HRCOACH
people•perform•profit

2025

BUSINESS CHALLENGES

GROWTH OPPORTUNITIES



Introduction

Employers in Australasia continue to navigate significant challenges while attempting to maintain or grow their business. Times are tough, and the challenges are many. Our own data over the last 2 years paints a clear picture of what employers are struggling with, which also provides a great road map to see where the opportunities really are for business in these challenging times.

The research shows what employees are now focused on, and the gap that exists between average and great businesses in the same data sample of the last 2 years.

If you own a business or are involved in running a business, this information is for you. Our research should validate many of your frustrations in the business environment. The solutions have the ability to move the challenges into opportunities, to strengthen the performance of your business and contribute to business sustainability and growth.

This White Paper is ideal if:

- You're a business owner looking to maximise the impact of your time and resources
- You're part of a management team seeking ways to make your business more sustainable and competitive
- You're a professional wanting to understand the current challenges faced by Australasian SMES and how to overcome them

Data contained in this report is provided by STAR Workplace, a proprietary tool of the HR Coach Network.



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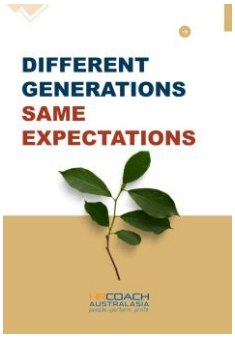
Our Research

Since 2003, HR Coach has researched the SME market in Australasia to understand what makes businesses succeed. Our research has led to countless innovations within the industry, allowing businesses to accurately link their people to their profits.

If this research report resonates with you, have a look at some of our other topics:



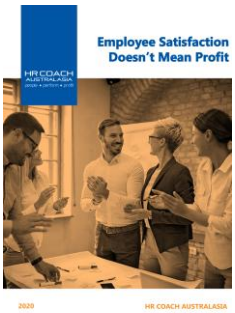
Kicking the Status Quo – Locking in Change
This white paper emphasises that maintaining the status quo is risky, especially in today's fast-changing environment. People - not businesses - resist change due to fear, social disruption, and practical challenges. Based on insights from 910 businesses, it shows that high-performing organisations are 29% more effective at implementing change. The key? Strong communication, trust, and employee involvement. Leaders are urged to focus on change as a continual process, supported by clear planning and engagement strategies.



Different Generations, Same Expectations
Despite generational differences, data from over 5,000 employees across 140 workplaces reveals that all generations value trust, clarity, and flexibility. The most common dissatisfiers - pay, advancement, and efficiency - transcend age. This report debunks myths about generational conflict and instead highlights that aligning expectations with strategy is essential. Businesses that focus on capability, communication, and employee alignment will perform better, regardless of generational makeup.



Harnessing Employee Culture
This paper explores how business success is driven by employee culture, which is directly influenced by management behaviour. Analysis of over 700 SMES found a 17% performance gap between high and low performers due to differences in strategic alignment and culture. Many leaders struggle to define or measure cultural drivers. The research urges businesses to prioritise cultural clarity and invest in management behaviours that align people with strategy and goals.



Employee Satisfaction Doesn't Mean Profit
Contrary to popular belief, employee satisfaction does not drive business performance. Engagement and alignment are the true performance indicators. This white paper reveals that many businesses mistakenly invest in "feel-good" initiatives that fail to deliver results. Engaged employees are emotionally committed and align their actions with company goals. Without engagement, satisfied employees may still underperform. To boost profit, businesses must focus on strategic alignment and authentic engagement, not just happiness.

