

# HR Update 2023

## Workplace trends & insights

October 2023



# Impactful Partner

Ibec's employment law, IR and HR practice is the most complete and trusted service provider in Ireland for businesses.

We operate our services across 6 regions with each region having a team of dedicated employment rights and OSH experts, industrial relations and HR specialists. We support our member employers in navigating through all stages of the employment lifecycle, workplace disputes and representation at the Workplace Relations Commission (WRC) and Labour Court. We also host member briefings, events, webinars and podcasts to help our members stay informed and connected.



## Background

Ibec's Pay and HR Update 2023 is an annual survey that captures key pay and HR trends in Irish workplaces. The insights provided by the research, guide policy making and establish best practice in the development of HR related initiatives at national and organisational level for Ibec members. Ibec partnered with Amárach to undertake this study.

378 responses (plus 38 partial responses) were received between June 27th and September 14th 2023.



**378**  
Survey responses

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# Foreword



I am delighted to share with you our pay and HR trends survey 2023.

The insights provided by the research, guide Ibec policy making and establish best practice in the development of HR related initiatives at national and organisational level for Ibec members.

Diverse and dispersed workforces have increased the complexity of the role of the HR leader. In addition, practitioners face a wide range of internal and external challenges that impact business operations.

A strategic approach will be needed to harness the opportunities offered by technology, including AI, digitalisation and more flexible ways of working that can increase participation in the labour market. Traditional leadership styles are adapting to an environment that changed dramatically in a very short period of time and continued upskilling will be a critical element in achieving balanced workplaces with high performance and productivity.

Our survey reflects the increasing scale of labour market regulation and the significance of those implications for our respondents. Competitiveness and cost-of-living wage expectations are a key concern. Initiatives, including the government policy of moving to a Living Wage at 60% of median earnings by 2026, Statutory Sick Pay, Pension auto-enrolment in 2024 as well as numerous additional protected leave provisions are

driving a re-evaluation of processes to utilise more technology and redesign roles to optimise the unique people skills in organisations.

Businesses continue to experience a tight labour market resulting in a sharp focus on employee retention through three core pillars – compensation & benefits, learning & development and leadership development.

- Businesses, who continue to face the challenge of sustainably managing their operational costs while meeting their resourcing needs to remain competitive, will face continued elevated pay expectations into 2024.
- Learning & Development will be a top HR priority in 2024 and while there is already strong adoption of initiatives in this area, some industry sectors may be missing opportunities to engage with digital tools as well as education and training bodies.
- Leadership development will be vital to ensure business continuity in the context of ongoing change in technology

along with changes in work and people engagement practices.

- Hybrid working as a business operating model continues to be at the forefront of many organisation's agenda with approximately half of respondents finding it challenging to attract staff for on-site only roles while many have introduced a range of schemes to promote on-site working.
- Emerging regulatory requirements will place additional burdens on businesses, as they navigate the increased cost and operational challenges into 2024.

I hope the insights in this report will enable you to make critical HR decisions.

**Maeve McElwee**

Executive Director, Employer Relations  
Ibec

# Key Insights



82% of respondents are planning to increase pay in 2024 with an average increase of 3.8%



45% of respondents are planning to increase their headcount in 2024



84% of respondents increased basic pay rates in 2023, with a 4.4% average which is slightly higher than forecasted in last year's survey (3.82%)



The top five HR priorities identified by respondents are:

- Learning and Development (66%)
- Leadership Development (65%)
- Performance Management (61%)
- Talent Strategy and Business Alignment (59%)
- Talent Acquisition (54%)



Businesses in Ireland had an average staff turnover rate of 9.7% for 2023



There is widespread adoption of Learning & Development initiatives to attract and retain staff



Employee expectations on remote / hybrid working and increased statutory leave were identified as having the greatest impact on companies



59% of respondents state that AI has the potential to enhance productivity and work conditions but only 29% agree their organisation has the skills to adopt AI. 30% state that AI is already enhancing their productivity

# 01 Pay & Benefits



**4.4%**

average pay increase in 2023



# Pay & Benefits

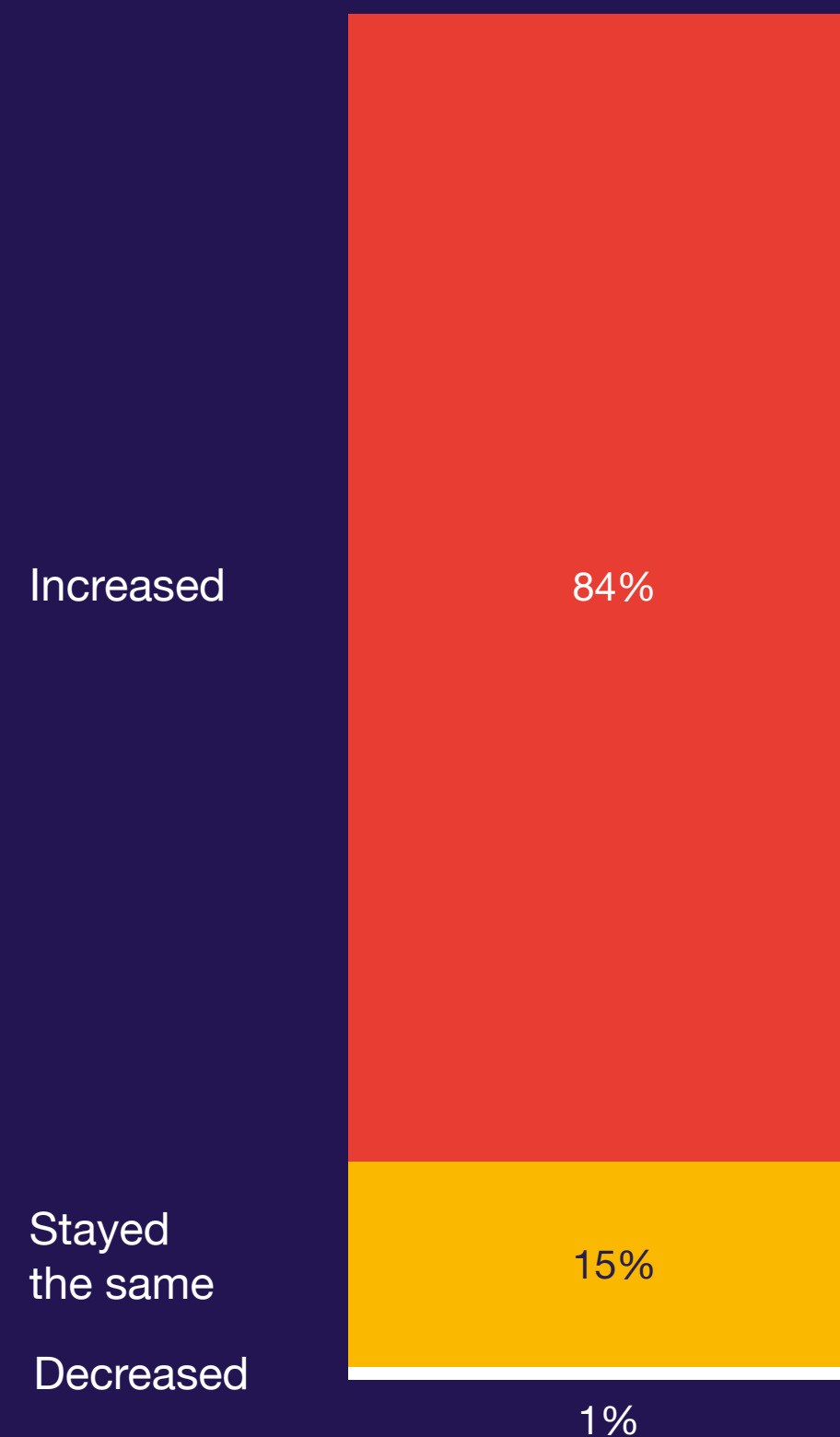
Over 8 in 10 businesses increased their basic pay rates in 2023, a level that has grown considerably over the past two surveys demonstrating the sustained pressure on employers to provide higher wages, reflective of inflationary and cost of living pressures.

An average rate of 4.4% was reported which is higher than the forecast average of 3.82% reported in last year's survey.

Compared to last year's forecast, 16% more of respondents increased pay by between 3 and 5% with an equivalent 17% less of respondents increased pay up to 3%.

Has your organisation's basic pay rates increased, stayed the same or decreased in 2023? What percentage has your organisation's basic pay rates increased by in 2023?

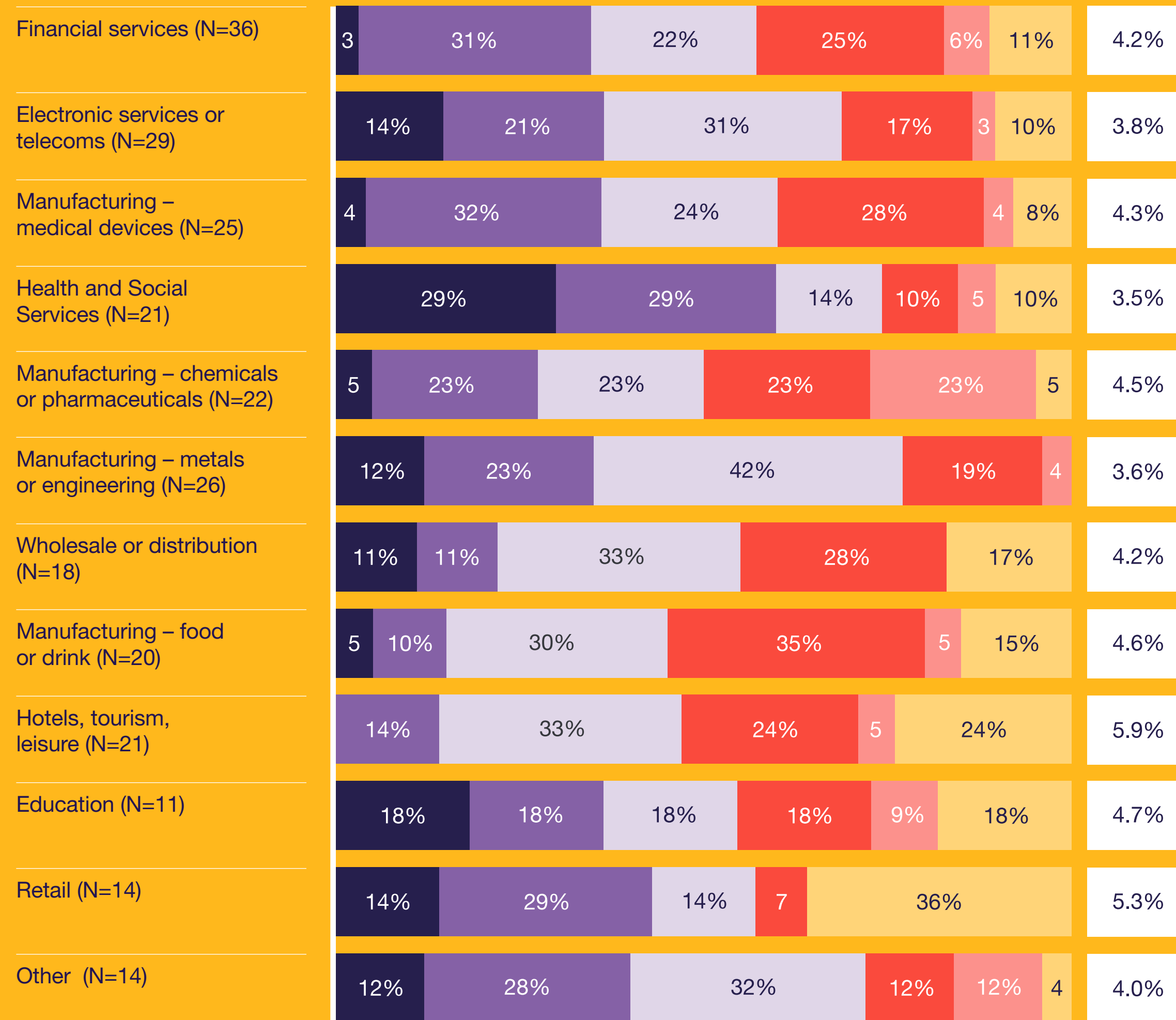
2023 (N=416)



% Pay increase ranges

	2023 (N=348)
2% or lower	11%
2.01 – 3.0%	24%
3.01 – 4.0%	26%
4.01 – 5.0%	20%
5.01 – 6.0%	6%
6.0% or more	13%
Average	4.4%

## What percentage has your organisation's basic pay rates increased by in 2023?



● 2% or lower 
 ● 2.01-3% 
 ● 3.01-4% 
 ● 4.01-5% 
 ● 5.01-6% 
 ● 6.01%+ 
 ● Average

