



A Question Of Trust

How to keep the faith of your workforce in bad times

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Executive summary

Introduction

- As economic conditions in the UK deteriorate, employers must do more than fight to survive. They must ensure they have the skills, knowledge and talent to optimise opportunities and capitalise on recovery when it arrives. They can only do this if employees believe in the organisation and its leaders. Organisations must use their people policies to inspire the trust of all their stakeholders from shareholders through to current staff and any future recruits.

Breaking trust in bad times

- Ceridian's survey of nearly 1,000 UK workers shows that they are already deeply concerned about the impact the economic downturn is having in the workplace.
 - 56% discuss the prospect of recession twice a week or more and 78% believe the recession will last up to two years.
 - 28% say their organisations have already cut jobs as a result of the downturn.
 - 47% of people working for organisations that have made redundancies say this has put pressure on the business' stated values.
 - 24% do not trust their bosses sufficiently to have an honest conversation about the impact that recession might have on job security.
 - 56% would stay in a job they did not enjoy until business conditions improved. However, 88% believe they would find another job within six months if they had to, suggesting that many could become more willing to leave their current job when the upturn arrives.

Building trust with existing staff

- In times of crisis, employees crave leadership. It is vital that leaders are open and honest, stick to the facts and are prepared to involve people in finding solutions. People will trust and respect managers' decisions if they see they have been taken judiciously and with the best interests of the whole business in mind.
- In a recession, key staff may not always be the same thing as your best staff, so it is essential that organisations understand their wider talent base. Senior managers need to have a clear idea of the key skills, knowledge and expertise they will need to take them through the downturn and move them into the recovery position and then identify these within the business.
- Clear, honest and informed employee communication is crucial to maintaining employee trust. Employees soon know if the boss's rhetoric doesn't match up to the reality of life on the front line. But if they feel their bosses are being honest, they are more likely to offer that extra effort the business needs. Employers should not underestimate the role an employee forum or works council can have in securing staff buy-in to a recession strategy and harnessing their good ideas and innovation.
- Reward and benefits need to be more pertinent to economic conditions without increasing the wage bill. This means a smarter use of the pay pot by, for example, offering store vouchers as incentives rather than gifts; or allowing people to cut back on their travel to work costs by working from home where it is appropriate.

Building trust by developing skills

- A carefully thought out learning and development (L&D) strategy sends a powerful signal in a crisis and acts as a great motivator. But employers must still expect to measure the impact L&D has on business success.
- A strategic approach to L&D should enable the business to cut training spend without losing sight of the people and skills it needs. This means reviewing existing L&D provision to differentiate between must-have and nice-to-have development.
- Encouraging networking within the business and building a coaching culture can strengthen knowledge sharing and help develop leadership capability.

Building trust among potential recruits

- Organisations need to ensure they have a pipeline of talent ready and waiting for when times improve. Forward thinking employers will seize the opportunity a business downturn offers to strengthen the talent pool.
- The recruitment industry has experienced a massive turnaround over the past five to ten years with its migration online. To capitalise on this in a downturn, employers need to review their current recruitment methods, reassess their suppliers and revisit internal systems including the recruitment technology they use.
- Maintaining a strong, visible employer brand during a downturn spells confidence to the outside world and tells existing staff and potential recruits that you are planning for a positive future.

Building trust with the senior management team

- Given the pressure currently on most businesses, it is likely that CEOs and financial directors will be looking for the extra value they can leverage from their people management strategy. This means developing a strategy that is focused on business needs but at the same time can respond to short-term changes inevitable in a recession without compromising the longer-term aims of the business.
- Well being initiatives such as health campaigns or Employee Assistance Programmes can be used to develop a more resilient workforce able to cope with the stresses and extra workload that recession brings.
- Senior leaders need to be able to trust the quality of management information that comes their way. This means developing a simple set of metrics that can reliably measure the efficiency, effectiveness and business impact of people policies.

Conclusion

- Successful people management in a recession will not involve organisations implementing ever more exciting initiatives but will simply be about doing what they have always done, only better and with more focus on business need.
- This is the best way of offering people leadership that will inspire them to keep faith with the organisation, even if they are uncertain about their own future in the business.

Introduction

The next year is likely to be the most challenging that employers have faced in a long time. Economic indicators in the UK are getting steadily worse and a full-blown recession appears to be on the way.

Employers face two challenges. Firstly, they must survive the downturn. Secondly, they must also look beyond the near future and ensure they are in a position to take advantage of recovery when it happens. These two challenges mean that getting people policies right as we move through difficult times has never been more important.

Real trust between employers and staff is difficult to maintain when times are bad. The British Chambers of Commerce says the slowdown could knock £900m off UK business profits in the next year while the CBI has estimated that as many as 200,000 jobs could disappear over the next 18 months. Many businesses will respond to this dramatic change in conditions by following their gut instinct. They will cut their investment in people by reducing headcount, freezing recruitment, trimming pay and reward and slashing training budgets.

