



Changing Role of HR in managing Global Recession

*Dr.Yogesh Gaikwad & ** Dr.Nilesh Berad

*Associate Professor, Ashoka Business School, Mumbai-Agra Highway, Ranenagar, Nashik-422009

**Director, Ashoka Business School, Mumbai-Agra Highway, Ranenagar, Nashik-422009

Abstract

HR Professionals were focus on personnel retention and talent management . HR professionals were being coaches, counselors, mentors, and succession planners to help motivate organization's members and their loyalty before global recession but in global recession role of HR professional change completely. The recession can be a very interesting period for the HRM Function. The HRM Professionals can design, develop and implement a lot of new HRM Processes in the recession, which are simple and really efficient. But they need to have a clear vision of the HRM behavior in the recession to be really successful. This paper explored main HR initiatives and HR policies and practicing for managing global recession. Recession is becoming the part of the normal cycle of business. Therefore it makes just as much sense to plan for recession or downturns as it does to plan for good, economic times.

Key Words: Changing Role of HR, Recession

Introduction

The role of the Human Resource Manager is evolving with the change in competitive market environment and the realization that Human Resource Management must play a more strategic role in the success of an organization. With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and customer-focused to succeed. Before the Global Recession Role of HR Professional have employee sponsor or advocate, and a change mentor within the organization. Before Global Recession HR Professionals were focus on personnel retention and talents in development. HR professionals were being coaches, counselors, mentors, and succession planners to help motivate organization's members and their loyalty. But in Global Recession Role of HR Professional change completely. The HRM Function is not a department to make employees happy, the role of HRM Function is also about the cuts in the costs of the organization and the HRM Function's role is about minimizing the damages to the organization. The recession can be a very interesting period for the HRM Function. The HRM Professionals can design, develop and implement a lot of new HRM Processes in the recession, which are simple and really efficient. But they need to have a clear vision of the HRM behavior in the recession to be really successful.

Rationale of the Study

The financial downturn is impacting developed as well as developing economies are likely to get worse as the European countries, the US and others go into a deeper depression due to the increase in job losses which often follows recession. The slump in the market and increased job losses will have some important implications for the changing task of human resource professionals. As the unemployment continues to increase, HR professionals are likely to be dealing with more stressed employees who are the sole wage earners in their families. As recession is becoming the part of the normal cycle of business. Therefore it makes just as much sense to plan for recession or downturns as it does to plan for good, economic times.

Objective of Study

1. To find Main HR Initiatives for Managing Global Recession.
2. To know the HR policies and practicing for managing Global Recession.
3. To analysis Affected HR Process in Global Recession.

Research Methodology

Type of Research:

Expert Opinion method was used. Structure Questionnaire was given to 20 HR Professionals at Nasik City.

Total Sample Size: 20.

Data Type: Primary & Secondary.

Research Design: Exploratory & Descriptive.

Sampling Unit: HR Executives & Heads.

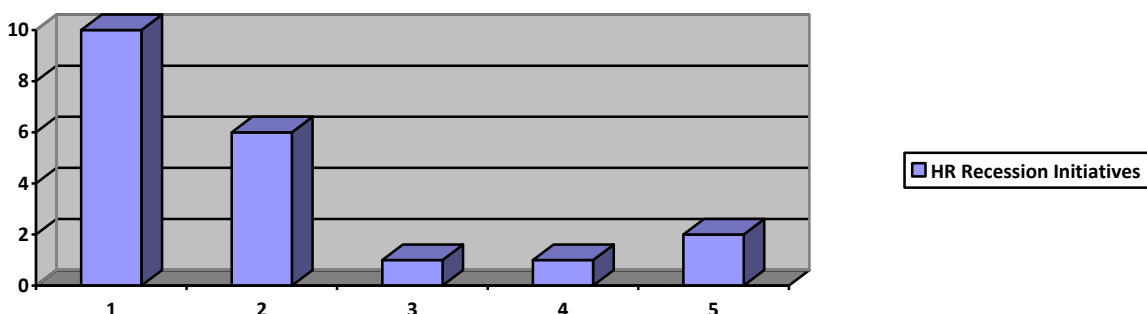
Sampling Method: Random Convenience.

