

ELMO Software Employee Sentiment Index

Australia | January – March 2025



Contents



Overview	3
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Key Findings	4
--------------	---

Tracking the Index	5
--------------------	---

Fixed Questions	6
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Topical Questions	7
-------------------	---

Fixed Question Analysis	8
-------------------------	---

Perceived Security	9
--------------------	---

Perceived Earnings	10
--------------------	----

Employee Wellbeing	11
--------------------	----

Employee Mobility	12
-------------------	----

Future of Work	13
----------------	----

Employee Priorities	14
---------------------	----

Recognition and Remuneration	15
------------------------------	----

Job Safety and Redundancies	16
-----------------------------	----

Topical Analysis	17
------------------	----

Pay rises	18
-----------	----

What Determines Pay Rises?	19
----------------------------	----

What's Most Valued Beyond Pay?	20
--------------------------------	----

Methodology	21
-------------	----



Overview

1K+
RESPONDENTS

**Jan-Mar
2025**



**Australian
Employees**

The ELMO Employee Sentiment Index offers a regular pulse check on the actions, attitudes and behaviours of Australian employees. The quarterly report provides an analysis of the prevailing sentiment within the workforce to track changes in perceptions around job security, wellbeing and the economy, as well as topical issues impacting Australian employees.

For this wave of the survey, respondents were asked to reflect on the three-month period between January 2025 to March 2025.

In 2025, ELMO Software updated the fixed survey questions we've used since 2021. These changes reflect the evolving workplace landscape, including rapid technological advancements, particularly AI, and the now well-established ways of working in a post-COVID world.

We also introduced the Index— a new measure designed to capture how employees feel about their work experience, providing a deeper layer of insight beyond traditional engagement metrics. The Index aggregates responses into a single, trackable score that reflects the overall sentiment of employees across key factors that influence it, including economic and job security, wellbeing, compensation and recognition, and mobility.

Going forward, we will ask the same eight core questions to track and benchmark employee sentiment. Each quarter we will also include topical questions to explore specific trends or timely sentiments.

Key Findings

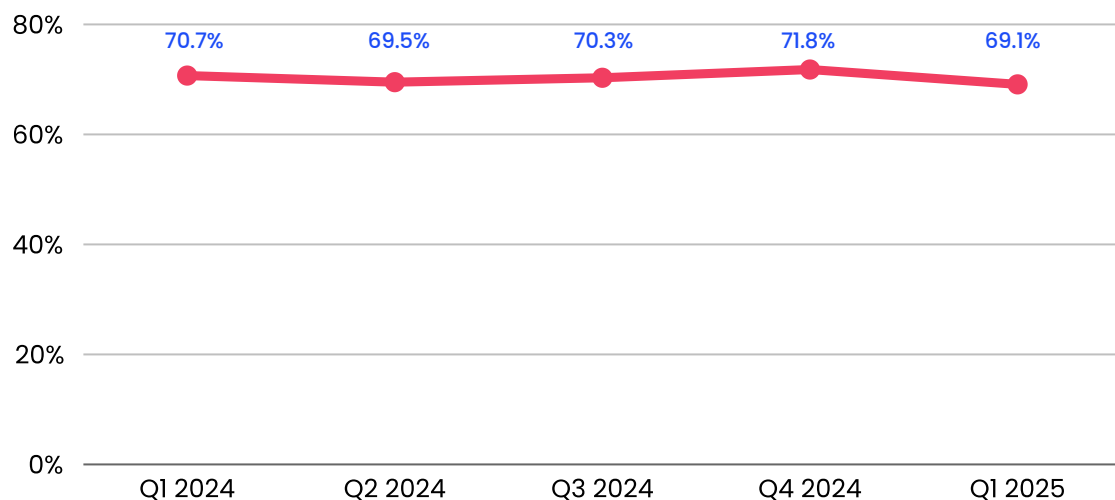


Tracking the Index

Over the past five quarters, the Index has shown a generally stable trend for Australian employees. With a score of 69.1, the Index has not only declined from last quarter's 71.8 but also reached its lowest point in the past five quarters, though variation across this period remains modest.

While there was a modest improvement in the compensation and recognition score (14.8 compared to 13.7), this was outweighed by notable declines in both economic and job security (25.2 compared to 27.5) and wellbeing (14.2 compared to 15.7).

The downward trend suggests growing concerns among employees about the broader economic environment and personal financial stability and wellbeing, despite incremental gains in how they perceive their compensation and acknowledgment at work.



	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Economic and job security	27.4	27.0	27.3	27.5	25.2
Wellbeing	15.4	15.3	15.4	15.7	14.2
Compensation and recognition	13.4	13.2	13.4	13.7	14.8
Mobility	14.5	14.0	14.2	15.0	14.9

Fixed Questions

This quarter, almost half of Australian employees feel they aren't earning enough, leading to decreased economic security, while burnout and disengagement are increasing alongside a decline in time off.

Despite these challenges, more employees have received promotions and taken on greater responsibilities. Interestingly, while Gen Z shows the highest mobility, a notable portion of Baby Boomers are actively seeking new roles or responsibilities, potentially driven by financial concerns about retirement.



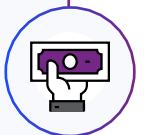
Economic Instability

1 in 3 employees feel economically secure, a **significant drop** from 53% in Q4 2024. At the same time, the proportion of employees who feel **economically insecure** has more than **doubled** – from 10% last quarter to 23%, highlighting growing financial unease amid broader economic uncertainty.



Cost of Living Crisis

Nearly half (**45%**) feel their income is **insufficient**, with one in eight (12%) stating they are nowhere near meeting their and their family's financial needs.



Stressed & Checked Out?