Ceridian research¹ into the views of nearly 1,000 UK employees shows that this is certainly what the workforce is expecting. More than one in four (28%) have already seen redundancies in their organisations and this has left nearly a quarter (22%) fearful that their jobs will be next to go. And in the face of bad times, employees have little faith in their employers to maintain values that staff may hold dear. Nearly a half (47%) believe that the downturn has already compromised cultural values in their business.

Even before the recession has started, it seems, the fear of recession and its psychological impact on those in an organisation threatens to break the bonds of trust between employer and employee. Even if businesses do not need as many people during a downturn, they will need the right people – those with the skills and potential to take them through the bad times and into the good. Firms must be able to continue attracting, retaining, developing and engaging key talent; but they cannot do this unless employees keep faith with the organisation.

Being open and honest is the surest way of building and retaining trust in the workforce. This means a clearer focus on getting the right messages across backed up by a set of people practices that work for the business.

Our report looks at employees' attitudes towards an impending recession and discusses how organisations can develop people policies to ensure they have the trust of all stakeholders – managers, staff, future recruits, customers, shareholders.

Ceridian takes the view that it is agile people policies, clearly communicated, that strengthen the bond of engagement between employees and their organisation.

¹ Research was conducted on 998 people in permanent employment in the UK by independent research agency, Lightspeed. For a detailed breakdown of the sample please see Appendix.

Breaking trust in bad times

The results of Ceridian's survey suggest that businesses have not made the best start in keeping the trust of employees through a downturn. Perhaps the greatest concern is that although the UK is not yet in a recession, the fear generated by the mere prospect of recession has already had a significant psychological impact on the workplace.

Recession is a regular topic of discussion among employees – more than half say they discuss it up to twice a week or more. Perhaps taking their cue from experts and media commentators, the majority of workers (78%) seem to believe that a recession is likely to last up to two years. However, nearly a quarter (22%) of respondents now believe it might last longer.

There are reasons to believe that fear of recession may be worse than the recession itself. Even though unemployment is rising sharply, nobody is predicting the massive economic restructuring of the sort that occurred 20–30 years ago. As Karan Paige, Chief People Officer at Ceridian points out: 'Downturns are rarely as bad as predicted in the press. One or two sectors may suffer disproportionately, but although downturns may be lengthy, you rarely see the impact predicted at the beginning. Businesses need to be aware of this, avoid the knee jerk reaction and think longer term.'

Unfortunately, many businesses have reacted with haste. More than one in four employees (28%) believe that their organisations have made redundancies as a result of the downturn. While media reports tend to emphasise the finance and property sectors as the main areas for cutbacks, our survey suggests that few sectors appear to have been immune from job cuts over the past few months.

Although moving quickly to cut costs may be seen as a smart move, one needs to look at the impact that such a move has on the longer-term faith of employees in the values of a business – the positive reason why workers work for a particular employer. Budget cuts can also strip an organisation of its greatest talent and compromise its abilities to respond when economic times improve. Nearly half (47%) of those people working in organisations where job cuts have occurred say the downturn has put the culture and values of the organisation under pressure with less than one in seven (13%) saying that their organisation's values have been reaffirmed during the downturn.

If organisational values are insufficiently robust and if employees appear not to trust the business strategy or their leaders' ability to hold true to principles when things get tough then business leaders really need to worry. Why? Because trust is under pressure in many other ways as well. The survey provides further evidence that employees do not trust their managers to be straight with them. Fewer than one in four (24%) feel able to trust their bosses sufficiently to have an honest conversation over what impact the downturn might have on their job security. The boss is most likely to know the truth, yet nearly three times as many (69%) would sooner share their worries with their families, who with little access to the facts are likely only to reinforce fears.

Such fears are a poor breeding ground for either loyalty or trust. For the moment employees aren't looking to move on. Although one in five (22%) are unhappy in their current job, more than half (56%) say the current economic conditions would encourage them to hang on to what they have until things get better. Yet the majority of employees do not yet feel that the downturn has damaged their chances of making a go of it in another organisation. In fact, nine in ten (88%) think they would find a job within six months if they had to.

This presents a deeper, longer-term concern for employers: the likelihood is that when conditions improve and in the absence of a commitment to mutual faith and trust in your workforce, the best people will quickly find another job when recovery begins.

Building trust with existing staff

If trust in the workplace context is at premium right now, it is perhaps not surprising that managers appear perplexed over how best to manage people through the downturn. The past 15 years of economic good times mean that few of today's younger managers (roughly those under 40 years of age) have had any experience of managing through a recession.

Great teamwork creates success, but sometimes success creates the illusion of great teamwork. In a downturn, the spectre of failure can quickly eat away trust within teams if not handled properly. The obvious solution is to face people's anxiety head on, to get out of the bunker and give them some honest answers. However, less experienced managers have not been used to giving people bad news and perhaps aren't sure what to say.

