



Analysis & Perspective **Seven HR Trends for 2007**

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New year, new ideas . . . or in some cases, new twists on old ideas. Human resource professionals are in for a busy year.

Talent management

First, talent management will take up a significant amount of HR professionals' time. According to global human resource and management consulting firm ORC Worldwide, finding, developing and keeping talent will be the top HR priority this year for more than six out of ten (62%) of human resource executives, compared to only 22% last year.

HR experts warn HR professionals that they'll need to be up to speed not only on talent management in the United States, but anywhere their organization does business. "Global companies are increasingly concerned about locating sufficient supplies of talent in challenging places such as China, India, Eastern Europe, and Brazil," ORC Worldwide director of talent management Jodi Starkman, says.

Jim Jenkins, president of Maryland-based change management firm Creative Visions Consulting, notes that "even companies who have outsourced labor to countries like India are finding that their Third World employees are no longer remaining loyal. Many overseas employees will now play the job-hop game we experienced during the dot.com era in order to make more money, so every company needs to learn how to retain their top talent or else lose a lot of corporate knowledge!"

Leadership development

A related requirement for HR in 2007 is leadership development. According to a recent survey of 800 global organizations by global management consulting firm PI Worldwide, "companies view attracting and retaining staff as their number-one business challenge and leadership development as critical to combating the issue." More than half (52%) of participants said leadership development is their highest employee development priority.

Jenkins says leadership development will need to run the gamut from executive positions to front-line supervisor roles, with people skills mattering just as much as technical abilities. "As a core retention strategy, companies must focus on developing leaders who have stronger interpersonal skills and who are able to leverage both their analytical skills and intuitive/interpersonal energies."

Workforce development

To determine where to concentrate their leadership development efforts, HR professionals need to better understand where their talent is today and where it will come from tomorrow. Fortunately, technology and increased business knowledge make it easier to acquire this information.

"In many companies, traditional workforce planning was an onerous process that HR imposed on management," says Mary B. Young, senior research associate at The Conference Board, a New York-based research organization that recently studied workforce planning at top U.S. companies. "Too often, the net result was a humongous report, blinding spreadsheets, and a dizzying amount of data that provided very little value to the business," she says.

Today, however, "methodology is rapidly advancing in response to changing business needs and new tools and technology. . . [S]ome organizations have enhanced the simple gap analysis (workforce demand vs. supply) that constitutes traditional workforce planning by adopting the logic and analytical tools of other corporate functions, such as finance, strategic planning, risk management, and marketing."

Generation gap

Developing employees as leaders also means recognizing the impact of generational differences. Donna Flagg, head of The Krysalis Group, a New York-based HR and management consulting firm, says there's a strong need to bridge the generation gap between those entering the workforce and those exiting. "We see the biggest disparity between the youngest and the oldest because there are such extreme differences in each group's perception of work," she tells *HRWire*.

Jenkins agrees. "With four generations of employees on the payroll, companies need to find ways to meet the needs of Baby Boomers and the Generation Xers and Y's, along with the remaining members of the Silent Generation who will be off payroll within the next several years."

"Companies will need to examine their benefits programs, work policies, and communications issues to ensure cooperation and collaboration amongst the four generations," he says.

Consumer technologies

No matter what generation they're dealing with, human resource professionals will continue to find products and services initially aimed at consumers infiltrating the workplace. Blogs, for example, which started as personal Web-based diaries, are now used to keep employees up-to-date on company happenings. iPods carry training videos



and company Podcasts. And more and more employers are using social networking sites such as Facebook to get a better picture of their candidates' personalities.

"I can't tell you how many times we hear, 'Google her (or him),' " Flagg says "That, and sites like Myspace.com, are providing information about candidates that would never otherwise surface."

Consumer-driven health care

According to a recent survey by The Business Roundtable, an association of chief executive officers at leading corporations, a majority of CEOs say health care costs are the greatest source of cost pressure facing their businesses. As a result, global human resource consulting firm Watson Wyatt expects HR executives to consider more strategies aimed at reducing costs by increasing employees' understanding of—and responsibility for—their health care choices. Examples include creating high-deductible health plans coupled with reimbursement arrangements such as health savings accounts, adding Web-based systems that allow employees to model health care choices and view quality information on medical providers, and integrating health care and absence management programs.

Watson Wyatt also expects human resource executives to begin targeting the segments of their employee populations who use the most health care. For many employers, small percentages of employees spend the majority of health care dollars. By targeting this population through wellness programs, disease management programs, case management and other tools, employers can make a difference in their health care spending.

Legislation and litigation

Finally, as always, HR professionals will have to keep one eye on their workplaces and one eye on legislators and the courts. On the issue of health care alone, federal legislators are expected to consider bills related to medical information and prescription drugs, while states lawmakers appear willing to tackle even tougher issues.

"In the presence of federal gridlock, states are taking the lead on divisive [health care] issues such as stem cell research, health insurance coverage for the uninsured and oversight of advertising and promotion by pharmaceutical companies," global consulting firm PriceWaterhouseCoopers (PWC) says in an analysis of anticipated health care trends.

In addition, "responding to local social and fiscal concerns, states are developing innovative insurance programs, forming public-private partnerships to spur innovation and passing legislation to drive greater accountability and transparency from hospitals, physicians, and pharmaceutical manufacturers." PWC predicts expansion of these



initiatives in 2007 and warns of a "patchwork quilt" of local programs and regulations that could make interstate compliance difficult.

Legislators aren't the only ones to watch. The U.S. Supreme Court, for example, agreed in early January to hear Coca-Cola's appeal of a race discrimination case. In lower courts, WolfBlock employment attorney Michael Cohen expects to see a rise in suits claiming discrimination based on gender identity, weight, mental illness, and domestic violence. And retaliation cases continue to trip up employers even when the underlying claims are dismissed.

The bottom line

From talent management to health care costs to legislation and litigation, HR professionals will have full plates in 2007. Anticipating organizational needs and quickly putting plans in place to address them will be critical for effectively managing likely workplace trends.

Resources:

ORC Worldwide HR Priorities survey:

<http://www.orcinc.com/surveys/hrpriorities.html>

PI Worldwide Business Challenge survey: <http://tinyurl.com/yemoda>

The Conference Board Strategic Workforce Planning Report: <http://tinyurl.com/y3u4a4>

The Business Roundtable Fourth Quarter 2006 CEO survey: <http://tinyurl.com/yyc8xu>

Watson Wyatt 2007 Benefit Trends:

<http://www.watsonwyatt.com/us/news/press.asp?ID=16867>

PriceWaterhouseCoopers Top Seven Health Industry Trends '07 report:

<http://www.pwc.com/us/eng/about/ind/healthcare/pubtopseven.html>

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