

NEW RESEARCH POINTS TO COSTLY GAPS IN HUMAN CAPITAL MANAGEMENT PROCESSES

Submitted by: Motive Public Relations

Friday, 16 April 2004

Ref: 006

New independent research commissioned by Professional Staff Solutions, the UK's leading provider of Employment Process Outsourcing (EPO) investigates human capital management control in Britain's biggest companies. Headline results find that big businesses are exposed to legal risk, lack employment cost controls, run outdated recruitment processes and unwittingly cultivate a culture of 'them and us' between contract and permanent staff.

- 72% of human resources and procurement professionals that hire staff for their company could be breaking the law. The level of understanding and compliance with tax law and the changing face of employment legislation amongst respondents is poor, misunderstood or simply ignored. 42% of those interviewed admit to leaving contractors to sort out their own affairs with no follow up.
- In three-quarters of UK companies, budget for staff is spread widely across many different departments making cost control a daily burden for heads of HR. 25% of procurement heads admit that they do not liaise with the HR department regarding the hiring of non-permanent workers as a matter of course.
- 84% of large organisations still rely on the traditional Preferred Suppliers Listing (PSL) for recruiting staff and nearly 16% of large UK organisations do not have a recruitment strategy at all, which is costing more money than it should.
- 9 out of 10 HR heads say that their human capital processes are completely overhauled at least every three years putting unnecessary cost and disruption on HR professionals to find better and smarter ways to reduce costs and improve the quality of staff employed.
- Resentment exists between contract and permanent staff and yet 64% of HR and Procurement Managers admitted they do not know how their staff interact with each other. Other issues the respondents highlighted were that: resentment exists over different pay and conditions; employers say that they get better quality workers from agency staff; it's difficult to motivate permanent staff that work alongside agency staff and some companies admitted that permanent staff feel like second-class citizens.

Surveying 200 of the UK's biggest employers, PSS believes that British industry could be wasting up to a billion pounds in recruitment costs alone. Depth and sophistication is now required by organisations where there is a critical dependency on being able to hire very skilled people, very quickly. The solution, called Employment Process Outsourcing (EPO), is the means by which large organisations outsource every aspect of the management of skilled labour (contract and permanent) from pre-recruitment through to employees' exit.

Tony Borrill, Managing Director, PSS says, "By taking all the elements of the employment process, from entry to exit of staff, we give companies much higher levels of transparency about what resource they

have now and what resource they will need in the future. EPO gives organisations company wide controls using collaborative management tools that remain in the hands of the organisation. We manage aspects such as legislation, payroll, recruitment and brand building processes that are proven to make instant savings running into many millions of pounds a year.”

Notes to Editors

Quantitative Survey:

A total of 200 interviews were collected with HR and procurement heads in companies with at least 1200 employees. 100 interviews from each respondent group were completed. The resulting sample includes a variety of industry sectors. Interviews were conducted by telephone by Dynamic Markets Limited between 2nd and 18th February 2004. Before and during the interviews, respondents were not aware that PSS had commissioned the research. Respondents were offered a summary of the findings of the research in an exchange for their contribution to it.

About Professional Staff Solutions

Professional Staff Solutions (PSS) is the Employment Process Outsourcing business of the Professional Staff Group, a specialist staffing solutions provider with revenues in excess of £89 million. Its core business is the supply and management of large volumes of highly skilled technical staff into such industries as technology, telecommunications, automotive, aerospace, healthcare and the sciences. With over 20 years' experience, its clients include British Telecom, EADS, Marconi, the MOD and Vodafone.

EPO is the means by which organisations outsource every aspect of the supply and management of skilled labour (contract and permanent) finding the right person, for the right job at the right time. The way it works makes it possible for organisations to save significant amounts of money while guaranteeing a better service for both hiring managers and candidates. Sophisticated management tools and metrics are used to ensure that skills supply and demand are properly aligned to the needs and culture of the business.

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