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# MARKET REPORT 2023

The Lowdown: Decoding the HR Market

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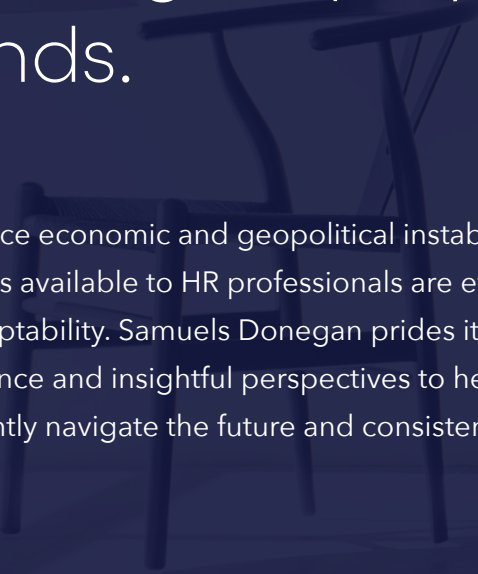
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## INTRODUCTION

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The Australian HR profession is in the midst of profound **change**, spurred by a confluence of economic factors, technological advancements, and evolving employment trends.



As we face economic and geopolitical instability globally, the roles, challenges, and tools available to HR professionals are evolving, demanding agility, foresight, and adaptability. Samuels Donegan prides itself on delivering unparalleled market intelligence and insightful perspectives to help organisations and individuals confidently navigate the future and consistently remain ahead of the curve.



## 1. HIRING TRENDS

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### Labour Data & Job Vacancies

Over the past year, Australia's employment landscape has exhibited notable fluctuations following a period of unprecedented hiring. The emergence of a historically low unemployment rate of 3.7%, a figure not witnessed in half a century, is a testament to the overall strength of the job market. However, as with any scenario, the nuances deserve careful consideration. Within this multifaceted employment market, we observe a tale of contrasting fortunes, with certain sectors experiencing rapid growth while others face decline.

To illustrate this complexity, one can draw an analogy of markets within markets. For example, anyone involved in hiring for junior and mid-level positions can attest to the formidable challenges that persist. Shortages in suitably experienced continue to remain, creating a persistent imbalance between supply and demand and driving up salaries as a consequence. Conversely, the executive level job market presents a different narrative, characterised by an inverse supply and demand dynamic. Here, the number of available roles falls significantly short compared to those seeking opportunities at that level, resulting in a competitive environment.

In essence, Australia's employment landscape reflects a mosaic of opportunities and challenges, where success hinges on a keen understanding of the unique dynamics at play within each sector and level of employment.

## SECTORIAL ANALYSIS

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**Professional Services:** Tied to broader economic trends, this sector sees varying growth in specific segments. Organisations are increasingly leveraging these services to adapt to shifting regulations and market dynamics.

**Financial Services:** The ascent of fintech continues to challenge traditional banking, yet major banks remain influential. The emphasis on digital banking solutions is ever-increasing.

**Retail:** While e-commerce surged during the pandemic, brick-and-mortar outlets are innovating with unique experiential offerings. Nevertheless, segments, especially consumer discretionary, grapple with challenges due to inflation and cost of living pressures.

**FMCG:** Generally stable but evolving as consumers pivot towards sustainable and locally sourced products.

**Healthcare:** Among the fastest-growing sectors due to pandemic-induced challenges. Record investments in medical research and pharmaceuticals are evident. The NDIS, a \$5 billion entity, stands as the world's largest social insurer. Australia's ageing demographic further spurs growth, notably in aged care.

**Insurance:** Faced with margin pressures, the industry is contending with global shifts such as the repercussions of extreme weather events and rising re-insurance costs due to heightened uncertainties.

**Not-for-Profit:** Federal and state investments in community and social services have led many NFPs to expand.

**Higher Education:** Despite initial setbacks during the pandemic, notably from the reduced influx of international students, the sector is recovering, seeing renewed interest from regions like India, Nepal, Sri Lanka and Pakistan.

