

Recession has silver lining

by Michelle Marsden

Global financial crisis has forced NZ companies to make marked changes to the way they do business

Business will never be the same as it was pre-recession.

While New Zealand businesses have slowly made their way out of the toughest times, most continue to feel the recession's long-term effects.

In Clarian Human Resources' soon-to-be-released 2011 Great New Zealand Employment Survey, 168 of the 256 employers we talked to told us the recession was affecting the way they did business in some form.

So, why is it still affecting them? Because, thanks to the recession, companies have had to make marked changes to the way they do business.

In all likelihood, the business landscape we find ourselves in today will never be the same again.

Almost everyone is working harder, with fewer people and less money.

They're burning the candle at both ends, with tighter competition and lack of demand.

Post-credit crunch, credit is now much harder to come by.

Because of our small size, New Zealand is seen as a very high-risk country. It's believed about 40 per cent of our banks' finances come from offshore, and all of those entities who have been lending to New Zealand banks have at some stage put that lending on hold.

Consumers have also been feeling the pinch, and a slowdown in consumer spending has also meant a downturn in sales.

We could almost say we're living in an entirely new way, and this new way is becoming the norm.

We can no longer take getting credit for granted, and efficiency and effectiveness in all aspects of business is becoming the standard.

To get to this point, businesses

have had to overhaul their strategies. Sixty-three per cent of the companies we surveyed told us they had adapted to the new reality and changed the direction of their businesses for the good, by reducing costs, improving processes, and developing staff.

Making these changes requires large-scale restructuring.

Out of the doom and gloom of the recession, Kiwis have created a new look in business.

They now have the ability to recruit new staff in place of those who are leaving, and have created newly identified roles because of redundancies and the huge restructuring they have undertaken.

Now that the business world is prepared and ready for this "new way", we are likely to see positive change in recruitment figures.

The survey found that 69.5 per cent of employers are recruiting. Businesses are once again refilling positions vacated by voluntary leavers (42.9 per cent of employers are recruiting because of leavers) and 34.9 per cent are recruiting because of newly identified roles. And 22.9 per cent are recruiting because, thanks to their restructures, they need an injection of new skills.

As businesses continue to make fundamental changes to the way they operate and as recruitment continues to pick up, we have to pay close attention to a growing factor affecting recruitment: retirement.

When we asked companies why they were recruiting, 9 per cent said it was because of retirement.

As we analysed the statistics, we had an "ah ha!" lightbulb moment.

The media and the business world have become all-consumed with the idea that people are staying at work later in life, and have forgotten that at some point they will actually retire.

Some older workers may even want to buck the new trend of working longer and retire at the official New Zealand retirement age of 65.

With all the monumental changes that our businesses are going through to come out of the recession, we have

to be careful to maintain some stability and continuity.

It is important, therefore, to plan properly for staff retiring so the transition to this new way of doing business is as smooth as possible.

How can the retirement process be managed effectively?

We advise businesses to consider a few key issues when planning their recruitment and staff retirement strategies.



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As the baby-boomer generation comes of age, we are going to see a spike in retirement.

What is the age of your workforce? And if they are nearing the age of retirement, are you aware of what their retirement plans are?

It is important to plan ahead as much as you can.

This is especially true when members of your staff who are planning to retire have been at your organisation for a long time, and will leave with a lot of experience, expertise and knowledge.

Retirement is a subject you may very well want to broach with them. But make sure you approach it in the right way.

First, and most importantly, make sure your staff don't see this conversation as a constructive dismissal situation or a way to move them out the door sooner than they want to or need to.

Preserve their dignity. Assume that the subject of retirement will be a

sensitive one for them.

- Create an exit strategy. Involve them throughout this process, and encourage them to identify key areas of their role that are critical to the company and worthy of maintaining.

- When staff decide to retire, involve them in the recruitment process to find their replacements. Getting someone with the right character and credentials on board is essential for a smooth transition. Your staff, especially those who have been with the company the longest, are naturally the experts on the requirements of their own jobs, and the best people to help you to find the right new staff.

- Where possible, provide them with an option to transition to retirement. Many staff looking to retire may be interested in lessening their hours and responsibilities gradually over time.

Companies that have been forced to change the way they do business because of the recession have found that their hard work is paying off.

While the business environment continues to be tough, companies have put in the effort to reduce costs, improve processes and develop staff. They have therefore reinvented and reinvigorated themselves, and are beginning to recruit once more.

But in order to see the full benefits, businesses need to manage their retirement and recruitment processes in a way that lets them maintain the golden mean of innovation and stability.

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