

Part 2 Managing HR in trying times

HR professionals can demonstrate their worth in difficult times.

By Dr M Amr Sadik, DBA

During times of economic hardship, tensions among workers and management reappear as organisations are forced to hold back compensation increases or lay off employees. Because employees know that HR is often the first to learn who is to be terminated, they look for clues and hints from them. HR practitioners must demonstrate that they are available for questions, be responsive to people's needs, and continue to do their jobs in an optimistic way.

Focusing on what really matters makes HR practitioners produce the results that really count. Hard times call for concentrating only on what you are very good at and then investing yourself and resources into it. Give up what ever you were struggling at before now, and then focus on your core competencies, eliminating the unnecessary to maximise resources.

Generally speaking, HR still has trouble in bringing hard, quantifiable suggestions to the boardroom table to demonstrate benefit to the bottom line. However, in tough times, HR is in a position to flex its muscles and go beyond the border of traditional practices and add unique value.

Downsizing, for example, starts with properly preparing the organisation for such an event, giving people an accurate picture of the company's financial health. Explaining where their jobs fall in the future of the business is critical.

Employees should be made aware of financial objectives that the business must attain to remain thriving and profitable. Clear messages about the future direction must be given. Employees should be

told which parts of the business are most important to keep investing in and which will be considered a drain on the organisation if financial targets are not met.

Lastly, HR should give people appropriate time to say good-bye to their colleagues and, in doing so, HR can prepare a farewell party and give a special token of appreciation to those who are leaving. When such an event is handled properly and gently, staff who are departing can leave still feeling great respect for the company and their colleagues.

As HR is placed in the position of delivering bad news, they also must reassure employees that the times of reduced salaries and unpaid bonuses won't continue for ever, and that there is a limit to the financial pain they must endure. Despite the fact that no one likes hearing this information, keeping employees informed that such measures were a last resort and that they will last for only a specific amount of time can help to ease tensions within the organisation.

It may not be practical to give a definite date as to when salaries will be back to normal or return to previous levels, but it should be possible for HR practitioners to set deadlines to review the situation. When employees know that the matter is being reviewed regularly, most will do their best to cope with the situation. If the work environment is healthy and people like their jobs, they more likely will do what they can to weather the storm.

However, it is critical for HR to identify people who are genuinely struggling with less. Organisations should not lose a great employee over money, so HR teams should find creative solutions whenever possible.

Too often a layoff plan has a single objective; a reduction in staffing level within a time-frame to decrease salary and benefits costs. HR practitioners must work closely with their department heads to submit proposals for meeting the designated figure, as they are held accountable for working with senior

executives to ensure appropriate co-ordination and implementation of these proposals after obtaining the necessary approval from the CEO. While normally we freeze hiring of regular staff, we should focus on hunting for top talent, due to the fact that many organisations make the fatal mistake of laying-off the "top talent" with high income. In addition, increasing communication and social activities will relieve some of the tension in the air.

Before they lay off an employee, HR practitioners have to make sure that they have assessed the business needs far enough into the future. It is not appropriate to lay off now, and then a few months later have to re-hire staff again.

HR can play a vital role during this transition period, since they are responsible for orchestrating the downsizing effort.

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In trying times, HR must play a neutral game in order to mitigate the anxiety and distress associated with the downsizing and to try to keep employees contented as much as possible. It is crucial to maintain and boost morale by:

- allowing people to speak openly;
- controlling the rumours;
- encouraging employees' initiatives and innovation; and
- provide tools, resources and training.

At such times HR, besides overseeing terminations, should provide insight into how the organisation can be restructured to achieve maximum efficiencies with reduced personnel. Furthermore, while HR also provides consultative practices to management and organisation too, it becomes imperative to ask

how can HR support the organisation to navigate this storm better and, specifically, to prepare for better times coming rather than asking how HR can manage the consequences of cost-cutting decisions.

In late 2008, I called for a meeting as CHRO to present to the executive committee members what actions could be taken along with the financial impact before we took any lay-off decisions, reduced salaries or stopped overtime. The following actions were taken:

1. Freeze hiring;
2. Gradually reduce all cash benefits (mobile and petrol allowances);
3. Economy class flights for all members with no exceptions;
4. Renegotiating medical plans;
5. Re-routing staff transportation;
6. Office utilities to be turned off completely;
7. Reduce working hours to six instead of eight;
8. Vacation leave to be taken, no carrying over;
9. Permitting leave without pay for maximum of 60 days;
10. Revisiting overtime policy;
11. Studying feasibility of working two shifts for production staff;
12. Implementing critical staff evaluation with involvement of HR staff to ensure fairness decisions;
13. Lay off staff based on performance deficiency:
 - a. Last in first out;
 - b. Employees under probation period;
 - c. Employees under one year;
 - d. Other members; and
 - e. Studying critical medical cases of high bills.

Finally, HR practitioners have to wear new working hats from time to time and think creatively to demonstrate their value and strategic worth through identifying people-related costs, advising on how to reduce these costs, advising on the right strategy to ensure performance levels are maintained or improved during the trying times, and ensure they continue to build an organisation that is attractive to the best talent that will safeguard the future. Remember, desperate times need desperate actions.

Managing in trying times is becoming an important core skill for HR practitioners. It is time for them to move from being transactional to strategic and to demonstrate their strategic worth. ■

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