ELMO Software
Employee Sentiment Index

Aotearoa New Zealand | January - March 2025

Contents

Overview

500+
RESPONDENTS

Jan-Mar 2025

New Zealand Employees

The ELMO Employee Sentiment Index offers a regular pulse check on the actions, attitudes and behaviours of New Zealand 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 New Zealand 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.

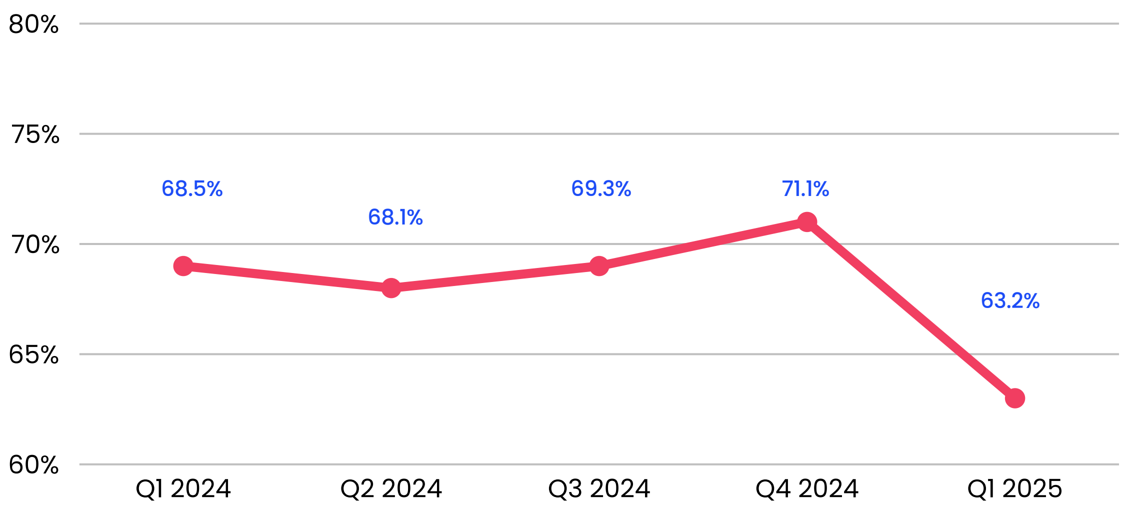
Going forward, we will ask the same eight core questions to track and benchmark employee sentiment. Each quarter we will also include topical questions to explore specific trends or timely sentiments.

Key Findings

Tracking the Index

In 2024, the Index showed a generally stable trend for New Zealand employees. With a score of 63.2, the Index has not only declined from last quarter's 71.1 but also reached its lowest point in the past five quarters, though variation across this period remains modest.

Compared to the previous quarter, notable declines have been observed in both economic and job security (22.5 compared to 27.3) and wellbeing (13.3 compared to 16.0). This downward trend indicates growing concerns among employees about the broader economic environment, as well as personal financial stability and wellbeing, contributing to the overall decline in sentiment.



	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Economic and job security	26.8	26.5	26.7	27.3	22.5
Wellbeing	15.5	15.5	15.2	16.0	13.3
Compensation and recognition	12.3	12.7	13.4	13.0	13.1
Mobility	13.9	13.5	14.0	14.7	14.3

Fixed Questions

This quarter, over half of New Zealand 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 Millennials show the highest mobility, a notable portion of Baby Boomers are actively seeking new roles or responsibilities, potentially driven by financial concerns about retirement.

Job Instability

37% of employees feel job security, a **significant drop** from 50% in Q4 2024. At the same time, the proportion of employees who feel economic insecurity has doubled, from 12% last quarter to 30%, highlighting **growing financial unease** amid broader economic uncertainty.

Cost of Living Crisis

Over half (**53%**) feel their income is **insufficient**, with one in five (18%) stating they are nowhere near meeting their and their family's financial needs.

Stressed & Checked Out?

Burnout rates have jumped **75%** quarter-on-quarter, now affecting 49% of employees. And while more are taking legitimate sick leave (40% up from 34%) and annual leave (46% up from 37%), more are also **turning up unwell** (43% compared to 27%).

Topical Questions

Each quarter we include topical questions to explore specific trends or timely sentiments. 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 New Zealand employees have either received or expect to receive a pay rise by year end.

Pay Increase

3% is the average expected **pay increase** by New Zealand employees.

