

Unique & Innovative HR Practices: Doing More with Less

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Abstract: Got budget? *You're not alone. Corporate belts are cinching all across the world. While a few unfortunate companies are struggling for survival itself, nearly all organizations are looking for ways to become leaner. Staffers of every company are working twice as hard, just to maintain last year's revenue. At the same time; every company is growing geographically and adding new services to their offering. These conflicting challenges force them to look beyond simple budget and staff reductions to reengineer their human resource practices. Across the HR field, Companies are finding creative ways to "Do More with Less". Following are four simple ideas you can use to help you reengineer HR:*

a) Analyze your HR practices

b) Develop a Strategic HR plan

c) Embrace technology

d) Leverage your resources

INTRODUCTION

Some economists have jokingly defined a recession like this: If your neighbor gets laid off, it's a recession. If you get laid off, it's a depression. Economic results of recession are - loss of jobs, decline in real income, slowdown in industrial production and manufacturing and a slump in consumer spending. As sales revenues and profits decline, the manufacturer will cut back on hiring new employees, or freeze hiring entirely. In an effort to cut costs and improve the bottom line, the manufacturer may stop buying new equipment, curtail research and development and stop new product rollouts (a factor in the growth of revenue and market share). Expenditures for marketing and advertising may also be reduced. These cost-cutting efforts will impact other businesses, both big and small, which provide the goods and services used by the big manufacturer.

EFFECTS

Falling Stocks and Slumping Dividends

As declining revenues show up on its quarterly earnings report, the manufacturer's stock price may decline. Dividends may also slump, or disappear entirely. Shareholders may become upset. They and the board of directors may call for a new CEO and/or an entirely new senior management team. The manufacturer's advertising agency may be dumped and a new agency hired. The internal advertising and marketing departments may also face a personnel shakeup. When the manufacturer's stock falls and the dividends decline or stop, institutional investors who hold that stock may sell and reinvest the proceeds into better-performing stocks. This will further depress the company's stock price. The sell-off and business decline will also impact employer contributions to profit-sharing plans.

Credit Impairment and Bankruptcy

Also impacted by the recession is the accounts receivable (AR). The customers of the company that owe it money may pay slowly, late, partially or not at all. Then, with reduced revenues, the affected company will pay its own bills more slowly, late, or in smaller increments than the original credit agreement required. Late or delinquent payments will reduce the valuation of the corporation's debt, bonds and ability to obtain financing. The company's ability to service its debt (pay interest on the money it has borrowed) may also be impaired, eventuating in defaults on bonds and other debt, further damaging the firm's credit rating and preventing further borrowing. Debt will have to be restructured and/or refinanced, meaning new terms will have to be agreed upon by creditors. If the company's debts cannot be serviced and cannot be repaid as agreed upon in the lending contract, then bankruptcy may ensue. The company will then be protected from its creditors as it undergoes reorganization, or it may go out of business completely.

Employee Lay-offs and Benefit Reductions

The business may cut employees, and more work will have to be done by fewer people. Productivity per employee may increase, but morale may suffer as hours become longer, work becomes harder, wage increases are stopped and fear of further layoffs persists.

As the recession increases in severity and length, management and labor may meet and agree to mutual concessions, both to save the company and to save jobs. The concessions may include wage reductions and reduced benefits. If the company is a manufacturer, it may be forced to close plants and discontinue poorly performing brands.

Cuts to Quality of Goods and Services

Secondary aspects of the goods and services produced by the recession-impacted manufacturer may also suffer. In an attempt to further cut costs to improve its bottom line, the company may compromise the quality, and thus the desirability, of its products. This may manifest itself in a variety of ways and is a common reaction of many big businesses in a steep recession.

Airlines, for example, may lower maintenance standards. They may install more seats per plane, further cramping the already squeezed-in passenger. Routes to marginally profitable or money-losing destinations may be cut, inconveniencing customers and damaging the economies of the cancelled destinations.

