



# HR Trends

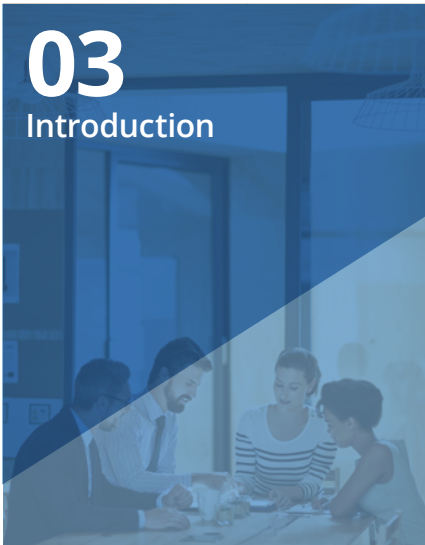
The Top 5 Priorities for the HR Industry in 2023

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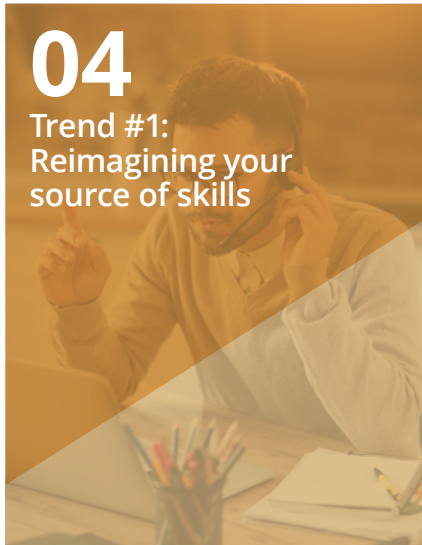
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# Introduction

Welcome to ELMO's 2023 HR Trends eBook, a look ahead at the big talking points for HR professionals over the next 12 months.

It's safe to say 2022 has been another challenging year. Before looking ahead, let's stop to reflect on the big themes that have shaped the past year.

The skills and labour shortage has been an ongoing challenge for businesses in Australia and New Zealand, hampering growth and forcing employers to rethink how they compete for talent. While these regions didn't experience 'The Great Resignation' as dramatically as the United States, the power has remained firmly in the hands of jobseekers. Unemployment reached 3.5% in Australia and 3.3% in New Zealand, with the number of vacancies almost on par with the number of jobseekers, in what has been one of the tightest-talent markets in decades.

Employees' desire to cement hybrid working as the norm has remained unchanged in 2022. The demand for flexibility – on both where and when employees work – shows no sign of easing, emphasising that while lockdowns are no longer a threat, there's no 'going back to normal'.

Throughout 2022, the restrictions imposed to limit the spread of COVID-19 were gradually lifted as both Australia and New Zealand moved into what experts believe is the end of the pandemic. As a result, the rate of sickness from both Covid and flu shot up, particularly during the winter season, exacerbating staff shortages and the pressure to source labour.

**“The demand for flexibility – on both where and when employees work – shows no sign of easing”**

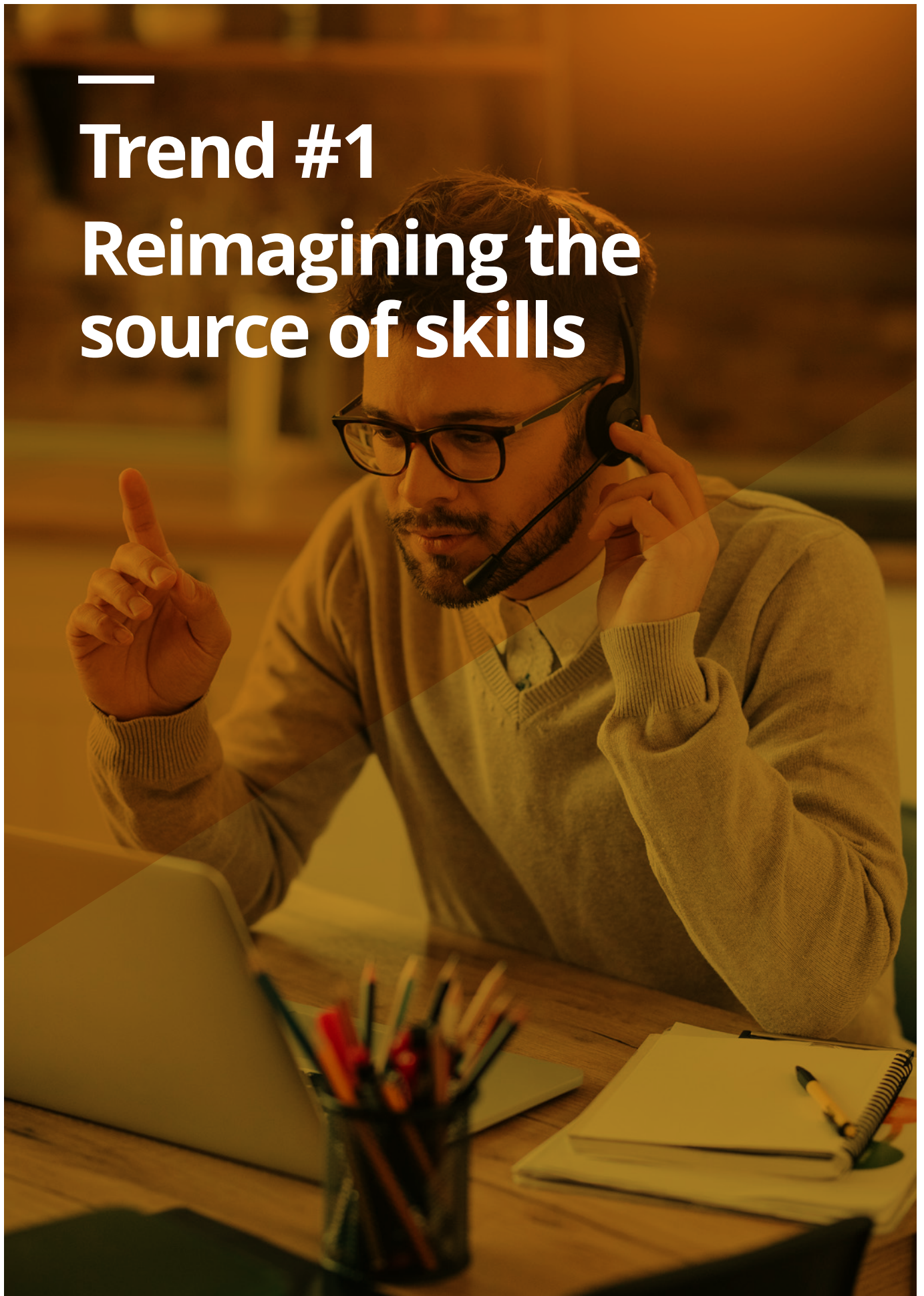
This year also highlighted Australia and New Zealand's reliance on nations around the world. Supply chain issues caused by the war in Ukraine and tensions with China have led to increased cost-of-living pressures and volatility in the economy. It's a reminder that while business leaders are focused on a post-pandemic recovery, uncertainty still looms.

