

Leadership's Trial by Fire

By

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Good employers should be beacons on the bleak horizon, writes Melinda Ham.

It's easy for companies to look like good employers when the economy is booming.

Eager to attract staff, many splash around cash and make earnest pronouncements about their dedication to employee relations.

But the real test of a good employer comes during a downturn. It's then that firms with a genuine interest in staff relations distinguish themselves by maintaining dialogue with workers, keeping up important initiatives.

Organisational psychologist Christopher Shen says smart employers act counter-intuitively and display visionary leadership in a crisis. "Unique organisations need to demonstrate that they stand out from the crowd," he says. "In spite of everyone else's pessimistic, nervous approach and prevailing gloom, they must have an inspiring vision that they are courageously persevering with an innovative strategy."

If employers differentiate themselves from their competitors in this way, the pay-off is huge. They will likely retain or gain position as market leaders, instilling confidence in employees, shareholders, customers and even potential employees about the future, Shen says.

Employers who want to stand out with their staff-management practices during the downturn need to communicate honestly with their employees, says Peter Wilson, national president and chair of the Australian Human Resources Institute (AHRI), the national peak body.

Depending on the size of the company, Wilson says chief executives can address employees or senior management in a face-to-face meeting or record a DVD of their message. Line managers can watch it with employees and discuss what it means to the company and to them as individuals.

"The important thing is their interactivity," Wilson says. "Employees [should] feel they have clear strategic action plans, the communication is positive and heartfelt and there are feedback loops to get their questions answered and their fears allayed."

This is not the time for benevolent dictators at the top of companies, Wilson says.

"They need to get as many minds in the frame as possible and involve their bright people in the decision-making process," he says.

In the past two months, Wilson has met with senior managers of the top 20 ASX-listed companies and he says many of them are acting appropriately and thinking laterally about refinancing and cost-cutting measures without damaging morale.

An example of this, Wilson says, is that while many companies may have a hiring freeze, the savvy employers are conveying the message that they are still interested in recruiting talented people with appropriate skills, although these potential employees may face more extensive vetting.

Similarly, while other employers are cutting their training and development budgets, the smart companies are focusing on training to sharpen employees' skills in dealing with the current crisis - perhaps more emphasis on customer relations, sales

techniques or management.

While some employees are forgoing salary increases, Wilson cites an example where senior management agreed not to take salary increases in favour of redistributing the amount among all employees earning less than \$65,000 annually.

"There was still the same budget cost but the positive response this generated from the lower paid employees was immeasurable," he points out.

Sharan Burrow, national president of the Australian Council of Trade Unions, believes the economic crisis will sort out the good employers from the bad.

"Workers are angry that bosses seem to always put shareholders and profits ahead of workers' interests and are worried that their first response is to cut jobs," she says.

A poll by the Australian Workers Union found 55 per cent of workers think employers are too quick to sack workers. Less than a third are consulted about employers' plans and the impact those plans can have on employment.

The good employers will already be making preparations for an economic upturn, Burrow says.

One way of doing this is to develop their workforce and do everything they can to retain jobs; retrain, redeploy people or reduce excessive working hours rather than opt for a redundancy program.

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Based in Melbourne, Australia, Christopher Shen Consulting brings organisational psychology solutions to workplaces, helping people become stronger leaders and teams become better performers.

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