This is when leadership really counts – and it's what employees at all levels look for when times are tough. Managers need to be open about the business and look as though they know what they are doing. 'There is plenty of information they can share with staff,' says Karan Paige. 'Be clear about the numbers and stick to facts. There is trend information that can be taken from management accounts and the business's own forecasts are very valuable. But you need to help people to understand what the numbers mean and what they can do to protect against the numbers getting worse.'

It's not enough to provide information. Organisations have to involve their people in the solutions too. When it comes to cutting costs, find out where the people on the front line think money is being wasted. Similarly, if jobs have to go, use the formal consultation process to involve staff in the decisions about where cuts should take place. No one's going to be happy about budget cuts or job losses, but if they see that decisions have been taken fairly and with the best interests of the whole business in mind, they will trust those decisions and the leaders who take them.

Holding on to your people becomes even more critical in turbulent times. When times are bad, talent is the one sustainable competitive advantage an organisation has. As in the good times, employers want to hold on to their most valuable people and keep them engaged and motivated. The difficulty is that they cannot throw money at the problem and buy people's loyalty – they have to find other ways of making them believe that staying with the business is the best career move they can make.

Ceridian's research has shown the loyalty of disaffected employees may be an illusion. In spite of the downturn, nine in ten employees still believe they could find a new job within six months if they had too. The challenge for employers is to ensure the people they want to stay do so, whatever the weather.

Retention challenges

Inevitably, existing retention challenges will come into sharper focus during a downturn.

Understanding your talent base: Businesses don't always know who their high performers are. Perhaps even more critically, they don't always know who their key people are. During a recession, it is highly likely that the two will not be the same. It's common in a downturn when headcount is reduced to eject average performers in favour of their high flyers, only to find the disengaged latter quickly depart when times improve. After all our survey shows that nearly 30% suffer from an increase in workload when colleagues are made redundant.

“Your key people may not always be your best people. If you have a large amount of knowledge contained in a very few heads, then clearly those people leaving would have an enormous impact on the organisation. They may be solid performers rather than high flyers, but they are critical to running your business going forward.”

Karan Paige,
Chief People Officer,
Ceridian.

It is essential in any crisis that the organisation has a clear idea of the skills, knowledge and expertise they need to deliver business performance and can match these to people within the business. This is information that needs to be sponsored centrally and analysed regularly at a senior level. Knowing someone's true value to the business, for example, can put a different perspective on a decision.

Protecting your star performers: Organisations want to retain their most talented people. While many employees seem keen to stay put as a result of the economic downturn and only 16% of employees say they are actively looking elsewhere, people with potential will continue to be a magnet for your competitors.

Furthermore, recruitment consultants and head hunters will come under greater pressure from their clients to prove their worth and as a result are likely to spread their nets wider. They will be knocking on the doors of senior executives in all functions who have experience of managing through crises and change.

Keeping employees engaged: Ceridian's research among employees has shown that morale is already falling sharply, with 22% saying that the downturn has already affected their confidence that they will keep their job. Employees are worried about their jobs and confused about the rapid changes taking place around them in the workplace. They may also be struggling with their personal financial worries as prices soar and property values sink. At the same time, they may think the best way forward is to keep their heads down at work and plod on unnoticed, a trait in our survey among middle managers, when creativity and suggestions for improvement from this very group can make the difference between struggling through a downturn and managing capably through to better times.

Retention answers

There are a number of things the business can do to support employee retention and encourage their engagement during difficult times.

Communicate clearly – and with honesty: In times of crisis, employees are hungry for detail. They understandably want to know how the organisation is doing, which areas are most at risk and whether their jobs are safe. Organisations, equally understandably, tend to respond either by putting a positive spin on the situation, thinking it will help to keep employees' spirits up or turning off the supply of information altogether. If the news is bad, the reasoning goes, then perhaps no news is better than the truth.

Both approaches tend to have the opposite effect of that intended. People sitting in the business may see the situation more clearly than their managers. They are aware of the phones going silent, the customer base declining and the sales figures sinking. Insecurity sets in, rumours start to spread and if the rhetoric doesn't chime with the reality, engagement takes a nose dive.

Organisations can't always tell people exactly what they want to know – often they don't know the answers themselves. But an informed, candid approach is the only way – if employees feel their bosses are being up front and honest with them, they are more likely to respond with the extra effort the business needs.

Managers need to look at how they communicate information. It's a big mistake to rely on e-mail and think that people read it and believe it. Face to face communication is essential in times of crisis. People need to know that their leaders are with them and this means seeing them in the flesh. Electronic communications have a place – the company intranet is still a fantastic way of giving employees access to detail and garnering their views in return. But it is perhaps time to reintroduce some of those old and trusted systems such as walking-the-job or regular team briefings.

“Inconsistency is the killer of trust. It’s about being open, honest and making sure the messages you are putting out are joined up.”