Pay Gap: Perception vs. Reality

Two in five 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

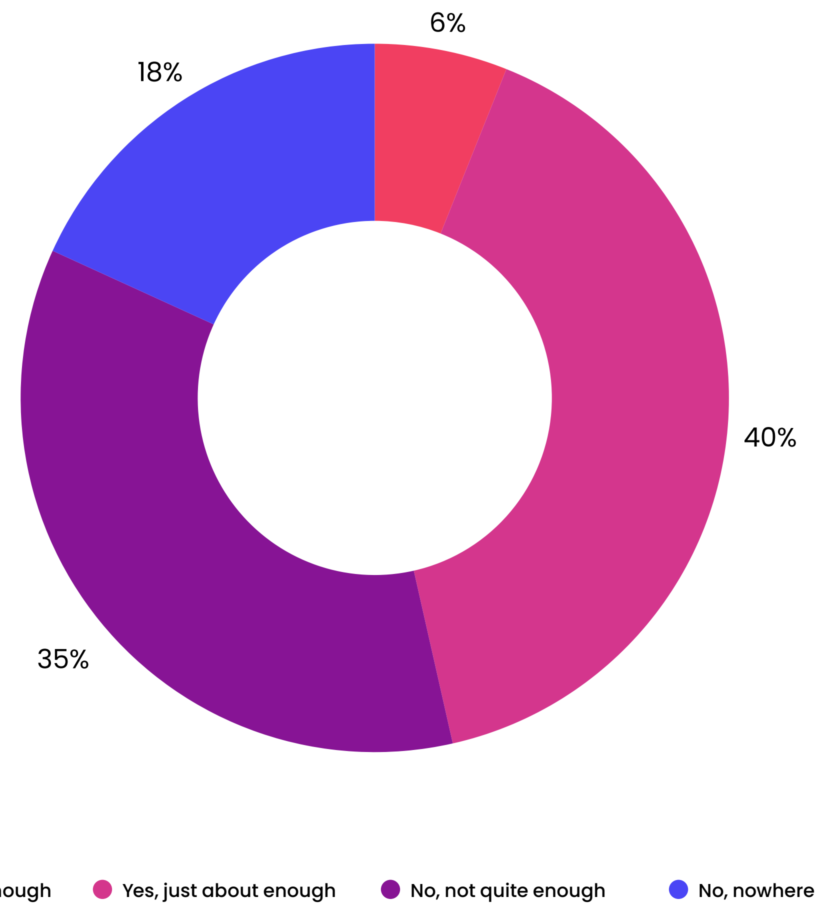
Perceived Security

This quarter, fewer employees feel secure in their jobs, with less than two in five (37%) reporting a sense of job security, down from 50% last quarter. Meanwhile, the proportion who feel insecure has risen slightly to 18% from 14%. Perceptions of economic security have deteriorated even more sharply. Just one in five (20%) employees feel the economy is in a secure position, compared to 53% in the previous quarter. Conversely, those who feel economically insecure have more than doubled, rising from 12% to 30%.

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=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

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 nearly half (46%) report earning enough, this includes two in five (40%) who indicate they are just about managing. Conversely, more than half (53%) feel their income is insufficient, with one in five (18%) stating they are nowhere near meeting their and their family's financial needs.

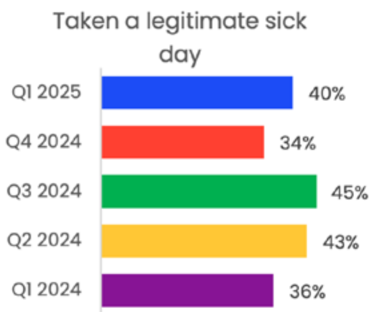


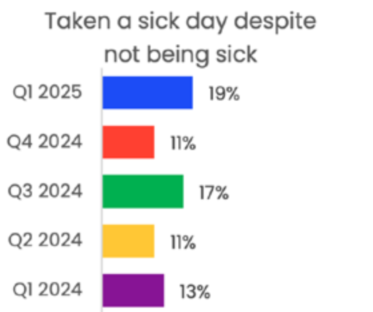
Q2: Considering the current cost of living, do you feel that you are earning enough to meet your and your family's financial needs? Q1 2025 (n=512) New question added in Q1 2025

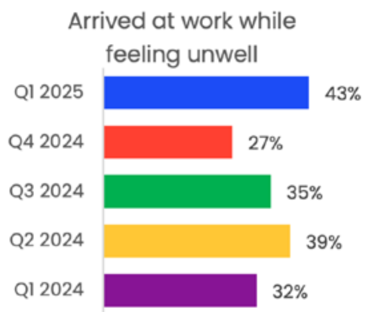
Employee Wellbeing

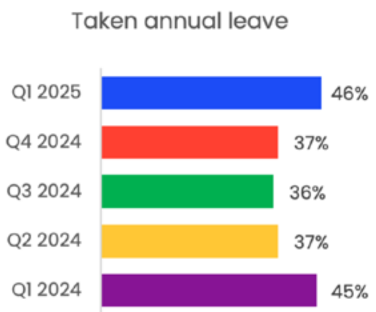
Employee wellbeing has deteriorated significantly this quarter, with notable increases in stress indicators, presenteeism, and disengagement. This quarter has seen a marked rise in the proportion of employees reporting burnout (49%, up from 28%. Presenteeism has also intensified, with more employees arriving at work while feeling unwell (43%, up from 27%).