Many employees have faced increased financial stress in the second half of 2022 thanks to inflation and the subsequent mortgage rate hikes. That pressure will no doubt have had a flow on effect on mental health, at a time when many people were already struggling. As we prepare for 2023, it's important to keep these challenges in mind.

In this eBook, we'll examine five key trends that we believe will shape the workplace in 2023. This resource aims to help arm HR professionals with insight and helpful hints and tips to navigate 2023.

# Trend #1

## Reimagining the source of skills





The continuing talent shortage has forced talent acquisition teams to rethink how and where they source talent in 2022. Some organisations have rightly invested in the skills of their people, but to grow in 2023 they need to go further in growing their internal mobility.

While the borders have reopened, the influx of people migrating to Australia and New Zealand is a trickle compared to what it used to be. What's more, the backlog in visa processing and the delays associated with sponsoring skilled migrants means the option of hiring overseas workers is not a quick fix.



## Strategic skills mapping

With that in mind, HR professionals will need to take a strategic approach to getting the most from the talent in their existing workforce. In essence, HR leaders should be aiming to answer the following questions:

- Which skills do we currently have?
- Which skills do we need?
- Who can be upskilled and how?

This process starts with a comprehensive audit to document both technical and soft skills of each employee in the business. Then, identify stepping stone skills and map out pathways from one role to another. Prioritise hard-to-fill roles required both now and in the future. The more prepared a business can be in developing the skills it requires in the future, the better.

While they aren't expected to predict the future, taking a forward-thinking approach to skillsets will set HR leaders apart from the pack. The pandemic and the shift to working from home caused a rapid acceleration in digitising the workplace. There was almost no industry untouched by that shift and the huge spike in demand for digital solutions has created an undersupply of talent that organisations, particularly in the tech and software industries, are still struggling with.

As it stands, few organisations know exactly which skills they currently have in the business, which skills they require in the next one, three or five years, and how they plan to acquire those skills.



**Taking a forward-thinking approach to skillsets will set HR leaders apart from the pack**



Similar to succession management, mapping out learning pathways is a great way to demonstrate commitment to employees' long-term careers and visibility over where their skills could take them. That in itself can serve as a powerful retention driver, especially for younger cohorts of employees who tend to value learning and development as highly as salary.

HR leaders should work closely with L&D specialists, whether those are internal or from a third party, to create clear and defined upskilling programs. Depending on the skillsets, those may require external training experts or content provided through a learning and development solution. [ELMO Learning Management](#) provides users with access to 400+ online courses that can be tailored and personalised to meet the organisation's needs.

As well as wider industry trends, the skill requirements should align with the business's organisational goals for the immediate and near future. To get to this point requires a team effort. HR leaders should work closely with the C-suite and senior leadership team to identify skill priorities, vulnerabilities and a strategic route for upskilling.



Remember, it's not just technical skills that are in demand. Social and emotional skills, such as communication or lateral thinking, are also vital for future growth.

Beyond mapping out pathways for upskilling, the other element is visibility. Improving the visibility of opportunities – whether a vacant role or an upcoming project – empowers employees to take the next step in their careers. It could be as simple as posting job or project opportunities on an internal talent board hosted on an employer intranet or HRIS dashboard. On the other end of the spectrum, artificial intelligence has proved extremely useful in automatically matching employees' skills profiles with open roles.

Wherever an organisation sits in terms of its budget and resources, being proactive and strategic is what matters most. As well as upskilling and recruiting, there are two further levers HR leaders should consider according to PwC's CEO Survey published earlier this year.

The freelance economy is booming and for businesses, it provides a potentially cost-effective source of talent. Filling skills needs on a project or job basis will become more prominent in 2023 as organisations continue to face difficulty recruiting people full-time. The rise of gig economy platforms, as well as collaborative technology, has made it easier than ever to both find and work with freelancers.

## Follow the 'four Bs'



### Build

Invest in internal capability through upskilling, internal moves, secondments, and resource sharing



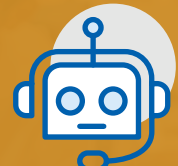
### Buy

Identify which skills and roles should be recruited externally, and why



### Borrow


Consider utilising contractors and freelancers for short-term project work or specialist, hard-to-find skills



### Bot

How could automation be used to reduce resourcing needs and streamline manual tasks?

Suggested talent acquisition approach, published in PwC's CEO Survey, 2022



If an organisation is struggling to find certain skills, the gig economy could provide a short-term solution while other employees are being trained or upskilled. Similarly, a business might find it's more effective to hire a contractor to train up existing employees than continue searching for hard-to-find candidates.

As the freelance economy continues to expand, so too do the arguments around regulating gig work. There are legal considerations for employing contractors and gig workers, so HR professionals should always seek expert advice.