Burnout rates have jumped **48%** quarter-on-quarter, now affecting 43% of employees. And fewer are taking breaks with **annual leave usage down** (29% compared to 33%) and more are **turning up unwell** (36% compared to 28%).



Topical Questions

This quarter we focused on employees' views on pay rises. To understand the alignment between employee and employer perspectives, we compared our findings with the results from our most recent HR Industry Benchmark report.

This comparison revealed a notable disconnect in two key areas: the actual pay rise increase provided, and the factors employees believe should drive these increases compared to what they perceive their organisations truly prioritise.



Wage Growth: Good News for Most

7 in 10 Australian employees have either received or expect to receive a pay rise by year end.



Pay Increase

4% is the average expected **pay increase** by Australian employees.



Pay Gap: Perception vs. Reality

Over a third of employees believe **individual performance** should be the top factor in determining pay rises, but only one in five (**22%**) think their organisation actually prioritises this.

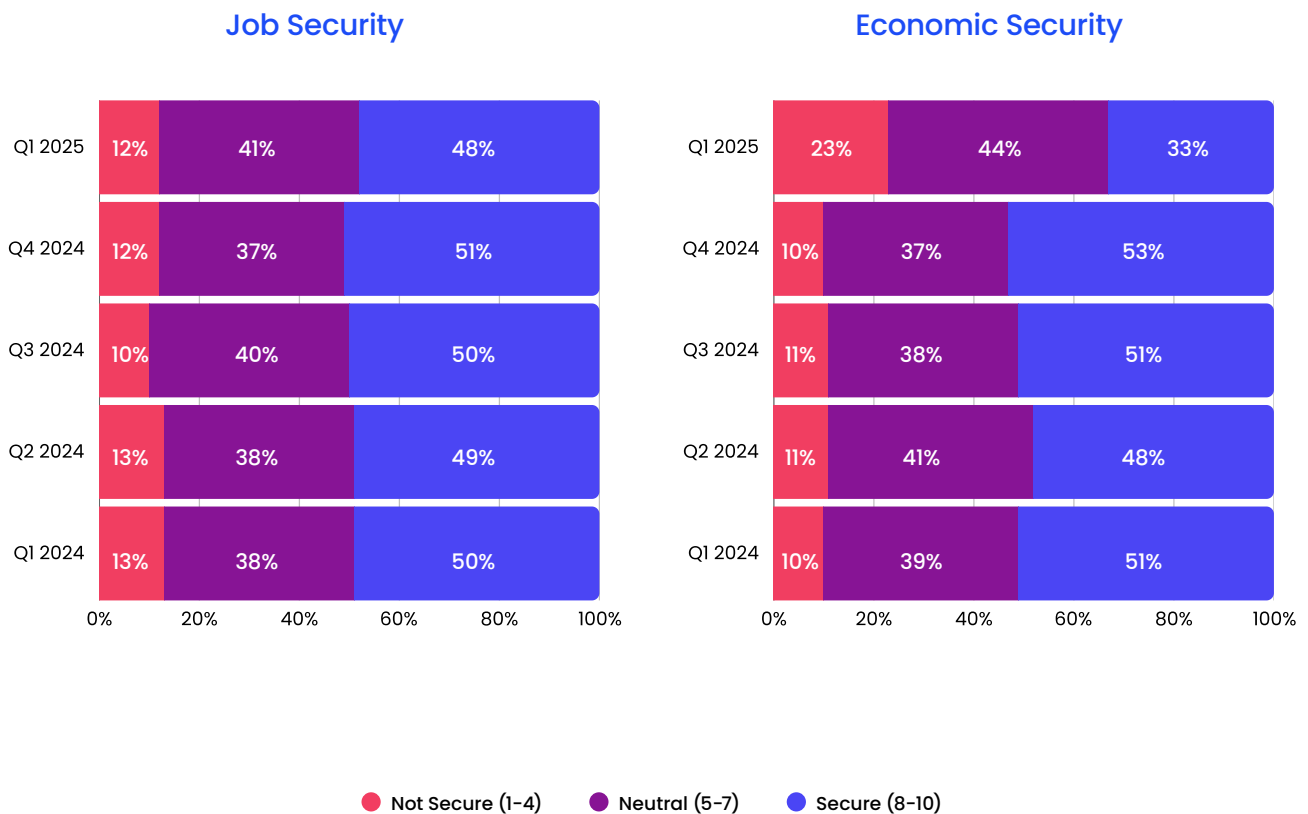


Fixed Question Analysis



Perceived Security

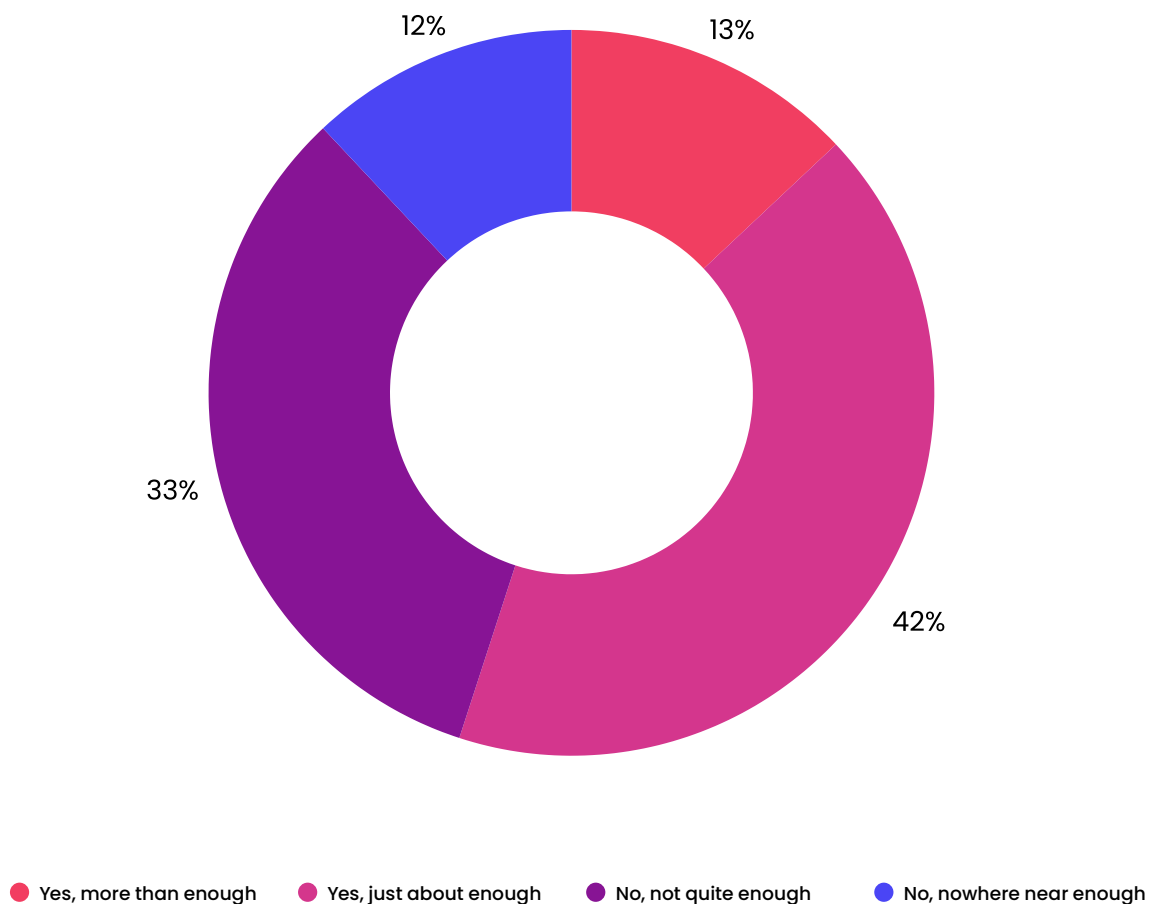
