

What are worth?

Following the volatility of 2009, can HR professionals expect a pay rise anytime soon? **Human Capital** assesses the latest salary figures for you and your team

■ Average name-your-price to leave role across Admin/Officer/Coord: **\$8,508***

■ Average name-your-price to leave role across other categories: **\$17,419***

■ Average name-your-price to leave role across all categories: **\$13,549***

*HR Partners national salary survey

It's no secret that 2009 on the whole was a tough one in terms of not just employment but also remuneration. In the HR sector, workforce reductions were seen most obviously in the areas of talent management and L&D. A large number of HR managers were made redundant, leaving many teams with only one member (usually at HR officer level) to deploy redundancies and ensure compliance with workplace legislation.

More broadly, Mary Joseph, Brisbane associate director for Robert Walters, says that recruitment freezes, terminated contracts and redundancies were commonplace, meaning the HR market became saturated with candidates at all levels. "It became common for candidates to accept roles not only below their standard skill set and salary level, but also outside of their preferred industry," she notes. "Contract rates in HR were comparable to permanent salaries. With staffing requirements at an all-time low, active employers took advantage of the available talent in the marketplace, offering rates up to 10-15% less than previously paid."

James McConochie, manager of HR recruitment business at Michael Page, says an overriding trend in 2009 was the downward pressure on remuneration for senior level roles. However, further down the

chain, the story was slightly different. "Across the board freezes were generally in place, although contradicting that somewhat would be the lower level, which we categorise based on experience of three to five years. The \$65,000-\$85,000 range didn't experience the same kind of downward pressure - if anything it maintained or even marginally improved, driven by consistent demand in that space. The old supply and demand dynamic kept it strong," he says.

Job roles in between those extremes were largely dependent on the industry, but McConochie says that even hard-hit sectors such as financial services saw demand creeping back at the tail end of 2009.

In 2010 Susan Drew, regional director of Hays Human Resources, says HR professionals should expect salaries to increase as companies rebuild HR teams and act to secure the best talent - but she also adds a word of caution. "Candidates who accepted lower salaries during the downturn will move for more attractive salary packages. We've already seen this occurring in Canberra where employers are increasing IR/ER salaries to attract the required experience. Having said this, we would advise candidates not to expect a huge salary increase for changing roles. Instead, we suggest your priority should be about procuring a role that will add to your

you

\$87k

\$99k



suite of skills and will offer opportunity with the right organisation.”

2010

As the calendar year rolls into its second half, several trends are likely to unfold. David Owens, managing director of industry specialists HR Partners, believes the concept of underemployment – people working but only for limited hours each week – will start to recede as employers look to bolster working hours without necessarily increasing headcount.

Secondly, the number of fixed employment engagements – ie, employment for fixed engagements of six or 12 months – is likely to remain strong. “The market is swinging back from a minimalist employment regime to one that really wants to put on permanent headcount but isn’t quite sure yet. The engagement of people on a six or 12-month basis is very big at the moment. We’re seeing it as a response by organisations that need to resource their HR team appropriately for what has already become a more buoyant market,” Owens explains.

Perhaps the most encouraging sign for the HR labour market is that up and coming generalists

“CEOs are in the room because they want to make sure their HR person is (a) good value for money; and (b) that they can deliver really good results”

– David Owens



are suddenly in hot demand once again. The year 2009 saw little movement in generalists earning \$60,000–\$110,000 but 2010 is different. “The up and comers are being sought after once again, they are being appreciated and are in demand, and if you’re a candidate in that area you probably have a lot of choice at the moment,” Owens notes.

The February-March 2010 period also saw a sudden surge in demand for recruitment candidates being sought not just by the recruitment industry but also by corporates that are once again thinking about their talent pipelines, and balancing internal mobility with their external profile. “Once again talent is back on the agenda. It’s been quite noticeable how many companies have boosted their internal recruitment teams,” says Owens.

