

HR Coach Network

HR Quarterly Index
March 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 500 staff. Data from organisations with more than 500 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.

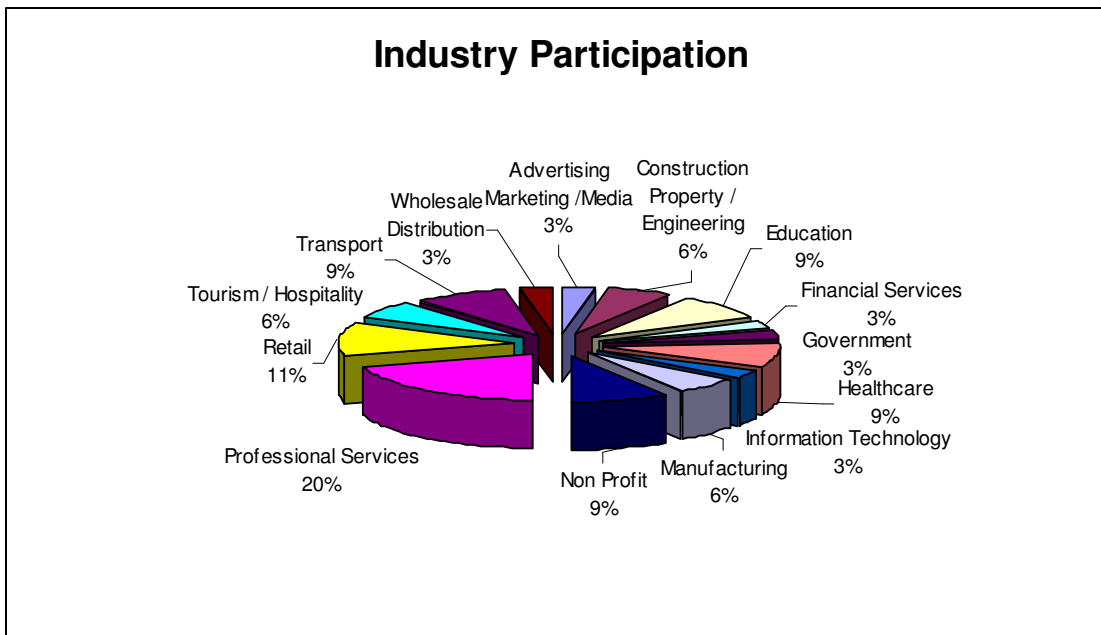
HR Quarterly Index

Summary

March 2007

Industry Participation

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



Business Confidence

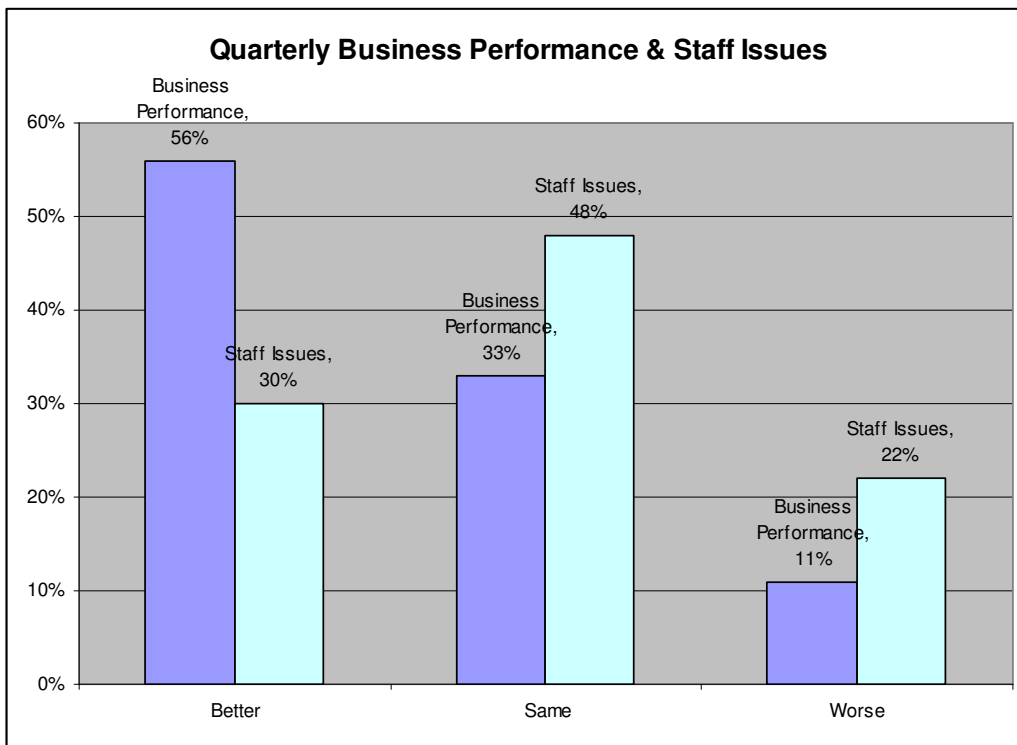
Overall, business confidence was high with 70% of businesses stating that business was better than this time last year and 56% of businesses stating that business was better than last quarter.

