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HR Trends in BC – 2008 Survey Report

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Executive Summary

The first survey of HR trends in BC found that there will be increasing pressure on HR professionals and the HR function in the year to come.

The majority of organizations expect to grow their revenue and their number of staff by over 5%. This organizational growth is not matched by a similar increase in the size of HR budgets. Although 28% of organizations will be increasing their HR budget, this does not match the indicated increase in the volume and complexity of HR work.

The focus for the year to come is on finding, keeping, and making the best of the people in the organization. Recruitment, retention, leadership development and learning in general are the areas of greatest importance to HR and are the ones receiving the biggest increases in time and resource. This suggests that in general HR is responding effectively to the realities of the tight BC labour market.

As well as the increased activity required to cope with a structural shift in the labour market, HR is being asked to support organizations to handle an ever increasing range of people related challenges. The increased relevance of HR has brought measurement and metrics to the top of the agenda. At the same time the range of specialist issues including corporate social responsibility, emergency planning, recruiting globally and use of technology are new challenges facing a large number of people.

This result confirms what has been an anecdotal trend for some time that increasingly organizations are looking to the HR function to handle all of their people related challenges without adding resources or looking at the challenge from a more cross functional perspective.

Overall the survey highlights that there is a challenging year ahead for HR in BC and that the resources required to be successful are scarce. Given the nature of our business cycle and the climate for talent the profession has made a good alignment between priority areas and resources. At the same time as meeting the current challenges of their organizations', HR is being asked to learn about and respond to an increasingly wide array of future people challenges. Handling these challenges will require increased capability to use flexible resourcing models and enable specialist input to be deployed across the whole organization.

1. Introduction

In March of 2008 BC HRMA conducted its first survey of HR trends in BC. The aim of this research was to gain an understanding of the current plans and future changes that are facing HR professionals in BC. The data was gathered through an online survey distributed to BC HRMA members. The survey received 428 responses. The sample group very closely matched the age, experience level, organizational sector and geographical distribution of BC HRMA's overall membership. The only area where a significant difference was noted was in organizational size. There was a tendency for people from large organizations to answer this survey as opposed to smaller or medium sized organizations. With this in mind the overall results can be seen as representing the current and future challenges facing BC HRMA's members.

In reporting the results of this survey we have taken a thematic approach. We will detail themes which emerged from the survey data either through the combination of answers to a series of questions or that were present in the responses received for particular questions.

2. Key Themes

The themes which emerged from the survey are described below. Each theme will be addressed in more detail in the following pages of the report.

2.1 Theme 1: More with Less

The percentage of people who expected their organizations to grow in revenue and staffing levels was higher than those who indicated their budgets would increase at the same rate as the organization. This suggests that HR departments across BC will be tasked to deal with an increase in the scope and volume of their workload.

2.2 Theme 2: Focus on Recruitment and Retention

This theme is indicative of the structural changes that are taking place in the BC and global workforce. An overwhelming majority of respondents indicated that their primary focus and the challenges they face in the coming year are related to retaining and recruiting talented people.

2.3 Theme 3: Increased Focus on Leadership and Learning

The lack of leadership capacity has been talked about for sometime and the results of our survey suggest that HR professionals are increasingly focused on improving the leadership capabilities within their organizations. Correlated to this they also indicate an increased focus on learning in general, recognizing that if organizations cannot find talented people then they will have to develop their own.

2.4 Theme 4: Broader and Deeper

A final core theme within the answers to the survey is that the range and depth of issues which fall to HR is getting increasingly broad and that deep knowledge is required in each of these areas in order to be effective. The range of current and new challenges being faced by HR professionals shows a wide spread from demographic shifts to technological advances and new analytical techniques.

2.5 Summary of Themes

Overall the themes from our survey point to a profession that is responding well to the current business environment. And which is under increasing pressure to deliver based on the multiplicity of people issues that now shape organizational outcomes and the realization that many of the tools and resources required to meet these challenges have yet to be fully developed. However at the same time the budget required to meet these challenges does not appear to be increasing at the same pace. Overall this speaks to increased pressure on the HR profession for the year ahead.

3. Theme Details

3.1 Theme 1: More with Less

The following survey results indicate that many HR professionals in BC are being asked to do more with less.