Joseph agrees that certain areas of HR specialisation will benefit from the renewed talent war. “With limited resources and competition for talent, we’re noticing organisations are investing in developing their high potentials. For this reason, we’ve seen competitive rates paid in areas of L&D and organisational development. Some industries are already noticing talent shortages and it’s

Salary comparisons for permanent roles

Role	Hays	Robert Walters	Michael Page	HR Partners	HC market ave
HR director	\$220,000	\$265,000	\$287,500	-	\$257,500
HR manager	\$120,000	\$165,000~	\$147,500	\$112,815	\$136,330
Senior HR advisor/consultant	\$95,000	\$105,000^	\$97,500^^	-	\$99,170
HR consultant/advisor	\$80,000	\$75,000~~	\$85,000^^^	\$82,567	\$80,640
HR coordinator/administrator	\$55,000	\$60,000	\$53,750	\$49,867	\$54,650
L&D manager	\$120,000	\$130,000	\$140,000	\$106,275	\$124,070
L&D consultant/advisor	\$85,000	\$77,500	\$75,250	-	\$79,250
Trainer/facilitator	\$65,000	-	\$80,000	-	\$72,500
Rem & ben manager	\$140,000	-	\$182,500	\$109,000	\$143,830
Rem & ben analyst/consultant	\$70,000	\$147,500	\$100,000	-	\$105,830
IR/ER manager/advisor	\$125,000	\$105,000	\$135,250	-	\$121,750
Recruitment manager	\$115,000	\$125,000	\$130,000	\$97,010	\$116,750
Recruitment specialist/officer	\$85,000	\$75,000	\$72,500	-	\$77,500
OHS manager	\$110,000	\$210,000--	\$119,000	\$130,255	\$142,310
OHS consultant	\$85,000	\$150,000--	\$84,250	-	\$106,420
OHS coordinator	\$60,000	\$100,000--	-	-	\$80,000
OD manager	\$140,000	\$130,000	-	\$132,162	\$134,050
Change manager	\$160,000	\$130,000	-	-	\$145,000

Notes Hays: Figures are the median from a lower and upper range (eg, \$160-170K); all figures are Sydney-based; all salaries exclude superannuation
 Robert Walters: Figures are the median from a lower and upper range; figures are basic salaries inclusive of superannuation, but exclusive of benefits/bonuses unless otherwise specified; figures are for Sydney except where indicated ~ taken from salary figure for 'national HR manager'; otherwise 'HR manager' figure is \$150,000.
 ^ 5+ years exp. ~ 1-4 yrs' exp. -- Brisbane figures. Michael Page: Salaries indicated are cash component plus superannuation, excluding other benefits, bonuses and extras; figures are for NSW and apply for large organisations only (defined as having a turnover of more than \$250m); figures are a median number derived from 2 separate figures based on experience (1-2 yrs) and (3+ yrs). ^^ 3+ yrs experience. ^^ 1-2 yrs experience. HR Partners: Figures are taken from a national survey, based on median total salary package

these organisations that are investing in internal recruitment solutions,” she says.

Other areas of specialisation will be dependent on geographic location and not exclusive to a specific industry or sector. Drew notes that Western Australia has a shortage of specialist mining services recruiters as well as contract HR officers and advisors. Queensland meanwhile needs internal recruitment specialists as businesses rebuild their human capital.

In addition, change managers from a range of industries and specialisations will be needed as companies deploy technology and business improvement changes and undergo organisational restructures.

Drew notes that with the continued focus on business efficiencies and cost savings, there are expectations that organisations will continue to recruit OHS candidates to prevent injuries in the first instance. This is already occurring in Victoria and South Australia, she says.

The HR space is also likely to become more sophisticated as employers put the pressure on to make the most of a diverse workforce. Owens has witnessed a slight pickup in diversity roles. “We’ve got a relatively small population and a relatively tight talent market. We really need to have the ability to reach out to all segments of the community and find talent wherever it comes from. Diversity is not just something you see on the agendas of large public entities but also in professional services – and it will continue to roll,” he says.