**Karan Paige,
Chief People Officer,
Ceridian.**

For larger companies it’s also the time to look at how the employee forum or works council operates. Under current legislation all larger organisations have to offer regular consultation through a formal works council. Rather than see this as simply a compliance issue, organisations could use the heightened risk of recession to look at how they can use the employee forum as a means of building trust through two way communications.

Involve employees in innovation: Employees who are engaged feel a responsibility to help the organisation do well and 22% of survey respondents said they’d be more likely to suggest innovations to managers in a downturn, against 14% who would be less likely to do so. Employers need to tap into this willingness to contribute to answers. If businesses involve employees in the debate about how the organisation needs to move forward, they will usually come up themselves with cost-saving ideas or the answers to corporate problems.

Existing suggestion schemes should be analysed to see whether or not they are working effectively. You might need to tinker with these or set up something new. Whatever the case, it’s worth having a formal mechanism for harnessing your employees’ innovation. Regular incentives for innovation show that managers recognise the contribution staff can make without compromising budget cuts.

Relevant benefits for employers and staff alike. With pressure to reduce the wage bill, now is not the time to tie staff in with pay rises. But it is a good time to review your wider reward and benefits structure with a view to tailoring it more to employee needs. It’s worth costing out a flexible benefits package that enables staff to pick and choose from a range of options such as health insurance, buying and selling holiday, help with travel to work.

It’s also time to look again at any cost neutral benefits you might be missing out on, such as the government’s bike to work scheme or, a more likely option, childcare vouchers. These are national insurance free for employers too and can offer a considerable saving as part of a flexible benefits package through salary sacrifice.

It would be a mistake to overlook the impact of non pay-related benefits – such as flexible working or home working – as these can also offer a significant incentive to staff. Letting people work flexibly or reducing their hours rather than letting them go, is a fantastic way of keeping their skills and raising morale among their colleagues too. Many employees will also appreciate the opportunity home working offers to save money on fuel and travel-to-work costs.

“Candidates are increasingly looking not just at salaries, but at the bigger picture of what employers are offering. A good benefits package can be hard to leave behind, even in the face of a tempting job offer.”

**Michael Newstead,
Head of Reward and
Recognition,
Ceridian.**

It’s also worth revisiting any incentive schemes. Employers need to treat initiatives such as employee or department of the month carefully, when others in the organisation are losing their jobs. But this does not necessarily mean scrapping them. Rather it is an opportunity to offer staff the awards and rewards that can relieve financial pressures on them, such as free petrol or store vouchers to help them with the weekly shop.

Recession could also be a time when the idea of total reward comes into its own. At its most sophisticated this enables firms to package up everything they offer staff including the less obvious benefits such as training spend. It’s a great way of telling staff how much the organisation cares about them and is continuing to invest in them.

The value of Employee Assistance Programmes (EAPs): EAPs are often one of the first areas to come under scrutiny in a recession. The organisation's leadership may feel they are nice to have but not essential. But well-publicised programmes can add value to the business in times of recession by building employee resilience. Rising prices and unemployment will be affecting individuals as much as businesses. By enabling employees to deal with personal issues such as debt management, stress, family relationships and personal wellbeing, EAPs can equip employees with the skills, knowledge and confidence to negotiate their way through the choppy waters of recession.

A good EAP provider will take a pro-active approach to helping people deal with a range of issues. They will also be able to train managers to be alert for signs of any team members who may be cracking under personal or work-related stress. By spotting the signs early and referring them for help, managers can stop minor problems becoming major issues.

According to Ceridian's James Slater, demand for EAPs is already on the up as employers look to find ways of supporting staff in the changing economic climate. "We are seeing a shift away from the traditional use of EAPs as a vehicle for providing emotional support and information to a much stronger focus on supporting health, energy and sustainability and helping employees remain productive," he says.

Equally importantly, they make employees feel valued and supported. If people feel the organisation cares about their health and wellbeing, they are more likely to remain committed and engaged.

Find out what employees really think: It will be very tempting for employers to suspend the annual or bi-annual employee survey until better times, but this is a big mistake. Just as businesses will be endeavouring to get closer to their customers during a recession and understand their needs better, so they should be doing with their workforce. It is vital that employers continue to measure employee satisfaction and engagement and respond to what the workforce tells them.

Top Tips

- Gather accurate, up to date data about the key skills and experience you need to take you through the recession and where in the workforce you will find them
- Communicate honestly, regularly and face to face with all staff
- Measure staff engagement regularly
- Involve your people in solving your problems and innovation
- Make sure your benefits offers remain relevant

Building trust by developing skills

Learning and development is usually the first area to suffer when a recession is looming – but in fact, many employers know instinctively that indiscriminate slashing of training spend is a short term, short-sighted approach. In the past they have found themselves without the requisite skills to take the business forward once recovery beckons.

The need to stay profitable means that learning and development spend will come under pressure. Nonetheless, it is likely to play a key part in any recession strategy. It is therefore essential to understand how to prioritise training spend to deliver short-term savings without compromising longer term business capability.

Skills challenges

Meeting skills shortages: If nothing else, companies need to continue ramping up their skills base to ensure that they are ready to roll again when the economic climate improves.

