

2025 HR Industry Benchmark Report

Trends, opportunities and challenges
for the year ahead



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Executive Summary

Welcome to ELMO's sixth annual HR Industry Benchmark Report, which explores the evolving HR tech landscape, focusing on what matters most to HR professionals and our customers across ANZ.

This is undoubtedly a pivotal time in our industry. To thrive, we must not only be prepared for the future but also remain agile in seizing new opportunities. This year's findings highlight three key workforce trends shaping our strategic priorities to help us prepare for the future.

1. AI Transformation in HR

AI adoption in HR is accelerating, but the real competitive edge lies in equipping teams with the right skills to harness its potential. Organisations that integrate AI effectively – while fostering an engaged, adaptable workforce – will lead the way in this evolving landscape.

2. The Workforce Shift

With Gen Z now firmly established in the workforce, their expectations around flexibility, technology, and engagement are reshaping workplace norms. While businesses refine hybrid and onsite work models, many are still seeking the right balance. To attract and retain top talent, organisations must craft workplace experiences that cater to multiple generations and evolving work styles.

3. Connecting HR to Business Outcomes

HR leaders are strengthening collaboration with the C-suite, using data-driven insights for strategic decision-making. Yet, a gap remains in linking HR initiatives to business performance. To bridge this, organisations must enhance analytics capabilities that clearly demonstrate HR's impact as a business driver.

Greater success in HR now hinges on three factors: **leveraging AI effectively, building flexible multi-generational work models, and strengthening the connection between people strategies and business results.**

Joseph Lyons,
CEO | ELMO Software



Key Trends – Australia

This year's trends build on last year's themes, focusing on the barriers to strategic HR thinking and the evolving skill set needed for success. It also examines the biggest workforce trends shaping organisations in Australia and New Zealand—AI adoption, hybrid work, and talent retention—as Gen Z (born 1997–2012) emerges as a dominant employee group.



AI will have a **significant impact** on HR departments in the next year with **32%** calling it **'transformative'** and **68%** feeling ready for AI adoption.



66% of respondents are **changing their work policy** this year, suggesting organisations still don't feel they've nailed the right mix of full time vs hybrid.

Organisations are **investing more** in **HR technology**, AI, and software consolidation, but **39%** find identifying quantifiable links between HR and business goals the biggest challenge when implementing metrics.



Upskilling, cross-skilling and reskilling employees is the **top challenge** for businesses (**27%**). While increasing productivity is their top priority, their **biggest barrier** to improving is a **lack of clarity** on goals and performance.

Key Trends – Aotearoa New Zealand

AI will have a **significant impact** on HR departments in the next year with **40%** calling it **'transformative'** and **82%** feeling ready for AI adoption.



88% of respondents are **changing their work policy** this year, with hybrid work more of a priority in NZ than Australia (65% vs 55%).

Organisations are **investing more** in **HR technology**, AI, and consolidation, but **35%** find storytelling or communicating HR metrics effectively to be the biggest challenge.



Upskilling, cross-skilling and reskilling employees is the **top challenge** for businesses (**32%**). While increasing productivity is their top priority, their **biggest barrier** to improving is a **reliance on manual processes**.



KEY TRENDS

AI-Ready: The Workforce of the Future

Artificial Intelligence has existed in a variety of forms for years, but the release of ChatGPT in late 2022 has led to an extraordinary rise in public adoption and usage of generative AI.

HR in Australia and New Zealand is poised for rapid transformation. Our data reveals that 86% of HR professionals expect AI to have a significant impact on their business this year, and 71% say they're ready.

We're already seeing this translate into workforce changes, with AI skills identified as the top skill needed in the future for HR leaders.



AI Set to Revolutionise HR

Organisations across ANZ are telling us they expect AI will change their HR department in the next year. Rather than an entirely new set of tools, we'll likely see AI incrementally enhance existing HR technology, making processes smarter, faster, and more effective.

While AI tools aren't ready to replace most jobs, they can:



Eliminate repetitive tasks



Remove manual, monotonous work



Speed up workflows



Enhance talent acquisition

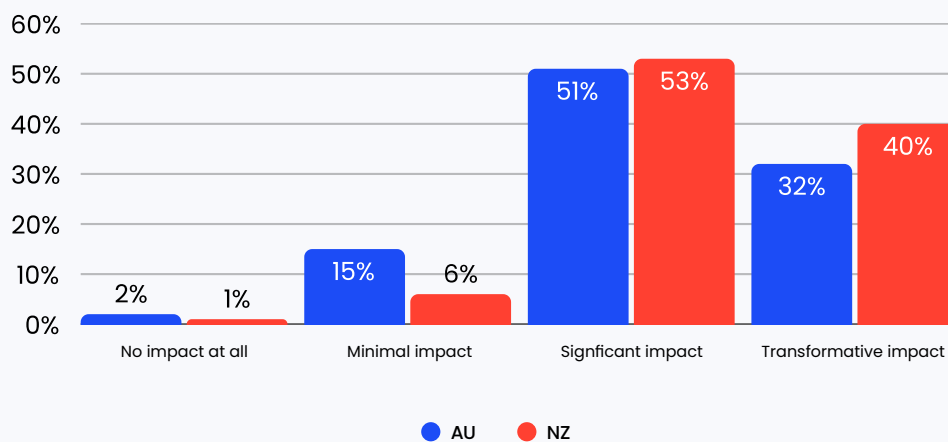


Enable more meaningful, strategic tasks



Support data-driven decision-making

How will AI change your HR department in the next year?



How much do you think AI will change the way your HR department operates in the next year?

How future ready is your HR department?

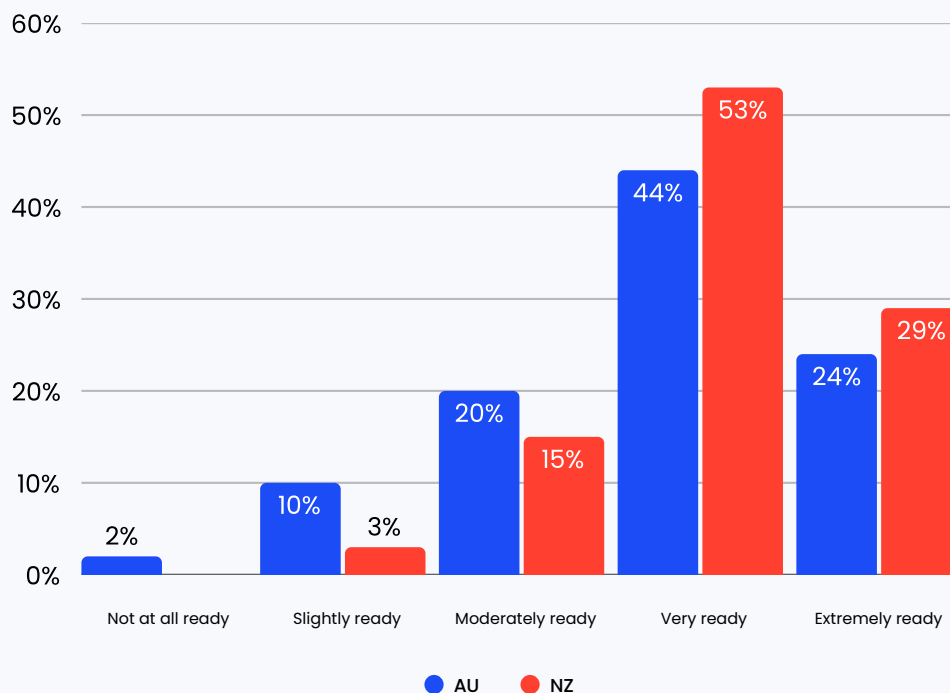
With 71% of businesses feeling future-ready for AI, the focus is shifting from awareness to action. Organisations that understand AI's potential, embrace its capabilities, and proactively shape their workforces will be best positioned to harness its benefits. The challenge now is not just readiness but ensuring AI is integrated strategically to drive meaningful business outcomes.

To make AI adoption successful, HR leaders should consider upskilling employees, ensuring ethical AI use and aligning AI-driven insights with business goals.



New Zealand businesses are **more likely** than their Australian counterparts to see AI as **transformative**, suggesting **AI adoption** is already well underway there.

How future-ready is your HR department?



How 'future-ready' do you feel your HR department is in terms of leveraging AI technologies?