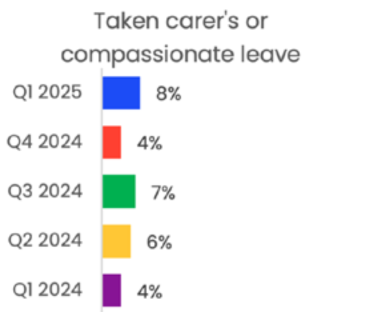
While more employees are taking time off, including legitimate sick leave (40%, up from 34%), annual leave (46%, up from 37%), and mental health days (19%, up from 12%), these increases are likely symptomatic of the heightened strain. Additionally, the use of Employee Assistance Programs (EAPs) has increased significantly (7%, up from 1%), suggesting more employees are seeking formal support for their mental health.

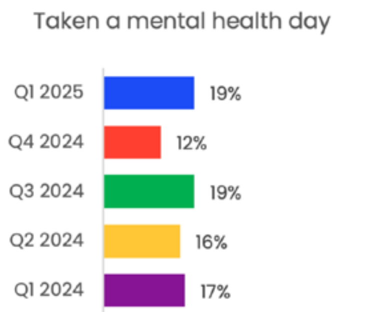


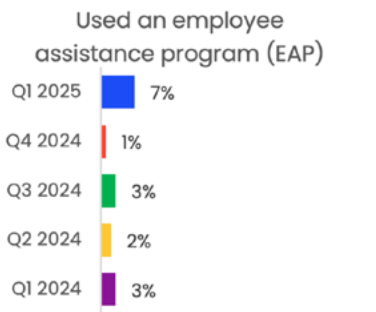


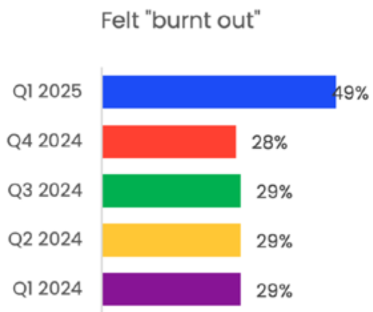












Q3: Over the past three months (January to March 2025), have you? Q1 2025 (n=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