- 56% of respondents expect their revenue to grow by more than 5%
- 45% of respondents expect to increase their staffing level by 5% or more
- 72% expect their HR budget (including staffing costs) to not increase or decline
- 49% of those who expect no change in budget expect their organizations revenue to grow at 5% or more
- 48% of those who expect their staffing levels to grow at 5% or more expect no change or a decline in their HR budget.

This series of outcomes indicate that in the year to come HR professionals in BC will be dealing with an increased number of staff and the challenge of recruiting these staff without a correlated increase in budget. At the same time they will be supporting a staff group which is being challenged to increase its productivity through driving higher revenues with the same number of people.

Given the structural changes in the talent market where a lack of people has changed it from a buyers' to a sellers' market there is every indication that organizations are focusing on the right problems but not investing sufficiently to solve them effectively. Instead they are relying on a higher contribution from their existing HR staff.

3.2 Theme 2: Focus on Recruitment and Retention

The following survey results indicate that many HR professionals in BC are focusing the majority of their attention and resources on recruitment and retention.

- 57% of respondents indicated that recruitment was one of their top 3 priorities for 2008
- 49% of respondents indicated that retention was one of their top 3 priorities for 2008
- 25% of respondents indicated that recruitment would receive the largest increase in time and spending
- 15% of respondents indicated that retention would receive the largest increase in time and spending
- 60% of respondents indicated that staff turnover and filling vacancies was one of their top three challenges
- 25% of respondents indicated that the retirement of the boomer generation was one of their top three challenges.
- 70% of respondents indicated that changes to workforce demographics was one of the three most concerning long term trends. This is compared to the economic performance of the US which was the second highest rating with a 30% response rate.

Alongside the focus on retention employee engagement was also a priority challenge for many respondents.

Table 3A: Increase in Time or Spending

The table below shows the percentage of respondents who selected these issues as the one receiving the biggest increase in spending or time in 2008.

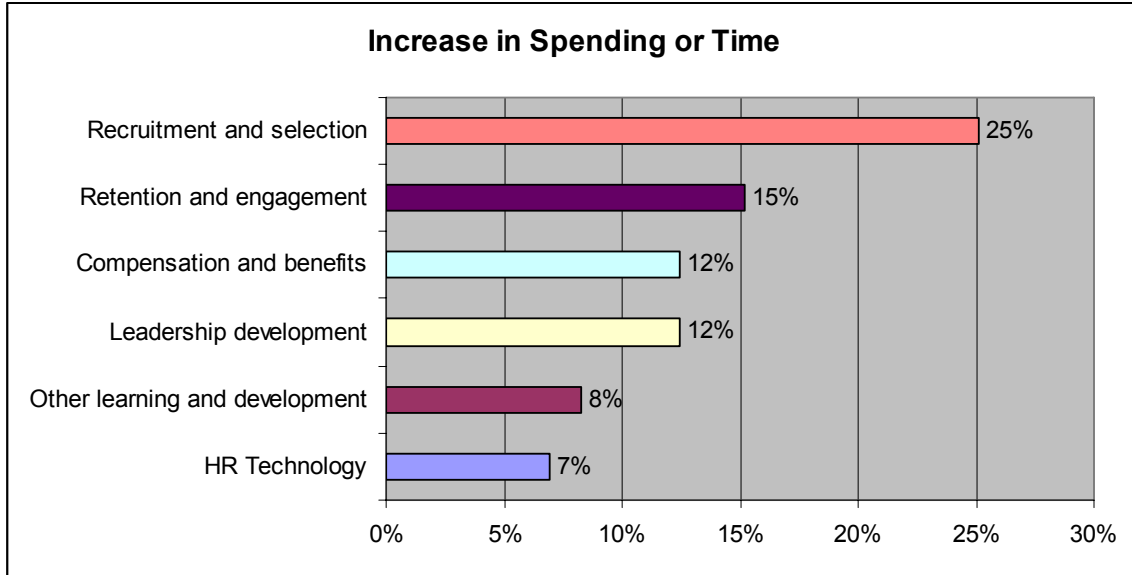
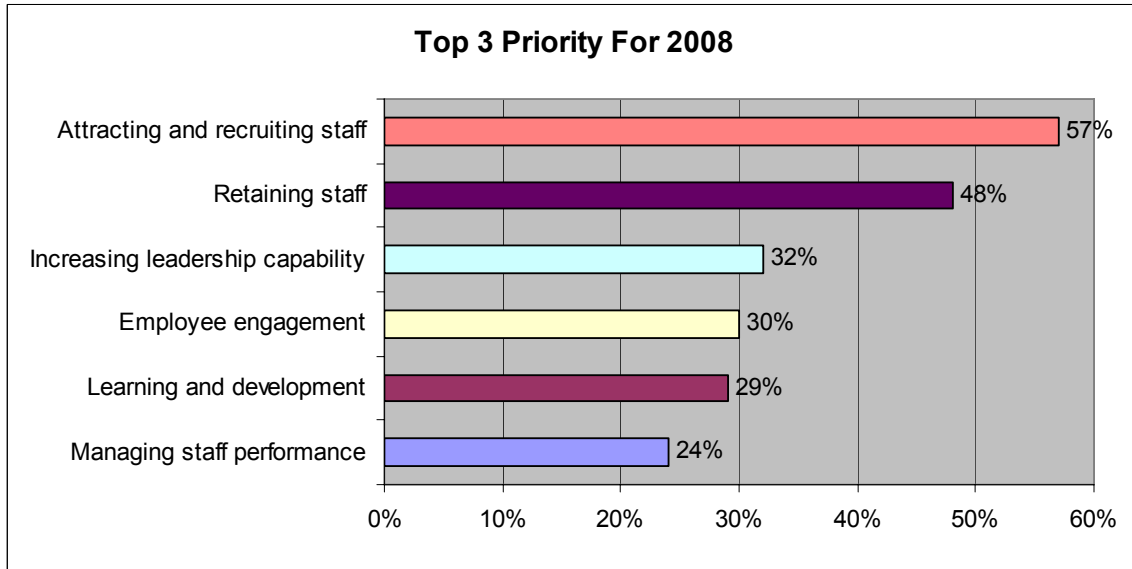