However, certain skills will continue to be in short supply, whether times are good or bad. Having identified what the must-have skills are likely to be through and beyond the recession, employers need to ensure there are learning and development interventions in place to deliver these skills in case they cannot recruit them.

If a recruitment freeze is in place, skills development becomes more rather than less important. Many managers will find themselves having to make more of existing staff. Perhaps adding responsibilities or moving people into roles for which they are not yet equipped. It will be the job of the training team to offer short-term skills development and longer-term coaching interventions to help these people succeed.

Motivating employees: Carefully thought out learning and development investment acts as a powerful signal and motivator, especially in times of difficulty, and is a great way of inspiring trust. In hard times, it can be a great alternative to a pay rise. However, if employees see personal development disappearing, they will feel let down and start to look for an alternative employer that will provide them with opportunities to grow.

Justifying the cost: Like every other cost centre, learning and development professionals will come under severe pressure to justify their spend. Much has been written on measuring the return on training investment. Now is not the time to re-read the measurement manuals but it is important to identify two or three key measures which can be used to link training spend with business results. The best training suppliers should be able to demonstrate this and will be able to guide firms through what measures are likely to work best for them. (See later section on metrics).

“If you stop training, the organisation will stagnate. People who you might previously have earmarked for roles in your succession plan will end up just sitting in their current job and going nowhere – or worse, going somewhere else.”

Alison McKie,
Head of HR Services,
Ceridian.

Learning and development answers

A strategic and creative approach to learning and development should enable the business to cut its training spend without losing sight of the people and skills it needs to develop.

Review L&D provision: A company-wide audit of training interventions will highlight those that it is critical to maintain as well as those that are now of less value to the organisation. All areas of the business, senior managers, training professionals and line managers need to work together to identify must-have versus nice-to-have development.

Examine delivery methods: A closer look at how training is delivered could highlight both possible cost savings and some more creative, stimulating development opportunities. For example, there might be more to be gained from an e-learning approach. It's an ideal learning environment for some, but not for all. Alternatively, there might be scope for building a team of internal trainers from among existing experienced staff.

Development and networking: Another approach would be to look at job swaps, mentoring and secondments to other areas of the business. These can all be a great way of sharing knowledge and developing the skills of both learners and trainers. It should also enable the organisation to build valuable networking skills within the business. This type of social capability can be an enormous asset both in times of stress and when the business finds it needs to shift up a gear.

Develop a coaching culture: Similarly coaching can be a fantastic means of increasing leadership capacity within the business – with both coaches and the people they coach benefiting. Organisations that have developed a coaching culture consistently report that it helps to improve sales, productivity and customer service – all areas that have a direct impact on the bottom line. However, a genuine coaching culture can only work if the overall culture is already conducive to trust.

“The organisation needs to have a clear picture, well communicated, of what training it must continue to support. HR and training professionals need to demonstrate clearly to the business that these are the things that will be stopped if training spend is removed and that will be the impact on business performance this year and next year.”

Karan Paige,
Chief People Officer,
Ceridian.

Top Tips

- Audit current training provision and establish whether or not it meets your skill needs
- Look for more creative delivery methods
- Using development opportunities to develop formal and informal networking across the business
- Develop a coaching culture
- Establish a simple set of metrics that will measure the business impact of training

Building trust among potential recruits

There's a tendency to think that recruitment grinds to a halt during an economic downturn, but this is not the case. Every workplace still has its natural turnover, some skills will still be in short supply and some companies will be expanding their operations outside of the UK.

More importantly, organisations need to ensure they have a pipeline of talent ready and waiting for when times improve. In a knowledge-driven economy such as the UK, talented people are what give companies their competitive edge – whether economic conditions are good or bad. Indeed, forward thinking employers will seize the opportunity a business downturn offers to strengthen, the talent pool.

In times of uncertainty no one wants to make a mistake when it comes to changing jobs and it can be hard to encourage talented people to shift, even if they are actively looking for a new post. Our own survey found that over half (56%) of employees are more likely to stay in a job they did not like as a result of the current downturn.

It seems that employers will need to ensure their recruitment practices are designed to inspire trust in potential recruits if they want them to make the leap of faith and join them.

Recruitment challenges

Reduced flexibility: In the past, the business might well have been prepared to pay over the odds for the right candidate. When times are tight, however, managers will find themselves under pressure to justify even the decision to recruit – let alone a mark up on the standard salary package. Meanwhile, candidates, who may well be under financial pressure themselves, are often looking to change jobs to secure a higher salary.

Buried in job applications: If unemployment rises as predicted, recruiters are likely to find themselves swamped by an increase in job enquiries, particularly for lower-level vacancies. This will add significant pressure to a recruitment team that may already have been down sized. However, if they are looking to build or maintain a reputation for fair and honest recruitment they will want to develop a system that enables them to respond to all applicants.