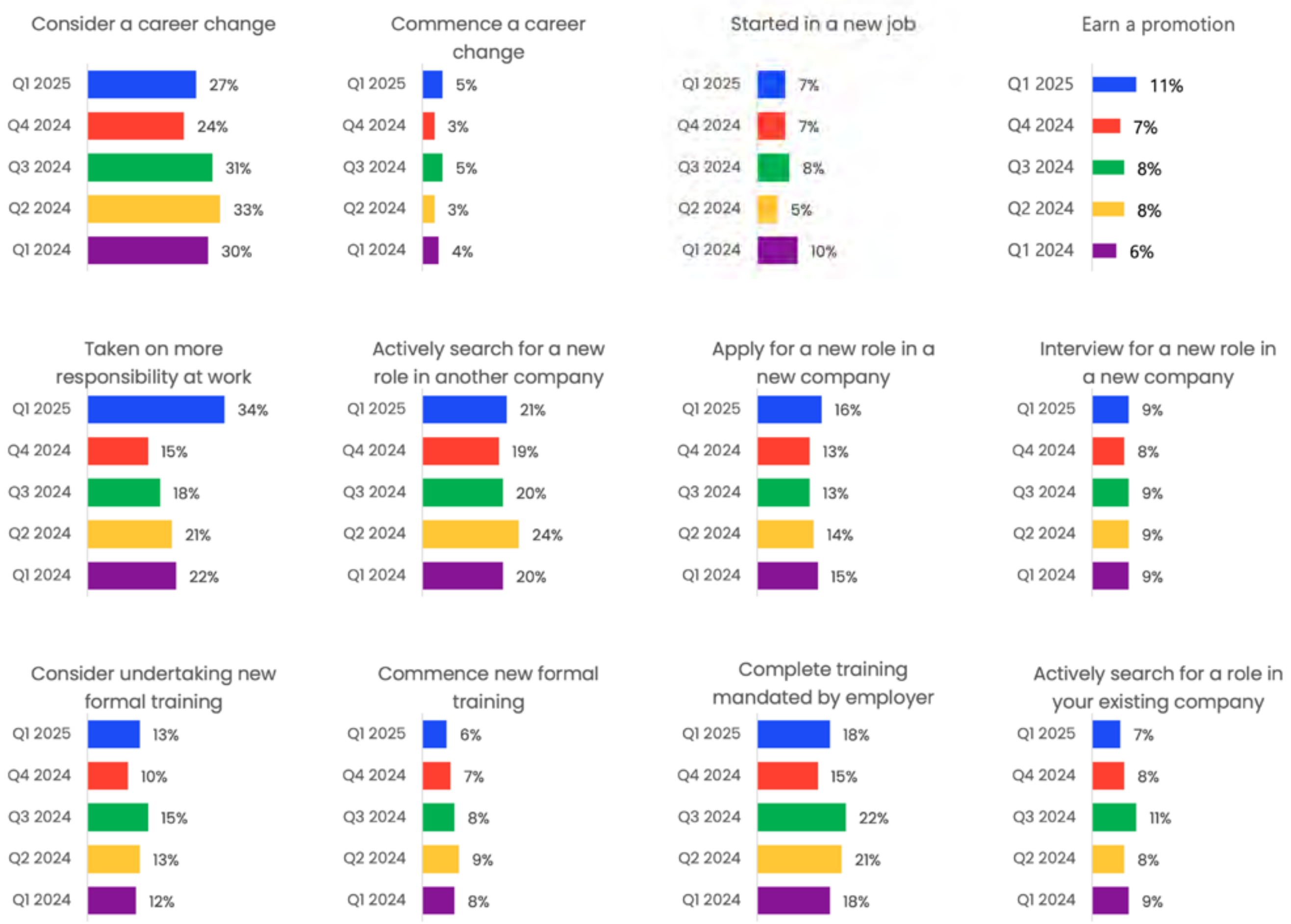
Employee Mobility

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 21% 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 (11% vs Q4 2024 7%)
- Taken on more responsibilities at work (34% vs Q4 2024 15%)

The data reveals an interesting level of activity among Baby Boomers. 34% have taken on more responsibility at work. 12% have considered a career change and 10% are actively seaching for new roles. This could reflect a trend of older New Zealanders needing or wanting to remain active in the workforce longer due to concerns about retirement finances in the face of rising living costs.

