



HR PRIORITIES IN AN ECONOMIC

DOWNTURN:

RESEARCH AND REALITIES



SUPPORTING YOUR BUSINESS IN A DOWNTURN

THE VITAL ROLE OF HR

Virtually every organisation from every sector is impacted by the negative effects of a stalling economy.

With costs rising and people having less money to spend, companies and the people that lead them are going to have to work incredibly hard to successfully navigate their way through a downturn. This is where a company's HR team can play a huge role.

However, with so much on their plates already, what should proactive HR teams focus on to have the greatest impact? This is something we looked to find out...



WHO WE SURVEYED

TO DISCOVER WHAT BUSINESS LEADERS SEE AS THE BIGGEST CHALLENGES DURING AN ECONOMIC DOWNTURN, WE SURVEYED SENIOR LEADERS AND MANAGERS ACROSS THE UK AND IRELAND.

RESPONDENTS CAME FROM A BROAD RANGE OF INDUSTRIES WITH HEADCOUNTS OF BETWEEN 250 AND 5,000 EMPLOYEES.



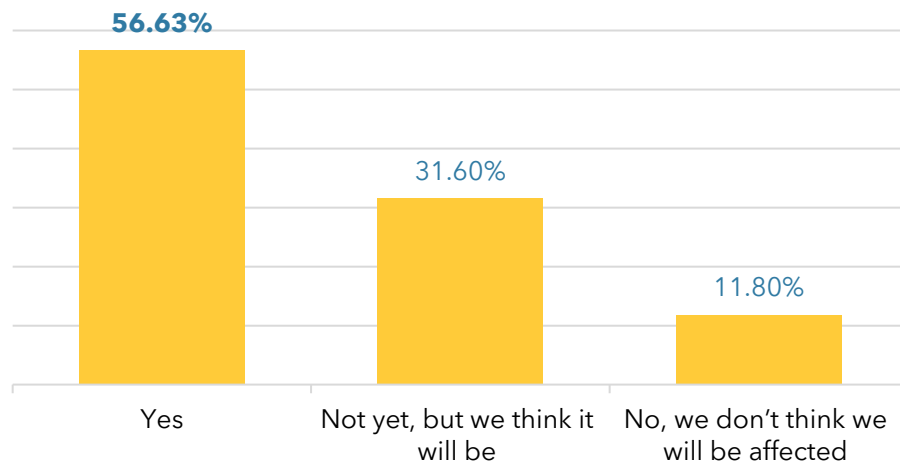


THE RESULTS

1. Nearly 90% of senior business leaders believe their businesses have been or will be negatively impacted by the downturn

It didn't come as a surprise to learn that nearly **90%** of the managers and senior leaders we surveyed said their business has already (56.6%) or will be (31.6%) negatively impacted over the coming months. Only 12% said they didn't believe they'd be negatively affected by a downturn.

Has your business been negatively affected by the current economic situation?



What this means for HR

If they haven't already, HR teams must start planning now. Although every business will be hoping for the best, there may be tough choices to be made in the coming months, and HR need to be armed with the data and plans to help their organisations through the tough times ahead. Things to consider include:

- **Ensure key HR metrics are being tracked:** Can they also be readily collated and analysed?
- **Evaluate your performance management programme:** Do line managers and employees have a clear view of their goals? What support or skill sets do they need to achieve them?
- **Look for process efficiencies:** Check to see if there are any recurring patterns indicating issues that could be costing your business money, or preventing it meeting key strategic objectives.
- **Ensure flexibility:** Anticipate future needs and consider how you could prepare people to take on new roles and responsibilities should the need arise.
- **Consider worst-case scenarios:** If you have to make redundancies, what implications would that have? Are there steps you can take to avoid this?



2. Companies are already considering freezing or reducing recruitment efforts, overtime payments and employee pay rises

Of the managers and senior leaders who said their businesses have or would be negatively affected by a downturn, over **57%** said the biggest effect was that recruitment will have to be cut back or halted altogether. Freezes or reductions in overtime came second, whilst a reduction or freeze in pay rises was third.