Data Analysis and Interpretation

1. Main HR Recession Initiatives

Sr. No.	HR Recession Initiatives	No. of Respondents
1.	Cost Cutting & Key Groups of Employees & Employee firing	10
2.	To work on compensation benefits & Redesign training and development programs.	06
3.	Process Efficiency & Honest Information for Employees	01
4.	Analysis of Current Situation	01
5.	Management Consulting	02

(Source: Primary Data)



From above cost cutting & Key Group of Employee, Employee firing are main HR Recession Initiatives .

The HR Function has to conduct several HR Recession Initiatives as soon as the recession is recognized in the organization. The organization can grow rapidly, when the recession ruins companies around your organization. But, when the organization feels the pain from the recession, the HRM Function has to start several HR Recession Initiatives. The HR Recession Initiatives have to be focused on the analysis of the current situation and the unlocking the potential for the future growth. The HR Recession Initiatives are not just about the cost cutting, the recession initiatives have to be focused in more areas:

- Analysis of Current Situation.
- Cost Cutting
- Key Groups of Employees & Employee firing.
- To work on compensation benefits
- Redesign training and development programs.
- Process Efficiency
- Honest Information for Employees
- Management Consulting

The HR Recession Initiatives have to be balanced well. The cost cutting is about the immediate activities to decrease the personnel expenses of the organization, but the HR Recession Initiatives have to be focused on the future as well.

The employees are told to be the best capital of the organization and the HR Recession Initiatives cannot be focused on the full destroy of the human capital of the organization. The employees to be fired have to be selected carefully and the rest of employees have to sure about the future of the organization. The organization has to guarantee the future for the most important employees – the key employees, high potentials and the managers.

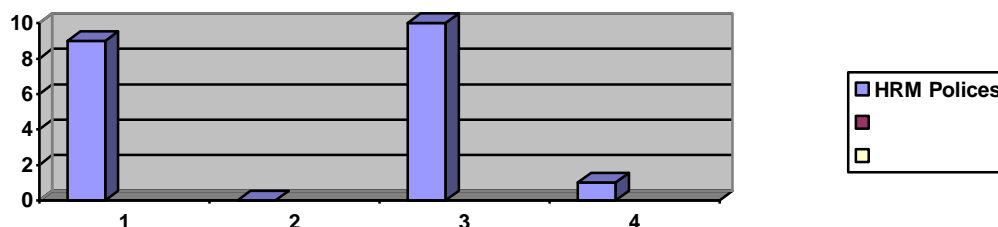
The HRM Function has to focus on the honest communication in the recession. The HRM Function has to inform the employees fairly about the bonuses, salaries and number of employees in the organization in advance as the employees can prepare themselves.

The HRM Function has to have a good balance in the HR Recession Initiatives. The employees and managers have to feel the fairness and transparency in the initiatives as they can build the trust to the HRM Function.

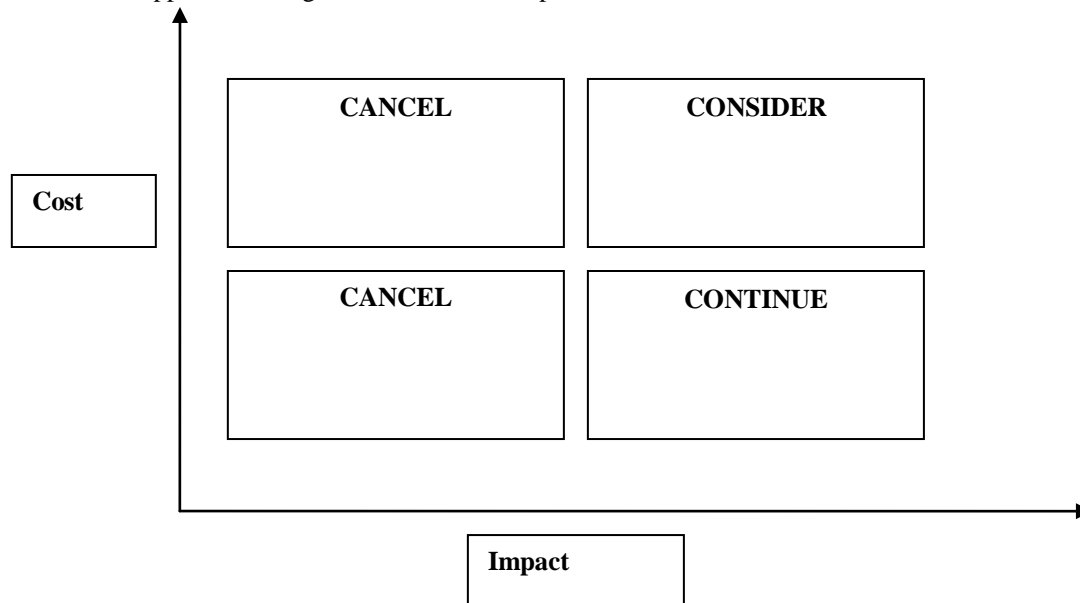
2. Selection Policies and Practices for managing recession

