HR STRATEGIES AND TAPPING TOP TALENT IN THE DOWNTURN WITH SPECIAL REFERENCE TO OMAN

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Abstract
The global economic crisis, and the downturn which is experienced by the industries in Oman and business, are not novel events. They occur periodically, though the intensity varies. Undoubtedly, it is hard to predict when a booming economy will give way to a downturn, and hardly anyone had predicted the current events. Those companies which recognize the possibility of a downturn and plan for such an event by building internal strength are likely to emerge stronger after a business downturn. Without such a plan, the ability to deal with an adverse environment will be limited.

In today's environment, HR should effectively contribute as a trusted advisor towards developing and retaining "top talent" because these individuals are central to achieving the company's overall business strategy and corporate goals. Thus, HR plays a crucial role creating avenues to harness their full potential to benefit the organization. To make this successful in the current challenging market conditions, HR practices and processes should be aligned to attract, select, create, develop, retain and reward top people.

HR professionals often are faced with the task of downsizing in one business unit and recruiting highly skilled professionals in another. They have to cope with an exponential increase in applicants for a much smaller number of open jobs, maintain morale in constantly shifting external and internal environments and help their organizations retain key employees. This must be done with reduced recruiting and HR staffs and slashed budgets, at a time when brand image is a critical success factor.

In the current economic climate, it is necessary to take a step back and evaluate workforce plans, as well as talent acquisition processes and enabling technology and determine a strategy that works for the organization in the new recruiting reality.

This paper explores the contours of the on-going process of downsizing and the HR practices involved in doing so. Throughout this paper, there is an underlying focus on the impact of HRM strategies used in the downturn and the ways to take a well-planned, creative approach to workforce planning and talent acquisition.

Introduction

The current scenario in Oman and low oil prices are not a new phenomenon, particularly in the Middle East. Based on past cycles of price fluctuation, this is just another wave that oil and gas companies and the government will have to ride out. Companies in the oil and gas industry are already familiar with the challenges that are brought on by low oil prices. Some projections during the 1980s and 1990s, an era of low crude oil prices, suggested that crude would be as low as $10 per barrel[1]. The price of oil has stabilized far above that level and should rise gradually. The gap between Oman's cost of production and global oil prices is wide enough for exploration and production companies to make a profit. There may be a few operators that struggle during this oil cycle phase because their output is low. In such cases, operators that are producing small amounts of oil and gas will need to scrutinize their costs, and make cuts accordingly. The profit margins for operators in Oman are realistic and companies are not expected to go bankrupt. There is a reasonable return on their investments, compared to returns seen in many other oil-rich countries. The Omani budget was balanced at a much higher oil price than this, and the country has large public expenditures. The Ministry of Oil and Gas has made it clear that if the price of oil drops below the cost of production, then it is required to behave similarly to other businesses by purposefully reducing the activities.

At this juncture, more than ever, organizations must recruit and select the best talent where they have openings and upgrade talent in areas where it will advantage the business. Change in the business environment has happened so fast, many organizations have been slow to adjust and take action. The biggest mistake an organization can make in this challenging environment is to let down markets drive its vision and shut down recruiting completely. Don't ignore reality. Take a well-planned, creative approach to workforce planning and talent acquisition.

When recruiting departments are faced with more work and fewer resources, build in efficiencies, maximize existing tools, eliminate waste from existing processes, innovate, manage vendor relationships and establish strategic partnerships.

How Economic Crisis Affect Organisation

A study of past downturns will show that some companies always perform better than others. Because it helps them to build confidence and that it is entirely possible to overcome difficulties. In any industry, some dealers are actually able to increase sales, while others decline. Why is this so? What makes the difference? The answer is that the successful ones do not accept defeat. They look for, and find, innovative solutions to increase sales and profits and keep up the morale of their employees.

It is very hard for a company to make significant reductions in costs, if the employees in that company, including the workers, are not used to working as a motivated team furthering the prosperity of the company, and looking for cost reductions as a normal way of life.

[1] *http://www.theoilandgasyear.com/content/uploads/2015/08/TOGY_OMAN_2015_Preview.pdf*

Why the Economy does go bad?

At some point, when things are going really well, a simple psychological impulse can turn the tide: "It's going so well, but it can't stay like this forever, so let's save some money now that I can afford." That means people spend less, and save more, and less spending leads to lower demand while supply has been high. So… prices drop, or stay high, but income usually doesn't, so companies start to see their profits dropping. They start firing people, restructure their company, or otherwise, and economics start to panic. And so does the public. Recession starts.

