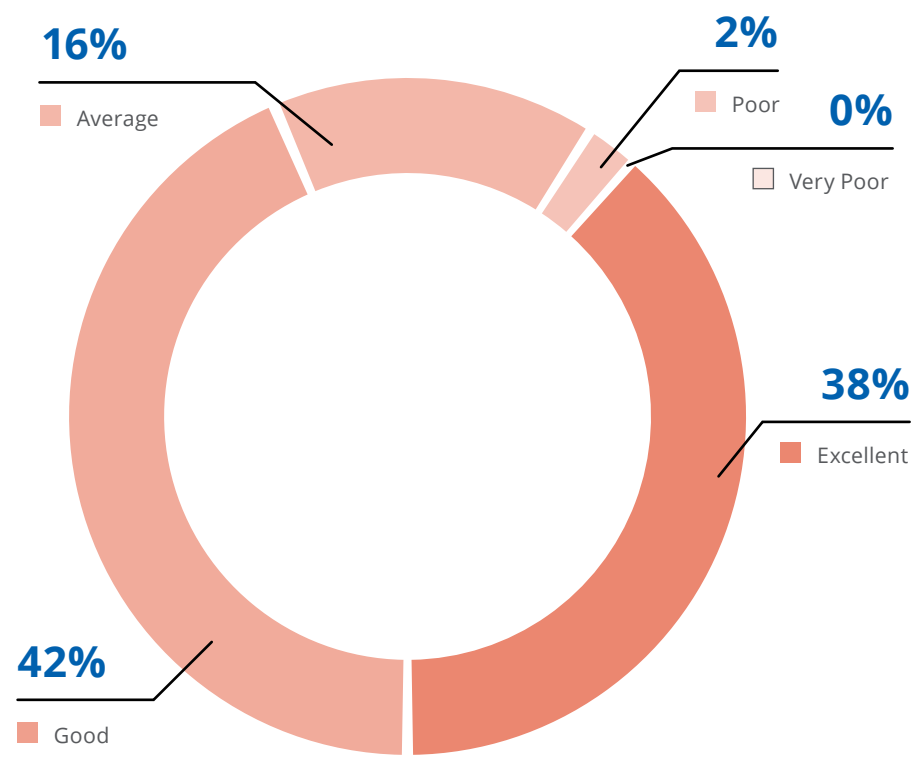
What's your current state of implementation for an applicant tracking system?



3. Candidate Experience Benchmark Research Report, The Talent Board

Internal recruitment processes are improving

How would you rate your organisation's internal systems and processes for effectively managing recruitment?



This year, our respondents were overwhelmingly positive about the state of their internal recruitment processes. Almost four in ten respondents rated their systems and processes as 'excellent', which was a significant increase on last year's report (14%). The percentage of 'good' was similar to 2022, while the number who selected 'average' dropped by 50%.

The data also demonstrates the impact of using an applicant tracking system (ATS). Compared to those still in the process of implementing an ATS, respondents with technology in place were more likely to rank their processes as excellent or good, and less likely to select average.

By business size, respondents in the Lower Mid-Market (50-179 employees) were most positive about their internal processes and systems with almost 50% rating them as excellent. This could be due to having a more manageable volume of recruitment than the Mid-Market respondents, while also benefiting from the use of technology compared to those within Small Business. Almost 10% of Small Business respondents said they are not considering implementing an applicant tracking system, significantly more than any other business size.

Onboarding

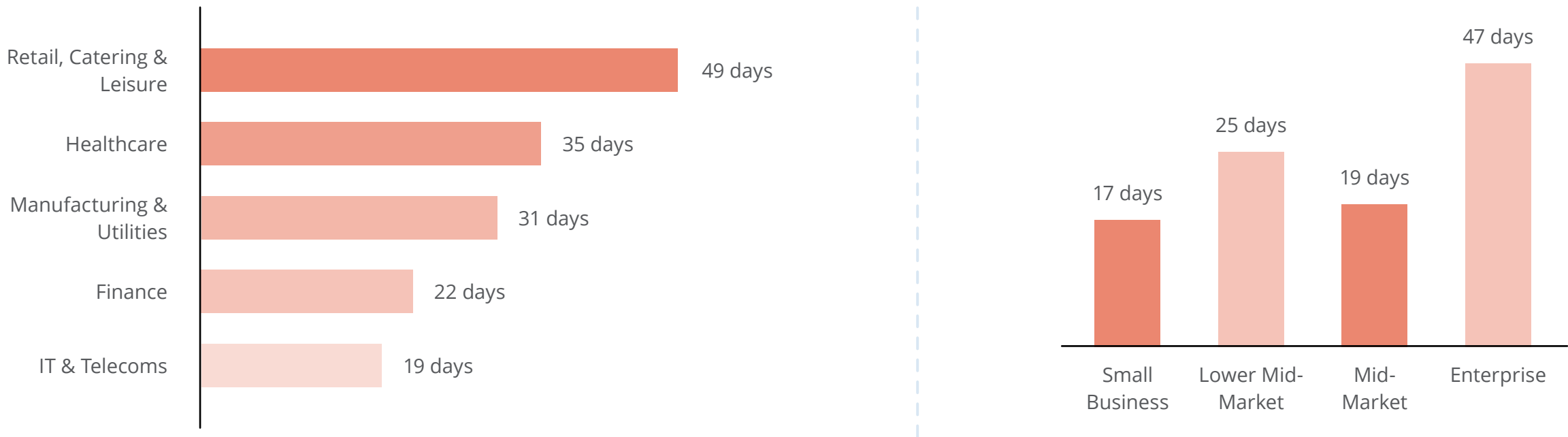
Big businesses take a slower approach to onboarding

This question poses a challenge for respondents. How do you define full productivity? And is the definition the same for all roles? There has been plenty of debate as to how long an employee should require to be productive. This year’s survey found the average time to productivity in Australia is 24 days.

But of course, there’s bound to be significant variation between roles and industry. It’s interesting to see that Retail, Catering & Leisure has the longest time to productivity at 49 days, compared to just 22 days in Finance. Is the Finance industry doing something right? Or are the processes and systems in the sector more easily transferable from one business to another?

What is clear is that from Mid-Market to Enterprise, the time taken for employees to be fully productive more than doubles. There could be many reasons for this hike, including more complex processes, a higher volume of new recruits, and less time dedicated to onboarding new employees.

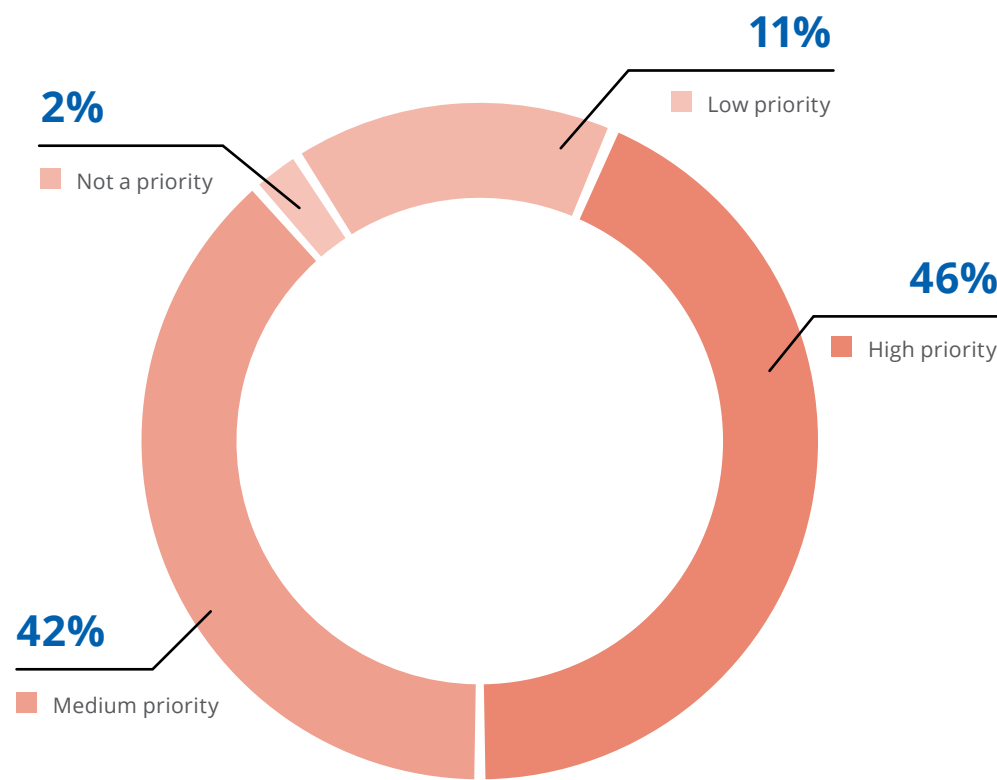
How long does it typically take a new hire to be fully productive after starting employment?



Onboarding remains a high priority in 2023

Given the potential for some industries to face tighter recruitment budgets in 2023, it's crucial to deliver an onboarding experience that sets new hires up for success. It's positive to see that onboarding is a high priority for almost half of respondents in Australia. But according to one in five respondents, onboarding is still too time-consuming. That's despite just over 50% of respondents having a fully implemented onboarding tool in place. It goes to show that despite the benefits technology offers, organisations still need to create a well-designed process to really improve the efficiency of onboarding.