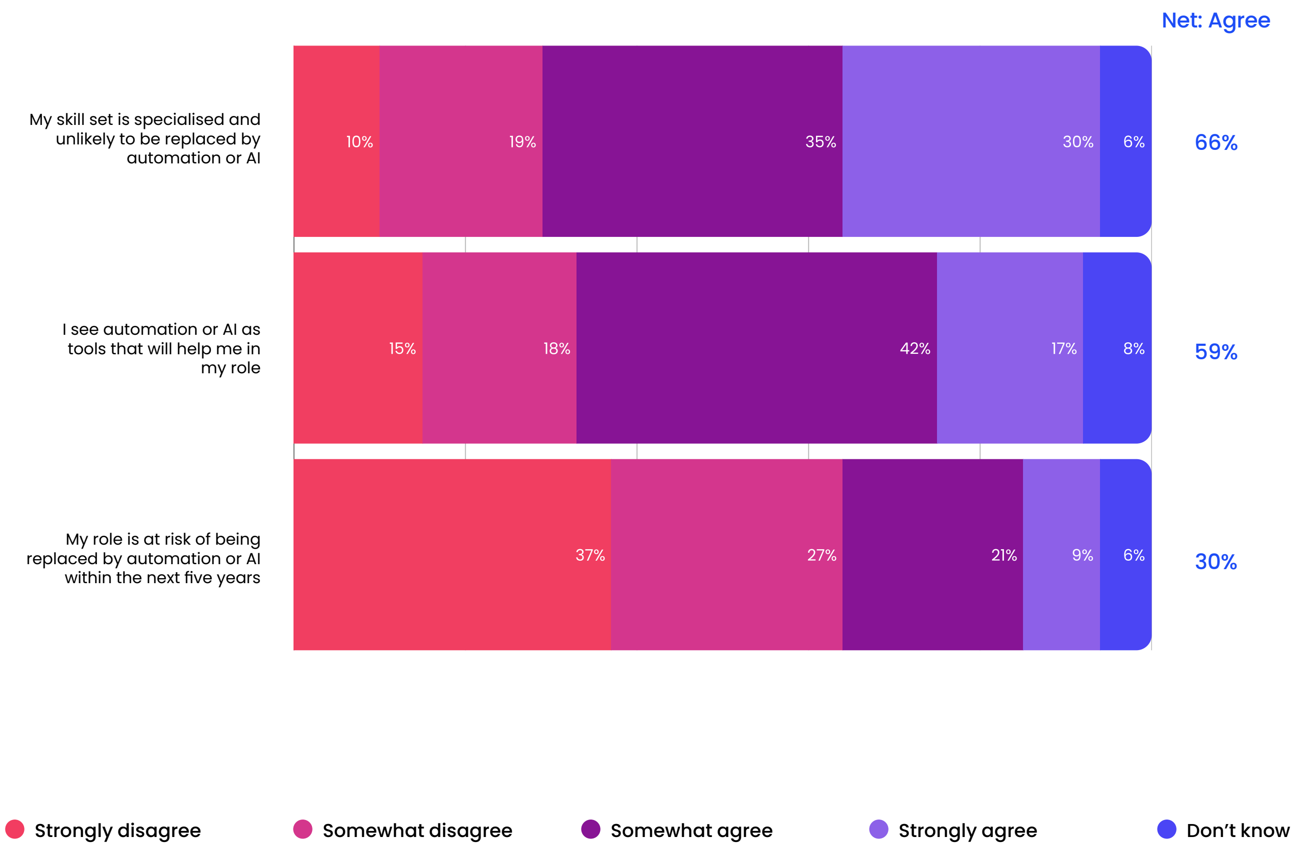


Q6: In the past three months (January to March 2025), did you? Q1 2025 (n=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

Future of Work

Most employees appear unconcerned about the impact of automation or AI on their job security. Two in three (66%) employees agree that their skill set is specialised and unlikely to be replaced by automation or AI, while nearly three in five (59%) view automation or AI as tools that will help them in their role.

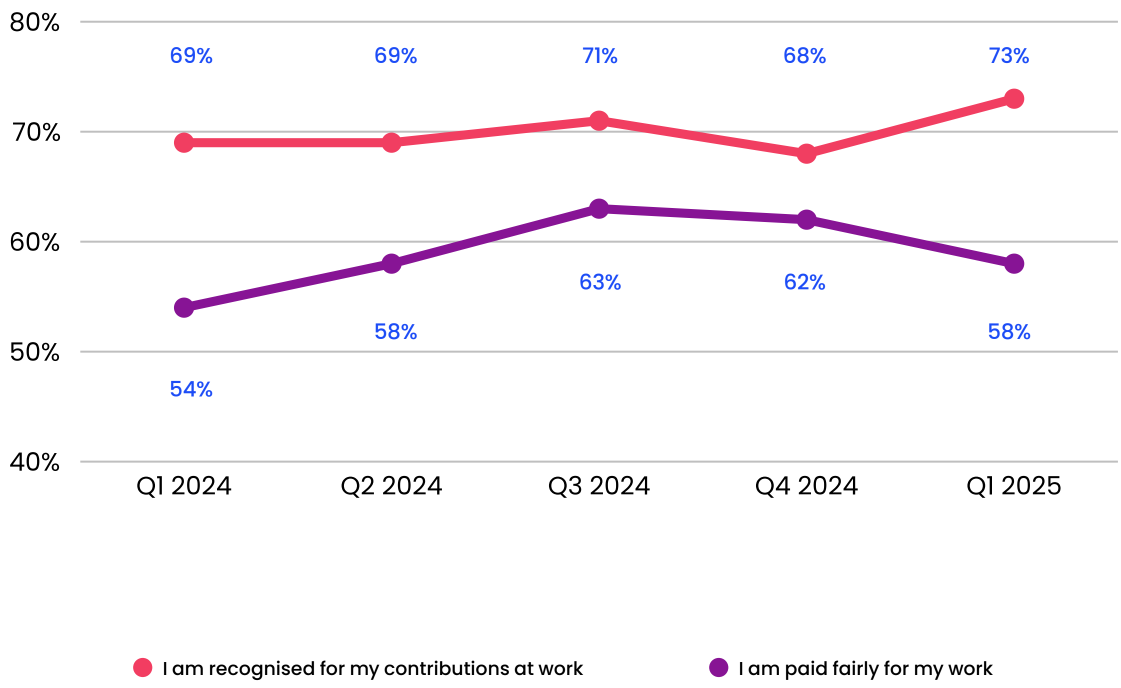
However, three in ten (30%) believe their role is at risk of being replaced by automation or AI within the next five years, signalling a level of concern about job security that may require attention through skills development and upskilling initiatives.