This quarter, employee sentiment about job security has remained relatively stable, but there's been a marked decline in employees' sense of economic security. Only one in three employees (33%) feel the economy is in a secure position, a significant drop from 53% in Q4 2024. At the same time, the proportion of employees who feel economically insecure has more than doubled – from 10% last quarter to 23%, highlighting growing financial unease amid broader economic uncertainty.



Q4: On a scale of 1 – 10, where 1 is not at all secure and 10 is extremely secure, how would you rate your feelings of security with each of the following, over the last three months (January to March 2025)? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

Perceived Earnings

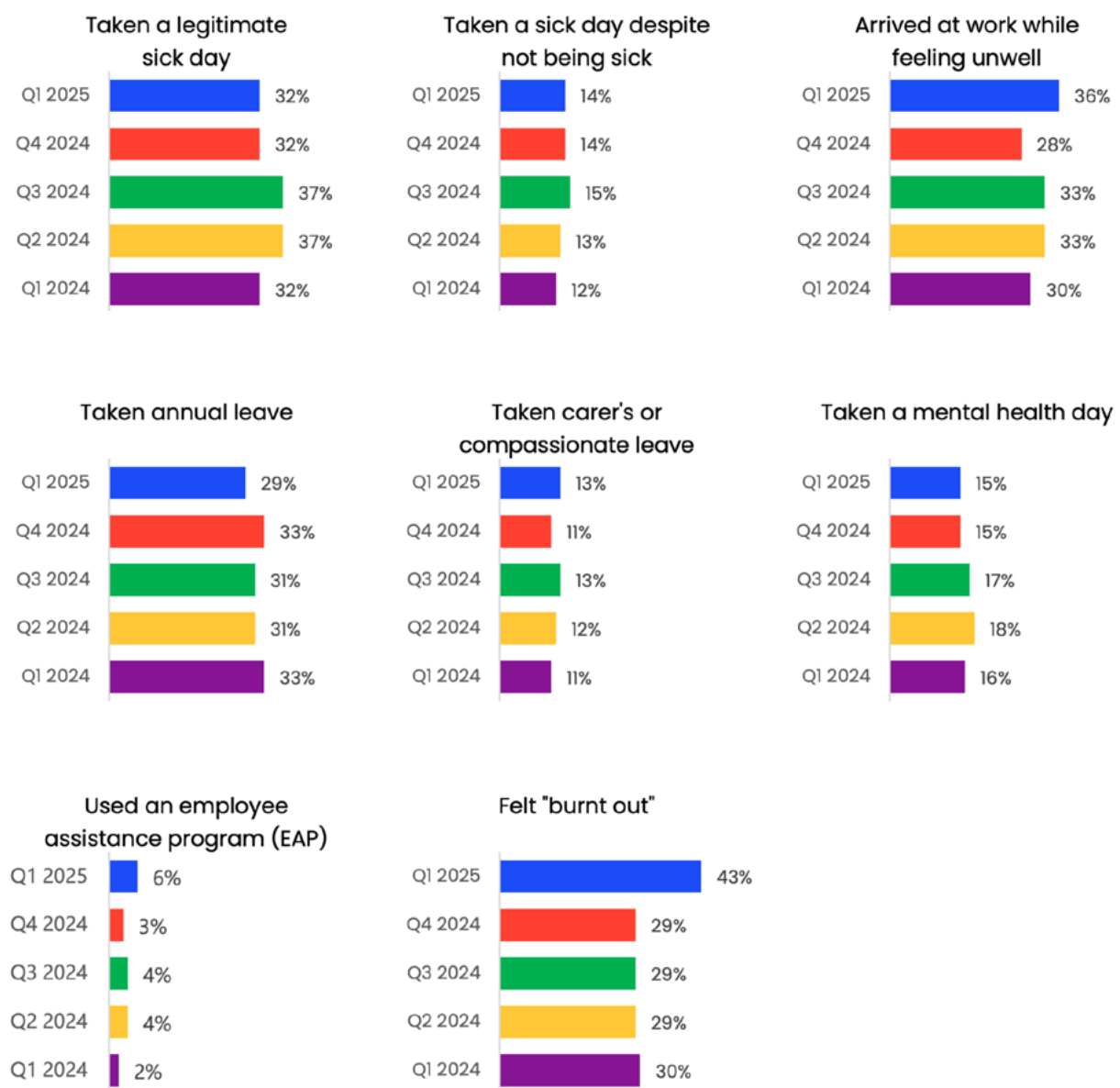
Employees differ on whether their current earnings adequately meet their and their family's financial needs, considering the current cost of living. While a slight majority (55%) report earning enough, this includes over two in five (42%) who indicate they are just about managing. Conversely, nearly half (45%) feel their income is insufficient, with one in eight (12%) stating they are nowhere near meeting their and their family's financial needs.