Table 3B: Top 3 Priorities for 2008

The table below shows the percentage of respondents who indicated these issues as one of their top 3 priorities for 2008.



Note: total exceeds 100% due to multiple responses by each person

One difference worth noting within this theme is that the public sector is more focused on recruiting people, where as the private sector had an equal focus on recruitment and retention.

3.3 Theme 3: Increased Focus on Leadership and Learning

The following survey results indicate that there is an increasing focus of time and resources in the area of leadership development and learning in general. Compared to other HR issues identified, this area is the second most important focus area for HR professionals in BC.

- A combined 21% of respondents indicated that leadership development or learning and development in general would receive the largest increase in time or spending in 2008.
- Leadership development and other learning and development are the second two highest areas which will see an increase after recruitment and retention and excluding compensation and benefits.
- 32% of respondents indicated that increasing leadership capability was one of their top 3 priorities for 2008.
- 29% of respondents said learning and development was one of their top 3 priorities for 2008
- 40% of respondents indicated that a lack of leadership capacity would have a significant impact on their organization in 2008. This was the second most clearly identified challenge.

See tables above for reference data.

Compared to other issues identified such as, workforce planning, succession management, HR technology, career management and labour relations, leadership development and other learning scored significantly higher in terms of the impact they will have on the organization and the resources that will be allocated to these areas in 2008.

Without benchmark data it is hard to say how much this has changed in recent years. The leadership gap has been talked about for some time. However the survey data suggests that HR professionals are getting serious about putting their resources behind overcoming this challenge.

3.4 Theme 4: Broader and Deeper

The following survey results indicate that many HR professionals in BC are having to focus on a broader range of issues and that each of these issues requires more specialist knowledge in order to formulate and deliver a response which supports overall organizational success.

After the primary results relating to recruitment and retention the next most striking element in the survey results is the range of issues and topics that are covered.