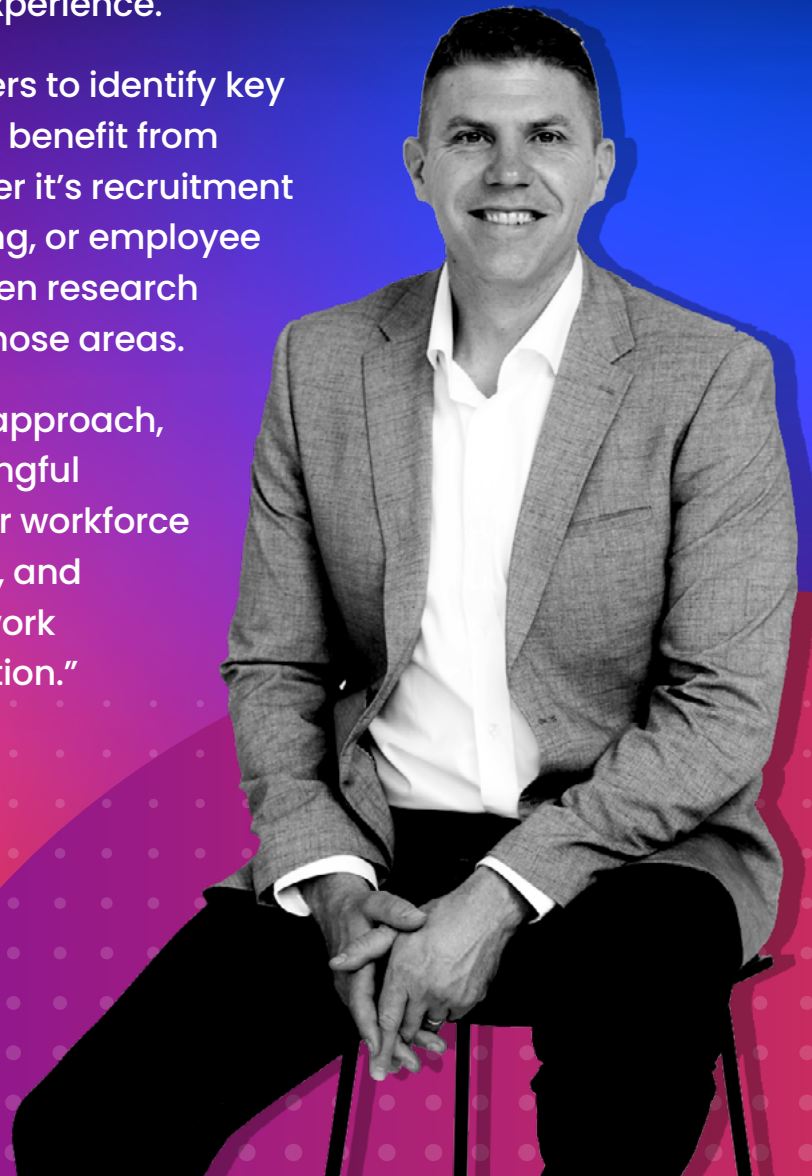
According to ELMO CEO Joseph Lyons,

“We’re on the cusp of a new technological era, and there’s never been a more exciting time to work in software. AI is transforming how we work, helping us become smarter and more efficient. But its true power lies in how we apply it – combining technology with human insight to create meaningful, effective HR practices. The challenge now is turning enthusiasm into action. That means equipping teams with the right skills, bridging the gap between technical and human roles, and ensuring AI-driven decisions align with organisational values.

At ELMO, we’re committed to responsible innovation – testing new tools, embracing data-driven decision-making, and upholding the highest security and compliance standards. For us, it’s about empowering people to deliver the best possible customer experience.

I encourage HR leaders to identify key processes that could benefit from automation – whether it’s recruitment screening, onboarding, or employee query resolution – then research and pilot AI tools in those areas.

By taking a focused approach, you can drive meaningful change, prepare your workforce for new technologies, and shape the future of work within your organisation.”



Building Skills for the Future

There's clear momentum within HR towards strategic decision-making and the integration of advanced technologies.

In Australia, HR leaders say that a strong grasp of financial principles and business objectives, coupled with the ability to forecast future challenges using historical data is an essential skill. Meanwhile, in New Zealand, AI skills have emerged as a key competency, alongside business alignment and expertise in HR compliance and legislation.

Looking ahead, HR professionals in both countries recognise the increasing importance of AI, predictive analytics, and aligning HR strategies with broader business goals. This progression underscores a growing commitment to transforming raw data into actionable insights, facilitated by the rise of technology.

By developing these capabilities, HR leaders across ANZ are better equipped to anticipate workforce needs, navigate regulatory complexities, and drive sustainable business growth in an increasingly data-driven world.

Key Skills required for HR Leaders

Australia		New Zealand	
Now	Future	Now	Future
Understanding of financial principles and alignment with HR metrics	AI skills	AI skills	AI skills
Understanding of business goals and alignment with HR metrics	Ability to predict trends/ insights based on historical data/predict future challenges	Understanding of business goals and alignment with HR metrics	Ability to predict trends/ insights based on historical data/predict future challenges
Ability to predict trends/ insights based on historical data/predict future challenges	Understanding of financial principles and alignment with HR metrics	Understanding HR compliance/legislation	Understanding of business goals and alignment with HR metrics

What are the essential skills you have now?
 What are the most important skills you need for your career in the future?

KEY TRENDS

The Workforce Shift: Retaining Talent in an Evolving Landscape

A new era of workforce dynamics is unfolding as the Baby Boomer generation moves towards retirement. This shift is bringing a new generation of Gen Z employees into the workforce, a group that started their careers during one of the most disruptive periods in modern work history: COVID-19.

In this changing landscape, the challenge for organisations is clear: how to balance business needs with employee expectations in a way that fosters engagement and long-term retention.

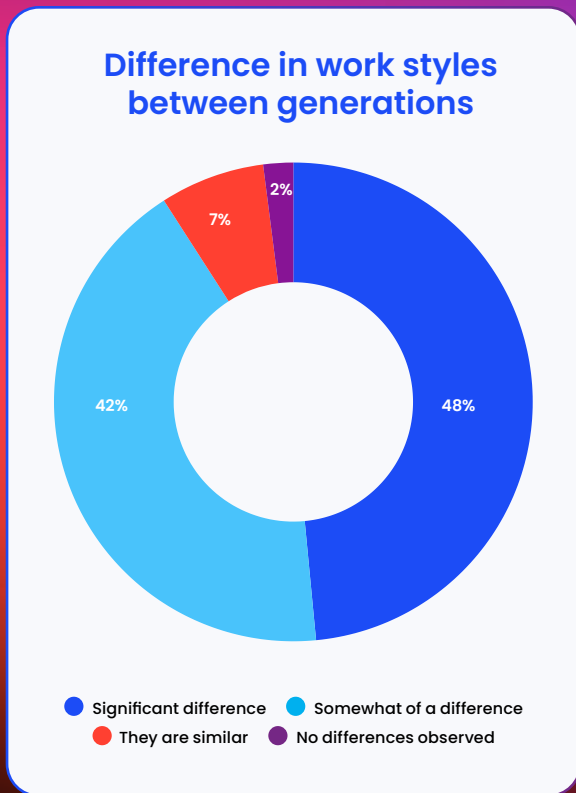


Engaging the New Workforce

Almost half of HR professionals see significant work style differences between the youngest working cohort, Gen Z and older generations. With Gen Z (born 1997–2012) comprising a third of the workforce by the end of the decade, it's critical business leaders understand how to engage and retain them. Gen Z employees across ANZ consistently rank flexible work as a top factor in workplace retention.*

There are notable differences in how organisations in both countries approach flexibility and work-life balance for all generations. In both Australia and New Zealand, work-life balance (30%) and flexible working (27%) are key retention drivers, but the emphasis varies.

Despite differences in work styles, the key factors driving Gen Z retention—engagement, feeling valued, and career development—align with the broader employee retention drivers outlined in the table. Rather than reinventing the wheel, HR teams should focus on subtle adaptations to their employee value proposition to reflect regional preferences while maintaining the key elements that matter most to Gen Z.



Top 3 factors influencing employee retention

Australia	
Employee engagement e.g. employees feel valued, align with company purpose etc	38%
Strong work/life balance culture	30%
Effective leadership	29%
New Zealand	
Employee engagement e.g. employees feel valued, align with company purpose etc	35%
Career development opportunities	33%
Flexible remote working	33%

*According to ELMO's Employee Sentiment Index reports

Do you observe differences in work styles between older generations (Baby Boomers, Gen X & Millennials) and younger generations (Gen Z) in your organisation? What factors contribute most to employee retention in your organisation?

The Hybrid Conundrum

Five years on from the COVID-19 pandemic which propelled remote work into the mainstream, our data shows businesses are still navigating workplace attendance policies with no-one-size-fits-all solution. The current landscape shows that while the majority of workplaces are hybrid with either flexible or mandated days in office, over a third (36%) still have a full time onsite/office policy.