**Arts & Entertainment:** While the pandemic hit live events hard, the sector is making a comeback, riding the wave of streaming platforms and user-generated content.

**Construction & Engineering:** Demand from infrastructure projects and housing is fuelling growth, though labour shortages, supply chain disruptions, and insolvencies pose challenges.

**Energy:** A sector in transition, marked by a pronounced shift to renewable energy as the world transitions from fossil fuels.

**Technology:** Continues to experience significant growth, propelled by tech solutions, software innovation, cloud computing, and more.

**Manufacturing:** Global supply chain disruptions present hurdles, but there's a renewed emphasis on local manufacturing and innovation as globalisation wanes.

**Government:** While public services and infrastructure investments are crucial, especially with growing populations, budgetary and political considerations persistently influence project outcomes.

**Defence:** Geopolitical instability often drives growth in the defence sector; with rising tensions and potential conflicts, governments increase defence budgets, modernising armed forces and procuring advanced weaponry. This surge benefits the defence industry, fostering technological innovation and job creation.

**Mining:** The mining sector will play a pivotal role in the global shift towards greener solutions. Australia's vast reserves of critical materials, such as lithium, nickel, and cobalt, are essential components for manufacturing batteries that power electric vehicles and renewable energy storage systems.

## 2. REGULATORY & LEGAL CHANGES IMPACTING HR

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The evolving Australian regulatory landscape will profoundly impact organisations and their respective HR functions and the skills required to deal with the impending changes.

New mandates around Gender Pay Parity Reporting have necessitated organisations to reassess their remuneration offering, ensuring gender equity.

The Respect@Work Laws, spearheaded by increased awareness around workplace conduct, means organisations will need to implement practical training and reporting mechanisms for potential workplace issues.

Lastly, the Secure Jobs, Better Pay amendment will permit multi-employer bargaining in some sectors, limit the use of fixed term contracts and expand the ability of employees to request flexible working arrangements.

## 3. HR TEAMS: EVOLUTION & CURRENT STRUCTURE

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Modern Australian businesses have seen HR teams transform from administrative functions to strategic entities. This transition is evident in:

**Size & Composition:** Though leaner, HR departments have expanded roles, from traditional hiring and compliance to employee engagement, capability building, and aligning people goals with business outcomes.

**Changing Role Dynamics:** There's a surge in demand for HR professionals skilled in employee relations and organisational design, reflecting a broader shift towards creating efficient, adaptable organisations in a post-COVID world.

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### **Optimal Ratios:**

Industry-specific ratios exist, but generally, one HR professional for every 100 employees remains a guiding benchmark.



## 6. THE FUTURE OUTLOOK OF HR PROFESSIONALS

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The modern HR professional is far removed from traditional stereotypes. They are:

- **Data-Driven:** An emphasis on metrics, analytics, and return on investment (ROI) analysis in HR practices.
- **Strategic Thinkers:** Aligning HR strategies with business goals and contributing to organisational transformation.
- **Tech-Savvy:** Acquainted with the latest HR tech tools, such as AI-powered recruitment tools, HR analytics software, and remote collaboration tools.

Top-tier organisations are increasingly looking for CHROs and CPOs who embody these traits, future-proofing their organisations and HR teams.

## 7. EMERGING TECHNOLOGIES & TOOLS IN HR

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The digitisation wave has not spared HR. AI-powered recruitment tools, HR analytics software, and remote collaboration tools are revolutionising HR operations, making them more efficient and data-driven. However, adopting these technologies also comes with challenges, such as data security concerns and the need for continuous upskilling.



## CONCLUSION

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Australia's HR domain stands at a transformative crossroads, driven by evolving economic factors, sweeping regulatory changes, and cutting-edge technology. HR professionals have an unprecedented opportunity to redefine their roles and become strategic organisational pillars.

To remain ahead, they must embrace the latest technological tools, address pressing skills gaps, and cultivate a data driven, forward thinking approach. Samuels Donegan is unwavering in its commitment to guiding organisations through this metamorphosis, ensuring they are equipped to attract the right HR talent and thrive in this exciting new phase.

## CONTACT

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