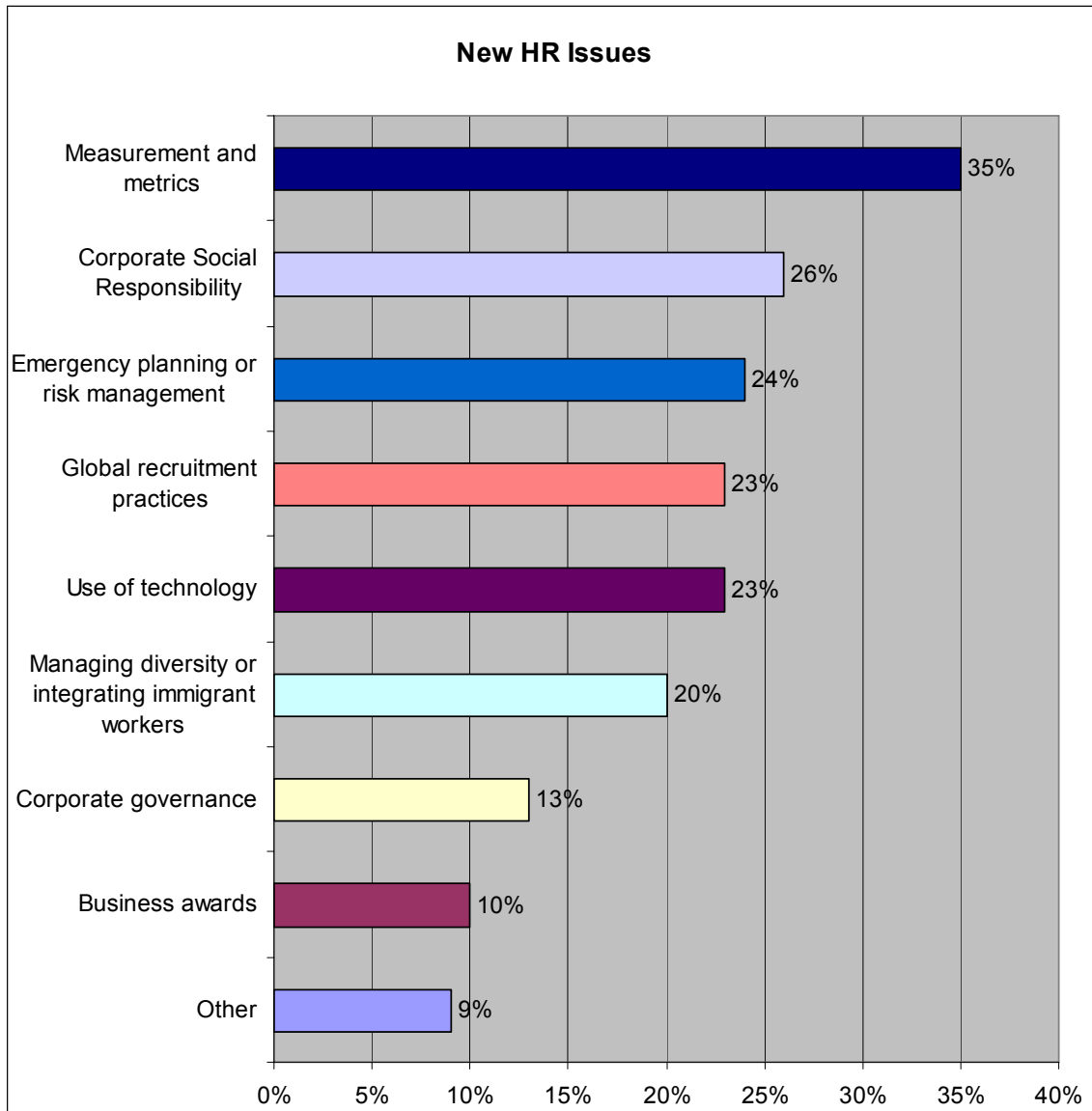
When given a choice to select the new issues that are becoming part of the HR agenda the range of answers attracting over 20% of respondents is significant. At the same time the issues included in this responses range for introducing HR measures and metrics to corporate social responsibility (CSR) to emergency planning and use of technology. (See table below for details.)

Each of the areas identified is effectively a new discipline for HR. Measurement is a challenging and complex area that requires an understanding of both existing measurement approaches and how the needs of HR differ from the rest of the organization. Corporate Social Responsibility is also a multi-faceted discipline including volunteering, public relations, carbon reduction and many other sub issues. The use of technology is an area where an individual could spend all of their time keeping up with what is new and what works.

Within the other category our HR colleagues indicated that change management and handling mergers are a new area of focus.

Table 3C: What New Issues are on Your HR Agenda

The table below shows the percentage of respondents indicating that the issue identified has recently become part of their organization’s HR agenda.