Sr.No.	HRM Priorities and Recession	No. of Respondents
1.	High Cost & High Impact	09
2.	High Cost & Low Impact	00
3.	Low Cost & High Impact	10
4.	Low Cost & Low Impact	01

(Source: Primary Data)



The HR Priorities have to be assessed using a simple tool for selecting the processes and policies to be discontinued. The best tool is to use the simple matrix, which divides the processes and procedures according their costs and impact on the organization. Generally, the HRM Function should cancel the processes and procedures with the highest costs and lowest impact on the organization. The HRM Function has to be very careful as cancellation of some policies can be very sensitive for employees. Those are the processes and procedures with the highest impact. The recession changes HRM Priorities. The HRM Function has to make a quick response to changed conditions by the cancellation of the least important procedures and policies, but the HRM Function has to change the HR Strategy to have a consistent approach during the whole recession period.



(Source: Secondary data)

The HRM Function has to focus on unpopular innovations during the recession as the role of Human Resources during the recession is to save money to the organization. The top management expects all the support functions to bring innovative solutions, which will have to make the organization stronger, when the next growth era comes.

The HRM Innovation during the recession has to focus on the following topics:

1. Reduce the number of employees in the organization
2. Strategic initiatives to increase the productivity and efficiency of the whole organization
3. Redesign of the compensation scheme
4. Cancellation of several benefit schemes
5. Training and Development Programs cutting

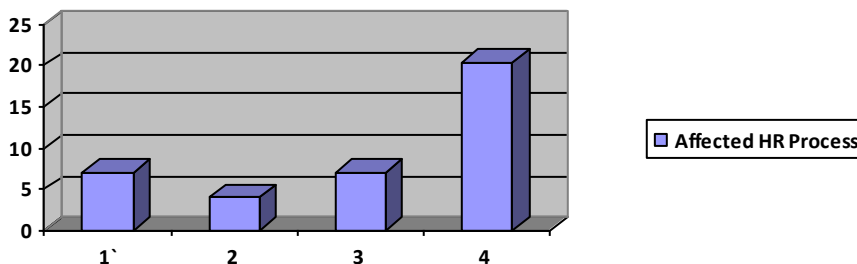
On the other hand the HRM Function has to find innovative solutions for the following topics:

1. Identifying the real key employees and to keep them in the organization
2. Identifying the real top potentials and to strengthen their development program

The second two topics have to be done with the minimum additional costs and it is a really hard task to accomplish. The HRM Function has to have priorities in mind and the strategic impact of the HRM Innovations in the recession time. The role of the HRM Function is not to cut the costs for the time being, but to make the organization stronger and ready for the future growth.

3. Affected HR Processes by the Recession

Sr.No	Affected HR Process	No of Respondent
1.	Recruitment	07
2.	Training	04
3.	Compensation and Benefits	07
4.	HR Front Office	02



The recession affects different HRM Processes. Some HR Processes can be affected by the recession very hardly and other processes can be completely immune from the recession impact. The HRM Function has to react very quickly and the response has to include the whole HRM team as all employees have to help the most affected employees to keep the level of the satisfaction.