## Did you know...?

—  
Around  
**250,000**  
—

Australians are part of the  
gig economy<sup>1</sup>

—  
**1 in 20**  
—

people employed in New  
Zealand are contractors<sup>2</sup>

—  
**39%**  
—

is the amount Australia's  
gig economy rose between  
2015 and 2019<sup>1</sup>

The final B stands for bot – or automation. According to McKinsey research, 78% of respondents say their organisations are at least piloting automation technologies in one or more business units or functions<sup>3</sup>. Automation has the power to revolutionise industries by reducing repetitive tasks and freeing up more time for value-adding, meaningful work.

Embracing automation can help organisations to become more resilient to labour shortages, allowing them to consistently manage output levels and better forecast their profitability. Automation of certain roles or tasks also offers more scope to upskill employees into harder-to-fill jobs or redeploy them into other areas of the business.

According to research by the National Skills Commission, material transportation was the most likely group of skills (as defined by the Australian Skills Classification) to be automated in the future.<sup>4</sup>

<sup>1</sup>. The Rise of the Gig Economy and its Impact on the Australian Workforce, Actuaries Institute, 2020 <sup>2</sup>. Survey of working life, Stats NZ, 2019 <sup>3</sup>. Global survey on automation, McKinsey, 2022 <sup>4</sup>. The state of Australia's skills 2021: now and into the future, 2021, National Skills Commission

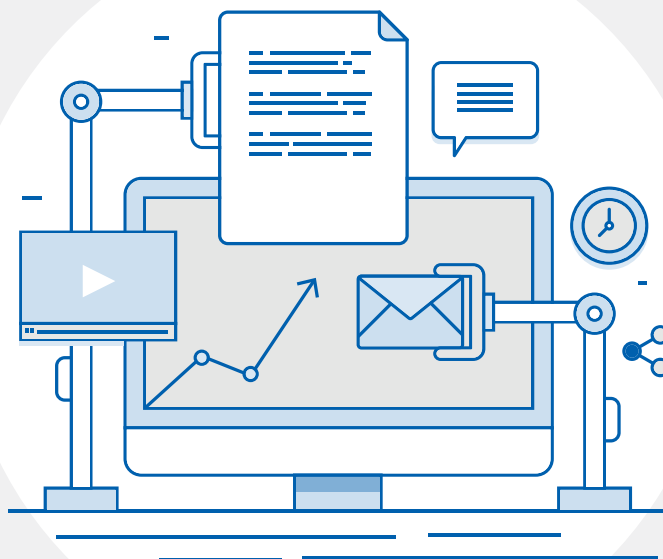


### The most likely skills groups to be automated are...

1. Material transportation
2. Agriculture and animals
3. Work activities preparation
4. Production processes and machinery
5. Fashion, grooming and machinery

### The least likely skills groups to be automated are...

1. Teaching and education
2. Recreation and sporting events
3. Art and entertainment
4. Environmental management
5. Human resources



In 2023, HR professionals will need to consider how automation could contribute to easing the labour and skills shortage in their organisation. It may involve automation on a small scale, focusing on tasks rather than whole jobs, to minimise manual processes and enable employees to upskill or shift focus to more valuable work.

For example, automation is now playing a fundamental role in the HR industry itself. As a function that is often weighed down by time-consuming processes, automation through the use of HR technology has proved to be hugely valuable throughout the employee lifecycle.

[ELMO Software's](#) integrated solutions are built with efficiency in mind. From automating onboarding workflows to minimising the manual tasks involved in your core HR processes, ELMO's range of solutions helps to save users both time and money.

Rethinking the source of skills has never been more important for businesses to scale and grow. In 2023, the pressure on talent acquisition teams will be even more acute. As businesses strive to rebound from the pandemic and weather a potential economic downturn, having the right people in the right positions will be key.

Instead of focusing all of the recruitment effort on acquiring skills from the external market, investment is needed in the other three sources – borrow, bot and build. That could be achieved through setting new goals, such as an 80/20 split of external vs internal hires, or developing a pool of freelancers for project-based recruitment.

Whatever the approach, HR leaders must be proactive in their search for talent in 2023. Most organisations are facing the same problem – the skills they need are in short supply. But how talent teams approach this challenge is what will set their organisation apart from the rest.



## Trend #2

# Recession-proofing the workforce

The jury is still out as to whether Australia and New Zealand will experience a recession in the typical sense. But after the volatility in the markets witnessed during the last half of 2022, it's clear that some level of economic downturn is on the cards.

Earlier in 2022, Goldman Sachs put the chances of a recession in Australia at 25%, with the odds at 30-35% in New Zealand. But in the case of a US downturn, those odds both jumped to the 50-60% mark.

Globally, economists have predicted that reduced growth, high inflation, and a fall in real wages will continue throughout 2023. Europe and the US look to be most severely affected but those trends will cause a flow-on impact to other economies.

Already, Australia has experienced its fastest ever fall in real wages. Thanks to rising inflation, real wages are 3.6% below where they were at the start of the pandemic according to analysis by The Australia Institute<sup>5</sup>. In fact, Australians now have the same buying power as they did a decade ago, in March 2012.

## Elsewhere in the world...

7 out of 10

economists consider a global recession in 2023 to be at least somewhat likely<sup>6</sup>