Giant **food purveyors** may offer fewer products, for the same price, in the same size package in which the larger amount was previously sold. Quality may also be reduced. Coffee, for example, may be cut with lesser-quality beans, compromising flavor and driving away cost-conscious consumers with little brand loyalty who have noticed the change.

Reduced Consumer Access

As firms impacted by the recession spend less money on advertising and marketing, big advertising agencies which bill millions per year will feel the squeeze. In turn, the decline in advertising expenditures will whittle away at the bottom lines of giant media companies in every division, be it print, broadcast or online.

As the effects of a recession ripple through the economy, consumer confidence declines, perpetuating the recession as consumer spending drops.

A Recession's Impact on Small Businesses

The impact of a recession on small businesses that have annual sales substantially less than the Fortune 1000 and that are not public companies is similar to large businesses. Without major cash reserves and large capital assets as collateral, however, and with more difficulty securing additional financing in trying economic times, smaller businesses may have a harder time surviving a recession. Bankruptcies among smaller businesses may therefore occur at a higher rate than among larger firms.

In the wake of such bankruptcies or dissolutions, the entrepreneurial spirit which inspired someone to go into such a business may take a hit, discouraging, at least for a while, any risky business ventures. Too many bankruptcies may also discourage banks, venture capitalists and other lenders from making loans for startups until the economy turns around.

Recessions Don't Last Forever

Recessions come and go and some are more severe and last longer than others. But history shows that recessions invariably end, and when they do, an economic recovery follows.

METHODS

Methods used were expansive review of articles, magazines, surveys, newspapers, and websites. The most common database that was utilized was handbooks of HR.

WHAT IS HRM?

HRM is: 'The management of work and people towards desired ends'. (Boxall et al, 2007)

HRM comprises a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work. (Guest, 1987)



IMPORTANCE OF HR PRACTICES

At the organization level:-

- 1) Good HR practices can help in attracting and retaining best employees in the organization.
- 2) It helps in training people for challenging roles, developing right attitudes towards the job.
- 3) It helps in promoting team spirit among employees and developing loyalty and commitment through appropriate reward schemes.

At the individual level:

- 1) It promotes team work and team spirit among employees.
- 2) It offers excellent growth opportunities to people who have the potential to rise.
- 3) It allows people to work with diligence and commitment.

At the society level: Society, as a whole is the major beneficiary of good human resources practices

- 1) Employment opportunities multiply.
- 2) Companies that pay and treat people well always race ahead of others and deliver excellent results.

At the national level: Effective use of human resources helps in exploitation of natural, physical and financial resources in a better way. People with right skills, right attitudes and appropriate values help the nation to get ahead and compete with the best in the world leading to better standard.

The BEST practice approach: - This approach is based on the assumption that there is a set of best HRM practices that are universal in the sense that they are best in any situation, and that adopting them will lead to superior organizational performance.

A number of list of 'BEST PRACTICES' have been produced, the best known of which was produced by Pfeffer (1998), namely:

1. Employment security;
2. Selective hiring;
3. Self – managed teams;
4. High compensation contingent on performance
5. Training to provide a skilled and motivated workforce;
6. Reduction of status differentials;
7. Sharing information.

The BEST fit approach: - This approach is in line with contingency theory. It emphasizes that HR strategies should be congruent with the context and circumstances of the organization. Here, term 'Best Fit' is alignment between the organization's business and HR strategies.

HRM's effectiveness depends on its fit with the organization's stage of development. As the organization grows and develops, HRM programmes, practices and procedures must change to meet its needs.

Best Fit and Competitive Strategies:-

- 1) Innovation – being the unique producer.
- 2) Quality – delivering high quality goods and services to customers.
- 3) Cost Leadership – the planned result of policies aimed at ‘managing away expense’.

Introduction of Innovative & Unique HR practices during economic slowdown –

Here are some ideas to implement to increase the strategic impact of how we can manage Human Capital in our organization during the downturn.

