

Unlocking Your Employees' Talents

While everybody else is rushing to immediately mitigate financial losses by retrenching employees, it might be a better idea to stand back and think long term: is wielding the axe amid the global financial crisis a good move for your business? What can you do to maximise your employees' productivity if you choose to retain them?



"If we did all the things we were capable of doing, we would literally astound ourselves."¹

Thomas Edison, American Inventor & Businessman

THE RECESSION PLAGUE

The recession bug, though not full-blown yet, has already infected more than three quarters of the world. Since the last quarter of 2008, countries in the ASEAN region have begun announcing gloomy employment statistics. Here are some peeks on what some Asia Pacific countries are facing now:

Singapore: For the whole year of 2008, the overall unemployment rate averaged 2.3%, up from 2.1% in 2007. This is the first time that the annual average unemployment rate has increased since 2003, when it peaked at 4.0%. On average, 62,900 residents were unemployed in 2008, compared with 56,700 in 2007.¹

Malaysia: More than 10,000 Malaysians are jobless since 1 January 2009.² Economists are projecting Malaysia's jobless rate to rise to between 4 and 4.5 per cent in 2009 following a third-quarter 2008 spike when lay-offs were four times those in the second quarter.³

Vietnam: According to Nguyen Dai Dong, head of Vietnam's Labour and Employment Agency, about 300,000 people will lose their jobs or face reduced working hours in 2009.⁴

CUTTING THE SLACK

Most, if not all, companies are now bracing themselves for a business slowdown, finding ways to slash budgets and control costs. In order to ride out the sudden change in economic climate, several companies (especially the large ones) have already resorted to retrenchment in order to keep costs

¹ <http://thinkexist.com/quotation/sometimes-you-make-the-right-decision-sometimes/405940.html>

² Employment situation in Fourth Quarter 2008, Ministry of Manpower
http://www.mom.gov.sg/publish/momportal/en/press_room/press_releases/2009/20090130-employment.html

³ Malaysian Employers Federation
<http://www.mef.org.my/public/default.aspx>

⁴ The Business Times, 8 January 2009, "Malaysia braces for mounting job losses"
<http://www.asiaone.com/Business/News/Office/Story/A1Story20090107-112957.html>

⁵ Business News, 23 December 2008, "Vietnam says more jobless in 2009"
http://www.monstersandcritics.com/news/business/news/article_1449918.php/Vietnam_says_more_jobless_in_2009

down and their business structures lean. An example is one of South-east Asia's largest container carrier, who announced in November 2008, that they had to retrench 1,000 workers as demand for shipping falls. Another technology giant laid off 800 staff recruited for its intended plant in Singapore.

RETRENCHMENT AS THE LAST RESORT

While many are rushing towards implementing retrenchment exercises to mitigate financial losses, it may not be the wisest move to make. In the long run, qualitative factors such as the level of staff morale and work efficiency can make an impact on your business image and profitability.

While retrenching two out of ten employees can produce modest savings, it is actually harder for eight staff to do the work of ten, than 40,000 to do the work of 50,000. So it is actually easier for SMBs, being smaller in size, to retain staff instead during the economic crisis than squeezing productivity out of every remaining employee you have. The tables might turn as you drained whatever that is left of them, resulting in even lower productivity, service standards and morale. The following are some examples of government and companies in the ASEAN region that support the view that retrenchment should only be the last resort.

According to a report by The Star Online on 4 December 2008, Malaysia's International Trade and Industries Minister Tan Sri Muhyiddin Yassin said that the government had started taking steps to prevent the serious economic gloom and urged companies to retrench Malaysian workers as the last option if they had to. He added that it would be a great loss to the nation if those with skills and years of experience were no longer employed.⁶

President and CEO of CapitaLand Group Liew Mun Leong commented in The Straits Times on 10 December 2008 that retrenchment may have to be the option to "save" the whole company in some business environments, but on moral grounds, it may not be fair. He stands by his view that retrenchment should always be a last resort.⁷

In Taiwan where SMBs play essential roles in contributing to the country's business economy, hundreds of Taiwanese companies have agreed to take part in the anti-layoff initiative amid waves of retrenchment caused by the global financial crisis. According to Taiwan's Ministry of Economic Affairs, the Taiwanese government will do its part by helping these participating companies to secure low-interest loans from banks.⁸

As much as wielding the axe can produce immediate results, it is an advisable move to take only when all else fails. Rather than downsizing, companies should consider the option of increasing employees' productivity.