Note: Total is over 100% due to multiple answers for each respondent

All of this data points to an increasing expectation on HR to be up to speed with all of the issues that impact people within the organization. Anecdotally HR has been seen as a clearing house for anything which impacts people. The data above suggests that this is true. Given that HR groups are not seeing a significant increase in budget or staff we can only assume that organizations are asking for a broader contribution from the existing people.

What is also clear about each of the new issues identified is that they require specialist knowledge in order to formulate and effectively deploy some form of program or solution for your organization. The development of metrics is particularly complex when it comes to HR. The field of corporate social responsibility is very broad and again requires specialist knowledge to be effective. Likewise mergers and change require a specialized and deep body of knowledge in order to support organizational success.

There are two trends which are likely to come from the increased scope of the HR function. The first is an increased use of consultants who can support specific projects with expertise. The second is for more organizations to develop more complex HR structures which allow for specialist roles to have an organizational impact through clear and aligned service delivery.

For those who are the sole HR practitioner in their organization the key focus will be on negotiating priorities with your executive and developing effective partner relationships with relevant specialists.

4. Demographic Similarities and Differences

Overall the survey results were marked by the similarities between the different types of respondents. Very few differences were found between the views of the different regions or the different sectors or different sizes of organizations.

Some slight differences were found that are worth comment and these are included below.

- Within the Private Sector respondents there was an equal tendency to focus on retention as well as recruitment. In comparison the Public Sector which was more focused on recruitment and slightly less on retention.
- This same trend was found with organizations located in the interior of BC who were equally focused on recruitment and retention as opposed to having a preference for one of these areas.
- Within organizations with an HR budget of \$100,000 or less there was an increased tendency to focus on retention instead of recruitment.
- Organizations on Vancouver Island do not expect to grow in the same way as the rest of BC. Only 36% of respondents expected to grow revenue at more than 5% compared to 56% for the same measure overall. Similarly 73% expected no change to their HR budget compared to a 52% response to this item overall. However this group were only slightly less likely to indicate that their staffing levels will not change with a response rate of 46% compared to 41% overall.
- For the Fraser Valley group the introduction of emergency planning and risk management was the most important new issue. Overall measures and metrics was indicated as the most important new issue.
- There was no significant differences between the issues and challenges facing organizations who said they would reduce in size rather than grow. The only slight difference noted is that those who expected to decline in revenue and staff were slightly more focused on retaining staff than on recruiting.
- There is a tendency for people from large organizations to answer this survey. 20% of respondents were from organizations with more than 2000 staff as opposed to 18% being from organizations with less than 50 staff. However when the responses for the large organizations are removed there is no significant change to the overall results.

5. Sample Information

The following is a series of tables and descriptions indicating the make up of the organizations that were sampled.

Table 5A: Percentage of Organizations by Sector

The table below shows the percentage response rate for each organizational sector identified.