Q2: Considering the current cost of living, do you feel that you are earning enough to meet your and your family's financial needs? Q1 2025 (n=1,017) New question added in Q1 2025

Employee Wellbeing

There are emerging concerns around employee wellbeing and engagement. Burnout levels have risen notably, with more than two in five employees (43%) reporting feeling “burnt out” in the past three months, up from 29% in Q4 2024. Additionally, presenteeism appears to be on the rise: 36% of employees reported coming to work while feeling unwell, compared to 28% in the previous quarter. The proportion of employees taking annual leave has also declined slightly (29%, down from 33%), suggesting potential challenges in work-life balance.



Q3: Over the past three months (January to March 2025), have you? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

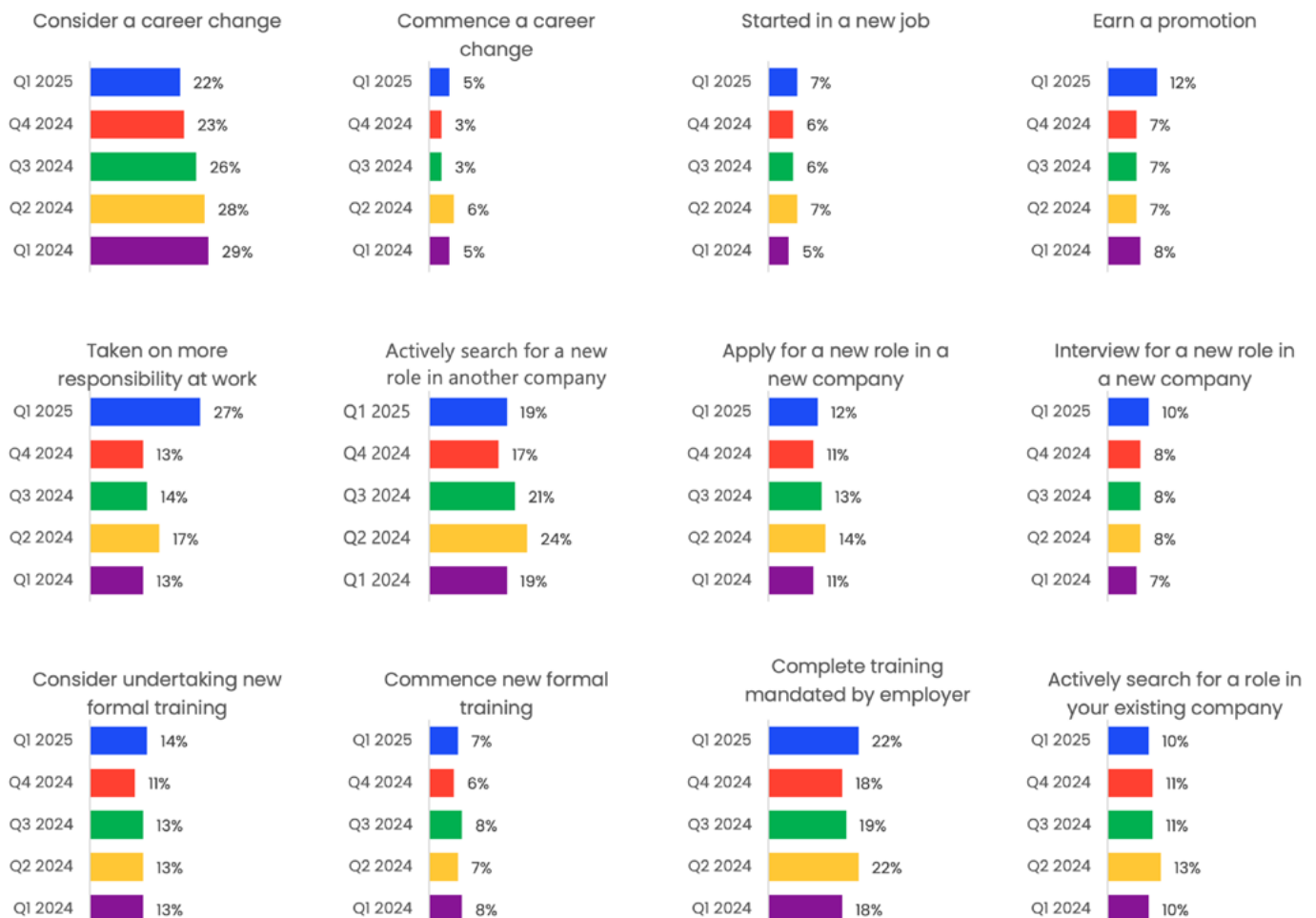
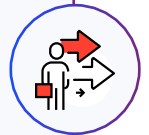
Employee Mobility

At the end of last year, we asked respondents if they thought the start of the year was a good time to look for a new job. While 65% of respondents believed it was, only 19% actively searched – a modest 2-point increase from Q4 2024. However, this aligns with typical quarterly fluctuations and suggests a return to Q1 2024 levels, rather than a significant upswing in job-seeking behaviour.