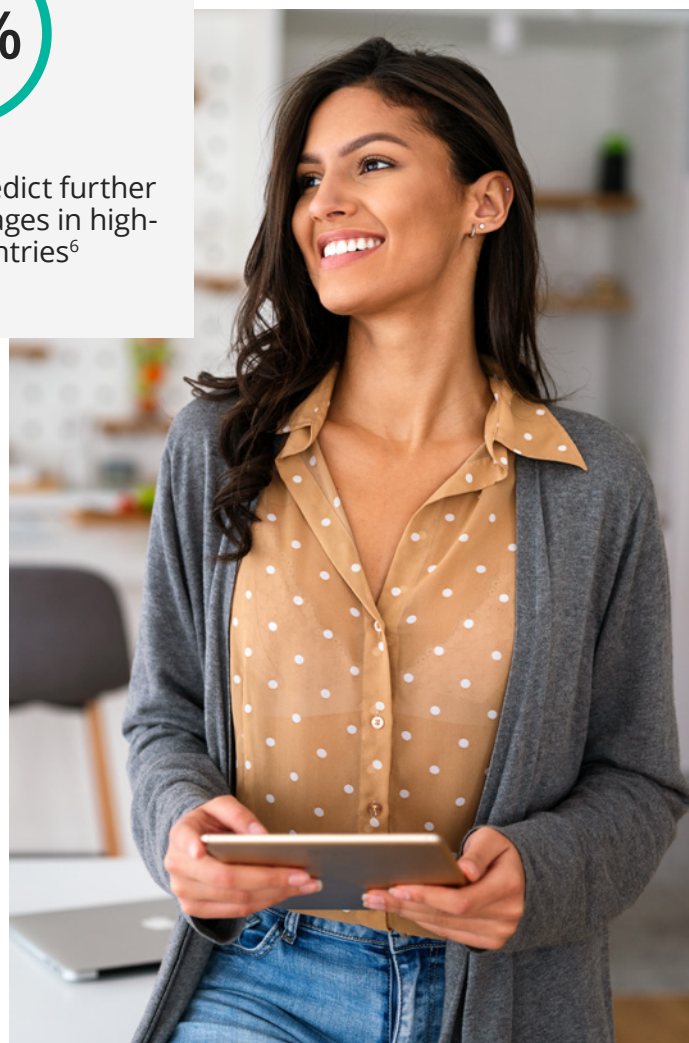


of economists predict further declines in real wages in high-income countries<sup>6</sup>

For HR professionals, getting on the front foot is going to be key. To prepare for economic downturn, proactive HR leaders should be digging into their data to analyse both efficiency and productivity across the business.

For organisations already using an HRIS, analysing the data available vastly quicker compared to those using manual processes. First, identify key HR metrics that ladder up to the organisation's goals and can be tracked on a regular basis.

Next, use the data available to examine the processes within the employee lifecycle. Are they as efficient and cost-effective as they could be?



<sup>5</sup>. Real wages plunge to 2012 levels, The Australia Institute, 2022 <sup>6</sup>. Chief Economists Outlook: September 2022, World Economics Forum, 2022



New hire turnover rate is a great example. Do you have a high level of new hires leaving the business within their first year? If so, recruiting and training these new hires could prove to be an expensive drain on your resources. Consider your recruitment and onboarding process. Are you hiring the right people or does the problem lay with a clunky onboarding process? Pinpointing these types of problem areas could help to identify important savings.

Also consider how the organisation can become more agile. Being able to react quickly and efficiently is particularly useful during volatile times but many large organisations with traditional processes struggle to be agile.

It's also worth reviewing the efficiency of the technology in place and ensure that what you currently have is being used to its full potential. Often contracts get renewed without questioning whether it really is the most effective option. In a similar vein, consider your organisation's real estate needs – can you downsize or lease office space if needed?

## Prepare to fail – or fail to prepare

Scenario planning alongside other business leaders will be crucial for 2023 to understand the business's cost base and which levers can be pulled to reduce cash spend with the least impact on productivity. Consider the following risk analysis structure:



How much uncertainty can your leaders and staff handle?



How adaptable are your systems and processes?



How much money can the organisation risk to lose?



How much reputational risk can you withstand?

While this type of analysis might sound like a job for the Chief Financial Officer, it's vital for HR leaders to be involved. Managing the morale and engagement levels of staff during difficult times is one of the hardest, yet most important, aspects of this type of scenario planning.

As we saw during the early days of the pandemic, organisations that led their staff through the uncertainty with transparency and empathy were able to weather the storm better than those that kept employees in the dark.

Also keep in mind that in the event of economic downturn, employees will feel the impact most acutely. Be prepared for higher levels of financial stress and the impact that can have on employees' mental health.

ELMO's Q3 Employee Sentiment Index, which surveyed 1500 Australian and New Zealand employees between July and September 2022, found the rising cost of living has impacted behaviours.

Just under 60% of NZ employees said they were choosing to work from home to save money on things like transport, food costs, and childcare. In Australia, that figure was slightly higher at 64%.

Rising costs are also influencing employees' decision to take leave, with just over 40% of Australian employees being prevented from taking leave to save money or because of the cost-of-living.

