

HR Coach Network

HR Quarterly Index
June 2007



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Introduction

The HR Quarterly Index, produced by HR Coach, is a national based research initiative to capture data and report on the changing landscape of HR within the business sector. The HR Quarterly Index provides a snap shot of the research results. The report evaluates measurements of business confidence and people issues, identifying the perceived impact on business performance.

The HR Quarterly Index provides HR professionals, business advisors, industry bodies, government and members of the HR Coach Affiliate Program with insights into the broader industry issues and the effects on the business sectors' ability to contribute to the Australian economy.

Australian Businesses Labour Market

Australian business is facing an unprecedented HR crisis. Never before have we been challenged by the multiple effects of a skills shortage, changing demographics, globalisation and technology. Adding to this complexity, the changes in the industrial relations landscape is clouding our relationships with our people.

There are a number of surveys reviewing human resources issues. The HR Quarterly Index collates data specific to the SME sector and will map ongoing trends in a sector that is largely weak in data. The data sample for the purpose of this report, maps data in businesses with less than 200 staff. Data from organisations with more than 200 staff are represented as a comparative analysis within the report.

Become Involved

HR Innovation Centres are being established nationally. This is the key source of data capture for the HR Quarterly Index. If you would like to be involved in this national project, see the end of this report for further details.

Methodology of Research

The premise for the survey is to conduct a snap shot overview of the business sector and current staffing issues at any given time. It maps changes in employment over time and business growth pressures relating to people resourcing.

The data is collated and calculated as percentages to indicate key results.

The Index, based on a quantifiable ratings system, measures business confidence shift and staffing issues in a priorities scale. This will enable the tracking of impact on business from the projected labour market changes. This is critical when evaluating the forecast shortfall of 195,000 employees as indicated within the **Workforce Tomorrow Report**, from the Department of Employment and Workplace Relations in 2005 (www.dewr.gov.au).

Over time, trends will be identified by industry, region and business size.

Industry sectors are classified using the Australian Bureau of Statistics Industry Classifications as a guide.

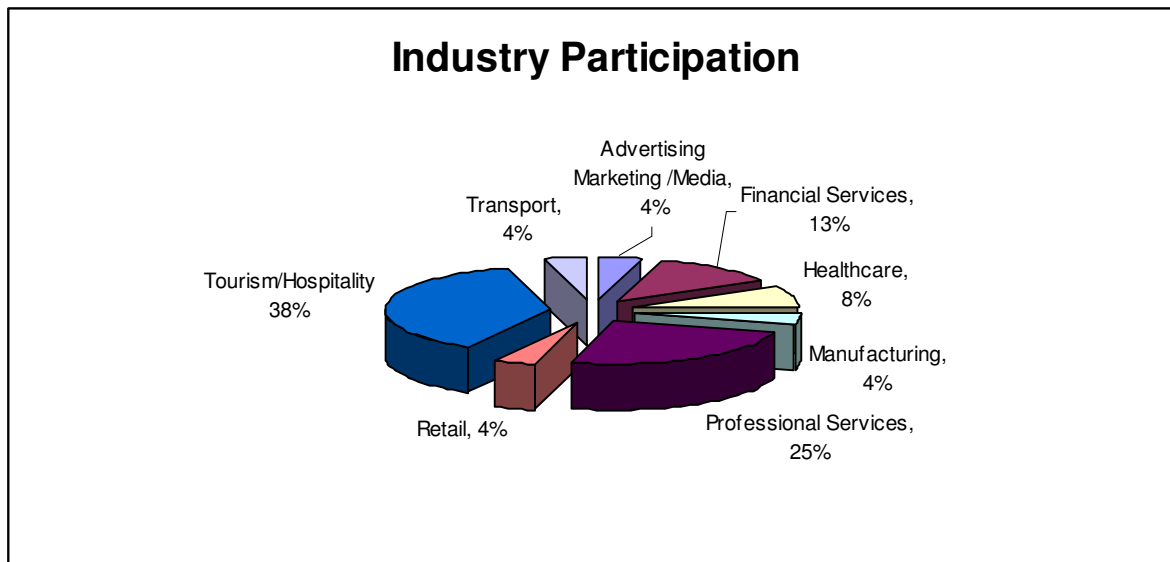
HR Quarterly Index

Summary

June 2007

Industry Participation

Industries participating in the June 2007 data sample included the following, showing percentage of representation.