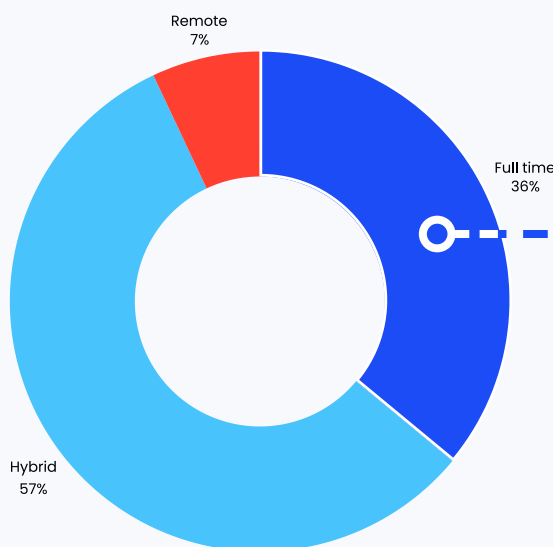
As macroeconomic conditions shift, so too are ANZ working policies.

Of the 71% of HR professionals who anticipate policy shifts in the next 12 months – over half will move to a hybrid model. Meanwhile, only 17% intend to mandate full-time office presence, reflecting a shift toward greater flexibility.

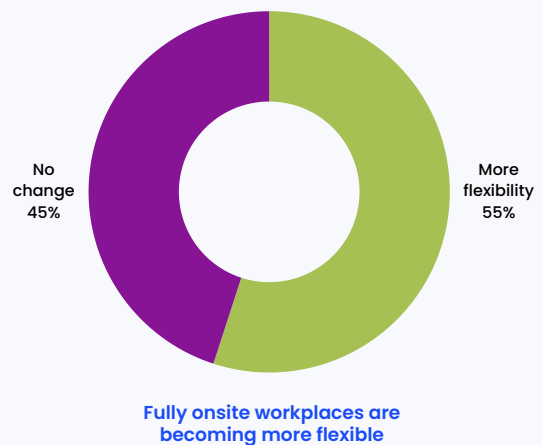


71% of organisations plan to change their work policy over the next 12 months.

Current work policy - ANZ



Next 12 months



Fully onsite workplaces are becoming more flexible

What is your current working policy?
Will you change your work policy in the next 12 months?

KEY TRENDS

Unlocking HR's Influence: From Insight to Action

Our 2024 HR Industry Benchmark report highlighted that HR leaders were working towards more data-driven, strategic decision making, and this year's results reveal that progress is gaining momentum. The perceived collaboration by HR professionals between Chief Human Resource Officer (CHROs) (or equivalent) and C-suite leaders is stronger than ever, especially between CEO & CFOs.

And while use and reporting on HR metrics has improved, there are still barriers to operating more strategically, particularly in implementing HR metrics, highlighting the ongoing challenge of linking them to business goals in a measurable and impactful way.





Strengthening HR's Influence at the Executive level


This year's results show collaboration between CHROs (or equivalent) and senior executives is stronger than ever.

While the CEO-CHRO relationship remains critical, HR-CFO collaboration is growing even faster, up 32% in Australia and 11% in New Zealand, compared to a 21% and 6% increase for CEO-CHRO collaboration. This highlights a growing recognition among HR professionals of the CFO's role in key people-related decisions.

HR plays a pivotal role in driving employee engagement and productivity—two factors that directly impact financial performance. As referenced on **page 10** of this report, HR professionals across ANZ have developed key skills that contribute to this strong collaboration including:

 Understanding of business goals and alignment with HR metrics (42%, up from 29% in 2024)

 Understanding of financial principles and alignment with HR metrics (41%, up from 26% in 2024)

 AI skills (39%, up from 25% in 2024)

 Ability to predict trends/insights based on historical data/ predict future challenges (39%, up from 25% in 2024).



Mid-large size Australian businesses (180-1,999 employees) are the most likely to report a **strong partnership** between the CHRO and CFO with **62%** indicating a strong collaboration. This compares to 45% in enterprise businesses (2,000+ employees) and 59% in smaller businesses (50-179 employees).

Driving Strategic Impact

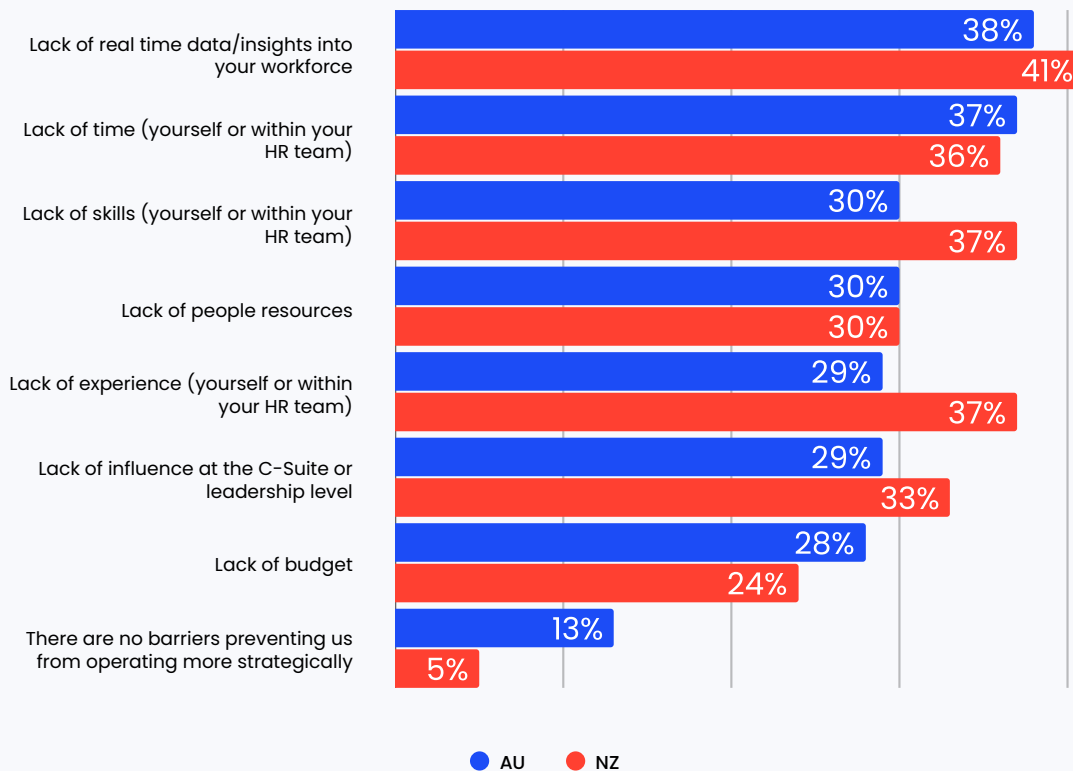
Strong partnerships at the executive level can contribute to strategic impact but nine in 10 respondents say there are barriers preventing them from operating strategically.

The main barrier is the lack of real-time data and insights. Without timely, accurate data, HR professionals may struggle to make proactive business-aligned decisions.

Despite this, respondents feel confident in using and reporting on HR metrics. 30% of ANZ businesses consider themselves advanced in tracking HR metrics (double 2024 figures), and 78% of HR professionals feel confident in reporting HR performance in financial terms.

This suggests HR professionals have the knowledge and skills but may lack the systems or access to real-time data needed for impactful decision making.

Barriers to operating more strategically



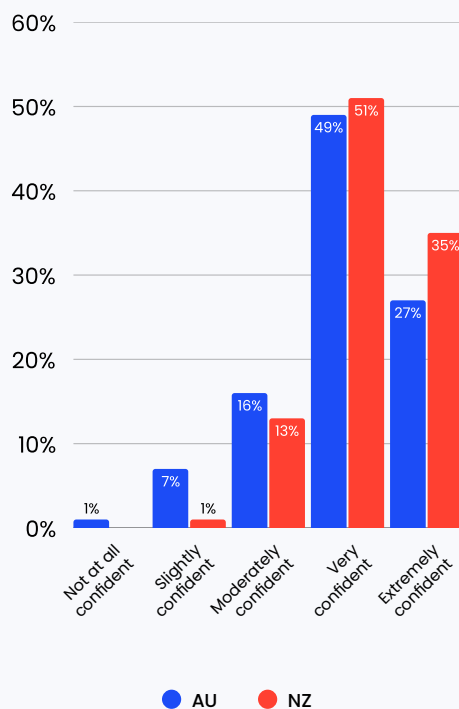
What are the barriers preventing you from operating more strategically?

