

Morale is low and so are funds. So how do you keep your good staff happy *without* giving them a pay rise?

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In an uncertain economic environment, the pressure is on for HR managers and business owners to deliver results on a smaller budget. Companies are handing out redundancies and slashing their budgets, competitors are closing down and everyone is bunkering down for the next 12-to-24 months while company perks take the hit first.

Of course there's a difference between the perks employees structure their lives around, like insurance, daycare and overtime, and the more frivolous perks, like croissants on Friday. However the boom years—where employees were a scarce commodity and employers were almost compelled to make a significant financial investment in employee retention strategies—are over, and these financial-based strategies are now not so prevalent. The focus back then was to throw an array of money and rewards at employees so they would stay and play with the organisation for a greater period of time. Unfortunately, many employee benefits and rewards did not correspond to higher employee productivity or performance; instead they eroded the bottom line.

“Offer a range of non-financial benefits in lieu of pay rises and bonuses to retain staff”

As a result of these retention strategies, many employees formed high expectations in relation to rewards. Even in light of the current economy, there are still high expectations, particularly from Gen Y employees experiencing a recession for the first time. In the current market, employers are being forced to cut through the clutter, taking away many of these perks and employee benefits to protect their profit and ultimately ensure job security. This poses a serious conundrum for HR managers and employers, as employees still hold an expectation that they will receive—and often require—ongoing investment in their professional development. So we still need to attract, retain and develop employees while ensuring our legal compliance obligations are adhered to, but with a considerably smaller budget than last year and without the beer in the staff fridge. The question now is how do we do this?

There are five key phases to the employment lifecycle that require practical strategies for HR on a shoestring; these are

attraction, development, retention, compliance and separation. And today's economic situation will mean that most HR practitioners will need to re-evaluate their attraction, development and retention strategies to ensure they are in line with current business needs.

ATTRACT

- Bring your recruitment process in-house where possible. Outsourcing can cut into your HR budget.
- Alternatively, approach your preferred recruitment provider and try to negotiate more favourable terms, discounted rates and more flexible payment arrangements.
- Advertise on websites like Seek and your company website as it is free, as opposed to advertising in newspapers.
- Conduct assessment centres or group interviews as opposed to one-on-one interviews with candidates, which can be time consuming and costly.
- Introduce an Employee Referral Program, where you provide your existing employees with a financial (or non-financial) rewards for referring potential employees to the company, as opposed to costly external advertising. Your existing employees are often the best ambassadors for your brand if they are happy in their jobs and with your organisation.

DEVELOP

- Bring the training in-house so that more people can benefit from the investment and you will get more bang for your buck.
- Continue with any leadership development programs that you have in place, just shift your focus to emotional resilience. Our leaders need to be trained and resilient to step up and manage the change that is required in the current market.
- Train your managers in 'coaching skills' so that they can perform more on-the-job coaching with employees.
- Purchase the HR tools—recruitment and performance management systems and processes—t works out significantly cheaper in the long run than trying to develop them yourself.
- Team build. Do group training as opposed to investing in individual training programs.

HR ON A SHOESTRING

RETAIN

- Offer a range of non-financial benefits in lieu of pay rises and bonuses to retain valuable employees such as time off in lieu, additional annual leave, access to in-house training and development programs etc.
- Multi-skill employees by rotating them around the organisation or training them in other key areas of the business such as sales. You cannot have too many salespeople in the current market, and employees will value the additional skills and experience on their resume.
- Offer flexible work arrangements to reduce your expenditure in salaries and wages. Ask for volunteers to go part time, or work five days and get paid for four days.
- If you are faced with the risk of making positions redundant, consider some creative alternatives such as requesting people take accrued long service leave and annual leave or offer periods of unpaid leave but leave their job open.
- Reconsider employee incentive schemes; are the KPIs realistic and achievable? Consider either deferring bonus payments or putting a freeze on performance bonuses until business performance improves.

COMPLY

This is the non-negotiable part of HR. Employers cannot reduce their expenditure on legal compliance when it comes to meeting their employment obligations. Prevention is better than defence! Defending legal claims against an employer is far more costly than preventing them occurring in the first place; this can be achieved by ensuring that all employees are employed under the right employment contract and the employer is meeting their minimum legal obligations.

SEPARATE

- Effectively communicate changes in the business. If you are stopping or deferring investment in the business this may be viewed negatively by employees so be sure to present the business case for such decisions openly.
- Ensure you are meeting your legal minimum requirements when it comes to paying employee redundancy packages, seek HR advice before proceeding with redundancies so avoid costly disputes in the future.
- Replace farewell gifts and leaving celebrations with more intimate morning teas or in-house events.

For those organisations that are fortunate enough to have an in-house HR function, it is critically important that HR is focused on the current priorities. This may mean the HR agenda that existed is put on hold so you can respond to any new challenges. **DB**

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□ MOTIVATE STAFF WITHOUT SPENDING A CENT

There are many ways employers can retain and motivate employees without added overheads. You just need to get creative. Employers need to increase recognition and praise to their employees; it costs nothing and can make a big difference to employee morale. Think outside the box; issue thank you cards to employees for doing a good job, they are meaningful but inexpensive. Get the whole team involved by replacing costly employee events with lower cost family days where employees can bring a plate and the company can organise the event to promote a work-life balance. Make sure everyone in the company is a part of the change. Introduce boardroom lunches and morning teas for informal inter-company networking, which is a more cost effective alternative to paying for external networking opportunities.