

Retaining Employees during Economic slowdown

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Abstract

Amid tough economic times, careful management of workforce preparation, terminations, and layoffs is crucially necessary. A lot of firms struggle hard to remain alive as workers concerned over losing their jobs. And the administration's challenging task is to find ways to keep employees loyal and productive, while ensuring they can endure a stressful time. This is the duty of human resources practitioners during these turbulent economic times to ensure that their companies follow outstanding management procedures and that terminations and layoffs are carried out correctly. The approach needs to focus on evaluating the current situation and the future prospects for the business.

Keywords: *Recession, Economic slowdown, layoffs, retaining employees*

Introduction

Recession is 'negative economic growth' which means there must be a fall in real output for six months. A recession occurs when the Gross Domestic Product (GDP) or other macroeconomic performance metrics like unemployment assess two or more successive quarters of negative economic growth. The relationship between recession and unemployment is in part solely a matter of semantics; official recession dates include a rise in unemployment as part of determining what constitutes a recession.

"In US, recession is said to occur, whenever the national bureau of Economic Research (NBER) says – significant decline in economic activity spread across the economy, lasting more than a few months, visible in real GDP, real income, employment, industrial production and wholesale retail sales."

Recession is a typical stage of the life-cycle (in financial terms). And just as every season can bring extreme weather, it can pose specific challenges for business owners and workers to run a company in a recession. During tough economic times like a recession, many companies are struggling to remain alive while workers are concerned about losing jobs. The difficult job of management is to find ways to keep workers loyal and successful while ensuring that they can withstand the difficult time.

Recession Impact:

- ❖ During a recession, investments in the private sector continue to increase. This is because people are getting more anxious about spending. The spectre of unemployment is pushing people to spend much less and money. Nevertheless, the increase in saving for the private sector could be offset by a decrease in saving for the public sector.
- ❖ Consumption will continue to decline, as people get worse off.
- ❖ Investment should collapse due to its extremely cyclical existence. Consequently, a recession causes investment to fall higher than consumption. Trust is very critical to investment, and investment appears to dry up in a recession.
- ❖ Automatic fiscal stabilisers may increase government spending (eg. Governments tend to spend more on unemployment insurance in the recession). The government may also adopt expansionary fiscal policies to seek to raise aggregate demand, e.g. Estimates for infrastructure programs.
- ❖ During a recession, aggregate demand is through while it is an employer's market with millions of qualified workers searching for work due to the recession; many employers make these five costly retention errors.

Managing Employees in Challenging Economic Times

Look for an alternative to layoffs: consider finding potential options rather than laying off staffs immediately when a recession hits the economy. Once an employee hits retirement age, “he” in fact, do not object to shortened hours. The introduction of shortened hours would also help to keep employees on board and remove the need for lay-offs. Explore those options with workers when necessary before laying them off.

Workers are important assets: The organization can not exist without its workers, so make them a part of the job and let them know how much the product is worth. Mind that their success has a positive effect on companies. Recognize your contributions and achievements by regular complimentary and verbal thanks. If the company is subjected to lay-offs and injuries, current workers typically tend to take up new

work. And you will continue to value your hard work. If staff with big bonuses can no longer be compensated, offer little gifts such as letters of thanks.

Keeping focus on employees: Workers' holding focused on their work, and less on corporate issues. Workers are clearly concerned, particularly about their prospects during a recession. Keep them centered, rather than on, the search for solutions to current problems. Establish a feedback box to encourage employees to share their thoughts on initiatives that can help cut costs and help sustain financially stable business.

Attempt to put a positive spin on losses: When harsh economic conditions in the company have produced resentment and confusion, accept them rather than pretend that they do not exist. Let the workers know, and be proud to overcome them, that they would look back on the poor days before the order was restored.

Workforce Management Approaches during the Recession:

Strategies: It is critical in selecting the employees to be laid-off carefully and who remain to be sure of the organisation's future. They will be dealt with honesty and fairness while lying off duty. When lay-offs are not treated well, those who are made redundant will be bitterly protesting online in social networking forums and blogs. They must assure that they are in good working conditions with maximum possible assistance, including the resumption of employment, displacement facilities and encouragement to continue their future work.

Minimise the Need: Knowing the company and its sustainability is important. A strategic HR professional has to anticipate the possible needs of the business- Look at the existing market, potential projects, infrastructure, development strategies, and look at resources and other trends so you can realign financial needs for the future. To do this, the culture of flexibility among employees also needs to be inculcated so that, when the time comes, they are flexible enough to take on the new responsibility. Through spending more time on long-term workforce planning policy, HR practitioners are reducing the need for layoffs and their long-lasting negative impacts.

Communication: Communication is the vital aspect. This minimizes speculation which, if not treated properly, can result in severe consequences. Members don't like being held in the dark. "If we conceal the information, it is difficult to deal with the recession period. It is very important to communicate with laid-

off employees or to connect with the remaining ones. HR's task here is to build employee trust in leadership by honest, productive and frequent communication, whatever the circumstances might be. Redundancy can undermine the morale of those employees that it is appropriate to do so.

Optimising Performance : It is imperative that decisions on layoffs rely on outcomes rather than seniority. Retaining the highest performers would boost the primary goal of right-sizing and optimising success through operational efficiency and productivity. Companies should also provide a retention plan for high performers under this policy that ensures that company has optimised the workforce.

Wise Recruitments during Recession: Businesses can hire new employees during times of recession. Crucial people in the sector may be expected to help the company cope with difficult times, survive in the current situation, increase the productivity of employees, and restore the shape of the company. Consequently, it is important that HR recruits, tests and employs talent that is well qualified in their profession and can add tremendous value to the organization. As Recruitment Commander, HR needs to ensure that the right employee is hired at the right location, who arrives with a long-term view and is unlikely to leave early.

Show Thanks and Love: We can not get the best out of fear-stricken men. The recession brings fear to the business as HR does not take the necessary steps to combat de-motivation. Therefore, it is important to show respect and appreciation to staying and accepting more responsibilities to the employees. Staying workers are looking for protection, compassion, and assurance that “Not to worry” so it's important for the HR person to spend more and more time in building people's trust. They should be felt to be selected to be in the company because their credentials and results are respected and have to contribute back to the organization's success.

Conclusion

The study found that managing employees in challenging during economic times should not concentrate solely on cost-cutting but more on— Cost savings thus ensuring organisation-wide cohesion. Restructuring of organisational structures, recognising opportunities for the future, finding new ways of keeping things in shape; Increase efficiency and effectiveness of employees in the company; And to unlock future growth potential.

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