Driving Strategic Impact

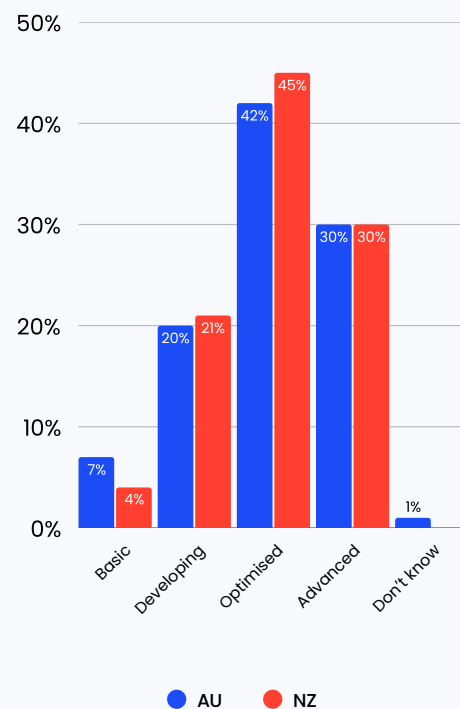
Our data shows HR professionals are increasingly turning to standalone HR technology to gather and report on key HR metrics – driving a significant 65% year-on-year growth.

With high confidence in HR metrics and increased budgets (see pages 23 & 24), there's strong momentum for HR to adopt a more strategic role in their organisations. More resources could translate into better tools, more advanced technology, and enhanced analytics capabilities – empowering HR teams to drive smarter workforce planning and decision-making.

Confidence in reporting HR metrics



Sophistication in the use of HR metrics



How confident are you in your ability within your organisation to measure and report on HR performance in financial terms (e.g. ROI, cost per hire, employee turnover impact) to the C-Suite or leadership team?
 How would you describe your organisation's current use of HR metrics?

The Challenge of Implementing HR Metrics

While the appetite for insight is clear, over 90% of HR professionals face challenges when implementing HR metrics within their organisations. However, the nature of these challenges differs between Australia and New Zealand.

For Australian businesses, the top challenge—consistent with 2024—is identifying quantifiable links between HR and business goals. Without the right data and clear connections between workforce initiatives and business outcomes, HR may struggle to quantify its strategic impact.

Once these goals are clearly defined, HR teams can collaborate with senior leadership to address the people-related challenges that directly affect business performance. This is where New Zealand’s top challenge becomes particularly interesting: while Australian businesses struggle to establish these links, New Zealand businesses face difficulty in effectively communicating their HR metrics to leadership.



When HR leaders effectively **communicate key metrics**—such as employee productivity, retention, and skills development—in business terms, they **gain credibility** and **influence** at the **executive level**.

Top 3 Challenges	
Australia	New Zealand
Identifying quantifiable links between HR and business goals	Storytelling / communicating HR metrics effectively
Identifying value-add HR metrics	Assigning accountability for metrics
Assigning accountability for metrics	Obtaining raw data

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

Customer Story: Neumann Steel



Neumann Steel, a leading Australian steel reinforcing company, found themselves facing a brewing HR challenge in the midst of a significant growth spurt. With their headquarters based in Currumbin, Queensland, and multiple branch locations across Australia, their diverse workforce had ballooned to over 310 employees and was becoming unwieldy to manage.

As the company scaled, so did the complexity of their HR processes. Neumann Steel was relying on spreadsheets to manage the majority of their HR functions, including recruitment, onboarding, employee records, and performance management. They also sought a better way to manage a diverse set of employee types and roles.

For Ellie Hutton, HR Advisor at Neumann Steel, gaining executive buy-in for a HRIS solution was an absolute must. Ellie says,

"I needed to ensure the executive team was getting a system that granted rich reporting and analytics functions so we could provide them with high level snapshots of different areas across our employees."

Since implementing ELMO, Neumann Steel has seen significant boosts to its operational efficiency, major process improvements, and a fresh ability to report to management at the drop of a hat.

Not to mention, Ellie has cut down on her manual busy work "by at least half," leaving her with more time for strategic tasks that demand her attention.

One of the starkest improvements for Ellie has been the visibility afforded by ELMO.

"Having that dashboard function, where we can break down new starters, terminations, role, and salary changes is fantastic. Whereas, before, we had this massive tracking spreadsheet that we manually updated. Now it's all there, we just process it once."

Neumann Steel's experience reinforces that access to real time data and insights can cut down on manual processes, allowing HR professionals to be more strategic in their operations. A strong relationship with the executive team meant buy-in for a HRIS platform was easier to get across the line.

Benchmark Findings



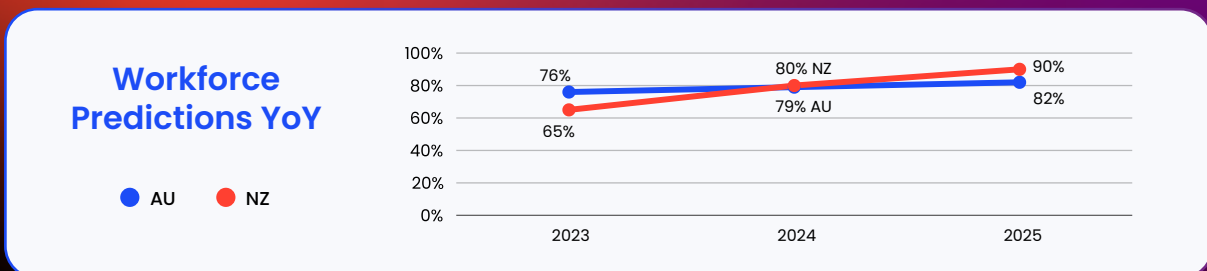
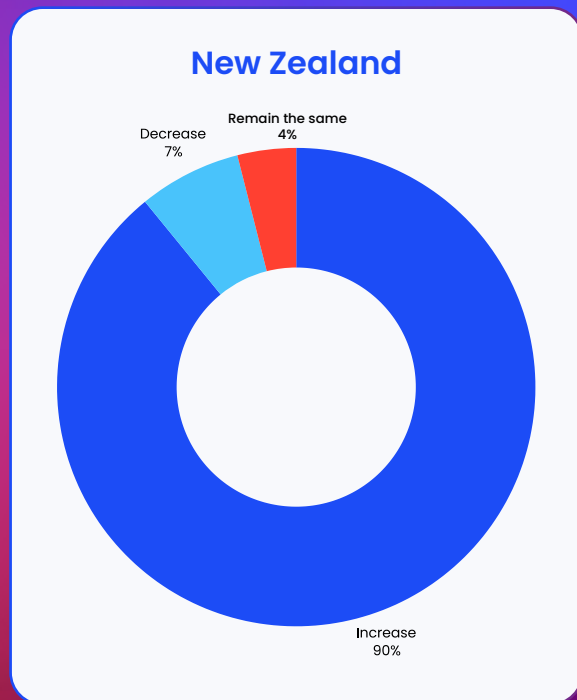
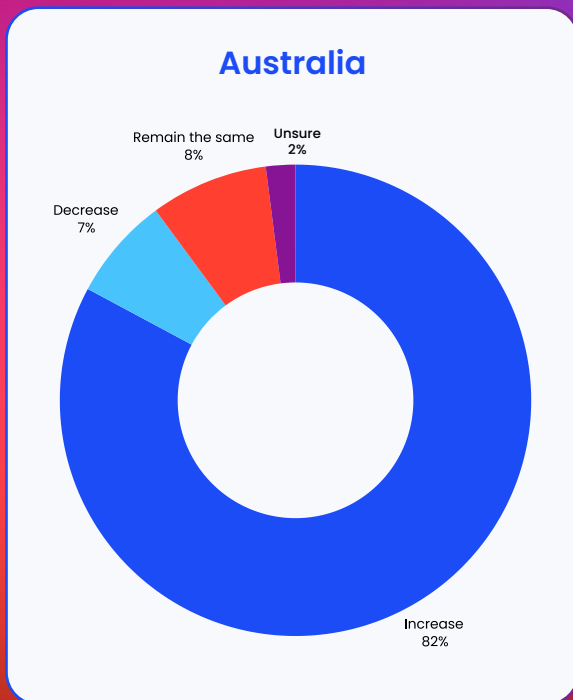
Workforce Growth Predictions

Organisational confidence continues to rise in 2025, with most HR professionals in Australia and New Zealand expecting headcount growth. This marks an increase from last year, including a particularly significant jump in New Zealand. This year, 82% of HR professionals in Australia and 90% in New Zealand anticipated workforce growth figures, a 4% year-on-year change in Australia and 13% in New Zealand.

On average, HR professionals expect a 23% increase in their workforce in the next year.

84%*

of HR professionals say their **workforce will increase** in size over the next year. **7%** of HR professionals say their workforce will **decrease** in size over the next year.



*AU/NZ combined
Over the next year, do you anticipate any changes to the size of your workforce?