Q5: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=512) New question added in Q1 2025

Recognition and Remuneration

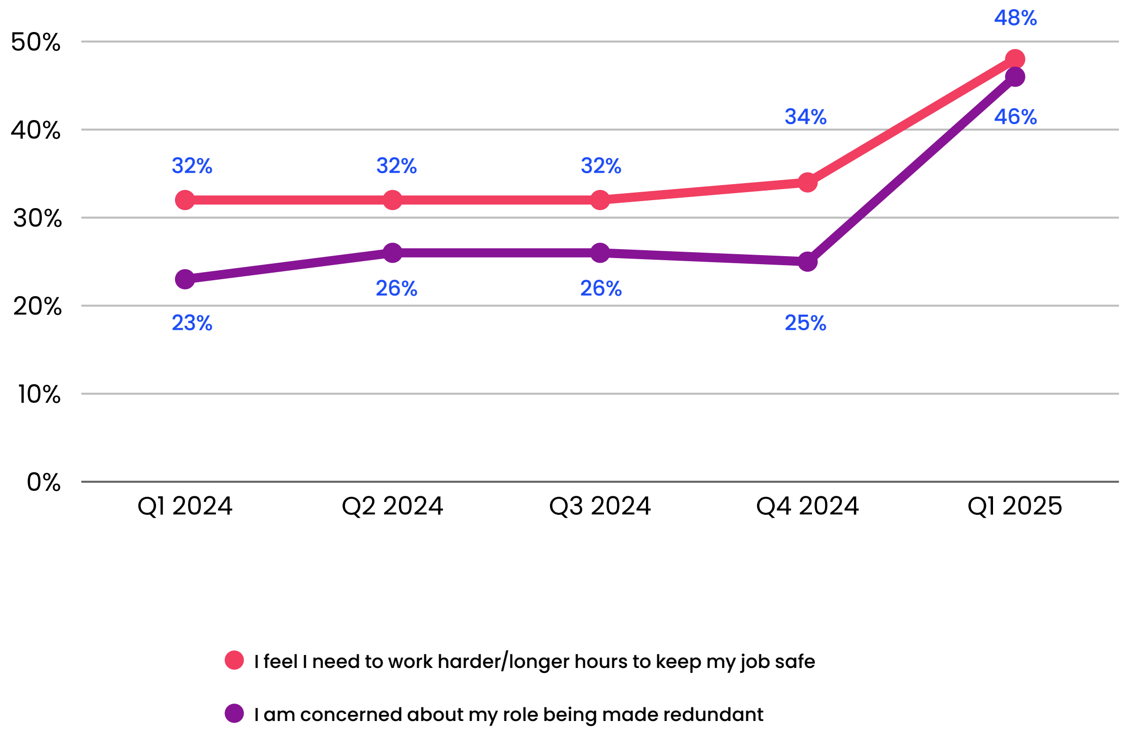
Compared to the previous quarter, there has been a slight increase in the proportion of employees who feel they are recognised for their contributions at work (73% compared to 68%) and a slight decrease in the proportion of those who feel they're paid fairly for their work (58% compared to 62%).



Q7: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

Job Safety and Redundancies

Concerns about job safety and redundancies have grown significantly. This is in line with decreases in perceived job and economic security. Compared to the previous quarter, there has been a sharp increase in the proportion of employees who are concerned about their role being made redundant, nearly doubling from 25% to 46%, as well as those who feel they need to work harder or put in longer hours to keep their job safe (48% compared to 34%).



Q7: To what extent do you agree or disagree with each of the following statements? Q1 2025 (n=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

Employee Priorities

When choosing a new employer, the top priorities remain largely unchanged over the past few quarters. Remuneration and bonus payments/incentives remain the highest priority, followed by the organisation's stability and flexible/remote working. The culture of the organisation is ranked fourth on the list.

Interestingly, given the growing concerns around employee wellbeing, wellbeing initiatives are now ranked equal fifth on the list, up from ninth in the previous 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	3rd	Tied 4th	3rd
Flexible/remote working	3rd	Tied 3rd	2nd	2nd	2nd
Culture of the organisation	4th	Tied 3rd	4th	3rd	Tied 4th
Wellbeing initiatives	Tied 5th	9th	Tied 6th	10th	Tied 7th
Career development opportunities	Tied 5th	6th	Tied 6th	Tied 6th	6th
Easy and/or short commute	7th	5th	5th	Tied 4th	Tied 4th
Professional learning opportunities	8th	8th	Tied 10th	9th	Tied 7th
The ethical standing/reputation of the organisation and leadership	9th	7th	Tied 10th	Tied 6th	Tied 9th
Diversity among employees/senior leadership team of the organisation	10th	10th	Tied 6th	11th	Tied 9th
Online or word-of-mouth employee reviews of the leadership	11th	11th	Tied 6th	8th	11th

Q9: Thinking about choosing a new employer, rank your top five most important factors from the list below? Q1 2025 (n=512), Q4 2024 (n=521), Q3 2024 (n=502), Q2 2024 (n=522), Q1 2024 (n=510)

Topical Analysis

Pay, performance and rewards

Pay Rises

Overall, 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 – half (51%) have already received one, while one in five (21%) haven't but expect to receive it later in the year.

