



Cranet Israel

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Final Report

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Introduction

Cranet is an established group of top business schools and academic institutions, all collaborating to provide unique and rigorous data on human resource management practices across the world. Cranet provides a coherent and accurate picture of international and comparative HRM. The Cranet project was established in 1989 by five European founder countries to promote international comparative research on HRM. To date, 40 countries around the world belong to the project. The Centre for European Human Resource Management at the Cranfield School of Management (UK) coordinates the project through the collaboration of universities and business schools in the participating countries. In Israel, Cranet project is managed by Prof. Amnon Caspi from the laboratory of human resource at the business school, Bar Ilan University, and Dr. Hilla Peretz from the department of industrial engineering and management, Ort Braude College.

In this report, we will present the results of the 5th survey conducting in Israel. The data was collected between November to April, 2009.

The first part of the report present:

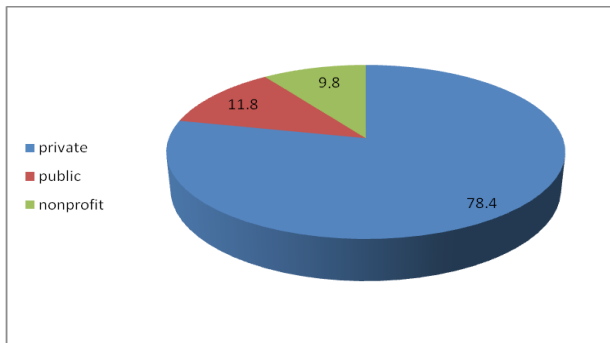
- The participated organizations
- The employees in those organizations
- The responding to the survey

At the second part we will describe the different HR fields as follow:

- HR function
- Recruitment process
- Training and development
- Performance evaluation and rewards
- Employee relations and communication