There has been an increase in the following metrics:

- Received a promotion (12% vs Q4 2024 7%)
- Taken on more responsibilities at work (27% vs Q4 2024 13%)

The data reveals an interesting level of activity among Baby Boomers. **18%** have taken on **more responsibility** at work. **18%** have considered a **career change** and **17%** are actively **searching for new roles**. This could reflect a trend of older Australians needing or wanting to remain active in the workforce longer due to concerns about retirement finances in the face of rising living costs.

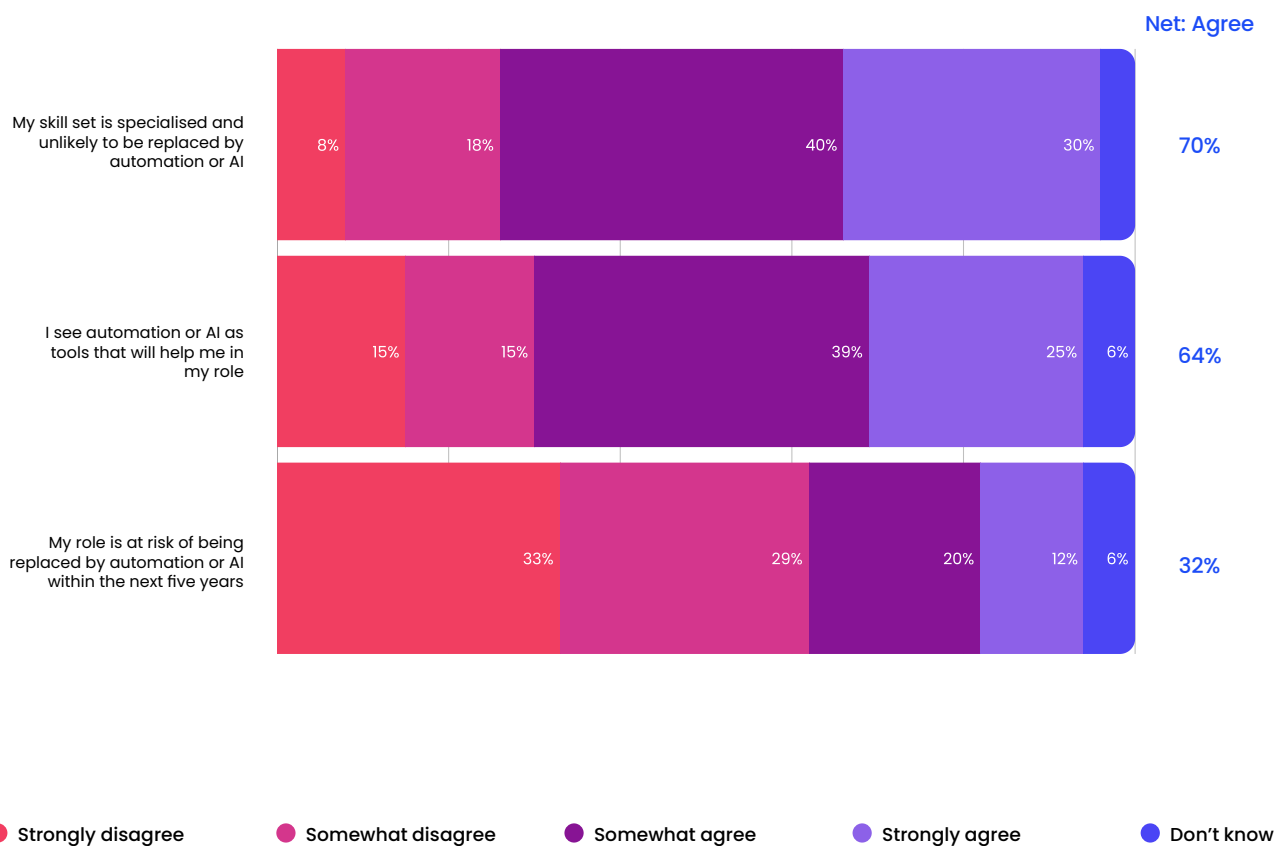


Q6: In the past three months (January to March 2025), did you? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

Future of Work

Most employees appear unconcerned about the impact of automation or AI on their job security. Seven in ten (70%) employees agree that their skill set is specialised and unlikely to be replaced by automation or AI, while nearly two in three (65%) view automation or AI as tools that will help them in their role.

However, three in ten (32%) believe their role is at risk of being replaced by automation or AI within the next five years, signalling a level of concern about job security that may require attention through skills development and upskilling initiatives.