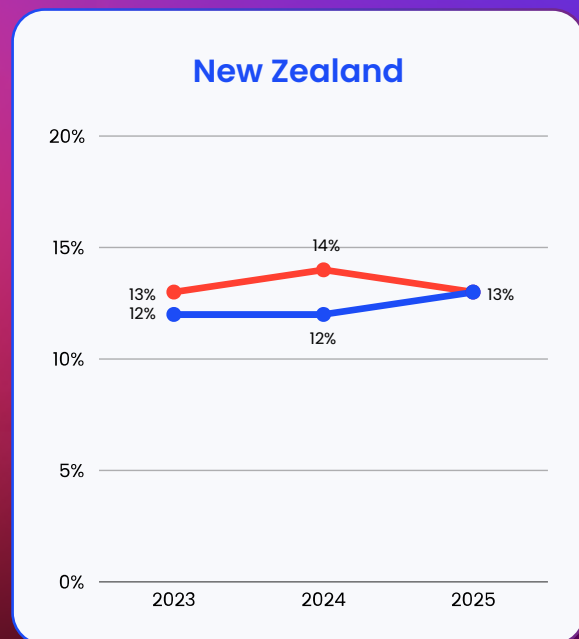
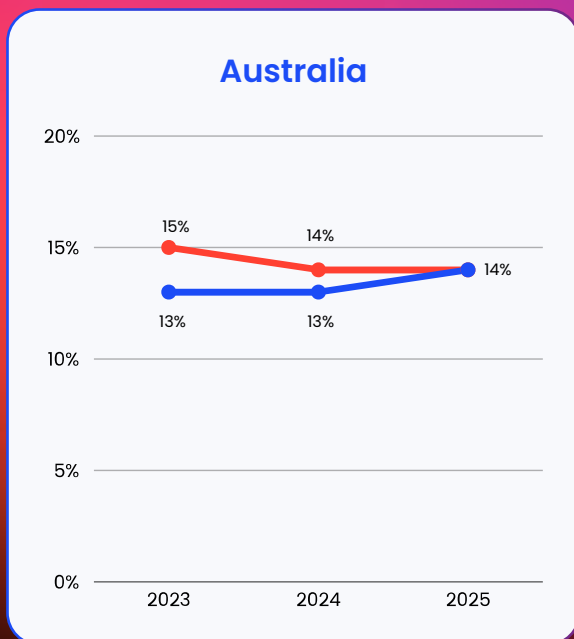
Turnover and New Hire Turnover

Turnover and new hire turnover rates have remained relatively unchanged across Australia and New Zealand for **three years**. Our research shows the **average turnover rate** is **14%** for Australia but **13%** for New Zealand (decreasing slightly from 14% in 2024).



While the new hire turnover rate remains higher than pre-pandemic levels, it's remained relatively consistent over the last three years. According to this year's data, it's 14% for Australia and 13% for New Zealand (compared to 13% and 12%, respectively).

While the rate is steady, we're still seeing around one in eight new hires leave an organisation within their probation period, an increase from one in seven last year. HR professionals are well aware that a poor onboarding processes or job descriptions not matching up to expectations can impact this metric. Continued investment in HR technology that improves the onboarding experience can hopefully do more to manage this result. When using onboarding correctly, clear KPIs and check-ins can be set at appropriate times throughout probation, allowing for potential issues to be identified and solved earlier.



● Turnover ● New Hire Turnover

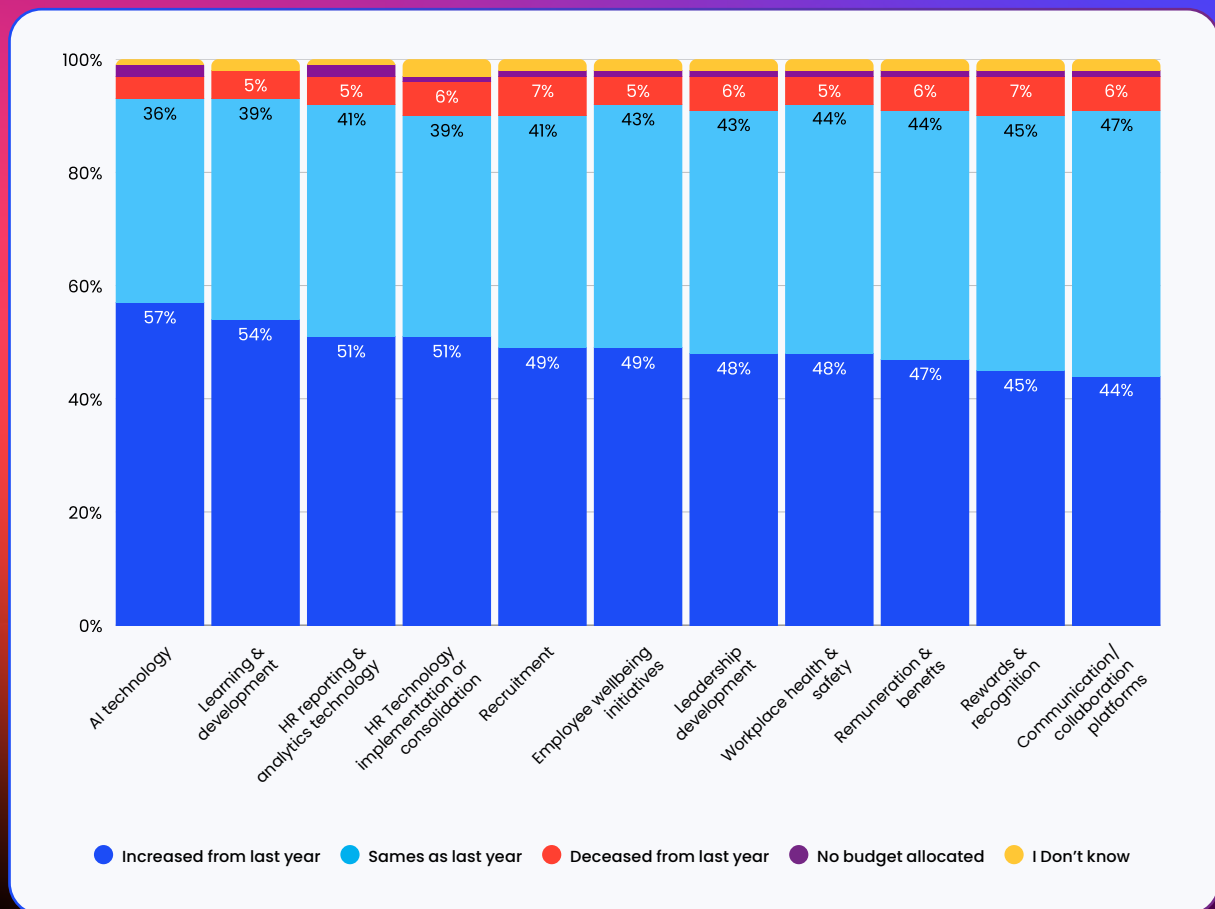
What is your organisation's annual employee turnover rate?
What is your organisation's annual employee turnover rate for new hires within their probation period?

Budgets – Australia

For the past two years ‘recruitment’ has seen the largest budget increase for HR professionals in Australia. However, 2025 will see a change of guard. Perhaps unsurprisingly, the biggest increase in budget is AI technology, with 57% of respondents saying their budget for AI is increasing in 2025 (compared to 38% last year).

There’s also a huge focus on HR technology. Budgets for both HR reporting & analytics technology and HR technology implementation or consolidation have both increased to 51% (24% increase year-on-year).

Almost half of businesses are also increasing their recruitment & remuneration budgets. After an uncertain economic outlook in 2024 it’s pleasing to see the majority of budgets either increasing or remaining stable going into 2025.