Managerial confusion: There can be a lot of uncertainty within organisations about what roles managers are allowed to recruit for. A freeze on recruitment, for example, might be announced mid-way through a recruitment campaign, leaving managers unsure as to whether they can continue with the hiring process or not.

A painfully slow process: Add all these factors to other uncertainties around operating in difficult times and you can get what Ceridian's Chief People Officer Karan Paige describes as a 'paralysis of decision-making' around recruitment. The whole process slows down and important posts are left unfilled for long periods. This inertia in itself leads to lost opportunities in recruiting talented people. Candidates are often left uncertain about what is happening and take their valuable talents elsewhere, whilst the impact on your employer brand can be significant.

“Those of us that have seen downturns or blips in the economy in the past know that a recruitment freeze is not the answer. When the market returns, organisations need to know they have the people in place to deal with new business regardless of industry or sector. Short-term action, such as looking to put a hold on recruitment, is a dangerous tactic ...”

Steve Huxham,
Chairman,
The Recruitment Society.

“In difficult economic times, adverts with your company name on them send a very positive message. It says that you are growing, hiring and surviving in this downturn.”

Karan Paige,
Chief People Officer,
Ceridian.

Recruitment answers

Employers will want to look closely at just how much they are spending on recruitment and where they are spending it. The average cost of filling a single vacancy is nearly £5K, rising to £10K for senior managers, according to the CIPD's Recruitment, Retention and Turnover Survey 2008. But it can cost as much as a third of that senior manager's salary.

There are a number of ways organisations can cut their recruitment costs and ensure they still have the right people, with the right skills, at the right time.

Workforce planning: It is likely that with the spate of bad economic news hitting the UK press, employers' perceived recruitment needs are changing almost weekly. It is vital that employers damp down any sense of panic and take a strategic look at their current short, medium and long-term recruitment needs and how these might change as business conditions worsen. Employers should then be able to use workforce planning to focus recruitment on the skills and talents the business needs going forward.

Review recruitment methods: A downturn is a good time to review how you attract candidates. The recruitment industry has experienced a massive turnaround over the past five to ten years particularly around online migration. In addition, intense pressure on skills has encouraged some creative recruitment solutions from phone a friend schemes to mass consumer-style campaigns. This means there are masses of great ideas out there – some more expensive than others – and employers need to be sure they are using the right ones for them. Ultimately the choice is not about online versus offline; successful recruitment will see employers continuing to use a balance of these attraction methods.

Look at your suppliers: It's vital that employers make the most of all their recruitment suppliers during a downturn be they job boards, consultancies, head hunters or technology providers. In part this is about looking for more favourable terms and conditions or perhaps looking for extra support for the same deal. But it is also about using their market knowledge for the benefit of the business. The recruitment market dips far more often than the economy and many of these guys will have been through it all before.

Reassess internal recruitment systems: The sophistication of recruitment technology today means most organisations will be able to handle the growth in job applications at the click of button. If not, it's likely that one of your recruitment suppliers can do it for you.

Maintain a strong employer brand: During an economic downturn, a highly visible brand spells confidence to the outside world. It tells people that you are surviving and planning positively for the future. This doesn't mean blowing the recruitment budget on job ads. Rather it could be about a few judiciously placed general advertisements driving people to a corporate website. A recruitment supplier worth anything will be also be experts in employer branding and be able to advise you on how to spend your money wisely.

Top Tips

- Monitor your recruitment needs regularly and be ready to adapt to changing business needs
- Revisit all your recruitment methods so that you know which ones have delivered most value to the business
- Review your recruitment suppliers
- Maintain a strong employer brand – internally and externally
- Communicate recruitment policy clearly to managers and employees.

Building trust with the senior management team

It's no great secret that if people strategies are to work effectively, they must have the support and buy-in of the senior leadership team. However, when the pressure is on the business and the CEO and FD are looking for value, a major challenge for those in charge of people policy is to demonstrate what they can add to the business at a time of crisis.

The answer often lies in getting the basics right. For starters this means developing a human resources strategy that is focused on business performance. In addition the strategy needs to have the agility to enable the business to respond to short-term changes without compromising longer-term aims.

Within this strategy, there will be a number of core people practices that, managed in the right way, can add particular value to a business in recession.

"In a downturn those responsible for people policies have to know the business inside out. They must understand what makes customers tick too because it is their activities that predict the way in which a business must react."

Karan Paige,
Chief People Officer,
Ceridian.

Get the paperwork right: Should the recession hit the UK the transactional nature of people management and HR is likely to come to the fore. It is vital that HR teams get this right before they attempt to add value through their strategic thinking. Like housework, it's a thankless task; no one notices when it's all in order, they only notice when it's a mess. Nonetheless, ensuring systems and processes work is a major way to reduce waste within the business. Payroll accuracy is a case in point with organisations frequently over or under paying staff, or, worse still, continuing to pay people who have left.