How much is onboarding a priority for your organisation over the next 12 months?



20% of respondents said onboarding/ induction takes up too much time, relative to the value it delivers

15% said their budget for onboarding has decreased. Along with communication/collaboration platforms, onboarding was the second biggest area where budget for 2023 had declined, compared to the previous year

45% said technology would be very important for tackling onboarding as a priority in 2023

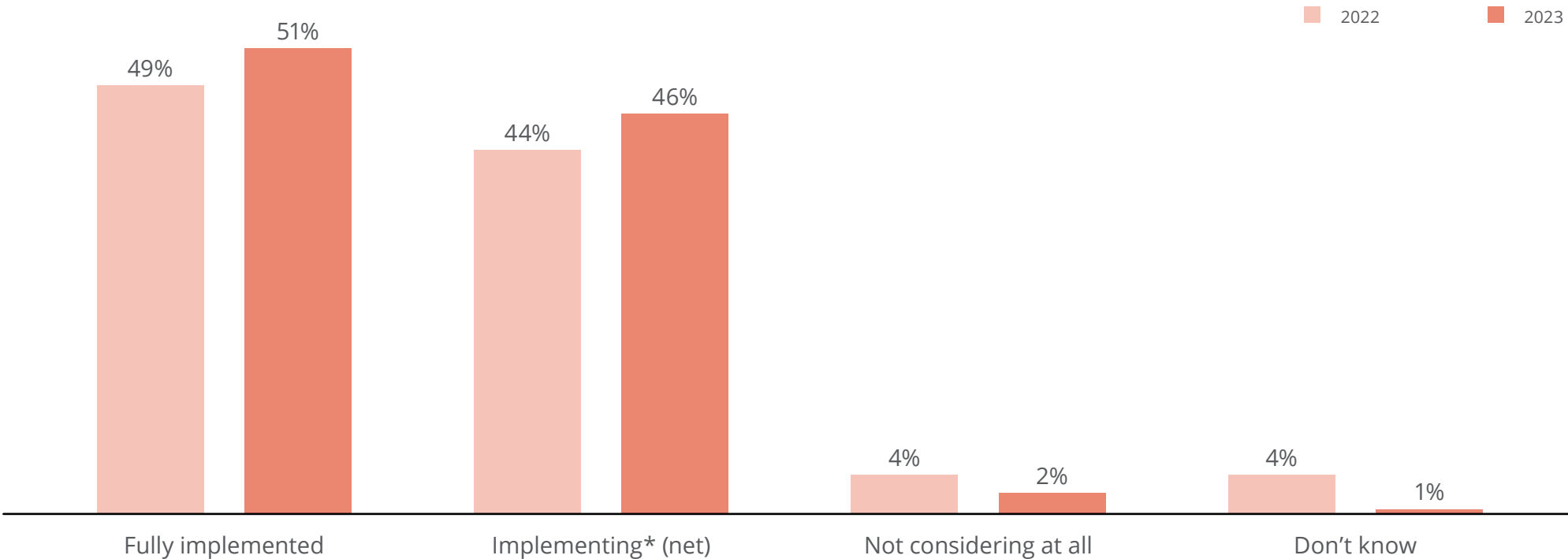
The continual rise of onboarding technology

There's been a slight increase in the percentage of respondents who have fully implemented onboarding technology and are in the process of implementing, while the number of organisations not considering it at all has halved. It's no surprise given that onboarding technology has the potential to transform the experience for new employees and is something many candidates will come to expect.

With almost all of the respondents using or being on their way to using onboarding technology, the 2% still taking a manual approach may struggle to offer the same quality of experience as their competitors.

As expected, there's a correlation between the size of the organisation and whether they have onboarding technology in place. Only 36% of Small Business respondents said they have fully implemented onboarding technology. That figure rises to 49% for Lower Mid-Market, and 59% for Mid-Market and Enterprise organisations. As the volume of recruitment climbs, so too does the need for a solution to make onboarding manageable.

What's your current state of implementation for onboarding technology?



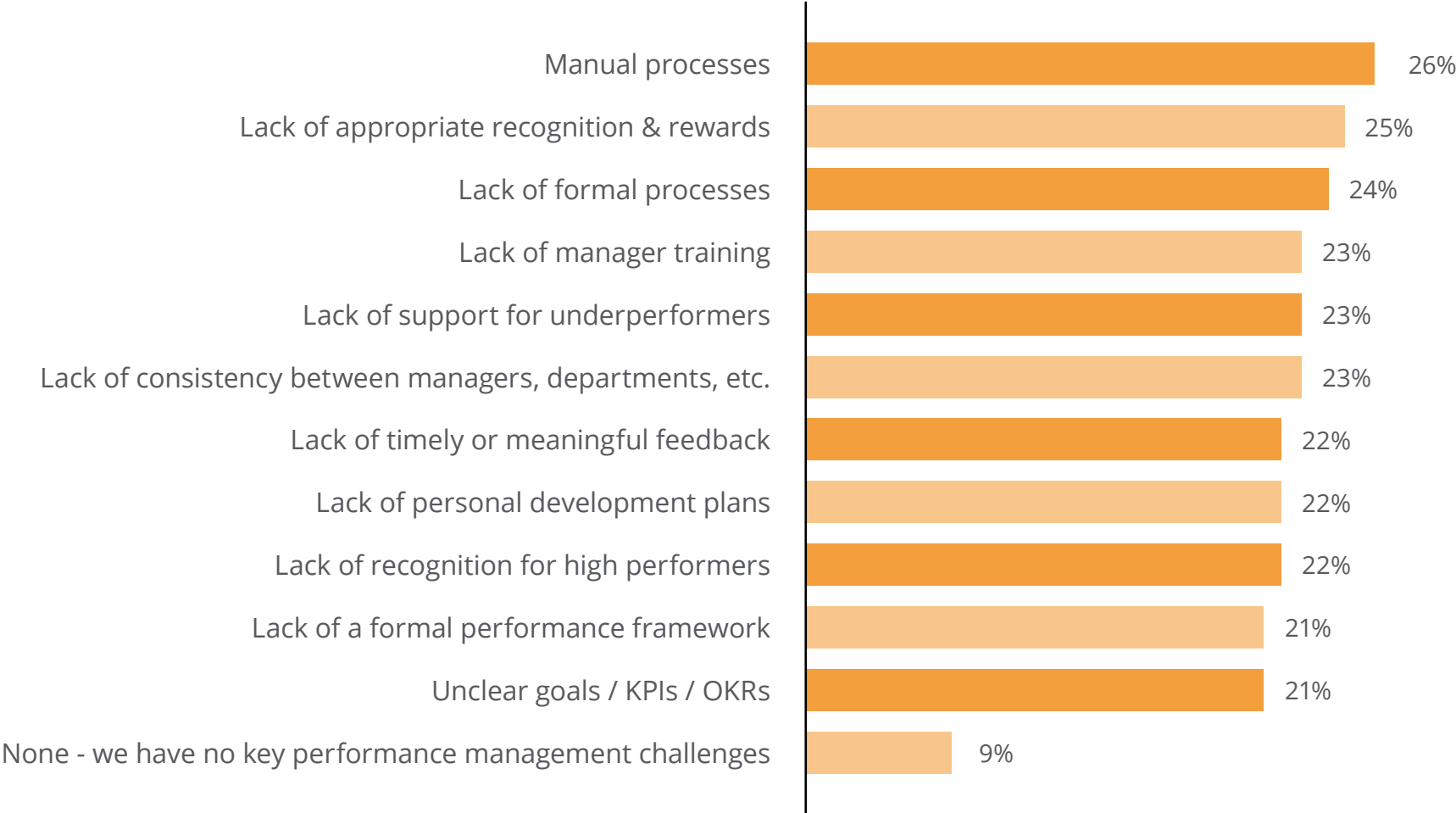
*Includes respondents who selected currently implementing, implementation is less than 12 months away, and more than 12 months away

Performance Management

Manual processes are hampering performance management

Inefficient and time-consuming, manual processes are proving to be a hurdle standing in the way of effective performance management. Given the repetitive nature of conducting reviews and recording progress throughout the year, it's just one area of HR that is primed for automation.

What are your organisation's key performance management challenges?