What this means for HR

- **Address earnings issues:** Cost-saving actions - such as freezing wages, reducing overtime or cancelling bonus schemes - may lead to an exodus of good people from your business and result in critical skills being lost. This is where a good staff retention strategy can soften the blow and prevent an overwhelming wave of staff resignations. Think about how your staff can be supported in other ways to keep them engaged and not immediately heading for the exit.
- **Review alternative career progression options:** Recruitment freezes may leave staff feeling their careers have stalled. Are there options for mentoring or stretch assignments that would allow staff to continue to develop with you?
- **Optimise use of internal resources:** Look to see if vacancies can be filled internally, reliance on contractors cut back, or jobs re-thought to ensure appropriate resourcing.

Has your business done or is likely to take any of the following actions (select all that apply):





3. Over a third of business leaders believe no department is safe from cost cutting

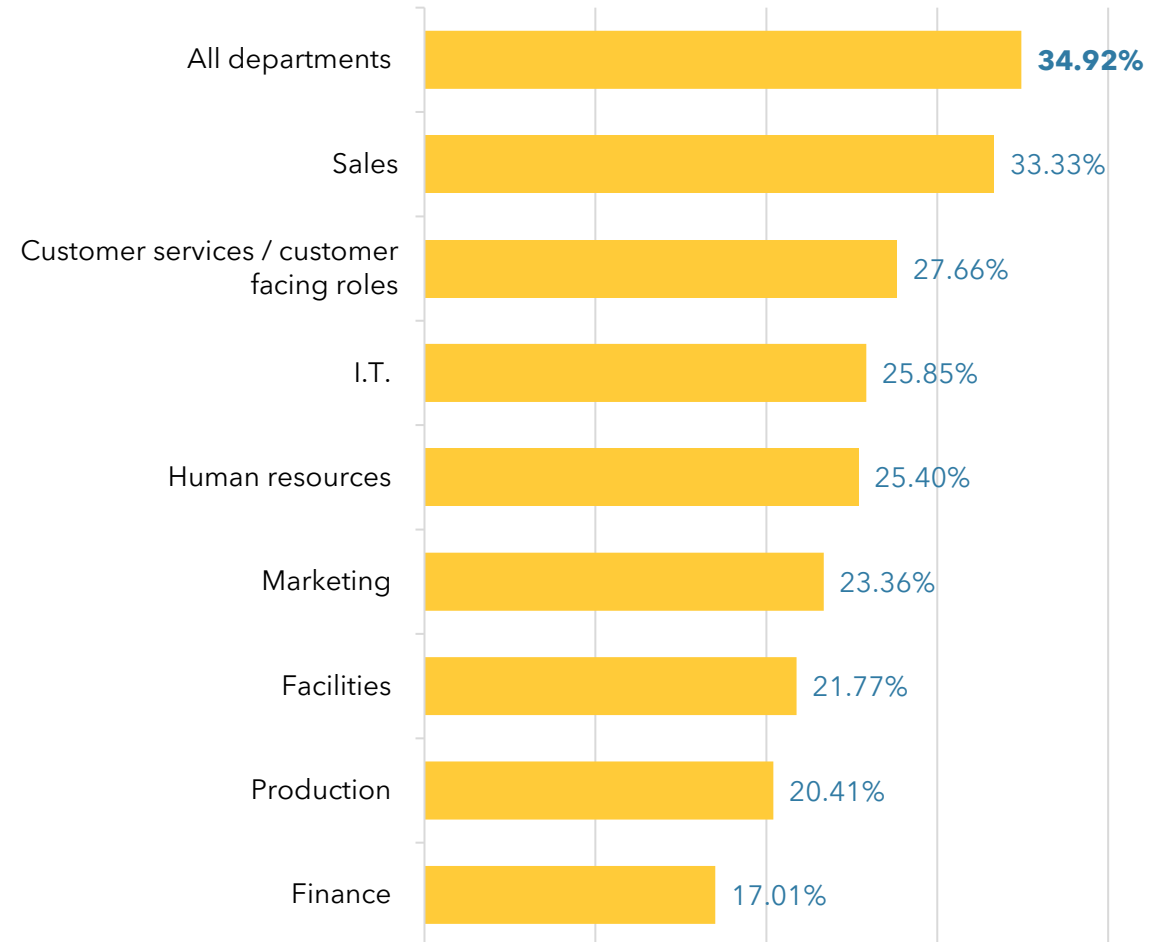
Of the managers and senior leaders who said their businesses have been or would be negatively affected by the worsening economy, **35%** said all departments would be impacted by cost cutting measures. However, sales teams (33%), customer service / facing roles (28%) and Human Resources (26%) were identified as the departments most likely to be impacted.