When everyone's time and budgets are under pressure these often very public errors won't be tolerated. While getting the paperwork right may not be the most glamorous way to build the trust of senior leaders, a reputation for getting it wrong is a sure fire way of losing confidence and support overnight.

Manage performance: At a time when managers are preoccupied with keeping the wheels turning, formal performance management tends to get overlooked. However, it's now that it really needs to shift up a gear, taking on a more complex role than identifying high flyers and poor performers within the business.

As the organisation adapts to a changing economic climate, priorities can change frequently, new initiatives are brought in, and people quickly become confused about exactly what it is they are supposed to be doing. Performance reviews give managers the opportunity to explain to staff why they are being asked to focus their efforts in a different direction and to put any changes being asked of them into a wider organisational context. They can bring an element of clarity to the uncertainty of recession.

Supporting employees: Wellbeing initiatives, such as Employee Assistance Programmes and occupational health campaigns, are likely to come under the finance director's scrutiny if recession bites. It will be up to those responsible for people policies to demonstrate the extra value these bring the business when times are hard.

If the business is under pressure as a result of rising prices and falling profits, it's likely that individual employees will also be under severe personal and financial pressure. As our employee survey shows, many are already fearful for their jobs. In addition there is plenty of evidence linking recession and redundancy with debt and divorce.

A formal EAP can help employers monitor the levels of stress in the workplace. More importantly, retaining a level of support for staff wellbeing, will inevitably increase their confidence in the business and its leaders. Slashing it back at the first sign of trouble will have the opposite effect and can potentially open the business up to decreased productivity, greater errors and increased absence.

Effective absence management can be a further support to staff under stress. Some employees will be skiving, others will be worried that their jobs will be under threat if they don't drag themselves in, and most will be relieved to get a call from an occupational health expert offering solutions for getting them back to work.

More importantly, when it comes to building senior management trust, reduced absenteeism can be measured and costed precisely both in terms of reduced sick pay and improved productivity.

Managing redundancy: Should employers have to make large-scale redundancies, many people managers will find themselves treading new ground. Even those who have been through the process before will need to be sure they are up-to-date with the law governing redundancy. Employers need to be clear about their legal obligations to the workforce in terms of consultation, notice and redundancy pay. The penalties for getting it wrong are severe. There were more than 130,000 employment tribunals in the UK last year and an average payout for unfair dismissal of £7,974 plus costs.

But good practice redundancy is about far more than the legal niceties and employers should be doing more than paying lip service to these. By taking the consultation period seriously and being seen to involve employees in the decisions around where and how redundancies take place, a business can enhance its reputation within the local community and retain the confidence and good will of staff who remain.

Management information systems: It is hard to overestimate the importance of high quality management information during a downturn when businesses face a significantly reduced margin for error. This is as true for people data as for financial information.

Many businesses are now quite good at measuring the impact of their people policies and providing detailed reports to their executive teams. But any potential changes to business priorities should signal a review of the people data employers collect and how they use it.

The best human capital measures centre on three categories. Efficiency measures are designed to show that those in charge of people policies and practices are getting the basics right by working to set standards and benchmarks. Effectiveness measures demonstrate the effect of particular initiatives; for example, are absence management practices reducing absenteeism and by how much? Finally, impact measures should enable managers to prove the contribution that people strategies, such as talent management and engagement, are having on business performance.

The purpose of the data should not be to boost the business case for a particular intervention but to improve the way the business manages people. One way forward could be to choose four or five key people indicators that support the business strategy and can be seen to affect operational success, and report back on these regularly to the board. Ideally, businesses will want to reassess the HR technology they have in place to ensure it is able to deliver the information they require in the way in which they need it.

Top Tips

- Avoid waste by getting the paperwork right. Be sure you have the technology to do this
- Use performance management to develop everyone's understanding of changing business priorities
- Develop support mechanisms for staff who will also be affected by recession
- Manage redundancies effectively, sympathetically – and in accordance with the law
- Develop a set of metrics that senior leaders can use to assess the efficiency, effectiveness and impact of people policies during a downturn

Conclusion

Global conditions over which they have no influence may have got businesses into the current economic mess, but it is their people who will get them out of it. Organisations will want to do more than merely survive the next few years; they will want to emerge from the downturn ready to maximise on any hint of recovery. But to do this, they must be able to retain and inspire a workforce that is loyal, able and looking to the future.

Our research shows that, like their bosses, most employees feel extremely wary and uncertain about the coming months. They can see a certain degree of panic among their employers and job cuts on the horizon for the unlucky among them. Some are concerned that difficult business conditions and poor results are eroding the organisation's traditional culture and values.

In the face of employee concerns, the next few months could be a turning point for many businesses as they seek to re-evaluate their business plans. However, the worst response business leaders could have to the current economic uncertainty would be to panic by cutting jobs, freezing recruitment, slashing training spend and attempting to renegotiate benefits.

Ultimately, what people need most of all now is leadership that can inspire them to continue to give of their best. They need to trust that the organisation and people they work for will take a measured and rational view of the current business climate and respond accordingly.

