

Analysis: HR demand and the recession

by Nick Martindale



Chris Seabourne
Partner, CTPartners

The Monster Employment Index, published next Tuesday (12 May), will likely show no improvement in the number of online jobs available in the HR sector. We take a look at what this means for HR practitioners, and what they can do to help the function not just survive, but grow out of the recession.

The Monster Employment Index UK has painted an increasingly depressing picture for the HR sector over the past 12 months. Demand for jobs in the HR sector has now fallen by almost 70% year-on-year - a bigger drop than any other sector apart from environment, architecture and urbanism. "HR remains one of the worst-hit sectors of the economy," said Hugo Sellert, head of economic research at Monster Worldwide.

Not everyone is convinced the situation is as bleak as the index would suggest, though. Stephanie Bird, director of HR capability at the Chartered Institute of Personnel and Development, said: "The Monster statistics don't tell the full story as they don't take account of print advertising, search or the large number of jobs that get filled more informally.

"We haven't seen any evidence to suggest that HR is faring any worse than other sectors, and there is still strong demand for the very best HR people."

Alison Doyle, director, HR capability, at Henley Business School, agreed. "There may be fewer live vacancies but this reflects the fact that organisations are not creating new roles and individuals are choosing to stay in existing roles," she said. "But the need for HR has not decreased; it seems to have shifted in emphasis. Clearly there is a need to

manage cost and drive business performance, along with the inevitable downsizing and restructuring that is part of any recession."

Yet overall, there seems little doubt that there are fewer jobs around in HR at the moment. Peter Reilly, director of HR research and consultancy at the Institute of Employment Studies, pointed out that once companies stopped recruiting, it took a lot of work away throughout the HR function. "I think we're probably a couple of years away from the labour market getting back to anything like normal," he says. "It's hard to imagine it's going to come back to the level it was before because of the investment in technology, the move towards shared services and long-term cuts in back offices in the public sector."

Research published last week also revealed the UK was experiencing an HR jobs exodus as companies increasingly looked to save money by outsourcing positions overseas.

A survey of 200 business leaders by Roland Berger Strategy Consultants found 53% of firms had already moved their HR functions abroad in the past five years, or were considering making a move by 2015. Respondents blamed the UK's poor skills base, excessive staffing costs and stifling regulations for going overseas.

But there are certain areas where there is still a critical demand for senior HR professionals across most sectors, said Jo Sellwood, managing director at recruitment firm Strategi Search & Selection. "We have seen an uplift in demand within specialist areas such as organisational development, change and talent management, capability and reward," she said. Interims with experience in niche areas such as talent management or restructuring were also in demand, she added.

Chris Seabourne, a partner in the HR practice at executive search firm CTPartners, added: "We're seeing a short-term

PERSONNEL TODAY: HR Demand and the recession.. (Continued)

trend back to traditional HR work in the guise of the employee relations director. This is basically what HR directors used to do, with a focus on the transactional side and, in particular, dealing with people's employment terms and conditions."

When an upturn does arrive, those with experience in employee relations and reward are likely to be most in demand, said Doyle, although she added the positions which materialised would be driven by those sectors that recover earliest. Bird, meanwhile, warned that any recovery in the private sector was likely to be tempered by a decline in the public sector as government spending cutbacks kick in.

Christopher Box, director, HR services at PricewaterhouseCoopers, suggested those working in the area of people-related risk will be in demand. "Organisations need to demonstrate that they have learned from the lessons of the past and, particularly in financial services, it will be necessary to demonstrate robust governance and risk management practices," he said.

Will some of the newer areas like brand management, employee value proposition, organisational development and corporate social responsibility be as important as they were before?" asked Reilly. "My guess is that they will. Anyone who's gone through this recession on the margins of employment will want to cast quite a critical eye over the sort of company they want to work for."

In the meantime, however, HR has a key role to play in preparing for the eventual recovery. "We are seeing some organisations undertake workforce modelling exercises," said Box. "In conjunction with finance and other parts of the business, there is an appetite to forecast the length and depth of the recession against the anticipated tipping point of an upturn, and then the speed of an upturn. Developing a point of view on this macro economic picture enables organisations to take a commercial view on headcount and wider cost reduction now, versus investment for the future."