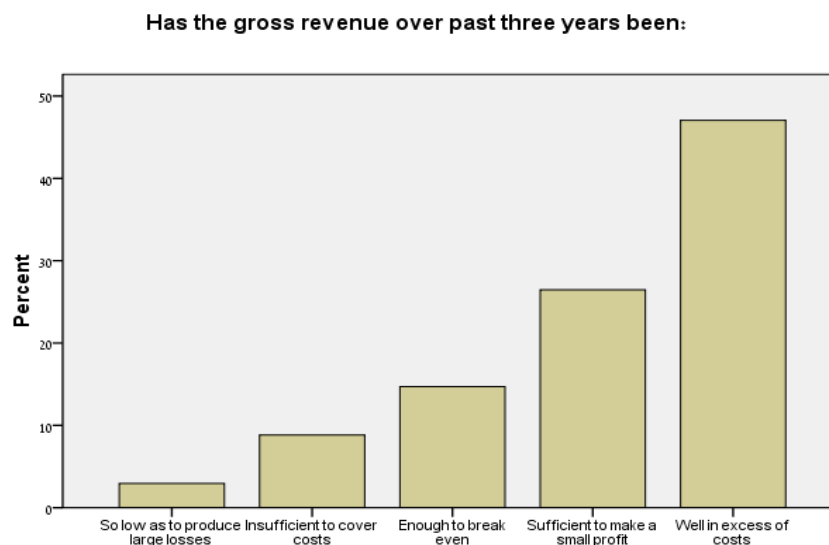
1. The participating organizations

1.1 Sample

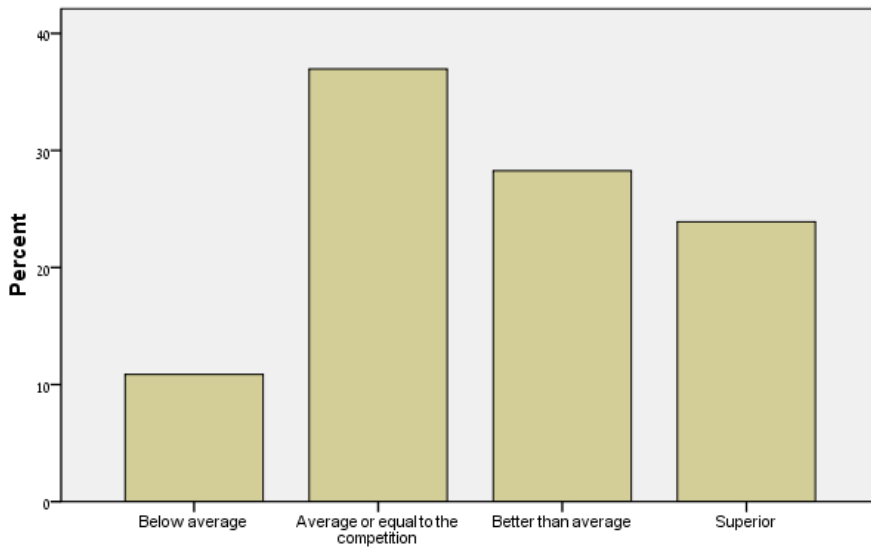


114 organizations responded in 2009. 78.4% from the private sector, 11.8% from the public sector, and 9.8% nonprofit organizations. The average age of the organizations is 30 years. 33.3% of the organizations are manufactures. 95% of respondent organizations had their headquarters based in Israel. The labor cost is averagely 41% from the operating cost in the responding organizations. 26.1% of the organizations operating at the international market. 18.4% are owned by single family. 16.3% of the organizations experience merging with other organization. 26.8% of the organizations were takeover by other organization.

1.2 Organization self evaluations

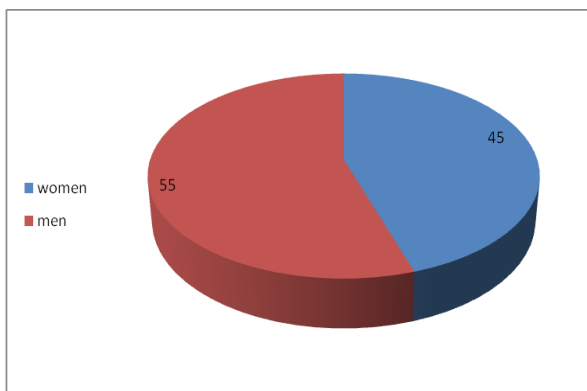


Rating of rate of innovation



Most of the organizations evaluate themselves as profit (26.5% small profit, 47.1% high profit). 52.2% evaluate themselves as been highly innovated. In regard to stock options performance for the relevant organizations, 25% evaluate themselves as having poor stock options performance, 32% evaluate themselves as having good stock options performance, and the rest as having medium stock options performance

1.3 The employees



The median number of employees in the participating organizations is 153, among then 45% women. 26% of the employees are over 45 years old. 38% of

the employees are manufactures works, 36.5% are professionals, 22% are clericals, and 17.5% are at the management level. 57% of the employees have higher education. The average yearly absenteeism rate is 9.62 days.

1.3 The responding

68% of the survey' responding are the senior HR manager in their organization. 56% of the responding is women. This distribution is different from the general management distribution in Israel, which are 80% men and 20% women. The average seniority in the HR field is 13.5 years. Men responding to the survey are more senior in the organizations the women managers. 96% of the responding having higher education, 62% of them at the societal science fields, and 23% from business school.

