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TECHNOLOGY

Talent Programs Remain Robust

Talent management is alive and well, but the focus in human resources information technology (HRIT) applications is shifting from recruiting toward retention and development of existing staff as the full impact of the recession becomes clearer.

This was a key finding in the 11th annual edition of the *CedarCrestone 2008-2009 HR Systems Survey: HR Technologies, Service Delivery Approaches, and Metrics*. The report on an annual survey of HR leaders about HRIT applications and practices assesses what applications are being adopted and in what ways. At the same time, it reflects broader trends in HR practices.

Because of this, *HRfocus* considers this research an important barometer of not just HRIT applications practices but a reflection of key trends about which HR executives and other HR professionals should be current.

TALENT STILL RULES

Talent management, as a practice and in technology, is not going away any time soon. In fact, according to some findings in the research, it is going to be an even more important player in most organizations as adaptation to the economic situation continues.

The use of talent-management applications is linked to better financial performance in the most recent CedarCrestone research. In fact, organizations that used talent-management applications reported higher financial performance than those not using those applications.

What is changing in these tough economic times is that the focus of the applications and their use is moving from recruiting to developing existing human capital, retaining top performers, and measuring performance, the report noted. The survey researched 12 strategic human capital management applications, all of which can be tied to talent management.

"We view all of these applications as strategic in that they

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Fair Pay Law Signed by President Obama

President Obama signed equal pay legislation into law on Jan. 30, the first law enacted by the new administration. The Lilly Ledbetter Fair Pay Act was passed by both houses of Congress shortly before Obama's action.

The new law amends Title VII of the 1964 Civil Rights Act, the Age Discrimination in Employment Act, the Americans With Disabilities Act, and the Rehabilitation Act. Under the new law, the charge-filing periods—300 days in most states and 180 days in the few states that do not have a state fair-employment agency—would be triggered each time compensation is paid pursuant to a discriminatory compensation decision or practice.

The law overturns the Supreme Court's 2007 ruling in *Ledbetter v. Goodyear Tire & Rubber Co.* In that case, the court held that the time limits for filing a discrimination charge with the Equal Employment Opportunity Commission start to run when the employer makes a discriminatory decision about the employee's compensation, not each time the employee receives a paycheck affected by discrimination.

Ledbetter was a former supervisor at a Goodyear tire plant in Alabama who discovered that she had been receiving less pay than male counterparts doing the same work. She discovered this via an anonymous note after working for the company for nearly 20 years.

Opponents to the legislation, including Senate Health, Education, Labor, and Pensions (HELP) Committee ranking member Michael Enzi (R-Wyo.), argued that the legislation would lead to large amounts of "trivial" litigation, allowing claims from decades in the past.

Ranking HELP committee member Howard McKeon (R-Calif.) said employers would find it "nearly

impossible to defend against many such claims under the Democrats' new pro-litigation framework, leaving current workers vulnerable to job losses and even pension insolvency."

Business groups opposed the bill as too broad, charging that it upends the statute of limitations for many alleged acts of job bias, not just pay disparities. In a Jan. 22 statement, the HR Policy Association criticized Democrats' "steamrolling of the bill" through Congress. Lawmakers should have worked with the business community to devise a bill "more carefully crafted to overturn *Ledbetter*," the association said.

During House floor debate on the bill, Rep. Tom McClintock (R-Calif.) said he was troubled by the possibility of more litigation but had a "deeper concern" about the bill. "I believe it hurts the workplace," he said. "Any person's labor is worth what they are willing to be paid. Some may be willing to take less based on their own individual needs. This makes it one-size-fits-all."

Rep. Carolyn Maloney (D-N.Y.) said the *Ledbetter* decision meant that claims would have to be filed at the time of the first discriminatory paycheck, which could be years before a victim becomes aware of the discrimination. "An injustice should not have a time limit to correct it," Maloney said.

Retaliation Claim Can Proceed Without Initial Charge

A government employee fired within a few months of disclosing a supervisor's alleged sexual harassment in response to her employer's questions may pursue a retaliation claim under Title VII of the 1964 Civil Rights Act, even though she never filed a harassment charge or initiated the internal in-

vestigation, the U.S. Supreme Court unanimously ruled.

In *Crawford v. Metro. Gov't of Nashville & Davidson County, Tenn.*, the court revived a retaliation claim dismissed by two lower federal courts and reinstated the Title VII case. Plaintiff Vicky Crawford sued her former employer on the grounds that Crawford engaged in protected activity under the "opposition" clause of Title VII's anti-retaliation provision.

Justice David Souter said in the decision that although "opposition" is not defined by Title VII, the word's ordinary meaning, plus Title VII's remedial purposes, protect an employee who reports alleged sexual harassment in response to an employer's questions about a supervisor's conduct.

The court rejected the reasoning of the U.S. Court of Appeals for the Sixth Circuit, which affirmed dropping the claim on the grounds that Title VII "opposition" requires an employee to instigate the investigation or otherwise engage in "active, consistent" resistance to alleged harassment.

In a concurring opinion joined by Justice Clarence Thomas, Justice Samuel Alito said they agreed with Souter that Title VII's "opposition clause" prohibits retaliation against an employee who reports alleged unlawful discrimination when asked by his or her employer.

"I write separately to emphasize my understanding that the Court's holding does not and should not extend beyond employees who testify in internal investigations or engage in analogous purposive behavior," Alito wrote.

The case stems from a Title VII suit Crawford filed after being suspended for alleged mishandling of public funds. She was ultimately fired a few months after she disclosed alleged sexually inappropriate behavior by the school district's human relations director.

Staying Strategic in a Changing Economy

These challenging economic times call for strategy more than ever, and contributing to an organization's strategic goals is a key area where HR can make a difference.

Staying focused on strategic initiatives despite economic change is a worthwhile goal for HR professionals who are striving to build their value contribution to the organization. Keeping on course with even large and complex initiatives was the topic tackled by a panel in a session at the Conference Board's Senior Human Resources Executive Conference in New York City, "Building HR as a Strategic Capability."

Although the three panel members represent large organizations, the challenges they face in staying on track are similar to those facing most HR professionals.

