

HR Coach Research Institute

HR Quarterly Index
June 2008

For media and publication enquires:

HR Coach Pty Ltd

www.hrcoach.com.au

Ph 1300 550 674

Email: business@hrcoach.com.au

HR Coach Pty Ltd © 2008

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 businesses, HR professionals, business advisors, industry bodies, and government 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 global economy is creating an unprecedented impact leading to a complex environment moving into the future.

There are a number of surveys reviewing human resources issues and business confidence. The HR Quarterly Index collates data specific to the SME sector and maps ongoing trends and correlates industry feedback to the findings.

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.

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).

HR Quarterly Index

Summary

Quarter April - June 2008

Changing Market Trends

There is no doubt – our economy is in a state of significant change.

The rising cost of living has a direct impact on every level of society. For businesses, the cost of fuel, debt, and wages is cutting into profit. The increase in sale price will not necessarily be born by the market.

The employee market is placing more pressure on wages with increased cost of living.

Even with a slight downturn in job vacancies, it is still a tight labour market. Businesses cannot ignore this when reviewing wages and labour budgets for the new financial year 08/09. Overall, businesses are bracing themselves for a soft year ahead. Business confidence is down and businesses are nervous about sales growth and profit.

For the first time since this report began in 2006, we have seen the issue of the ability to attract and retain staff move from first to second place. The key issue for business in June 08 is business confidence.

**Top 3 Issues
for Businesses**

1. Business Confidence
2. Attract and Retain Staff
3. Sales Growth

It is not all doom and gloom

So what does this mean? In this economic market, business will need to focus on productivity and performance to keep their margins under control. This is the **need** for business. Research released by the HR Coach Research Institute in May 08 identifies that the employee market is more likely to leave because of monotonous work, specifically Generation Y. This is the **want** from employees.

For a copy of the White Paper, contact your HR Coach.

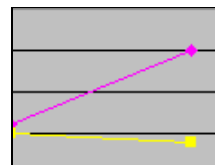
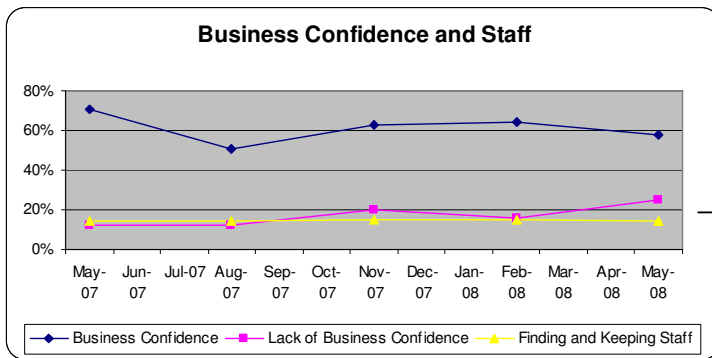
Productivity and Performance

The critical areas to map in the current climate is business confidence and the ability to attract and keep staff from the Sensis® Business Index.

There has been a consistent pressure in attracting and keeping staff with minor seasonal adjusted rates per quarter.

The shift in business confidence however is creating a greater pressure between strategy and productivity internally.

For the growing number of businesses who have a lack of business confidence, productivity and staff management will be critical in the next quarter.



Internal Productivity Pressure

The timing and requirement for productivity improvement is ideal and necessary for businesses. Those who embrace this will harness these different times to create a leaner, smarter and more effective workplace.

“Whatever the changes in the unemployment rate, they will not have a significant impact yet and the business sector will need more innovative ways to attract, retain and improve productivity.”

The harsh reality is that some businesses may not survive the supply and demand crisis for labour compounded by rising operating costs. The key is to address productivity improvements within with your people. They want to be involved and want monotonous work designed out. Businesses should see this as a significant opportunity to improve business.”

Louise Broekman
Founder HR Coach Research Institute

The following section reviews data from leading publications which identifies the changing market conditions.

Sensis® Business Index

Business Confidence – Sensis Report Findings

Sensis Consumer Report author Christina Singh identified the following indicators in the latest Sensis Report.

