
“RECESSION AFFECTS MANY FACTORS”

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ABSTRACT

Recession affects many factors; it affects the export, Slowdown of the industrial production, which result into slowdown of growth.

Human resource management is responsible for how people are treated in organizations. It is responsible for bringing people into the organization, helping them perform their work, compensating them for their labours, and solving problems that arise. Recession presents a very difficult time for any existing organization in today's corporate world and no company is exempted from this truth. The biggest challenge for companies and especially Human Resource in this economy downturn is to survive and to remain competitive, companies reorganized and reengineered to reduce waste. Recession poses unique challenges to the HR department. HRM strategies & innovations providing a wide selection of employees, employers, customers, suppliers etc. in all ranges This paper outlines the transformation of HRM strategies and innovations in Asia. Beginning with its inception, the paper is progresses towards its various HRM functions like recruitment and selection of employee, training and development, compensation and benefits, growth of Human communication, This paper also highlights HRM strategies to counter intensified competition and external conditions like global economic recession, the resultant credit crunch and its impact on employee performance.

Keywords:- Human Resource Management, recession, HRM, Recession.

1.0 INTRODUCTION :-

As recession is a macroeconomic term. The said term is significant decline in general economic activity. It results into economic decline, as reflected by GDP such as a rise in unemployment. However, the said bureau reflects that National Bureau of Economic Research (NBER), which officially declares recessions. The decline in economic activity such as in real GDP, real income, employment, industrial production, and wholesale-retail sales.

The HRM Innovation is easy in times of the business growth, but the recession is not good for big innovative HRM Initiatives. On the other hand, the top management understands the effort to innovate the HRM Processes better. The top management is in the search for the potential cost savings and they count every single penny brought by the line management. The HRM Costs are usually a very significant cost to the organization and the HRM Function has to be proactive.

HRM Innovations in Recession “The recession is about the creative Human Resources Management. The HRM Function is asked to bring new ideas, to change the HRM Processes and to develop or change the procedures and this effort has to be cheap or it has to cut the costs of the organization. The HRM Function has to focus on unpopular innovations during the recession as the role of Human Resources during the recession is to save money to the organization. The top management expects all the support functions to bring innovative solutions,

HRM Innovation during the recession has to focus on the following topics:

- To optimize the manpower strength
- Reduce the number of employees in the organization to take strategic initiatives to increase the productivity and efficiency of the entire organization
- To work on compensation benefits
- Cancellation of several benefit schemes
- Redesign training and development programs
- To identify the real key employees and to intact them in the organization
- To identify the real top potentials and to strengthen their development program

Freeze in the recruitment process: The recruitment freeze is the first challenge of HR department to be affected by the recession. As the top management has to keep the cash flow under the control, the recruitment freeze is the first logical decision. After the recruitment freeze the organization has to clearly decide about its priorities as the organization does not carry additional people on its payroll. The top management has to decide about the new strategy and the management is allowed to hire just the missing skills and competencies.

Reduction in the strength of the organization: Layoff is the temporary suspension or permanent termination of employment of an employee for business reasons, such as the slow-down or interruption in work. It is another challenge that has to be faced by the top management. It takes all of a management team's resources, including both business acumen and humanity. The extreme difficult decision is who must be laid off, how much notice they will be given, and how far the company will go to help the laid-off employee find another job are given less than adequate attention.

Re-design in compensation and benefit schemes: The compensation and benefit schemes are also heavily affected by the recession. Compensation is payment to an employee in return for their contribution to the organization, that is, for doing their job. Benefits are forms of value, other than payment, that are provided to the employee in return for their contribution to the organization, that is, for doing their job. The recession makes a huge pressure on the overall costs of the organization and the compensation strategy can easily change the position of the organization on the pay market. HR managers may find it difficult to design compensation programs that adequately provide employees with an equitable level of compensation and an incentive to perform effectively.

2.0 LITERATURE REVIEW :-

The literature on efforts to adjust wage rates downwards inside unionized organizations when recession strikes is dominated by the theme of concession bargaining. The term involves union 'give backs' to management in the form of freezes or even cuts in pay and benefits. Concession bargaining is likely to be more successful if based on openness and transparency, equality of sacrifice and trade union gain - where companies agree to

some trade union demands in return for accepting significant concessions. These gains can include some form of financial participation such as profit sharing or some type of employment security programmer. These underlying principles of concession bargaining can also apply to non-union organizations

Burnham, K (2009) It is possible to identify three strands of argument in the literature as to the effects of the current recession on human resource management. The first suggests that the recession will have a cataclysmic effect on the HR function or even on the viability of long prevalent employment models, with one study suggesting that numbers working in HR would be cut disproportionately compared with other support functions, while ‘transactional’ HR processes would be increasingly relocated to low-cost countries. Another claimed that the global crisis in the context of the ongoing globalization of businesses would ‘decimate HR’. The second (which represents the dominant perspective among suggests that the recession will both increase the stature and influence of the HR function and deepen the appeal and prevalence of HR practices consistent with the ‘high-commitment model’, whose features are widely understood

Briscoe, D , Schuler, R & Tanque, I (2012) Turning to the manner in which firms combined such hard response programmers with soft HR measures concerned with maintaining the motivation and commitment of staff, the research found that firms commonly sought to couple hard response programmers of either kind with some or all of a series of soft response programmers: a greater emphasis on communications, implementing specific measures to promote employee engagement and involving employees in the development of measures for responding to the recession. Again two broad groupings of firms could be distinguished. One group, representing more than 7 out of 10 firms commonly combined hard response programmers with a range of soft HR measures, while another group allied more emphasis on communications with hard response programmers – many firms in this group eschewing the use of a wider range of soft response measures. General hard HR response programmers had a lower probability of being combined with an extensive range of soft HR response programmers.