KEEPING ON TRACK

As with many organizations, all the panelists' companies are undergoing changes in both HR and across the organization. Keeping these plans moving forward—despite the current global economic situation—is an important goal. The long-term nature of the plans under way at the panelists' organizations is one way to keep moving, since results are not expected this month or this year.

Peter Vrijzen, chief people officer, Cargill Inc., is deep into a huge organizational transformation of the diversified global company that operates in 60 countries with 170,000

employees. HR change is just part of the transformation of 78 business units that have traditionally made individual business decisions "like a plate of spaghetti" into a more centralized structure.

Redefining all business processes is key, and the transformation process in full is expected to take 10 years to 12 years. Retaining the focus is what makes a long-term plan go forward, he explained. "You must make tough decisions in terms of how you work: Focus on the 'how.'" Steps such as considering embedded versus shared services, moving to more process thinking, and working toward strategic goals are what the transformation is aiming for.

Management has made a serious commitment to the change: Vrijzen said that five of the 25 top leaders spent seven months on the strategy phase and an additional 25 high-level people were brought in to support it. Eight top leaders will work full-time or part-time on the next phase.

HR also is supporting the process in addition to being part of what is changing. Is this getting Vrijzen a "better" seat at the table? He pointed out that "it's not so important where you sit—it's what you bring to the table. Are you being taken seriously? Can you influence the organization? These are more important. Don't spend too much energy on trying to be at the table—spend it on creating influence."

FOCUS ON CENTRALIZING

A similar overhaul of HR systems is under way at Becton Dickinson & Co, said Donna Boles, senior vice president, HR. The *Fortune* 500 medical technology company that operates in 50 countries with 28,000 employees is implementing SAP globally. The company is working to increase innovation, build capabilities, and achieve organizational effectiveness.

Centralizing is the theme of the change, she explained. "To be effective, you need central allocation of resources. This makes you agile and lets you put resources where they are needed."

This is especially crucial for an organization that shifts priorities every 18 months to two years—resource allocation must be able to keep up with this nimble operational focus.

Boles's company is moving to a service-delivery model where HR is a strategic business partner. Global solutions are being implemented in areas including talent, rewards, and learning management. Associate service centers are being developed as virtual centers around the globe to serve as the first-level "touch" for managers and employees.

Building this is a "daunting task," she explained. Business partners fear change and loss. One way to deal with this, she suggested, is to "put them on an executive review board for review and input, and inform them of the anticipated value."

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The fear of change extends to HR personnel themselves, who worry about their jobs and losing efficiencies. But HR's role in the transition, which is slated for a 2013 completion date, is critical: HR is profiling roles at each level over three years so that the organization can determine what will best serve its needs.

Because an enterprise risk-management survey among the extended leadership team identified talent management as a high-risk factor for the organization, development has been accelerated, as have the speed of the HR transformation and research and development. A new leader-development program has been launched to identify and develop leaders at various levels of

the company, and proactive executive coaching is provided at higher levels.

"We know it is our saving grace for tomorrow and the only way we'll get there," Boles said.

DOWNTURN ADJUSTMENT

Joseph Walton, senior vice president, global business operations and worldwide HR, EMC Corp., another panelist, described how his information technology and storage and services organization is facing the downturn.

The 40,000-employee organization, which operates in 60 countries, had seen strong growth in revenue and profits for years before the current downturn and takes the stance

that downturns present opportunities. The company's CEO issued a statement about what to expect to everyone in the company that focused on targeting opportunities:

- Keep the focus outward to maintain client relations, and continue to invest in these around the world, although the company is also being more selective.
- The company expects to see a gain in market share.
- Retain, develop, and acquire talent.
- Research and development will be very specific on "winners," and the investment will be made in those areas.
- Communicate internally and externally. □

LEGAL

What HR Should Know About the Battle Over EFCA

One of the main pieces of legislation that human resources professionals and other executives are watching as the new administration gets under way is the Employee Free Choice Act (EFCA). The legislation could make it easier for employees to form unions, an issue that, by its nature, brings dissent.

President Obama, who was a co-sponsor of the legislation in the last Congress, has publicly supported the bill and has indicated that he will sign the measure if it reaches his desk. The proposed legislation also is supported by Obama's pick for secretary of labor, Rep. Hilda Solis (D-Calif.), who was a sponsor of EFCA in the House.

INSIDE EFCA

The proposed legislation has three key components involving how workers can join unions, settlement of first contracts, and penalties for violating the law.

The proposed legislation would amend the National Labor Relations Act (NLRA) to require the National Labor Relations Board (NLRB) to certify a union as the representative of employees if a majority of employees signs valid union-authorization cards. The proposed legislation also would allow unions to continue to petition for NLRB-supervised secret ballot elections if they choose to do so, once 30 percent of the workers have signed union autho-

rization cards.

In addition, the bill would allow parties that are unable to reach a first contract within 90 days to refer the dispute to the Federal Mediation and Conciliation Service. If the FMCS is unable to bring the parties to agreement within 30 days, the dispute then would be referred to binding arbitration.

The legislation would provide triple back pay to employees who are unlawfully discharged or discriminated against while involved in union activities during an organizing campaign or in the period leading up to a first contract. And civil fines of up to \$20,000 per violation could be imposed if an employer is found to

have willfully or repeatedly violated employees' rights during an organizing campaign or while bargaining for a first contract.

In addition, the NLRB could seek an injunction in federal court when there is reasonable cause to believe that an employer has discharged or discriminated against employees, made threats to discharge or discriminate, or interfered with employee rights to organize or negotiate a first contract.

THE BILL'S PROGRESS

Supporters and opponents of the measure expected the legislation to be reintroduced early in the 111th Congress. The bill, which passed the House in March 2007, died in the Senate in June 2007 when supporters were unable to garner the votes necessary to move to a final vote.

In the meantime, battle lines are being drawn between management organizations such as the U.S. Chamber of Commerce and other business groups and labor unions. Organizations have been formed entirely to fight the proposed legislation and other organizations have taken up the cause, pro or con, with a vengeance.

The Employee Freedom Action Committee, which describes itself as a nonpartisan group that is "fighting for fair elections in the workplace," is one pro-EFCA group. It is run by Richard Berman, who also heads the Center for Union Facts.

