

# HR IN A DIFFERENT CYCLE

It is way too early for the consequences for the HR profession of the global financial crisis and the related downturn in general business to be known, but some may be predicted. In this month's In Step we try and look forward and suggest some of the future demand areas for HR as we enter the current contraction cycle.

## Firstly, what industries are the best bet?

Naturally there are some industries that will be more impacted than others, with the public sector suddenly looking like a great bet for an HR career move! Whilst there is talk of some slowing of the global commodities market, the juggernaut that is the Chinese economy will hopefully keep the resources sector healthy. Also, infrastructure-related industries will be helped with the Federal government's planned spending splurge.

Stables such as the pharmaceutical and FMCG markets may come under pressure but they'll be in great shape compared to the services sectors which look the most likely to be hammered.

## What will be some of the general trends for HR?

- **ER/IR may well lead the way** – All those HR professionals that don't want roles that have exposure to unions and heavy ER/IR may need to think again, as the industries that are less affected are those that traditionally have more union and IR exposure. This will be combined with an uptake in work related to the new federal IR framework that is still washing through and an increase in corporate restructuring to create demand for ER/IR professionals.
- **Experience will count** – Logically the "Boomers" will be in demand. When MDs look for someone to help guide the business through major rightsizing, restructuring or M&A work, you would expect that they will look for someone who has been there before and have the scars of past experience and seen it all before.
- **Behaviours and Leadership will count** – HR's role to continue to help the business maintain and further develop line managers' leadership capabilities and behaviours will be essential. As businesses may be under increased performance pressure, this may be transferred from managers to staff. HR professionals will need to "stay centred" through change.

## What might be some of the implications for HR roles in companies that are affected by the current cycle?

- **Generalists** – Business as usual, ie whatever the business needs. Change management, employee communications, performance

management, and general day to day support of management teams will be at the top of the agenda for generalist HR professionals.

- **Remuneration Managers** – Particularly for listed companies, remuneration will be very high profile. Board Remuneration Committees will be very sensitive to understanding the impact radical changes in share prices and profitability will have on executive STIs and LTIs. Calculations on expected payments may now fall short, leaving executives feeling under-rewarded given many companies' situations are not of their own making. Even worse for Remuneration Committees would be the public ire if executives payments are too high. Given the current bad PR that executives have developed with excessive pay, shareholders, the press and the public will not react well, given the massive loss in value in most companies' capitalisation, if STIs and LTIs don't mirror the current situation.
- **Learning and Development Managers** – Companies will need to protect their revenue streams more than ever as we move from a customer service cycle to a sales driven environment. Sales training will therefore be at the top of the agenda. Sales training can be a challenge for many L&D professionals so those that have good skills and credibility in this area should be in demand.
- **IR/ER Managers** – As companies reassess their situations, proactive and productive communications with third parties (unions and other employee representatives) will be essential. Open communications will ensure that as companies work to protect their market position and general competitiveness, employees understand the challenges that companies face.
- **OH&S Managers** – As companies come under stress, so too will their employees. Health & Safety professionals will need to ensure a potential rise in depression, anxiety and stress are considered as people are focused on the emotions of economic concern combined with the pressures of work.
- **Recruitment Managers** – As businesses shave the numbers of people they recruit, sourcing professionals will have the opportunity to get out of the transactional ditch and work on proactive workforce planning and comparative remuneration market analysis for their companies.

Irrespective of the role that HR professionals play, one thing is sure, the HR function will be at the front of organisational change over the next 12 months and a key to future organisational survival and success if it's on the front foot and takes a proactive and positive stance.

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