Downsizing has been a pervasive managerial practice for the past three decades. Over the years, a firm's standard response to finding itself in financial difficulty was to reduce its workforce. While there is ample evidence suggesting that downsizing activities rarely return the widely anticipated benefits, there is also a sobering understanding that downsized firms are forced to deal with the human, social, and societal aftereffects of downsizing, also known as secondary consequences. Research shows clearly that the human consequences of layoffs are costly and particularly devastating for Individuals, their families, and entire communities. While workforce reductions cannot always be avoided, there are compelling reasons why downsizing-related layoffs must nonetheless be seen as a managerial tool of absolute last resort.

During an economic downturn a firm must carefully consider its options and assess the feasibility and applicability of cost-reduction alternatives before deciding on layoffs. Indeed, it is critical for an organization to factor in the concept of cost-reduction and to recognize the specific cost-reduction stage that characterizes the firm's current business position and environment. Thus, a firm needs to determine the expected duration of the business downturn. In order to do so successfully, the executive manager must know exactly where the firm is in its cost-cutting stage. A firm's cost-reduction stage, by definition, refers to the timeframe the company requires to be able to reduce operational expenditures successfully.

Cost-Reduction Stages

The framework of cost reduction stages comprises three timeframe-related phases. Each commands several internal cost adjustments that have produced a variety of stage-related HR practices:

Stage one: Short-Range Cost Adjustments

The first stage of the cost-reduction framework represents short-range cost adjustments in response to a short, temporary decline in business activities. Most likely, the firm resorts to minor, moderate cost-reduction measures in this early stage. These preliminary adjustments should enable the firm to shun downsizing-related layoffs and involuntary cutbacks, and return to normal business activity within a timeframe of four to six months.

HR Strategies for Short-Range Cost Adjustments

There are several HR strategies that firms can adopt in an effort to engage in preliminary cost reductions. Some of the more popular approaches that have emerged are:

1. **Hiring Freeze:** A hiring freeze constitutes a mild form of downsizing and reduces labor costs in the short term. Some firms continue to hire new employees while cutting Jobs at the same time. While this practice may make sense in terms of supplying the firm with key personnel, it also tends to send a confusing message to the rest of the workforce.
2. **Mandatory Vacation:** Implementing mandatory vacation involves requiring employees to use their accrued vacation days or mandating that individuals take a number of unpaid vacation days during a certain time period. While employees might not want to be told when and how to use their entitlements, they will nonetheless appreciate the reaffirmed job security.
3. **Reduced Work Week:** Firms sometimes resort to a reduced workweek. This may translate into the reduction from 40 to 35 or fewer hours and thereby reduce the short-term payroll expenditures. While most employees appreciate the idea of being able to spend more time with their families, they may not always welcome a reduced paycheck. Also, employees may find that the same amount of work still needs to be performed while they spend less time on the job.
4. **Cut in Overtime Pay:** Reducing or abolishing overtime pay for employees can be a potent technique for reducing operational costs in the short term. Firms may decide on an across-the-board (I.e., all employees) abolition or it may confine the cut to selected categories only (e.g., non-management, blue-collar employees, or salaried employees, etc.).
5. **Salary Reduction:** Salary reduction has been a standard practice for firms experiencing unexpected financial pressure. Whereas salary reduction may mitigate financial concerns in the short-run, extended salary reductions can affect employee morale and loyalty. Also, while companywide salary reductions may prevent layoffs, there is a clear risk that top performers will be encouraged to leave for competitors that offer superior compensation?
6. **Temporary Facility Shutdown:** Temporary facility shutdowns occur when a work site closes for a designated period of time, while some administrative functions are still performed. A shutdown allows employees to have time off without using their vacation days. While the overall company production decreases, the firm can achieve considerable cost savings while avoiding layoffs.
7. **Soliciting Cost-Reduction Ideas from Employees:** Employees appreciate the opportunity to make a positive Impact on their workplace and environment. Firms frequently solicit cost-reduction ideas from employees who are often creative in producing cost-reduction solutions. This HR practice has shown to be most effective when employees are able to make suggestions in the early stages of cost cutting. Unfortunately, many executives still do not realize that employees are the best source of cost-reduction ideas, in that workers on the job are in a prime position to identify and recognize waste.

