

Employment trends during the storm

EMPLOYERS AND EMPLOYEES HAVE ADJUSTED THEIR HABITS TO COPE WITH THE CURRENT ECONOMIC CRUNCH.

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It is estimated that as many as 51 million jobs could be lost worldwide in 2009 as a result of the “great recession”.

In China alone, around 20 million migrant workers have lost their jobs and an International Labour Organisation (ILO) Report estimates that the number of unemployed people worldwide could reach as much as 230 million by the end of 2009 with approximately 700,000 to one million jobs being shed in South Africa alone.

Industries such as the automotive industry, the mining sector, manufacturing and the financial services sectors have been particularly hard hit. The downturn in the global economy has had an adverse impact on the labour broking/recruitment industry worldwide. While some economists have already discerned “green shoots” in the economy, economic recovery is expected to be slow.

The blue collar and administrative sectors have been particularly hard hit in South Africa. Temporary and

contract work is scarce currently, and cut backs and retrenchments are increasing daily. This employment segment is likely to remain depressed for several months. There is also limited activity in the R300,000 to R600,000 annual salary band market, which is comprised of line management and skilled operational-type positions.

As one would expect, the management and professional sectors of the job market above R600,000 cost to company a year have not escaped the impact of the recessionary climate. Job vacancies in this segment are limited. In a quest to cut costs, when professionals or managers leave a company’s employ, companies often share the additional work load among the existing management team or professionals, who are often already “stretched”. This solution is neither optimal nor sustainable.

An interesting trend that has emerged is that when hiring at a senior management level, an ever increasing number of companies are now hiring on a contract basis. There is undoubtedly considerable scope to implement a similar strategy for the management and professional sectors.

During times of economic hardship, companies tend to retain their best, most effective employees and their star performers. Prior to the recession, many star performers may have been on the look out for greener employment pastures. These employees have, however, generally chosen to “sit tight,” recognising the importance of job security and the fact that the LIFO (last in, first out) principle often prevails within organisations.

While it is not a universal truism, some companies may use the economic downturn to get rid of

“deadwood” within their organisation and companies that are hiring are aware of this fact, and are prepared to look for “the ideal candidate” rather than merely a good candidate. Competition for employment is much tougher than previously and in some instances, the situation is exacerbated by competition from experienced, senior candidates, returning from contracts abroad.

It is important to recognise that employers are looking for “more bang for their buck” and are expecting far more from their employees than they did previously. Employees need to be flexible: they need to recognise that employers are demanding “no frills” contracts and they are also looking for candidates who are willing to “go the extra mile”. There are still employment opportunities in South Africa and globally, but the halcyon days of lifelong employment have passed. Candidates who are currently in employment, and those who have been retrenched, should use the recession to improve their skills levels. Knowledge and skills have a shelf-life: it is imperative, therefore, to ensure that one’s knowledge and skills are current as this will enhance one’s employability.

The recession has compelled the labour broking/recruitment industry to sharpen its skills and ensure that it continues to add value. The industry continues to do so by supplying suitably qualified candidates, who are able to do the job, and whose Curriculum Vitae and qualifications have been carefully vetted. The industry also continues to add value by facilitating the negotiating process between employer and employee and devising flexible solutions that are acceptable to both parties. *(HRJ)*