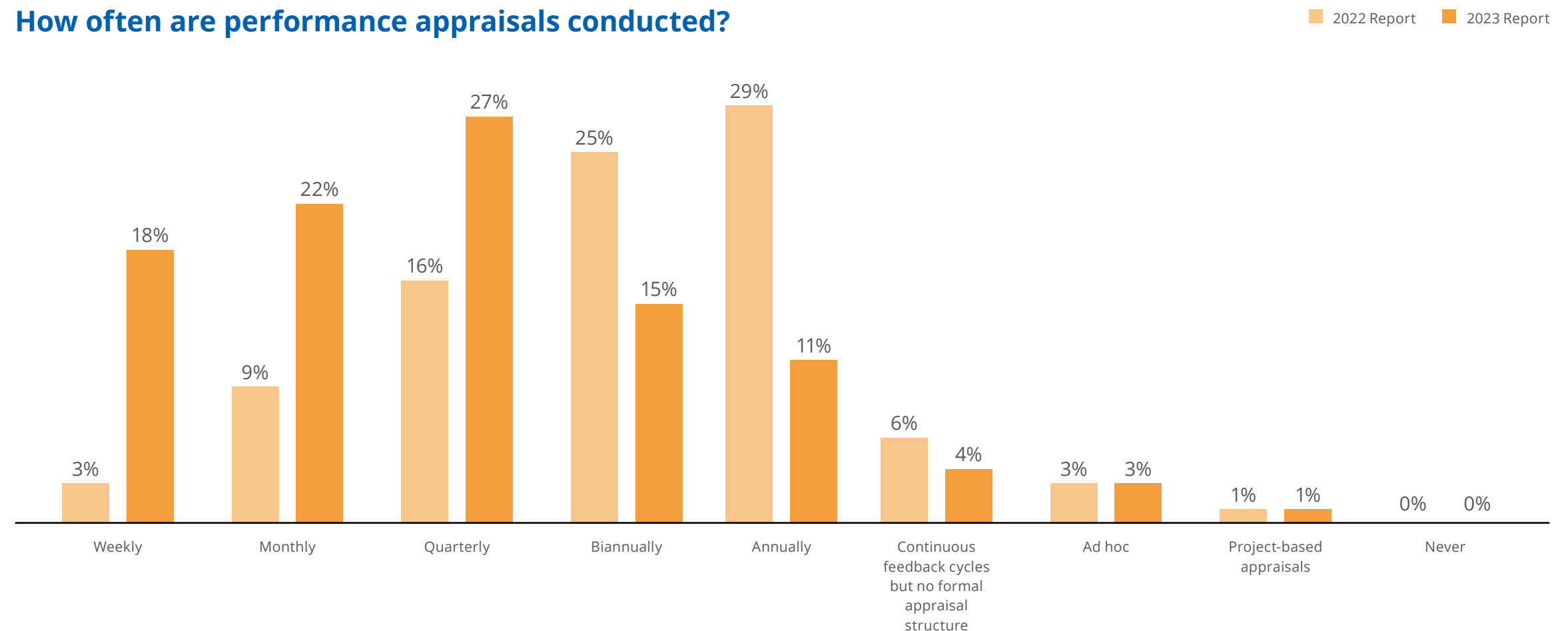


Annual performance reviews are out, regular feedback is in

This year's data supports the trend ELMO has witnessed among its own customers. The desire for regular feedback, whether those conversations are weekly, monthly, or quarterly, is overtaking the once or twice-a-year performance review.

Whether frequent appraisals are a formal event or simply an opportunity to check-in on progress, it's positive to see a more proactive, transparent approach to performance management becoming the norm in Australia.

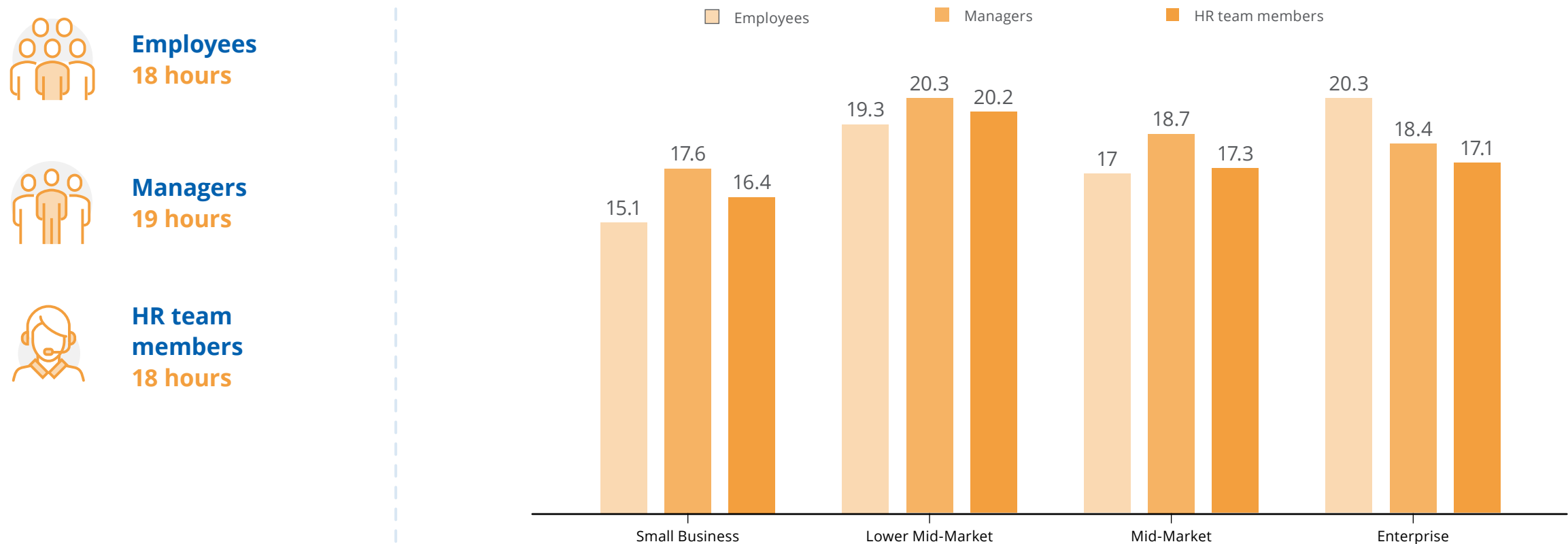
How often are performance appraisals conducted?



Performance reviews are most time-consuming for managers

Regular performance reviews are most effective, yet without the right tools in place they can quickly become time-consuming for employees, managers and HR members. We expected the time spent by managers to be considerably higher than any other cohort, so it was surprising to see the average was just one hour more than employees and HR team members. The results did however highlight that respondents who are not considering using a performance management tool are spending far more time conducting performance appraisals, at 22 hours for managers and 25 hours for HR team members on average per year.

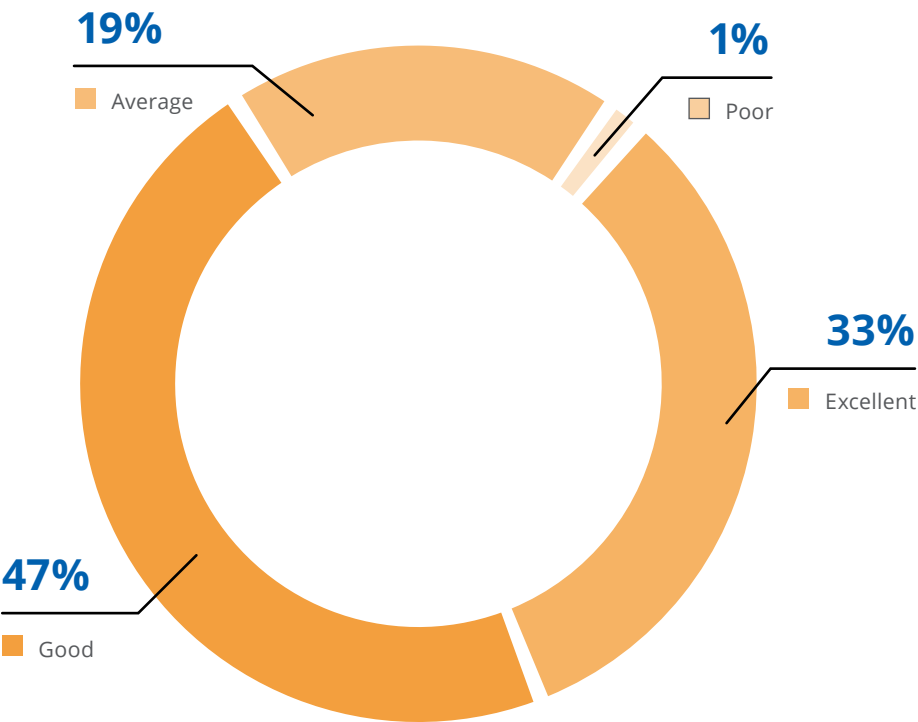
How many hours are spent conducting performance appraisals each year, for each of the following roles?



Performance processes have room for improvement

Out of all the functional areas our HR professionals were surveyed on, respondents were most likely to rate their systems and processes for managing performance management as average. What's most interesting, however, is that the responses were remarkably similar between those who are using a performance management tool and those who are still in the process of implementing one. This goes to show that while technology has a big role to play in reducing the workload and streamlining performance management, organisations must also implement effective processes to reap the benefits.

How would you rate your organisation's systems and processes for managing performance management?



How common is performance management technology?

Almost half of respondents (46%) have fully implemented performance management technology, which is the same figure as 2022. Just over half (51%) are in the process of implementing. Only 2% are not considering it at all, which is a four percentage-point drop on the previous year.