2.1 HR function

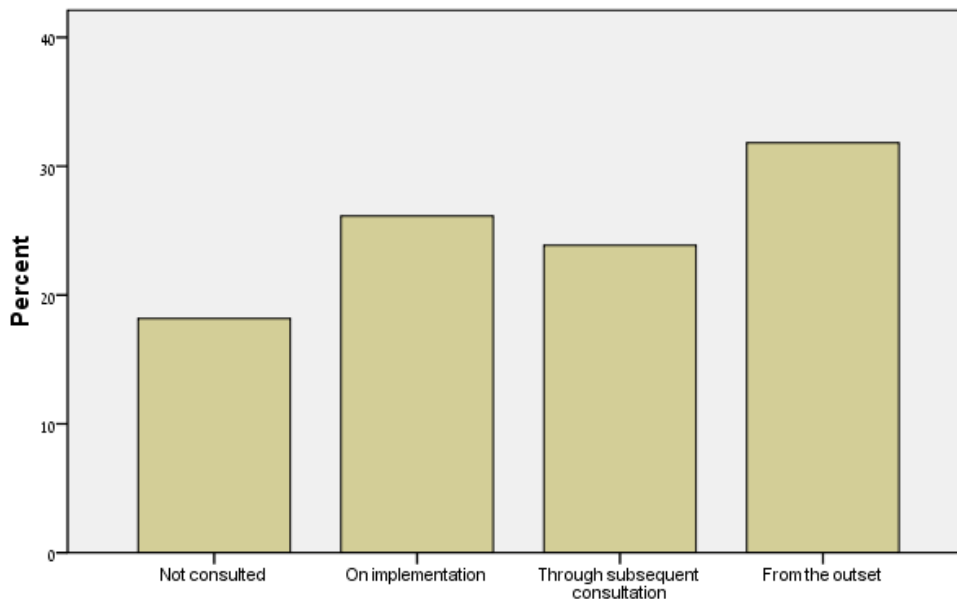
2.1.1 Size and gender distribution

The HR departments in Israel according to the survey are smaller than rest of Cranet countries (11.6 in Israel compare o 25.3 employees' world average). Gender distribution indicate that this is a feminine field (1.4 out of the 11.6 employees are women).

2.1.2 HR function status

67% of the organizations have independent HR department. 71% of the senior HR managers are members of the directories of similar team. 40% of the organization have written HR strategy and 31% have unwritten but declared HR strategy.

If your organisation has a business/service strategy, at what stage is the person responsible for HR involved in its development?

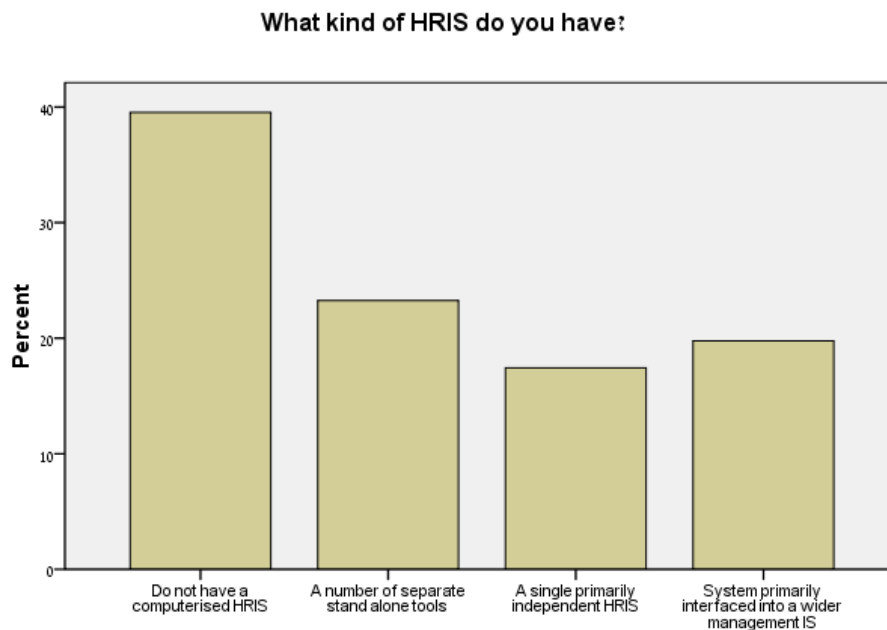


The survey results indicate that HR status has been increase. Most (84%) of the senior HR managers are taking part in developing the organization strategy: 32% from outset, 24% through consultation, and 28% on implementation. Most of the decision (53%) regards to payroll, recruitment, and training are made by consultation between direct managers and HR managers. In 25% of the organization the decision are made only by direct managers, and in 22% the decision are made only by HR managers. The performances of HR departments are evaluated in most organizations (95%) and in 50% of them in a systematic way.

2.1.3 Outsourcing

Averagely, 40% of the organizations used outsourcing (especially in the fields of recruitment, training, and pension)