And, in the situation of downturn, now may be the time to shift our approach so that it more closely fits the new realities and new challenges. The key is to be **Proactive**. Act now to implement a handful of strategic actions that will have a measurable impact on the firm’s productivity, rate of innovation and competitiveness in the market instead of waiting for the inevitable budget cuts. When the going gets tough, HR can choose to be either a victim or part of the solution. Perhaps it’s time to stand firm against calls from the top for a headcount review and possible recruitment freezes. This may not be the time to focus on organizational growth. Instead we have to examine vital strategic areas that we should focus on as we can manage through the tough times.

These areas can have an immediate business-impact: **Increasing workforce productivity, Innovation, Workforce flexibility, Workforce planning and Metrics**. By renewing our focus on these directly related business issues we are sending an important message that our HR function is strategic.

Nurture Relationships: Recessions are the perfect time to forge new connections and strengthen long-standing relationships — both inside and outside of our company.

- Practice uncommon appreciation.
- Meet for breakfast instead of over the phone.
- Supplement emails with handwritten cards and notes.
- Relationships are best fueled by face to face contact. E-mail and social networking sites are no substitute for real relationship-building. People can be your best sources of information, best advocates for your success, and best connection to positive energy to keep you going. Leverage them.
- Get together with your staff or people in your network to brainstorm opportunities for thriving during difficult times.
- View networks as possibilities. You can build new skills and experiences through the help of your professional networks.
- Stay optimistic and be flexible. Check your attitude and make sure that you are putting your best foot forward. One of the hardest things to do is to remain upbeat and positive when it feels like the bottom is falling out. So remain in contact with your network of professionals, friends and family to get you through the rough spots. It’s important not to be naive. You (like everyone else) could face job elimination. So use social networking tools to build visibility around your personal brand and what you uniquely bring to the HR industry.
- Write a blog and articles, attend industry events, make connections with movers and shakers, and do field research by speaking with those doing the work you want to do.
- Be active on twitter, FB & LinkedIn social networking sites on which you can find out new opportunities, clients & customers. These innovative ways can help you reach to every part of world and you can do free showcase of your services, products & offerings on free of cost. Make group of active members on whatsapp by this you can connect with them 24/7. Can discuss likes, dislikes, what’s new outside, can communicate and connect easily.

Focus on productivity: Our goal as an HR professional is to increase the productivity of the workforce by providing advice and programs that can directly increase the effectiveness of employees and managers. To do this we need to develop metrics to capture the productivity of our workforce. These include the ratio of money spent on people-related costs compared to the money value of the output or revenue produced by employees. Then we should identify barriers to increased productivity and develop a rapid plan to remove them.

Talent and Performance management: This is the time to have a holistic process in place where employee objectives are linked to business goals. Securing existing talent and investing in them will ensure that a company becomes more competitive so that when the economy picks up they are much better placed to move forward. Tackling poor performers head on, and removing from the workforce as part of a change management program or stand-alone process, can help a business survive so long as fair capability and disciplinary procedures

are used to prevent costly legal mistakes. Poor performers can reduce profits dramatically through low productivity and disengagement. Talent management can help ensure **employee engagement**.

Talent needs to be nurtured and rewarded accordingly to ensure employees don't jump ship and join a competitor. Having clear HR processes in place such as **succession planning** and **career paths** are the basic building blocks together with the right training and development. There is the need to look at creative ways to reward staff, when increased financial compensation is not available. Communication to staff about companies' actions in this area will help employees to understand the "hows" and "whys".

Ongoing training and development: Cutting back on training is a false economy because when key skills are needed in response to market forces in future, the company will struggle. Training is often the first HR process to go when things get tough because some companies see this as an unnecessary cost. Consider low-cost options such as **work shadowing** and **developing coaching** and **mentoring programs** using existing talent to train developing talent. Apportion your resources wisely. Limit activities with limited business purposes. Instead, organize a sales or other company meeting with a clearly defined profit purpose. Bear in mind that those companies with strong customer bonds have the best chances of weathering the storm. We believe small businesses and organizations have the advantage to quickly respond and adjust to their customer's needs.

