

Employment enters deep freeze

By Lucinda Beaman Money Management 12 September 2008

The game of musical chairs played by many in the funds management industry in recent years appears to have stopped, with widespread staff reductions and hiring freezes taking place.

The industry has already seen significant job losses across a number of groups in the wealth management, property and agribusiness sectors.

Profusion director of wealth management Ashton Bilbie said the change in the employment market has been stark.

“We’ve gone from having a lot of roles on offer and no candidates to there being a lot of candidates, and no roles,” Bilbie said.

“The difference is day and night and it’s happened in the last two months really.”

Financial Recruitment Group’s Conor Donoghue agrees that the employment market is now much quieter and that the forecast for a recovery is mixed.

“Each business has got a different view on this, some are quite bullish and say it will pick up within six months, others are saying it’s going to be 12 to 18 months before there really is an upside in the market again.”

Many funds management businesses with offshore head offices are feeling the squeeze. Bilbie said these businesses in particular are struggling to secure new head counts for permanent staff and are reverting to hiring people on contracts to ensure the roles “fly under the radar” when global head offices look to cut costs.

“I know pretty much every one of my global clients is battling for more head count but they’ve all got freezes on,” Bilbie said.

“Some businesses have struggled with this type of arrangement now for a couple of years, but it’s become a lot more widespread in the last two to three months.”

Bilbie said many groups are being told that “even if somebody leaves, you can’t replace them”.

This seems to be the case for Asgard, with a number of the group’s sales team leaving over the past 12 months and many not being replaced.

A representative for Asgard would only confirm that the group is now “looking to grow the numbers of the sales team”.

This financial reporting season certainly saw a trend of companies citing staff reductions as a strategy for the coming year.

Suncorp is one group currently seeing significant changes in both its management team and broader staff situation as it restructures its retail business and banking operations after posting significant losses.

A representative for Suncorp said while there was no “program, plan or number in place”, the group couldn’t guarantee that there wouldn’t be job losses.

An emerging industry trend is that employees in the middle and back-office and those in non-revenue generating roles are more likely to be made redundant than their colleagues in client facing roles.

There are also significant cuts being made to discretionary spending and Bilbie said many sales teams used to significant interstate travel are now being grounded.

But Donoghue and Bilbie both agreed that demand for business development and sales staff is holding up relatively well.

“We still find that people considered in the top 5 per cent of chief executive officers or management are still in demand,” Donoghue said.