On Business Confidence

- Business confidence has fallen to the lowest levels in seven years and is the primary concern for SMEs
- Confidence is influenced by increased fuel prices and interest rates
- SMEs have been experiencing falling demand
- 14% of SMEs report that it is difficult to find and keep staff – lead by Western Australia where the rate is 28%
- Manufacturing sector is the hardest hit in finding and keeping staff
- SMEs are nervous about Sales with a 4% increase in concern over the past quarter. Now placed as the third key issue.
- Businesses expect business conditions to worsen over the coming year

On Government

- 5% of SME operators felt that proposed changes to the workplace relations system will have a negative impact on their businesses.
- This is a decline of 29 % from the previous quarter,
- The reasons: harder to fire problematic staff and that they would be less likely to hire staff as a consequence.
- Only 11% feel that they thoroughly understood the changes.
- 62% of SMEs felt that they partially understood the changes
- 28% feel that they did not understand at all how the proposed changes would impact on their business

Australian Performance of Manufacturing Index (Australian PMI ®)

The Australian Industry Group - PricewaterhouseCoopers Australian Performance of Manufacturing Index identified Manufacturing activity remained subdued in May for the fifth consecutive month in the latest report.

Australian Industry Group (Ai Group) Chief Executive, Heather Ridout, stated, “*Industry is going to have to work even harder on lifting competitiveness in order to maintain profitability and market share, while at the same time monetary policy needs to have an eye on the extraordinary pressures which this large and very important sector of the economy continues to experience.*”

PricewaterhouseCoopers Global Leader of Industrial Manufacturing, Graeme Billings, said “*the Australian PMI® for May clearly illustrates the impact of rising competitive pressures on the sector, coming from raw material and labour costs and the rising Australian dollar.*”

Australian Bureau of Statistics

Australian Bureau of Statistics reviewed the unemployment rate of 4.0% in the last quarter to 4.3%, it is the lowest since August 1974.

Our adult population growth is sitting at 1.8% and the job growth is 2.4%. This is putting increased pressure on supply and demand. Therefore the predicted softening in labour demand is starting to occur and will continue in the second half of the year.

SEEK Job Index May 08

Seek Top and Bottom 5 Jobs

The top five jobs employers found hardest to fill in May 2008 were:	The top five most competitive occupations in May 2008 were:
1. Construction (Landscape Architects)	1. Transport & Logistics (Supply Chain Personnel)
2. Healthcare & Medical (Radiologists & Sonographers)	2. Manufacturing/Operations (Packers/Fillers)
3. Government/Defence (Navy Personnel)	3. Accounting (Accounts Payable Personnel)
4. Legal (Snr Assoc Solicitors)	4. Call Centre/Cust. Service (Telesales Staff)
5. Primary Industry (Env. & Natural Resources Personnel)	5. Manufacturing/Operations (Process Workers)

AFR: 27th June 2008

Adrian Rollins Economic Correspondent

- Strong demand for workers is flagging concern for wages growth which will in effect impact on inflation.
- Even with a slow down in the economy, job vacancy rates have increased by more than 9% in a year.

ACCI-Westpac Survey

The latest ACCI-Westpac Survey of Industrial Trends reveals a continuing decline of general business confidence and softening forward projections despite the still robust performance by Australian manufacturers.

- Conditions are clearly moderating from the very high rates of growth previously recorded
- Manufacturing is still relatively robust.
- Export deliveries have picked up
- Forward projections, net employment and overtime indicators have remained firm.
- Business expectations have declined to their lowest level since March 2003
- Investment projections have softened markedly,
- An easing of expectations and slower output growth is an outcome.

About the HR Coach Research Institute

The HR Coach Network is a network of independent coaching businesses that provide HR Coaching solutions for organisations. The HR Coach Research Institute provides the foundation for the Network by keeping up to date with emerging trends and innovation in work practices.

Established in 2006, the HR Coach Research Institute 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 contact:

HR Coach Pty Ltd
1300 550 674
business@hrcoach.com.au
www.hrcoach.com.au

To find your local HR Coach, visit www.hrcoach.com.au
and click on Find A Coach.

Disclaimer

HR Coach Pty Ltd has collated the information contained in the HR Coach Quarterly Index, using data collected from public records, interviews conducted by members of the HR Coach Network and focus groups, in which to the best knowledge of HR Coach, was current and accurate as at the date of this report. Any harm or loss arising from use or otherwise of the information provided is disclaimed of responsibility by HR Coach. All warranties, express or implied, statutory or otherwise are excluded to the extent under the Trade Practices Act 1974 which is permissible and any other relevant legislation.

The contents of the HR Quarterly Index are protected by copyright.

Copyright HR Coach Pty Ltd 2008 ©. All rights reserved.