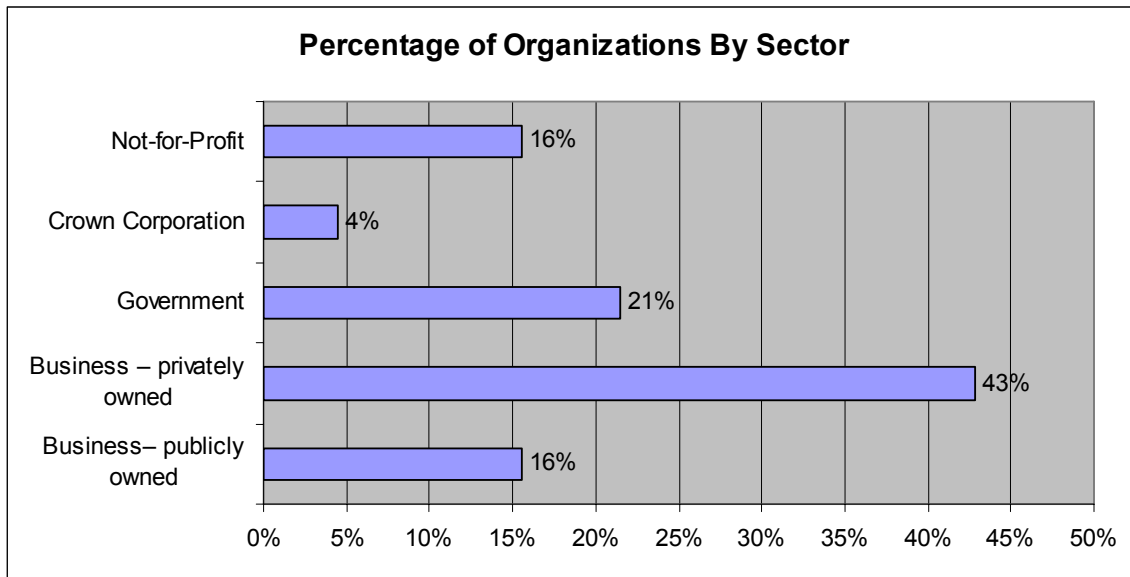


Table 5B: Size of HR Budget

The table below indicates the number of organizations indicating the approximate size of their HR budget. Respondents were asked to include the costs of HR staff when estimating their budgets.

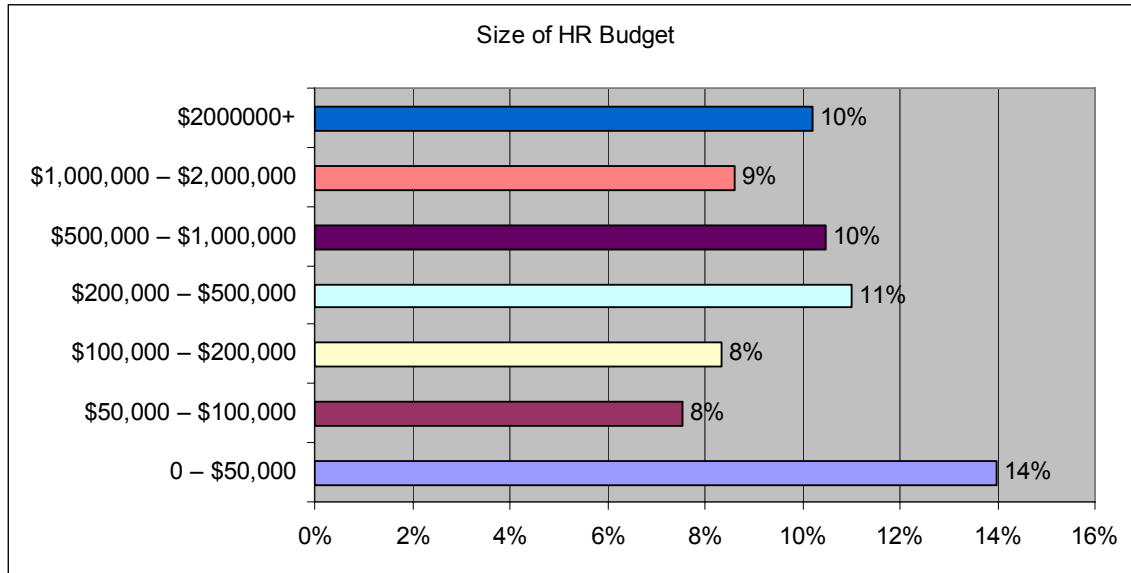


Table 5C: Respondents Role in Organization

The following is a table of the organizational roles held by the survey respondents.