2.1.4 HR information systems

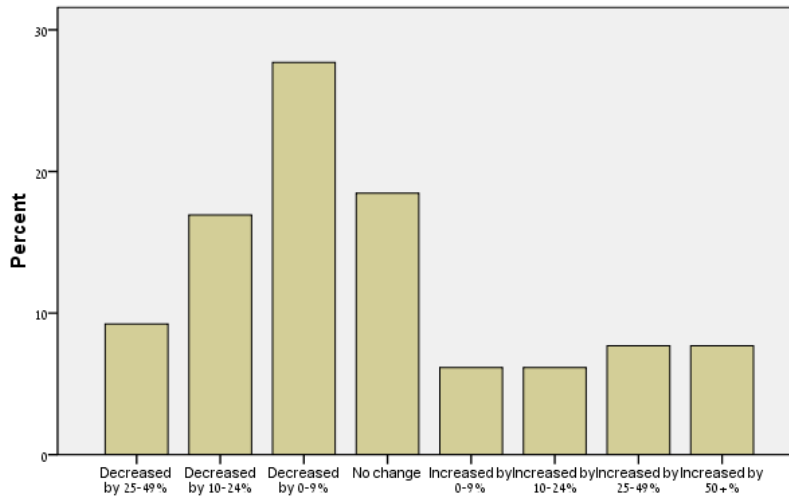


39.5% of the organization do not have computerized HR system. 23.3% have several tools (such as electronic recruitment system, performance evaluation tool). Within the organizations that do have HR information systems, 19.8% have computerized HR system that is integrated within wider IT system and 20.0% have dependent system. 30.8% of the organization who do have computerized HR system, 30.8% have managers self service options (computerized tools that help managers to complete HR process), and 15.4% have employees self service options (computerized tools that help employees to receive personal information and to manage simple HR process such as updating personal data). The main uses of HR information system in the organizations are in fields of data and procedures distribution, and recruitment.

2.2 Recruitment

2.2.1 Employees changeover

Change in total number of employees since three years ago



In 28% of the organizations, the number of employees has been increase over the last 3 years (in 6% of the organization increase by 1-9% of the employees, and in 8% increase by 50% and up). In 53% of the organizations, the number of employees has been decrease over the last 3 years (in 28% of the organization decrease by 1-9% of the employees, and in 21% decrease by 10-49%). Among the organizations that decrease the number of their employees, the common methods to reduce the number of people employed are voluntary redundancies, recruitment freeze, and compulsory redundancies. Among the organizations that used outsourcing to reduce the number of people employed, all (100%) reduce the number of people employed by 9% or less.

2.2.2 Recruitment and selection methods

The most popular recruitment methods are internal recruitment and recruitment agencies (mostly for managers- 74% and professional- 85%). Other common methods for clericals and manuals employees are commercial job websites and public recruitment agencies, and also, for professionals, directly from educational institution (45%). The common selections methods for managers are one on one

interviews (98%), interviews panel (76%), and references (89%). The common selection methods for professionals' employees are, one on one interviews (100%), technical tests (58%), psychometric tests (53%) and references (92%). The least common selection methods are graphology (25%) and application forms (32%).

2.2.3 Action programs

40.5% of the organizations have minorities' action program. 39% have women program, 28% have disable people action program, and 36% have older workers' action programs.

2.2.4 Flexible working arrangements

Similar to the international trend to allowed employees flexible work arrangements such as home-based work, compress working week, and share job, also in Israel this kind of work arrangement start to be acceptable. 15% of the organizations allowed job sharing (dividing up one job between two or more employees), 23% allowed distance work (workers who can link electronically to a fixed workplace, and 13% allowed compress working week (workers whose working week totals a standard number of hours compressed into a reduced number of shifts)

2.3 Employees' development

2.3.1 Evaluation

Most of the organizations evaluate their employees regularly (evaluation rates: managers-68% professionals- 74%, clericals- 66%, manuals- 53%. Mostly (91%), the direct manager supplies the information to the evaluation process. In most of the organizations the information several sources provides data to the evaluation process: professionals employees' evaluation- in 86% of the

organizations the data comes from three sources and more (direct manager, senior manager, peers, customers). Clericals' evaluation- in 75% of the organizations the data comes from three sources and more. Manual employees' evaluation- in 50% of the organizations the data comes from three sources and more. In addition, among managers, in 44% of the organizations, the subordinates also supply data for the managers' evaluation process. Among professional employees, in 32% of the organizations, the subordinates also supply data for the professional employees' evaluation process. The evaluations results are used for decision making in the fields of pay (68%), employees training and development (92%), career development (86%), and workforce planning (84%).

2.3.2 Training and development

Approximately 2.5% of the annual payroll cost spent on training. Relatively to previous years, the number of training days per year increase, but most of the training affords are concentrate on managers and professionals. Averagely, managers receive 7.7 training days per year; professionals receive 5.7 training days per year; clericals receive 4 training days per year; and manuals receive only 1.7 training days per year. 55.5% of the organizations systematically evaluate the training effectiveness. Most of the organizations who do evaluate the training effectiveness do it immediately after the training. The training effectiveness evaluates using formal and informal techniques such as informal feedback from line managers (66.7%), and reaction evaluation immediately after training (87%), but, the used of formal techniques is significantly increased. The organizations use formal techniques such as return of investment (85%), and meeting the objective training plane (72%). In regard to career development, the common methods are coaching, mentoring and involvement in cross-organizational tasks.

