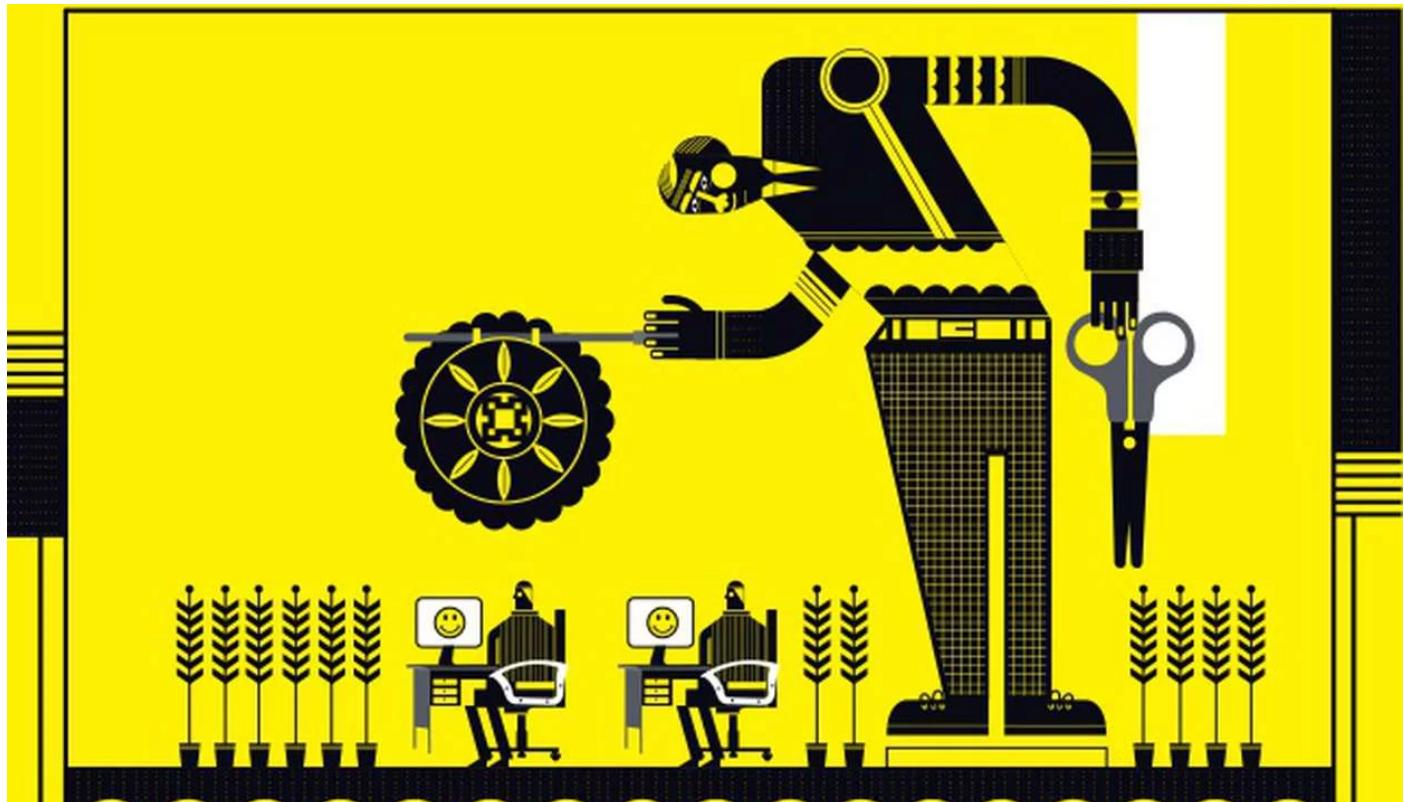


‘Sorry, your job is gone’

They are relevant, no doubt, but are HR teams equipped to deal with mass layoffs?

By SNEHA BHURA, Oct 31, 2017



THERE'S NOTHING CHEAP about loyalty, claimed George Clooney as Ryan Bingham in Hollywood's 2009 movie Up In The Air. This, even as he flew across the country racking up air miles and leaving a wake of sacked people behind him. To be fair, that was his job—companies hired Bingham's outfit to tell employees that they were being made redundant. It was all very civilised if extraordinarily cold-blooded.

Back then, we saw the film and told each other that such things would never happen in India. Indian companies were known to be paternalistic, organisations, often family-run, where values were seen as more important than bottom line. In less than a decade, we are seeing something entirely different. Loyalty is no longer prized. There are even companies like Ryan Bingham's cropping up to take over the job of sacking people. To be sure, the environment is bad. Torn between financial pressures and technological

advancements, industries have been cutting employee cost in a big way. It has happened in media, where hundreds of positions have been axed. A recent report in The Indian Express estimates that more than 200 startups and close to 70 textile units have been shuttered in the past couple of years. Then, there's biggie L&T, which laid off some 14,000 workers in the first half of 2017. Infosys, HDFC Bank, Tech Mahindra, Tata Consultancy Services ... the list of places where jobs have been axed is growing.

