

HR Management in a Recession

The buzz words of 2008 are credit crunch and recession. In the media it is all doom and gloom with several years of economic downturn expected.

With all this negativity around, it is all too easy for companies to jump on the bandwagon and decide that things are looking bleak and consider that certain negative HR processes need to be employed to try and ensure ongoing viability. In many cases, this means implementing a redundancy programme and for some companies this can be the only option. So long as a fair redundancy procedure is adopted with meaningful consultation, fair dismissals and managing "survivor syndrome" a company can survive to meet ongoing needs.

Short time working may be a temporary stop gap, although without an express clause in the employment contract, companies will need to consult, get agreement from employees and give plenty of notice in order not to be liable for breach of contract.

However, there could be other options to consider.

A major re-structure of the business to anticipate future needs and cope with current pressures is a major strategic move. This allows the business to hold onto key talent who are slotted into key roles with an accompanying training and development plan is more effective than a mass redundancy programme. In any change management programme there will be the inevitable redundancies, but a planned process allows a company to remain in control. Securing existing talent and investing in them will ensure that a company becomes more competitive so that when the economy picks up they are much better placed to move forward.

Tackling poor performers head on and removing from the workforce as part of a change management programme or stand alone process can help a business survive so long as fair capability and disciplinary procedures are used to prevent costly tribunal mistakes. Poor performers can reduce profits dramatically through low productivity and disengagement. Performance management can often be the key to survival particularly if a holistic process is in place whereby employee objectives are linked to business goals.

As part of this is the need to consider ongoing training and development. This is often the first HR process to go when things get tough. Cutting back on training is a false economy as when key skills are needed to response to market forces in future, a company will struggle. Many companies see this as an unnecessary cost. However, there are low cost and even free options to consider such as work shadowing and developing coaching and mentoring programmes using existing talent to train developing talent. Support for cost effective training initiatives can often be found by talking to Business Link and the Learning Skills Council with matched funding often being provided.

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Talent management is key in these challenging economic times and ensuring employee engagement. Talent needs to be nurtured and rewarded accordingly to ensure employees don't jump ship and join a competitor. Having clear HR processes in place such as succession planning and career paths are the basic building blocks together with appropriate training and development.

For those companies who need to cut costs the issue of employee reward is a big factor. Employees tend to expect the minimum inflation pay increase and, where appropriate, the bonus they have always received. With the economic downturn this could be the nail in the coffin for some companies. There is the need to look at creative ways to reward staff, where, for the time being, increased financial compensation is not available. Communication to staff about companies actions in this area will help employees to understand the hows and whys.

Companies can consider offering more paid time off such as increased holidays or Friday afternoons off as an incentive to increase employee motivation in these difficult times.

Flexibility is a major motivator and the introduction of flexible working, flexi-time, job sharing, home working are surprisingly easy ways to improve the bottom line.

Offering more tax-efficient benefits that can save the company money could release funds to offer motivational perks such as company days out or a paid for social gathering to improve motivation. If companies involve employees in a survey of their requirements, benefits can be relevant to both their needs as well as saving the business money.

Research shows that sabbaticals are on the increase with interest growing from employees who want to take a break from employment and go and do other things with their lives. The company benefits from the lack of requirement to pay salary.

Educating staff in the value of their total reward package can often be beneficial. This can be achieved through providing total reward statements either paper based or online or by financial workshops on key aspects such as pensions or financial benefits.

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