Business Confidence

Overall, business confidence was high with 52% of businesses stating that business was better than this time last year (a decrease of 18% from the previous quarter results) and 61%of businesses stating that business was better than last quarter (an increase of 7% from last quarterly results).

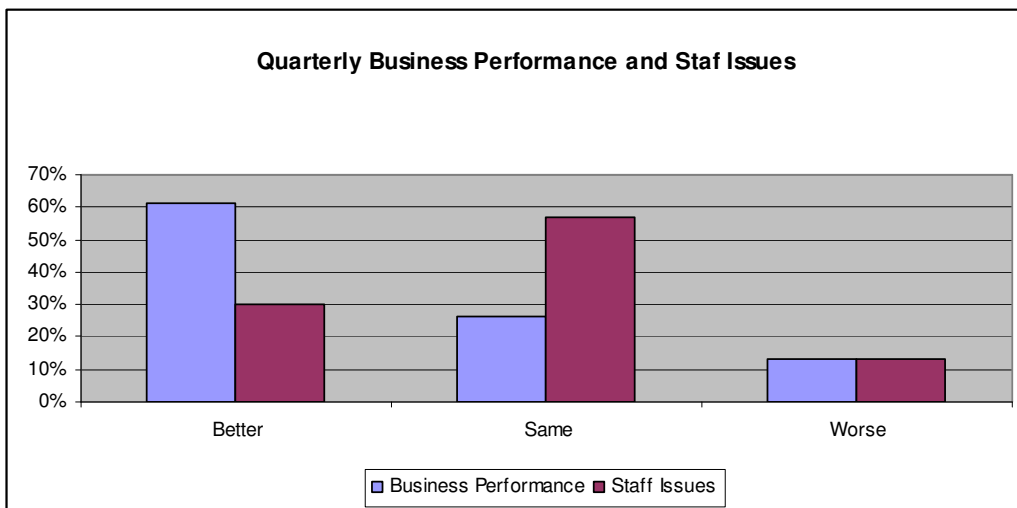
22% of businesses stated that business was worse than this time last year and 13% stated that business had worsened since the last quarter. Both results are slightly worse than last quarterly survey results.

When asked to gauge expectations on business profitability, results are consistent in trend with 85% of businesses stated that it will improve and 4% stated that it will worsen.

Shift in issues in Staff Management

Businesses were asked if their staff issues had changed in the last quarter. 13% stated that their staff issues had worsened and 30% stated that they had improved. This shows a general improvement in result from the previous quarter where 22% stated that staff issues had worsened.

A summary is below:



Improving Performance and Productivity at the top of HR Priorities

Businesses were asked to prioritise their HR priorities for the next 12 months. The following tables collate the weighted result of priorities in order of 1 being the highest priority in HR initiatives for the year ahead.

The business sector, which includes businesses with less than 200 staff, has consistently within the past three quarters placed improving performance and productivity as their number one priority in human resources management for the coming year.