Although the world trend, the least popular methods for career development are development centers and formal career plans.

2.4 Compensations and benefits

2.4.1 Basic pay and incentives arrangements

In 86% of the organizations, the managers' basic pay is determined by individual arrangement. In 14% of the organizations, the managers' basic pay is determined by collective bargaining. In 40.7% of the organizations, the manual workers' basic pay is determined by collective bargaining. 85% of the organizations offer managers bonus based on individual performance, 60% of the organizations offer managers bonus based on team performance. 38% of the organizations offer managers profit sharing, and 27% offer managers stock options. In regard to professionals' employees, 76.3% of the organizations offer bonus based on individual performance, 54.5% offer bonus based on team performance, and 25.7% offer professionals' employees profit sharing.

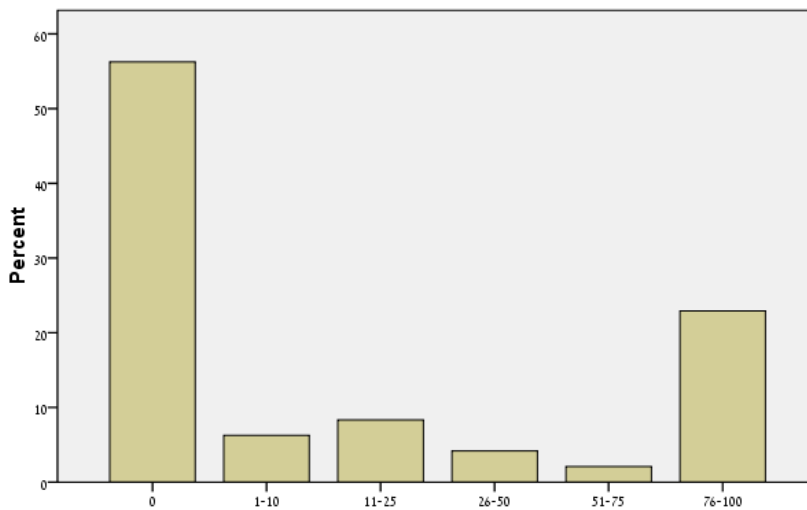
2.4.2 Additional benefits

In excess of statutory requirements, only 9.8% of the organizations offer workplace childcare; 12.25% offer childcare allowance; 44.2% offer education break; 45.5% offer private healthcare schemes. 65% of the organizations offer pension schemes in excess of statutory requirements.

2.5 Employees relations and communications

2.5.1 Trade unions

Proportion of employees that are members of a trade union



Although the strength of the trade unions in Israel in past years, today it seems like the trade union power has been significantly decrease. 54% of the organizations indicate that none of their employees is a member of a trade union. Only 22% of the organizations indicate that most of their employees (76-100%) are members of trade unions. 66% of the organizations indicated that trade unions do not have any effect on their organization. 14% indicated that trade unions influent their organization to a great extent. 12.1% of the organizations indicated that the influence of trade union over the past three years has been decrease, and 18.2% indicated that the influence has been increase. 17.1% of the organizations do not recognize trade unions for the purpose of collective bargaining.

2.5.2 Communication: from management to employees

The organizational communication has been significantly increased. 80% of the organizations use electronic communication to inform their employees on major issues. 83% use team briefings, 96% use written communication direct to the employees. 82.1% of the organizations inform their employees on organizations

of work' issues. 67.5% inform their employees about financial performance.

There are some fields that the communication is still weaker. Only 12.3% of the organizations inform their professional employees about business strategy and most of them prefer to communicate about business strategy only with the managers.

2.5.3 Communication: from employees to management

The "bottom up" communication in organizations in Israel has been increase, but mostly through traditional methods: 95% of the employees communicate their views to management through immediate superior, and 80% direct to senior managers. 71% of the employees communicate their views to management through team briefings, and 41% use electronic communication. Only 3% of the employees communicate through works council, and 11% through trade union representatives. This decrease reinforce the data in regard to the status decrease of the trade unions in Israel.