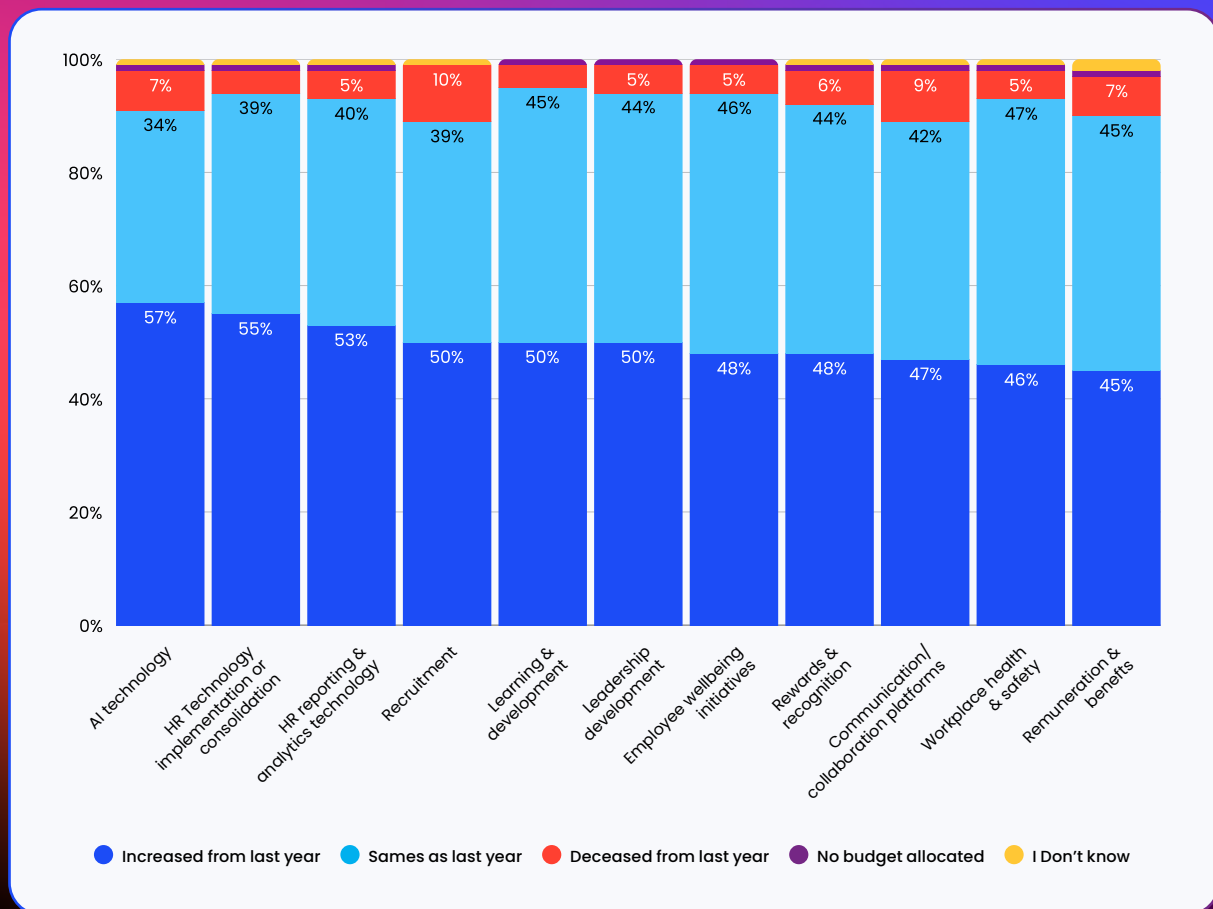
In comparison to your last annual budget, how, if at all, has your budget changed this year for each of the following items?

Budgets – New Zealand

For HR professionals in New Zealand, budgets are increasing across the board. In particular, there's a huge focus on HR platforms. Budgets for both HR reporting & analytics technology and HR technology implementation or consolidation have both increased to 53% and 55% respectively (compared to 23% and 24% year-on-year).

But the biggest increase in budget is AI technology. 57% of respondents said their AI budget was increasing in 2025 (compared to 40% in 2024).

Last year learning and development was the most common area for a budget increase, and in 2025 over half of respondents said budgets are still increasing in this space. It's also encouraging to see that the budget for employee wellbeing initiatives has increased to 48%, up from 36% last year. This brings investment levels back to around those seen in 2023 and suggests that organisations increasingly recognise the value of these initiatives."



In comparison to your last annual budget, how, if at all, has your budget changed this year for each of the following items?

Salary Movements

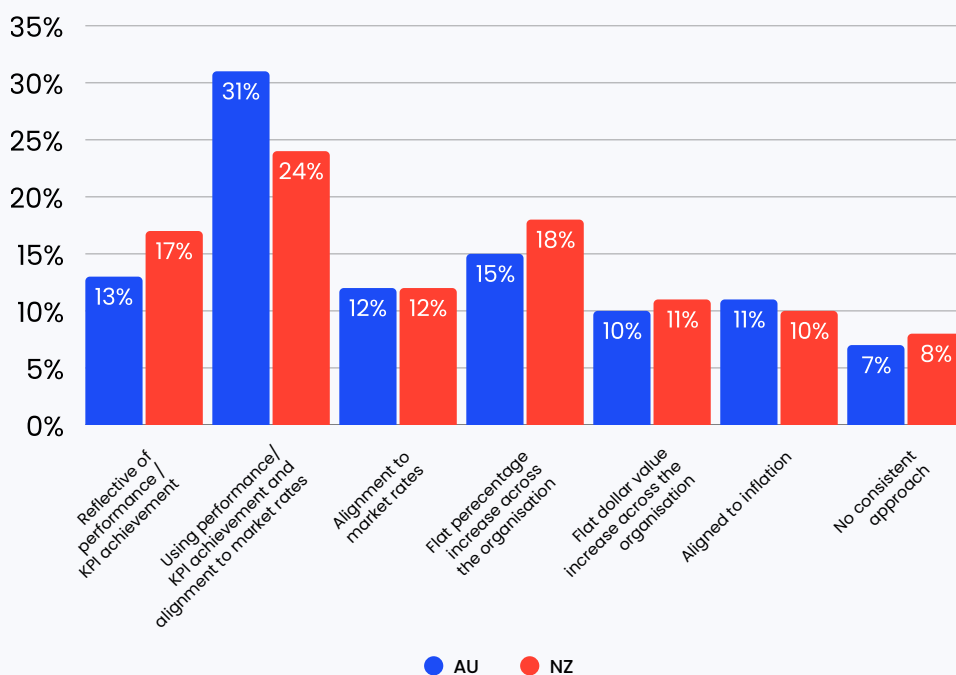
There have been no significant shifts in salary approaches over the past 12 months, with results largely consistent with last year. However, one notable change is the sharp decline in Australian businesses choosing to 'align with inflation,' dropping from 21% to 11% this year.

The **average salary increase** for the next remuneration cycle is **5%** across both Australia and New Zealand—an **increase of 1% from 2024**.



Our ongoing Employee Sentiment Index (ESI) confirms that remuneration & incentives remain the top factor influencing employee job decisions. It's encouraging to see organisations adopting a data-driven approach, linking salary adjustments to performance and market benchmarks rather than subjective decision-making.

Economic factors, particularly cooling inflation, may have influenced these shifts in salary strategy.



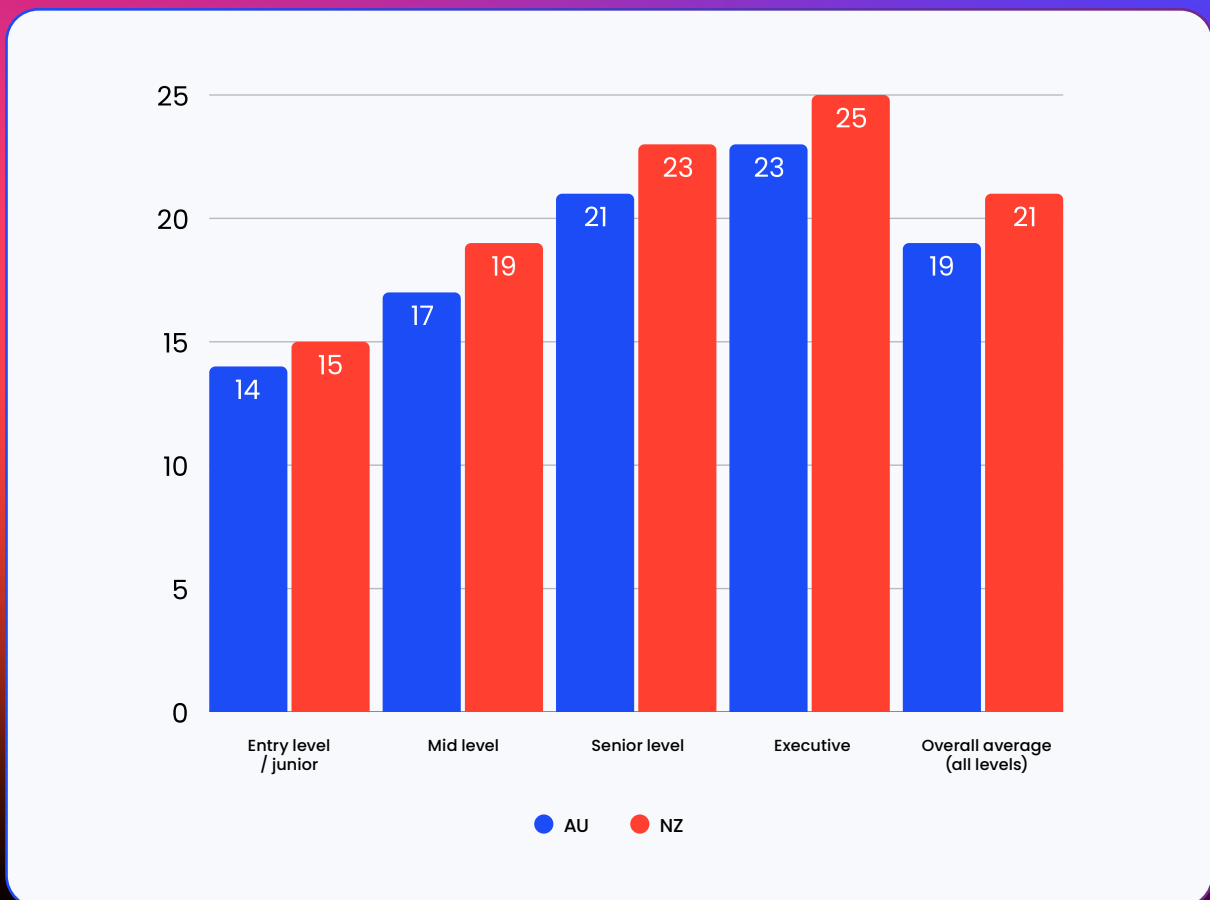
How much do you expect salaries to increase during your next remuneration review cycle (on average)?
How do you most commonly apply remuneration changes?