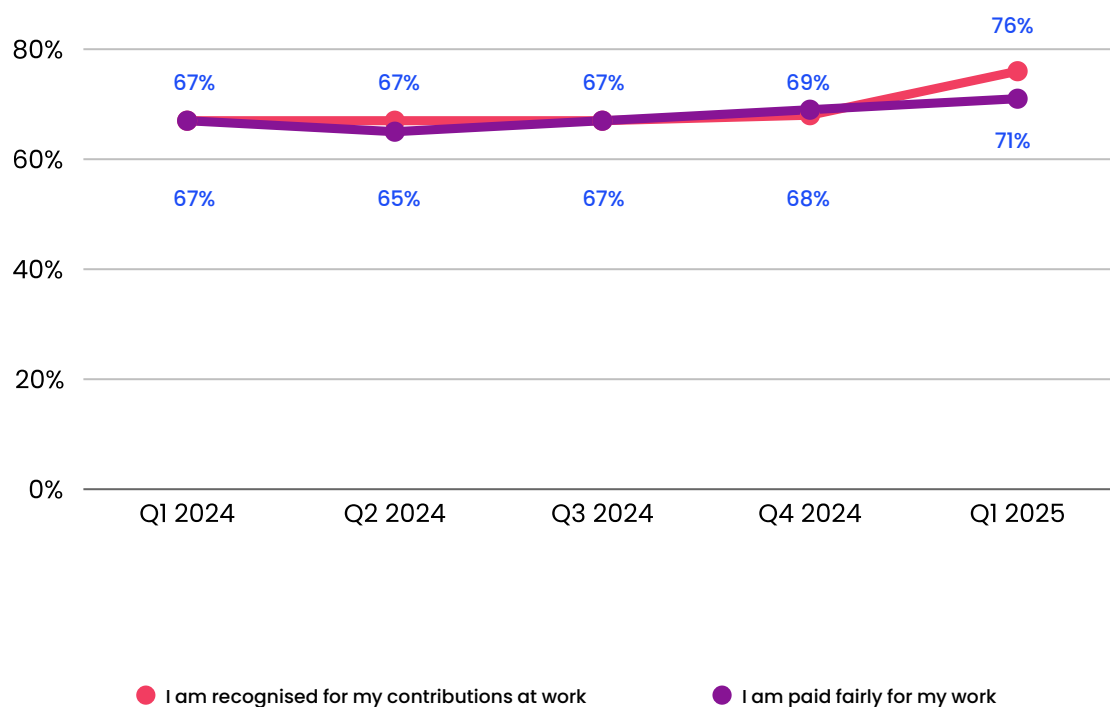


Q5: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=1,017) New question added in Q1 2025

Recognition and Remuneration

Compared to the previous quarter, there has been an increase in the proportion of employees who feel they're recognised for their contributions at work (76% compared to 68%). Seven in ten (71%) also feel they're paid fairly for their work, on par with previous quarters.

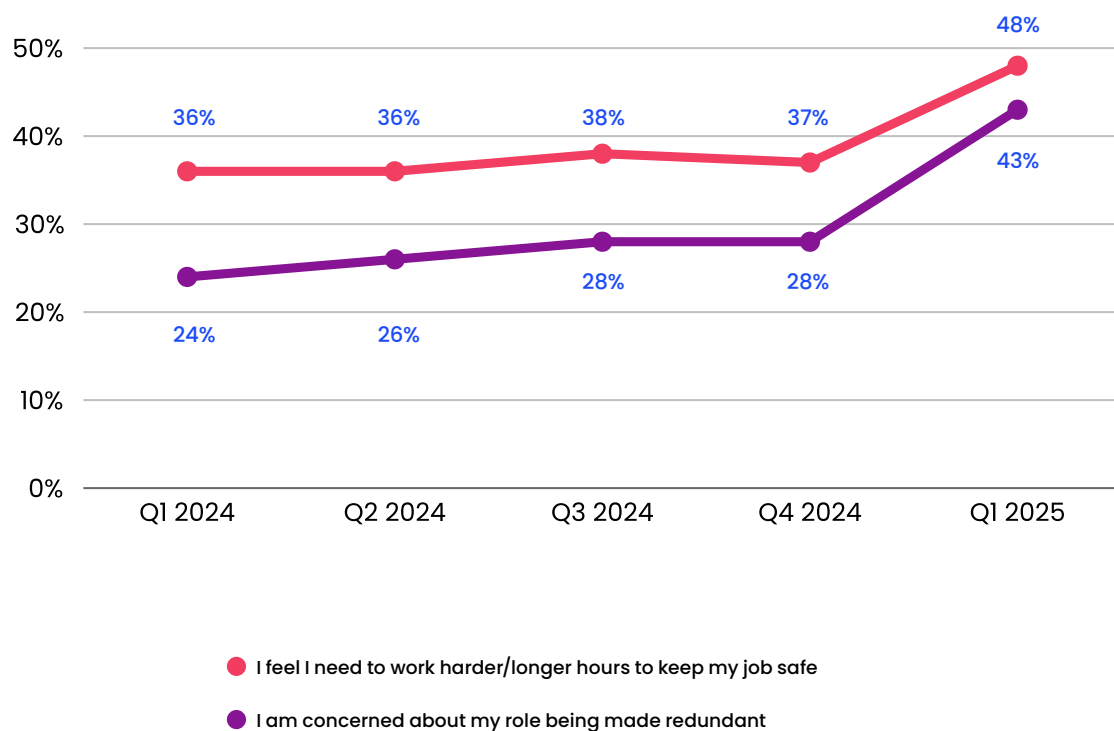
This is interesting when we compare it to the 55% of Australian employees who believe they earn enough to cover the cost of living. The problem isn't necessarily the amount they're being paid relative to their work, but rather the eroding purchasing power of that pay due to the higher cost of living. Their "fair" wage simply isn't stretching as far as it used to.



Q7: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

Job Safety and Redundancies

Although overall job security sentiment appears relatively stable this quarter, a closer look reveals a more nuanced picture. Compared to the previous quarter, there's been a sharp increase in the proportion of employees who are concerned about their role being made redundant (43% compared to 28%), as well as those who feel they need to work harder or put in longer hours to keep their job safe (48% compared to 37%).



Q7: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

Employee Priorities

Remuneration, organisational stability, flexible or remote working, and the commute to work are all key priorities that have remained unchanged across the last two quarters.

Career development opportunities have leaped to fourth (up from sixth), whereas an easy and/or short commute is down to fifth (from fourth).

The remaining priorities have remained stable from last quarter.

