# The role of HR managers in times of crisis

## The HR manager's role in times of economic crisis is to help the company maintain profitability and employee engagement.

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The 2008 global financial crisis and subsequent recession have hit Spain's labor market particularly hard. Companies have had to adjust their business and HR strategies accordingly, adapting their workforce to current market realities.

In this regard, HR communication, both internally with employees and externally with union representatives, takes on added importance. For maximum efficiency, HR has to communicate before, during and after any restructuring event.

IESE's Lourdes Susaeta, Esperanza Suárez and José Ramón Pin examine the HR strategies employed by Spanish companies in the current crisis, in their paper "Economic Crisis and Communication: The Role of the HR Manager."

By understanding how best to communicate during a crisis, companies can learn how to increase motivation and commitment, which will serve as a preventive measure for the future.

## Clash of interests

In difficult economic times, the focus of HR managers frequently turns to reducing staff as well as work hours, changing the terms of contracts and adjusting the labor force.

This usually puts the company on a collision course with unions and work councils. Indeed, industrial relations and collective bargaining agreements in Spain are rife with conflict.

As such, it's all the more important that managers adopt the right approach, as how management deals with employees will greatly affect the firm's overall performance.

To discern best practices, the authors conducted a series of focus groups with HR managers in four sectors: chemical/pharmaceutical; finance/insurance; telecommunications; and construction. They also interviewed representatives of the main trade unions.

## Put yourself in their shoes

Changing a company's strategic focus involves enormous efforts, which may take the form of downsizing, redefining positions, reestablishing performance measures and reharmonizing compensation systems.

If HR is to contribute to the company's success, its activities need to be aligned with management goals. Although finance may seem the most pressing issue, it is how well HR communicates change that will facilitate a smoother recovery.

When it comes to internal, employee-oriented communication, it is vital that managers try to put themselves in their employees' shoes. Empathic, proactive and forthcoming communication is paramount. If there is no transparency, management messages will be misinterpreted, damaging trust and everyone's hopes of recovery.

**Read "Leadership under pressure: Communication is key"**

Losing a job is difficult, but how the news is presented, and the nature of the negotiations, make a world of difference. It's the job of HR managers to foster a climate of trust by communicating well and at the right time.

Managers have to communicate how the restructuring will enable the company to survive and improve its future position. Workers who lose their jobs may be more understanding if the situation has been thoroughly and convincingly explained to them.

## When rumors can work in your favor

Poor or lack of communication will generate rumors. If one side suspects the other has more access to information, this will cause tensions, especially with the unions, as one HR manager explained.

Although the media may at times work against a company's carefully laid communication plan — stoking rumors and escalating tensions further — the media can also be your ally.

For example, the job of explaining the tough cuts that had to be made in the auto industry was made easier by widespread media coverage showing the seriousness of the situation. Workers themselves knew what had to be done even before
the company said it.

When this is the case, the communication shifts from explaining that the company is in crisis, to what steps are being taken to mitigate its effects

## Doing more than what's required

The most important thing is not to get caught off guard without any strategic communication plan in place. Communicating with unions on a continuous basis gives employees a sense of say and demonstrates that the company genuinely cares about its people, not just when a problem arises.

If open communication is maintained, unions may be more ready and willing to accommodate changes or accept sacrifices in order to guarantee the long-term viability of the company.

Maintaining relationships with representatives of the workforce and the unions, and sharing information beyond the legal minimum, are part of the strategic function of HR managers.

While most of the focus is on how HR managers need to handle employee relations, the authors remind companies that they must not neglect their HR managers, who may themselves be feeling stressed, dissatisfied and unmotivated due to all the demands being placed on them. They, too, need to be offered support and communicated with in a timely and efficient manner.

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