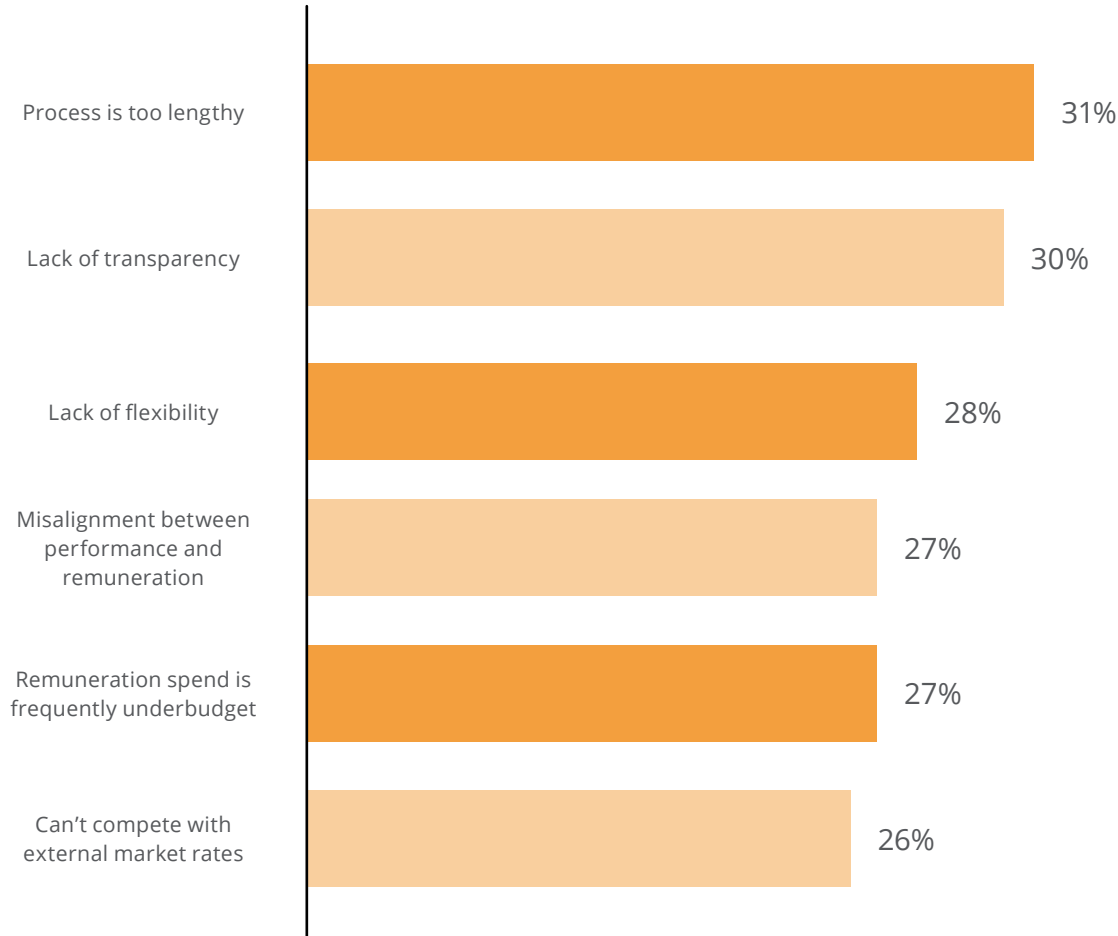
Like other areas of HR, using technology to manage and deliver effective performance management is becoming increasingly common. Not only does a digital solution offer a better experience for both backend users and employees, but it reduces the admin burden on everyone involved.

Respondents know the importance of performance technology all too well. Almost 90% of respondents said technology would be very important or somewhat important for tackling performance management in 2023.

Remuneration

Remuneration processes are too long and ambiguous

What are your key remuneration challenges? Top 6 answers



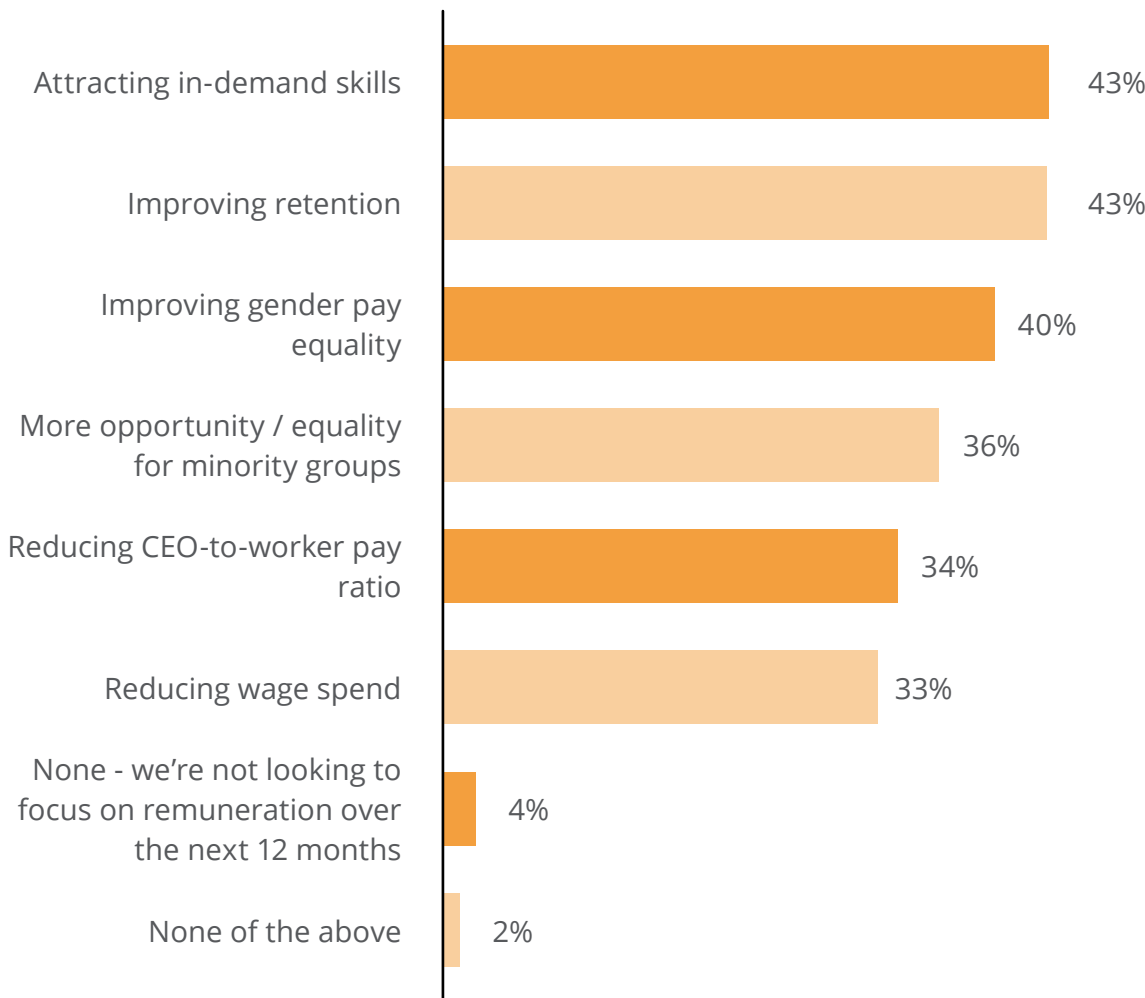
There's been a surprising change in the top challenges facing remuneration staff this year. The number of respondents who said they can't compete with external market rates has dropped by almost 40%.

Given that most respondents said their remuneration budget is the same as last year, the data indicates that perhaps external market rates have cooled.

Instead, overly lengthy, rigid and unclear processes are impeding how organisations set remuneration within the business. These are all commonly heard issues in the remuneration space. Without a clear performance framework that links back to remuneration and benefits, it's difficult to apply pay rises and bonuses fairly. In lieu of a transparent process, managers are tasked with deciding appropriate remuneration changes based on gut feel – something that can easily be clouded by proximity bias. In a hybrid working environment, this will be an increasingly important issue.

Remuneration is a key tactic to both attract and retain talent

Which areas of remuneration is your organisation planning to focus on in 2023?



Unsurprisingly, the main focus of remuneration in 2023 is to attract in-demand skills and improve the retention of existing staff. Given the difficulties recruiting in Australia, remuneration will continue to be a key offering in the war for talent.

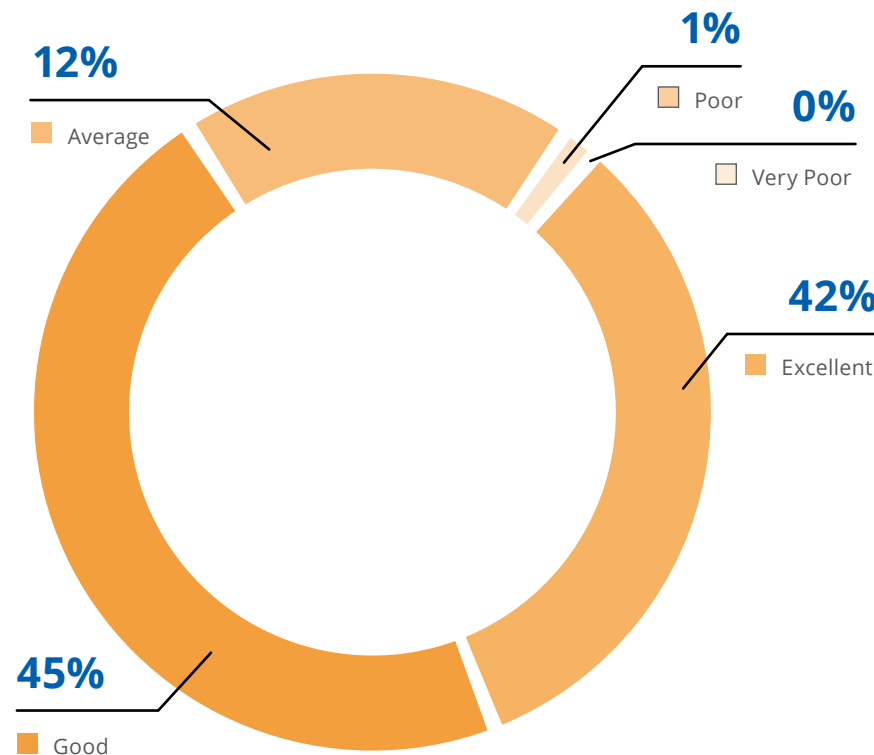
It's positive to see that improving gender equality and levelling the playing field for minority groups is also high on the priority list for Australian organisations. These have both increased considerably on last year (70% and 112% increases respectively).