What this means for HR

- **Check on coverage:** What will be the impact be if key parts of the business – such as customer services – are under resourced? Can staff from elsewhere in the business be temporarily seconded to fill the gaps, or are other strategies required?
- **Identify short-term efficiency gains:** With every business looking to reduce its expenditure, HR leaders must be in the position to readily identify short-term efficiency gains. They should have the means to highlight any immediate spend reductions, while managing the risks associated with any cost-cutting decisions.
- **Invest in digital:** Research suggests that the companies that thrived in the last downturn didn't cut back on technology. In fact, they invested more.

Great HR software systems can support businesses and their HR teams into making better decisions, lifting employee productivity and improving those all-important operational efficiencies. In addition, a good HR software solution can result in significant savings – both in time and money. You can read more about how in our blog [here](#).

Which departments do you expect to see most impacted by any cost cuts? (select top three)

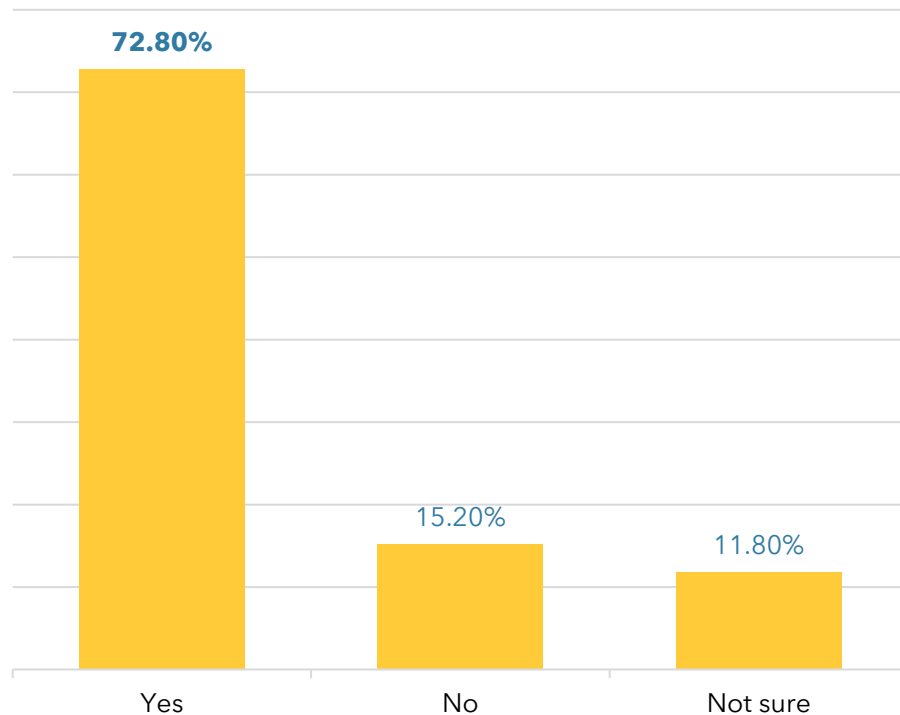




4. Nearly three-quarters of managers say their employees are worried about the effects of a downturn on their jobs...

Our survey found that employee wellbeing is being directly affected by the financial downturn, with nearly **73%** of managers saying their employees have expressed concerns over how a downturn would affect their jobs.