⁶ The Star Online, 4 December 2008, "Retrench only as last resort: Muhyiddin"
<http://thestar.com.my/news/story.asp?file=/2008/12/4/nation/20081204133708&sec=nation>

⁷ The Straits Times, 10 December 2008, "Retrenchment should be last resort: CapitaLand chief"
<http://www.propertyguru.com.sg/news/2008/12/2215/retrenchment-should-be-last-resort-capitaland-chie>

⁸ Business Times, 7 February 2009, "No layoffs' pledge by Taiwanese companies"
http://mobile.btimes.com.my/Current_News/BTIMES/articles/20090207014732/Article/

NURTURE THEM

SMBs should take the opportunity to upgrade their employees' skills by sending them to courses, especially when governments in the ASEAN region are urging and helping people to upgrade their skills. A Singapore retail company, NTUC FairPrice pledges no retrenchment of staff in next two years despite the worsening economy and is also looking at sending some 5,000 frontline staff for further training.⁹

In Singapore, the Work Development Agency (WDA) introduces an enhanced funding support scheme, known as Skills Programme for Upgrading and Resilience (SPUR), to help Singaporeans cope with manpower challenges during the slow economic growth.¹⁰ In Malaysia, companies can participate in the Human Resources Development Fund (HRDF) so employees' training can be funded.¹¹ The government in Thailand is also doing their part by offering a monthly subsidy of around Bt5,000 per worker for employers who need to retrain staff during the tough economic times.¹²

With the financial assistance governments are offering, it is a good chance for SMBs to send their employees to pick up a new skill or upgrade themselves so they can add more value to the company. This is a useful investment where concrete results can be seen especially when employees are committed to the work they do.

MOTIVATE THEM



Recession is a good time to give "powerful speeches", organise teambuilding exercises and motivate employees. One advice which executive coach and author of *What Got You Here Won't Get You There* Marshall Goldsmith gave to the managers facing the crisis is to help employees who are down. As most of the employees are dealing with unusual amounts of stress, it is important to help them now so that they will be loyal later.¹³ Studies and surveys have shown that satisfied staff equates to better performance, and happy employees equates to lower staff turnover.

Jon Katzenbach, CEO of Katzenbach Partners and author of *The Discipline of Teams* and *The Wisdom of Teams: Creating the High-Performance Organization*, states that the key to encouraging people has more to do with figuring out how to connect them emotionally to their work than throwing money or promotions at them.¹⁴

For SMBs where company sizes are leaner, creating an environment where staff can build close relationships and motivate each other is high on the priority list. Instead of mulling over who to axe during the crisis, it is a good opportunity for managers of SMBs to improve work culture and consider the long term benefits.

⁹ Channel NewsAsia, 13 January 2009, "NTUC FairPrice pledges no retrenchments in next two years"

<http://209.85.175.132/search?q=cache:nozI5jH1gs0J:www.channelnewsasia.com/stories/singaporelocalnews/view/402125/1/.html+asia+no+retrenchment+small+business&hl=en&ct=clnk&cd=2&gl=sg&client=firefox-a>

¹⁰ Singapore Workforce Development Agency

<http://app2.wda.gov.sg/web/Contents/Contents.aspx?id=174>

¹¹ Malaysian Industrial Development Authority

<http://210.187.41.3/beta/view.php?cat=3&scat=29&pg=152>

¹² The Nation, 3 February 2009, "Govt funds for worker retraining, communities"

<http://www.global-report.com/pattaya/?l=en&a=354505>

¹³ Business Week, 19 January 2009, "Managing through a crisis"

¹⁴ Business Week, 23 January 2009, "How to Inspire Workers in Tough Times"

http://www.businessweek.com/managing/content/jan2009/ca20090123_155726.htm?campaign_id=rss_daily

INVOLVE THEM

Dupont activates its Corporate Crisis Management plan and get every employee to identify three things they could do immediately to help conserve cash and reduce costs.

Rather than letting employees speculate over the company's next plan of action, it is more efficient and effective to involve them in the reviewing of strategies and measures, and "fight" the recession bug together. In the example of Dupont, the managers include the staff when drawing out the company's recession plan so that they can work together towards managing the company's finances. This is a good example especially for SMBs where due to the sheer size of the structure, there is closer interaction between the management and employees.¹⁵

BLOOM IN THE DOOM

Though the economic downturn might continue to bite harder into the financial statements in the months to come, SMBs, being smaller in size, should consider the bigger picture, plan for the long term and make retrenchment their last resort. By retaining and grooming employees during the recession can prepare SMBs for future goals ahead. Managers of SMBs, together with team of trained and productive employees, will be ready take flight when the economy picks up.



¹⁵ *Business Week*, 19 January 2009, "Managing through a crisis"

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