On average, employees have received or expect to receive a 3% pay rise.

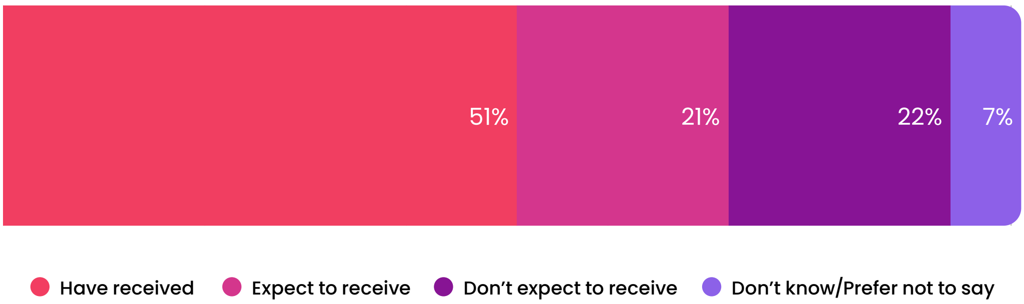
However, according to **ELMO's 2025 HR Industry Benchmark Report** — based on a survey of 300 New Zealand HR professionals — the average planned salary increase for the next remuneration cycle sits at 5%.

This 2% gap could indicate:

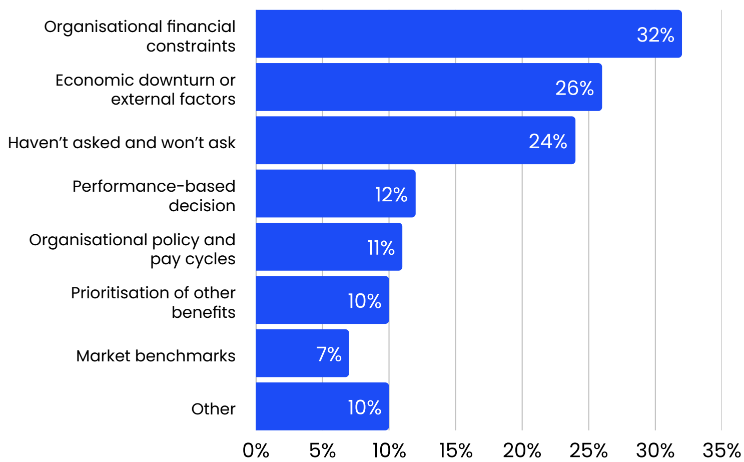
- Employers are preparing to stay competitive amid rising cost-of-living pressures, or
- Employees are underestimating their earning potential this cycle.

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 five (22%) employees haven't received and don't expect to receive a pay rise this year. Among these, the most common reasons for not expecting a pay rise this year is organisational financial constraints (32%), economic downturn or external factors (26%), and not asking and not planning to ask for it (24%).



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=512) 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=110 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 noticeable gap between what employees believe should drive pay increases and what they perceive their organisations actually prioritise. Two in five employees (41%) say individual performance should be the most important factor, making it the top-rated consideration, well ahead of the next cited factor, inflation (20%).

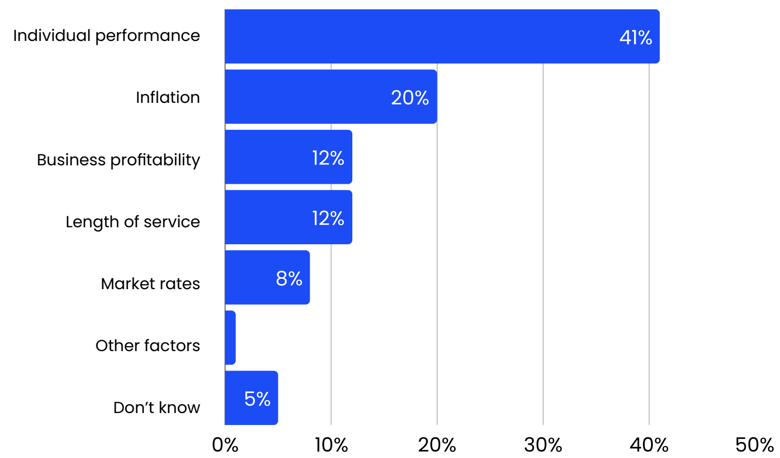
However, only one in five (22%) believe their organisation places the greatest emphasis on this.

