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Getting In 2 HR

- Issue 15 - January 2009

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So how are you surviving out there? How is business for you? We have been very busy helping a wide variety of business look at cost saving ideas and, if that is not possible, then guiding them through the redundancy process.

In this Newsletter, I will share with you a few observations I have made over the last couple of months from the assistance I have given companies and outline my view on some of the HR issues and challenges that I think companies will be facing in the coming 12 months. The purpose is to highlight these possible issues so that you can be prepared for them.

Regards

Nicki

HR challenges for 2009

The need to cut costs

Faced with high import costs, lower demand for products / services and difficulty obtaining credit, many companies are having to look harder at ways to



reduce costs and outgoings. (If you missed the November newsletter giving some cost cutting ideas to consider before making good employees redundant; then click [here](#)).

When making cost cutting decisions, it is important to ensure key people and skills are protected. These people will be needed during the downturn to ensure that, when the economy really starts to see "green shoots", your product, sales, marketing and service delivery will be ready. How you treat staff during the difficult times will affect how they perceive you as an employer when skill shortages reappear as an issue.

Increased stress

Everyone suffers from increased stress, in times like these. Worries will range from personal financial worries i.e. a partner being made redundant, children graduating without a job, larger household bills, credit card or other debt, etc. to increased workloads from departing colleagues. One idea might be to get a financial adviser to come in to talk to staff about their finances. Give us a call if you want a recommendation or if you are worried about a stressed employee. Click on the quick links above for a website giving the signs of stress.



Increased risk of employment tribunal claims

Cost cutting exercises, which affect staff terms and conditions of employment must be handled properly. This includes proper staff consultations and it is essential that the formal procedure has been followed and the correct documentation is in place. Snap decisions, from stressed managers, increases the risk of an employment tribunal, which is usually an avoidable cost - so long as you follow a few simple rules.

One clear picture that is emerging as a result of increased unemployment is more employment tribunal claims. In nearly 5 years in business In2HR had not been required to deal with any tribunal claims until late 2008, when we started to receive a series of claims. Previously even disgruntled employees tended quickly to find new employment and got on with their life, now they are looking for any avenue to make claims against their former employer. If redundancies and dismissals are handled fairly and following all the correct procedures these claims should be thrown out, but watch out for the 'off the wall' claims - I have assisted in one sex- discrimination claim where the tribunal did not immediately throw out a claim when the employee had not followed the correct procedure!

Our lives are not made easier by employees using 'no win, no fee' solicitors. As businesses, you will be involved in considerable cost defending the claim whilst the employee has very little expenditure. My advice is, of course, to get some HR guidance before embarking on an employee dismissal. A relatively small outlay upfront could prevent a much larger cost later, so contact us [here](#) if you need some immediate guidance on a particular matter.

De-motivation of staff

Following a redundancy exercise the remaining staff are often de-motivated. This is particularly the case if staff feel the company has treated their redundant colleagues poorly or they sense the imminent threat of redundancy themselves. Remaining staff can harbour feelings of resentment towards the company at a time when it needs everyone to be pulling together.

Staff may also feel generally depressed by the current climate, the loss of business, important customers, the removal of some of their colleagues and financial pressures at home. Showing support to your staff at a time like this can be very beneficial in the long term so we do not, for instance, advise cancelling staff social events and team building events, without weighting up the consequences.

Talking to staff about how they are feeling and involving them in decisions and ideas is a great way to help them overcome or at least manage anxieties. It will help to create a team spirit that you are all working together to build a stronger business for when we emerge from all the current doom and gloom. If you want our assistance with these discussions then we are happy to help,

Recruitment problems

Employee security will become heightened and employees with more than two years service (the minimum length of service needed to receive redundancy pay) will be less inclined to look to change jobs. This will make recruitment for some specialist jobs more difficult for you and your competitors. As I have already indicated this gives a reason why it is important to ensure key staff are feeling looked after. At the same time, you should also ensure that contracts of employment have solid non-compete and confidentiality clauses so that if employees are enticed away they will not be able to take confidential material with them to your competitor.

On the plus side, if unemployment continues to increase, there are more generalist skills available and so you should have a wider choice of candidates - a better chance to get the right person. For many companies recruitment costs can be written out of the budget in the short term and there is an opportunity to build more stable teams, in-house.

Keeping idle hands busy

Finishing on a positive note, with reduced workloads this is a good time to get those jobs on your 'to do' lists ticked off. So, organise those training courses that people need but never seem to have time to go on, set up that new filing or scanning system, paint the canteen, etc. In the long run, these projects will help the business be more efficient, cost effective, a better place for employees to work in and will stand the business in great shape for the future. Go on, look at that to do list!

In 2 HR Viewpoint - employees or self employed?



With more workers trying to claim they are 'employees', to gain statutory employment rights, how can companies determine whether individuals are employees?

Individuals are either an employee or a self-employed worker; employees having full statutory entitlements whilst workers have limited legal protection. Employees work under a contract OF employment whilst self-employed workers work under a contract FOR service. The main factors showing a contract OF employment exists are:-

- Personal service - the individual is expected to personally carry out the work and can not substitute themselves to do that work.
- Mutuality of obligations - the company is obliged to offer work to that person and they are obliged to perform it.
- Control - the company controls what work is done, where, when, how and with that equipment.

What should you do now? Consider any individuals who are treated as self employed but that might be employees and decide if you are treating them properly. This is especially important if you are considering a headcount reduction or other action that may prompt a tribunal claim. Call us if you are unsure.

I hope you have found this edition of **Getting In 2 HR** useful.

If you want to discuss any of the above challenges with us further we offer a FREE one hour* consultation. Book yours now by clicking [here](#)

If you have a particular topic you would like to see included in a forthcoming issue then please send your topic and/or any questions to be answered to info@In2HR.co.uk

Disclaimers

The information given in this newsletter is provided as a guide and overview only and not as specific legal facts. If you are unsure about any of the information provided you are advised to contact us directly.

* The one hour free consultation only applied to companies within the Thames Valley, employing more than 25 people otherwise a charge may be levied

Regards,

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