Another major player is the Coalition for a Democratic Workplace, a partnership of more than 500 employers, associations, and organizations that banded together in the summer of 2008 to work to "protect the right to a federally supervised private-ballot election." The coalition includes groups representing employers in health care, manufacturing, hospitality, grocery, and construction industries, among others.

A third group, the Americans for

Job Security, which says for the last 10 years it has put forth a "pro-growth, pro-jobs message to the American people," got involved in opposing EFCA during the nationwide political campaigns when it ran ads against candidates who were supporting the proposed legislation.

PROS AND CONS

Opponents of the bill, including some Republican members of Congress, have primarily attacked the portion of the bill that would allow workers to form unions through majority signup verified by the NLRB, rather than through the NLRB-supervised election process.

They say the current secret ballot process through the NLRB would be effectively eliminated by EFCA, and they argue that the secret vote is the only way to ensure against intimidation, coercion, and deception by unions during the organizing process.

Rep. John Boehner (R-Ohio), the minority leader of the House, recently said EFCA would "expose workers' votes in union organizing elections to everyone—their employers, their co-workers, and union bosses."

Josh Goldstein, a spokesman for American Rights at Work, which is leading the charge for the labor movement on EFCA, disputed this. He noted that employees would give signed authorization cards to the union organizer, who would submit them directly to the NLRB.

Opponents to EFCA also contend that the measure would further hurt the economy. According to the Web site of the Coalition for a Democratic Workplace (www.myprivateballot.com), the legislation would be a "direct threat to economic growth and job creation and would have a particularly devastating impact on small employers who are the primary source for new jobs in our economy." The coalition also contends that the

portion of the legislation calling for arbitration of a first contract if a contract is not reached within a specified amount of time would "bind employers to contracts that inhibit their ability to create much-needed new jobs."

"The Employee Free Choice Act is a job killer that will add more instability to our economy," said Brian Worth of the coalition. "Protecting worker privacy and giving employers contract flexibility are especially critical given the current fiscal challenges our country faces."

Supporters of EFCA contend that the current process under the NLRA is broken and that employers routinely harass, intimidate, and fire workers for trying to form a union. Goldstein said when you look at the statistical evidence, intimidation by unions is just not there, but intimidation by employers is.

Since 2003, he said, more than a half-million workers have organized through independent card check authorization procedures outside of the NLRB, with more workers organized through card check than through NLRB-supervised elections.

Citing research done by two university professors, Goldstein said only 4.6 percent of those workers said they felt they had been intimidated by the union organizer. According to the same research, this compares with a finding that 46 percent of workers say they have been pressured by management during NLRB-supervised elections, he said.

Another point of view is that the legislation would be bad for both employer and employees. Glenn Spencer, executive director of the U.S. Chamber of Commerce's Workforce Freedom Initiative, the organization's grassroots program against EFCA, said the measure is bad for workers and an attack on employer free speech.

The first time an employer would know there is an organizing cam-

paign, he said, is when authorization cards are presented. Once there is the “barest majority,” the law would require the NLRB to certify the union as the representative rather than hold an election, Spencer said.

Spencer also objected to the provision calling for binding arbitration of first contracts if the parties fail to reach an agreement within a specified time period. “If you go to binding arbitration, that is the end of the process, and workers don’t even get to vote on their contract,” he said. “Many might think they got a raw deal.”

Spencer contended that the arbitration provision would unfairly impact the collective bargaining process. Under current law, the parties are encouraged to work toward the middle because the union does not want to bankrupt the company and the company does not want a strike. Under EFCA, unions will push for

more than they can get from normal bargaining, he said.

Supporters contend that management currently can refuse to negotiate a first contract or drag out the bargaining process to avoid ever reaching an agreement. They point to research conducted by Kate Bronfenbrenner of Cornell University, which found that more than a year after voting for union representation, workers had not achieved first contracts 32 percent of the time.

Goldstein disputed the contention that EFCA would mandate binding arbitration. Both mediation and arbitration are voluntary, he said, as a way to help the parties reach a first contract. He pointed to the provision stating that if an agreement has not been reached after 90 days of bargaining or such additional period as the parties may agree on, either party may request mediation from the Federal Mediation and Concili-

ation Service. If FMCS cannot get the parties to agree to a contract within 30 days or an additional period that the parties agree on, then it would refer the dispute to arbitration, he said.

Spencer said the Chamber of Commerce has no interest in compromising on the provisions of the current proposed legislation and will do everything it can to kill it. He added, however, that the chamber is willing to sit down and talk to labor about making fixes to the NLRA.

For example, he said, labor has complained that it takes too long to adjudicate unfair labor practice charges. While he said most charges are resolved fairly quickly, he acknowledged that there are some “horror stories” where the process takes too long. The chamber would be willing to talk about ways the adjudication procedures could be streamlined, he said. □

RETENTION

How ‘Recession-Proof’ Will Millennial Workers Be?

Recessions bring change, and one change that will be especially interesting is the effect of the recession on Millennial workers. How will they react to their first recession—and how will HR professionals and organizations tap into the strengths of this generation in the workplace?

Consultant Joanne G. Sujansky, Ph.D., founder and CEO of Key-Group, works with organizations on generational issues. She shared insights on this topic and respond-

ed to *HRfocus*’ questions about the strengths and weaknesses of younger workers that HR and other organizational leaders should pay special attention to in the current market.

Q. What’s different now?

A. Every generation seems destined to experience tough economic times. Many members of the World War II generation have very strong memories of the Great Depression. Baby boomers began entering the workforce during a very sharp economic downturn that occurred in the

late 1960s. Upon graduating from college, members of Generation X confronted the “dot-com bust,” along with yet another brief recession in the late 1990s. Today, the Millennial generation is facing what many are calling the worst economic crisis in memory.

The recession raises many questions, including, How will Generation Y react to today’s ever widening recession? How will they feel about the prospect of being laid off from a job they’ve only just begun?

Will they respond to the pressure of extra work and longer hours as the workforce shrinks? In general, how will they deal with the fears that an uncertain economic future generates?

Even before this economic crisis began gathering steam, Millennials were already shaking up the workplace. Born between 1980 and 1999, in the United States alone, nearly 40 million Millennials are making a living in corporations and non-profit organizations. They're well-educated, technologically savvy, and brimming with confidence.