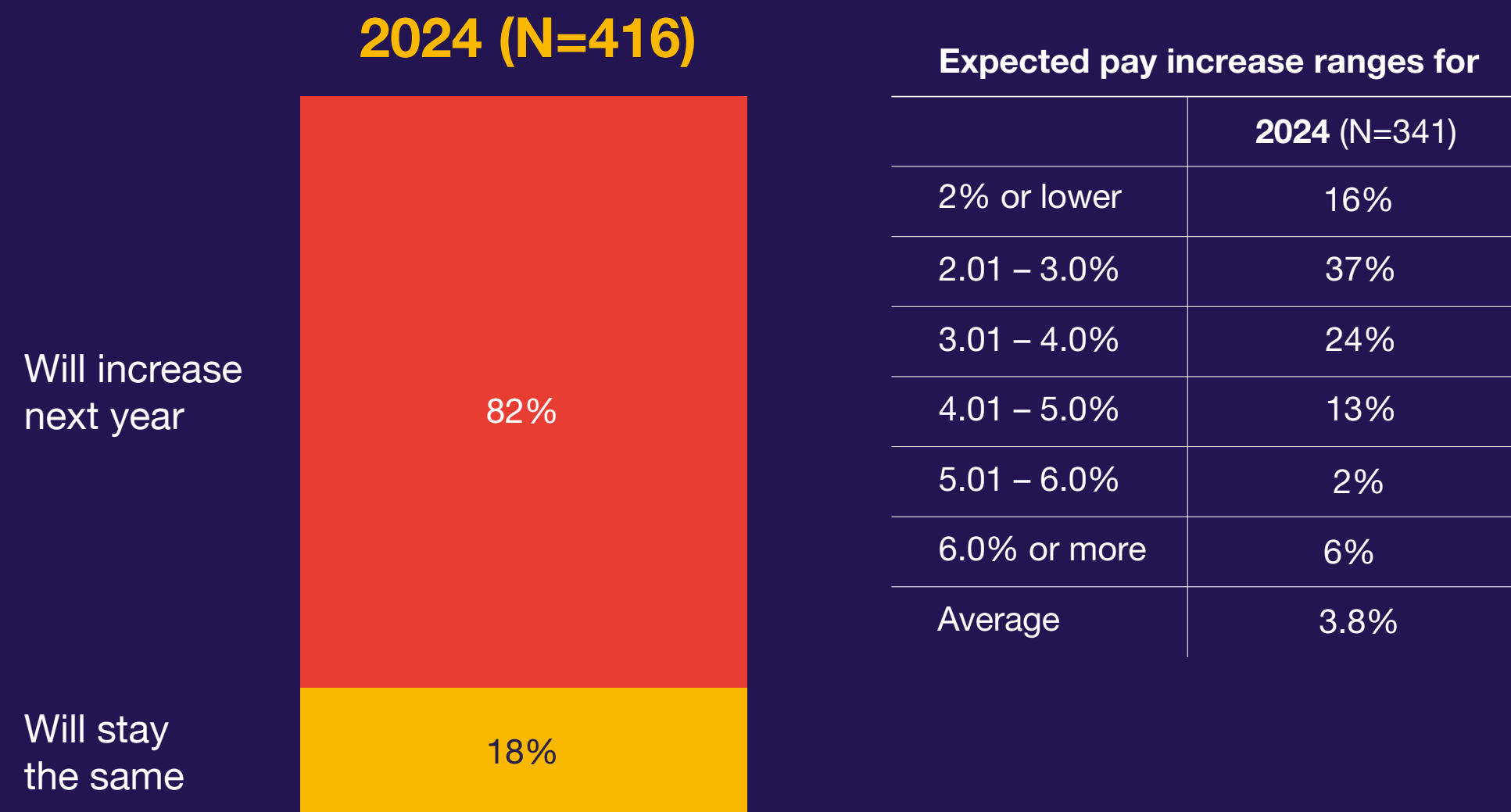




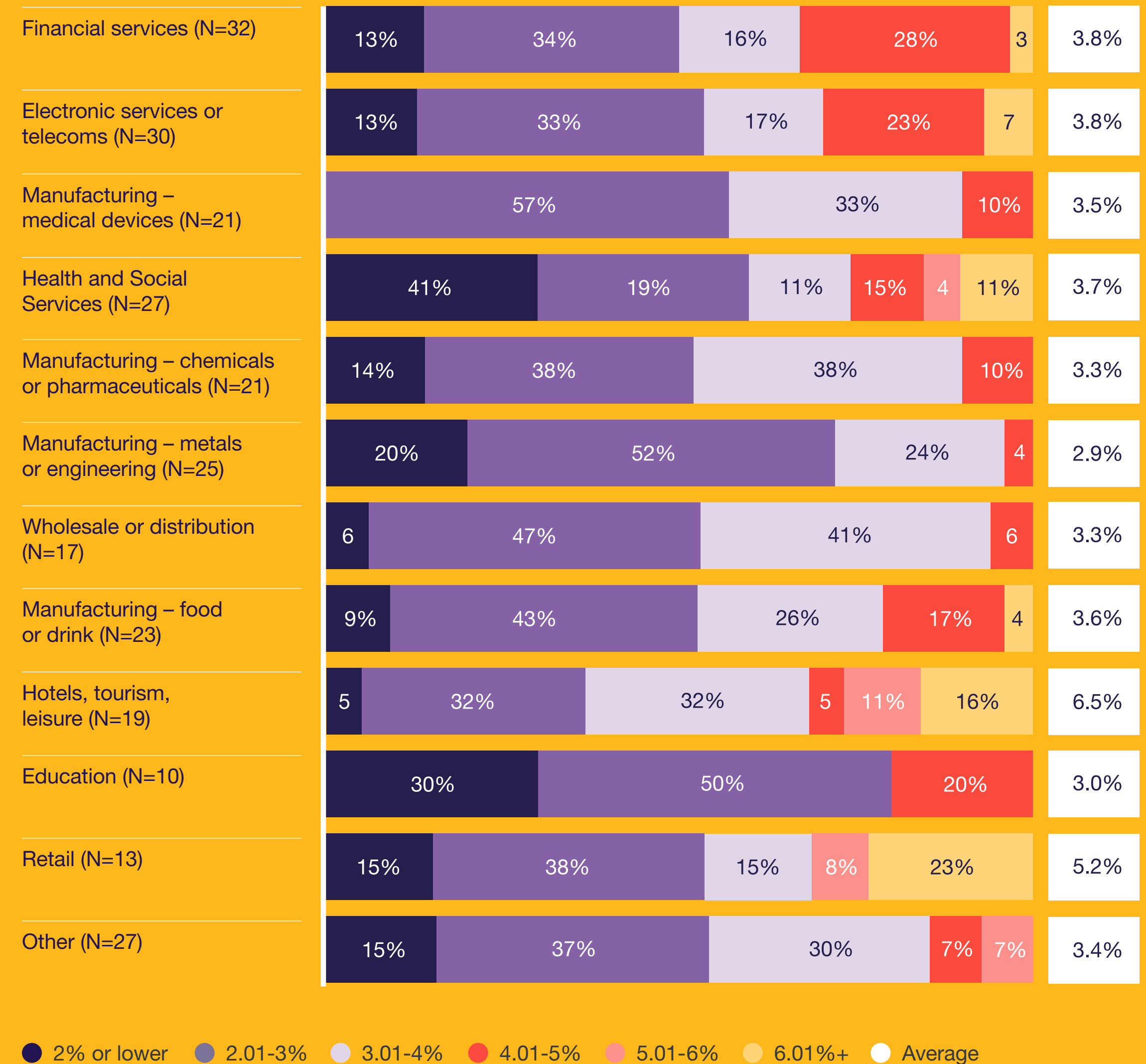
## Indicative Pay Forecast 2024

82% of respondents are planning for pay increases in 2024 with the expected average being 3.8%. Interestingly, approximately 21% of respondents are forecasting increases in excess of 4%.

### Expected Pay Rates for the year ahead



## Indicative pay increases by sector for 2024



## National Minimum Wage

On budget day, October 10th 2023, the government accepted the recommendation of the Low Pay Commission to increase the National Minimum Wage from €11.30 to €12.70 from January 1st 2024.

This is a 12% increase which we expect to be followed by two similar increases as the National Minimum Wage is brought in line with the government policy of achieving a Living Wage by 2026 of 60% of the median wage. This significant increase will have implications across sectors and industries as the impact will be felt not just at entry level rates of pay but through pay scales and relativities.

## Occupational Pension Schemes

In light of the forthcoming proposals on pension auto-enrolment proposed for implementation in second half of 2024,

we asked organisations about their level of pension coverage. The following table details below;

**Does your organisation have an occupational pension scheme for employees?**



02

# Resourcing



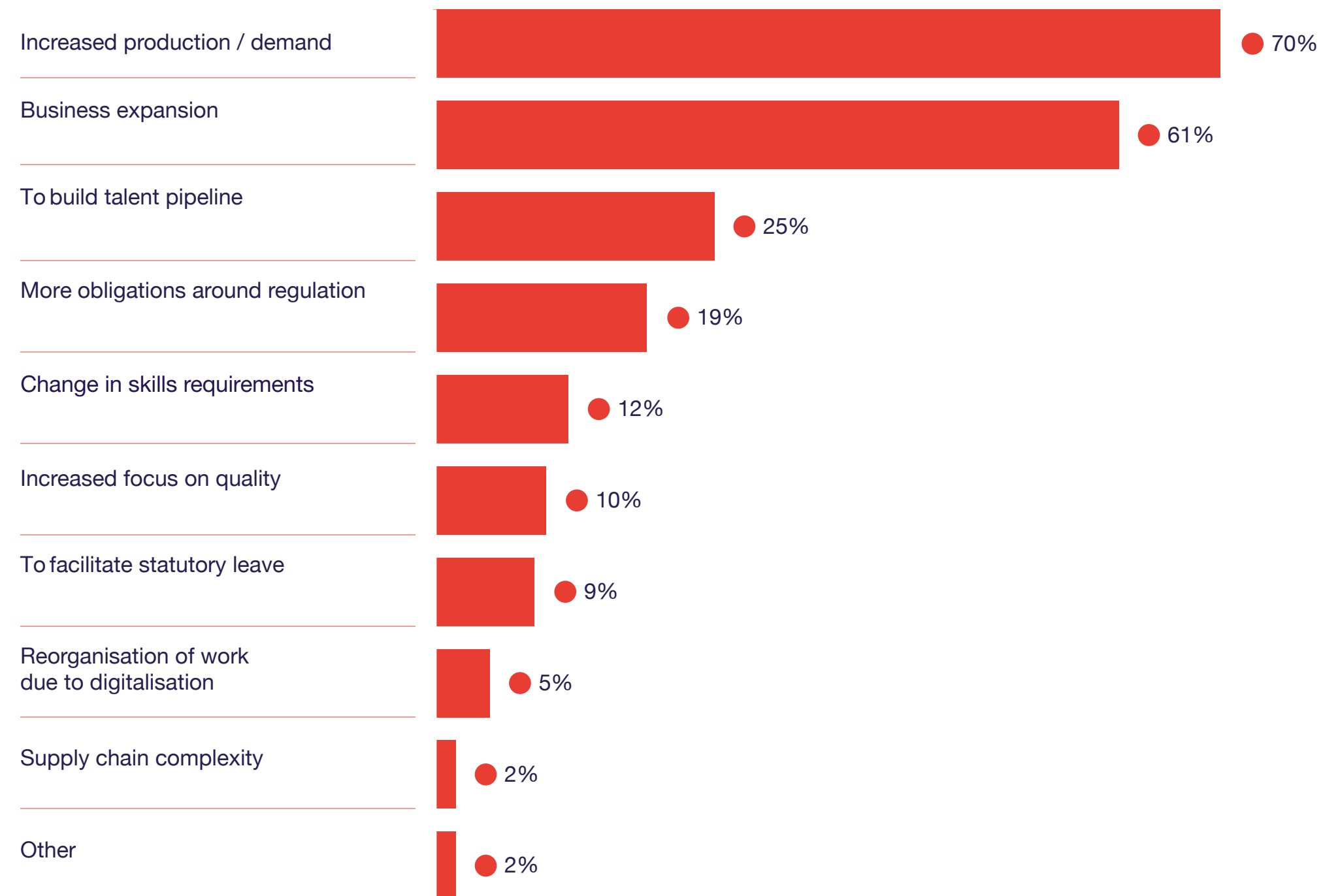
**45%**  
increased headcount  
in 2023

# Resourcing

There was an increase in headcount in 45% of respondent organisations in 2023. Sectors where recruitment was most prevalent were in services and High-Tech Manufacturing. The main reasons cited

by businesses for expansion were due to increased production/demand (70%), business expansion (61%) and building talent pipeline (25%).

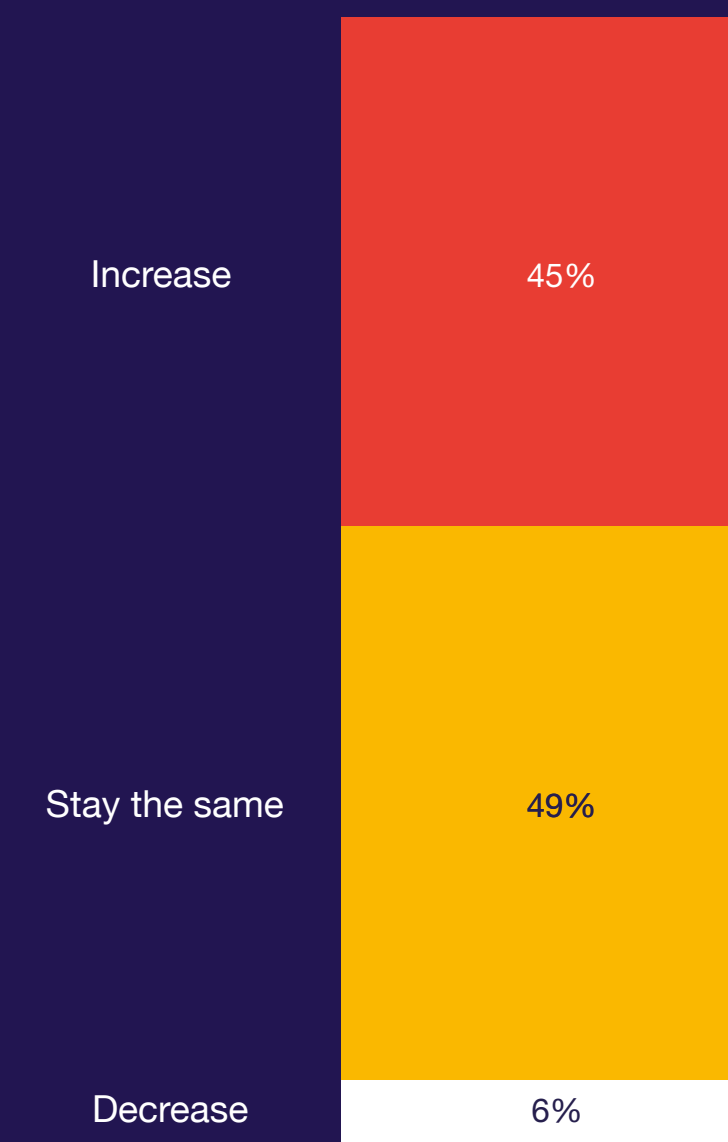
## Drivers of increased headcount



Almost half of participating businesses expect their headcount to increase in 2024 which is indicative of continued confidence in the economy.

## Do you expect the headcount in your organisation to increase, stay the same, or decrease in 2024?

2024 (N=378)



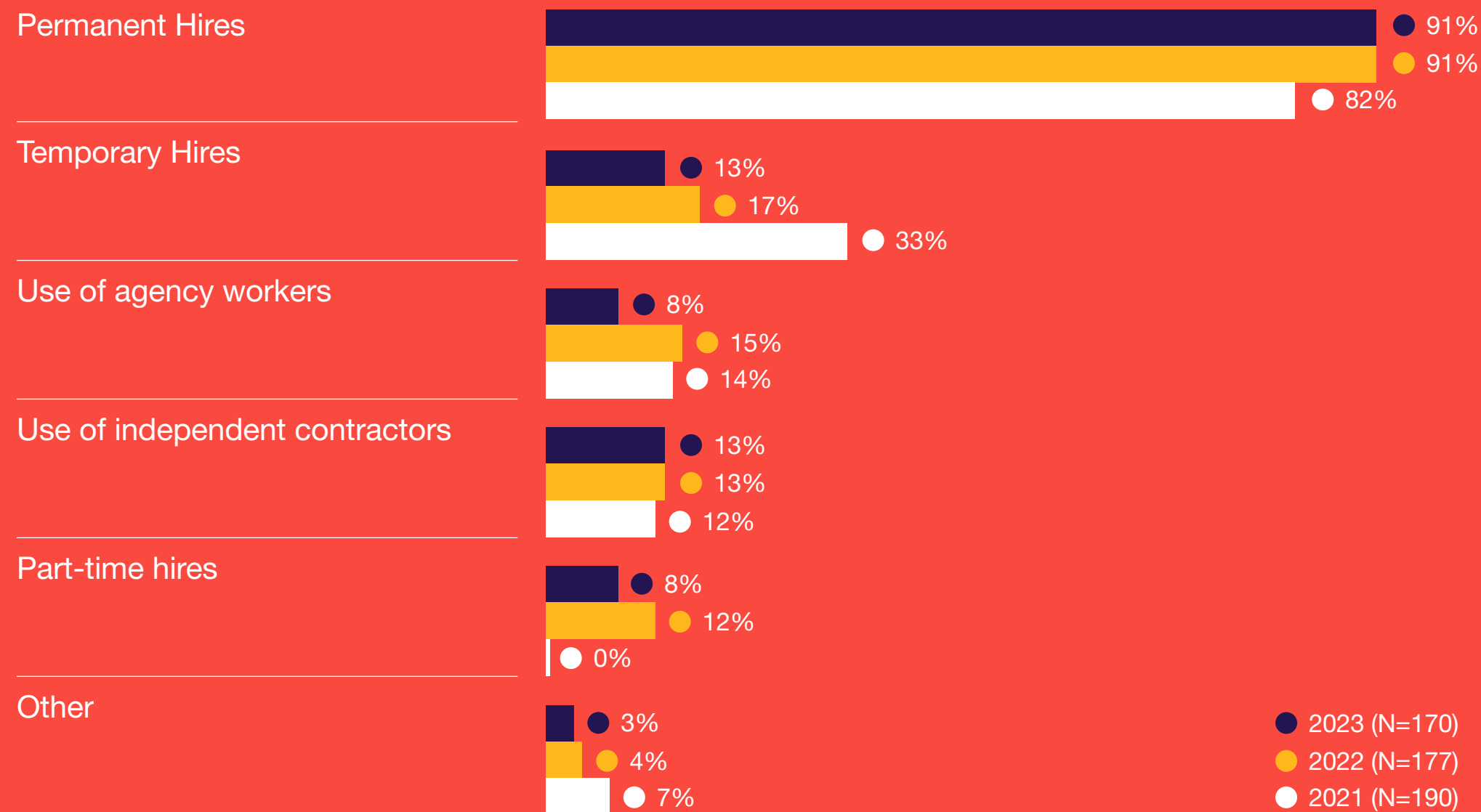
### Expected increase

	2023 (N=177)	2024 (N=170)
2% or lower	10%	12%
2.01 – 3.0%	14%	8%
3.01 – 4.0%	3%	2%
4.01 – 5.0%	23%	22%
5.01 – 6.0%	1%	3%
6.0% or more	50%	50%
Mean	7.8%	9.4%

## Headcount Expectations

Those who expect headcount to grow, predict a 9.4% increase on average, primarily in the form of permanent hires (91%) with declining use of temporary, agency and part-time hires expected in 2024. The prospect of engaging independent contractors remains stable.

