

European Club for human resources

First Hewitt-EChr pan-European Barometer on the Human Resources (HR) function

Brussels – The results of the first Hewitt-EChr pan-European Barometer on the Human Resources (HR) function show a fundamental shift in HR's role and increasing expectations towards more business-friendly European Union actions. The study carried out by Hewitt Associates, a global human resources firm, for The European Club for human resources (EChr) has revealed that the Human Resources function is currently undergoing a major transformation as it moves from personnel processing to increasingly supporting strategic business and financial goals. The study shows also the positive forecast of HR executives for new job creation within their companies over the next 12 months.

The management of change emerges as the primary goal of the HR function, while the traditional functions of people administration receive the least attention. Supporting organisational effectiveness and attracting/retaining talent are seen as the second most important goals. These findings reflect a change in the focus of HR with objectives increasingly linked to business performance results. Indeed, six out of ten respondents stated that HR and CEO goals are now aligned, whereas only half of these were aligned in the past.

The study also revealed that talent management is the area where HR has most impact on business performance, market reputation and employee engagement. Survey respondents expect an even greater emphasis on talent management over the next three years, reflecting the growing importance of employee engagement and retention. Succession planning is seen as the second most influential activity.

HR executives were also questioned about the impact of the on-going EU integration process on people management policies and practices. 50% of respondents consider the impact of EU integration on HR as neutral and 34% of respondents see it as a positive development, while 14% consider that the EU had a negative impact on their activities. A large majority of respondents

expect more from the EU with HR professionals looking for new EU initiatives in a number of areas including : labour law simplification, cross-border employee mobility, social security, company pension plans, residence and work permit procedures for non-EU nationals.

Leonardo Sforza, who coordinated the research work and presented the survey results, said:

“This study highlights the growing importance of people management policies as drivers of business success across Europe. The HR function will continue to evolve and increasingly support corporate performance - moving away from personnel processes - and so holding greater influence within organisations. The picture emerging from the survey shows also an HR function confronted with multiple paradoxes and constraints that it is not always able to mediate or overcome. While it is improving, it is clear that the alignment between CEO goals and those of HR can get better if there will be more ‘cross-fertilization’ between the two functions and HR does not lose the contact with its base and with the broader social environment of its corporation. Finally, the high interest and expectations shown by HR executives in future EU developments are balanced by the limited perception of past achievements.”

For a full copy of the study please contact Aurélie Godefroy at echr@euralia.com or Christelle Bailly at christelle.bailly@hewitt.com.

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Notes to editors

Survey participants were HR directors of leading companies headquartered in Europe with at least 1,000 employees in two or more European countries. Forty-five organisations, 72% of which are listed companies, completed the survey. They employ in total more than one million people and generate an overall turnover of 225.3 billion euro. Six out of ten respondents are executive board members with exclusive responsibility for HR or hold the position of HR Vice-President in their company.

About Hewitt Associates

With more than 60 years of experience, Hewitt Associates (NYSE: HEW) is the world's foremost provider of human resources outsourcing and consulting services. The firm consults with more than 2,300 companies and administers human resources, health care, payroll and retirement programmes on behalf of more than 300 companies to millions of employees and pensioners worldwide. Located in 35 countries, Hewitt employs approximately 20,000 associates. For more information, please visit: www.hewitt.com

About the European Club for human resources (EChr)

The Club was launched in 2001 by Senior Executives of global corporations with a European headquarter and which are market leaders in their sector of economic activity. The mission of the Club is to stimulate debates and exchange of practices on Human Resources issues. Through its studies, working groups and seminars, the Club contributes to promote a European approach to the management of HR and support the strategic role of HR executives in the management of change. For more information, please visit: www.euroclub-hr.com