

Industry Viewpoint: Despite Plummeting Revenues Property & Construction Organisations Make Great Efforts to Minimise Redundancies



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According to Reed's recent report 'Meeting the People Challenge', most employers now prefer to find alternatives to making mass redundancies, a significant departure from the response of UK plc to the 1992 recession. But is this really true, even in one of the economy's hardest-hit sectors?

Despite plummeting revenues, organisations in property and construction have made great efforts to minimise redundancies, instead using tactics such as cutting hours or freezing pay. Nevertheless some talented people have inevitably found themselves looking for work.

'A number of heavyweight project managers are on the market,' says Gavin Tufton, Business Manager at Reed Property & Construction. 'It's become so much harder for companies to secure project funding that some phenomenal candidates – people who previously would have enjoyed the pick of available roles – have had to take backward steps. Even then, many are struggling, as clients seeking long-term

commitment will often be concerned that they'll leave as soon as things pick up.'

Midas - regroup and redeploy

Midas, a company with interests in construction, retail, interiors, affordable housing and property development, has sought to minimise redundancies. 'We've reduced working hours for certain workers not based on site,' says Ian Bassett, the company's Head of People. 'But what's worked most successfully for us is redeployment.'

Prior to the downturn, Midas's operating divisions recruited people on a largely autonomous basis; these days, resourcing is far more centrally planned. 'We've moved people from quieter to busier areas, providing the skill sets are there,' says Bassett. 'Around ten per cent of our operational staff have been redeployed. Our people understand the world in which we live and they're much more open to considering relocation to take up redeployment; in fact, they regard it as a benefit of working in a wider group.'

The company has sought to communicate initiatives designed to help withstand the recession throughout the workforce, using tools such as the annual staff roadshow and internal magazine, as well as regular sharing of information on company performance with staff. This, along with an emphasis on treating people fairly and transparently, has been particularly helpful when jobs have had to be shed. 'Most of those who were made redundant, or whose colleagues were let go, said they felt the process was managed well,' says Bassett. 'The feedback we received was that selection had been conducted fairly, people were consulted, and their questions answered openly and honestly. The part of our business that experienced the worst cuts actually expressed the highest satisfaction levels with the process. It's a difficult time for everyone but people recognised it was done in a sensitive way.'

HR central to resource planning

Reed Property & Construction's offices have been put on standby by many clients since the recession took hold, ready to be drafted in to support staff affected by redundancies. But, says Tufton: 'It's also been important for companies to retain key staff. Some of my HR contacts have been investing in additional training to help those people who have been kept on continue to develop, in readiness for the recovery.'

At Midas, HR is consulted on a strategic level much more so than three to four years ago. 'We're involved on an ongoing basis in divisional review and board meetings on resource planning,' says Bassett. 'When the company needed to let people go, we took part in those discussions around what the business would look like going forward, the markets we'd be in and the skills we'd therefore need to retain. It's difficult to imagine HR being as central to that process back in 1992.'

Tufton says that, while few people expect the construction downturn to be over any time soon, the signs seem positive. But caution prevails: 'The volume of tender activity is gradually increasing,' he observes. 'However, the degree of the pinch on public spending will be critical. The government is trying to bring forward a large number of projects that are still awaiting planning approval, and plenty of private sector work is still waiting for the green light. It's very much a case of wait-and-see.'

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