Anyone picking up the newspaper or turning on the television today already knows the painful news. More jobs lost, salaries being cut and more people being laid off from work. This is not an easy time to be a human resources executive. Many people believe that now is the time during which experienced human resources personnel are most needed, and a firm human resources management plan should be in place. Unfortunately, as we will see in this paper, most companies tend to act for the moment and are more worried about the money saved right now, rather than the fact that business still needs to be conducted(Sharma 2008). As a result, businesses do not survive the downturn very well, nor are they prepared for what to do when the recovery comes around. This essay will discuss why detailed human resource planning is vital particularly in difficult economic times.

In the past, human resources were more of a personnel function. The department was in charge of paperwork and culling out prospects before the actual hiring. But as more companies realized their best competitive advantage was their employees, the concept of human resources management came into play (Brewster & Larsen 2000).

The basic definition of human resource management is a function in an organization dedicated solely to the recruitment, management and training of employees in a particular company (Brewster & Larsen 2000). In addition, HRM covers everything from recruitment and hiring, to employee motivation, to training and, of course, compensation (Hanleng 2005, p. 32).

During good times, human resources management is the entire wrath. But the moment the economy takes a rinse employees are suddenly expendable, as are the tools to keep those employees productive, such as training, compensation and motivational techniques. Basically, HRM takes into account the whole employee, what makes that person tick, and how to get the best productive methods out of that person as possible (Hanleng 2005, pp. 54-56).

Many companies tend to have the same reaction when an economic downturn hits: cut budgets by slashing personnel (Collinson 2008). Those who are let go first are those who cost the company the most. This leads to several problems, however. First, when using the budget process to slash costs, a company risks losing very talented people who will go to the competition. And second, those left behind will not likely take it too well. Third, employees might be cut who were needed to perform various tasks and projects, and the company may not find this out until it is too late and the employee is long gone (Collinson 2008). As such experts recommend the following steps for dealing with employees during a downturn.

Employee engagement is important, during a downturn, that management helps define workers' roles in a company, and make it clear how workers can help to improve a company's situation during a downturn (Frauenheim 2009). Employees really want to help, and allowing their input during an economic downturn can help increase their commitment to the company (Frauenheim 2009).

Some companies in a recession tend to cut staff; however, the problem is, once some of that staff leaves, the business viability leaves with it (Ingham 2007). Jobs are lost in a downturn; the key here is to lose those jobs with minimal damage to the organization and its employees (Ingham 2007). Experts recommend that the top performers within core functions should be retained, as well as those who add value and who might be hard to replace (Ingham 2007).

Management tends to think that those who are left behind should be grateful to have jobs. The problem, however, is that those who are left behind are frightened, afraid they will be next in the firing line. Many times, they will look for other jobs; even in a recession (Ingham 2007). Because of this, those remaining should be told why they were retained (Ingham 2007). As a result, organizations have necessarily to think more seriously about how they communicate with employees. So when it comes to any kind of communication, it is important to be realistic and honest (Garrett 2009). In addition, honesty needs to be the number-one centerpiece of any communications program. It will hurt and be painful, but most workers will feel better knowing where they stand in the overall plan of things (Garrett 2009).

Also important is giving employees an outlet to vent their concerns, frustrations and fears. There is a lot of emotion tied to a layoff, and many times, employees remain in touch with those who were fired. There will be conflicting feelings among these employees – loyalty to the company versus sadness that their friends and colleagues are no longer around (Sincic, vokic 2007, P. 6). It is a difficult situation, and the human resources department, and management, needs to understand that it will be an issue. Simply letting it fester will ensure that the employees remaining will be negative toward the organization, and productivity will suffer as a result.

Show Compassion is important to prove that all alternatives have been looked at other than layoffs (Garrett, 2009). Furthermore, it is important to help by offering outplacement services and other help for that person to get a new job. Most companies, when laying off employees, tell the employees they will get a reference and not much more (UCI office of Human Resources 2004). But it is important for the organization to keep in touch with the employees, to ensure they are doing all right and to find out if they need anything. Doing so makes the company appear to be a caring one that values its employees, rather than a heartless one that only cares about the bottom line (UCI office of Human Resources 2004).

Make Downsizing a One-Time Event can be a difficult step, but if it is possible, it is a good one to take. Rather than making a series of painful cuts over a period of time, do it all at once (Workforce Managing 2008 p. 2). There is nothing worse to a surviving employee than the thought that next time he or she could be next. If a company cleanly lays off everyone it needs to at one time, the message can be communicated to employees that their jobs are secure (Workforce Managing 2008 p. 2). Needless to say, this may not always be able to be done as recessions cannot really be predicted. So when ensuring employees, it is important not to make any kind of guarantees that they will never be laid off.

Though many companies cut their training budget during a downturn, this is actually the time to train workers and bring their skills up to speed. Things are slow and employees probably have the time to do that extra online training session. Training and development can help to improve employees’ skills and will also build a more loyal workforce (Ahmed 2009, p. 5). In addition, if there are any technological implementations on the horizon, the downturn is a perfect time to put them into practice (Ahmed 2009, pp. 6-7). This will help the company get through the downturn and be prepared for the positive aspect of this situation (Ahmed 2009, pp 6-7).

During a downturn, employees look to their bosses for leadership and confidence (Garrett 2009). They want to know there is a plan to help the company weather the downturn. Leaders who are not confident during economic times will surely mean that staff will become slow-moving and non-productive as well (Garrett 2009).

It is important to ensure that the Company is ready for the Recovery; Economies recover in the long run. But any human resources plan needs to be planning ahead, preparing for the time during which things will get better and more talent will need to be recruited. How has the organization changed due to the recession? Where will fixes need to be made?

Managing human resources during a downturn is not easy, but it is a necessity. Any HRM plan needs to focus on ensuring that a business' core competencies and focusing on what will happen on the other side. Any HRM plan that includes much of this information will ensure that the company can remain on strong footing through the recession and into the recovery.

Reference

Ahmed, a 2009, ‘Creating opportunity from crisis: taking a strategic and learning-focused perspective’*, Development and Learning in Orga*nizations, vol. 23, no. 5, PP. 4-6.

Brewster, C, Larsen, H 2000, *Human resource management in Northern Europe*, Trends & Dilemmas strategy, USA.

Collinson, S 2008, ‘HR Analysts Assess Financial Crisis’, *Australia*, 28 October, P. 1.

Frauenheim, Ed 2009, ‘Downturn Puts new Emphasis on Engagement’, *Workforce Management,* PP. 1-2

Garrett, Alexander 2009, ‘Crash Course in Keeping Your Staff Engaged’. *Management Today*, 7 April, p. 1.

Hanleng, T 2005, ‘Human Resource Planning and Human Resource Development in Construction’, *Faculty of Civil Engineering University Technology of Malaysia, pp. 32-56.*

Ingham, J 2007, *Strategic human Capital management: Creating Value through People*, UK.

Sharma, G 2008, ‘Ten Tips For Downsizing with Grace in Difficult Times’, *Blogging Ideas for Human Resources*, 26 November, P. 1.

Sincic, D, Vokic,NP 2007, ‘Integrating internal communications, human resource management and marketing concepts into the new internal marketing philosophy’, *Faculty of Economics and Business University of Zagreb, pp. 7-12.*

UCI office of Human Resources 2004, Practices for Managing layoffs/Practical Information for Managers & Supervisors, Australia.

Workforce Managing 2008, *Archive: 13 Myths and Facts about Downsizing,* Australia*, viewed 1 March 2008,*

<http://www.workforce.com/archive/article/23/34/04.php>