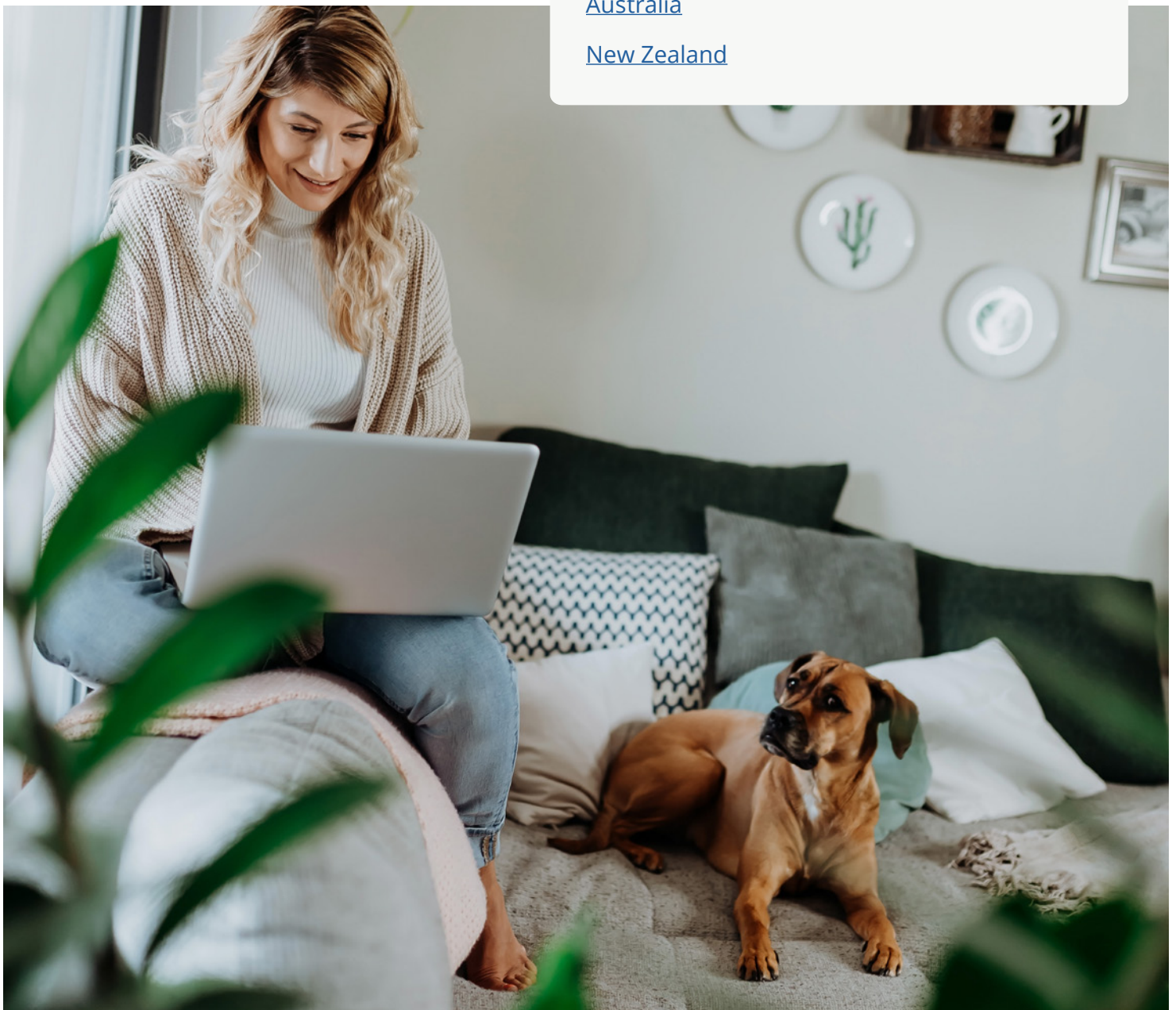
HR leaders should go into 2023 with this in mind. Increased financial stress can lead to poor mental health, higher absenteeism, and employees stockpiling their leave instead of taking the rest they need. Proactive employers should consider what they can do tackle some of these issues, such as providing education and resources to improve financial health, introducing mental health leave or wellbeing days, encouraging employees to take time off and training managers on how to support their staff.

## Dig into the data

Read ELMO's latest Employee Sentiment Index report

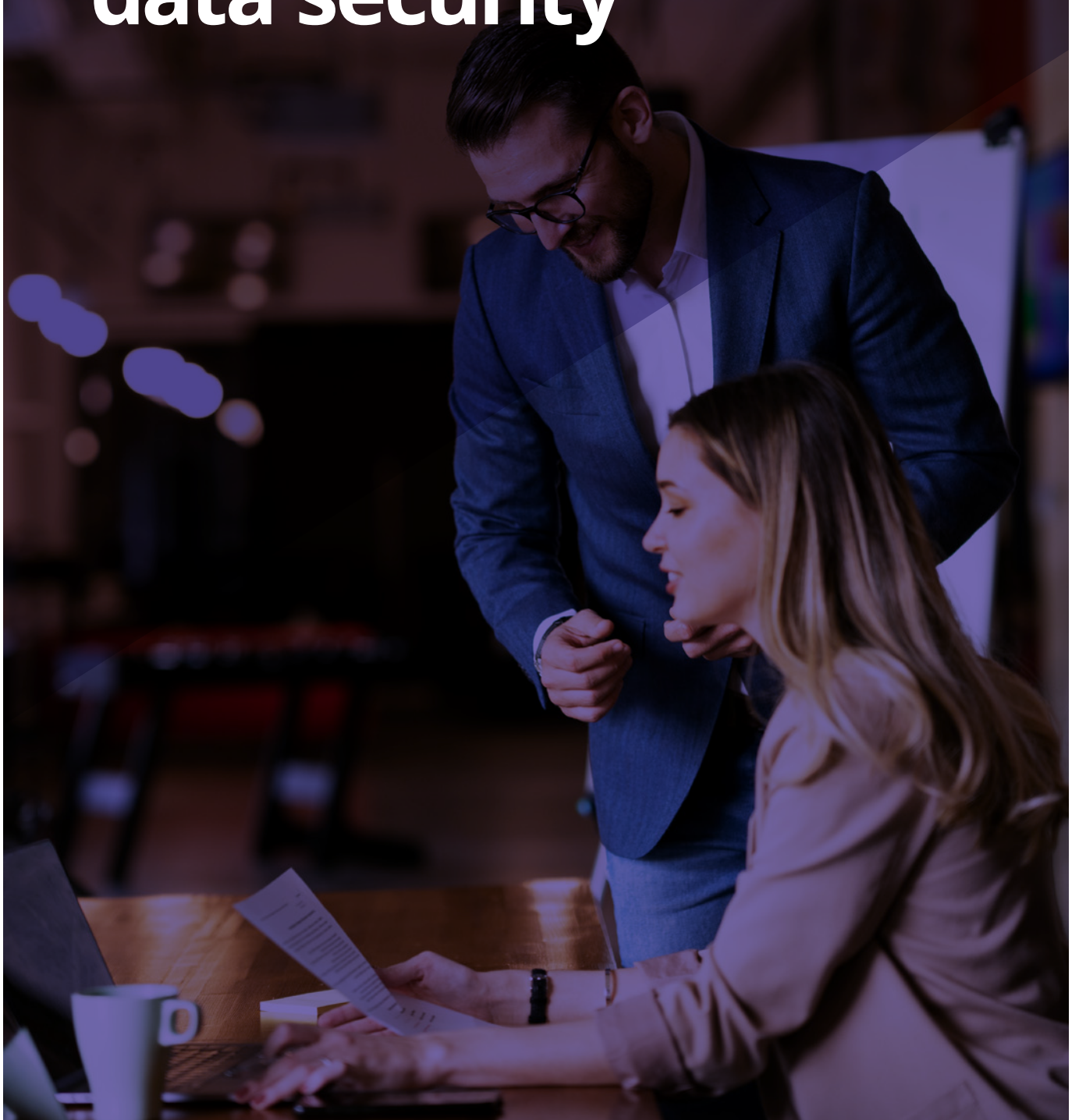
[Australia](#)

[New Zealand](#)



# Trend #3

## Developing stronger data security





In 2023, cyber criminals will continue to be a substantial risk to organisations in Australia and New Zealand. Already, we know the frequency and severity of cyber-attacks is growing. What's more, cyber criminals are becoming more sophisticated, impersonating employees and mirroring company phone numbers to make it that much harder to spot what is real and what is fake.