Q. What negative effects may Millennials experience because of the recession?

A. To many people, it may seem that the Millennial generation suffers from several disadvantages in the face of an economic downturn. Most of this generation experienced relatively prosperous times while they were growing up. When the dot-com bust of the late 1990s and early 21st century struck the technology industry, most Millennials were still attending secondary school. While some of their parents may have suffered layoffs—or even lost businesses—the majority of the Millennial generation was unscathed.

Millennials also suffer from a reputation for harboring very high expectations. They've been coached for success by attentive teachers and hovering parents. They attended success camps and enjoyed a flood of encouragement. Could their high expectations of success prove to be a handicap when the economy heads south? Perhaps the higher their expectations, the harder their fall!

Q. What positive approaches do Millennials bring to a recessionary world?

A. While Gen Y is often criticized for overconfidence and unrealistic expectations, consider how its members might prove to be resilient.

Unlike their older counterparts,

Millennials have less at stake in the face of an economic downturn. Few are married, fewer still have families to support, and not very many have large mortgages to pay. To be sure, a lot of college graduates are still working off school loans, but, in general, they stand to be less economically affected by the current recession.

And remember, because they've been groomed for success, Millennials bring a natural optimism in the face of tough problems. They feel that they can tackle opportunities and be acknowledged for it all along the way. Additionally, they've been taught that teamwork is the key to success. Even if there are fewer team members around to partner with, Millennials' preferences for collaboration will keep them working together to create a solution.

And Millennials' gifts for multitasking will certainly pay off if longer hours and more efforts are required. By the same token, their high comfort level with computers and technology means you can count on them to wring the greatest productivity out of their work tools.

Q. How can organizations best use these strengths of Millennial workers?

A. Leaders must be prepared to take advantage of those strengths. It's important for management to keep all employees, including Millennials, informed about the big picture. While veteran employees may feel grateful simply to hang on to a job, your younger employees will still need to see that the company's future is positive and that their career paths will continue forward.

In general, upper management must continue to convey confidence and optimism about the future of the organization.

All employees—especially millennial employees—need to believe that their organization has the talent *and* the focus to survive, even in the toughest of times. Feed their enthusi-

asm and natural optimism by giving them hope and information about how the company will thrive.

HR departments would do well to continue providing relevant training so Millennials can develop new job skills. A tough job market doesn't mean they'll stop looking for greener pastures. Keep the talented employees with you longer by continuing to develop them.

This also may be a good time to launch a mentoring program. While your older employees struggle like everybody else when times are tough, they've also been through it before. Their confidence can help reassure your younger employees that good times will return.

Recognize that even in the most difficult periods, creativity and innovation can thrive. In our research, we found that Millennials, more than baby boomers, are more than twice as likely to prefer entrepreneurial opportunities instead of full-time employment. You can harness this creative impulse by challenging your younger employees to find innovative new solutions to tough problems. They're not bound by history, expectations, or culture so they can bring some fresh thinking to your workplace.

Even as hours and hard work increase, don't forget to acknowledge their blurring the lines between work and life. Continue to provide flexibility when you are able, and make sure to recognize them when they go over and above the expected results.

FOR MORE INFORMATION

Joanne Sujansky of KeyGroup can be contacted at www.keygroupconsulting.com. Her latest book, *Keeping the Millennials: Why Companies Are Losing Billions in Turnover to This Generation and What to Do About It*, will be published later this year by John Wiley and Sons. □

Layoff Predictions Are Gloomy, But Employers Focus on Retention

Recessionary job losses will continue at least through the middle of the year and then will taper off as the economy gradually begins to recover, according to a panel of economists.

The unemployment rate is predicted to climb to 9 percent or higher in the next few months. This would be the highest rate since the 1981 to 1982 recession's peak of 10.8 percent.

Job losses during the first six months of last year averaged 77,000 per month; the rate quickened to an average 500,000 jobs per month in the last three months, according to the Labor Department's Bureau of Labor Statistics.

A survey released in mid-December by the Society for Human Resource Management indicates that more layoffs will be coming this year: About 60 percent of surveyed employers reported they are somewhat likely to lay off workers in 2009. Among these, one-quarter are "very likely" to lay off workers within 12 months. However, 40 percent of all respondents reported they are "not at all likely" to initiate workforce reductions.

Analysts forecast job losses from 105,000 to 363,000 per month through the first six months of 2009. Most economists included the enactment of a large stimulus plan into their projections.

In fact, a fiscal stimulus package was "the biggest reason to expect a better second half," according to Dean Maki of Barclays Capital. That firm is projecting an average of 363,000 jobs per month to be lost during the first six months of 2009. The firm expects that to drop dramatically to a 38,000-jobs-per-month loss on average during the second half of the year.

"The focus in the near-term should be on economic growth," Maki said. "If we regain robust growth, the jobs will follow."

Retention and hiring are still planned for this year by a number of employers, according to the results of a CareerBuilder.com survey that was conducted between November and December 2008.

The *2009 Job Forecast* reported on input from 3,259 hiring managers and human resources professionals in private-sector companies. While recruitment will be lower this year, there is more of a wait-and-see approach, according to Matt Ferguson, CareerBuilder.com's CEO. Most respondents indicated uncertainty about hiring or that they do not plan changes to previous plans, 14 percent said they plan to increase full-time permanent workers, and 16 percent planned a decrease this year.

Hiring is expected to be the strongest in the South and West during 2009: Eighteen percent of employers

in the South and 14 percent in the West said they were planning to add full-time, permanent employees. The areas most likely to reduce employees this year were the Northeast (19 percent), Midwest (17 percent), and West (16 percent).

Trends noted from the research by CareerBuilder for this year include:

- *Higher pay.* Sixty-six percent of employers said their companies planned to increase salaries for existing workers in 2009, down from 80 percent in 2008. Among these, 46 percent expected to increase salaries by 3 percent or more, and 10 percent anticipated increases of 5 percent or more. One-third of respondents expect to increase salaries on initial offers to new employees, down from 65 percent in 2008.

- *Flexible work arrangements.* Almost one-third (31 percent) indicate they plan to provide more flexible work arrangements this year, including alternate schedules for arrival/departure at work (70 percent), telecommuting (48 percent), and compressed workweeks (40 percent).