### Which of the following best describes how this additional headcount will be achieved?

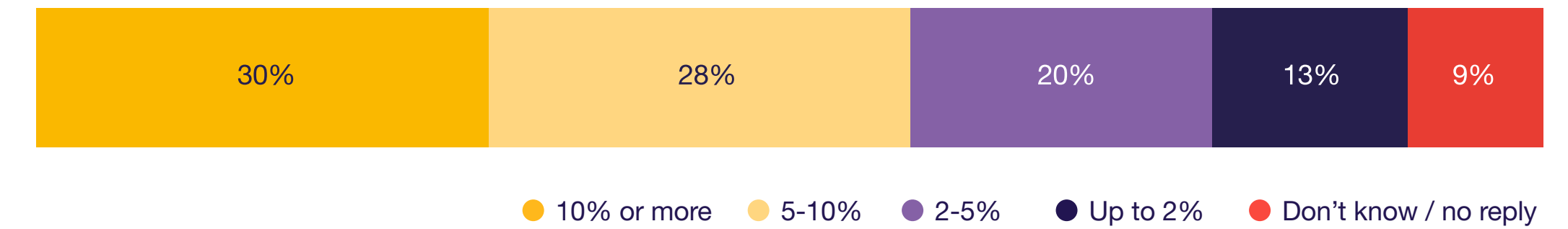


## Employee Turnover & Absenteeism

Businesses in Ireland had an average staff turnover rate of 9.7% for 2023 at the time of the survey. Three quarters (74%) stated their turnover was either lower or the

same as it had been for the same period in 2022, suggesting less movement within the market and consistent with recruitment challenges.

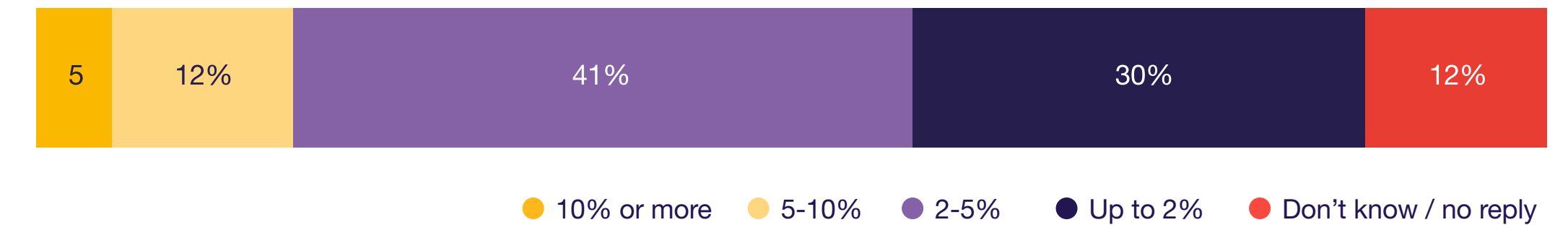
### What is your average employee turnover rate to date in 2023 (excluding redundancy and retirement)?



Reported rates of absenteeism in 2023 were the same as or lower than 2022 for two thirds (66%) of participating

organisations. The reported absenteeism rate at the time of completing the survey is an average 3.9% for year to date 2023.

### What is your average employee absenteeism rate to date in 2023?



03

# Employment & Policy Developments



**89%**  
of respondents cited  
employee expectations  
for remote / hybrid  
working as having  
the greatest impact

## Employment and Policy Developments – Priorities and Challenges

The development of remote / hybrid working, the proposed introduction of a living wage and increased statutory leave (parental, medical etc), were identified by respondents as having the greatest impact on their organisations.

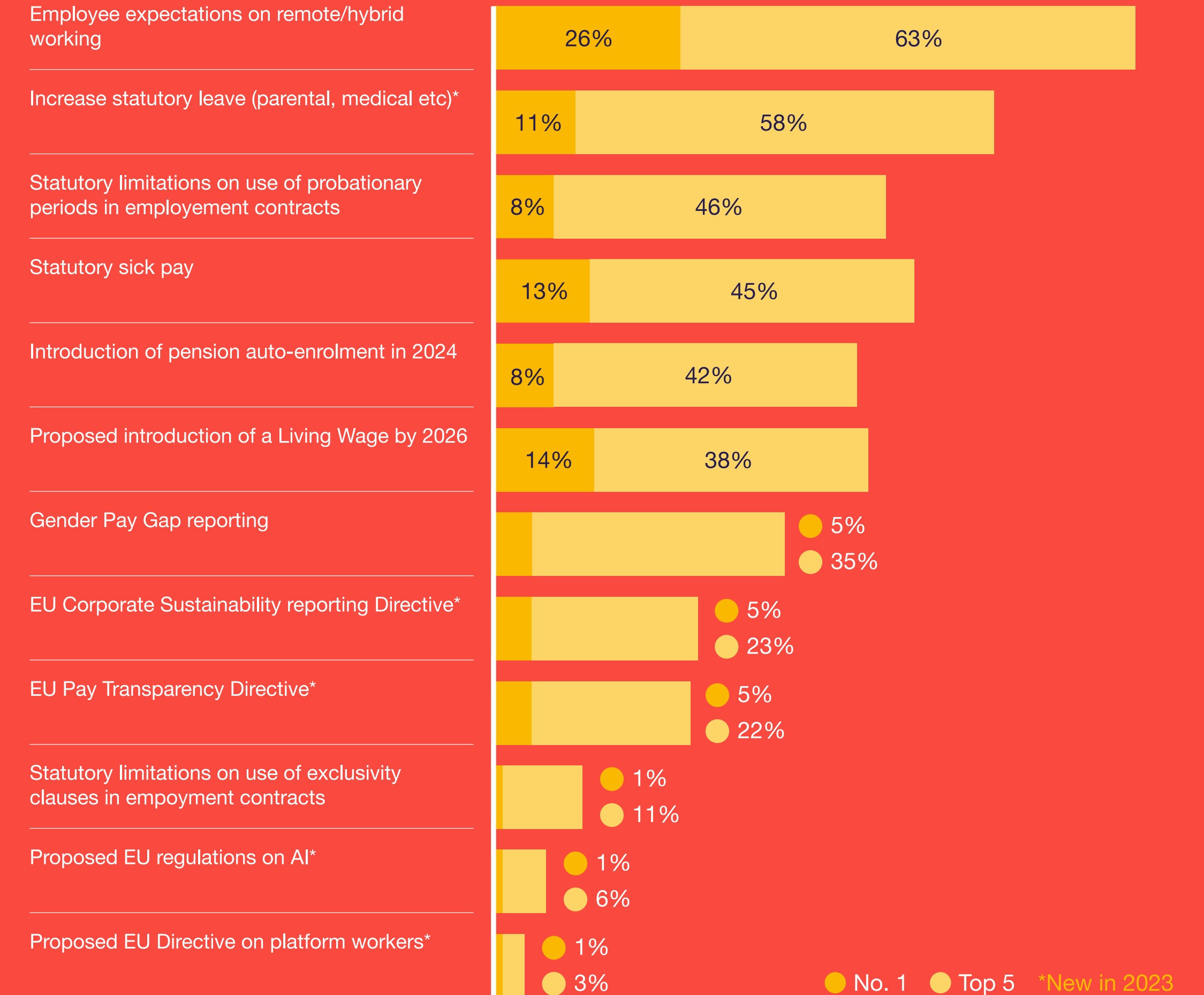
Future regulatory requirements and EU directives are mentioned at comparatively lower levels however their impact is likely to increase as the obligations for compliance become clearer following transposition into Irish legislation.

One of the imminent changes that will affect all businesses is pension auto-enrolment, due to be introduced in second half of 2024. Consistent with last year’s survey, 40% believe this will have an impact, even though three quarters (74%) of respondents state that they already have an occupational scheme for all employees (See Pay & Benefits section).

The limitations on the use of probation clauses in contracts of employment introduced in December 2022 following the transposition of the EU Directive on Transparent and Predictable Working Conditions Regulations is identified within the top 5 impacts and ranks third overall ahead of statutory sick pay.

Although a quarter of respondents feel the EU Directive on Corporate Sustainability Reporting will have an impact, this awareness is highest amongst large (250+ employees) organisations, as these businesses will be the first affected by the new regulations.

### Which developments are having the greatest impact on your organisation? (N=378)



04

# Talent Management Priorities



**38%**

identify the availability of talent and skills to fill vacancies as the key challenge in next 12 months

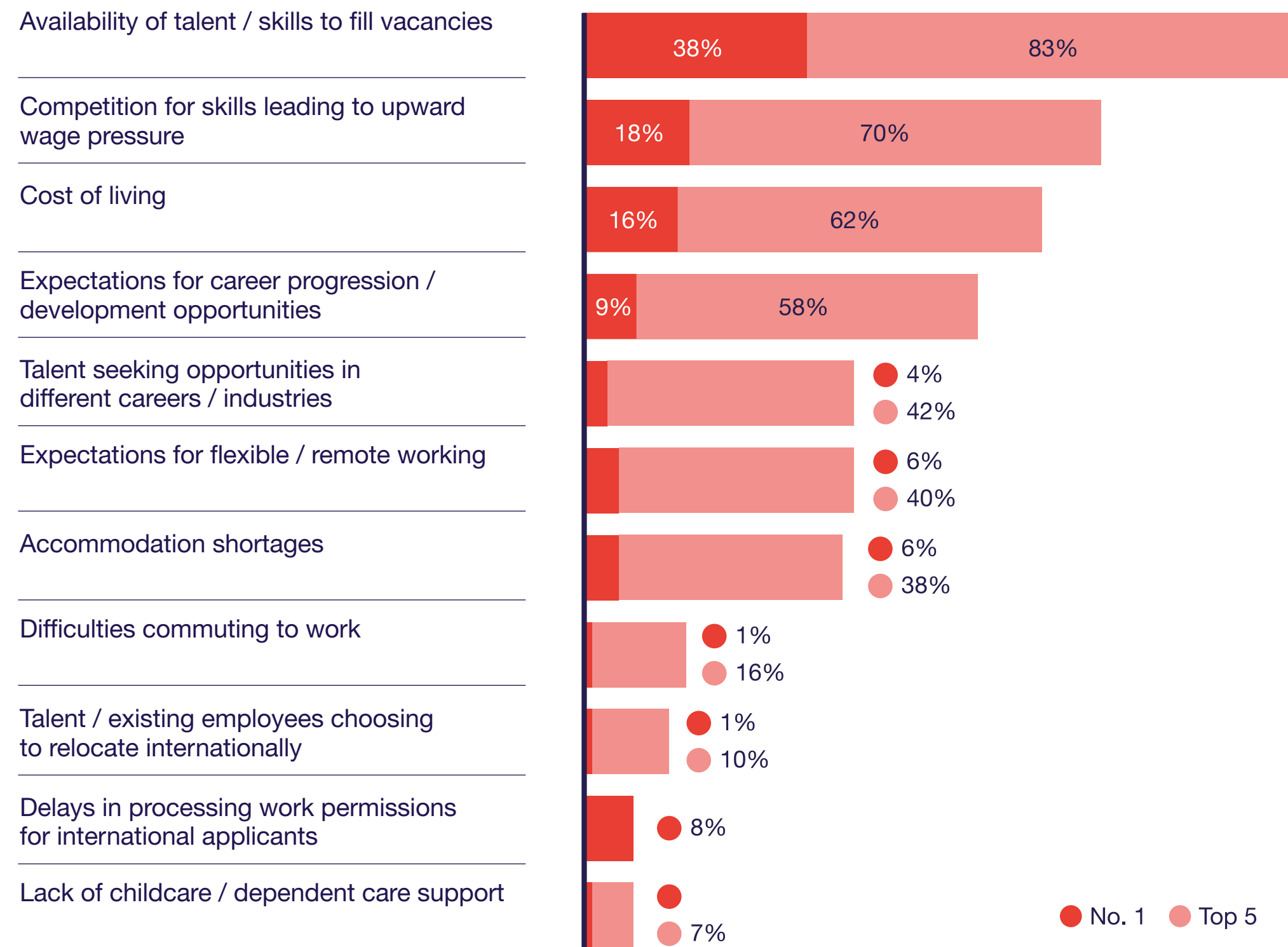


# Talent Management Priorities

The biggest challenge identified by respondents remains the availability of talent (83%), followed this year by upward wage pressure at 70%.

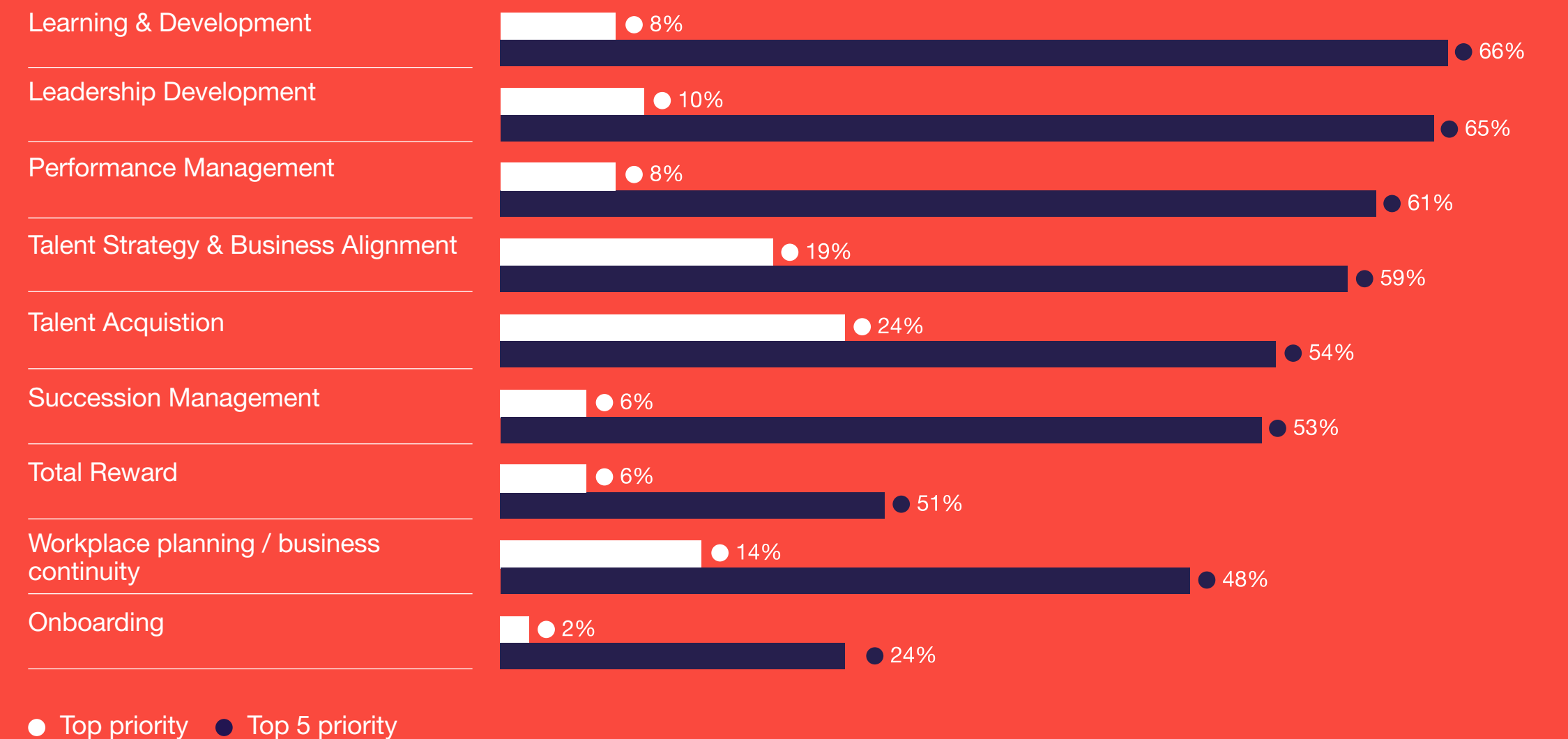
Cost of living was cited as the third highest impact factor at 62% included for the first time in this survey.