Breaking Down the Data

Our research over the past two years has consistently identified five critical challenges that SME owners are struggling with:

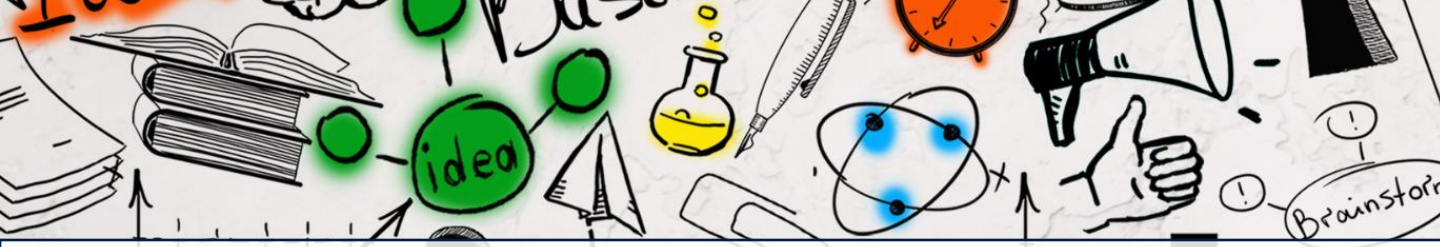


1. Finding Quality Candidates

The talent shortage we forecasted three years ago has become a stark reality. Multiple factors have converged to create this challenge:

- Baby boomers exiting the workforce
- Expanding employment opportunities
- Reduced migration numbers
- Record-low unemployment rates

Quality candidates have become increasingly selective, often fielding multiple offers and prioritising work environments that align with their values. Meanwhile, competitor businesses are actively poaching top talent, creating additional retention pressures.



2. Tasks Not Getting Completed

Business owners report spending excessive time following up on incomplete tasks. This drain on leadership time stems from:

- Diminished experience and skill levels among staff
- Ineffective delegation practices
- Poor alignment with business priorities
- Lack of ownership and accountability
- Limited understanding of value drivers among employees

3. Poor Knowledge Management

As experienced staff leave, businesses struggle to capture and retain critical operational knowledge. This results in:

- Decision bottlenecks as more issues get escalated to senior management
- Inconsistent customer experiences
- Repeated mistakes and inefficiencies
- Overreliance on key individuals
- Inability to scale operations effectively





4. Poor Workplace Efficiency

Directly tied to the previous challenge, workplace inefficiency manifests as:

- Misalignment between daily activities and strategic goals
- Duplicate efforts and wasted resources
- Inconsistent processes across teams or departments
- Reactive rather than proactive approaches to problems
- Excessive time spent on low-value activities

5. Poor HR Planning

While most businesses maintain financial budgets, sales targets, and business plans, few develop strategic HR plans—despite the fact that people are both their greatest competitive advantage and their largest controllable cost. This planning gap undermines all other business objectives.



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Measure Your Own Business

Assess your own business against these critical challenges using the scale below:

	Never (1)	Sometimes (2)	Usually (3)	Always (4)
We secure quality new employees				
All tasks are completed to a high standard without checking				
Everyone knows the processes and tasks they're responsible for				
Our workplace is highly efficient and effective				
We have an annual HR Plan which measures alignment and closes gaps				
TOTAL				

Scoring Guide:

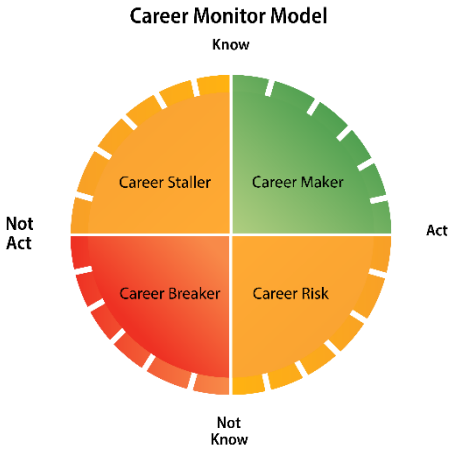
20 19 18 17 16	Performing well, but still opportunities to optimise
15 14 13 12 11	Room for improvement
10 9 8 7 6 5	Significant improvement needed

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Turning Challenges into Opportunities

Finding Quality Candidates → Develop Internal Talent

Rather than competing in a tight external talent market, identify and accelerate the development of existing employees who already understand your business and fit your culture. This approach is both more cost-effective and faster than external recruitment.