HR Priorities 2007 (1 highest) - Business Sector	
Improving Performance and Productivity	1
Attracting new appropriate staff	2
Developing staff capability	3
Developing management capability	4
Retaining staff	5
Providing staff with resources to get the job done	6
Managing issues and Industrial Relations	7

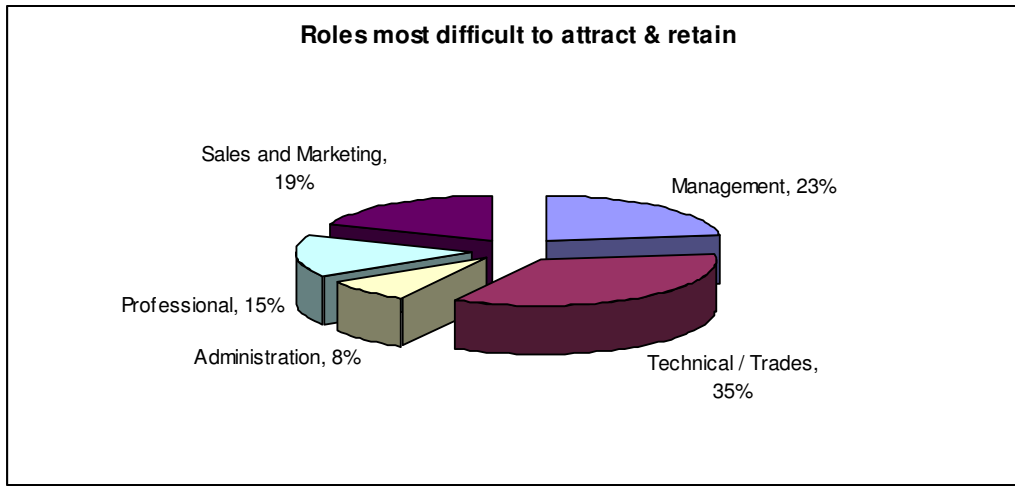
The corporate sector, businesses with over 200 staff, results have shifted in this quarter where attracting and retaining staff were the number one and two priorities. This has shifted this quarter to developing management capability and improving performance and productivity. This may be an indication of the focus group attendees and reprioritising HR Planning for total business performance.

HR Priorities 2007 (1 highest) - Corporate Sector	
Developing management capability	1
Improving performance and productivity	2
Attracting new appropriate staff	3
Developing staff capability	4
Providing staff with resources to get the job done	5
Managing issues and Industrial Relations	6
Retaining staff	7

Recruitment and Retention Challenge

68% of businesses surveyed stated that it was difficult in their industry to recruit and retain quality staff. This is an increase from 52% in the previous quarter.

The roles most difficult to recruit and retain staff in were Technical / Trades at 35%, an increase from 28% previous quarter and Management at 23%. The following is the overall breakdown of responses by frequency:



52% of the businesses were currently seeking to attract and retain mature aged staff, which is less than the previous quarter.

22% of businesses with than 200 staff were planning to recruit staff from interstate and overseas. This compares to the corporate sector with over 200 staff, with a rating of 50% planning to recruit staff from interstate and overseas.

Labour Mix

Of the labour mix within the businesses, 94% were employees and 6% were contractors. The change in labour mix of employees to contractors may change, where 17% of businesses expect to increase the number of contractors within their business. This has been a consistent result in the past three quarters.