The organization needs to save the costs and it needs to identify and potential additional source for the cost saving and starting a new growth era. The HRM Function has to prepare a new HRM Vision and a new HR Strategy for the coming period as the cost cutting is not the only way to build a stronger organization fighting with the recession.

The most affected HR Processes are the following

1. **Recruitment** - The first HR Process with the change in the recession. The job vacancies are cancelled and the HRM Function should come with a new recruitment strategy. The organization can hire a new set of skills and competencies to strengthen the position of the organization on the market
A company (clients) has to demand greater accountability from recruitment agencies and focus on improving their recruitment ROI. Recruitment agencies / staffing companies who are agile in their operation and can quickly adapt to the changing environment will emerge victorious at the end of this recessionary period. Few areas where placement agencies are focusing:
Closely monitoring the way each industry is changing in current times and the way companies within the industries are changing their hiring strategy.
Build stronger relationship with clients thereby working closely with your contact points in the company to get clarity on their internal hiring plans and prepare accordingly.
Clients will use this recession to re-negotiating the recruitment contracts with use of technology and social media applications to hunt better profiles as compared to job boards.
Sites like LinkedIn, Facebook, Twitter and other social and business networking sites are fast becoming every recruiter's trump card. Lot of head hunting are happening over these networking sites
2. **Training** – The training are cancelled as it is a quick cost cut. The training can be later focused on more specialized training session and more internal training courses can be introduced.
3. **Compensation and Benefits** – The department can be asked to bring a new compensation scheme, which will save the costs and motivate employees to be more proactive.
4. **HR Front Office** – The HR Front Office have to be present at clients all the time as they will need a strong guidance and facilitation during the recession.

The HR Processes are heavily affected by the recession, but the HRM Function has to take this as the opportunity to change and to bring new ideas on the scene. The recession is the best time to design a completely new approach of the organization to its human capital.

The HRM Function should be ready for the recession, which comes from time to time. The HRM Function should be always very careful about the costs added to the organization as cost cutting always hurt. The HRM Function has always to predict, the recession will come and the nice initiatives can be then very painful initiatives. The HRM Function has to prepare the HRM Recession Quick Wins.

Suggestion: Changing Role of HR in Managing Global Recession:

- **Strategizing for slowdown:** Companies need to evolve a strategy to slowdown their growth in the same manner as they would have planned for robust growth. The market trends may put a real squeeze on the survival of the company and hence a strategy for slowdown is an absolute necessity.
 - **Rightsizing for survival:** Most of us have heard the terms downsizing, but do not mistake rightsizing for downsizing. While downsizing may be an absolute cut-down of manpower, many a time without much a thought to the aftermath of it, but rightsizing is a much more thoughtful and strategize action with a retention plan for high performers which ensures that an organization has optimized its manpower to see it through the recession times.
 - **Cost reduction:** The focus of organizations will be great on reducing costs, and training may be one of the functions where budgets may get impacted majorly. Gone will be days when few days of training meant a nice vacation in a hill station or a swanky hotel. The training function also needs to look at this aspect seriously and assist the organization to reduce costs significantly wherever possible by cutting down on the frills associated with training.
 - **Flexibility for upturn:** In all the various HR measures to see the organization through the pressures of global recession, the organization with a strategy and action plan for slowdown can retain the flexibility and muscle to revive and take an upturn when market show a positive trend. Organizations must not become so lean and weak in terms of market image that they have lost the ability to take an upturn when trends seem to change.
 - **Proactive alert to top management:** Trainer's role takes precedence when there's an action plan proactively presented to the management. Training managers must be able to foresee the impact on the organization in the coming times and identify areas where the function can significantly contribute to the sustainability of the organization.
- Conclusion :** The HRM Role is asked to bring new ideas, to change the HRM Processes and to develop or change the procedures. And this effort has to be cheap or it has to cut the costs of the organization. The HRM Innovation is easy in times of the business growth, but the recession is not good for big innovative HRM Initiatives. The HR Management has to focus on unpopular innovations during the recession as the role of HR during the recession is to save money to the organization. The senior management expects all the support functions to bring innovative ideas and solutions which will lead to stronger organization, when the next growth era comes.

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