



Employers should consider the long-term implications of changes to HR strategy

By Jan Coetzee, Managing Director, Manpower South Africa

In times of economic uncertainty when businesses are finding the going tough, employers should consider all options available to them, before the decision is made to lay off workers. This is especially important in sectors where certain skills are necessary, but not always readily available.

Employers should be encouraged to look at reasonable alternatives to making redundancies. Should this ultimately lead to people being let go, at least employers have done what they can to keep their staff employed for as long as possible. Whatever policy employers adopt, they should strive to maintain an open and honest channel of communication with employees.

There are innovative alternatives such as introducing shorter working weeks or short-term shutdowns which could be a preferable long-term option to losing highly skilled staff. Although clearly not an option for all businesses, the advantage of this approach is the greater competitiveness they are likely to have when this situation improves. The loss of intellectual capital and highly skilled workers, particularly in smaller firms, should not be underestimated. Any such plans should be negotiated carefully with worker unions to ensure a fair and reasonable adjustment to working practices.

Manpower is seeing increasing evidence of this practice among its manufacturing clients; particularly where workers hold specialist skills that employers would prefer not to lose through redundancy. Costly redundancy packages or tough labor laws may be a contributing factor as to why this practice is being adopted, but more likely is the need to retain a workforce that has specialist skills and that has been trained and developed over the years at great expense to the employer.

The cost involved in making redundancies and then having to start hiring and training workers again when the economic climate improves should not be underestimated. Many organizations have been in the situation where they have let staff go only to find themselves in the middle of a skills shortage. In order to avoid such situations, we advise our clients to think very carefully about the long-term consequences before making any people-related decisions, particularly during a downturn.



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It is vitally important that employers do not use this approach as an excuse to exploit workers by cutting wages to unreasonable levels or forcing new work structures upon a workforce that would be considered unethical, particularly when these haven't been negotiated together with a trade union or relevant industry body.

We advise employers to be cautious in amending their HR strategies and not to make any rash decisions or more specifically, trim payrolls too aggressively and/or make unacceptable demands of their existing workforce. Employers should be careful to continuously communicate with staff to ensure morale remains high and anxiety levels don't interfere with productivity.

Where shorter working weeks or short term shutdowns fail, employers should carefully consider the loss of intellectual capital through mass redundancies. Economic downturns are cyclical. As such, employers who have reduced their workforce considerably and without careful thought may find themselves at a competitive disadvantage when the economic climate improves.

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Jan Coetzee is the Managing Director of Manpower South Africa, a subsidiary of Manpower Incorporated, the global employment services with over 4400 offices in 74 countries. In South Africa, Manpower was established in 1999 and currently operates from nineteen branches in Johannesburg, Pretoria, Durban and Cape Town.

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Manpower's worldwide network of 4,500 offices in 80 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities.

Manpower South Africa was established in 1999, and since inception, has built the reputation as an expert talent acquisition and staffing provider in the Finance, Engineering, IT, Office Support, and Industrial sectors. Manpower South Africa currently operates 19 specialist branches across South Africa.