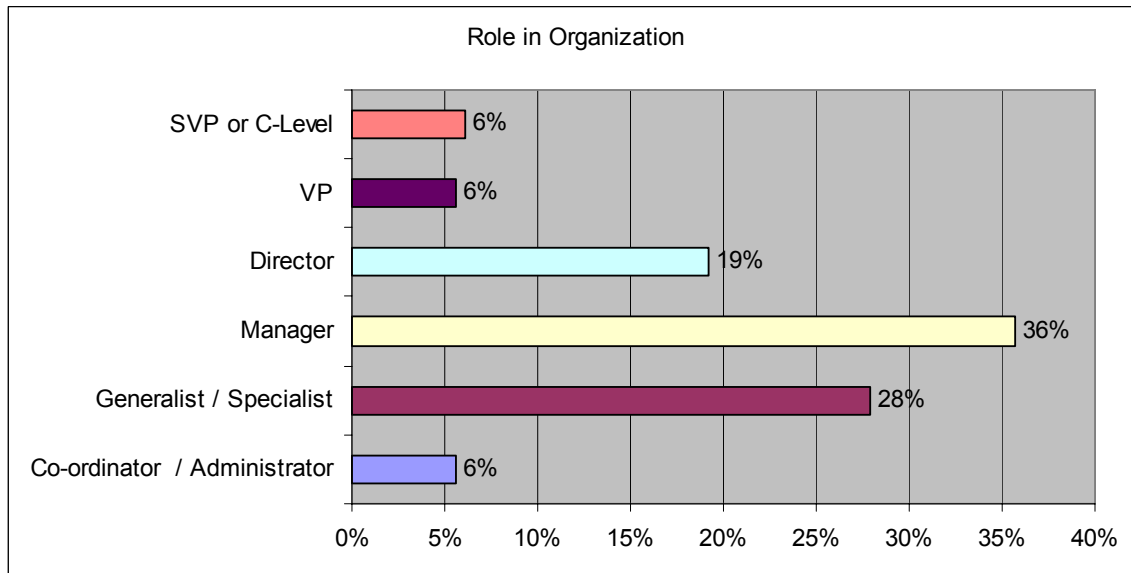
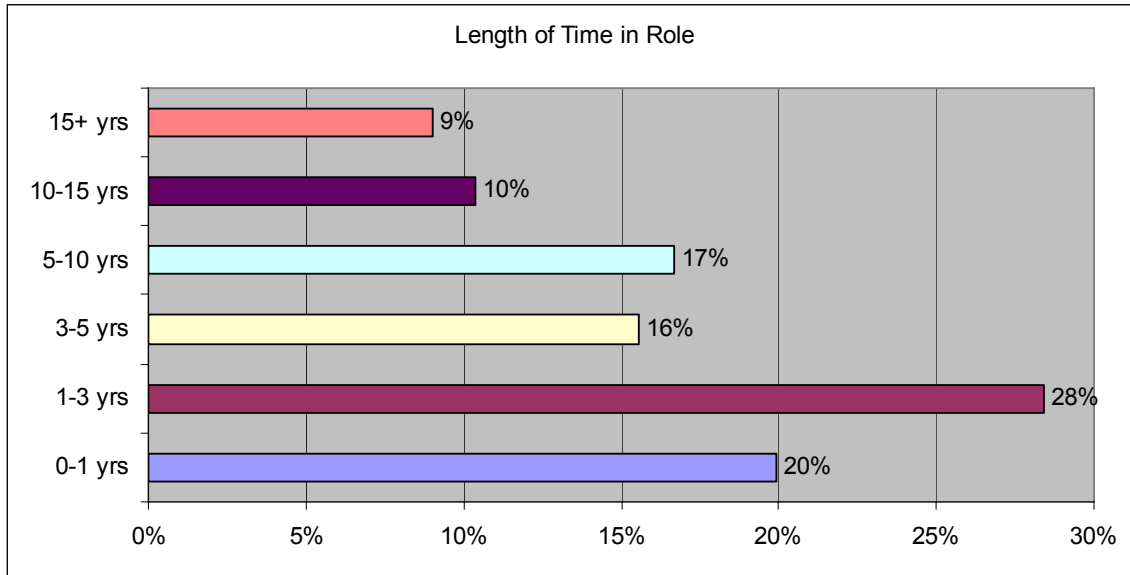