When asked how their organisation most commonly applies remuneration changes,

- **39%** of respondents use employees' performance feedback
- **38%** use a combination of performance-based and alignment to market rates
- **35%** use alignment to market rates
- **34%** apply a flat percentage increase across the organisation
- **30%** apply a flat dollar value increase

Remuneration technology is becoming a must-have for big business

How would you rate your organisation's systems and processes for effectively managing remuneration?



Respondents who work in remuneration were extremely positive about their systems and processes, with almost 9 in ten rating them excellent or good. Yet we know from an earlier question that almost a third of respondents believe their rem processes are too lengthy and ambiguous. This juxtaposition suggests that while the overall systems are operating effectively, there are still improvements to make remuneration decisions more transparent and quick to implement.

How common is remuneration technology?

Almost half of respondents (46%) have **fully implemented** rem/compensation & benefits software, with a further 49% in the process of implementation. Just 3% of respondents say they're **not considering it at all** and 2% say they don't know.

As expected, the use of remuneration software is much more common in Enterprise-sized businesses where managing the salaries of 2000+ employees becomes almost impossible without a digital tool in place. In fact, there were zero respondents from Enterprise businesses who said they were not considering implementing remuneration technology.

Learning & Development

What's making learning & development difficult for HR professionals?

This year's top challenges underline the difficulty of delivering learning & development content across a dispersed workforce. Our survey found providing access to learning content was more likely to be a challenge for on-site industries such as Manufacturing & Utilities, and Retail, Catering & Leisure, whereas in the Finance sector, meeting compliance obligations outweighed anything else.

Providing access is also more challenging for Mid-Market sized businesses than any other, perhaps because while they have a significant number of staff (180-1999 employees), they may not be utilising technology to deliver their learning.

For Small Business, lack of resources was the most common challenge. On the other end of the scale, Enterprise respondents say they're struggling most with training in a blended environment.

What are your organisation's key L&D challenges?

Top 5 answers



In 2022, lack of budget/funding was the biggest challenge for delivering L&D, followed closely by a lack of resources. This change suggests organisations are buying into the importance of investing in L&D.

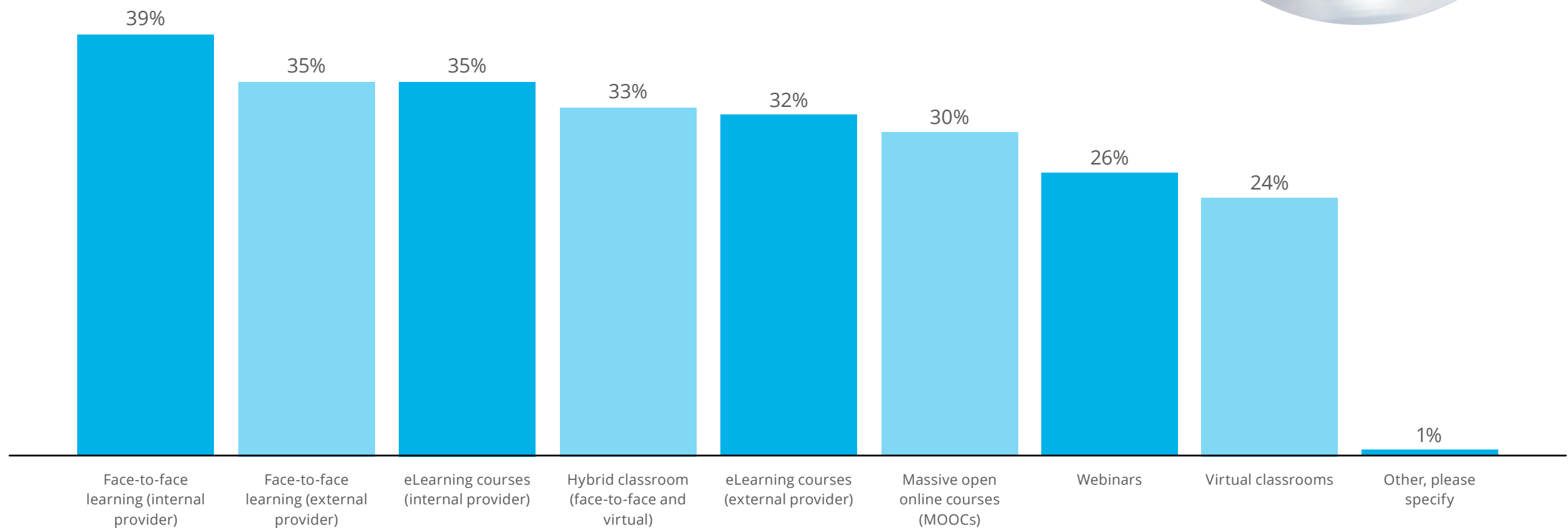
In-person learning is still the preferred format

“The pandemic highlighted that there is still an important place for face-to-face learning, especially when interaction and empathy are important aspects. As a result, I think HR departments are getting more sophisticated in using combined approaches to learning, based on a better understanding of the different training formats and their strengths.”

- **James King**, Agile Coach and Learning Expert, ELMO Software

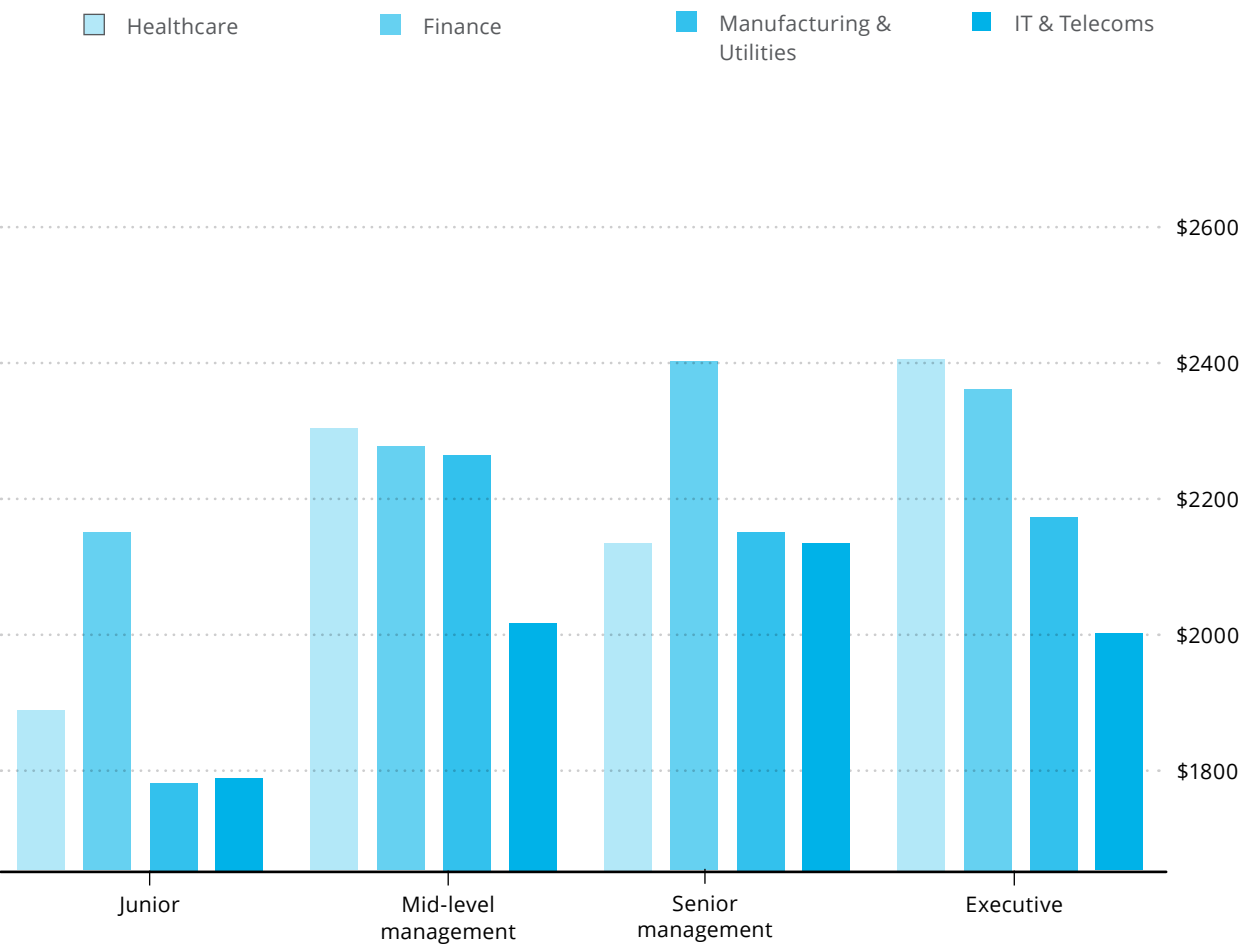


How is learning & development delivered in your organisation?