- *Green jobs.* Thirteen percent of employers say they plan to add "green" jobs this year, positions that implement environmentally conscious design, policy, and technology to improve conservation and sustainability.

- *Retaining retirees.* Seventeen percent of employers say they are likely to rehire retirees from other companies this year; another 12 percent are likely to provide incentives for workers at or approaching retirement age to remain with the company.

- *Diversity recruitment.* Eighty-eight percent of employers report they will be placing the same or greater emphasis on recruiting bilingual job candidates this year.

- *Freelance or contract hiring.* Twenty-eight percent of employers anticipate hiring freelancers or contract workers in 2009.

And employees will still look elsewhere for a better job: The CareerBuilder.com research found that even in the recession, 19 percent of workers said that they plan to look for a new job, and the same percentage plan to leave their current job before the end of this year. The primary reasons: better pay or career advancement opportunities (49 percent).

Watch for 'Employee Scapegoating' as Economic Troubles Continue

Employees may be more prone these days to blame others for problems they have caused themselves, said Paul Harvey, assistant professor of management at the University of New Hampshire in Durham.

Harvey, who studies behavior in the workplace,

said it is “a natural human tendency to want to deflect blame for negative outcomes (especially at work where your competency is always being evaluated), and so people often subconsciously look for other people to blame when problems arise.”

If the finger-pointer is the boss, the situation becomes even more complicated, he explained. “When that happens, people usually have to stand their ground and hope that, over time, the facts help to vindicate them.”

This version of blaming is a form of “abusive supervision” and includes “spreading rumors about employees, insulting them, withholding information, and pretty much everything short of actual physical abuse.”

Falling Employee Engagement: It May Not Be Your ‘Fault,’ but You Can Still Fix It

Employee engagement declined at 66 percent of U.S. companies, according to a comparative survey of 2007 and 2008. Quantum Workplace, which conducts the Best Places to Work programs in more than 40 metro areas, surveys a range of employees at various times of the year in various locations.

“In the past, our surveys have shown how employers can significantly influence, if not control, how motivated and satisfied their employees are,” said Greg Harris, president. “But we couldn’t help wonder what effect such a significant event beyond employers’ control—an economic crisis—might have on employee feelings and perceptions of their workplaces.”

By almost a two-to-one margin, more employers had lower overall employee engagement scores in fall 2008 than in fall 2007, the research found. “This result is out of the ordinary from our trends for the last five years and strongly suggests that external circumstances regarding the economy may well be influencing employees’ attitudes about their jobs and workplaces.”

Ways employers can turn around lagging employee engagement suggested by Quantum’s research:

- Set a clear, compelling direction that empowers each employee.
- Maintain open and honest communication. Even if the news isn’t always good, communication is important to employees.
- Continue to focus on career growth and development. Look for opportunity for employees, even in the midst of economic change.
- Recognize and reward high performance. Find ways to reward those who are keeping your organization going.
- Provide employee benefits that demonstrate a strong commitment to employee well-being.

Long-Distance Employee Management Becoming the Norm

Off-site work is one way to increase employee productivity, although it does present challenges in terms of management and optimizing efficiency and engagement. To make it work best for all, a report from the Conference Board provides some insights from recent research.

“The issue of whether or not to allow employees to work at a distance is no longer a cost-benefit issue—it is simply the reality of doing business,” noted Linda Barrington, research director and labor economist. “And effective management of dispersed employees is a key to success in that new reality.”

Some findings of the research include:

- Effective distance teams share five practices: in-person meetings, clear agreements on accessibility, good use of group software, adequate company support, and clearly defined roles for all.
- Almost 80 percent of the respondents believe that the extra costs of enabling employees to work off site do pay off, although more than 60 percent said managing same-site employees is easier than managing distance workers.
- Fifty-three percent of managers reported spending more than an hour a week developing working relationships with distance employees, but only 18 percent of employees believe their managers spend that much time with them.

Keeping Employee Performance High—Even in Recessionary Times

Learn tips to help with your workforce during these tough times in the webinar “Managing Employee Performance in a Recession: Six Things to Keep Employees Fully Engaged No Matter What.”

For more information on purchasing a recording of the webinar, visit www.kennedyinfo.com/ProfessionalDevelopment.

Help in Locating Recruiting Resources

The Directory of Executive and Professional Recruiters 2009-2010 can identify the top professionals in the field. Published by Kennedy Information, the directory details more than 13,000 retained and contingency recruiters in over 6,000 search firm locations, including key contact information. Five indexes offer data on job placement areas, industries, individual recruiter specialties, and geographic and A to Z listings. For more information, go to bookstore@kennedyinfo.com.

Where Are Contract Workers Filling Talent Gaps?

The wave of layoffs—and coping with increased pressures to produce with remaining employees—makes the employment market seem ripe for a boom in contingent workers.

But will this happen? What challenges will employers face if they build a nonpermanent workforce when the recovery comes? These and other issues are explored in a new report from the Human Capital Institute, *The State of Contract Talent Management and the Role of HR*.

HCI conducted research on the use of contract talent between August and December of last year and included 319 responses from member organizations. Other research from a variety of resources also is included in the report.

GROWTH POTENTIAL

Contract workers are important for more reasons than layoffs, of course, as the report observes: “A well-implemented contract workforce-management program can allow an organization to tap into a flexible talent base and adjust the workforce to match with new skill requirements and workload changes, and at the same time control costs and risks.”

Contingent workers can include part-time, temporary, leased, and contract workers. Respondents identified current contract talent as specialists doing technical work (80 percent); professionals providing consulting, legal, or other expertise (72 percent); senior managers and executives who help lead the organization (14 percent); and other (15 percent).

Among the respondents, 85 percent said their use of contractors will stay the same (53 percent) or grow over the

next three years. Twenty-six percent anticipate an increase and 6 percent foresee a substantial increase.

The flexibility benefit to using contingent workers is the main reason to expand the contract workforce, saving money is not, the report indicates. “Employers are far more interested in locating contract talent with the skills and competencies they require than in saving money by utilizing contract talent instead of regular, full-time employees.”

The survey data bear this out: Only 9 percent strongly agreed and 27 percent agreed that cost is the main driver in employing contract talent in the organization, 54 percent disagreed with that statement, and 7 percent strongly disagreed.