Table 5D: Length of Time in Role

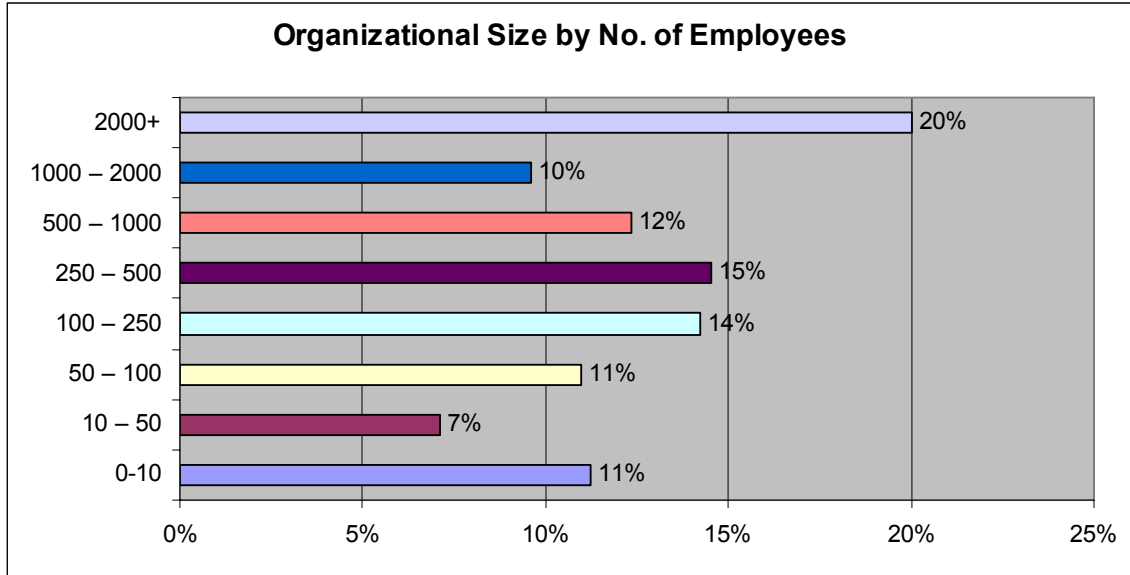
Below is a table detailing the length of time for which respondents have been in their current HR role.



It is worth noting that close to 50% of respondents have been in their role for 3 years or less. This suggests that turnover within the HR profession is similar to that of the workforce overall. This turnover will be contributing to increased pressure on the HR function as it becomes harder to find people with a deep and long term understanding of the organization.

Table 5E: Organizational Size by No. of Employees

The table below indicates the number of employees at the organizations which responded to this survey.



It is worth noting that this is the only measure where there is a difference between the membership make up of BC HRMA and the survey respondents. We have noted from this chart that there was a tendency for people in large organizations to respond more so than people from smaller organizations.

6. Summary

This first survey of HR trends in BC highlights the key issues and challenges facing the profession in the year ahead. The results are marked by the consistency of the challenges across the province and different economic sectors.

As a profession and as an organizational function we are being asked to achieve more with fewer resources – do more with less. The increase in demand is on two levels. The first is an increase in the intensity and focus on certain key areas such as recruiting, retention, leadership development and measurement. The second is a broadening of the scope of the function to include specialist areas such as corporate social responsibility / sustainability, emergency planning and others.

This increase in the depth of the work required as well as the increased range within which specialist skills are required, has not been matched by a correlated increase in HR budgets. Organizations are still looking for their people challenges to be resolved without additional spend.

The overwhelming focus for the coming year is on recruitment and retention. For private sector firms the focus is equal between the two areas. Public sector organizations are more focused on recruitment. Given the structural shift in the labour pool, leading to a sellers market for talent this is an expected result.

There is an increased focus on leadership development and learning. This year it appears to be matched with an increase in the time and resources being deployed against these two crucial areas. Again this can be seen as a response to the changes in the labour market where experienced people are hard to find and organizations are getting more focused on developing their existing people.

Finally the range of issues and specialist knowledge required by the HR profession continues to grow. This year the predominant new area is on measurement and metrics. Given the increased relevance of HR it is understandable that there is increased pressure to demonstrate the value and effectiveness of the function. Given the under developed nature of this area this will be a steep learning curve for all of us.

The new items are marked by the range of issues which are of concern. Alongside measurement, issues including emergency planning, corporate social responsibility, hiring globally and the use of technology are new to a large number of HR professionals this year. Each of these areas is complex and requires a level of specialist knowledge in order to form an appropriate response. Responding to these new issues will require HR functions to maintain flexible structures which enable specialist input to be deployed effectively across the organization.

Overall the survey highlights that there is a challenging year ahead for HR and that the resources are tight or scarce. Given the nature of our business cycle and the climate for talent, the profession has made a good alignment between priority areas and resources. At the same time as meeting the current challenges of their organizations HR is being asked to learn about and respond to an increasingly wide array of future people challenges. Handling these challenges will require the capability to enable specialist input to be quickly deployed across the whole organization.

About the Author

Ian J. Cook is the director of HR knowledge and research at BC HRMA. Ian is using his global HR consulting experience and business knowledge to grow a function which delivers informative, relevant and timely comment.

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