In most cases, the job of telling employees they've been sacked is handed over to the human resources department. Otherwise, companies hire firms such as Right Management, Optum, Human Dynamic, Husys Consulting, and Shilputsi to do the sacking.

Prashant Pandey, country manager, Right Management, says companies spend up to Rs 2 lakh per employee to avail of his company's services. More interesting, he says that even six years ago, most of his clients were global companies; these days, there are as many Indian companies.

Things have been going downhill in the past couple of years, and by all accounts, will get worse before they get better. The question we've been grappling with is whether companies fully understand the impact of such layoffs. Do HR departments formulate coherent layoff strategies? In fact, is HR trained and capable of dealing with the fallout of large-scale layoffs?

The answers to these questions are far from encouraging. Pandey says HR departments are seen as "executioners". Vikram Shroff, a lawyer who specialises in HR law at Nishith Desai Associates, is a little more restrained. "In the current economic climate, termination of employment is inevitable and a business reality. HR teams should be trained to deal with termination situations, be better aware of the law and employee rights, and most important, treat their employees with more respect and dignity." But more on training later.

A FEW MONTHS ago, an audio clip went viral. It was a recording of an employee being told by a human resources executive that he would either have to resign in a few hours, or his services would be terminated with immediate effect. The employee is heard pleading with the HR executive, asking for reasons. The HR executive seems to be reading from a script as she says this is not a matter of performance but a decision taken by management. The HR executive was later identified as being from Tech Mahindra. Much of the backlash on social media was to do with the way in which the employee was let go. The message coming through was that layoffs may be inevitable, but there must be a humane way of doing this. Tech Mahindra's HR practices were slammed, and in the

process, the entire HR community was put under the scanner. “I understand you may need to fire employees.

But at least listen to them once. At least answer their questions,” is the plea Mukesh Bhatia makes. Bhatia, 25, had been asked to resign as process executive at Cognizant Technology Solutions in Gurugram. He claims that despite being an outstanding performer, his work was not rewarded. Instead, he says, he was browbeaten by HR, and was put on a month-long performance appraisal plan. A month later, just as his shift ended at 2:30 p.m., Bhatia was asked to resign in a meeting that lasted less than five minutes. By 2:40 p.m., he was out of the building, without a cheque or a recommendation letter. He alleges he did not receive his full two-month notice period settlement either. Cognizant refused to speak of this despite repeated requests.

In fact, most HR departments refused to speak with us on this subject; while some companies began by sounding positive about the steps they have taken to keep employee morale up, they clammed up when questioned.

IT'S DIFFICULT TO blame HR departments for their reticence. On the one hand, they are seen as heartless people. On the other, the HR function is not seen as important enough to make it an integral part of key decisions. “Most [HR people] are just glorified administrators; they are only trained to recruit,” says Naresh Purushotham, chief mentor and co-founder, CrestPoint Consultants, a management and leadership development firm. To let HR perform, he says organisations need to develop “strategic HR”, which basically means involving this function in key decisions.

“How do we manage HR through complex business cycles and ensure the growth of human capital in a complex VUCA [volatile, uncertain, complex, and ambiguous] world? How do we retain the right kind of talent? How can you break down hierarchies and built flat organisations?”—these are questions strategic HR would ask, says Purushotham.

The way things work today, in almost any industry, is like this. When profit (or other key financial parameter) is hit, the organisation goes into costcutting mode. And the almost instinctive response to cost-cutting is to reduce employee costs. In most of the recent mass layoffs, HR departments were told to get rid of a specified number of employees; their input was never sought. Little wonder that they are seen as hatchet men of the company, says Vandana Menon, principal consultant at FLAME TAO Knoware, a management consulting firm.

The problem with this attitude to HR is that it could end up hurting the organisation in the long run. While the organisation could conceivably outsource the sacking, it will

need to manage the morale of those who stay. And this ought to be an HR function. But that's not what's happening today. "HR is made an instrument by the organisation," says Menon, adding that it's difficult to think of HR these days as more than an administrative function, at most responsible for "learning and development".

I ask Pranabesh Ray, who teaches human resource management at XLRI, Jamshedpur, if he thinks HR is equipped to deal with large-scale layoffs. "Human resource management talks about many things but is still silent on exits. It's like a taboo word," is the answer.

THE \$100 BILLION (Rs 6.3 lakh crore) business that is the Indian IT industry is in the midst of a major churn, thanks to increasing automation, increasingly protectionist policies from developed nations, specifically the H1-B visa crisis, and declining profit margins with ensuing reports of summary layoffs. While top-tier IT firms like Wipro, Cognizant, HCL, and Infosys have shied away from divulging specific numbers on laid-off staff, it is estimated that up to 2 lakh IT employees could be on the firing line for each of the next three years according to The Head Hunters India founder-chairman and managing director K. Lakshmikanth.

Purushotham warns that the IT industry will be in the eye of the turbulence caused by the digital revolution. Consider this. The software export industry has over four million people on its payroll; 60% of revenue comes from the North American market, followed by Europe at 20%. Tightening visa norms in those regions coupled with currency fluctuations have meant lower realisations for software exports as well as a spike in operational costs for Indian IT firms. "Indian IT has been caught with their pants down with the entire H-1B crisis. This is something that was waiting to happen for the last five years. It just took a guy like [U.S. President] Trump to come and push them over the edge. Now, because they know they have to hire people in the U.S., they are taking an axe and cutting people down using performance appraisal as an excuse," says Purushotham.