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Remuneration and bonus payments / incentives	1st	1st	1st	1st	1st
Stability of an organisation	2nd	2nd	Tied 3rd	Tied 3rd	3rd
Flexible/remote working	3rd	3rd	2nd	2nd	2nd
Career development opportunities	4th	6th	6th	Tied 6th	6th
Easy and/or short commute	5th	4th	Tied 3rd	Tied 3rd	4th
Culture of the organisation	6th	5th	5th	Tied 3rd	5th
Professional learning opportunities	7th	7th	Tied 7th	Tied 8th	Tied 7th
The ethical standing / reputation of the organisation and leadership	8th	8th	Tied 7th	Tied 8th	Tied 7th
Wellbeing initiatives	9th	9th	11th	11th	10th
Diversity among employees / senior leadership team of the organisation	10th	10th	Tied 7th	10th	11th
Online or word-of-mouth employee reviews of the leadership	11th	11th	Tied 7th	Tied 6th	Tied 7th

Q9: Thinking about choosing a new employer, rank your top five most important factors from the list below? Q1 2025 (n=1,017), Q4 2024 (n=1,021), Q3 2024 (n=1,031), Q2 2024 (n=1,038), Q1 2024 (n=1,026)

Topical Analysis

Pay, performance and rewards



Pay Rises

Overall, more than seven in ten (72%) employees have either received a pay rise this calendar year or expect to receive it by the end of the calendar year – more than half (54%) have already received one, while almost one in five (18%) haven't but expect to receive it later in the year.

On average, employees have received or expect to receive a **4% pay rise**.

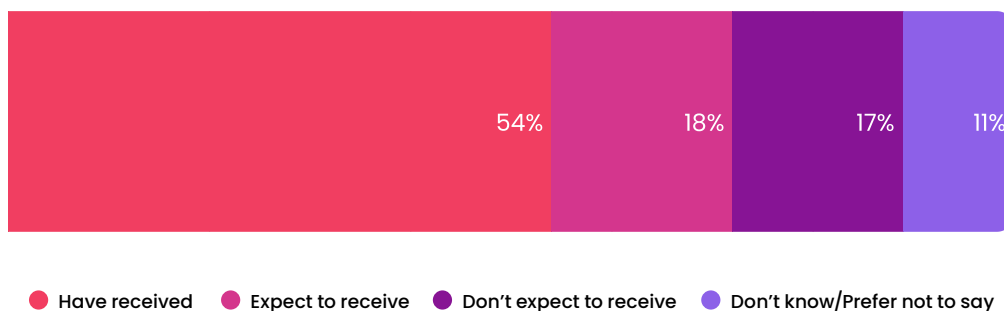
However, according to **ELMO's 2025 HR Industry Benchmark Report** – based on a survey of 900 Australian HR professionals – the average **planned salary increase for the next remuneration cycle sits at 5%**.

This 1% gap could indicate:

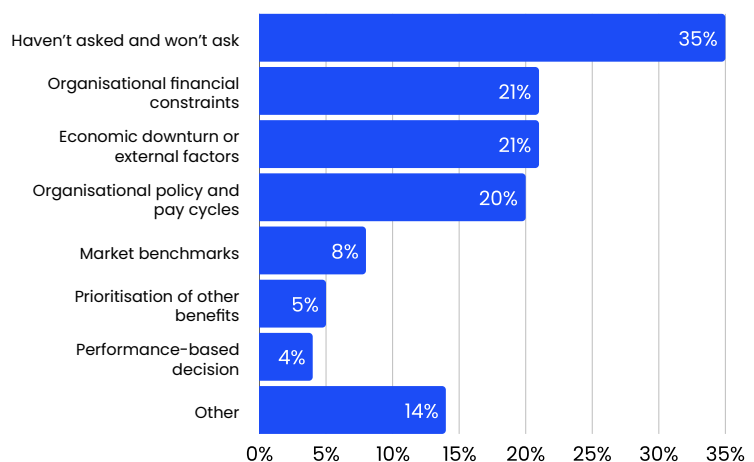
- Employers are preparing to stay competitive amid rising cost-of-living pressures, or
- Employees are underestimating their earning potential this cycle.

Either way, it's a timely reminder of how communication around pay expectations and planning is more important than ever.

Employees who have received or expect a pay rise this calendar year



One in six (17%) employees haven't received and don't expect to receive a pay rise this year. Among these, the most common reason for not expecting a pay rise this year is not asking and not planning to ask for it (35%), followed by organisational financial constraints (21%), economic downturn or external factors (21%), and organisational policy and pay cycles (20%).



Q10: Have you received a pay rise this calendar year? Q11: Do you expect to receive a pay rise by the end of the calendar year? Q1 2025 (n=1,017) New question added in Q1 2025 Q12: Why don't you expect to receive a pay rise by the end of the calendar year? Q1 2025 (n=166 workers who don't expect to receive a pay rise this year) New question added in Q1 2025

What Determines Pay Increases?

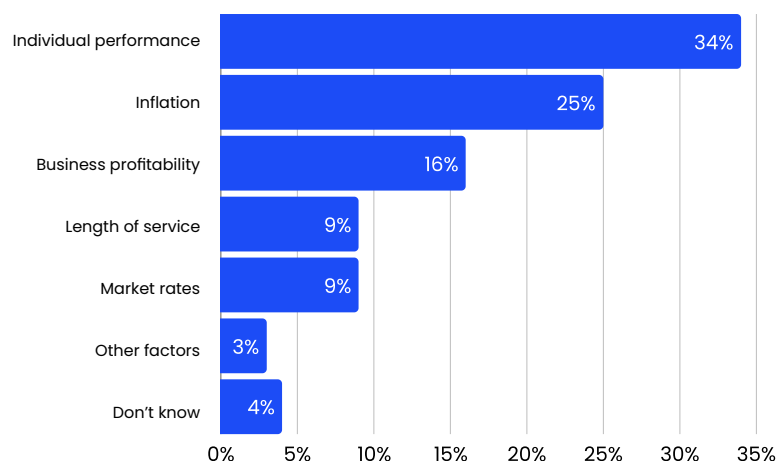
There's a clear disconnect between what employees believe should drive pay increases and what they perceive their organisations actually prioritise. One in three employees (34%) say individual performance should be the most important factor, making it the top-rated consideration. However, only one in five (22%) believe their organisation places the greatest emphasis on this.