D Steilberg, R & Cerrone, S (2006) there was general agreement that dealing with the 'business agenda' in the recessionary environment presented a much more difficult challenge for HR than when recruitment and retention of staff had been the main challenge for this function. The predominant view of participants was that HR provided leadership in this environment and that the agenda now addressed had brought HR into mainstream business decision-making. For most of the participants, the influence of HR was central in terms of shaping the measures firms had adopted to respond to the recession. However, some believed that their influence within senior management extended more to the implementation of business decisions already decided upon. Part of the new role of HR involved providing advice and mentoring to managers on dealing with the HR implications of business decisions, often involving HR dealing with requests for advice from line management.

3.0 HRM Communication in Recession:

The HRM Function is always responsible for the mass communication to employees in the recession. The HRM Function should be responsible for the consistency, transparency and fairness of the crisis communication to employees. The recession is usually not about the good news, but the HRM Function has to be the employee advocate and the messages should provide the employees with the clear outlook of the future. The crisis and recession communication have to be targeted, as not all the employees should receive the same amount of the information.

Training and Development:

Resources allocated to training and development programs may logically be the first labour related cost cut in a recession.

Maintain relationship with employees:

Employee Relations involves the body of work concerned with maintaining employer employee relationships that contribute to satisfactory productivity, motivation, and morale.

Recommendations while your employer facing negative challenges during recession:

- Top management should know the contingency plan.

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- Do the brainstorming session with your top management and contribute in their strategic planning.
 - A complete or partial job freeze, however, communicate to the workforce that the company may continue to recruit key individuals even in difficult times
 - Review the employee performance evaluations to determine the key people that company cannot afford to lose.
 - Flow of Communication should be from top to down that will help in making conducive atmosphere within the organization
 - Make prepare yourself for individual and group concerns therefore there should be a proper consoling session.
 - To maintain a calm atmosphere
 - Review all HR policies, processes and procedures to ensure that they are purposeful and contribute directly to the success of the company.
 - Suppose the company has to lay-off staffs ensure that there are no other opportunities for them in other functions or divisions of the organization.

A Framework to meet the challenges of human resource management at the time of recession

<i>HR Challenges in Recession</i>	<i>Strategies to overcome Recession</i>
<ul style="list-style-type: none"> • Freeze in the recruitment process • Reduction in the strength of the organization • Cut down in training and development programmes • Re-design in compensation and benefit schemes 	<ul style="list-style-type: none"> • Human Resource planning • Focus on long term investment • Retention of talented Employees Compensation and reward strategies <ul style="list-style-type: none"> • Motivational training and development programs

Focus on long term investment:

The most critical and most difficult consideration that a company must make when managing employees through a recession is how to balance its current need to cut costs with its long-term desire to achieve strategic results. The first step that HR manager should take in managing a human resource investment is to recognize that not all investments are created equal. A HR manager has to estimate the returns for each functional area of the business unit and review both how the company is allocating its aggregate resources and how each function is contributing to overall investment returns. Alternatively, the company may identify an area where returns are poor but a greater level of investment will foster an increase in scale and ultimately efficiencies. Periodically, the HR manager and top management should discuss about the strategies for improving overall returns through a reallocation of funds. The ultimate output from these discussions should be a strategic plan for increasing the return on the HRM portfolio.

Motivational training and development programs:

HRM professionals should give strong consideration to increasing resources allocated to training and development during a downturn. The managers should design training and development programs that are in line with employees' needs and the skills required to perform job tasks. Effective training and development programs will also consider how each generation of employees uniquely prioritizes its needs. An employer should utilize training and development programs that improve the workplace flexibility of its managers as well.

CONCLUSIONS:

Human Resource Management must play a highly proactive role in managing the issues of global recession by helping organization to enhance their abilities to learn and collaborates, manage diversity, ambiguity and complexity. Human Resource Management is responsible to manage the human resource of the corporate to maximize the productivity, efficiency at minimal cost and maximize profit. Recession has threatened the corporate to hire in bulk and have wide bench strength. It has also tightened the measures for human resource management The present report on HRM innovation & strategies" is a modest attempt to present a comprehensive treatment of concepts & measures of HRM innovation & strategies.HRM is the challenging task in

recession time. Recession is not the time of Boom; in recession time organizations have the opportunity to re-innovate the organization in the form of such as

(1) Recruiting & selecting the highly qualified persons /staffs.

(2) Efficient training provide to the employees.

(3) To establish calm atmosphere. The mean of calm atmosphere is to develop such types of environment that every employee performs their duties & responsibilities with honesty

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