

## HR TO HOLD UP? ...MAYBE!

**T**he HR career market at the start of 2009 will be very different to 2008. All sectors will be affected by the credit crunch and the HR job market will also be impacted. To what extent, is the question. The view from the banking and finance sector is very “bear-ish”, but is this the reality across the board? Are there reasons to think that the impacts on the HR market may not be as profound as other discipline areas?

Whilst acknowledging there will be impacts in the HR market, in this month’s In Step, we look at the reasons why the HR market could be insulated from the full impacts of a significant downturn.

### Small is beautiful

According to ABS statistics sourced through AHRI, the number of HR professionals grew by a whopping 66% between ’02 and ’06. The vast majority of this growth in the HR function was with small to medium sized companies that traditionally had no HR function or, at best, a personal admin-oriented function in the past. These startup functions tend to be relatively small and add significant value to the companies they operate within and therefore are unlikely to be radically reduced in a downturn.

### Spread thin

In most large corporate organisations, the HR function has restructured and reduced headcount and cost over the past 5 years in line with shared services and business partner models. The rationale for streamlining most functions was based on delivering more commercial value adding advice to the business and stripping out non-value adding administration. The fact that most HR functions are already lean means it is unlikely that they will be the targets for cost reduction compared to days gone by.

### Change and turbulence need navigators

The reality is that if a company needs to go through a restructuring/rightsizing exercise, HR professionals are needed to manage these processes professionally and effectively. Most business leaders also know that after a rightsizing occurs, a large amount of critical work is still to be completed to ensure that the culture and performance of the business regains momentum as quickly as possible.

### Complexity and compliance has increased

The level of reporting, legal compliance and complexity within businesses has increased over the years. HR teams need competent professionals to manage areas ranging from health and safety, to remuneration and IR. Corporate organisations have learnt from

experience that to let the gains made in these areas in the past slip back can cost real money. There is nothing like an inflated workers compensation premium or an out-of-whack LTI/STI strategy to get a management team’s or a board’s attention.

### All industries, not just the CBD

Naturally, as the backwash of the credit crisis flows through to the real economy instead of just being represented in the bonuses of investment bankers, there will be impacts across the board, but some industries are less likely to be impacted than others. The view from the CBD may not consider some of the industries where HR still has the challenge of talent shortages, such as construction and resources, or industries where consumers still need products and services, such as FMCG, pharmaceuticals, energy and the health sectors. There will also be really rich opportunities in the public sector which could be a great option. Some of the professional services sectors could also be busy areas for HR such as the legal and accounting areas as well as engineering and water/environment.

### HR costs less

HR professionals in most companies are paid less than their peers on the management team. Whilst that in the past may have been a bone of contention, it may be the function’s saving grace in a cost cutting environment. Professionals in other business support areas such as strategy, marketing, IT and finance are more expensive resources generally and potentially more of a target in cost saving exercises.

### Or not...

As indicated there are good reasons to suggest that the impacts from the credit crunch may not impact HR as much as other areas, but who really knows. The reality is that the economy is in uncharted territory and it would be a brave career decision to not start getting the ducks lined up for a career move in 2009 in case a parachute is needed.

Whatever the scenario, 2009 looks like it will provide plenty of “rich” HR work. HR professionals will definitely be looking less at the company’s employment brand & talent attraction strategy and more at remuneration savings and productive ways to increase efficiency whilst still maintaining a positive work culture! Some tough jobs for HR in ’09 are guaranteed.

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