Instead, more than one in four employees (27%) believe their organisation prioritises business profitability, even though only one in eight (12%) think this should be the top consideration.

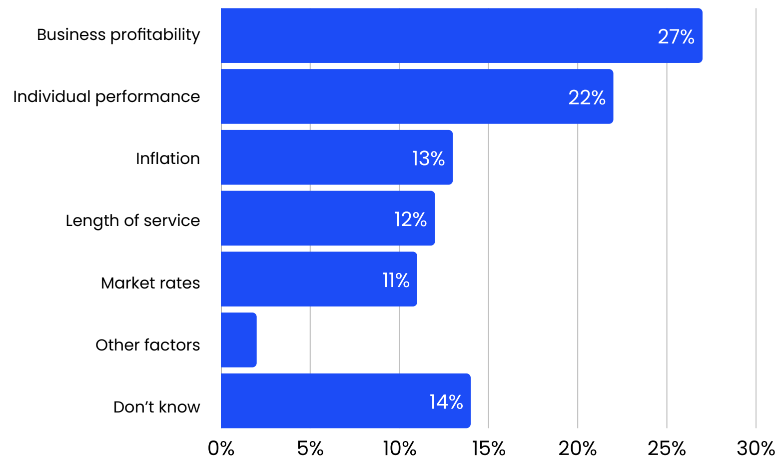
According to ELMO's **HR Industry Benchmark Report**, the most common approach to employee remuneration in New Zealand is a combination of individual performance and market rates (24%).

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=512) New question added in Q1 2025

What's Most Valued Beyond Pay?

When asked what they value most beyond pay, employees ranked performance bonuses (62%) and flexible work arrangements (53%). Around two in five (43%) would value professional development and training, health insurance, more leave or increased super contributions.

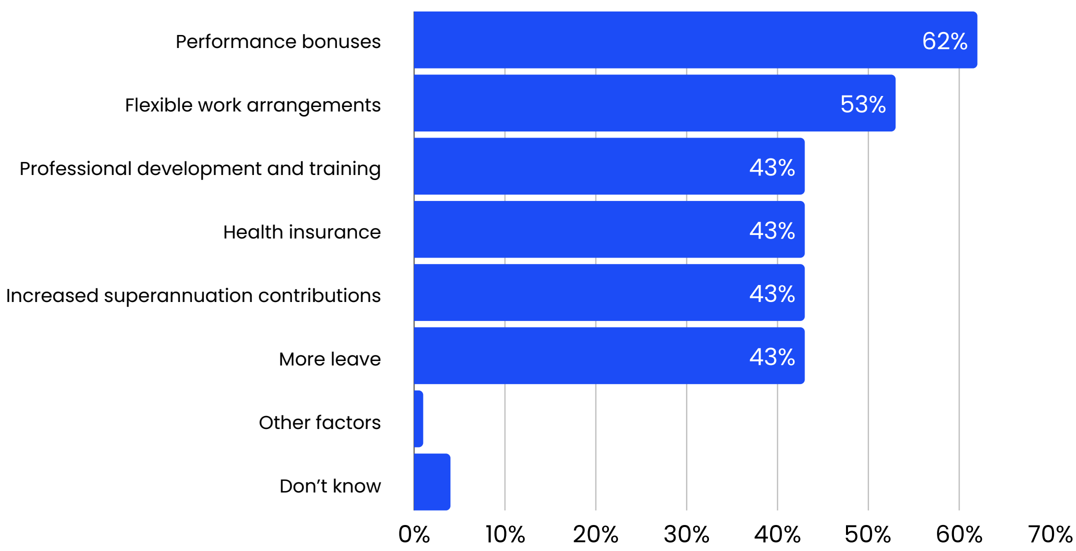
Flexibility is front of mind, but what that looks like in practice is changing.

According to **ELMO's 2025 HR Industry Benchmark Report**, 88% of New Zealand organisations plan to revise their workplace policies this year:

- 26% will introduce some mandated office days
- 31% are shifting to employee choice
- 24% will mandate full-time office presence
- Just 6% 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=512) 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 512 New Zealand employees aged between 18 and 64 (excluding self-employed employees) between 1 and 3 April 2025. Note that in previous waves of the survey, the sample included all employees aged 18 and above, with no exclusion on self-employed. based on employment type. While the impact of this change is likely minimal, it should be kept in mind when comparing the survey results across waves.

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

After surveying, the data was weighted to the latest population estimates sourced from Stats NZ.

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