Instead, it is about talent and skills for more than half of the respondents: 56 percent agreed and 28 percent strongly agreed that talent and skills are the main drivers for employing contract talent.

FINDING CONTRACT TALENT

The leading source of contract talent, according to the findings, is hiring or subcontracting through staffing agencies (70 percent), followed by retaining individuals operating as their own single-person small business (61 percent) and hiring or subcontracting through consulting firms (56 percent).

Contract workers are not being used as a blanket solution to any and all vacancies, according to the survey: Seventy-nine percent of respondents indicated that contract talent is used only on some types of jobs or assignments.

MANAGING CONTRACT WORKERS

Who is responsible for hiring and

managing contract workers? This is a question that can elicit widely varying responses.

The survey respondents indicated that human resources or talent-management professionals are primarily or partially in charge (57 percent), though the study points out that the respondents are largely HR professionals (and thus could indicate a skew toward HR involvement in contract talent management).

The fact that 43 percent of respondents don’t seem to involve HR or talent-management professionals at all in contract management is “alarming,” the report notes. “This almost certainly leaves those organizations at a disadvantage, and one that will grow as more and more of the workforce is comprised of contract workers.”

HR’s help could certainly be used with contract workers when it comes to the challenge of identifying high-quality individuals: Fifty-five percent of respondents identified this as the greatest issue in engaging contract talent.

The second issue identified is that of coemployment issues, in which employee conduct affect a contract employee and the issue includes potential legal ramifications.

HR or others with talent-management expertise can work with the legal department to manage such coemployment issues, as well as address other challenges in hiring and managing contract workers.

STRATEGIC APPROACH

For 75 percent of respondents, contract talent management was seen as a strategic measure that could enhance competitiveness and profitability. However, nearly half are not confi-

dent that they can track the spending and head count on contract workers. Less than half of the organizations reported having a centralized system to bring in contract talent.

While most respondents agree that having a plan is key to obtaining maximum strategic benefits from contract workers, few organizations

are achieving this goal when it comes to including contract workers in the talent management plan. In fact, 43 percent of respondents indicated that those responsible for hiring contract workers aren't involved in the organization's strategic planning process. More than half (54 percent) said that contract workers are not

included in the strategic business planning process at all.

FOR MORE INFORMATION

The State of Contract Talent Management and the Role of HR is available from the Human Capital Institute (www.humancapitalinstitute.org). □

PAYROLL

What to Look for in a New Payroll Vendor

If your organization is in the market for a new payroll vendor, a streamlined shopping approach can save time and money. Leading experts in the payroll field answered the questions you'll want answers to regarding how to make a payroll vendor selection. *HRfocus* believes these are helpful for other vendor decisionmaking beyond the payroll area.

Respondents to the questions were Amy Brar, senior director of corporate strategy for Kronos Inc.; Walter Turek, senior vice president of sales and marketing for Paychex Inc.; and James Medlock, CPP, director of education and training for the American Payroll Association.

TOP VENDOR ATTRIBUTES

There are many important points to consider, and each may have a different weight depending on your organization's needs.

However, two attributes made the top of the list. "The most important attribute that any vendor should have is a customer-oriented culture," Brar noted. "Placing the customer at the top of the 'culture chain' means the

vendor listens to customers, understands their needs, and creates innovative solutions to address those needs." Medlock concurs, "Excellent customer service is one of the important attributes that one should look for when picking a payroll service provider."

Turek may have been focusing on current economic realities when he said, "First and foremost is the reliability and integrity of the service provider. When looking for a provider, determine whether or not it is financially sound, insured, assumes liability on behalf of the client, and, of course, is trustworthy. Entrusting a third party to process your payroll requires high confidence in their credibility and ability to protect sensitive data."

SIZE VERSUS EXPERIENCE

Both can be important when considering vendors. Brar pointed out, "A good software vendor has a combination of experience and size. It is critical that a vendor understands a customer's specific business and industry and can provide expertise through the services and support

necessary to enable that customer to be successful.

"Given the volatility of the software industry, size is important because of what it indicates about longevity. In addition, a vendor with a strong customer base can help shape the future direction of its products and technologies, ultimately benefiting all customers."

Turek suggested that the question be examined in deeper detail, including:

- "an established infrastructure for supporting clients' needs;
- "internal controls for data security and the movement of funds;
- "the ability to seamlessly shift payroll processing to another location in the event of a natural disaster or other disturbance that affects processing;
- "technical knowledge to deliver industry-leading customer service; and
- "a dedicated training program to ensure employees are always up-to-date on payroll and tax laws, the experience to anticipate what a business hasn't thought of, and the tools and resources to make it happen."

Pay Increases to Hit New Low This Year

Pay raises will be at their lowest level in 32 years for more than 7 million Americans, according to *U.S. Impact of Economic Conditions on 2008/2009 Compensation Spending—Pulse II*. The survey was conducted by Hewitt Associates.

Despite this fact, organizations are focused on attracting and retaining key employees and will reserve a significant portion of their compensation budgets for variable-pay bonuses or performance-based rewards.

Hewitt's survey of 640 large companies, representing almost 13.5 million U.S. employees, found that the recent economic situation or cost pressures have prompted 50 percent of the employers to make significant changes to their base salary spending in 2009; 25 percent are still considering doing so. For those companies making changes, base salary increases for all employee groups are expected to drop below 3 percent for the first time since Hewitt started tracking the data in 1976.

Salaried exempt employees will see an average salary increase of 2.5 percent in 2009, down from 3.8 percent predicted for this year back in July 2008. Executive pay increases will drop from 3.8 percent to 2.2

percent, and salaried nonexempt will decrease from 3.7 percent to 2.6 percent.

The Hewitt study also examined salary increases by industry. The automotive industry expects the lowest pay increases for 2009. Employees in education, banking, and finance also will see lower-than-average increases next year. Industries with above-average salary increases in 2009 include construction/engineering, research and development, and pharmaceutical.

More than two-thirds (69 percent) of companies have variable pay programs, and another quarter (24 percent) plan to introduce such programs this year. Most companies that offer variable pay programs are not making large cuts to their 2009 budgets, according to Hewitt.

For salaried exempt employees, spending on variable pay as a percentage of payroll is expected to be 11.1 percent in 2009, slightly lower than the 12.1 percent projected increase from July. Variable pay spending for salaried nonexempt employees will have a smaller decrease: from 6.1 percent to 5.7 percent.