Are your employees worried about how a downturn could affect their job?



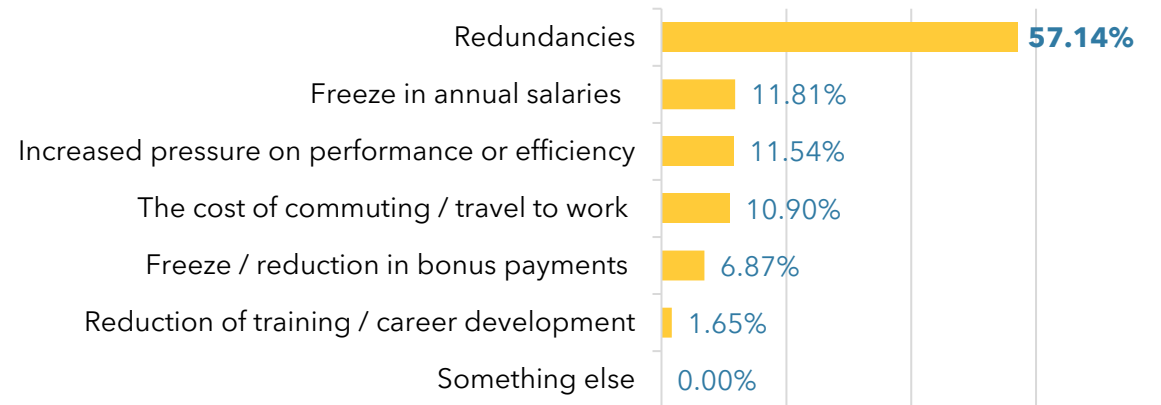
5. ... and employees are worried about being made redundant

Of those 73% of managers who confirmed employees have expressed concern about a downturn on their jobs, an overwhelming **57%** of them said their employees were mainly worried about redundancies. Their salaries being frozen (12%) and an increased pressure on performance or efficiency (11%) were the other main concerns.

What this means for HR

- **Build trust:** There is no easy way to break bad news, but with employees worried about the security of their jobs, silence is definitely not golden! HR can help foster a culture of transparency by encouraging senior leaders to step up internal comms, share regular company updates and foster a culture of collaboration. Shared HR portals and workspaces are a great way to do this.

What are they most worried about?



6. Preventing excess staff turnover, improving health and wellbeing programmes and upskilling the workforce

When we asked line managers and senior leaders what HR's top 3 priorities should be, **54%** of respondents said preventing excess staff turnover, with **18%** giving it as their top answer. Improving health and wellbeing programmes came second, and upskilling the existing workforce came third.

What this means for HR

Managers are clearly looking to HR to take the lead in a number of high priority areas. However, given they will be facing the potentially daunting task of managing a concerned workforce, they will need HR's support. Things HR can do to positively help their managers include:

- **Revisit your health and wellbeing initiatives:** Are they still fit for purpose and are they being used? You can read more about this subject in our blog [here](#).
- **Help managers with communications:** Line managers are often anxious about talking to employees, especially when having to break bad news. Share best practice and, if you don't already have it, think about creating an FAQ that covers things managers may want to consider, and when it's best to involve you.
- **Identify skills gaps:** Survey business leaders to identify potential areas of concern and map them against what you know about your workforce. Carrying out a proper skills audit will ensure you can not only suggest appropriate development strategies but will be better prepared if staff leave or redundancies become inevitable.
- **Review your talent pool:** Sit down with senior managers and identify the staff you really need to keep so you can tailor-make retention strategies. If possible, make use of succession and career planning tools to make visualising data and identifying weaknesses simpler.