The year 2009 also proved beyond a shadow of doubt that rem & ben professionals will always be in high demand. “In my opinion there’s never enough,” Owens says. “The good ones are always hard to find. They tend to be engaged in their work, they tend to be reasonably well rewarded for their work, and they are well networked. If you’ve got an interest in rem you’ve potentially got a great career because you’re a pretty indispensable member of the team.”

The mega-trend

The biggest trend for HR professionals over the last 10 years has been performance-related pay – and Owens believes this will continue. “The penetration of performance-related pay has gone from a relatively low figure and steadily increased. In 1997, around 30% of HR professionals had access to performance related pay and now it’s something closer to 70%, particularly in OD and recruitment categories,” he says. In some ways, this matches HR’s rise from transactional figures to strategic players. Just like

Executive remuneration insights

■ **Ideal salary structure:** Executives, on an aggregate, wanted to ideally structure their pay accordingly: 74% base salary, 13% super contribution and 13% to be made up by perks and benefits. Annual bonuses, additional leave, equity share, flexi time and higher super contribution made up the top five preferred perks.

■ **Show me the money:** A majority, 87%, thought pay should be increased every year. Only a small minority (7%) were willing to wait up to two years. A pay rise of 6–10% with a current employer was considered fair by 54% of executives. In contrast, 71% would expect pay rises of 11% or more from new employers.

■ **What causes pay rise:** Pay rise is intricately related to performance. A majority, 53%, received a pay hike as a result of performance; 20% by changing employers. Male executives tend to be rewarded more for performance, while females are more likely to get their pay rise by changing employers or jobs.

■ **Importance of remuneration:** Salary influences the motivation of an executive and dictates how opinion and decisions on employers are made; 68% of executives believed the remuneration package is a strong motivator in doing a job effectively. The majority (79%) thought the remuneration package is an important factor in choosing a future employer.

Source: The Executive Monitor Report 2010 produced by Six Figures. Study conducted between November 2009 and December 2009, in which 1,332 executives across Australia participated. To download the report go to www.executivemonitor.com.au/index.html

sales teams and other professionals, HR now needs to show a discernable benefit as a result of the work they do. Secondly, it places HR on par with other senior leaders. “If a senior marketing or finance professional can look forward to and participate in a bonus plan, then why shouldn’t the HR professional do exactly the same? There’s that parity, that peer group notion that we’ve seen evolve over 10–12 years, only now it’s not just the HR leader participating in bonus plans, it’s HR teams,” Owens says.

Permanent vs contractor

In the recent past (and still today) it was expected that the extrapolated hourly/daily rate for a permanent employee would roughly equal that of a contractor. There might be some benefits rolled into the construct of what the permanent reward was, but the value would be largely the same.

However, if overseas trends are any litmus, Australia could be about to witness a shift in employer perceptions of permanent employees versus contractors – and remuneration will shift to reflect that. Owens notes that in the UK a premium is placed on contractor roles and he sees the same possibility occurring locally. “I’m sensing there’s a bit more tolerance and acceptance by employers that

\$99k

\$87k

■ 18% of HR co-ordinators receive bonuses/commissions*

■ 44% of L&D managers receive bonuses/commissions*

■ 68% of OD managers receive bonuses/commissions*

*HR Partners national salary survey

for a short-term engagement or indeed medium-term engagement there has to be some acknowledgement of the risk associated with it. Contractors tend to drive the thinking – they might be saying that given they don't earn super and may have a week's notice, they need to earn 105% or 110% of what a permanent employee earns."

For the time being, if there is a premium paid to contractors, it is minimal. However, Owens says it's not unreasonable to expect that premium to grow in the future.

What really matters to employers?

So, what are employers looking for in their HR hires? Above and beyond qualifications and even industry experience, Owens says there's an increasing expectation that HR professionals are going to be able to apply their skills in a way that will deliver some tangible, observable benefits for the business they work in.