19% of businesses stated that business was worse than this time last year and 11% stated that business had worsened since the last quarter. When asked to gauge expectations on business profitability, 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. 22% stated that their staff issues had worsened and 30% stated that they had improved.

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 table collates the weighted result of priorities in order of 1 being the highest priority in HR initiatives for the year ahead.

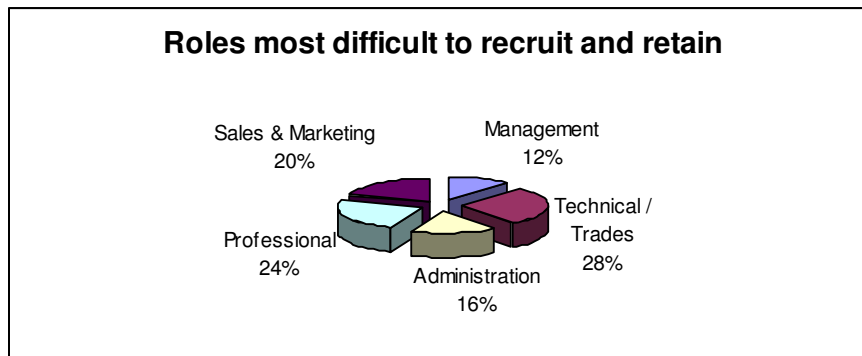
HR Priorities 2007 (1 highest)	
Improving performance & productivity	1
Developing management capability	2
Attracting new appropriate staff	3
Developing staff capability	4
Retaining staff	5
Providing staff with resources to get the job done	6
Managing issues and industrial relations	7

With the skills shortage and low unemployment, this result shows the primary focus of employers is to build performance and capability from within and establish HR strategies around sustainability and delivery of their businesses.

Recruitment and Retention Challenge

52% of businesses surveyed stated that it was difficult in their industry to recruit and retain quality staff.

The roles most difficult to recruit and retain staff in were Technical / Trades at 28% and Professional Employees at 24%. The following is the overall breakdown of responses by frequency:



67% of the businesses were currently seeking to attract and retain mature aged staff. Only 11% were planning to recruit and retain staff from interstate and overseas.

Labour Mix

Of the labour mix within the businesses, 85% were employees and 15% were contractors. The change in labour mix of employees to contractors may change, where 26% of businesses expect to increase the number of contractors within their business.

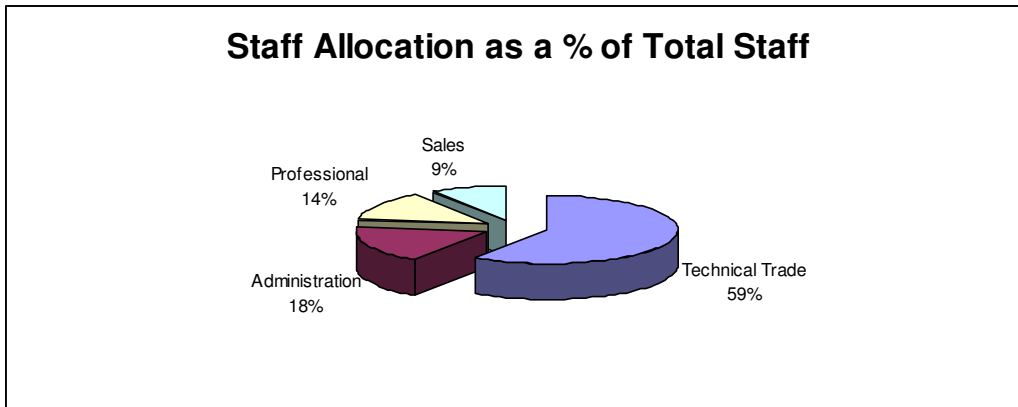
The Effect of the IR Legislation

The frequency rating established that 76% of the businesses saw that the current IR Legislation was helpful for businesses.