Examining the time and cost of L&D

What is the annual cost of training per employee, per year*?

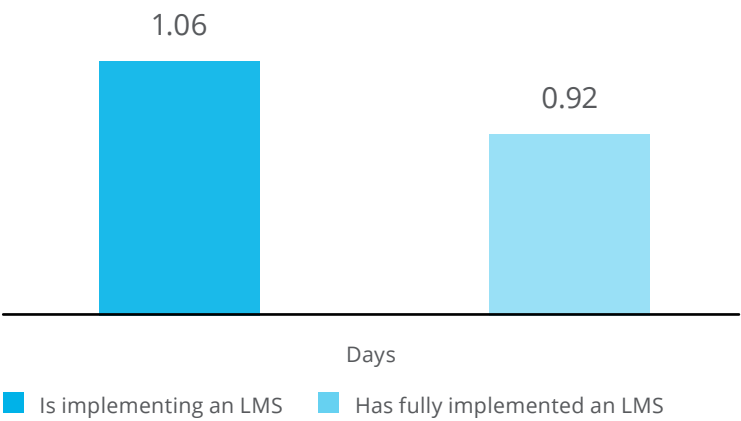


It's always interesting to examine the time and cost invested in training employees. In Australia, the average cost for training C-suite leaders per year is **\$2,197**; senior-level management, **\$2,184**; mid-level management, **\$2,094**; junior employees, **\$1,951**.

The graph on the left shows Finance tends to be more expensive to train staff, until employees reach the executive level when Healthcare peaks.

On average, Australia's HR professionals involved with L&D are spending one day a week creating content, but that figure rises for those without technology in place.

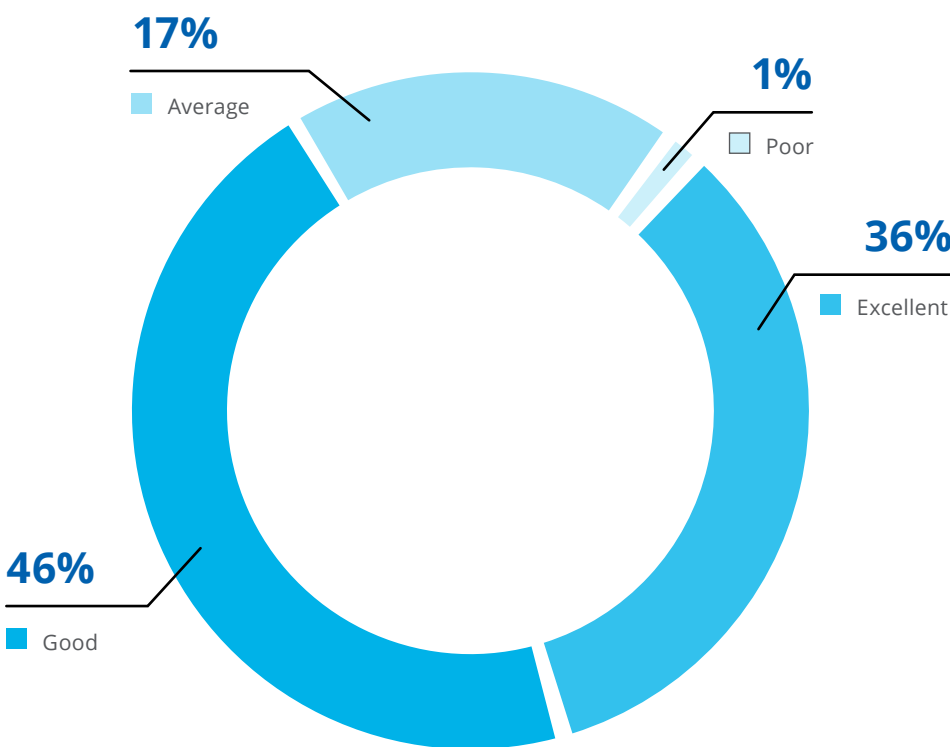
How much time per week is spent creating content for L&D?



*post-probation and excluding any onboarding-related training costs

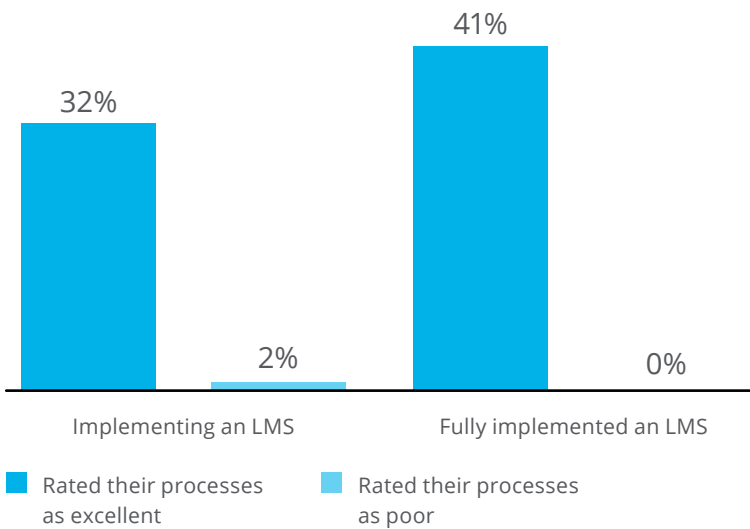
How well is L&D being delivered, according to the experts?

How would you rate your organisation's internal systems and processes for effectively managing learning & development?



According to our survey, HR professionals involved with learning & development are feeling confident about their organisation's systems and processes – particularly compared to last year. The number who said 'excellent' has more than doubled, while the percentage who chose average dropped by half. Respondents in the Lower Mid-Market were most positive, with 50% ranking their systems and processes as excellent.

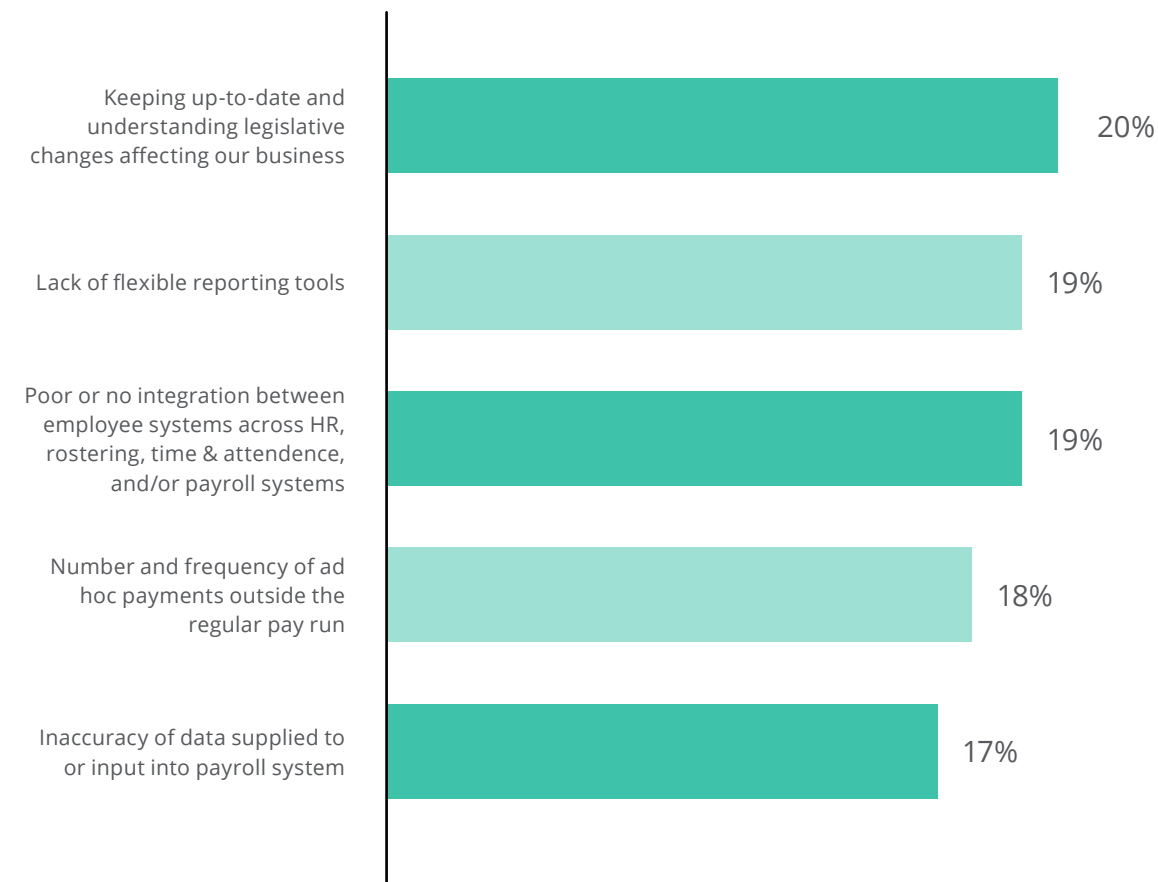
As shown below, the use of technology does have an impact on how effectively organisations are managing L&D. Those with a fully implemented LMS were almost 30% more likely to rank their processes as excellent.



