

THORNY ISSUES FOR HR IN 2010

During the past year, there hasn't been a great deal of discussion within the HR community about the long-term impacts of the global financial crisis on HR careers. Appropriately, discussion has centred on the impacts for organisations and employees. Let's take a closer look at some of the specific implications for HR practitioners and their careers as we travel into a post-GFC environment in 2010.

Engagement – disengagement

There has been much discussion regarding the issues of disengagement within the general workforce.

The Corporate Leadership Council has published data to indicate that while employee turnover is down, there has been a significant increase in disengagement. This indicates that when the employment market improves, turnover will jump. Will the HR profession follow this overall trend?

As a small subset of the total employment market, it is reasonable to suggest that HR professionals are no more or no less engaged. Therefore it is reasonable to deduce that there is a percentage of the overall HR population that will be actively looking for new opportunities when the market picks up.

HR professionals, who have had a tough year in roles that have required a constant focus on cost drivers alone have said: "This isn't the reason why I went into HR!" The view is, that while being commercially responsible is paramount and delivering cost-focused initiatives is a key requirement, throwing the baby out with the bath water seems to have occurred in some companies.

The *McKinsey Quarterly* stated in one of its studies: "Companies that retained or gained market leadership during the 1990–91 recession ... refocused their spending in line with competitive opportunities instead of tightening their belts on operating expenses." It would be reasonable to suggest that these companies also gave their HR professionals the green light to continue employee development programs, which helped to maintain general employee and HR engagement levels.

The bottom line is that there will be an increase in HR professionals moving into the market in early 2010. As disengagement levels motivate professionals to look externally on the supply side and the expected upswing in the general economy kicks in, we'll see an increase in the number of roles on the demand side.

Shortage of workplace learning opportunities, leading to increased salaries in the mid-tiers

While the university sector has for years been pushing the idea of work-integrated learning that makes use of structured work placements and internships to help students put theory into practice, very little leadership seems to have been shown by HR leaders across Australia.

There are very few opportunities for young aspiring HR professionals to experience corporate Australia. Programs such as The Next Step's partnership with the University of Western Sydney's *Ivan Wood Scholarship* are very, very rare. This is from the profession that manages development for everyone else!

Coupled with a lack of opportunities while still learning, there are very few postgraduate roles that are in the style of traditional graduate HR programs such as those run by BHP and the banks.

The Australian Bureau of Statistics has confirmed that employment prospects for the approximately 119,200 people in HR for 2011–12 are strong. If there are few entry-level roles, this will mean the salary pressures that existed before the downturn for intermediate HR professionals (lucky enough to have some good experience) will return and probably increase.

Combine a growing profession with few entry level opportunities and the only result will be significant wage pressure for the intermediate HR career market over the next business cycle.

Structural changes

There is little doubt that many of the initiatives that have been implemented in HR over the past 18 months have been driven by cost-saving. These cost-saving initiatives are responsible for head count reductions in large corporate organisations as technology and shared services take out traditional HR roles. Thankfully, for the HR community, the growth of HR roles in small and medium sized organisations will continue through the next 'up' economic cycle. Therefore, the trend of HR roles shifting from the big end of town to mid-tier scale organisations will continue unabated.

2010 – What will it look like?

The HR recruitment market defiantly improved at the start of the current financial year, although it's still at a snail's pace compared to past years. The improvement in consumer confidence will take some time to bite before companies recruit broadly and increase head count in HR.

There will be some challenges for HR leaders in the next cycle. These range from an increase in turnover due to disengagement trends, to the challenges of the early HR market, and structural changes resulting in less HR roles in corporate Australia. While these challenges and others exist, the market for HR is looking brighter for 2010 than 2009.

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