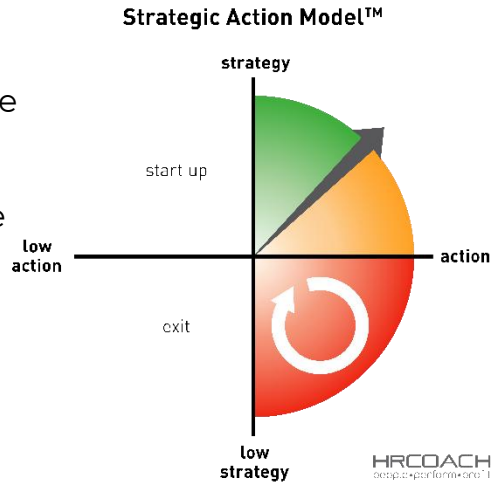


Action Step: Implement Career Monitor assessments to understand what your key employees are thinking and develop personalised retention plans before it's too late.

Tasks Not Getting Completed → Build Ownership and Accountability

Transform your approach to task management by:

- Retaining and developing capable employees
- Improving delegation methods by explaining the "why" behind tasks
- Measuring and improving strategic alignment
- Creating an environment where employees take ownership of outcomes

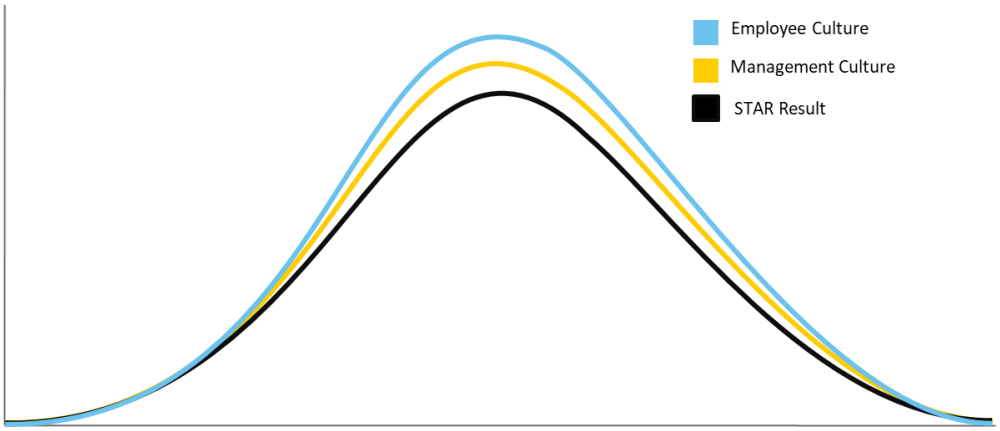


Action Step: Measure strategic alignment between business objectives and employee activities using STAR Workplace or similar tools, then implement targeted improvements.

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Poor Knowledge Management → Systemise Decision-Making

Rebuild internal capability by increasing employee awareness of business drivers and systematising decision-making at appropriate levels. Organisations that make this transition become more resilient to staff changes and more efficient in daily operations.



Action Step: Measure and improve management and employee culture drivers using tools like Fusion Culture Program to shift from knowledge hoarding to knowledge sharing.

Poor Workplace Efficiency → Align People with Strategy

Our 20-year research shows an average 8% improvement in the first year when businesses measure strategic alignment and implement solutions to close identified gaps. When margins are tight, this performance lift can be transformative.

Action Step: Focus on the five factors our research shows separate high-performing businesses from average ones:

1. Management team efficiency
2. Consistent culture across the business
3. Effective employee feedback systems
4. Proactive management of employee expectations
5. Individual accountability frameworks

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Poor HR Planning → Implement Annual HR Plans

Develop a structured annual HR Plan that integrates with your other business planning processes.

