



How HR can stand up to the next downturn

Human Resource professionals always have a difficult time in recessions. The 2007-10 period saw the deepest post WW2 fall in global economic activity, but the next recession could well be harder than ever before. So, how can HR professionals gear up for it? Here are ten HR priorities for 2020-22:

1. Maintain Confidence: This separates success from failure more than any other single factor. The biggest danger in a company experiencing falling order levels is panic. CEO's begin to talk urgently about headcount and cutting non-essential costs and the senior management team is thrown into a frenzy of corner cutting and unwise redundancies.

2. Build Involvement: Much is said about this subject, but far too many companies continue to operate with remarkably high levels of employee disengagement. The prospect of a recession is a good time to look at new ways to involve employees. Companies with high engagement are natural survivors - whatever hits the fan.

3. Drive Development: Training is generally one of the first things to be cut as a company goes into a self-imposed austerity programme. This is a huge mistake, as developing new skills geared to the company's future will help to produce the next generation of products and services.

4. Improve Flexibility: Companies have for decades explored new working methods and seemingly left no stone unturned. Avenues that looked promising - such as the gig economy and "zero hours" - are gradually being legislated out of existence. So, what is new? In fact, there are numerous ideas that have yet to be tested widely. Whatever happened, for instance, to multiskilled working teams so ingeniously developed at Procter and Gamble and condensed workweeks?

5. Marshal Talent: Much talked about, but only truly strategic if HR finds smart ways to attract gifted individuals from rivals, captures the most precious know-how of retiring staff and grows its own body of future-relevant expertise.



6. Raise Productivity: Too few HR professions see productivity as their direct concern, but that calls into question why they believe they are responsible for human resources at all.

7. Invest in Manpower Planning: Back in the 1980s there was an era in which Manpower planning was all the rage. But CEOs frequently rejected the findings of such plans as too much of a constraint on their decisions. Today, although many HR departments operate a HRIS, few systems are statistically sophisticated and predictive. A smart organisation will track and undertake factor analyses using causal models containing such variables as retirement and leave patterns, succession pathways, vacancy bottlenecks and employee sentiment. In the next recession effective and comprehensive predictive planning will be a key to growth.

8. Find New Locations: As in the last recession, weathering the storm means being bold and finding both new international markets and operational centres. Because the availability of human resources and the attractiveness of employment laws are a big factor in any decision to expand internationally, HR professionals will normally be at the forefront of any such growth strategy.

9. Optimize the Human/Technology Mix: The growing use of AI in many areas of activity should not be indiscriminate. There will be fields where AI will always have limited value, and expertise in fields of application will be necessary for AI to act intelligently. IT specialists must never be allowed to be the arbiters of machine learning and HR must be an important input in all automation decisions.

10. Secure External Assistance: There may be numerous governmental and other external sources that a company can look for financial assistance and advice in order to minimise operational cuts. It will be up to HR to find and evaluate these sources.

A healthy company that knows where it wants to be in two-five years' time - and can inspire both its customers, suppliers and employees to go along with it - will be constantly evolving and HR will always be an important change agent at the heart of key decisions. If yours is an indomitable go-ahead company, then a recession will be an opportunity to move ahead faster at the cost of its rivals and not a time to spend



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