Good leadership at all times, but especially when business is tough, is about consistency and honesty. The old adage that people join organisations but leave managers is true in good and bad times, and employees will stick with leaders they trust even if they are uncertain about their future with the business.

Most of the ideas and suggestions that we set out here are simple good practice people management. There are no clever, complex human resources theories that will enable businesses to bypass the hard work of managing their people. All we are suggesting is that managers concentrate on the people issues they always have such as talent, engagement and performance, but do it better.

Appendix

Employee views on the impact of the current economic climate were gathered through an online survey. Responses were collected over a five day period in August 2008 by independent research agency, Lightspeed.

A total of 998 UK employees were surveyed, from a cross section of ages, salaries and industries.

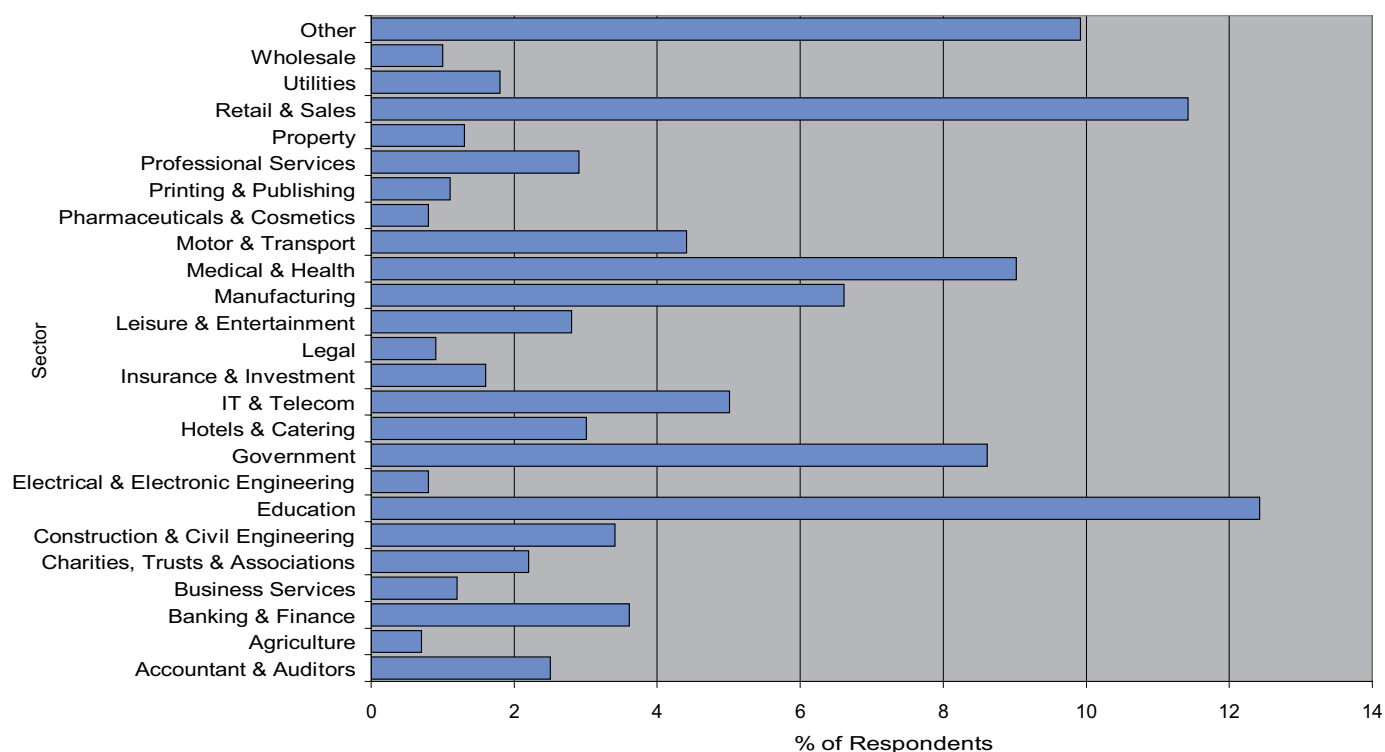
The sample breakdown is illustrated below.

Gender Split	
Male	49.6%
Female	50.4%

Age Range	
18-24	11%
25-34	30%
35-44	27%
45-54	25%
55+	2%

Salary	
£10,000 - £19,000	49%
£20,000 - £29,000	28%
£30,000 - £39,000	13%
£40,000 - £49,000	5%
£50,000 - £69,000	4%
£70,000 - £99,000	1%
£100,000+	1%

Respondents by Sector



Ceridian is a global business services organisation that offers a comprehensive range of innovative solutions. From human resources and benefits to work-life and health and productivity services, we help organisations maximise their human, financial and technology resources.

As a leader in HR outsourcing, gift cards and payroll, we're also the driving force in payment innovation. Whether we're partnering with you to improve employee productivity, save money or minimise financial risks, it's our business to help you stay focused on yours.



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