Clearly, there are many HR practices and options that firms can adopt to reduce short-term expenditures. While some firms have come up with fairly creative Ideas, others have resorted to corporate layoffs as a first resort.

Stage Two: Medium-Range Cost Adjustments

The second stage of the cost-reduction framework constitutes medium-term cost adjustments in response to a business downturn exceeding six months. These secondary cost-reduction adjustments are frequently signaled through extended company-wide or Industry-wide forecasts of diminished sales activity.

HR Practices for Medium-Range Cost Adjustments

Firms typically adopt several HR practices in an effort to engage in secondary cost reductions:

1. Extended Salary Reductions

Extending salary reductions can be a method of choice if an economic downturn exceeds 6 months. While extended salary reductions can negatively affect employee commitment and morale, advocates stress that employees would prefer a smaller income temporarily rather than seeing their jobs disappear permanently. As with short-term salary reductions, there is a risk that high-performing individuals will be encouraged to pursue external employment opportunities. Firms have generally been creative about altering variable pay options. For instance, while some firms balance the reduced salaries by distributing once-a-year payments over 12 months, others substitute stock awards for variable cash payments.

2. Voluntary Sabbaticals

Voluntary sabbaticals also called furloughs, allow salaried employees to take voluntary leaves for a designated period of time. Companies may offer sabbaticals with considerably reduced pay or no pay at all. Most firms continue to provide benefits during sabbaticals. Sabbaticals enable firms to reduce their medium-term expenditure and act as a potent method for avoiding downsizing-related layoffs. While employees may feel motivated and re-energized upon their return, HR experts point out that medium-range and long-term sabbaticals may cause employees to lose their leading-edge and return with outdated skills. Interestingly, there is evidence suggesting that firms offer generous sabbaticals during times of economic growth while companies refrain from this HR practice during tough financial periods.

3. Employee Lending

Employee lending is a modern-day HR practice whereby the current employer, the lending firm, lends an employee to another employer firm for a set period of time while continuing to pay salary and providing benefits. The borrowing firm, which can be a competitor, in return, reimburses the lending company for part or all of the salary. While employee lending can dramatically decrease medium-range expenditure of the lending firm, some employees may not wish to work for a third-party. There is also the risk that the borrowing firm may decide to hire the employee permanently once the contracted period is lapsed.

4. Exit Incentives

This option entails offering employees' incentives to leave the firm in the form of optional severance or early retirement. This strategy enables firms to better target jobs and units in that it recognizes employees for their service and helps retain the remaining employees. At the same time, exit incentives can be costly and can create an entitlement mentality for the remaining workforce in the future.

In sum, corporate executives and HR directors need to find innovative ways to reduce medium-term expenditures. Unfortunately, similar to the first stage, too many firms resort to layoffs by default.

Stage Three: Long-Range Cost Adjustments

The third stage of the cost-reduction framework represents long-term adjustments which are necessary if a firm experiences a prolonged business downturn exceeding 12 months and beyond. This stage may be recognized through an extended decline of current and projected customer demand and/or extremely volatile economic conditions.

HR Practices for Long-Range Cost Adjustments

Firms that are forced to embrace downsizing have shown to adopt various layoff-related strategies and with various degree of success. Essentially, the primary goal in this third stage is to set the scene for the firm to be able to re-attract and re-gain layoff victims in a post-downsizing phase. This, of course, is based on the presumption that the economy will bounce back sufficiently and that the firm will be willing and able to hire again.

1. **Rehiring Bonuses:** It is not uncommon for firms to rehire laid-off employees. While some firms provide a monetary rehiring bonus for veterans to return to the company within a specified period of time, other companies hire previously laid off employees as external consultants. In some cases, firms realize that they cut too many and/or the wrong employees, while in other cases management decides to hire back after the economic downturn. Research shows that employees and consultants frequently return to the downsized firm with improved monetary rewards.
2. **Maintaining Communication with Laid-off Employees:** Firms should make an effort to maintain friendly relations with laid-off victims. Modern-day technology, including internet forums, e-mails, and mailings, provide and facilitate highly-effective ways to foster and sustain positive employer-employee relationships. This is particularly important if firms intend to rehire the former employees when the economic climate has improved.
3. **Internal Job Fairs:** Firms should make every possible effort to retain high-performing employees. A powerful method is an internal job fair, where firms host events in order to help place and redeploy downsized employees within the company.