Time to Fill

Reducing time to fill is crucial for businesses to maintain productivity, control costs, and secure top talent. It now takes an average of 19 days in Australia and 21 days in New Zealand to hire a new role across all levels of seniority (18 and 24 respectively in 2024).

While Australia’s results are relatively stable, New Zealand has improved efficiency across all levels of seniority, leading to a 3 day decrease from last year. This could be because New Zealand has a more active job market with available talent. The adoption of technology may have allowed for more streamlined decision-making and fewer hiring delays as well as a wider acceptance of remote work and talent mobility.

Some interesting results emerge when we analyse organisation size. On average, smaller organisations (21-49 employees) and mid-large organisations (180-1,999) take longer to fill vacant positions across all levels of seniority than smaller organisations (50-179).



What is the average number of days it takes to fill a vacant position for an __ employee in your organisation?

Cost to Hire

Last year we said it was pivotal for HR leaders to understand hiring costs and take a data-led approach to recruiting or upskilling to meet organisational needs, now and in the future. It now costs around \$18,600 to hire a new employee in Australia and New Zealand (\$20,000 in 2024). In particular the cost to hire an Executive dropped about 11% in Australia and 16% in New Zealand.

A decrease in hiring costs could be driven by several factors:

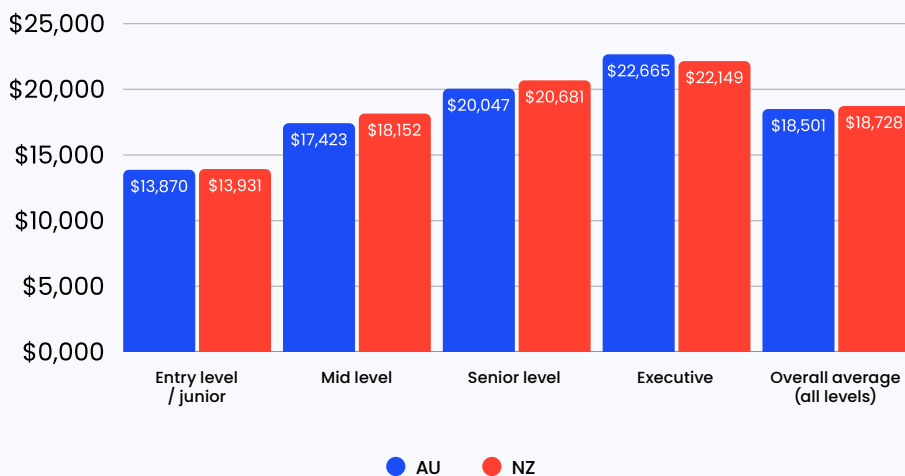
Economic Conditions:

Market uncertainty and low business confidence may have deprioritised senior hires, leading to lower salary expectations and a shift away from high-salary executive roles.

Changing Hiring Priorities:

Organisations are placing greater emphasis on leadership development, succession planning, and internal promotions over external hires. Investments in training and reskilling further support this shift.

Efficiency Gains: Increased use of AI, automation, and direct hiring methods is streamlining processes, reducing reliance on recruiters.

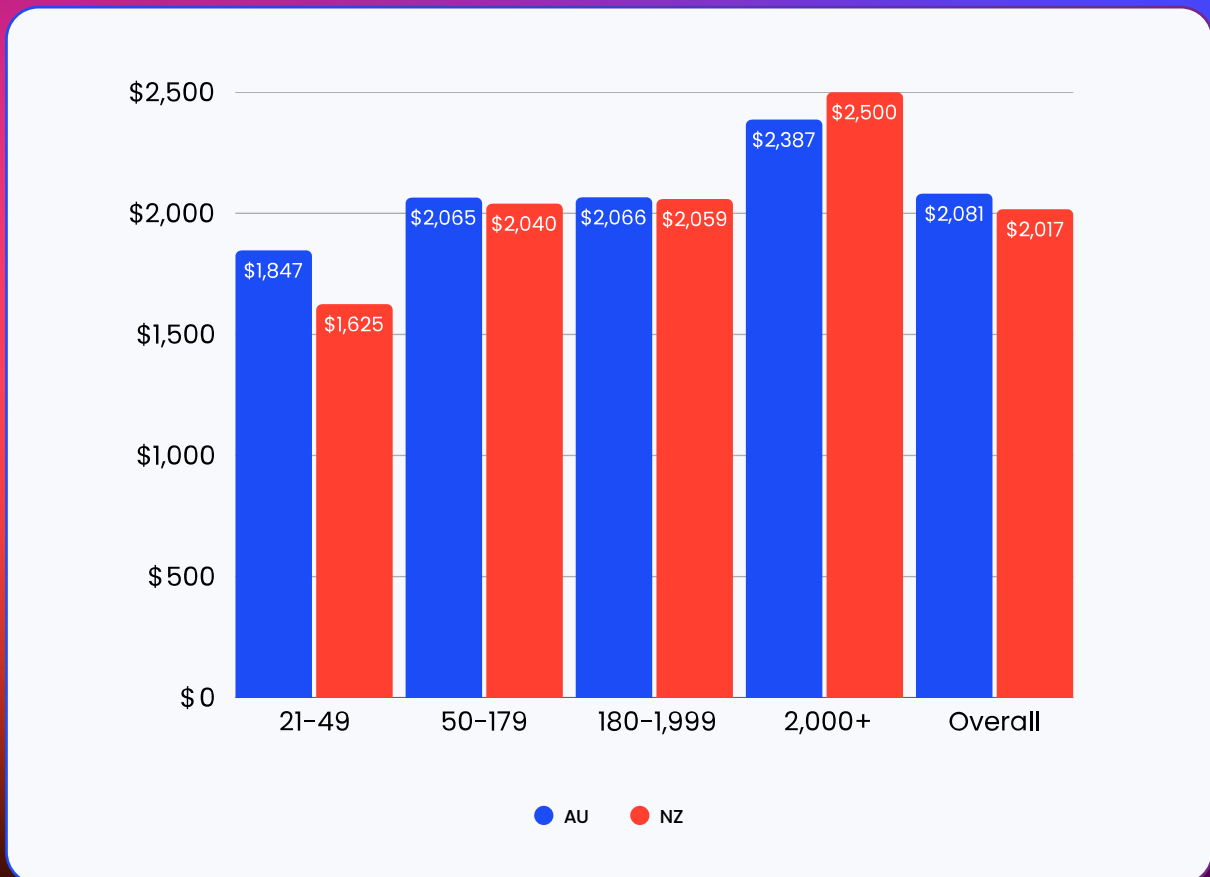


What is the estimated cost of hiring an ___ employee in your organisation, on average? Cost of hiring includes internal and external costs such as: hourly salary of talent acquisition consultant, cost of tools used in the recruitment process. Cost of advertisements and agency fees.

Cost to Train

Today, HR professionals tell us they expect to spend just over \$2,000 per employee on training and development each year, unchanged from 2024. We've noted already that over half of businesses in Australia and New Zealand are expecting budget increases in learning and development in the year to come, so we're watching closely on how that impacts cost to train.

Larger organisations tend to have a higher cost per capita, with businesses employing more than 2,000 people spending an average \$2,499 compared to \$1,777 per person for businesses with 21-49 employees.



What is the average annual cost of training your employees (post-probation and excluding any onboarding-related training costs)?

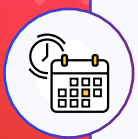
Time to Productivity

The time it takes employees to be fully productive in their roles has decreased slightly in both Australia and more significantly in New Zealand when compared to last year.