Payroll

Payroll professionals are struggling to keep up with frequent law changes

What are your organisation's key payroll challenges? Top 5 answers



This year's top challenge comes as no surprise. Australia has undergone numerous employment law changes in the past year. From minimum wage increases to updated industrial awards and of course, the introduction of STP Phase 2, the legislative landscape can be mindboggling for Australia's payroll professionals.

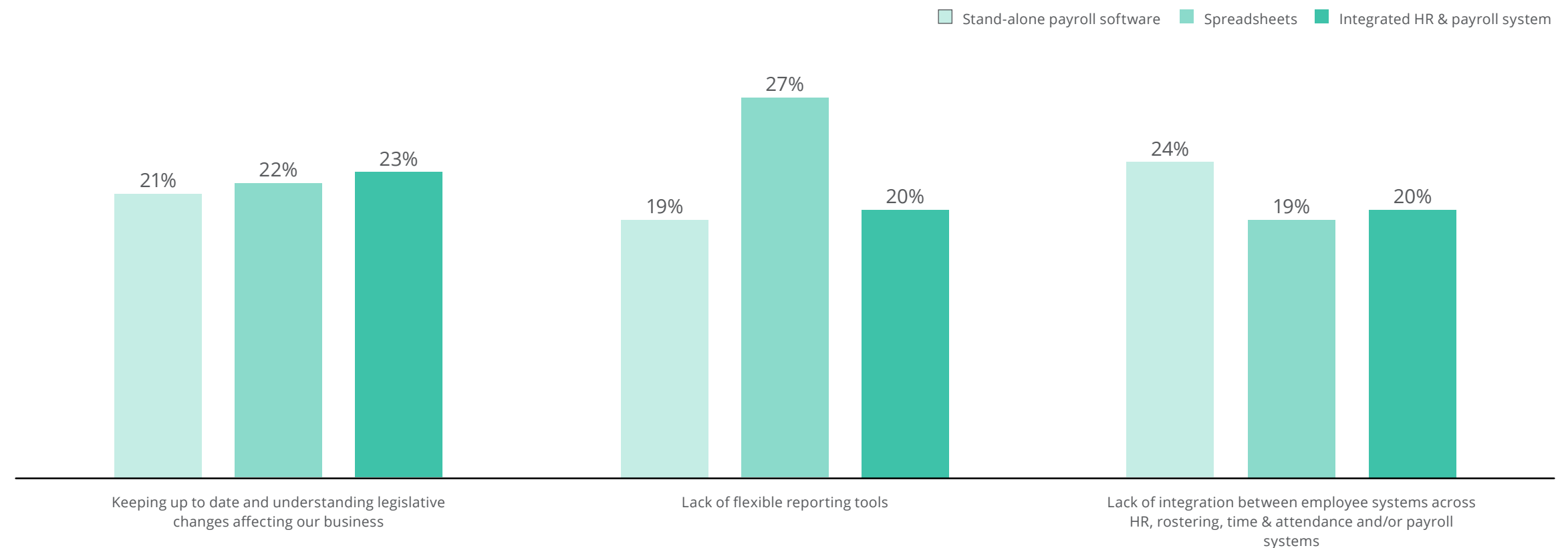
The top challenge remains the same for those who have fully implemented payroll technology and those who don't, demonstrating the limit technology has when it comes to this continually changing space. However, for organisations assessing vendors, it's worth asking what level of support and education is offered. Help centres and internal training can be a valuable benefit to keep users up-to-date with changing employment legislation.

When looking at the other big challenges, 'lack of integration between systems' is less of a challenge for those with payroll technology fully implemented. 'Number and frequency of ad hoc payments' is also less of a headache.

Technology is helping to tackle some of the key payroll challenges

While legislative changes remain a struggle regardless of whether an organisation has payroll technology in use, it's clear that digital tools are helping to mitigate the other key challenges in this space. For example, having a lack of flexible reporting tools is a bigger challenge for those using spreadsheets (according to 27% of respondents) compared to those using technology, either in the form of an integrated HR & payroll system (20%) or a stand-alone payroll system (19%). Similarly, the lack of integration between different employee systems is reduced for those using an integrated HR & payroll system, where information flows seamlessly between timesheet input, payroll, HR, and rostering.

What are your organisation's key payroll challenges? Split by type of payroll method in use

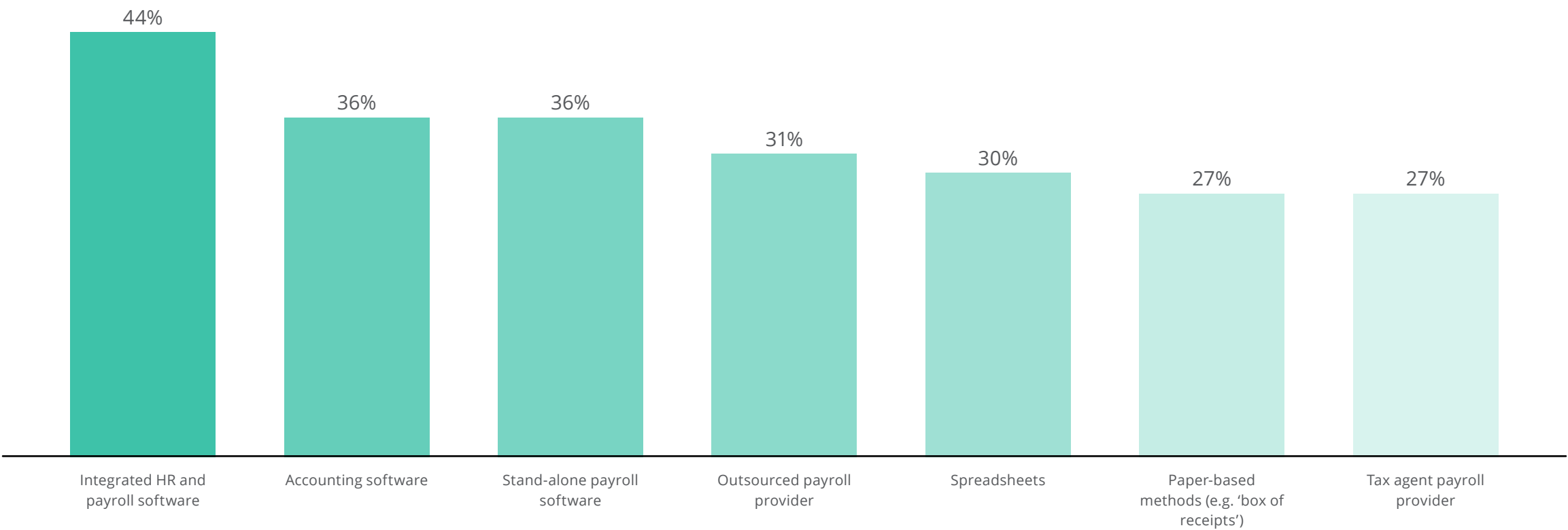


Integrated payroll & HR technology is on the rise

It's surprising to see almost a third of respondents are still using paper-based methods to manage their payroll, which is the same as last year's report. With all employers in Australia required to submit information through Single Touch Payroll-enabled software, it's most likely these respondents are using an additional method, whether through an outsourced provider or a software platform.

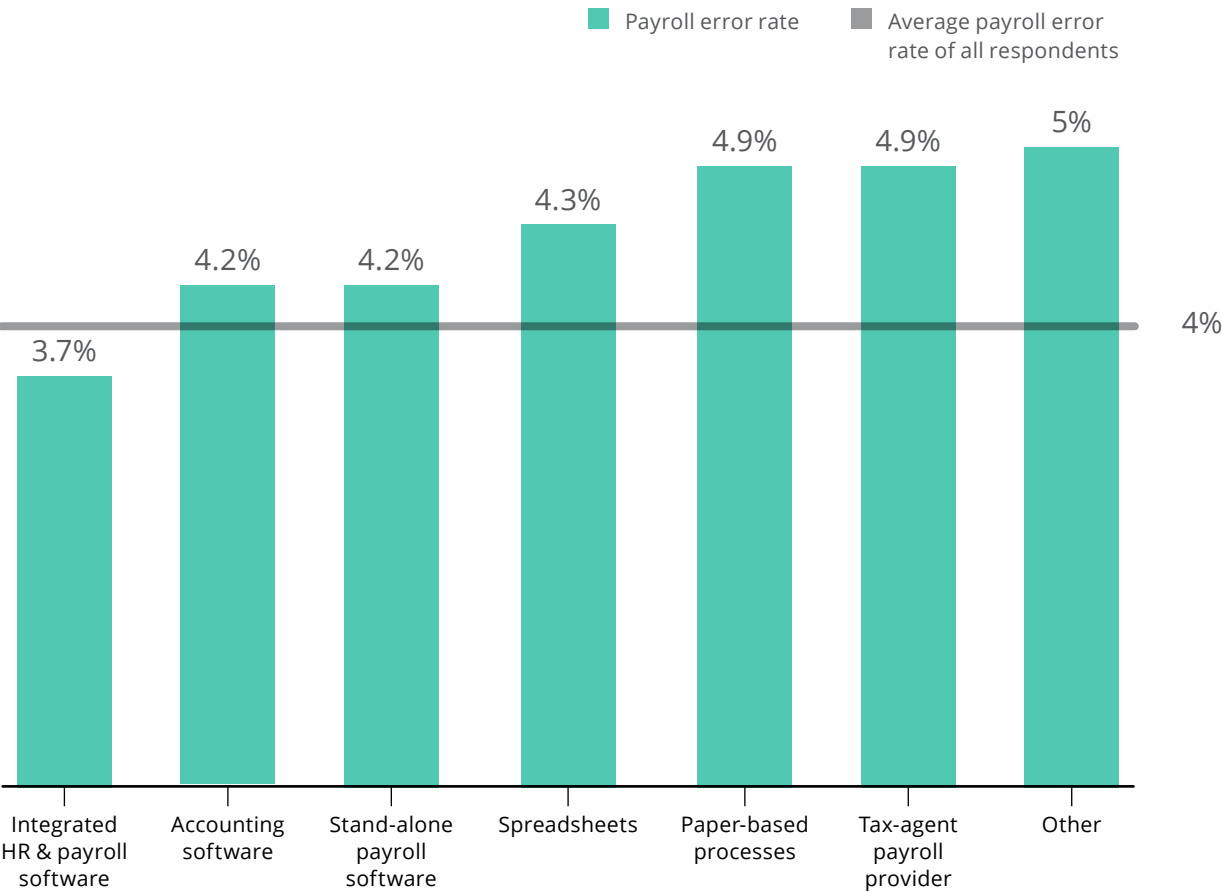
The use of integrated HR & payroll software has increased by 16% on 2022, and is the top option for all business sizes, except Mid-Market where accounting software inched into top spot by one percentage-point.