Instead, more than one in four employees (27%) believe their organisation prioritises business profitability, even though just one in six (16%) think this should be the top consideration.

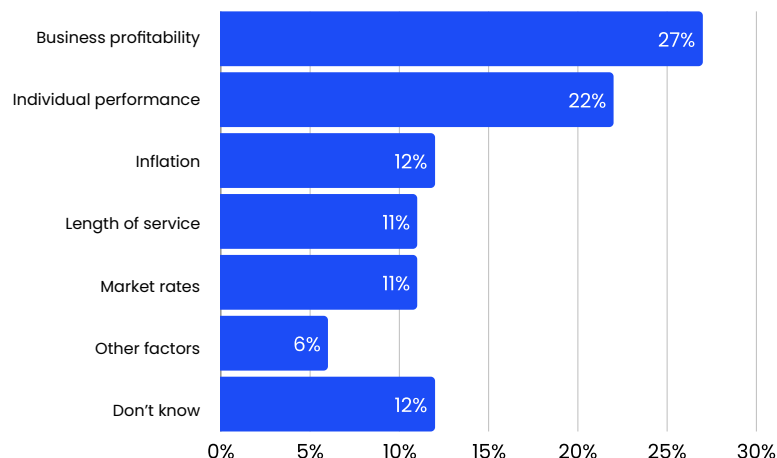
According to ELMO's **HR Industry Benchmark Report**, the most common approach to employee remuneration in Australia is a combination of individual performance and market rates (31%).

This suggests that while employers may believe they're striking a fair balance, employees still perceive a misalignment between what's rewarded and what matters most to them.

What employees believe should be the most important factor



What employees believe their organisation actually prioritises



Q13: What do you believe should be the most important factor in determining pay increases at your organisation? Q14: In your opinion, what does your organisation prioritise most when determining pay increases? Q1 2025 (n=1,017) New question added in Q1 2025

What's Most Valued Beyond Pay?

When asked what they value most beyond pay, employees ranked flexible work arrangements at the top (60%), followed by performance bonuses (56%), increased super contributions (50%), professional development opportunities (44%), health insurance (42%), and more leave (37%).

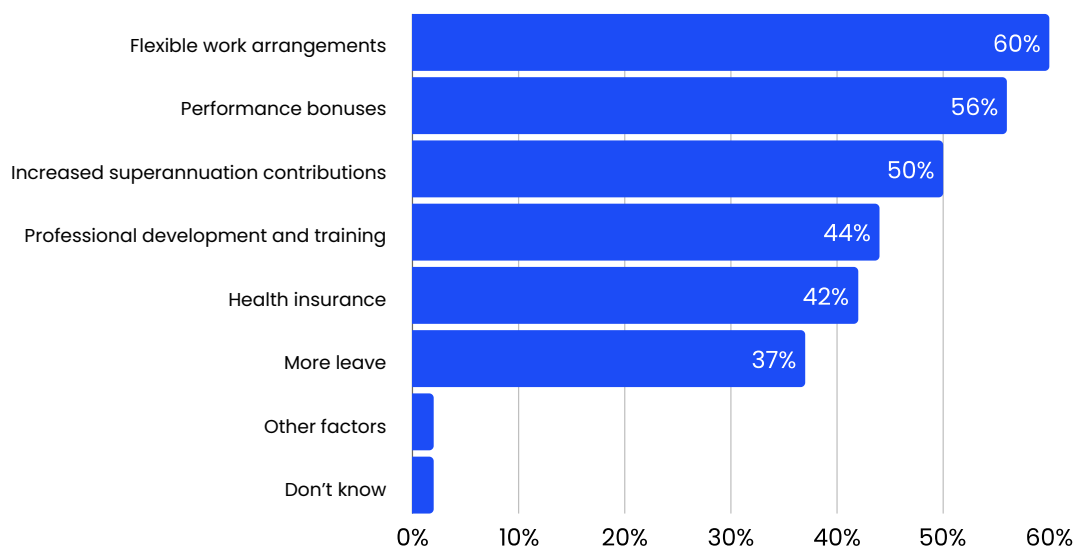
Flexibility is front of mind, but what that looks like in practice is changing.

According to **ELMO's 2025 HR Industry Benchmark Report**, 66% of Australian organisations plan to revise their workplace policies this year:

- 26% will introduce some mandated office days
- 23% are shifting to employee choice
- 14% will mandate full-time office presence
- Just 3% are moving towards a fully remote model

This presents both a challenge and an opportunity. While most employers are adapting policies, alignment with what employees truly want, and how they define flexibility, will be key to retaining talent and maintaining engagement.

What do employees value most beyond pay



Q15: Beyond pay, which THREE of the following benefits or incentives would you most value? Q1 2025 (n=1,017) New question added in Q1 2025



Methodology

The research was commissioned by ELMO Software and conducted by YouGov in accordance with ISO 20252 standards.

YouGov surveyed 1,017 Australian employees aged between 18 and 64 (excluding self-employed employees) between 1 and 3 April 2025.

The research was conducted via an online survey. Respondents were members of a permission-based panel, geographically dispersed throughout Australia including both capital city and non-capital city areas.

After surveying, the data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

Releasing HR's Full Potential

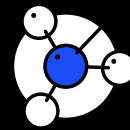
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Onboarding



Recruitment



HR Core



Payroll &
Remuneration



Performance
Management



Learning
Management

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

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

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



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