The big difference from 2024 to 2025 was the drop in those who feel it takes more than 3 months to be fully productive (down from 17% to 10%), while those saying it takes 1–2 months increased to 41% (up from 31%).

There could be a number of factors influencing this decrease, especially in New Zealand where we've seen a bigger change. As noted throughout this report, the adoption of technology, including AI, is increasing; the use of self-service portals and chatbots for HR and IT queries, could be reducing dependency on manual processes and helping new employees gain job-relevant skills faster.

Average time to productivity:



34
DAYS

in Australia (2025)
1 day less than 2024

in New Zealand (2025)
8 days less than 2024

How long does it typically take for a new hire to be fully productive after they've commenced employment (including the onboarding period)?



HR Challenges & Opportunities

Organisations across Australia and New Zealand are facing the same top challenge heading into 2025. However, HR professionals in each country rank their other challenges differently, signifying varying economic, regulatory and workforce factors are shaping workplace dynamics uniquely.

While business priorities are similar for both countries, and rather consistent with 2024, their barriers are significantly different, indicating each country has specific pressures influencing HR and business strategies.



Future-Proofing Employees

One of the biggest challenges for HR professionals across ANZ is ensuring employees have the right skills to keep up with a dynamic working environment.

Upskilling, cross-skilling, and reskilling aren't just buzzwords - they're essential for maintaining a competitive edge. This requires rethinking organisational design to be more agile, creating clear career pathways so employees see a future with the company, and building internal capabilities to future-proof both employees and businesses.

Cybersecurity and data security threats remain a critical concern for companies across Australia and New Zealand (2nd and 3rd respectively). As HR technologies, including AI, become more integrated into business operations, concerns around cybersecurity and data security are growing.

Our data shows around a third of respondents still rely on spreadsheets to manage employee information - an approach that lacks security controls and increases risk.

Additionally, with 60% of ANZ businesses using multiple HR and payroll systems connected via APIs, such fragmented systems can make it harder for HR teams to confidently manage and protect employee data.

Top 5 Organisational Challenges	
Australia	New Zealand
Upskilling, cross-skilling or reskilling employees	Upskilling, cross-skilling or reskilling employees
Cyber/data security threats	Hybrid work
Economic outlook	Cyber/data security threats
Aligning salaries with market rates	Implementing legislative changes
Shortage of in-demand skills / Change fatigue among staff (equal 5th)	Shortage of in-demand skills

Which, if any, items do you believe will challenge your organisation over the next 12 months?

Implementing Strategic Workforce Planning

Businesses are focusing on mobility, hybrid role structures, and building internal capability through retention, which reduces reliance on external hiring.

Kate Wilkinson, ELMO Chief People Officer, emphasises the importance of strategic workforce planning in today's climate where companies are trying to do more with less. As Kate explains,

“At ELMO we're focusing on organisational design to align with emerging technologies. We want roles to be fluid and dynamic, adapting to the evolving needs of the business. By proactively implementing initiatives like internal secondments and rotation programs, we're fostering talent agility, enhancing expertise, and breaking down silos across the organisation.”



Top 5 Priorities For Organisations In 2025

The top priority areas over the next 12 months are largely unchanged from last year.

What stands out most is the consistency in priorities across Australia and New Zealand. Both countries share the same top priorities: 'Increasing productivity' and 'HR reporting and analytics.' This alignment makes sense, as data-driven insights from HR analytics are key to improving productivity. HR reporting and analytics can:



Identify areas for employee improvement & engagement (measuring performance, employee satisfaction and effectiveness of training and development).



Help make data-driven decisions to make more informed choices about resource allocation, process optimisation and talent management.



Measure the impact of HR initiatives and their return on investment and improve workforce productivity.

With the anticipated impact of AI on HR departments and the growing desire to link HR metrics to business goals in a measurable way, there's a real opportunity to leverage the right data and strengthen the connection between workforce initiatives and business outcomes.

2025 Priorities	
Australia	New Zealand
Increasing productivity	Increasing productivity
HR Reporting & Analytics	HR Reporting & Analytics
Employee engagement & satisfaction	Internal skills mapping/development/career pathway
Internal skills mapping/development/career pathway	Employee wellbeing
Performance management	Leadership development

What are your organisation's top priority areas over the next 12 months?

Barriers to Improving Productivity

While increasing productivity is the number one priority for both Australian and New Zealand businesses, over 90% of HR professionals say there are barriers to improving productivity in their workforce.

New Zealand organisations have clear connections with their top two, displaying a reliance on manual processes and being slow to embrace new technology. Our data reveals the use of manual processes have surged in NZ, now tying with employee survey feedback as the most common tool for gathering and reporting on HR metrics – jumping from 28% in 2024 to 41% in 2025. Additionally, reliance on manual spreadsheets has also increased (from 31% in 2024 to 41% in 2025).

On the other hand, Australian businesses struggle with a lack of clarity on goals and performance and a lack of prioritisation over tasks and projects.

This is where leadership must take ownership of the direction organisations are heading so HR leaders can drive people success.

2025 Barriers	
Australia	New Zealand
Lack of clarity on goals and performance	Reliance on manual processes
Lack of prioritisation over tasks/projects	Slow to embrace technology
Lack of measurement framework / accurate metrics	Lack of employee engagement

What are the main barriers to improving productivity within your workforce?

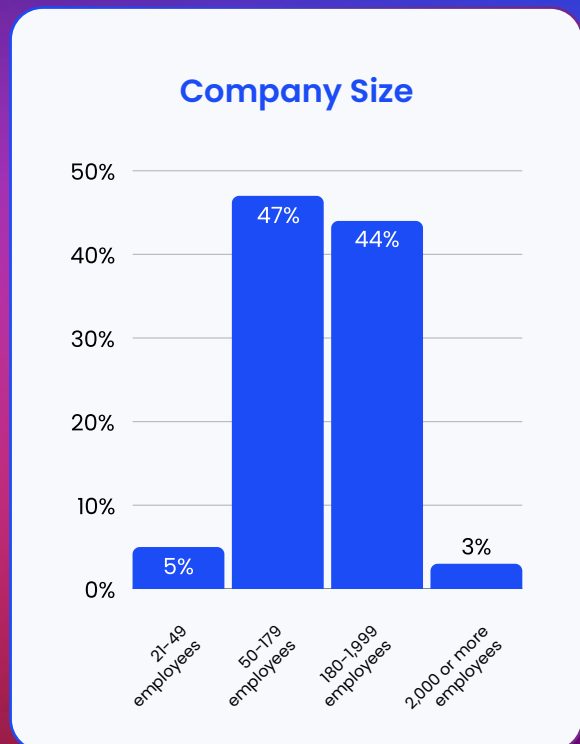
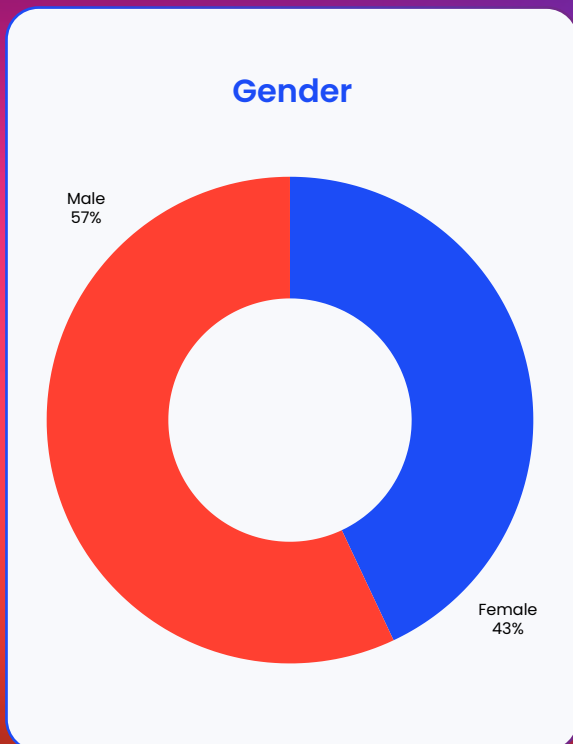
Methodology

The 2025 HR Industry Benchmark Report survey was conducted by YouGov, among a sample of 900 HR Professionals in Australia and 322 HR Professionals in New Zealand.

Respondents were aged 18+ and employed in middle management level and above, excluding sole traders and organisations with less than 20 employees.

The research was conducted online, with respondents sourced via an online access panel. The data was collected over a 9-day period from January 13 2025 to January 21 2025.

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



RELEASING HR'S FULL POTENTIAL

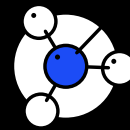
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With a comprehensive suite of ISO-certified solutions that span the full employee lifecycle, ELMO Software is designed to scale as organisations grow. Flexible and configurable, ELMO's one-stop HRIS fits to your specific needs and workflows.

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