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



Integrated technology is also helping to reduce payroll errors

What's your organisation's payroll error rate per pay period?



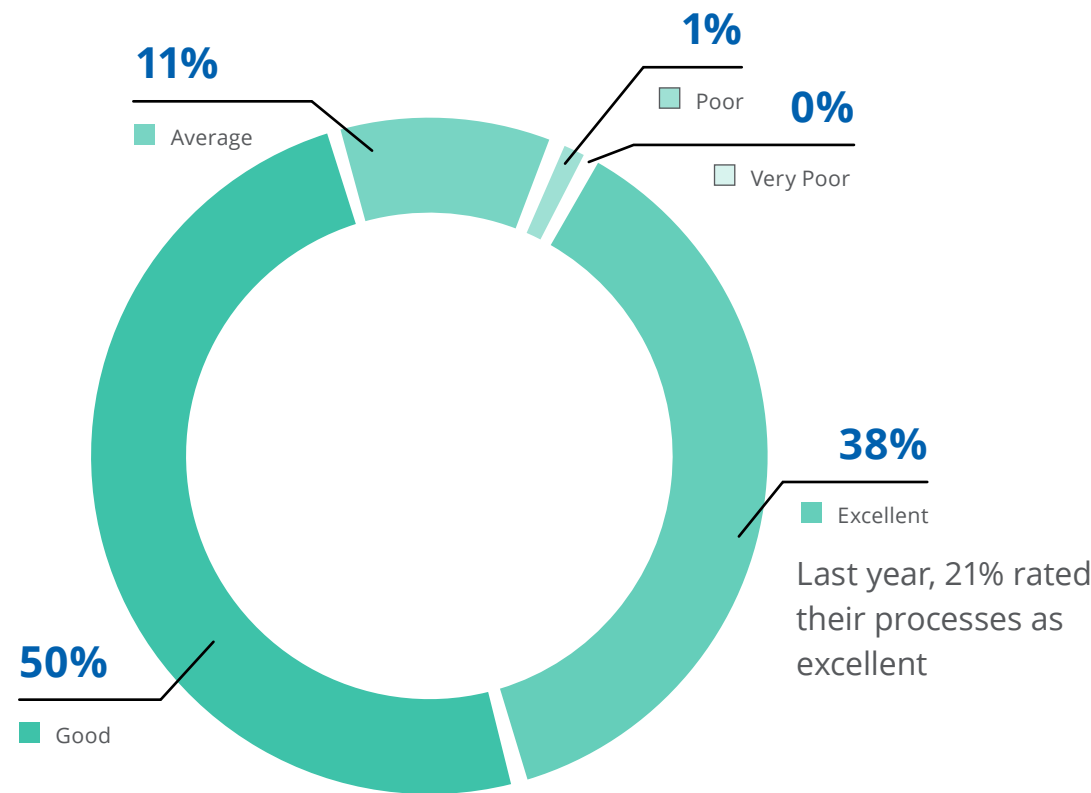
Asked how often they have to do a payroll amendment, 33% of respondents said every payroll cycle. That figure is higher for those using spreadsheets (35%), accounting software (36%), paper-based methods (40%) and an outsourced payroll provider (43%).

“It’s not so much that payroll has increased in complexity, it is more about the need for payroll professionals to understand the complexity. Now that Single Touch Payroll (Phase 2) is sharing the data with other government agencies, the requirement for accurate reporting has become paramount.”

- **Simone Dixon**, ELMO Software’s Compliance Manager - Product and Vice President of DSPANZ

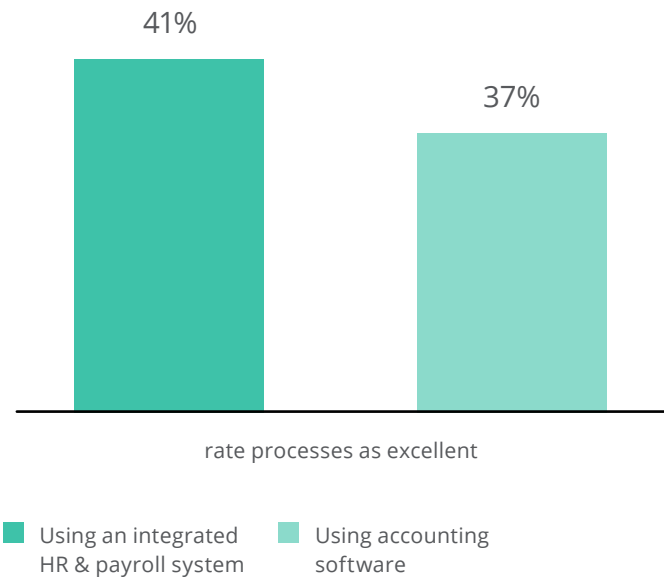
Payroll is becoming less painful for Australian businesses

How would you rate your organisation's systems and processes for effectively managing payroll?



Almost four in ten respondents rated their payroll processes as excellent, which is a significant jump on the previous year. Out of all the functional areas, payroll also had the smallest number of respondents ranking their processes and systems as average – clearly, professionals in this space have dedicated significant effort to getting things right.

How is technology impacting payroll processes?



How much time is involved with payroll?

Despite an overwhelming positivity around the state of the processes in place, there's no denying that payroll is layered with arduous requirements. Our survey found the three most time-consuming tasks for payroll professionals are gathering the required data for a pay run, managing, training and developing staff, and payroll policy administration.

It's also worth examining the impact of different payroll methods. Reporting is the quickest task for those using an integrated HR & payroll system at 7.7 hours per month.

Whereas for organisations still using spreadsheets, gathering the required data takes an average of 9.1 hours per month – just shy of an hour more than the average.

When asked how long it takes to complete each pay run, the average among all respondents was 12 hours. A fifth of respondents said it takes them between 15 and 20 hours for each cycle.

But the most time-consuming period for most payroll professionals is the annual end of year finalisation. On average, end of year finalisation takes just under three weeks according to our respondents.



Each month it takes an average of...



8.3 hours to gather data for a pay run

8.1 hours to manage, train and develop staff

8.0 hours to ensure payroll policy is correct



20% of respondents say it takes between **15 and 20 hours** of work to complete one pay run

About ELMO Software



ELMO Software is a leading provider of integrated, cloud-based HR technology operating in Australia, New Zealand and the UK. With over 3,000 customers, ELMO helps users to save valuable time, money, and resources by streamlining HR processes within one easy-to-use platform.

Highly configurable, the solutions can be tailored to meet each organisation's unique needs and processes. What's more, supportive implementation services and dedicated Account Managers help our clients to get the most from their ELMO platform and drive a higher return on investment. Visit the ELMO website to find out more or book a demo to experience the platform for yourself.

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Performance Management

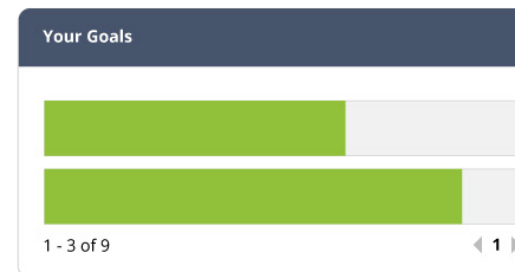
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Learning Management

Configurable to suit your organisation's unique requirements

To Do List ↑	Status ↑	Due ↑
Driver's Licence NSW	Rejected	31/12/2020
Managing Complaints	Not Yet Started	31/12/2020
Discrimination and EEO	Rejected	31/12/2020
1 - 3 of 3		



Home

Community Hub



Welcome to the organisation! We are glad to have you onboard! Please work through the tasks on the right prior to your first day. Also, take time to watch the video and familiarise yourself with your new team

Course Information

IN PROGRESS

Duration 1h 12m

CPD Points 0

Due date 29 Dec 2024

Enrolment method Self