

Adding Staff When Others Are Downsizing

Marc Belaiche, CA

With the labour market in constant flux, organizations can never be certain what direction the market will take. Some media outlets forecast a shortage of labour, while others predict unemployment will remain high and layoffs will resurface.

When companies are downsizing, organizations can use this as an opportunity to add staff – perhaps even hiring candidates who have already been downsized.

This article covers the advantages and disadvantages of increasing employee numbers during a downsizing period, as well as tips to consider when hiring under these circumstances.

Pros

- Your company might be able to hire someone with excellent, relevant experience at a reasonable salary/compensation plan. In the words of Warren Buffett, you should “be fearful when others are greedy and greedy when others are fearful”. When the outlook is at its bleakest, this may be an opportunity to profit.
- If your organization is striving to grow, it can still happen during an economic downturn if you have a good plan and execute it wisely.
- The economy will eventually turn positive, so your company may be in a better position to acquire market share when the turnaround materializes.
- It sends a positive message to employees that your organization is serious about investing in its people both now and in the future.

Cons

- Realizing that companies tend to keep their best and most vital employees when downsizing, you need to ensure that people you hire will meet your expectations.
- Candidates who have been downsized might accept a position with you that is not exactly what they’re looking for and then defect for a more lucrative opportunity when the job market improves.

Tips for hiring during a downturn

Pay competitively

It’s important to pay market compensation and not take advantage of someone who’s been downsized. Under compensating won’t help the employees’ engagement or loyalty toward the company and will probably result in them leaving for a better position at their first opportunity.

If you need to underpay as a result of the current financial situation, explain to potential new employees that you hope it is a temporary situation and make sure to increase their compensation when the economy turns around.

Be certain you want to hire

Ensure that you're making the right decision to hire someone during this period. If your organization or industry is having financial challenges, and you're uncertain how long it will take for the market to return, it could be costly to the organization and unfair to the new employee to go through the hiring process and then downsize them shortly thereafter.

Consider contract

Consider hiring a candidate on contract for a period of 3, 6 or 12 months. This will give you an opportunity to determine if the candidate is a good fit. Likewise for the new hire — it's a chance to get to know the organization and whether they're comfortable in their new role. It's a win-win situation for both parties to be able to test the waters before making a long-term commitment.

Speak with recruiters

Recruiters usually have a good understanding of the labour market, the challenges in finding the right people and what companies are paying in terms of compensation.

Speak with a recruiter who specializes in either the type of position you're hoping to fill or the industry type that's required of the position. Enquire about the difficulty in finding specific staff and ask for the most recent information on compensation levels. Salaries change in correlation with market conditions, and recruiters are in a position to share the most up-to-date data.

Check references

Check candidates' references as thoroughly as possible. Sometimes it's not always transparent as to why someone was downsized. They may say it was due to financial constraints at their organization. From the organization's perspective, however, there might be more to it, so it's always best to check with previous employers before making an offer.

It may also be appropriate in some situations to conduct further background checks (e.g. criminal and credit). Ensure that the information you were told in the interview is consistent with what references relay to you.

Avoid delays when making an offer

During economic downturns, many companies interview candidates who have the required industry experience and would be an asset to their organization; however, they hesitate making a hiring decision on the off-chance someone better is out there.

If you find an appropriate candidate for your company, don't leave them hanging while you decide — they may be scooped up by a competitor who will appreciate their talent.

Be sensitive to the new employee

Downsized individuals may have a cautious or negative attitude towards employers. You'll need to reinforce the positive reasons for selecting them. Let them know what you expect from them in terms of the new position and offer encouragement about having them join the organization.

Watch for engagement after hiring

Keep the communication lines open after you hire to ensure employees are engaged in their work. Check in regularly to see how they're enjoying their new positions and whether they have any suggestions for change.

Conclusion

Taking advantage of declining economic conditions can be a benefit to your organization from a staffing perspective. However, a good overall recruitment strategy is to always be looking to add staff, regardless of market conditions. By continually keeping your eyes open for suitable candidates, you'll be in a better position to upgrade your organization in the long-term.

Marc Belaiche is a 1990 CA and is President of TorontoJobs.ca, an Internet recruitment business and recruiting firm located in the Greater Toronto Area in Canada. Marc has been in the recruitment industry since 1995. TorontoJobs.ca allows companies to post their positions online, search a resume database to find candidates, publishes a monthly Toronto Jobs newspaper and provides full temporary and permanent recruitment services. It also allows candidates to search and apply to positions directly online and get career, interviewing and resume tips all at no charge. You can reach Marc at marc.belaiche@torontojobs.ca and check out TorontoJobs.ca at www.TorontoJobs.ca.