"We're at a pivotal point when it comes to HR's role in the organisation," he says. "What value do you as the HR professional provide to the organisation? It's about measurable benefits, working with the leadership team, understanding the wider environment, building capability where it's required, managing performance, making every effort to ensure you've got high potential people, and that risk is minimised. If you pick those four or five bullets you're hitting it."

One encouraging sign, notes Owens, is that he's been briefed by more CEOs in the last 2-3 years than in the 10 years prior. "CEOs are in the room because they want to make sure their HR person is a) good value for money; and b) that they can deliver really good results. The value of human capital has never been more an obvious board agenda item and an item that affects the perception of shareholder value," explains Owens.

Other considerations

Are HR professionals likely to see their remuneration suffer if they move from sector to sector – for example from finance to engineering? Owens says they can and they do – and says the HR professional with a good grasp of HR skills can apply them in different industries without penalty or hindrance. However, there are some industries that prefer to recruit HR professionals from a similar background. "When the market is tight people stick with what they know, and to a certain extent that was the situation in 2009. As the market thins in terms of talent you tend to be able to exercise a bit more latitude," he says.



McConochie agrees and adds that immediately relevant industry experience and the IP that comes with that counts above all else. "At the initial part of the conversation most clients will say to us, 'we're open to industry', but then when you submit the shortlist the ones they gravitate towards in the interview will be the ones that stand out in terms of the industry being related to their own," he says.

Geographic location has lost its power as a pay differentiator. Any difference now can likely be related back to the demand within that particular location for the particular skill in question, rather than an overriding geographical trend.

Owens also notes that many companies now operate nationally, and therefore pay national payscales. Indeed, the structure of the package also needs to be considered. In the 2010 Hays Salary Guide, 79% of employers said they offered flexible salary packaging. Of these, 30% said they provided bonuses to all their employees, while 34% said they provided bonuses to a select few employees in their organisation.

Yet while candidates may be expecting more base pay, McConochie says smart organisations are taking a more balanced view, playing the

The gender question

The Australian Institute of Management (AIM) Gender Differentials Report, released in 2009, indicates that although the situation has improved, there is still work to be done when it comes to gender pay equality.

The report showed that female CEOs earn 16.4% less than males in the same role, however, the gap narrowed in 2009 by 2%, a trend that continued with general managers at 12.5% less which was 0.8% better than 2008.

When comparing the results between 2008 and 2009, the average pay gaps have narrowed between genders (from 10.6% to 10.2%). When comparing job families, the clear winner

was the IT industry, with the lowest pay differential, with females earning only 4.9% less than their male counterparts. The most significant improvements were seen in the HR and Manufacturing, Supply & Distribution job families (down 2% and 1.4% respectively).

The Finance & Accounting job family saw the greatest increase in pay differentials (up 0.6% to 12.1%).

Commenting on the AIM Report, Sex Discrimination Commissioner, Elizabeth Broderick, said: "We must not lose sight of the fact that the gender pay gap still exists in most industries, and is one of the factors contributing to women's inequality across their lifetime. Clearly, more action is needed."

career scope and L&D card to entice new hires. Unsurprisingly, he says this is something that resonates strongly with the HR candidate pool. As for bonuses, the general consensus from the experts *Human Capital* contacted was 'unlikely this year'. "Everyone is a little bit hesitant to put in the guaranteed bonus, even in the financial services sector where traditionally that's what attracted talent," says McConochie. "Even big investment banks are coming back saying in a good year our bonuses could be 10-20%, but in the next 12-18 months we're not guaranteeing anything."

Final word

While there were no certified fortune tellers among the experts *HC* spoke to, Owens was prepared to make some predictions for the year ahead: "I would expect average base salaries for HR generalists across the board to increase by between 3.5% and 5% and I think in some specialist areas by at least those numbers but in some areas - OHS, rem & ben, recruitment - perhaps as much as 8%. This will be as a direct result of the supply and demand situation and rapidly increasing value proposition demonstrated by these HR specialists." **HC**



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