

opinion

Looking forward to 2009?

It's the time of year to try to predict what the year ahead will bring. With the current economic uncertainty, it's a tough one to call. Here we predict some of the trends relating to the 'people' agenda of the coming year.

The effect of the recession on the 'people' resource

Differentiation of high and low performers

"As organisations continue with headcount reduction, re-structuring activity and more focused cost control those staff remaining on the payroll will be under increasing pressure to maximise process efficiencies as they need to take on different tasks and responsibilities," comments Ali Gill, CEO of Crelos. "This will lead to those that are successfully managing a higher workload, and performing at a high level, expecting a greater share of the reward pot."

"We'll see that accurate performance data will become crucial to ensure they can be appropriately rewarded and that the low performers can be identified and managed. I believe that variable compensation structures will become more common to provide some cushioning for poor bottom-line results," Gill concludes.

The end of the war for talent

It's been over ten years since McKinsey first reported on the 'war for talent'. But the addition of a few hundred thousand job seekers to the UK talent market coming from knowledge industries will create opportunities and challenges for organisations.

"Organisations have had to shed both the 'good' and the 'bad' over the past few months," says Daniel Edwards, Senior Consultant. "This will impact on those people in the hiring or recruiting departments. They'll see a dramatic increase in volume of applicants for any new position advertised – which may be a welcome relief after years of 'full employment' – but they'll also need to be much clearer about defining the skills and type of people they need for the business and to be able to spot these in the application and selection stage."

"Selection procedures will have to be improved. This will be key to leveraging talent in the inevitable reverse in the business cycle," adds Edwards.

"I think that we'll also get to see how 'Generation Y' will react to lower job security. During the time of relatively full employment, loyalty to the employer was relatively low. How will this demographic feel about corporate life and employers now?"

The key trends across organisations

Social networking (and Web 2.0 technology) will become more institutionalised

The recent growth witnessed of social networking technology and the subsequent debate on the impact on the workplace, will continue into 2009.

"Undoubtedly it is crucial to the 'younger generation' to enhance their connectivity and knowledge sharing. The real challenge will be for businesses to harness the power of this

technology and to use it to generate competitive advantage. We anticipate that this will become more 'institutionalised, and the benefits of this form of communication will support engagement, learning, and information sharing right across the organisation," says Ali Gill.

The definition of 'the workforce' is changing

"Traditionally workforce tracking has been concerned only with those on the payroll but looking forward we believe that productivity and workforce planning can only really be accurate if it encompasses all workers," says Tiffany Bowles, Senior Consultant.

"This means that contractors, consultants, voluntary workers and temporary staff should all be included in the human capital plan and that both short and long business term planning takes into account all workers."

Businesses will require HR to be more strategic and commercial in their outlook utilising analytics

For the business leader, the ability to have one single point of truth about a person will become essential. "For years there have been separate systems to manage the various elements related to employment: payroll systems, online recruitment workflow, performance management and so on. To have all this information drawn together in one place has been the 'holy grail' – but this is fast becoming a reality," says Steve Bicknell, COO of Crelos.

"There is a real synchronicity emerging between the various employee information systems and this will mean that, for the first time for some businesses, it will be able to have clear visibility of all the data it holds about each of their people – information on which to base real people decisions."

"For those that truly believe that people are a source of competitive advantage, this single point of truth is a 'must'," Bicknell concludes.

Businesses will require greater definition and targeting of HR professionals

"We've seen the profession – and language of – HR become increasingly confused and confusing. As companies and government become more focussed on strategies to manage economic crisis and recovery, the more commercial and strategic HR professionals will need to ensure that they rise to the top providing boards with absolute clarity about priority and value creation through people," says Ali Gill.

"We believe that terminology such as 'talent management', 'succession planning', 'coaching' and 'development' will be given proper definition and will be delivered with more precision by the HR practitioner," continues Gill. "It is this precision that will aid clarity of communication and more effective working alongside the rest of the business."

The new legislative changes that will have an impact on organisations

Flexible working

The expansion of the right to request flexible working is being extended to parents of children up to the age of 16.

Minimum wages

There will be increased protection for those on the minimum wage and statutory minimum contracts. There will also be increased penalties for failing to pay at or above the minimum wage and tips will no longer be being allowed to be included in minimum wage payments.

Holiday and working time

There will be an increase in the statutory minimum holiday to 28 days. The European Working Time directive is under review.

The threats to HR as a role

Being seen as a cost

"As companies and government focus on cost management and economic recovery, HR practitioners must be able to add value – and be able to demonstrate that value that has been added." reports Daniel Edwards. "So-called 'tick-box' HR initiatives will not be tolerated and the rationale for projects and their value-add will need to be shown clearly."

Lacking the skills to lead change

"It's well known that 75% of change programmes fail to reap benefits because of the people elements. With headcount cuts, organisations will need to restructure, re-think and re-group. This type of activity will demand expertise in change and transformation." says Ali Gill. "And, if the HR practitioner cannot provide the skills, expertise and ability to manage this change he or she may simply be sidelined," Gill adds.