

## UK Recession, Redundancy and Outplacement Report



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On the face of it, the recession has dramatically impacted the UK; particularly given some spectacular failures, bailouts and emergency acquisitions, (eg. Northern Rock, Bradford & Bingley, HBOS, and RBS), in the financial services sector, which is the bedrock of British business. These developments have been intimately and sometimes also directly linked to other spectacular failures, bailouts and emergency acquisitions across the Atlantic, (eg. Bear Stearns, Freddie Mac, Fannie Mae, and Lehman Brothers), with UK job losses directly and indirectly resulting from an imploding financial services sector in both the UK and the US.

Recent statistics show that circa 300,000 people have lost their jobs in the UK in the past year, with unemployment currently running between 2.4 million to 3 million. Overall, it would appear that Britain has weathered the recession far more robustly to date than have many other European countries (where unemployment is already at circa 10% or more); with commentators already regularly referring to 'the green shoots of a UK recovery' being sighted.

As Britain lacks the degree of Social Plan protections enjoyed in other parts of Europe, the situation would appear to be relatively positive. Experts however believe that any 'green shoots' may simply indicate that Britain is moving upwards, towards the centre point of a typical 'W' recession curve, with a second, far more destructive roller-coaster ride to follow in the coming year.

Failures and bailouts in the financial services sector have attracted significant media attention to Q1, 2009, whilst what has attracted more recent attention in the services, travel and manufacturing sectors during Q2 have been the seemingly solid attempts by organisations to limit job losses by entering into agreements with staff which have led to temporary site closures, (eg. Honda manufacturing), pay cut deals, (eg. JCB), and extended sabbaticals, (eg. across the consultancy sector).

It is of course currently argued by some that these deals are largely cynical 'playing for time' initiatives, largely at the expense of employees. This type of initiative is not especially new either, as they have to a greater or lesser degree been practised in a number of sectors for many years prior to the current recession – eg. during the 1990s in the automotive and related sectors, and in the consultancy sector.

BA and BT, two cornerstones of British society, are currently contemplating similar deals, with significant risk of industrial action as people start to question this approach...perhaps in many cases, redundancy terms would appear more attractive to many in the short to medium term, than contemplating the domestic impact of eg. four or six months at partial pay, or at no pay.

Honda's experience is extremely positive in that production has resumed in Q2 following a number of months of closure. No doubt, more innovative approaches to stave off redundancy to retain talent and continuity for an expected upturn, and to secure business reputation, will follow across the UK.

A positive trend worth noting; particularly when linked to Government initiatives to protect specific sectors, eg. Government bailouts in the Financial Sector, and the Car Scrappage scheme, aimed at shoring up the Automotive Sector. What the UK Government does not seem to have got right yet, is how best to provide support for increasing numbers of out-of-work managers on the job market, without access to company-sponsored outplacement support, and who are unlikely to benefit from the offerings provided by Jobcentre Plus (<http://www.jobcentreplus.gov.uk/>), run by the Department of Work and Pensions.

Where redundancies do take place, most large employers do however continue to provide outplacement support, (particularly for managers and technical specialists), though new trends are developing.

HDA (<http://www.hda.co.uk/>) is a UK-based Human Capital Consultancy with experience delivering outplacement at all levels (across the UK and internationally, via its founder-membership of CareerNet International (<http://www.careernet-international.org>) for over 30 years; developing a reputation for a strong outcomes-focused approach. As part of our sustained commitment to refining and developing our services and capabilities, we recently undertook a detailed 2009 survey, incorporating views from across a broad sector base, to measure opinions around the provision of outplacement to impacted staff. Results from our previous 2008 survey are referenced in various places on the internet, including at: <http://insala.com/Articles/career-transition-solutions/outplacement-industry-forecast-2nd-half-2009.asp>.

Selected headlines of our 2009 survey are as follows:

- 90% of the organisations surveyed have been affected by the current economic climate, citing 'decreasing revenue, downsizing, cutbacks...'
- Of those organisations that have experienced a restructuring in the last 12 months, the majority (90%) offered outplacement support to employees.
- Nearly 70% of respondents offer outplacement support to maintain staff morale or to assist leavers in securing roles.
- According to 90% of respondents outplacement support provides value for money and fosters positive post-employment relations.
- The most important considerations for organisations choosing an outplacement provider are consultant experience; value for money; ability to support managers and staff at all levels; innovative and flexible programmes.

- 100% of the respondents stated that they would provide an outplacement service to those impacted by redundancy in the future. This reflects the continued recognition of the value outplacement support brings to both the organisation and the impacted employees.