What do you consider to be the most important priorities for HR during a recession? Pick the top three.





77% of business leaders say a line manager's main priority should be supporting employee morale

A whopping **77%** of senior leaders and managers who took part in our survey believed that line managers should prioritise supporting employee morale during a recession, with over **24%** choosing it as their top priority. Maintaining levels of staff performance came second, and retaining good employees was third.

What this means for HR

- **Say thank you:** Publicly acknowledging the input of others into the success of a business - or a team - can do wonders for a workforce's morale - not to mention support better workplace performances and retention strategies. HR teams should encourage line managers to make giving credit to others a habit. This can be done via your internal communications or on shared workspaces, showing your people that their good work and effort doesn't go unnoticed.
- **Enable regular check-ins:** Regular performance check-ins play a huge part in the success of many high-performing organisations. They can play a vital role in building engagement, improving productivity and making organisations more agile - all essential during tough financial times. You can read more about performance check-ins [here](#).

What do you consider the most important priorities for people managers during a recession? Pick the top three.

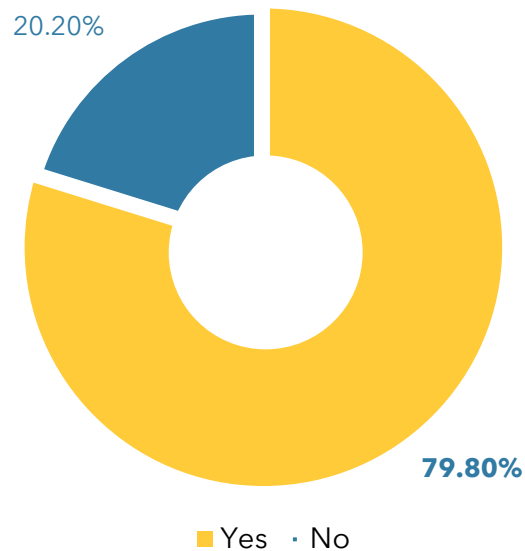




8. Over two-thirds of managers and senior leaders are concerned about excessive rates of staff turnover...

Our survey discovered that an overwhelming number of managers and senior leaders are worried about losing staff, with **80%** saying excessive staff turnover is a concern.

Are you concerned about keeping key staff?



9. ... with job insecurity being the biggest cause

When we asked what managers and senior leaders thought would lead staff to leave their role, **31%** said job insecurity was the main driver. Securing an improved salary came second (28%), and job-related stress was third (12%).

Why do you think staff would choose to leave?