Tapping Top Talent

Indeed sacking the employees is not the solution. That dampens the morale of the remaining members as they will be feeling unsecured. It can make them to drop productivity, they can be 'moonlighting' and many other problems can arise. There are other options the organisation can adopt. For example, the organisation can cut salaries to still retain the workforce. However, every organisation should do

appropriate Human Resource Planning which is trying to obtain the right people, in the right numbers, with the right knowledge, skills and experience, in the right jobs, in the right place, at the right time and cost. Then put in place effective performance system and use competence-based performance system as a method of reward.

It is necessary to take a step back and evaluate workforce plans, as well as talent acquisition processes and enabling technology and determine a strategy that works for the organization in the new recruiting reality. The HR department can adopt any of the following options to tap top talent in their organization during the downturn.

1. **Re-Evaluate Recruitment Marketing Strategies:** Don't stop running ads and posting jobs, but do be strategic and take a planned approach. The market has shifted from a scarcity to an abundance of candidates in a very short time - adjust accordingly. Don't overspend or spend in the wrong areas. Now is a great time to be out in the market as the competition for talent is much lower. Take advantage of it. Also, renegotiate existing vendor relationships; don't pay last year's rates this year. There will still be skill shortages and geographic recruiting gaps, so rewrite copy and spruce up the company's look. Speak in a genuine voice for the organization by working with the marketing department.
2. **Leverage the Hidden Gold Mine:** Arguably the most commonly overlooked tool in any organization is its existing database. A real gold mine of information, the resumes collected by recruiters and HR staff during the past few years should provide great leads on passive and active candidates.
3. **Improve Competitive Insight:** Leverage candidate interviews to collect market data on competitors. Actively call leads and network to gain insight into their knowledge about competitors. As talent managers interview candidates from competitors, gather critical information to help position the company to win in the market.
4. **Tap the Current Employee Pool:** Take a fresh look at the existing employee pool. Which individuals shine in the downturn? Identify individuals who have been interested in gaining experience in other functional areas and who would be willing to wear two hats during difficult times. For the right employees, the current climate might provide real opportunities to gain much needed and desired experience in another area. Strong employees will appreciate the opportunity for long-term career growth, and it will show them how much they are valued.
5. **Maximize Social Networking in Recruiting:** When used properly, social media networks are an effective tool. The time demand is surprisingly low. If an organization has limited time, choose one or two networks to try.
6. **Automate Candidate Contact, and Employ Well-Designed Self-Service:** Tracking down candidates can be time-consuming and frustrating, not to mention costly. Be efficient. One of the easiest solutions is to work with a provider to automate the process. There are myriad tools and software options on the market. The most attractive are those that include auto-scheduling, online minimum qualification screening and telephony/video interviewing platforms.
7. **Find the Right Candidates from the Onset:** Many organizations put too many people through too far in their processes. Design talent acquisition, screening and selection processes carefully and stick with them. Screen people in - and out - early.
8. **Review the Funnel and Revise Processes:** An organization may have fewer openings, but now there will be more people applying, which will significantly increase the amount of time spent screening and responding to applicants. This can exhaust an HR team, particularly one that recently reduced staff, and could increase effective cost per hire.
   Adopt a high-volume recruiting model to process a high volume of candidates in a time of low job requisitions. Technology enables the process in a candidate friendly way. Move online prequalifiers to the top of the funnel, and save the paid online screens and assessments for the spot where the funnel is slimmer.
9. **Protect the Brand:** When an organization is one of a few that is hiring, and getting 500 resumes for every job posted, process change is necessary. Work with experts to ensure the company doesn't miss good people or alienate future prospects and customers. This is particularly important if an organization is a major consumer brand, and every applicant also is a consumer.

Conclusion

Times are tough and the human resources function is on the frontlines of the battle. But remember, every downturn yields winners and losers. Some organizations will not merely weather this storm; they will seize the opportunity to emerge as a more efficient and successful.

Be polite and respectful every time. Companies are not usually good at this, and HR will find it especially important to partner with marketing and hiring managers when everyone is being asked to do more with less.
It is very important for organisations to train and develop their employees, if the organisations want to stay ahead of competition and continue to be in business.

The ability of an organisation to grow and survive is decided by the capabilities and proficiency of the workforce and these are brought about by training and development. The truth of the matter is that of all the factors of production, the most important are the people. People who are knowledgeable, skillful and endowed with the right attitude.

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