## Did you know?

—  
There was a  
**15%**  
—

increase in ransomware  
cybercrime reports in  
Australia in the 2020/21  
financial year<sup>7</sup>

The average loss per  
successful attack has  
increased to more than

—  
**\$50,600**  
(AUD)<sup>7</sup>  
—

**50%**  
—

of NZ businesses were  
targeted by a ransomware  
attack in the year to  
December 2021<sup>8</sup>

HR leaders will play an important role in improving cybersecurity, alongside their businesses' Chief Information Officer or IT/cybersecurity team. To develop a strong defence, organisations should consider three crucial elements:


- Training
- Policy
- Technology

This three-pronged approach aims to protect an organisation's data, while also educating employees on the importance of cybersafe behaviour and how to keep their business safe. It's important to remember that cybersecurity training shouldn't be a one-time initiative for new starters. As scams become more sophisticated, employee training should keep pace too.

Cyber security training should cover topics such as phishing attacks, ransomware, password hacks, data breaches, and what is and isn't personally identifiable information.

Beyond the content, make sure the delivery is engaging and informative. Learners should be asked to apply their new skills to real-life scenarios during the program and tested at the end to ensure their knowledge is up to scratch.

[ELMO Learning Management](#) helps organisations to create and implement a range of eLearning courses to suit their business needs, as well as track compliance levels across the organisation. With 400+ pre-built courses available, the solution makes it quick and easy to roll out learning as and when it's needed.



Research shows that phishing is the most successful form of cyber-attack for businesses, and part of the reason is because of the social engineering involved. Hackers use real names and information garnered from the internet to trick employees into clicking on links or giving over sensitive information. Given the number of digital tools and software now in use, it's all too easy to click on a false link without thinking, but the ramifications can be disastrous.

But by working closely with the IT or cybersecurity team, HR professionals can be proactive in training their employees and laying a groundwork for procedures that can help to prevent a hack. Including:

- A cybersecurity policy detailing procedures for sharing information with third parties, securing laptops and devices, encrypting sensitive data, approved or prohibited use of personal devices etc.
- Protocol in the event of a cybersecurity breach, detailing how to report a breach and the required steps.
- Thorough training for new recruits during the onboarding process, including assessments.
- Regular training for employees, as well as scenario-based process training.
- Regular vulnerability testing of the security systems.
- Scheduled technology checks and updates to existing virus and malware scanning tools (if required).

## Fresh challenges thanks to new ways of working

Working from home has substantially increased the risk of cyber-attacks, creating new vulnerabilities through insecure home networks and the temptation to use personal devices. Worse still, if an employee uses an open internet hotspot such as a cafe or library, they could have little to no protection online.

Because of these challenges, organisations need to act to put policies and safeguards in place.

There are several ways to protect home Wi-Fi, such as changing the default name and passcode, limiting the access, using network encryption and a router firewall. Organisations may also supply corporate laptops or PCs for use at home and utilise a virtual private network (VPN). Given the financial risk associated with cyber hacks, it pays to have the right security systems in place.

## Vetting your vendors

Ensuring the cyber security of your business is one thing, but it's also important to ask the right questions of your software vendors.

It's wise to have a procurement process in place for the software employees use and educate them on why this is so important. IT can't limit the risk if they don't know where the organisation is vulnerable in the first place. By implementing a procurement process, it allows the IT or cyber security department to assess the risk and find out what security protocols the provider has in place.

For example, ELMO Software holds an ISO certification to demonstrate our ongoing commitment to the cyber security of customers and staff. Visit the [ELMO website](#) for more information on our certification, security statement and our security & vulnerability testing policy.

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**Given the pace of digitisation, cybersecurity risks will continue to evolve and grow in 2023**

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Given the pace of digitisation, cybersecurity risks will continue to evolve and grow in 2023. It's simply a consequence of the world in which we now operate. But employers are not powerless. By combining technology, training and policy, HR professionals can play their part in safeguarding their organisation.





# Trend #4

## Embracing employee impact



Over the past few years, the threat of climate change has become ever-present. The expectation on businesses to consider their impact on the environment has grown and now it's become commonplace for employees to question how their own employer is helping or harming the world we live in.

Formerly called Corporate Social Responsibility, the new acronym of ESG (Environmental, Social, Governance) has become a key part of the Employee Value Proposition (EVP) for many businesses. There's been a rise in organisations committing to carbon neutral targets and achieving B-corporation status, indicating that it's now a necessity, rather than a choice, for organisations to take a stance on their ESG goals.

But in 2023, HR leaders should question how to take this one step further, shifting focus from the organisation's purpose to each employee's individual impact.



## The so-called 'Great Reflection'

The pandemic was the catalyst for many employees to reconsider the purpose of their work. Dubbed the 'Great Reflection' by some commentators, the past year has made a vast number of employees reconsider their jobs and the impact their organisation has on society and the environment.

Given the talent shortage in Australia and New Zealand, jobseekers by and large have had the power to ask more of their potential new employers. That's especially true among younger generations.

## Did you know...



65% of business leaders are feeling pressure from their employees to act on climate change<sup>9</sup>



48% of Gen Z employees say they have put pressure on their employers to act<sup>10</sup>

Deloitte's Gen Z and Millennial Survey also found that employees who are vocal on the issue of climate change and feel their employers are listening to their feedback are more loyal. This suggests that empowering employees to feel heard and taking action on their feedback can positively impact retention, something many businesses are currently struggling to tackle.

By doubling down on impact at an individual level, organisations have the power to improve engagement, have a positive impact on mental health and foster loyalty from their employees.