## What are the top 5 greatest talent acquisition and retention challenges to your organisation over the next 12 months?



The focus for 2024 for almost a quarter of respondents (24%) is on acquiring talent, followed by talent strategy and business alignment (19%). Looking at employee retention, learning and development, leadership development and performance management all appear in the top 5 priorities.

Talent and the availability of skills continues to be a potential barrier to growth and thus a key HR priority. The fundamental model for delivering work and the composition of work is changing, supercharged by the reinvention of industry and rise in digital technologies.



Therefore, businesses are using workforce planning as a tool for business continuity and competitive edge. This acknowledges the ever-increasing necessity of talent strategy and business alignment.

skills-based models, learning in the flow of work will become normal practice. This transition comes at a time of heightened employee expectations necessitating a focus on redesigning employee experience and organisational leadership practices to maintain engagement and drive productivity.

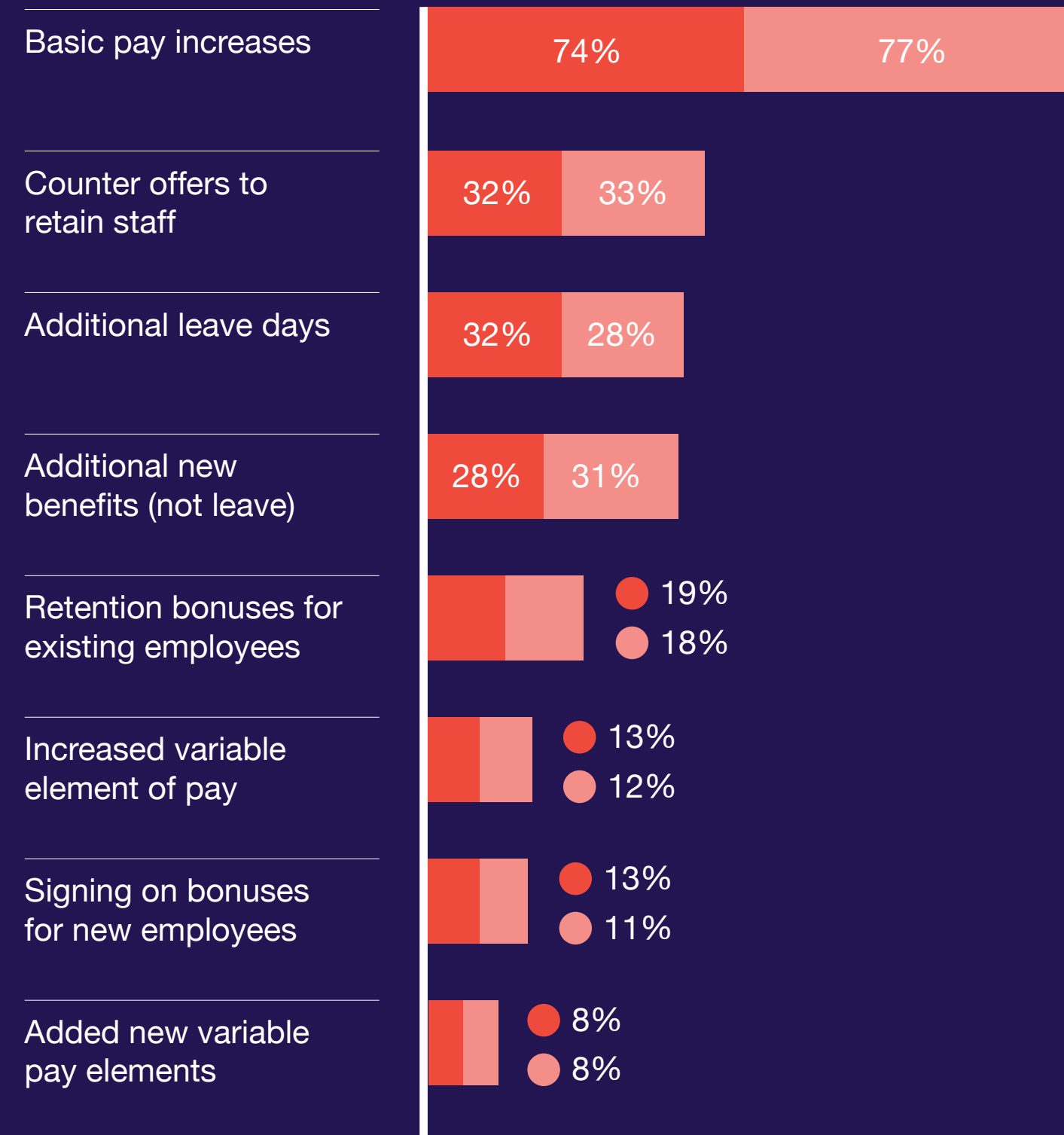
As organisations navigate the shift away from some traditional job profiles to

# Talent management priorities

This is reflected in the talent management priorities for 2024 where we see initiatives including basic pay increases (74%), upskilling within current career paths (64%), hybrid working (69%) and/or flexible working arrangements (63%).

## Pay & Benefits

● 2023 (N=378) ● 2022 (N=329)



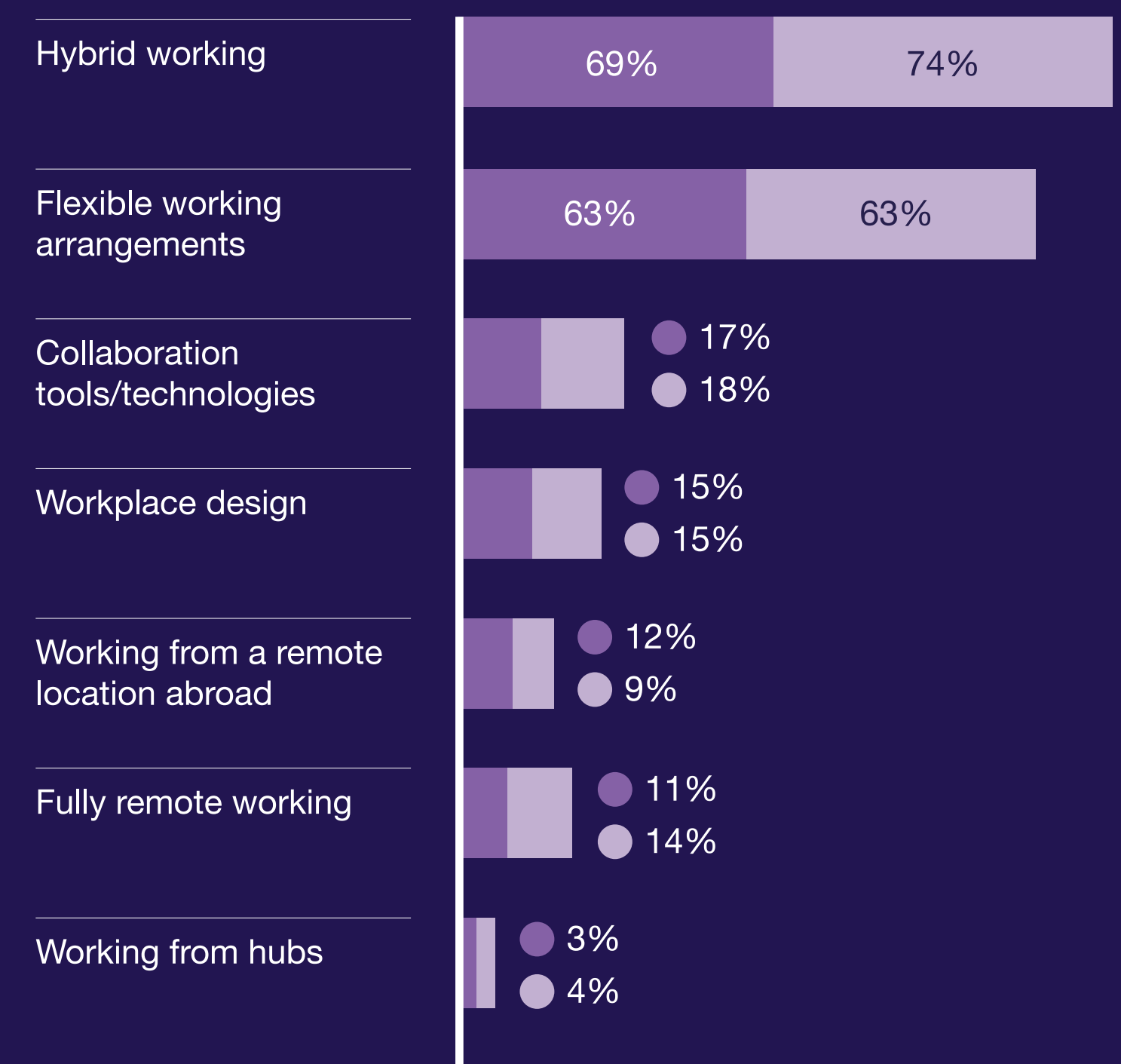
## Career Development

● 2023 (N=378) ● 2022 (N=329)



## Business Operating Model

● 2023 (N=378) ● 2022 (N=329)



# 05 HR Trends



**44%**  
of respondents have an  
ESG strategy in place

# Artificial Intelligence

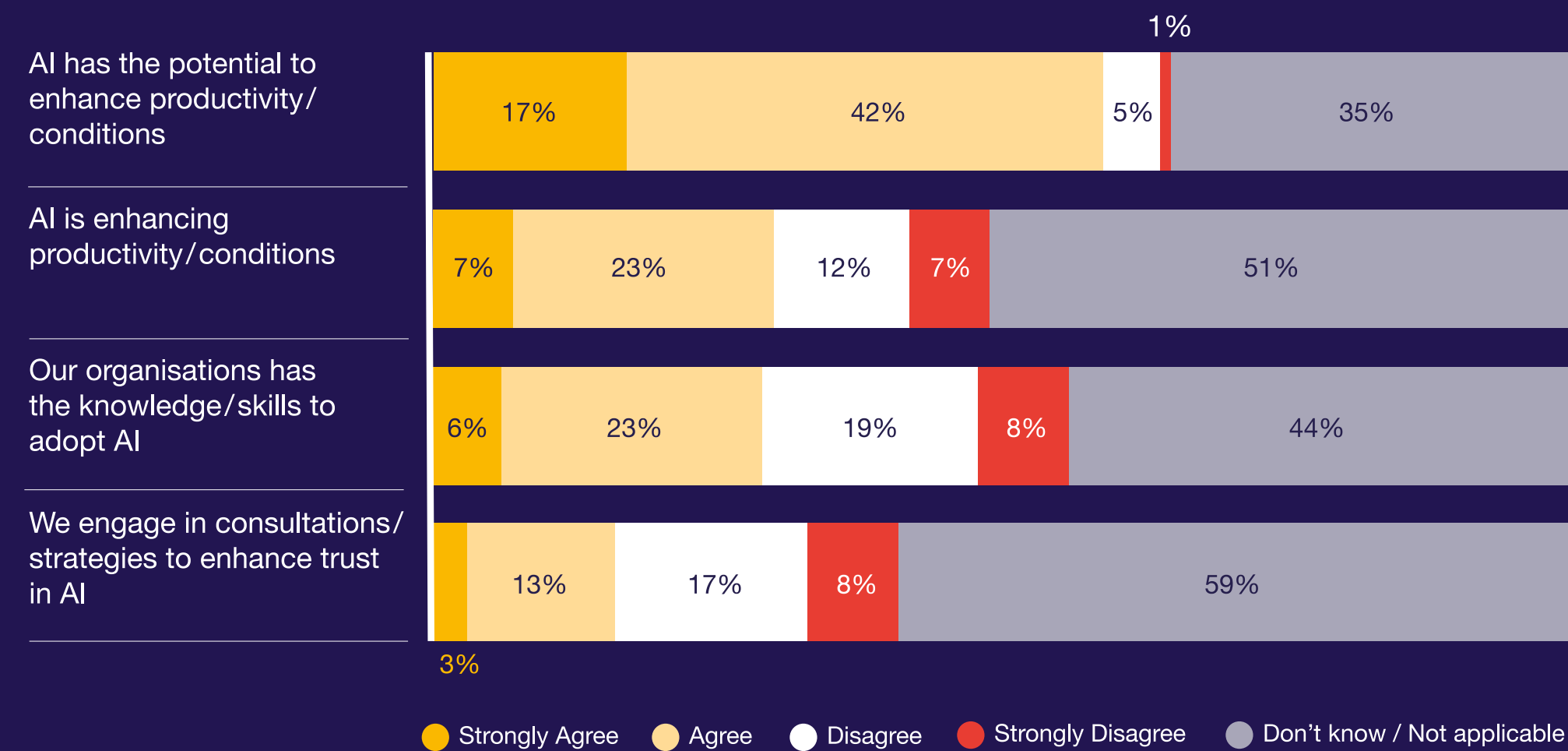
59% of respondents state that artificial intelligence has the potential to enhance productivity and work conditions but only 29% agree their organisation has the skills to adopt AI.

In those companies where AI is currently in use respondents are positive in relation to its impact with 30% stating that artificial intelligence is already enhancing their productivity.

The greatest potential opportunity regarding AI implementation is in terms of consulting with staff to engender trust in the technology and/or having mechanisms in place to validate AI generated material or processes.

It is evident from the survey results that in those companies yet to implement any significant AI, that there is considerable uncertainty about what the benefits, challenges or impacts of AI may be for them.