This plan should address:

- Measurement and continuous improvement
- HR systems and processes
- Governance and compliance
- Performance management
- Workplace improvement initiatives

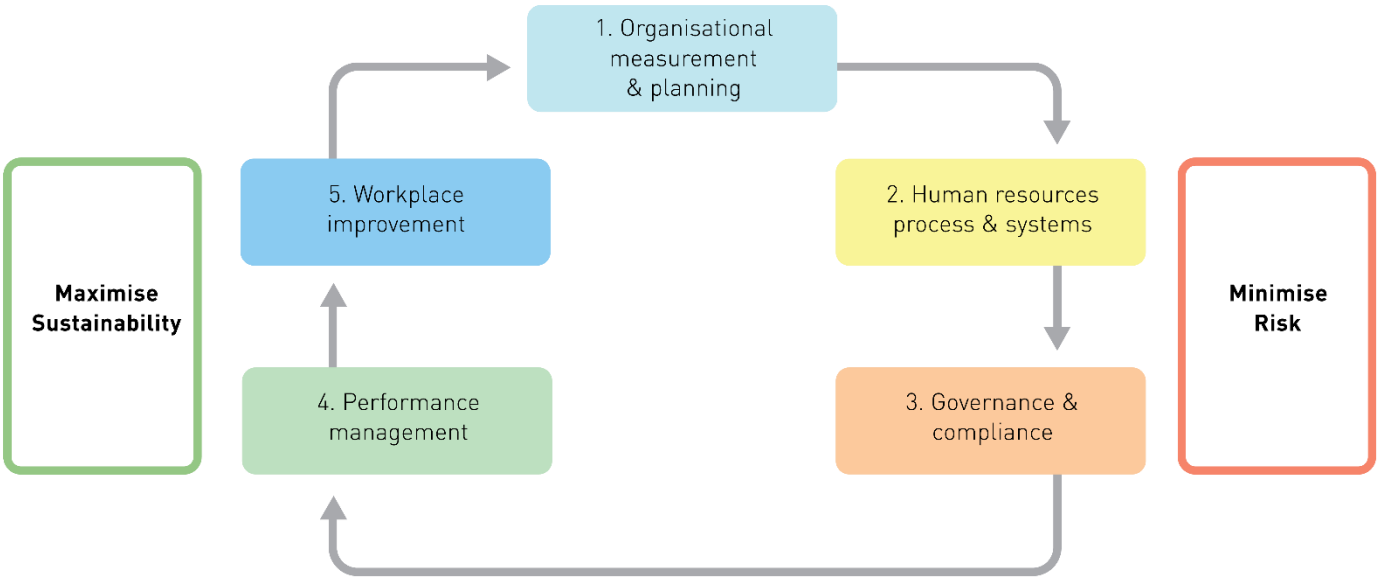


Figure 2 – Model for the Balanced Human Resource Framework©

Action Step: Assess your business against the National HR Framework, build an implementation plan, and re-measure annually to track progress.

Solutions that Work

Retain and develop key people	Use Career Monitor assessments to create personalised development plans for each key employee
Tasks Not Getting Completed	Measure strategic alignment with STAR Workplace, implement gap-closing strategies, and reassess in 12 months
Poor Knowledge Management	Measure management and employee culture with Fusion, then implement development programs starting with managers and extending to all employees
Poor Workplace Efficiency	Measure strategic alignment with STAR Workplace, implement targeted improvements, and reassess annually
Poor HR Planning	Measure against the National HR Framework using STAR Workplace, close identified gaps, and re-evaluate yearly



8%

Businesses that measure their strategic alignment and implement changes based off their data see an average improvement of 8%

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About HR Coach

HR Coach Australasia consists of an Independent Member Network delivering human resource and strategic alignment solutions to businesses.

HR Coaches work with businesses to establish and maintain the link between People and Business Strategy to improve performance and profitability. HR Coaches have researched the Australasian small to medium business sector for over twenty years. They use this research, patented tools, and methodologies to deliver practical, timely, and effective solutions for businesses.

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