

# Managing HR in trying times

Challenging economic times provide an opportunity for HR to shine.

By Dr M Amr Sadik, DBA

We are surrounded by many unprecedented events that one would have to be blind not to see, from Spring Revolutions to employees' strikes and from business technology that is advancing rapidly to the war for talent that has become more intense, adding to that the death of employee loyalty, unfair currency wars, the rise of mergers and acquisitions, the introduction of new business models, restructuring, employee retention, engagement and satisfaction, and more. These events are with out doubt manufacturing the times we are living in, and could be labeled as 'Chaos Times' or 'Trying Times'. This new realism is driving business leaders to involve HR, who are now expected to add value to their organisations in areas beyond their traditional brief. Practitioners must move forward from a primarily administrative focus to play a more strategic and entrepreneurial role in their organisations. They must undertake a range of activities well, from basic transactions to strategic planning, in order to be successful.

Such times are chaotic, emotional and uncertain, and force businesses to make difficult decisions to remain viable and competitive. They have to include people's decisions and thus organisations must rely on skills that are at the heart of the HR profession.

Consequently, HR practitioners find themselves in a tough situation as they have to provide a list of practices that ought to discontinue. Employees do not like it, but the organisation has to return to a healthy basis for future growth.

In times of economic flourishing, organisations are able to please most of their staff by providing better benefits and wages, aiming to retain top talent and somehow improving employees' living standards. This win-win practice increases employee satisfaction, retention and productivity, but obviously is limited only to good financial times.

When an organisation is experiencing financial or business hitches, it tends to change its strategy to be flexible to match environmental changes and, therefore, short-term commitment with employees is emphasised.

In a tough business climate, organisations are forced to hold back compensation and salary increases, training investment and/or reduce benefits and, when economic conditions are further deteriorating, it is imperative for organisations to cut expenses in order to survive.

This poses a dilemma for HR practitioners, particularly in maintaining their employer brand and good talent while sustaining employees' motivation and performance.

HR practitioners are increasingly burdened with delivering multiple rounds of bad news to people and have a vital role to play in seeing organisations through these difficult times. Thus, difficult times call for resilient HR leaders.

## Roles and rules

We live in a time of fundamental change and shift in all facets of life. In late 2008 and early 2009, we all have experienced and witnessed the deep effects of the credit scandals, the dropping stock market, rising and persistent unemployment and, since late 2010 onwards, countries have faced political instability and massive financial losses. In this business scenario, many organisations were forced to carefully monitor and cut their expenses immensely.

HR practitioners are now confronted with game-

changing pressures that possibly are a somewhat new phenomenon for them.

When an organisation has taken the decision in addition to many other feasible steps to get extra efficient with costs being reduced, and it has become clear that a significant number of people will have to depart, this is actually a trying time, the time that you will be tested as a business leader. Also, when profit reduces to unacceptable levels and the business is not doing well and it is obvious that continuation with current staffing numbers is not possible any longer, this really is additionally another hard time.

As practitioners, your manner is more important than any other thing. It sets the speed and tone for what will happen while the period lasts, as things are not always as bad as they seem and it can't get so bad that there won't be a way out.

Remember, most of the fear we have is imagined. It is induced by speculation, so don't panic!

In such an event, it is crucial to raise the bar of HR and to display the best for the organisation. There's never been a more critical time than in today's business environment. Achieving organisational survival that creates results is not just a managerial challenge but also an emotional challenge, too.

However, if HR is involved earlier in any sort of decision, the more likely the exercise will be successful. Even an HR department that has previously been restricted to a compliance and policing role can help smooth and soften such times.

## Keep employees committed

Keeping employees regularly and fully informed of the organisation's position as well as of management's plans are considered indispensable to maintaining employee commitment and engagement when adjusting to adverse times. Intensive communications create a strong signal that management is seeking to develop policies which address the interests of employees. Allowing employees to be actively involved in the formulation and implementation of organisational restructuring plans, is likely to result not only in shared understanding being created between employees and managers, but also in effective joint action to restore profitability.

## Trying times not necessarily shaped by economic slowdown

From an HR point-of-view, trying times could be defined as any attempt that disturbs or changes

the current status quo and/or employee-employer relationship 'psychological contract'. This includes simple changes in policies, difficulties in filling jobs with talented people, people promoted to positions where they are incompetent, and massive mergers and acquisitions.

David Ulrich made his influential argument in 1997 that HR needed to move away from being a function that lacked professionalism and relevance to one that works to a professional code and is focused on key deliverables that are benchmarked to the organisation's business goals.

As a general rule of thumb, organisations need to focus on the fundamentals of the employment relationship that are essential to maintaining performance during a period of uncertainty and to sustain productivity and workforce efficiency.

"The greater the obstacle, the more glory in overcoming it." **Moliere**

Shrewd business people suggest that in trying times firms should maintain, if not increase, innovative activities designed to improve organisational products or processes. Such thinking should be adopted by HR when a recession is approached, that is, bad economic times should not halt efforts aimed at remodeling the HR function inside the organisation.

In concrete terms, this means that HR practitioners should continue to create a leaner HR department by outsourcing various HR functions, particularly those of a transactional nature.

HR practitioners must become very noticeable to all the staff throughout good or bad times. Because they carry the actual burden of the blame for reductions in force, the worst thing they can do is to stay hidden in their offices or walk around looking sad. ■

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### Reference

2http://www.lrc.ie/documents/symposium11/Exec-Summary-Human-Resources-in-the-Recession.pdf