## Consider the following ideas:

- **Impact on the organisation:**  
Create opportunities such as employee forums or working groups to enact change within the organisations. By taking a ground-up approach, organisations are not only encouraging employees to collaborate with people outside of their immediate team, but they're gaining the buy-in of the changemakers themselves.
- **Impact on society:**  
Consider how employees can give back to something they're passionate about. This might be paid time-off for volunteering or pro-bono hours to offer their skills to a meaningful cause. Remember, this is about their impact – not the organisation's – so ensure employees are empowered to give back to a cause that aligns with their values.
- **Impact on others:**  
Mentoring programs offer a way for employees to give back through sharing their skills and experience, whether that's helping the next generation in their journey or mentoring someone during a career switch.
- **Impact on the environment:**  
Consider ways to help employees make a positive contribution to the organisation's ESG goals. Setting up an environmental council offers the chance for employees to get involved and witness their impact firsthand.

## Social and Governance initiatives matter too

The E in ESG has dominated the agenda in recent years but Social and Governance initiatives are equally as important.

Many aspects of HR's work fall within the social bucket, such as Paid Parental Leave schemes, the organisation's gender pay gap, and its diversity, equity and inclusion (DEI) metrics. These are issues that jobseekers are prioritising as they look to find their next employer.

Using an HR Information System (HRIS) can help organisations to better visualise their employee data and crucial ESG metrics, such as its gender pay gap. Analysing the data is the first step in understanding where the issues lie. For example, is the organisation doing enough to help mothers return from parental leave? Is there enough female representation at the manager level and beyond?

ELMO's integrated system pulls together data from across the employee lifecycle, allowing users to visualise key metrics in one simple-to-use dashboard. What's more, [ELMO's Custom Reporting Tool](#) (CRT) means you no longer need to manually create reports and sift through data to identify those key areas for business improvements.



Beyond its social goals, an organisation's governance procedures must be prioritised in 2023. Without rigorous procedures for reporting poor behaviour such as racism and harassment, an organisation cannot expect to attract and retain employees.

In 2023, we'll witness the most empowered workforce yet. Over the past few years, the momentum for safer and more equal workplaces has been building, with brave figures taking their experiences public in a bid to make long-lasting change. Organisations that fail to sit up and take note risk huge amounts of reputation and legal risk if they fail to protect their employees from harm.

As Gen Z and Millennial employees begin to dominate the workforce, the awareness as to what constitutes harassment, bullying and sexism has grown. By and large, employees have far less tolerance for the company cultures that perpetuate these behaviours. As we'll touch on in our next trend, younger cohorts of employees are not afraid to make their voice heard. They've grown up with platforms that allow people to share their experiences and opinions at the touch of a button, and they're not afraid to call out employers that perpetuate poor behaviour.

For organisations to compete for talent in 2023, reputation is vital. Employers must be seen to walk the talk, and that means utilising the governance procedures put in place by HR. Employees must feel safe to report their experiences, trusting that the organisation will investigate and act. Without that trust, poor behaviour goes unreported and is left to continue, breeding a toxic culture that protects the culprits while driving employees away.

Not only will an organisation lose employees through poor governance, but they'll struggle to attract new talent too. Review sites such as Glassdoor have forced employers to follow through on their promises of great company cultures and perks. Where once employees felt powerless if their new job didn't quite live up to the hype, now they have plenty of platforms to share their experiences, whether anonymously or otherwise.

If organisations get it right, word of mouth is one of the most powerful employer branding tools there is. But the stakes are high because it can also be one of the most damaging. Failing to protect employees from psychological and physical harm, whether that's a result of chronic overwork or bullying by managers, can destroy an employer's reputation, making it even harder to recruit in a competitive market.





# Trend #5

## HR for a multi-generational workplace



In 2023, the number of Gen Z employees within the workforce will increase. At the same time, we're also likely to see more employees aged 55+ remaining in the workforce for longer or returning to full-time work.

In fact, 24% of New Zealand's workforce are aged over 65, which is one of the highest rates of any country in the world. Compared to 15% in Australia, 10% in the UK and 20% in Japan, this cohort represents a significant chunk of the economy.

44%

of New Zealanders aged 65-69 still have jobs<sup>11</sup>

19%

of Australian men aged 65+ were working in 2021<sup>12</sup>

11%

of Australian women aged 65+ were working in 2021<sup>12</sup>

Over the past thirty years in Australia, the number of people remaining in work over the age of 55 has steadily increased from 9% in 1991 to 19% in 2021. That increase was mostly led by women re-entering the workforce.

Thanks to the pandemic and now the rising cost of living, that trend is likely to continue as inflation bites and Superannuation / KiwiSaver fails to stretch as far as it used to.

Increases in both the size of the Gen Z cohort and the number of workers aged 65+ pose a challenge for HR leaders in 2023. Taking a 'one-size-fits-all' approach to HR management is unlikely to work, given the vast differences in working styles, attitudes, and traits of the four generations now present in the workforce.

## Who are Gen Z workers?

Gen Z workers are a unique and exciting cohort who were born between 1997 and 2012. Of those who are old enough to be in the workforce (aged 15+), in 2023, they'll be between 15 and 26.

So what is it about Gen Z that makes them such an important cohort? Firstly, they're true digital natives. They've grown up with advances in technology that people in other cohorts wouldn't have been able to imagine having when they were children.

By 1997 – when Gen Zers were born – Wi-Fi was widely available. By 2000, smartphones were becoming more advanced and in 2007, when the youngest of Gen Zs were 10 years old, the iPhone was released. For this cohort, the ability to access the internet on the go and instantly has always been the norm. They simply don't know anything different. It makes sense then that this group of workers would embrace the rise in digitisation that has come from the pandemic and working from home. They expect to be using consumer-grade technology in the workplace and to be able to collaborate seamlessly, wherever they're working from.

