

## HR – NOT BEING TIPPED OVERBOARD...

There has been significant column space taken up in the general media about the increasing number of Australians being made redundant as organisations respond to the current business environment. Whilst HR has been significantly impacted, as a broad generalisation it would seem to date that HR practitioners are not being released into the supply market in large numbers. Why is this the case? What are some of the reasons for HR professionals maintaining their roles whilst other professions are being cut back?

### HR is a diversified and decentralised profession

There has been significant growth in the number of HR roles over the past 5 to 10 years. This growth hasn't been in the "big end of town" companies. Interestingly, many of the large traditional employers of HR professionals such as the banks, insurance companies and industrial conglomerates employ approximately the same number or less HR professionals than they did in the 1990s.

So where has the growth occurred? The rapid growth in HR roles over the past decade has been in companies that traditionally didn't have HR roles in the past, or in companies that have quickly grown over this period. These companies are quite often between 200 and 1000 people and are across all industries. Typically they now employ a lead HR practitioner with a small but focused HR team of between 5 and 12 people. There are many examples of this type of company across Australia.

The obvious conclusion is easily made. Whilst the big end of town is where many high profile HR professional teams are employed doing "best in class" work, the distribution of HR roles is much less centralised than in the past. This diversification of the HR community through all types and sizes of organisations has no doubt contributed to HR roles being less vulnerable to wholesale headcount reductions of large scale functions.

### No one wants to go backwards – hard won gains are easily lost

There is growing feedback in the HR market that whilst tough times exist in many companies, senior management teams are voicing support for HR and its place in the business. There is an overwhelming feeling that many of the strong people practices now commonly in place in many companies will be lost if there is a reduction in HR headcount.

Management teams are clearly saying, "look, it was a big investment to get where we are – we don't want to go backwards". It is not just the people processes and systems that they are referring to, but the management capabilities that enable these tools to be fully utilised.

### Change needs navigators

Clearly in any environment of substantial change where companies are looking at their people mix, structure and work practices, HR functions are naturally needed to be the forefront. The management of any change in any company is fundamentally driven by line managers, but more so than ever before, they are relying on HR to provide the tools, support and coaching to navigate the change.

### Compliance and complexity has increased

Even if management teams were not internally focused on the continuation of high quality HR assistance for management of their businesses in 2009, there are real external pressures that will result in the need to continue to rely on high calibre HR assistance. External market pressures and changes will influence internal HR areas such as the following:

**Remuneration** - The hot topic in 2009. There will be a continuation of increased scrutiny by a wide range of companies in the area of remuneration practices. Parties with intense interest in this area include shareholders, the media, politicians, compliance watch dogs and corporate regulators and public sector departments such as the ATO.

Whilst executive pay levels are going to be under examination from last financial year, an even bigger focus question for HR professionals will be the future design of executive and general at risk pay.

**Industrial relations** – At the start of 2009 the AFR commented that there were over 5,000 enterprise agreements up for renegotiation and a raft of arrangements that will fall outside of the Fair Work bill this year. Even if companies do not have agreements up for renegotiation, HR professionals will need to think through implications of the new bill post its July 1 implementation.

**Safety and workplace health** - another area where external pressure will occur this year. Management teams are generally only too aware of their responsibilities in this area and the need to build a solid foundation and capability to match ever expanding expectations from the community.

### HR in 2009 – weathering the storm

It seems HR is weathering the storm relatively well to date (which is great), but the future is still unclear in most markets. Whilst there has not been wholesale reductions of HR teams in Australia, the continued challenge for HR leaders will be to deliver even more focused and commercially viable HR solutions for the remainder of this cycle.

One final storm warning is to those in HR that like to "skate across the top". The devil as always is in the detail and business leaders' and their teams will want the detail in 2009. Be operationally focused or risk being cast adrift is the message.

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