Increase employee innovation: competition in the marketplace has remained constant or increased for most companies even though business revenues may be down. This means that to compete we need to accelerate innovation in product and service areas despite having fewer resources and provides HR with a great opportunity to demonstrate leadership in increasing innovation. How? One way to do this is to implement specific actions to improve our group's ability to work with mission-critical business teams. This way we can help identify barriers to innovation. HR staff can then function as business consultants by providing tools, training and advice on increasing the rate of innovation.

Increase workforce flexibility: Companies can consider offering more paid time off such as increased holidays or Friday afternoons off as an incentive to increase employee motivation in these difficult times. Flexibility is a major motivator and the introduction of flexible working; flex-time, job sharing, and telecommuting are surprisingly easy ways to improve the bottom line. Reduce expenses that don't add value. Instead include low-cost but high-impact benefits at a time when the rest of the business world is cutting back.

Offering more tax-efficient benefits that can save the company money could release funds to offer motivational perks such as company days out or a paid-for social gathering to improve motivation. If companies involve employees in a survey of their requirements, benefits can be relevant to both their needs as well as saving the business money. Educating staff in the value of their total reward package can often be beneficial. This can be achieved through providing total reward statements either paper-based or online or by financial workshops, on key aspects such as pensions or financial benefits.

This too shall pass: To weather the recession in a truly strategic fashion, HR must increase its workforce planning capability so the organization can quickly recover when the economy improves. Action steps you can take include building your image as a desirable employer, preparing managers for changing workforce demographics and focusing on retaining key performers. Help your company's bottom line by communicating more with your supervisors to make sure you are focused on the right HR priorities to help the business. The key to surviving a recession is to make sure that you are delivering personal and unique value to your company. Ask yourself some tough questions to make sure that the work you're doing has positive impact on your company's bottom line such as **increasing revenue, decreasing costs, improving profits, and customer satisfaction**.

These must be perceived by management team as meaningful results. Offer to head up new projects, committees or initiatives in organization. Step up your game and energize colleagues around an important change initiative. Invest some time in mentoring key people in the organization who may be floundering. A little time and good will can go a long way.

Provide **HR leadership** and support for emerging initiatives in your organization like **environmental sustainability, green technologies, clean energy** and **leveraging social media**, where there may be less HR support. If you can help these groups through the staffing, talent, compensation, change management or overall implications of their decisions, you've added tremendous value to your organization.

Link your HR metrics to the bottom line: During economic downturns, senior executives require all managers to focus on cutting costs and increasing revenue. To better comply, the HR function must learn how to convert traditional metrics such as turnover rate or time-to-fill into rupee impact. No matter how bad your bosses are, they do not enjoy having to lay off people. So give them a break. This isn't the time to push for that promotion you think you deserve. Proactively try to lighten the leader's burden. Help them defend your department. Contribute your ideas for restructuring plans when asked and do some of the heavy lifting yourself.

Keep communicating: Be honest with employees. Let them know how you're doing so that they understand the true financial picture. Often employees are willing to make cuts and changes when they understand the facts. There are no winners if the business goes down. Talking clearly and honestly with your employees also helps to reduce the rumor mill. And, don't forget to reach out to your HR clients and ask them for feedback.

LIMITATIONS

There were several limitations presented in this research. This study is limited because it is solely a literature review. There were no surveys completed or tests were done. These conclusions could be accurately measured because we conducted studies to precisely prove this information. Adding surveys or conducting interviews with the top HR managers and directors/Strategists could improve the study.

CONCLUSION

As HR leaders, helping your organizations to achieve more innovations, to create the culture, to support innovative thinking and to hire, train & reward is a major undertaking. It can seem daunting to know where to begin. However, the most important first step is just that – to take that first step. It is a large and exciting change process. Even a small initiative can help to demonstrate the possibilities of a more robust effort. Lead your organization through this journey.

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