<sup>11</sup>. 2019 Review of Retirement Income Policies, Te Ara Ahunga Ora Retirement Commission, 2019 <sup>12</sup>. Older Australians, Australian Institute of Health and Welfare, 2022



## A more holistic view on work and life

Gen Z's attitude to work and, in particular, work-life balance is also interesting. As some commentators have said, they're the generation that wants it all but unlike Millennials and Gen X, they're not afraid to ask for it. What's more, Gen Zers prioritise salary – but less so than other generations.

According to Deloitte's Gen Z and Millennial survey<sup>13</sup>, good work-life balance was the top priority among Gen Z employees, followed by learning and development opportunities. See the full list below.

### What matters most to Gen Z employees?



**32%** Good work-life balance



**29%** Learning and development opportunities



**24%** High salary or other financial benefits



**23%** Positive workplace culture



**21%** Deriving meaning from work



**20%** Flexible working model

Gen Zers also value the ability to work from home and are hesitant to have that sense of autonomy taken away. But at the same time, they value in-person experiences and the ability to collaborate and socialise face-to-face.

Gen Z also want to have their voice heard. Again, they've grown up with the internet and platforms like social media that have allowed people to freely share their opinions and that carries into the workplace. Typically speaking, Gen Zs tend to prefer flatter hierarchies than the traditional corporate ladder and they appreciate being invited to pitch in, even if they're not making the final decision.

That's very different to the Baby Boomer generation who tended to abide by the chain of command, as respect in the workplace was earned over time, rather than assumed.

While the demand for work-life balance began with Gen X and has increased with Millennials, it's Gen Z who will be the turning point. For earlier generations, there was still a broad thinking of 'I'll prioritise work-life balance when I've established my career'. Now, Gen Zers are entering the workforce with that priority in mind. Yes, they're willing to work hard, but they're also willing to ask for what they want in a way that no generation has before.

<sup>13</sup>. Global 2022 Gen Z and Millennial Survey, Deloitte, 2022

Gen Z is also the first truly global generation. For them, air travel has always been widely available and they've been able to easily connect with people living overseas – the world's their playground. That means they're more likely to be open to working for a company overseas or moving abroad for a period of time, or permanently. That's something HR leaders should consider. Policies that allow employees to work overseas for a set period are likely to be popular with your Gen Z employees in particular.

Because of these global influences, Gen Z employees also tend to be more accustomed to diversity in their food, music and culture and that's something they also want to see in the companies they work for.



## Taking a nuanced approach

Given the differing characteristics across today's workforce, it's clear that employers need to take a nuanced approach to attract and retain talent. As HR leaders approach their Employee Value Proposition next year, they need to do so through various different lenses. For example:

- How are you speaking to your Gen Z employees? If you run a graduate program for example, is it tailored to the aspects they value most?
- How are you retaining workers aged 55+? Do they still feel supported and valued in your organisation?
- Do people leaders have the right skills to manage a multi-generational workforce? Or is there tensions caused by differing communication styles?

As digital natives, who have grown up with rapid change, Gen Z employees have the potential to disrupt the norm and truly innovate – if they feel empowered, engaged and valued within their organisation.

This generation of workers aren't going to do something simply because it's the way it's always been done – and that is innovation in its very essence. However, in a workplace with multiple generations and different ways of thinking, it can also cause friction. As this generation begins to make up a bigger portion of the overall workforce, managing these tensions is going to be a key challenge in 2023 and beyond.

Soft skills are critical in a multi-generational workforce, enabling employees from various different age groups and backgrounds to collaborate, communicate, disagree constructively, remain open-minded to new ideas and admit when they're wrong.

HR leaders should also consider how they handle digitisation. There was a rapid acceleration during the pandemic, but digitisation will continue next year. Previously manual tasks or processes may become automated and managing this type of change requires intentional thinking from HR leaders to bring all employees along on the journey.

**“Soft skills are critical in a multi-generational workforce”**

Similarly, attitudes towards flexible working might vary greatly in a workforce with multiple generations. Again, this can easily cause friction if it's not handled well. HR plays an important role in mindset management and ensuring everyone is on board with whichever way of working the organisation has chosen. If that's a hybrid way of working, for example, then it is important that all employees feel empowered to work from home and that doing so won't impact their career or how they're perceived by their manager. When mindsets aren't aligned among managers, the employee experience becomes inconsistent.

With four generations in the workforce, there's the potential for varying mindsets and attitudes, presenting both an opportunity and a challenge for HR leaders going into 2023.





# The impact of HR technology





In 2023, technology will continue to be an important enabler for HR departments in Australia and New Zealand. Offering the potential to automate time-consuming and repetitive manual tasks, HR technology can free up more time for meaningful work.

That means less time inputting data and processing time sheets, and more time for strategic, people-focused work that moves the dial on the issues that matter most to HR professionals. According to [ELMO's 2022 HR Industry Benchmark Report](#), which surveyed over 1500 HR professionals in Australia and New Zealand, general admin work continues to take up too much time according to 63% of respondents.

Pleasingly, that figure marks an 11% drop on the 2019 survey and as more organisations adopt HR technology, that number will continue to fall.

As well as giving HR professionals more time in their days, HR technology allows them to glean a greater understanding of what's happening in their organisations. Being able to access data at their fingertips and visualise key metrics through easy-to-use dashboards is going to be essential in 2023. More than ever, HR leaders are being expected to take data-led decisions. But without the technology to interpret and visualise the streams of data available, it's almost impossible to know which metrics are having the biggest impact on the business's objectives.

An integrated, all-in-one system provides one source of truth throughout the employee lifecycle. It allows users to safely capture and store employee data, report on trends, and glean useful insights from their people, all within one seamless and easy-to-use interface.

Given the fresh challenges 2023 is set to bring for HR departments and businesses as a whole, ensure you have the right tech stack to set your organisation up for success.

# How ELMO can help

ELMO Software (ASX:ELO) is a cloud-based solution that helps thousands of organisations across New Zealand, Australia and the United Kingdom to effectively manage their people, process and pay. ELMO solutions span the entire employee lifecycle from 'hire to retire'. They can be used together or stand-alone, and are configurable according to an organisation's unique processes and workflows. Automate and streamline your operations to reduce costs, increase efficiency and bolster productivity.

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