When asked what factors would influence their decision in choosing an outplacement provider:

- Almost 90% of respondents stated that the career consultancy's specific career coach experience is key to whether they would choose to work with a provider,
- Approximately 80% stated that value for money and the ability to support managers and staff at all levels are important considerations determining whether they would choose to work with a provider,
- 70% stated that innovative and flexible programmes would be an important factor to consider when choosing an outplacement provider,
- Approximately 60% stated that specific industry knowledge on the part of the consultancy delivering the outplacement support, and the comprehensiveness of online career transition support services would be an important factor,
- Approximately 50% stated that a consultancy's ability to settle staff into self employment / independent consultancy is an important consideration in choosing an outplacement provider, as is the inclusion of access to vocational training within outplacement programmes. Excellent client feedback and testimonials were also considered to be an important consideration by only half of the respondents,
- Interestingly, only 30% thought that individual outplacement settlement rates are key to whether they would choose to work with a specific provider, whilst the ability of the provider to support outplacement *clients with business start-ups* also scored at this level.

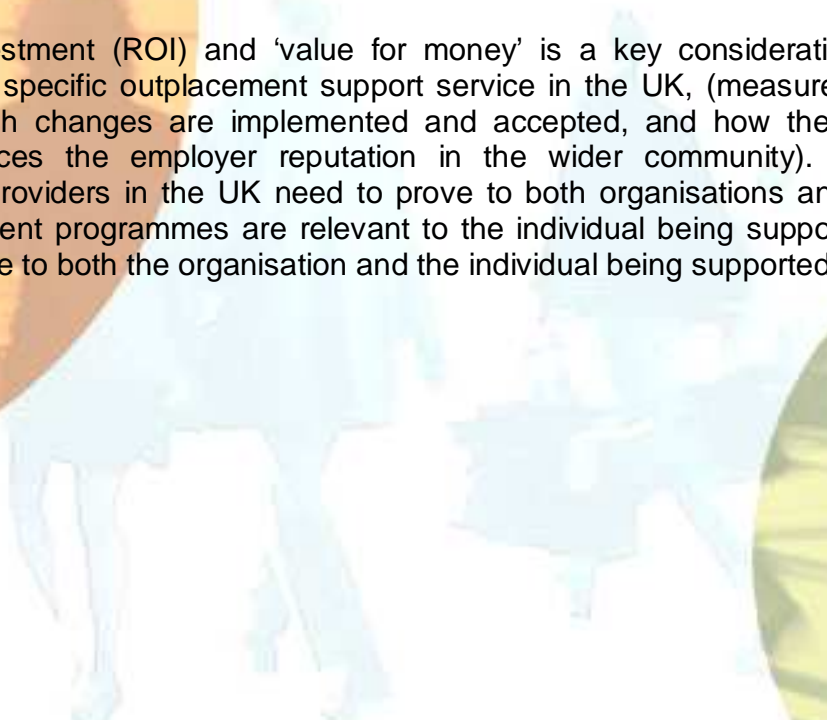
These results would appear to indicate an important new realism in the marketplace; namely that in the emerging UK economy, outplacement support provision for impacted staff at all levels, (and who to partner with in its delivery) is best aimed at:

- providing the most relevant, flexible and innovative career transition leverage, customised to individual needs
- achieving best value-for-money
- taking a realistic view of opportunities for re-settlement in a difficult market, vs having unrealistic expectations about likely settlement rates

Given this realism and value-for-money focus, HDA is currently focusing its attention on interweaving its core outplacement support services with the provision of vocational / professional training opportunities for those impacted by the recession and transitioning their careers during a particularly lean market for alternative job opportunities in most sectors.

We are very aware that more and more people are recognising the need to develop their skills and knowledge during the current recession, either a) as time well spent during transition, and part of their ongoing development, or b) with a view to embarking on a new career requiring new knowledge and competencies. With this in mind; following a strategic partnership agreement with Hemsley Fraser (<http://www.hemsleyfraser.co.uk/>) a major UK and US-based provider of vocational training, (and part of the international Demos Group), we are able to now also offer exclusive access to vocational training options across a range of our outplacement programmes to give people we work with access to new skills and knowledge. Our Hemsley Fraser catalogue provides access to approximately 200 vocational training programmes in 11 categories.

Return on investment (ROI) and 'value for money' is a key consideration in selecting a provider and a specific outplacement support service in the UK, (measured in terms of the ease with which changes are implemented and accepted, and how the provision of this support enhances the employer reputation in the wider community). For this reason, outplacement providers in the UK need to prove to both organisations and employees that their outplacement programmes are relevant to the individual being supported, and likely to create real value to both the organisation and the individual being supported.



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