U.S. Impact of Economic Conditions on 2008/2009 Compensation Spending—Pulse II is available from Hewitt at 847-295-5000 or human-capitalconsulting@hewitt.com.

predictable, compared to 38 percent in 2007. However, 66 percent of employees are taking steps to improve their personal health, a 4 percent increase over the prior year.

Nearly one-half of employee-respondents chose lower-cost drug options, but 17 percent chose not to fill prescriptions or skipped doses in an effort to cut costs. This latter percentage is up 4 percent over the prior year's survey. And 40 percent said they saw their doctors only for serious conditions, up 5 percent from 2007. Seventeen percent avoided recommended doctor's visits in 2008 to save on the costs.

Get the Latest Benefits Benchmarks and Metrics

The just-released *Benefits Benchmarks and Analysis 2009* provides benefits-specific benchmark data from major resources. This first-time collection from IOMA includes corporate benefits benchmarks, health care costs and plan benchmarks, pharmacy costs and plan benchmarks, 401(k) and pension plan information, retiree benefits, and more.

For more information, go to www.ioma.com/hr or call 973-718-4700.

Update Compensation Data for the Changing Economy

The 2009 edition of *Guide to Compensation* provides updated information in before-and-after forecasts about pay to reflect the economy's impact. The report also includes information on how to control pay costs, how to reward top performers on a tight budget, how variable pay is being used now, and other compensation program information that can help immediately.

For more information, go to www.ioma.com/hr or call 973-718-4700.

Future issues:

- Managing Your HR Project: Shortcuts and Tips for Recession-Era Efficiencies
- Metrics 2010 Preview: A Peek into IOMA's Updated Guide to HR Benchmarks
- Looking Ahead on Compensation: The Market Changes as They Unfold for 2010 Planning
- What to Expect in the Short-Term for Work-Life Initiatives: Will They Stay Strong in This Economy?

Recession Brings More Health Care Spending Cutbacks

The economy also is attacking expenditures on health care by U.S. workers, according to a report from Watson Wyatt Worldwide (www.watsonwyatt.com/employee Perspectives). The *Employee Perspectives in Health Care* survey found that with more workers experiencing financial difficulties, only 19 percent of those surveyed said they were more willing to pay higher premiums to keep deductibles lower and more

TECHNOLOGY V. TRIED & TRUE

Respondents were asked about the benefit of technological innovation (application of the latest upgrades/options) versus staying with a tried-and-true system.

The experts agreed that technology is paramount. Turek said, "Technology, without question, is important. It is necessary to stay current with what's available in the marketplace, whether it's offering clients the ability to manage payroll using a Web-based system or in-house on the company's PC or network. Continual evaluation of existing systems against the next generation of IT infrastructure and software is vital to ensure you offer the best products and services to meet current and potential client needs."

Brar focused on the specific technological needs of payroll and HR. "A solid technology platform is a key part of any good software solution. Without that, nothing else is of much value. Particularly in the HR/payroll world, where compliance with changing government regulations and tax codes is a fundamental requirement, technological innovation cannot be overlooked. A good vendor is constantly updating their software to accommodate important regulatory changes, and it is critical that customers keep their systems current."

Medlock emphasized the importance of staying abreast of technological advances in the industry. "The technology that a service provider utilizes to receive data from the

company, process payroll, provide data and reports to the company, file employment tax data, and make payments is an important consideration when choosing a payroll service provider. Understanding the technology that is being used is critical to understanding how the systems will be supported and viable in the future with the constantly changing technologies used in payroll processing."

LEAST IMPORTANT ISSUES

The experts agreed that what matters most—or least—is really up to the individual needs of your organization.

"There is no one aspect of payroll outsourcing that can be deemed the least important to every business," Turek explained. "Each business will place emphasis on different characteristics depending on their business and the benefits they hope to realize by outsourcing payroll."

Prioritizing your needs is part of the vendor shopping process. While vendor reps can be a helpful source of information relating to solutions that have successfully met the needs of other clients and vendors may make suggestions as to service options, the client has the ultimate responsibility to identify and prioritize its needs.

KEY QUESTIONS

Before signing the contract, Brar recommends evaluating these areas:

- stability and financial strength of the vendor;
- breadth of solutions available from the vendor along with their integration capabilities;
- functional product fit with your business needs;
- long-term cost of ownership; and
- customer references: Can the vendor provide these? Are they strong? Are they organizations you can relate to?

Turek suggested getting answers to some very specific questions that include:

- As I grow and need further help, do you have the ability to grow with me?
- Can you explain your service model?
- Do you have a disaster-recovery plan?
- Do you have the ability to hold funds and pay taxes on behalf of your clients?
- Do you make tax deposits? Do you save and file tax returns?
- If a penalty is assessed, who pays the penalty?
- Do you guarantee accuracy and timeliness?
- Are there different options for reporting payroll? Can it be reported 24 hours a day?

Medlock's answer was broad yet succinct: "An effective request for proposal will include more than 100 questions about the payroll service provider and its capabilities, systems, and services." □

TECHNOLOGY (cont'd from page 1)

help an organization acquire, develop, and retain the right talent as well as make productive use of all workers," the report explained. The percentage of respondent organizations that are currently using these or budgeting these applications for addition in the next 12 months in-

dicates the continued importance of talent-management applications (see Table 1).

Talent-acquisition services are still the leaders in current use (65 percent), though the survey concludes that there will be more emphasis on other applications as time

goes on. For instance, while 54 percent of respondents now use performance-management applications, another 13 percent are planning to add this within the year and 20 percent will do so within 36 months.

Notably, learning and training continue to hold important places

in the lineup of HCM applications: Within 36 months, the 63 percent offering e-learning will increase to 80 percent.

Some of these applications are tied to improved financial performance, the report notes. For instance, organizations that have a competency-management program achieved “standout” sales growth over those

that did not have such a program. And organizationwide succession planning was found to be responsible for significantly higher sales growth than that seen in organizations where succession planning was limited to top management only.

Finally, learning management in any combination with other talent-management applications is linked

to the strongest revenue growth.

