



Welcome to the first edition of RossNews for 2007! The New Year is often a time for staff to relax and unwind, before returning to work with enthusiasm and excitement for the year ahead. It is also a time when many employees think about their career development and what's in store for them over the next 12 months.

In this issue of RossNews, we examine staff retention and explore the factors that keep employees loyal and the steps employers can take to ensure staff turnover isn't escalating.

I hope you enjoy this edition of RossNews and I welcome any feedback you have at marketing@rosshumandirections.com

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→ economic update

by Chris McFadden, Chief Financial Officer & Company Secretary

To begin the year, I would like to use this opportunity to outline the global economic outlook for 2007 and beyond. The pace of the global economy is clearly decelerating, with projections that global real GDP growth will slow from 5% year on year (YOY) in 2006 to 4.5% YOY in 2007. It is anticipated that this "soft landing" in 2007 will be more of a shallow trough, which should last only a few years before demand once again accelerates. There are three key reasons to suggest this soft landing in 2007.

Firstly, the persistence of low inflation has allowed central banks to keep interest rates at or below neutral, despite broadly above-trend growth. Over the past 4 years, global growth has averaged 4.8% whilst the headline inflation across the G7 has remained below 2.5%. This is in contrast to the late 1980s where growth averaged 4.2% and inflation in the G7 peaked at 4.5%. There is some debate as to whether low inflation has been achieved on a permanent basis due to productivity gains caused by moving manufacturing capacity to low cost producers in China, trade deregulation, floating exchange rates and other factors. This theory will be tested through 2007 as central banks wait for inflation to decline with slower growth.

The second factor is that the non-G7 economies of the world are now large and expanding at a faster rate, contributing to more growth. With the developed economies now responsible for 48% of global demand, as against 57% in the late 1980s, developing economies are now meaningful centres of demand. This implies that the trend rate for global growth is rising.

The final factor is a direct consequence of the previous two, with high growth, low inflation and low interest rates bringing about a liquidity boom, which shows no sign of abating.

Whilst the US slowdown speed is a risk to this outlook, anything less than an outright recession should not threaten, as any increased slowdown would be met with interest rate cuts which would buoy the financial markets with an increased liquidity source. A milder downturn than anticipated is of more concern, as it would prove insufficient to lower inflationary pressures and the resultant impact on interest rates and the associated USD strength would threaten the outlook expressed. The other danger is Japan, which has yet to translate strengthening industrial activity and strong corporate profits into higher household disposable income, needed to strengthen the Yen and correspondingly lead to a weaker AUD.

→ legal briefs

by Michele Jones, Industrial Relations Manager & Paula Spencer, OH&S Manager

Stress in the Workplace

Claims of people suffering stress are increasing every year, with some locations reporting that stress is the second largest cause of workplace injury and illnesses.

The cost of occupational stress is significant, not just in compensation but in lost productivity. People respond to stress differently – some people function well under significant stress while others can be overwhelmed by it.

Preventative Strategies

- Carefully consider the pressure and demands of the job on offer and recruit staff who will suit the role and the culture. Recruitment companies have specialist skills in this area and can reduce the risk of a mismatch.
- Bullying and interpersonal conflict at work is a significant cause of the development of stress in the workplace. Ensure that through the message is communicated through policies that bullying, harassment and/or intimidation of employees will not be tolerated.
- Be alert to signs of stress such as increasing numbers of unplanned absences and conflict in the workplace.

The information discussed here is a general explanation of the law, and is not intended to serve as legal advice. Readers requiring specific legal advice regarding a particular situation should consult an appropriately qualified lawyer.

Organisations large and small are at present dealing with a range of challenges that are changing how they do business. A tighter labour force, the start of baby boomer retirement and talent shortages contributes to the emergence of some new trends in human resources, workforce management and strategic HR management. These include a new focus at the senior management/board level on employee retention and attraction programs (which in times past have been more in the province of HR); increased corporate openness to innovative HR solutions such as Recruitment Process Outsourcing and Managed Services; and increased investment in Training and Development with a concentration on accountability.

A recent American article by Leslie Gross Klaff quotes industry researcher IDC, saying that the US RPO market is expected to increase by 16% annually for the next few years to become worth \$19 billion by 2010. Clients increasingly seek opportunities to obtain efficiencies and streamline their operations and this factor together with the increasingly complex nature of managing today's Human Resources environment is resulting in large organisations embarking on RPO arrangements or even entire HR Outsourcing. Ross provides such services through a variety of MSP and RPO arrangements and these are becoming increasingly popular as they offer a range of benefits:

- expertise without the on-going HR investment;
- the opportunity to focus on core business operations;
- streamlined services standardised across multi-site operations;
- performance-based accountability;
- contemporary systems infrastructure;
- cost savings, and
- superior outcomes.