The result, he says, is a climate of suspicion and uncertainty. "Everybody now, particularly in the frontline and in the middle management, is asking who is next. They don't know if they have a job next month. These are real human beings who have children going to school and college, who have mortgages to be paid. You just suddenly call them and say you no longer have a job. If you ask me, the morale is extremely low."

Whether it's IT or any other industry, one thing is clear. The whipping boy is HR. As Shroff says, HR needs to be trained to deal with crisis situations. "You have to be very mindful of what the other person's reaction is going to be. It is very important that employees are made to understand the organisational context. And HR, most of all,

needs to be taught and trained to be much more human in such situations,” says Rituparna Chakraborty, co-founder and executive vice president of TeamLease, a staffing solutions company. Which seems absurdly obvious. Except that it’s just not happening.

Menon tries to explain why. “Organisations must define the role of HR before we can talk of training,” she says. As Purushotham does, she makes a case for strategic HR, saying that unless HR is taken into confidence when key organisational decisions are taken, it cannot implement these decisions properly

A former HR manager at an IT company who asks to remain anonymous says he left his job because the HR function was being reduced to implementing “happiness at the workplace” measures such as family days, health checkups, or providing “thoughtful” gifts such as treadmills or fitness trackers. Real employee problems such as job insecurity, issues related to training or inter-departmental cooperation were generally swept under the carpet. The result is what many of us heard as part of the audio clip shared by the Tech Mahindra employee: an HR executive who lacks empathy and seems more driven to fill a checklist than actually solving a human resource issue.

Prabal Basu Roy, Sloan Fellow-London Business School, PE investor and startup advisor, blames the HR departments as much as he does the environment. “The trust factor with HR is very, very low. They are always seen as toeing the management’s line.” He adds that while the overall business climate could mean that resources are limited, that’s no excuse for bad HR management. He points to a few exceptions who have “thought about these things properly”, including Arvind Agrawal of Global HR Lead Partners or R. Gopalakrishnan, former director of Tata Sons, but says such people are rare.

HOWEVER, IT’S UNFAIR to see HR as the villain. Chakraborty says HR cannot be expected to carry the bag for something it did not create. When it comes to breaking bad news to employees, she says, it’s a job for the managers. “When there is an adversity, don’t hide from your employees,” she adds.

That’s something Snapdeal did in 2015. Back then, the company had just hired Akash Singh (name changed), 28. Singh, then a brand promotions manager in a media company, was very excited to join the exciting world of e-commerce. He had been offered a job at Snapdeal, which was then still dreaming of being India’s Alibaba. Barely eight months after he joined, Singh says, the process of firing began in other departments when funds stopped flowing in. Management soon informed Singh’s team to be prepared —“a sort of friendly warning that all of us should start looking for jobs

even though the final firing list was not ready”. In March, Singh was informed by his business unit head and HR that his time was up.

“Of course, losing a job is never easy for anyone. But Snapdeal did this in a thoroughly professional way,” says Singh who got a severance package higher than his two-month notice period, apart from having his unused leave reimbursed. More, the Snapdeal HR team shared his resume with placement consultants, an initiative Singh claims got him at least three job offers a month after leaving Snapdeal.

“They have been very considerate and helpful. They have flexible policies favouring employees and this characteristic was shown even while firing people. They admitted their mistakes openly and apologised. You do not ask for anything more from an organisation like this,” he says. Like the other companies, Snapdeal too refused to talk about its HR function.

While there’s no answer to why some companies handle HR crises better than others, there’s generally acceptance about what constitutes good HR practice when laying people off. Chakraborty says there are three things that good HR must do in such cases: Adhere to the terms of the employment contract on termination and dismissal; offer a generous severance package; and offer outplacement options.

As important, she says, post-layoff, the senior leadership should engage consistently and openly with the remaining employees via e-mail, open houses, and live video conferences. This is something many employers neglect to do, leading to suspicion and uncertainty when it comes to those who are still with the company.

There are, of course, legal options that employees can take if HR does not manage the situation well. “Unlike the U.S., India has not adopted an ‘at-will’ employment model,” says Shroff. He explains that this means employment may be terminated only for a reasonable cause or for employee misconduct.

There is still a lot of confusion over what constitutes ‘reasonable cause’ for termination. That leaves the door open to employees to sue. So far, there have been few recorded cases of groups of laid-off employees taking legal recourse, and this is not something that can be ignored. Already, IT employees have formed the Forum for Information Technology Employees, a body that’s being seen as a trade union for IT employees.

Forming unions seems like a retrograde step, but for IT employees, collective bargaining seems like the way to go. Till such time management realises that HR will need to be empowered, and till HR is given the kind of training needed to tackle crisis situations, employees are realising they will have to support one another. And in all this, that elusive concept of loyalty that Ryan Bingham cynically talks of, will end up as the victim.