10. Over a third of managers believe redundancies will drive away good employees

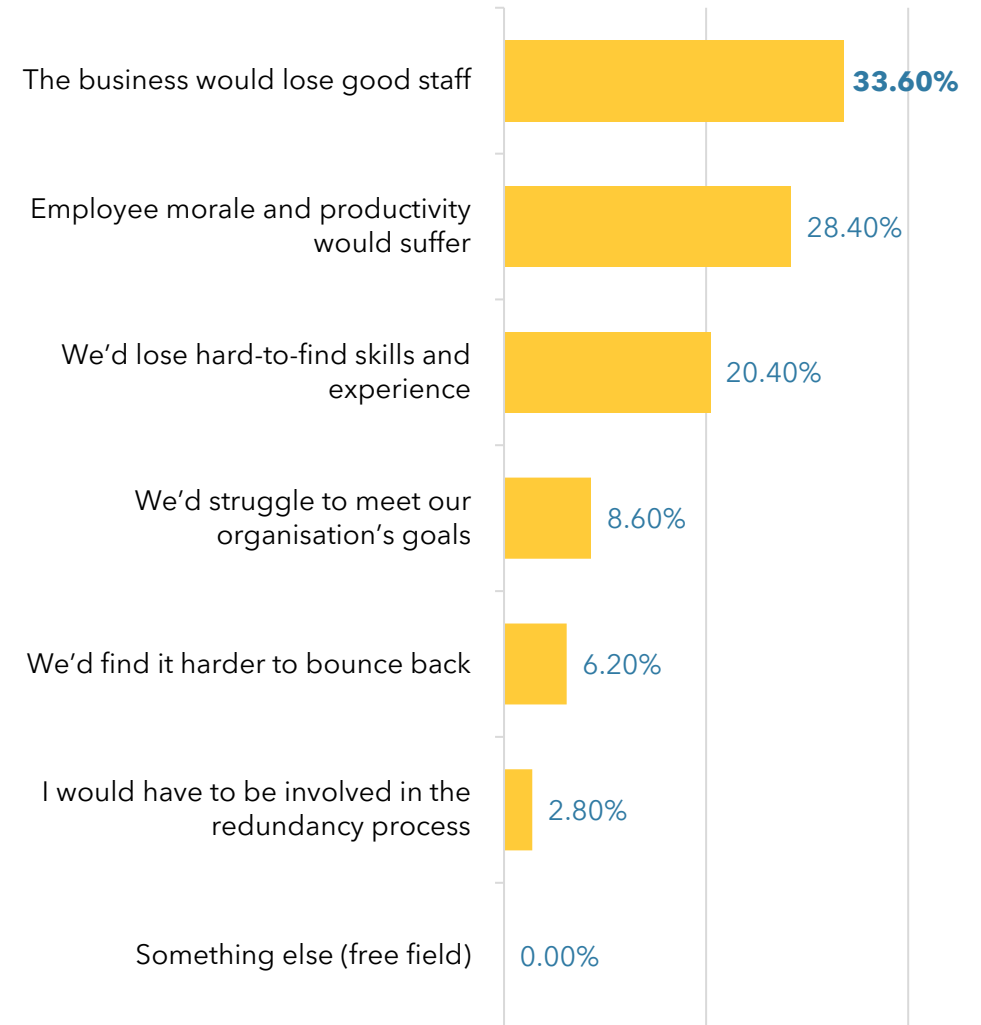
Lastly, we asked managers and senior leaders what their biggest worry would be if they had to make redundancies. **34%** of respondents said it would cause the business to lose good employees, whilst 28% said employee morale and productivity would also suffer, and 20% said they'd lose hard-to-replace skills or experience.

What this means for HR

This is another area where HR must look closely at how the business engages with its staff. The fear of redundancies - even if none are being considered - can be enough to drive employees to seek out new pastures. To mitigate this risk, employers need to build trust with their employees in good times and maintain trust and transparency should things get tough. Some key actions HR can take include:

- **Create team bonding opportunities:** This can help employees to develop the skills and behaviours needed to stay confident and work towards their objectives, even in an uncertain environment.
- **Be empathetic and acknowledge your employees' concerns:** Provide them an outlet to share their concern, preferably in a one-on-one setting, and validate their feelings so they feel both listened to and supported.
- **Focus on employee upskilling:** Give them training and development opportunities that will help them feel confident in their growth and career path.
- **Don't keep employees in the dark:** If the company is stable and there is no likelihood of redundancies, address any rumours that might be leading to unnecessary worry. If cuts or redundancies are being planned, reassure your employees that you'll do everything you can to help and guide them towards new opportunities.

If your business had to make redundancies, what would be your biggest concern?





WHO WE ARE

Cezanne HR is the leading UK supplier of modern, easy-to-adapt Cloud HR systems for mid-sized UK and global businesses.

Trusted by thousands of HR professionals in the UK and worldwide, our mission is to make it easy to transform HR by providing best-in-class HR software that streamlines and improves every aspect of human resources management - saving you time and helping everyone work smarter together.

We also provide dedicated customer support that's second to none, along with monthly system releases that ensure you never, ever, have to pay for expensive implementations or future upgrades again.

Designed to fit your needs today and support your business tomorrow, Cezanne HR helps businesses work smarter and achieve more.

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