Data Sample Characteristics

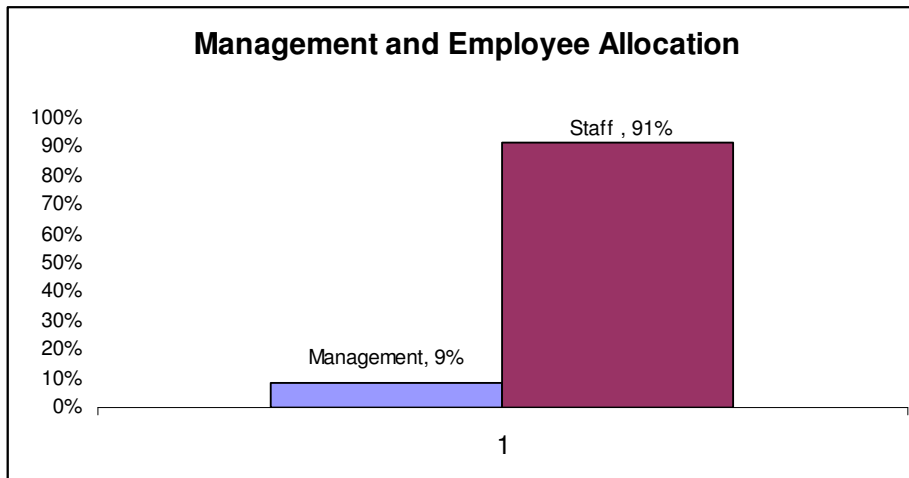
Staff Function Allocation

The businesses involved in the research on average, had a staff functional allocation overall in the following key areas:



Management to Employee Ratio

The management to employee ratio on average is as follows:



Comparative Data

A sample comparative data analysis below indicates the varying results from organisation representation with over 500 staff. This early stage result may be an indication of varying issues due to organisational size and complexity.

Average Results			
	ALL Results	Less than 500	More than 500
Management Split			
Management	25%	9%	28%
Staff	75%	91%	72%
Total Staff			
About Business			
Compared to last quarter, have staff issues been:			
Better	27%	30%	20%
About the same	45%	48%	20%
worse	27%	22%	60%
In order of priority (1 - highest, 8 lowest) staff priorities in the next 12 months			
Attracting new appropriate staff	2	3	2
Improving performance and productivity	1	1	6
Providing staff with resources to get the job done	6	6	7
Developing management capability	3	2	3
Managing issues and Industrial Relations	7	7	5
Retaining Staff	4	5	1
Developing staff capability	5	4	4
About Staff			
In what area is it most difficult to recruit and retain quality staff			
Management	13%	12%	25%
Technical / Trades	27%	28%	0%
Administration	13%	16%	0%
Professional	23%	24%	25%
Sales & Marketing	23%	20%	50%
Are you proactively seeking to attract & retain mature aged staff?			
Yes	70%	67%	80%
No	30%	33%	20%
Are you proactively seeking to attract & retain staff from interstate or overseas?			
Yes	70%	11%	100%
No	30%	89%	0%

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.

Real People... Real Issues

HR Innovation Centres are being established nationally. This is the key source of data capture for the HR Quarterly Index. The HR Innovation centres have been established as a National initiative by the HR Coach Network. The purpose is to create focus groups of business people to discuss real issues and to create a support and ideas framework for improved workplace initiatives.

Facilitated by a certified HR Coach, businesses not only participate in the national survey, they also have access to leading edge thinking and the latest data to keep up to date with innovations in people management. The HR Innovation Centres also assist participating businesses in setting goals and actions on a quarterly basis.

Become Involved

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 Affiliate members contribute to this much needed research, they 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 the SME sector.

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

Disclaimer

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