OTHER FINDINGS

Additional conclusions about HRIT applications and usage in the survey:

- Integrating talent management with service delivery, talent management, and business applications on the same platform as core human resource management systems (HRMS) is considered to be a best practice. The report indicates lower per-employee costs, compared to best-of-breed or mixed talent management.

- Sixty percent of respondents have pay-related self-service applications in place, and another 10 percent plan to add them within the year. Benefits-related self-service is in use at 59 percent of responding organizations and will be joined by another 14 percent within 12 months. Employee self-service is a close third in current use, with 56 percent of respondents reporting that they now offer it and 17 percent have budgeted it for implementation within the next 12 months.

- Employee-facing portals are becoming a growing factor: Fifty-one percent of respondents offer a portal with access to HR transactions such as benefits enrollment, personal data changes, or manager approval processes. Another 50 percent have access to HR information available in a portal.

- Web 2.0 is still an early-adopter technology. However, it is showing great promise: The survey found that organizations using social networking for recruiting and branding had double the sales growth of those without these tools. Instant messaging and internal blogs are used by about one-third of respondents and social networking sites, and the collaborative tools are used by just 10 percent. More than half of survey respondents are not using or still evaluating these technologies.

Table 1. HCM Application Use

	In Use	Budgeted for Next 12 Months	Within Next 36 Months	No Plans/Not Aware
Talent acquisition services	65%	14%	12%	9%
e-Learning (online courses)	63	7	10	20
Training enrollment	57	11	13	19
Performance management	54	13	20	13
Compensation management	51	13	14	22
Learning management	44	14	15	27
Position management (new)*	31	9	12	48
Succession planning	26	16	22	36
Competency management	23	14	29	34
Career planning	22	12	21	45
Workforce lifecycle management (new)	18	12	28	42
Workforce planning	15	9	21	55

*New to this year's survey.

(Source for both tables: CedarCrestone 2008-2009 HR Systems Survey)

Table 2. HRIT Time and Budget Expenditures

	Spending Time	Spending Budget
Metrics and analytics*	69%	50%
Business process improvements and innovations	60	43
Align and implement performance and goals management	46	36
HR systems strategy	42	28
Employee and manager self-service	41	42
Compensation management	35	32
Address war for talent/implement recruiting solutions	32	35
Enterprise portal with HR info and transactions	29	31
Upgrade	28	24
Create competency model/implement competency management	27	18
Success planning	22	14
Time management and scheduling	22	25
Learning management	20	28

*Comprised of multiple components including scorecard/dashboards, workforce analytics, and planning, implementing, and integration efforts.

- Workforce management applications are becoming more popular choices in industries where flexible schedules and forecasting are needed, the report about the survey findings observed. Leaders here include high-tech, financial services, and oil companies. Time management self-service is being implemented by retail and transportation/communications/public utilities organizations, but these types of businesses aren't yet implementing absence-management applications.

- Selective outsourcing, rather than total business process outsourcing, still is the approach that is being taken.

- Change management continues to be "the one key differentiator" toward achieving a successful HR technology project or sourcing change.

TIME AND BUDGET EXPENDITURES

Where are organizations investing HRIT time and funds? While the initial survey researched the initiatives that are being adopted, CedarCrestone also conducted a follow-up survey in December specifically to check on whether HRIT budgets were being adjusted because of the economy (see the accompanying sidebar).

The original research concluded that metrics and analytics are the leading initiatives in time and budget (see Table 2), with 69 percent of respondents citing expenditures here of time and 50 percent in budget. Initiatives as defined by the CedarCrestone research can be in various stages of development, including strategy development, planning, process improvement work, and active implementation.

Metrics and analytics initiatives include not just the strategy and planning portions of initiatives but application stages, including the installation of a warehouse with workforce data, integrating data from

financial and operational sources, creating dashboards, and experimenting with analytics.

A fairly close second in expenditures: business process improvements and innovations, which was cited by 60 percent in time expenditures and 43 percent in budget. The categories that drew the least time and money expenditures now

included learning management, succession planning, and time management and scheduling.

FOR MORE INFORMATION

CedarCrestone 2008-2009 HR Systems Survey: HR Technologies, Service Delivery Approaches, and Metrics is available from CedarCrestone (www.cedarcrestone.com). □

Few Changes Yet to HRIT Budgets

Budget cutting goes hand-in-hand with economic downturns but have HRIT applications gotten trimmed? Surprisingly, not yet, according to the results of a "pulse" survey conducted in December by CedarCrestone as a follow-up to its annual HR systems survey. Twenty percent of the original 828 respondents to the annual survey participated in the follow-up pulse survey.

Almost three-quarters (70 percent) of the respondents to the pulse survey reported no changes had been made to HR systems budgets from what had been planned earlier in the year.

Among the 30 percent that did report a change, 19 percent reported a decrease in the HRIT budget, and 11 percent reported an increase. The average decrease fell into the 6-to-10 percent range, while increases were in the 1-to-5-percent range.

Where decreases occurred, the smallest net decrease across the tracked application categories was for talent-management applications (-4 percent). Three industries had a positive net: consumer manufacturing (2 percent) and higher education and public-sector (1 percent each).

HRfocus CALENDAR

Strategic Communication in Total Rewards, Madison, Wis., March 3-5; Atlanta, March 17-19; Washington, D.C., March 18-20. Contact: WorldatWork, 877-951-9191; fax: 480-483-8352; info@worldatwork.org; www.worldatwork.org

National Human Capital Summit, Scottsdale, Ariz., March 8-11. Contact: Human Capital Institute, www.thetalenteconomy.com/2009summit/index.html

2009 Employment Law & Legislative Conference, Washington, D.C., March 9-11. Contact: Society for Human Resource Management, 800-283-7476; shrm@shrm.org; www.shrm.org

Work-Life Conference, New Orleans,

March 10-11. Contact: The Conference Board, 212-339-0345; www.conference-board.org

The Summit on Leading Diversity, Atlanta, March 16-18. Contact: Linkage, 781-402-5400; fax: 781-402-5556; www.linkageinc.com

Strategic Employee Communication and Measurement Workshops, New York City, March 19-20. Contact: The Conference Board, 212-339-0345; www.conference-board.org

Talent Management Strategies Conference, San Diego, March 19-20. Contact: The Conference Board, 212-339-0345; www.conference-board.org

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