## To what extent do you agree or disagree with the following statements about Artificial Intelligence (AI)?

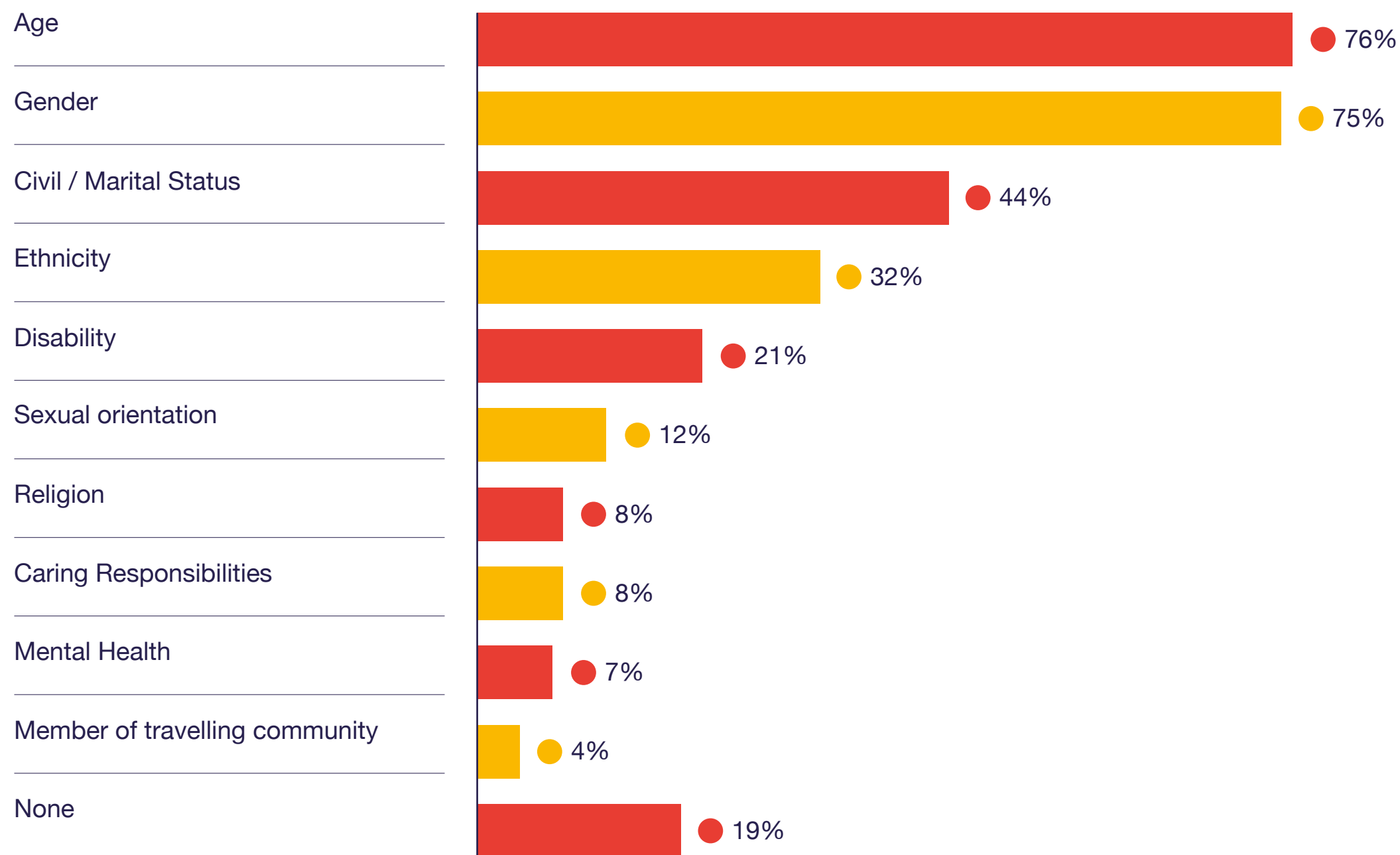


## Diversity, Equity & Inclusion (DE&I)

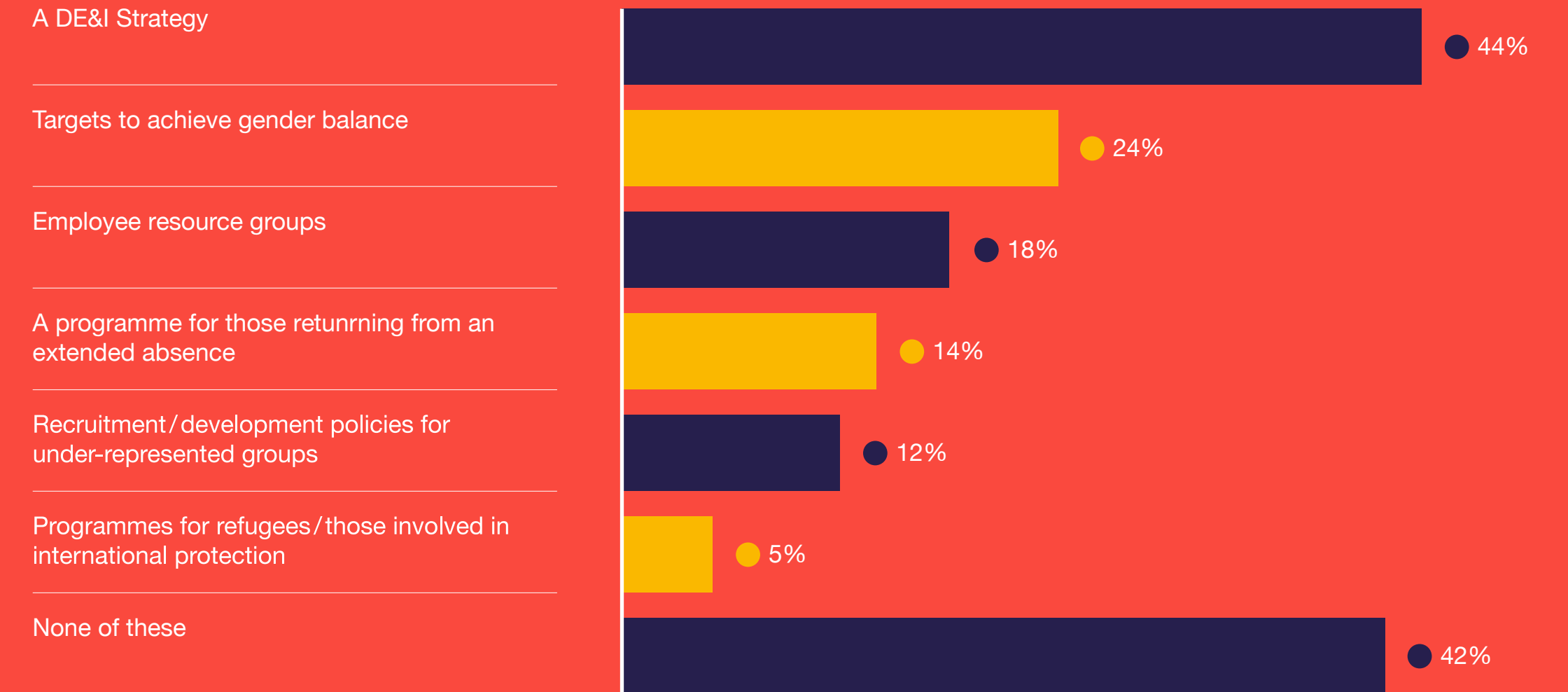
In the absence of identifiable protections in the GDPR legislation for employers to gather sensitive personal data, it is unsurprising that gender and age are predominately documented. Without adequate depth to the data, it can be challenging for organisations to identify the appropriate supports to put in place.

Ibec has written to the Data Protection Commissioner outlining the importance of clarifying for employers, their right to request and record more personal data for legitimate interests such as providing supports and investment on DE&I and employee welfare.

### What diversity, equity and inclusion data does your organisation hold for employees?



### DE&I strategies in place

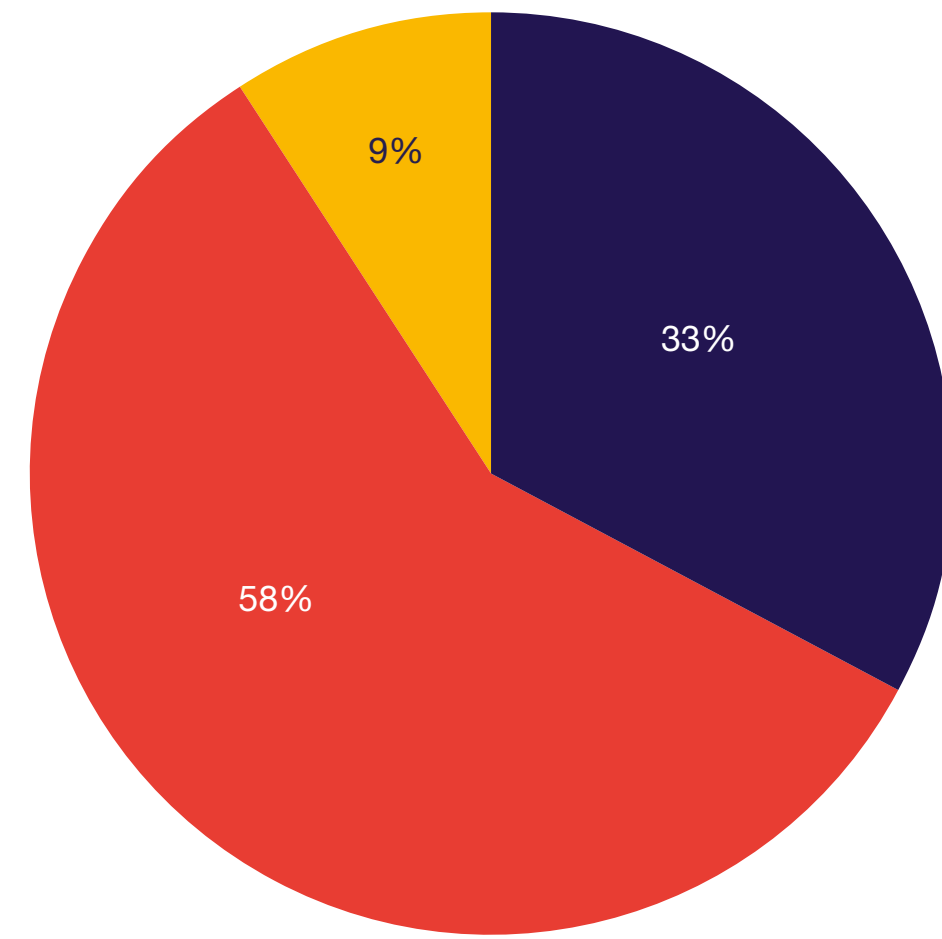


44% of companies report that they have a formal DE&I strategy in place however responses across the various categories of our survey identify significant activities in respondent companies addressing DE&I in the workplace. In the current full employment environment, there is an opportunity for organisations to take strides

toward finding untapped talent. For example, 12% of respondents have recruitment and development policies for under-represented groups (i.e. outreach, balanced shortlists etc). This could present an opportunity for organisations to target their resourcing needs to access these untapped talent pools.

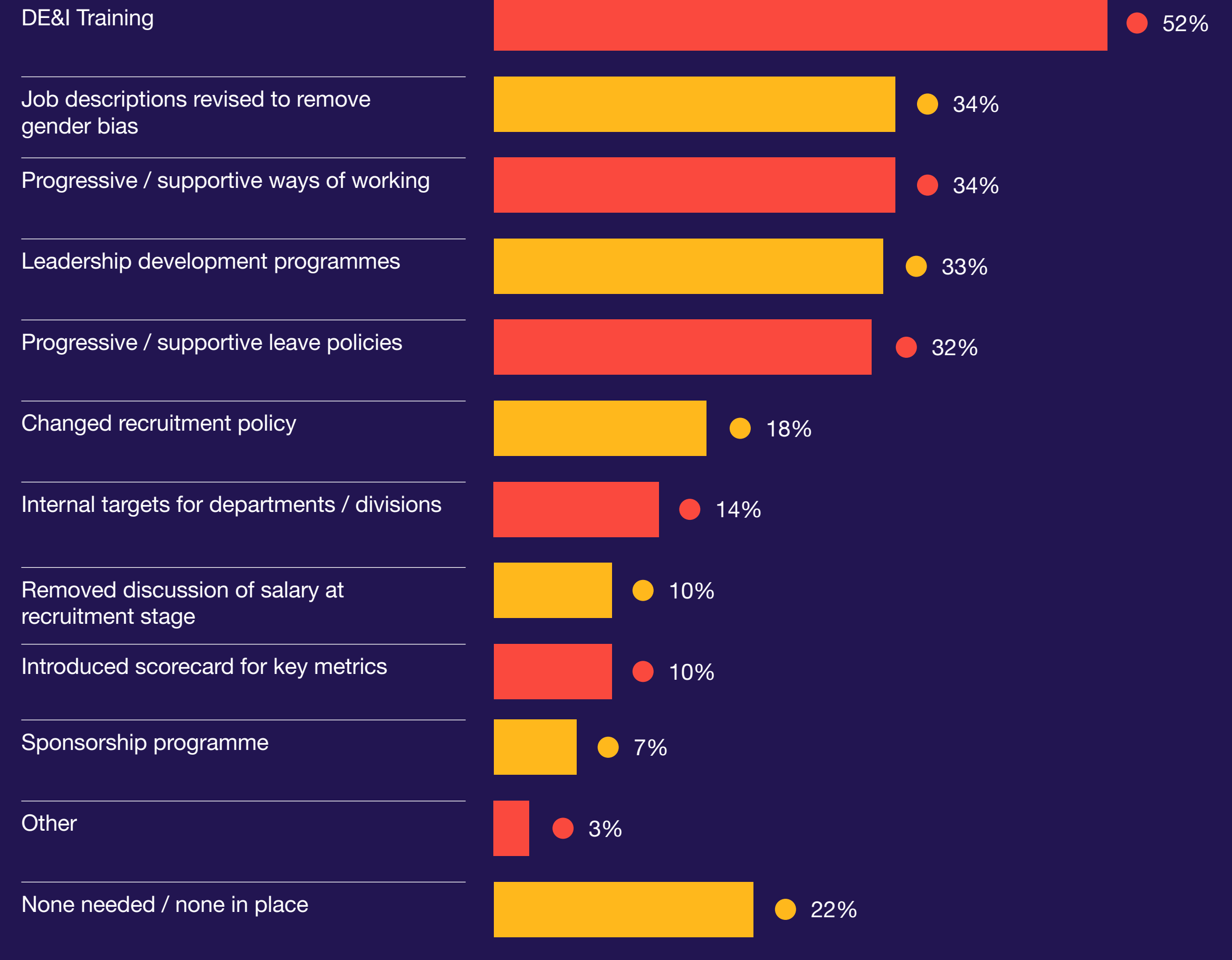
Has your organisation reported on its gender pay gap?

Yes	33%
No	58%
Don't know	9%



Of those who have completed their gender pay gap reporting, these are the most common actions identified to address the gap.

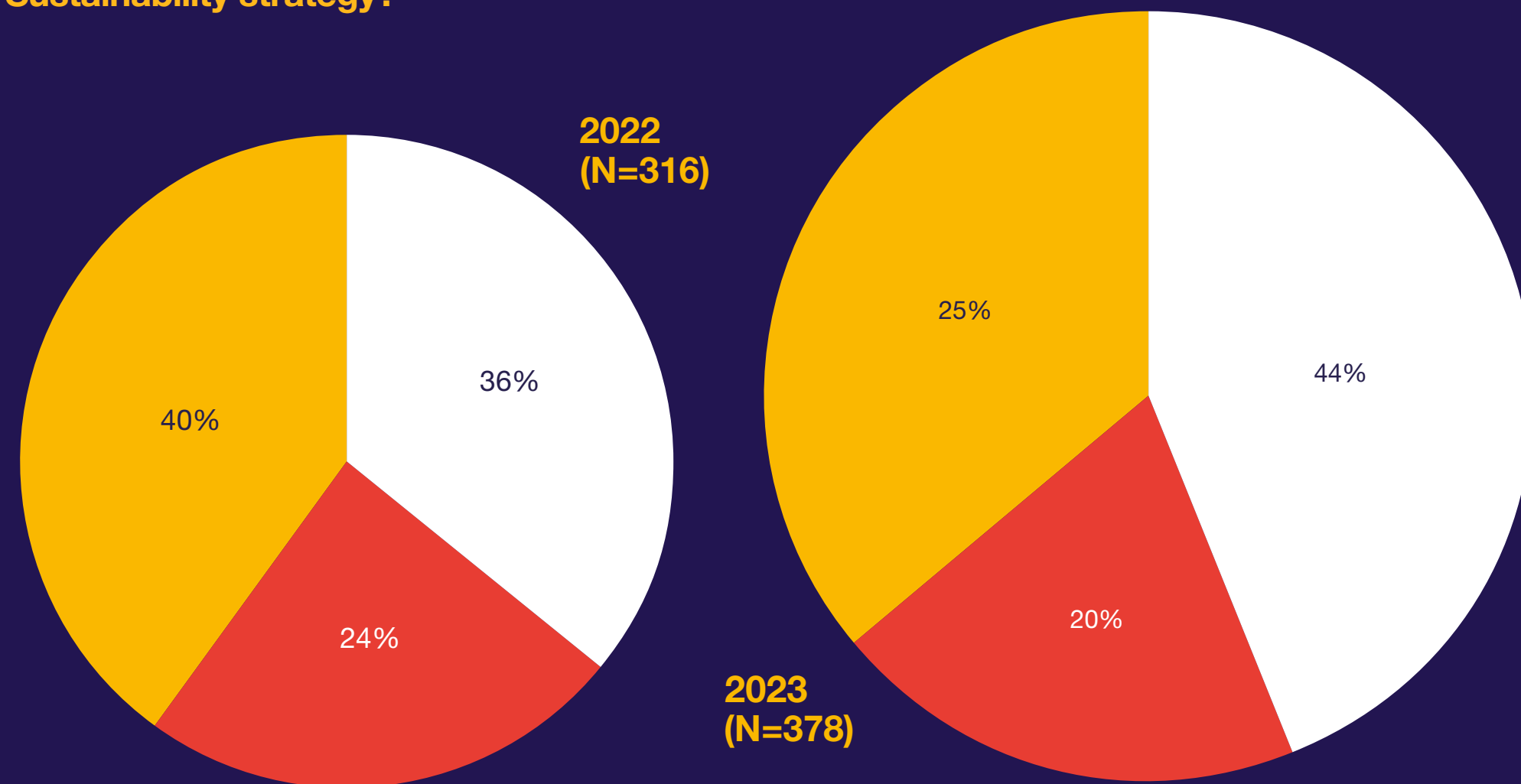
DE&I strategies in place



# Environmental, Social and Governance (ESG)

The survey identifies greater engagement on ESG activities compared to 2022. 44% of respondents now have an ESG strategy in place. As expected, ESG strategies are more evident in large organisations employing more than 250 employees for whom obligations to achieve compliance with the EU directives on sustainability reporting is a priority.

