

**WHITE PAPER**

# **The Business of the HR Crisis**

Professionals Meeting the Challenge May 2008

## The Business of the HR Crisis

Australian businesses are under threat due to the pressure of the increasing complex labour market.

What was once a vague business management principle – the art of managing employees, has now become one of the largest threats for the future survival of business.

*“The art has to now become science...”*

## So what is the HR Crisis?

Let's look at some of the facts:

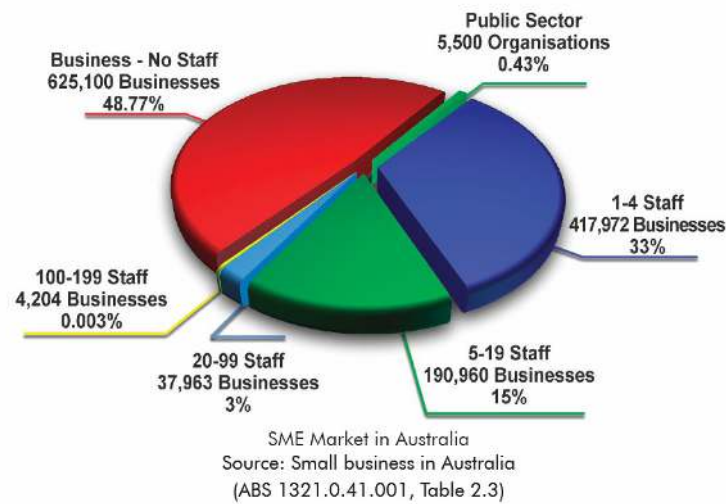
- Labour is on average the largest cost to business. The statistics show that it is escalating due to employee expectations for pay increases, the growing level of individual debt and increased competition between employers for talent.
- The TEC Group have published that the number one issue for CEO's is the ability to attract and keep their employees.
- Small business is struggling with the fact that they cannot attract or keep employees.
- It is estimated that it can cost more than \$48,000 to replace an average employee on \$45,000.
- The Red Tape Commission estimates 75% of businesses struggle with paperwork and compliance.
- According to the published National Accountant, 65% of Australian employees have experienced harassment.
- Changes in legislation causes confusion and mistrust. Businesses are at risk externally during a time of legislation changes with little guidelines post Work Choices. It is a risk to business that cannot be ignored.

And the list goes on. The growth in the concern of effective employee management is illustrated by the BRW which now features human resources articles and the threat to business on a regular basis.

## Lagging Behind

Professional Services on demand is nearing maturation in most professional services – Legal, Accounting and IT. Human Resources has been lagging behind and now the business community is suffering because of it.

According to the Australian Bureau of Statistics, of the 1.2 million Small and Medium Sized Businesses (SME) in Australia, 52% of those employ staff. Of those, less than 1% employ over 100 employees.



Research conducted by the HR Coach Research Institute, has identified that a HR function on average commences when an organisation has over 75 employees. It is estimated that over 651,000 businesses are outside of effective people management practices. HR on demand is critically needed and those that can meet the need now will have a strong foothold on a growth sector.

## Meeting the Need

Taking traditional HR practice straight from a corporate environment into the Australian SME business sector is not effective. What is this so?

Since 2002, the HR Coach Research Institute has completed comprehensive research into people management practices in Australia. It has analysed the behaviours required from employees and managers in the business sector. It also commissioned research into workplace practices and measured the risk gaps in legislative compliance.

A sample of the research results include:

- People management practice is adhoc
- Workflow of HR processes and management is different to corporate organizations
- Businesses were unable to find qualified help to turn to
- Staff management practices were reactive
- The lack of employment contracts and protection of intellectual property were major gaps in people management practices
- The businesses were seeking assistance from their Accountant

Ultimately, a new approach was identified in providing solutions that meet the need for businesses.

## The Next Generation of HR

It is a well known fact that legislative changes creates a shift in professional serviced provided to the business market. Many believe that the IR changes will again create a surge in requirements for HR Professional Services the way the GST implementation had for Accounting Services.

The history of the development of Human Resources clearly demonstrates that this has been the case as established below.

## The History of Human Resources



HR on demand is a service that will only grow with the ever changing IR environment since WorkChoices and compounded by demographic changes, globalization and technologically driven work practices.

Since research conducted by the HR Coach Research Institute in 2002, HR Coach developed unique software and business benchmarks to assist in proactively manage the employee function in businesses. It has also provided to hundreds of businesses, unique coaching programs based on a management practice patent, HR Solutions and education to the business community.

With over 651,000 businesses requiring this Professional Service, HR Coach has partnered with many HR and Business Professionals in taking these solutions to clients.

Professionals who provide HR services to clients will be at the forefront of this emerging market. The BRW recently identified that Firms who provide comprehensive business advice will be leading the way for the future.

## How can Professionals provide solutions to clients?

HR Coach works with Professionals in many ways to provide solutions for clients. The flexibility of providing services range from outsourced HR Coaching to licensing opportunities and joining an Australian HR Coaching Network.

## For Further Information



*Katrina Haynes*

Minimise Risk | Maximise Performance

Email: [hello@hrmatters.com.au](mailto:hello@hrmatters.com.au)

Ph: 0403 576 797

[www.hrmatters.com.au](http://www.hrmatters.com.au)