Goals of Training and Development programs are expected to become more organisationally-focused and integrated with a company's overall strategy, business priorities and goals, such as enhancing shareholder value, building the customer experience or producing a better product. Employers will seek increased accountability from Training and Development, implementing more sophisticated metrics to assess programs. Often, training has been evaluated with regard to attendance at, frequency of, or feedback on seminars but the real matter will be outcomes such as whether sales improved, or if employees became productive more quickly, or if customer service feedback improved.

Skills shortages are becoming a serious challenge for many businesses. This manifests in a number of ways including wages pressures, reduced productivity growth and capacity constraints. There is an increasing trend to engage in international candidate searching for appropriate talent and skills. This impacts the recruitment industry by widening the gap between larger multi-national providers such as Ross with the capability to support such a trend and smaller operations whose position in this regard is less strong. It also impacts the recruitment industry by changing the balance between employers and employees, such that employees now hold a stronger market position than has been the case for more than a decade. As such, recruitment organisations will play a far more active on-going talent management role for candidates whilst also offering invaluable support and expertise to employers in areas including development of Staff Retention Programs, Employee Career Development Planning, Employee Coaching, Succession Planning and so on.

Skills shortages will be increasingly exacerbated by an ageing population so that employers will need to embrace the appointment and retention of more mature workforce members. Recruitment organisations will be impacted by the need to adjust their candidate sourcing strategies as well as their screening and selection procedures to accommodate the expectations of a generation that may need additional support and coaching to remain in the workforce and be a viable candidate for placement. Mothers and retirees returning to the workforce will be increasingly targeted and their needs are quite different to those of the traditional candidate or employee. Employers and recruitment organisations will be required to offer significantly greater flexibility in terms of hours, work from home options and reward structures to successfully engage this category of worker.

We will continue this Trends Update in our next issue of RossNews.

by Mary Strain, National Training Manager

Plan & Prepare for Emergencies

As a presenter, you will normally be given a specific timeframe in which to present. However, emergencies can occur and you must be prepared for a decrease or increase in your time allowed to present. You may need to make your speech last longer or you might be required to speak faster when you give your presentation, than you did in rehearsal. If there are a number of speakers, you might find that someone else presents some of your supporting material by giving an example that you had planned to spend five minutes on.

You should be prepared for such emergencies. If they occur and you are not prepared, you will feel foolish fumbling around, trying to readjust your presentation; if no emergencies happen, all the better. You will not have lost anything, but you will have gained security from knowing you were prepared to give the audience more than they expected.

- **To prepare for a decrease in time.** Make notes to yourself on the outline you already have, using any note system that is easy for you. Mark the support material you will keep in the body if your time is cut to 75 percent. Then put another mark by the material you will keep if the time is cut to 50 percent. You should not drop main points or any of the introduction or conclusion.
- **To prepare for an increase in time.** Go back to the pages of notes you made when you were preparing the body of your presentation and pick out the support material you decided to eliminate. List the support material for each point separately and in sequence; then put a special symbol on the outline to tell yourself when to pick up the additional support material if you need to fill more time.

Source: "Delivering Effective training sessions" McArdel, Geri

successful staff retention

Finding the right people and then retaining them, is a crucial part of any effective HR strategy. Employers are increasingly realising the value of the people that make up their organisations because of Australia's tightening labour-hire market. As a result, the issue of retaining staff has become topical.

These days, it is the employee who takes responsibility for his or her career development. If their current employer cannot offer a job that is challenging, motivating, flexible or as well paid as they would like, then the quickest and most effective solution is to find an employer who can.

The costs of staff turnover are substantial - if an employee leaves within the first 12 months, it will cost the business approximately four times the base salary of the employee who is leaving. These costs include not only the direct financial cost of replacing the staff member but other costs such as the potential loss of skills, knowledge and experience, disruption to the team/business and the negative effect on workplace morale.

Which factors keep staff within an organisation?

Research has shown that most senior managers and directors believe that the single reason why employees stay with an organisation concerns their salary package. However, whilst important, the salary package alone will not hold an employee to their company or organisation. The main reason relates simply to how much they enjoy their job. If employers can provide job satisfaction, research shows they will have a greater chance of retaining their staff. Salary and benefits, job security, a flexible working environment, work/life balance and training and career development are all contributing factors to providing job satisfaction.

What do new employees look for in an organisation?

When looking for a new job, applicants have a shortlist of needs/wants that they will look to satisfy. These most often include an attractive salary package, the opportunity for career progression, a well known company, job location and job security.

Source: "Retaining Staff" Peppit, Edward.