## Does your organisation have an ESG (Environmental, Social and Governance) or Sustainability strategy?

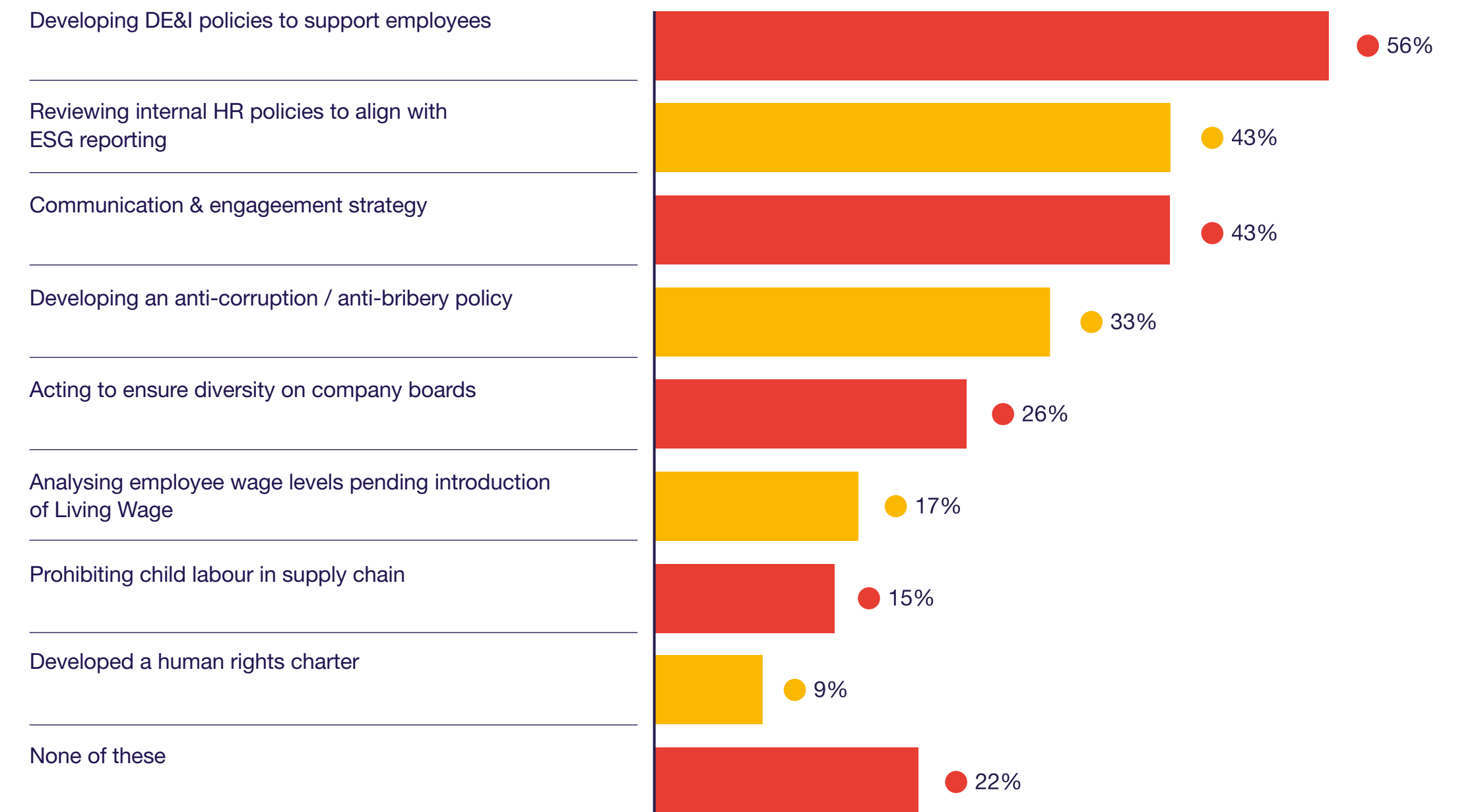


	2022	2023
Has an ESG Strategy	36%	44%
Has a sustainable strategy	24%	20%
No ESG/sustainability strategy	39%	36%

According to respondents 40% have started to prepare for mandatory reporting under the Corporate Sustainability Reporting Directive (CSRD), which is positive. This naturally, is higher in larger organisations, with 54% of those with 250+ employees (where other criteria also met) preparing for the 1st January 2024 commencement.

It is evident also that the HR community contribute significantly to ESG on behalf of business especially under the social pillar impacting on employees, contractors and communities. Important business issues such as employment rights compliance, diversity, equity and inclusion (DE&I) as well as anti-corruption and human rights fall under this pillar. It is therefore, extremely positive to see the active involvement of HR across all of these areas.

## Which if any of the following actions is your HR department undertaking to support ESG reporting?



# Hybrid & Flexible Working

‘Diverse work practices and service delivery models have required companies to adopt a blend of approaches.’

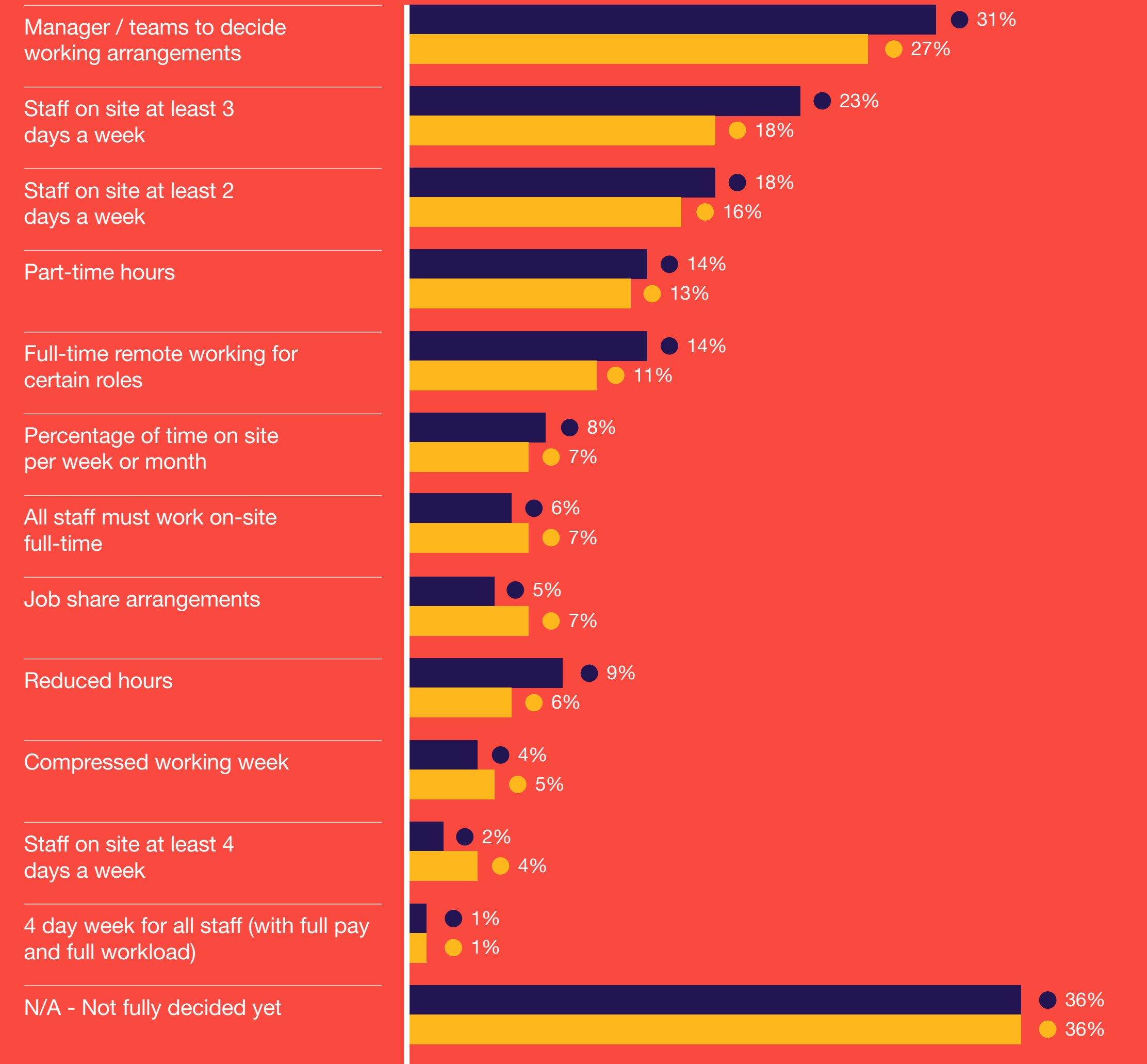
Remote working has been the most widespread development to affect organisations in recent years with more than 89% of businesses stating employee expectations on remote and hybrid working is still impacting their organisation. The most popular model, similar to last year’s survey, is a team or manager led approach to agreeing flexible working arrangements.

Perhaps, because of the mix of employee roles (clerical/manual) and the prevalence of hybrid working, organisations have put measures in place to encourage on-site attendance, leading with collaboration days, which have been most effective in generating on-site engagement.

Establishing effective operating models, and ways to encourage on site attendance to enhance positive workplace culture and learning will continue to be a feature of future business focus. Diverse work practices and service delivery models have required companies to adopt a blend of approaches.

Which, if any, of the following will be formally adopted as part of your organisation’s business operating model in 2024?

● 2022 (N=316)  
● 2023 (N=378)



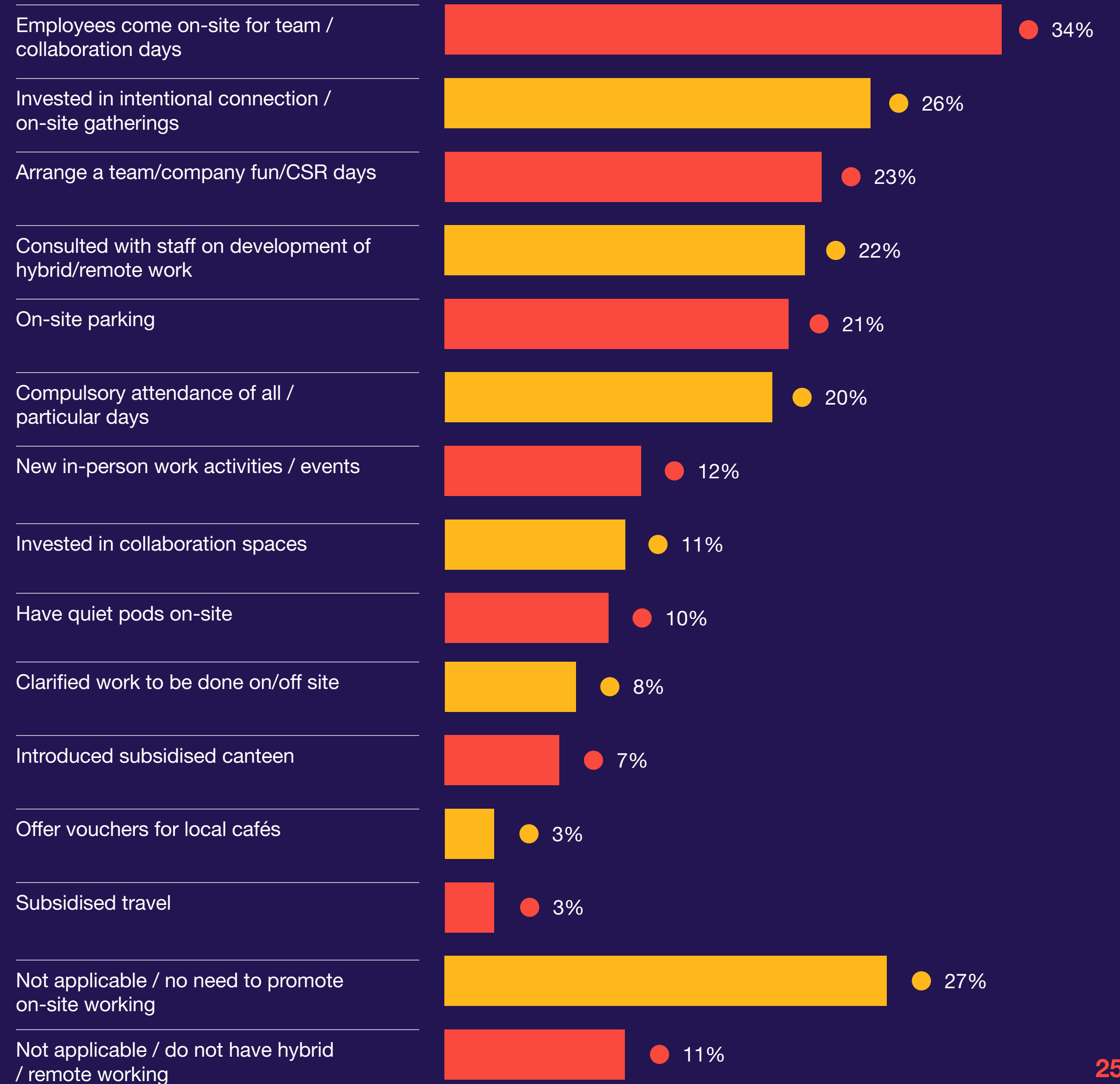


## Hybrid & Flexible Working

Other initiatives with high effectiveness ratings have been compulsory attendance on all / particular days (89%), consultations with staff in developing a remote / hybrid working model (73%) and investment in on-site gatherings (72%). The trends in best practice involve worker consultation surrounding hybrid design and conscious work design with onsite interventions to emphasise culture and aid collaboration.