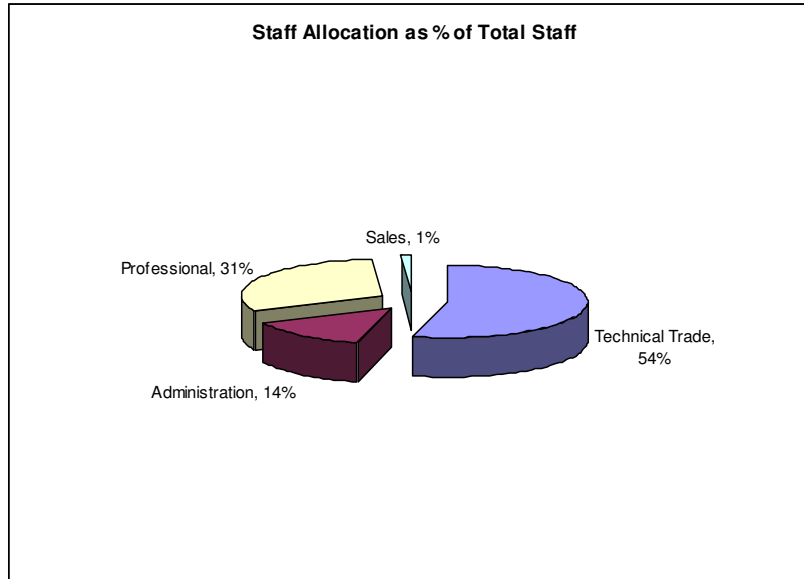
The Effect of the IR Legislation

The frequency rating established that 80% of the businesses saw that the current IR Legislation was helpful for businesses. This is an increase of 4% from the previous quarter

Data Sample Characteristics

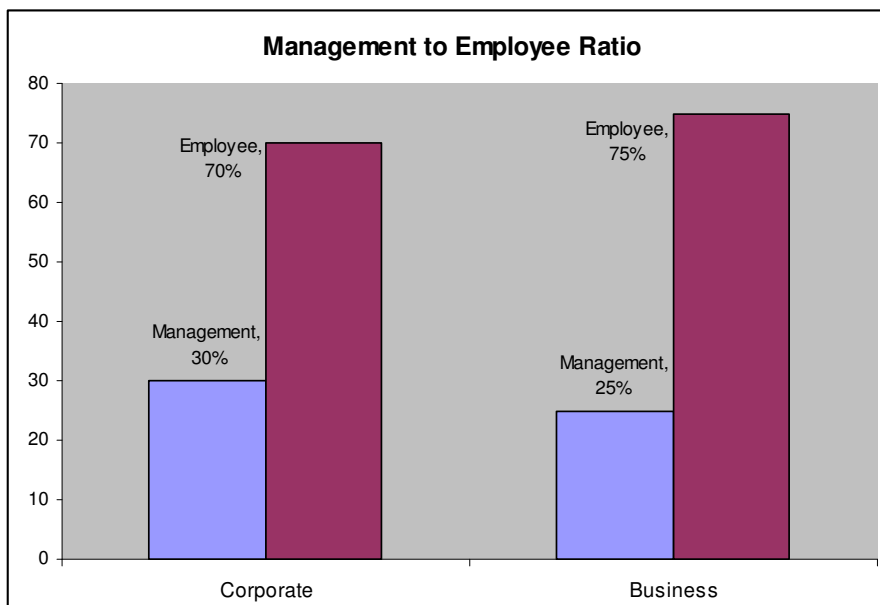
Staff Function Allocation

The businesses involved in the research on average, had a staff functional allocation overall in the following key areas: The staff allocation split for this quarter is influenced by key industry sectors taking part in the sample.



Management to Employee Ratio

The management to employee ratio on average consistently varies between the two core business sectors as outlined below.



Data Sample Growth

As the HR Innovation Centre Affiliate Program grows across Australia, the data sample for the survey will also grow.

November 2006, was the launch pad for the HR Quarterly Index with prototype HR Innovation Centres being conducted during the last week of the month. Although the data sample is small, it provides us with a framework of business expectations as a pilot study.

Research is also collected via one on one interviews with certified HR Coaches.

Become Involved

Interviews and Affiliate members of the Innovation Centres are the basis of a research pool of businesses which creates the National HR Quarterly Index. We are seeking proactive business owners and senior managers, including HR Professionals to become involved in this research program.

Not only do you contribute to this much needed research, you also have the ability to create a support network of like minded business owners in improving their workplace standards and innovation with their own HR practice.

About the HR Coach Network

The HR Coach Network is a network of independent coaching businesses that provide HR Coaching solutions for organisations.

Established in 2006, it works with organisations to improve workplace practices and environments to create a sustainable business sector.

For more information on how the HR Coach Network can assist your business, visit www.hrcoach.com.au

Contact

For more information on the HR Quarterly Index or how to join your local HR Innovation Centre, contact:

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Or contact your HR Coach directly

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