

## HR DECISIONS IN '09

**D**uring the boom economy there was much discussion within the HR community about the pros and cons of different corporate structures and their impacts on HR careers. In this month's Instep column, we look at some of the implications of these structures for HR practitioners as we move forward in the post-GFC environment, focusing on key issues of autonomy and decision making.

### Ownership structures and the impacts for HR practitioners

Some of the different structures offering HR opportunities include: Australian subsidiaries of global multinationals, large ASX-listed national companies, privately owned companies, partnerships, the public sector and the not-for-profit sector. These structures extend over all industries and can offer a really wide range of alternatives for HR practitioners. What suits one HR practitioner may not suit another, so it's important to understand the advantages and disadvantages of each structure and how they fit with the career and personal objectives of the individual.

The decision-making process and its lifecycle are key elements of HR roles in most companies. There is no doubt that the GFC has affected the types of decisions made by HR professionals, and that quite fundamental implications arise from the question of who decides how much autonomy is available to local HR practitioners.

### Global multinationals have tightened their grip

In an environment characterised by a far greater emphasis on cost containment, regulation and compliance, it's not surprising that a stronger level of control is being exerted by parent companies overseas. In their recent report, "HR Responses to the GFC: How Australian Subsidiaries are tackling the Challenges", the International HR Directors Forum concluded that the autonomy of local HR teams had decreased in 38% of companies. The report was based on surveys and interviews with leading HR Directors.

One of the main questions tackled by the report was: "How is the GFC impacting on the HR function itself, in areas such as the relationship with the parent, the level of resources now available to the local HR function, and perhaps most importantly, the very nature of the HR challenge faced by subsidiary HR Directors".

While anecdotal evidence has indicated that the level of control has increased from overseas parents, the International HR Directors

Forum report would certainly seem to confirm that this has been the experience of a wide range of local HR directors (HRDs). The question then presented is whether this reduction in local autonomy will adversely impact or influence the quality and range of HR roles within these companies.

### Local organisations: local decisions

Evidence suggests that HRDs within locally-based organisations, whether they be in the public, private, government or NFP sectors, are being asked to produce substantial detail and a focused rationale for any business decisions. Having said that, local HR teams are able to drive decisions based on conditions in their immediate region.

It was said in the boom years that Australian subsidiaries of global companies offered the opportunity to work in time frames that were longer than the short-term thinking that pervaded ASX-listed companies. Within the challenging conditions presented post-GFC there is evidence that this situation may be changing.

The Australian economy has fared better than most, and locally-based professional partnerships and private companies are, in many respects, better placed to be able to make the long-term decisions that are investments in the future. The major accounting and legal firms, for example, are doing everything possible to not lay off high-calibre professional staff and maintain their investment in longer-term focused learning programs to secure their long-term competitive advantage.

As always with these articles, generalising heavily means that there are many examples of companies that will fall outside of broad observations. However, most would agree that corporate structures across the board have been reviewed in response to the GFC. This has resulted in the major restructure of some organisations. Others have focused on redefining roles including the level of autonomy and the process of decision making. HR shares this change with many other professions. The post-GFC challenge will be when and how such changes are realigned from an HR perspective.

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