### Which if any of the following has your organisation put in place to encourage and promote on-site working?

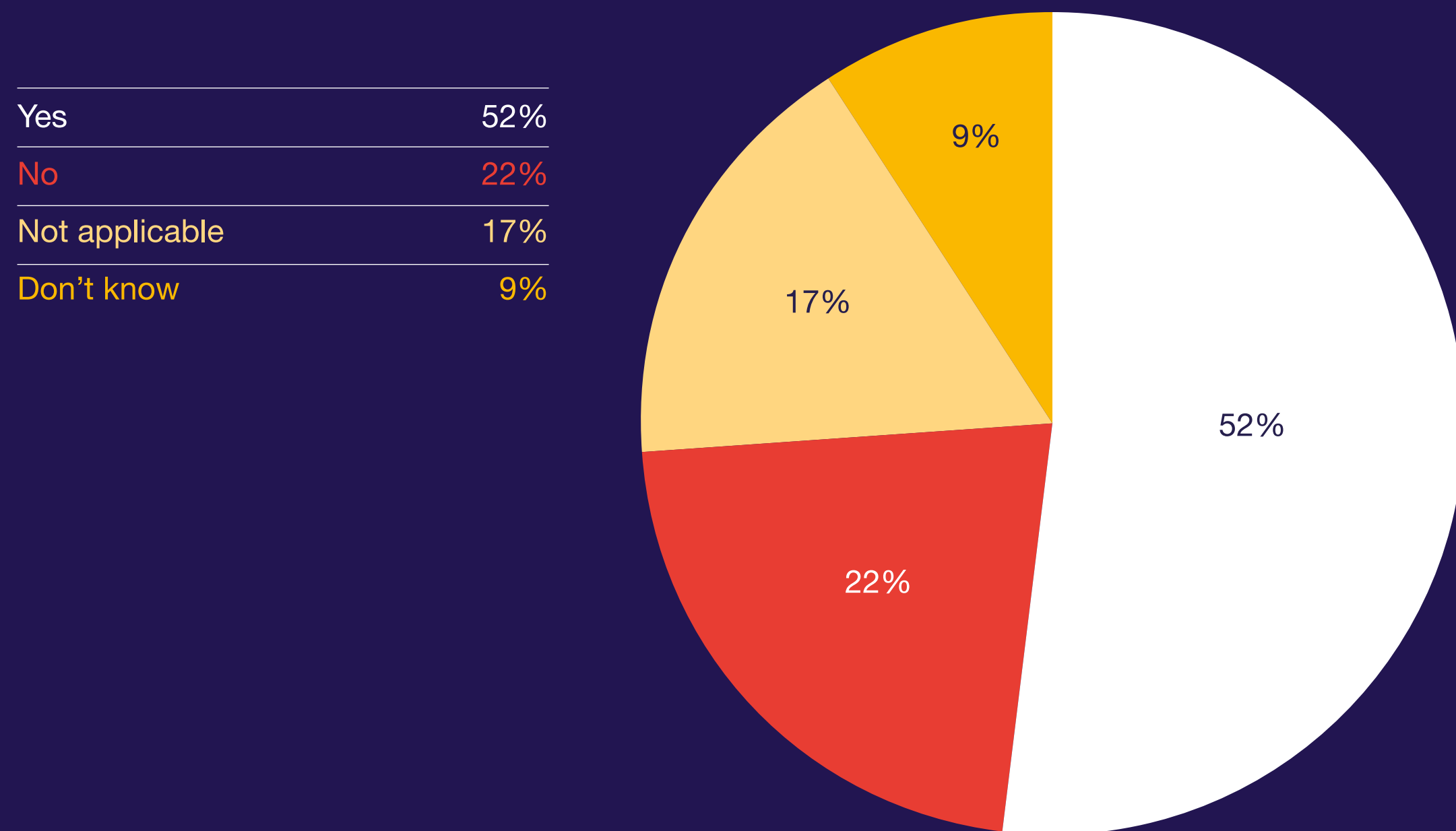


## Hybrid & Flexible Working

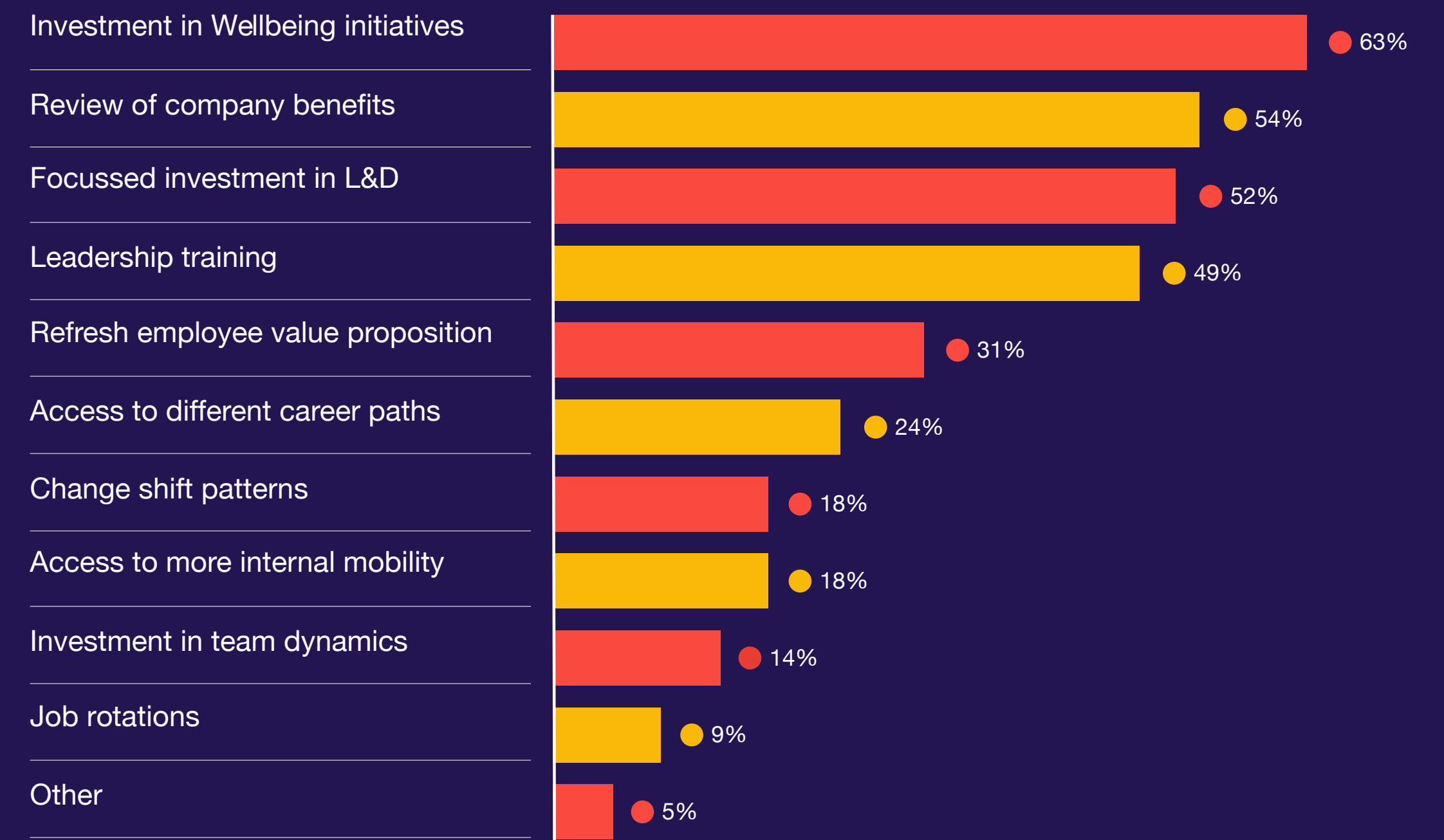
More than half of businesses (52%) find it challenging to attract or retain talent for on-site roles versus hybrid roles. Many are actively addressing these challenges through measures such as investing in workplace wellbeing, reviewing company benefits and investing in learning and development.

In addition to wellbeing investments, initiatives to promote on-site working echo the talent management strategies and key HR priorities - a review of benefits, investment in learning and development and leadership training.

Have you found it more challenging to attract and retain talent for on-site roles compared to roles that allow for flexible/hybrid work?



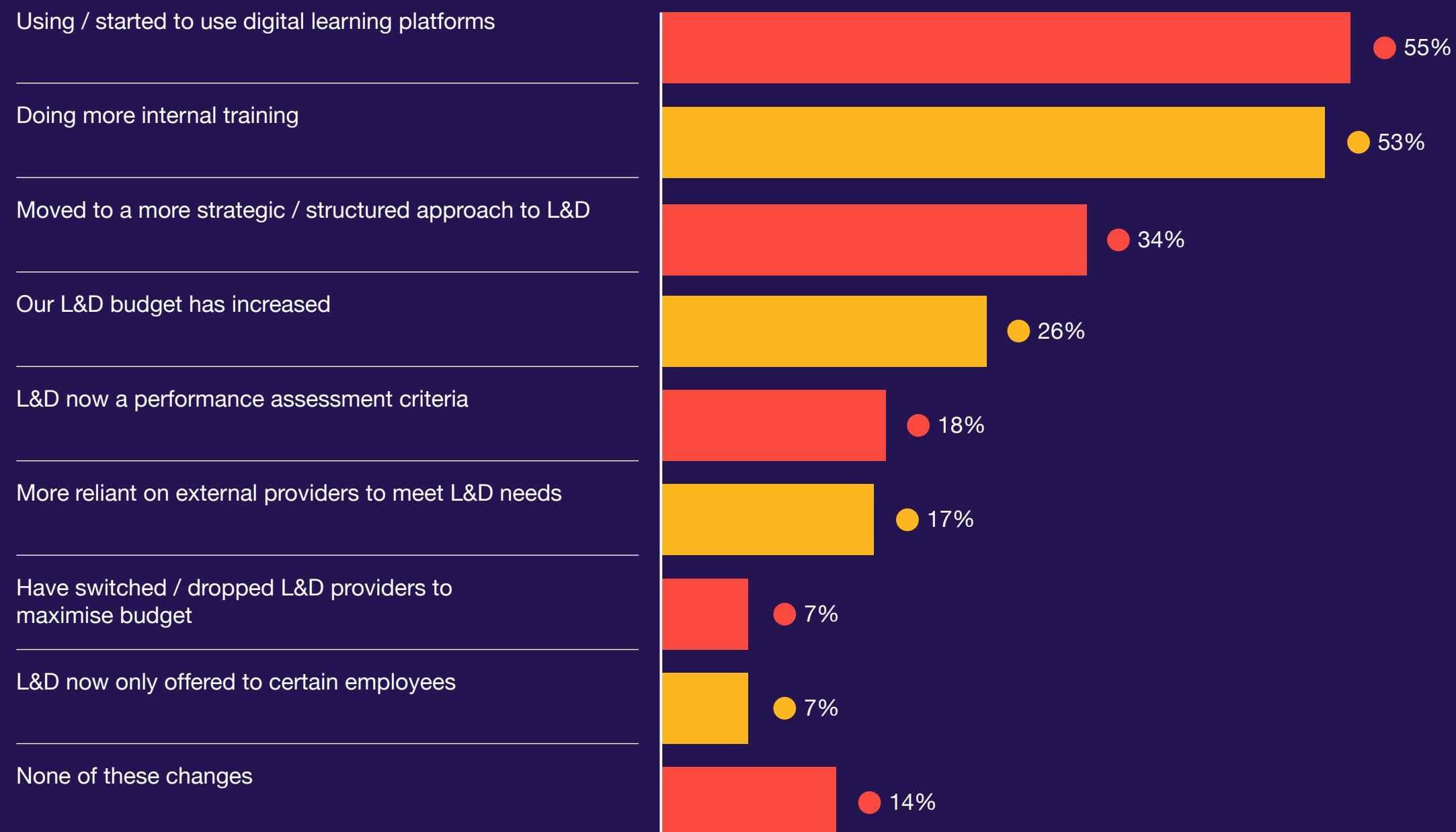
Which, if any, of the following has your organisation already done, or plans to do, to address this challenge?



# Learning & Development

Most businesses have made positive changes to their learning and development plans over the past 3 years, with greater use of digital learning platforms and more internal training identified most frequently. Encouragingly, one third of respondents have developed a more strategic approach to Learning & Development.

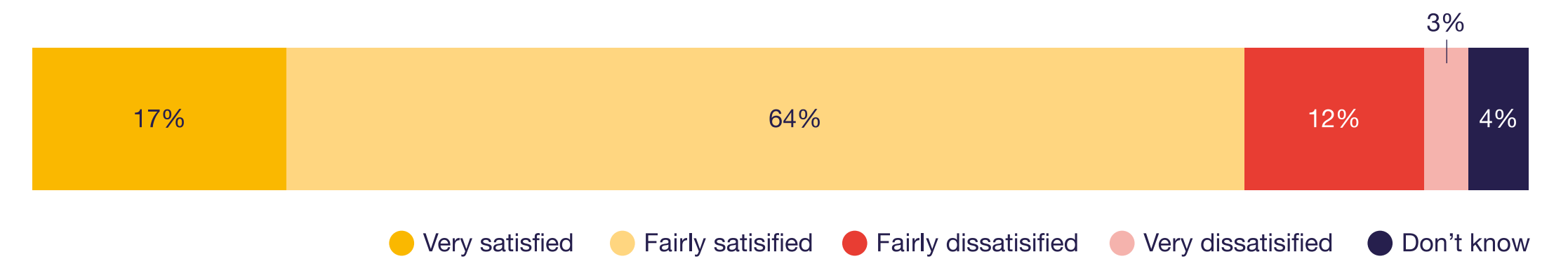
Has your organisation's learning and development (L&D) plan for Ireland changed in any of the following ways in the last 3 years? (N=378)



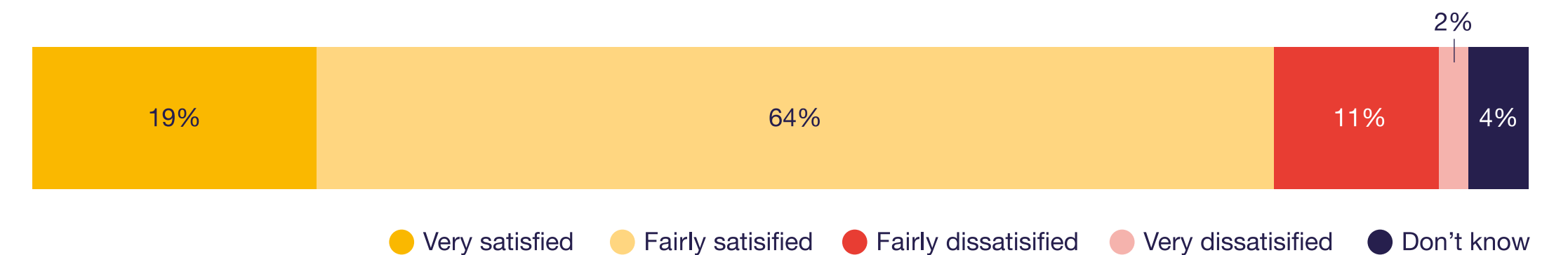
It is interesting to note that only 17% of respondents indicate that they are very satisfied with the range of skills in the Irish workforce, with just 19% identifying they are very satisfied with the quality of the skills available.

While the majority of respondents describe themselves as fairly satisfied with both range of skills and quality of skills, this indicates that there is clearly a need to consider what the future skills requirements will be.

To what extent is your organisation satisfied with the range of skills available in the Irish workforce? (N=378)



To what extent is your organisation satisfied with the quality of skills available in the Irish workforce? (N=378)

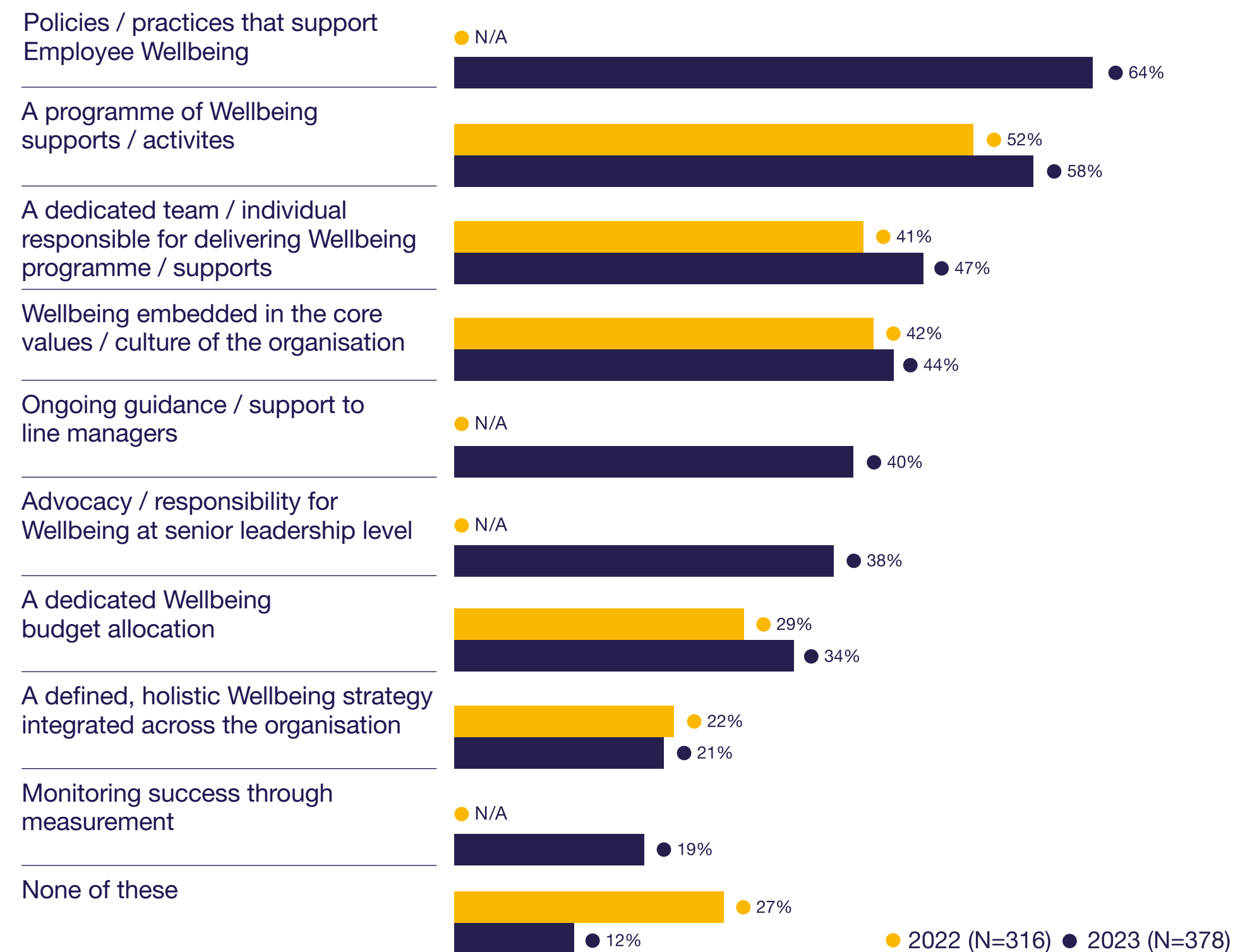


# Wellbeing

This year's survey highlights the growing emphasis on wellbeing initiatives in the workplace, with all wellbeing activities surveyed in 2023 compared to 2022.

It is evident from the majority of respondents that employee wellbeing is underpinned by formal policies and / or a programme of activities to support its delivery in workplaces.

## Does your organisation have any of the following in place currently?

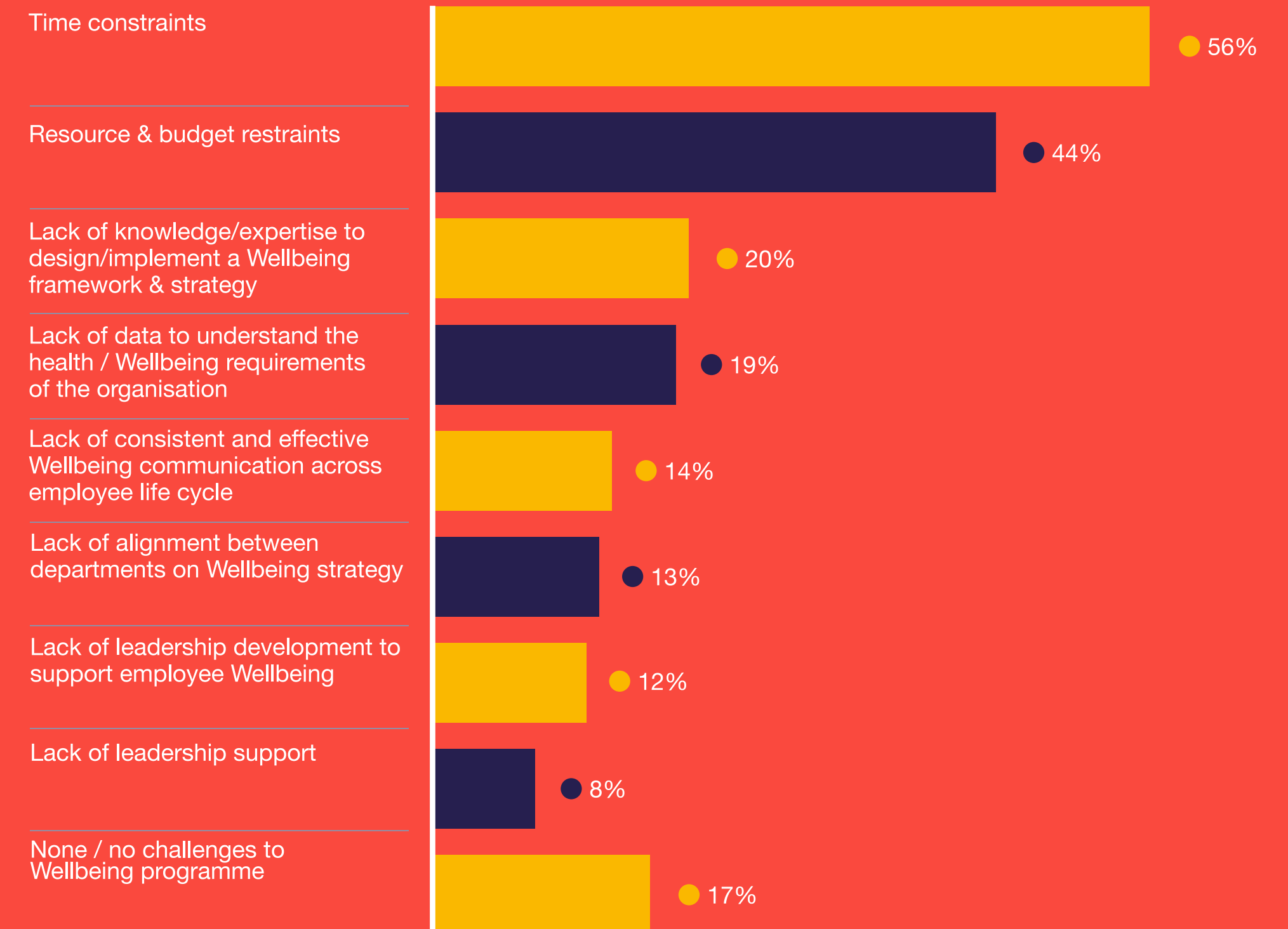


Of particular note, 70% of small businesses (employing less than 50) are engaged in various wellbeing activities to support their workforce.

While increased levels of wellbeing supports are being more widely provided across all company sizes, expanding these supports is a challenge for the majority of businesses predominantly due to lack of time, resources and budget.

The survey identifies that 47% of companies have a dedicated wellbeing resource and/or a dedicated wellbeing budget (34%).

## What are the challenges to expanding or embedding your organisation's Wellbeing programme? (N=378)



06

# Participant Profile



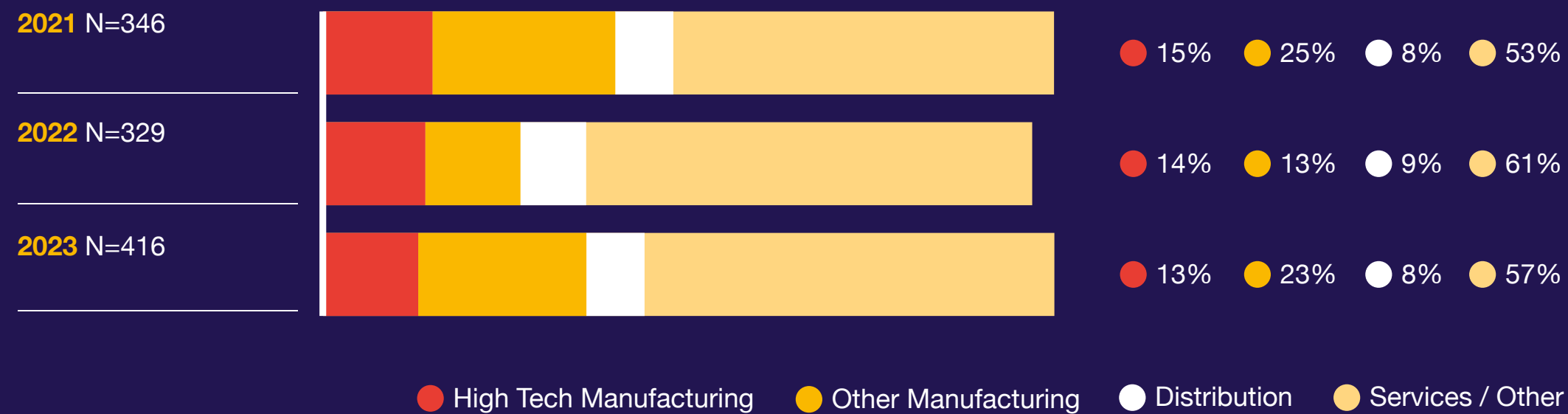
**378**  
survey responses



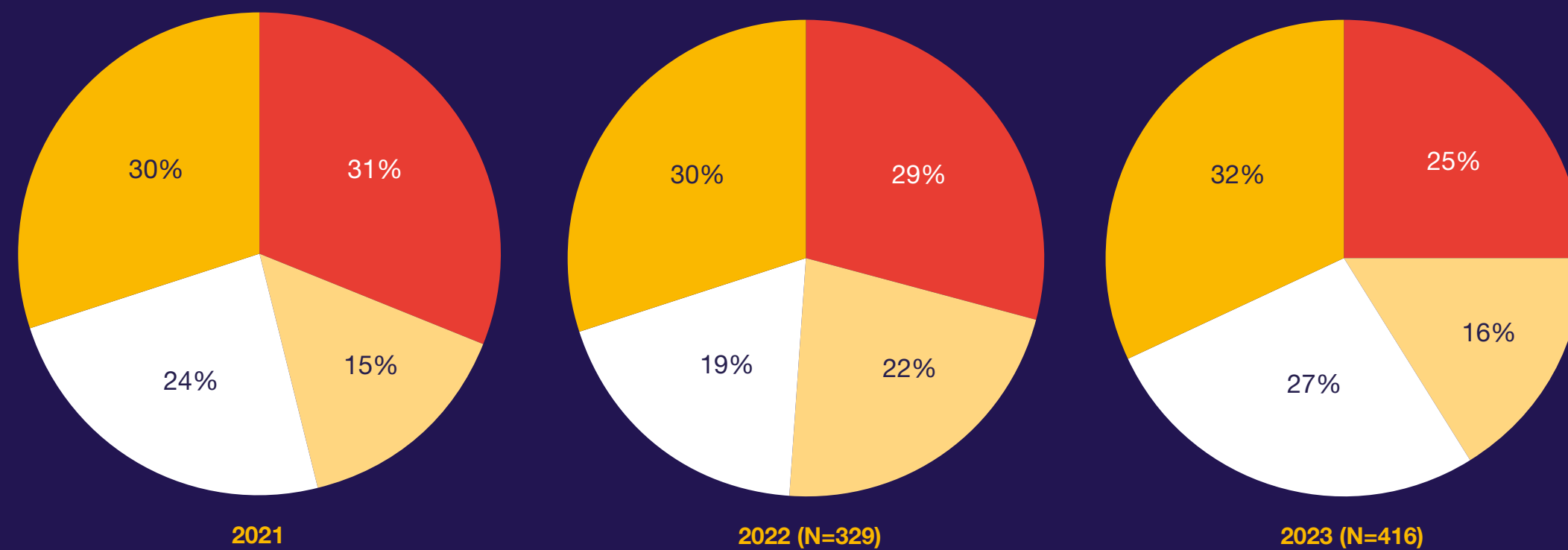
# Participant Profile

The findings from the HR Update in 2023 represents the views and experiences of a wide array of industry sectors and company sizes, in terms of both employee number and turnover.

## Which of the following industries is your organisation involved in?



## How many employees does your organisation have in Ireland in total?



	250+	100-249	50-99	<50
2021	30%	24%	15%	31%
2022	30%	19%	22%	29%
2023	32%	27%	16%	25%

A wide range of industry sectors and company sizes are represented in the 2023 report, consistent with previous years surveys.

Respondent by size	% of organisations
Less than 50	25%
50-99	16%
100-249	27%
250+	32%

Respondent by activity (n=329)	% of organisations
Manufacturing – food/drink	6%
Manufacturing – chemicals/pharmaceuticals	6%
Manufacturing – medical devices	7%
Manufacturing – metals/engineering	7%
Manufacturing – rubber/plastics	2%
Manufacturing – other (please specify)	8%
Retail	4%
Wholesale/Distribution	4%
Financial services	11%
Health & social services	8%
Education	3%
Electronic services/telecoms (including software development)	9%
Hotels/tourism/bars/restaurants/leisure	5%
Childcare/Creche	1%
Other	19%

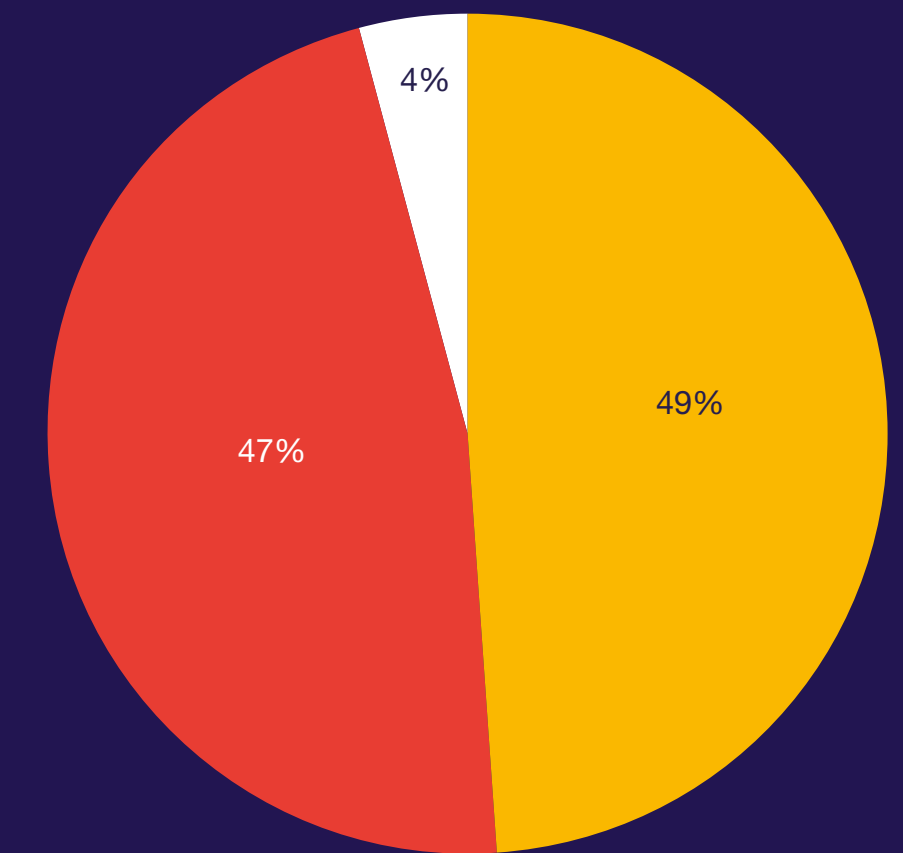


This year's survey was expanded to provide insight across a range of additional areas including organisational ownership and workforce profiling which revealed that participating businesses were evenly split between indigenous enterprises and Irish based branches of international organisations.

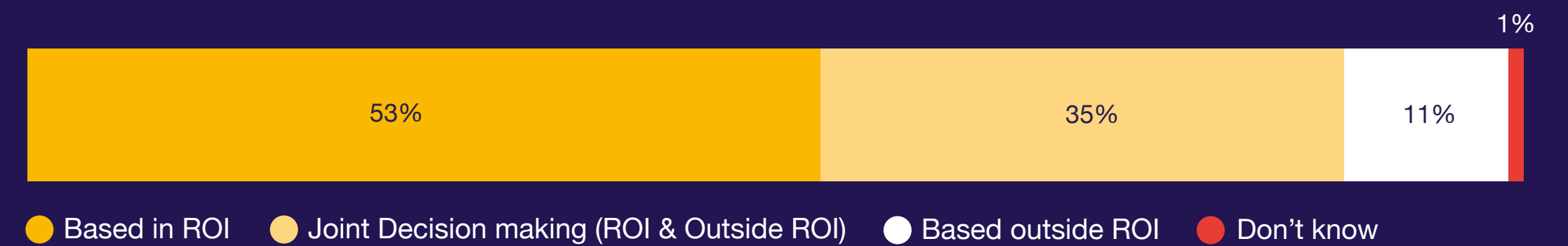
In the case of international organisations, over half (53%) have locally based HR decision making functions with another third (35%) working collaboratively with HR partners headquartered outside of Ireland.

### Company ownership and HR decision making (N=416)

Irish Owned	49%
Multinational Branch	47%
Prefer not to say	4%



### HR Decision Maker (N=195)



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