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Contents

Fire and rehire: what the new rules mean for HR

The UK government is developing a new code of practice on dismissal and re-engagement to stamp out unfair fire-and-rehire practices. For HR professionals, it'll mean sharpening their skills and minding their language

David Stirling

Many people did not like the cut of P&O's jib last March, when it made about 800 employees redundant via a video call. The ferry company insisted that the move was crucial to its survival, but eyebrows were raised when the firm immediately replaced those employees with cheaper agency workers.

The case crystallised concerns about the rise of so-called fire-and-rehire practices. This is when employers seek to make changes to their terms of employment and, if employees don't agree, their contracts are terminated. They may then be offered the chance to rejoin the company on those rejected – and typically less favourable – terms.

Figures released in 2021 by the Chartered Institute of Personnel and Development revealed that 22% of employers had amended their employees' contracts since the start of the pandemic, mainly to reflect changes in work location, hours and pay. About 3% of employers had dismissed staff and rehired them as part of this exercise.

What's in the new rules?

Fire and rehire has become such a toxic policy since the P&O scandal that, according to one poll last year, three-quarters of the UK population believe that it should be banned. While it's not proposing to go that far, the government is looking to crack down on it with a new statutory code of practice on dismissal and re-engagement. A consultation on its contents ended in April. The code is likely to go before Parliament later this year.

> **Instead of HR just implementing the managerial decision, it should understand the full financial rationale**

Under the code, employers would be required to consult staff throughout the process and explore alternative options without using the threat of dismissal to force employees into acquiescing to any new terms. Its guidance also advises engaging in regular and meaningful communication with employees, conducting an ongoing assessment of whether the changes are vital and always giving as much notice as possible. Fire and rehire should only be a last resort.

Crucially, these aren't just warm words. Employment tribunals will be given the power to increase an employee's compensation by up to 25% if their employer is found to have unreasonably failed to comply with the code.

How the rules codify best practice

Much of what's in the code should be familiar to HR teams, according to Angela Brumpton, a partner specialising in employment matters at law firm gunnercooke.

"It is merely a statement of what is already good practice," she says. "Prudent lawyers would always advise a client to inform staff, explore solutions, seek feedback and reach an agreement if at all possible. But the code is seeking to overlay a minimum standard of good behaviour on top of this. It acknowledges that the employer may ultimately face unfair dismissal claims as a result of a fire-and-rehire exercise and will have to show it acted fairly and reasonably in all circumstances."

Chris Garner, MD of HR consultancy Avensure, agrees that the code "raises the bar of reasonableness" and formulates a clearer process around fire and rehire.

"It stops employers using it as a first resort," he says. "There may be companies that are in very difficult financial situations and see it as the only way out, but this code will refocus their minds."

What does this all mean for HR teams?

HR teams will need to review the new rules and processes. Brumpton warns that the code also has some key weaknesses that employers will need to account for. For instance, there is no guidance on the requirement for them to consult "for as long as possible" to reach an agreed solution. This could prove too vague and be open to challenge, she predicts.
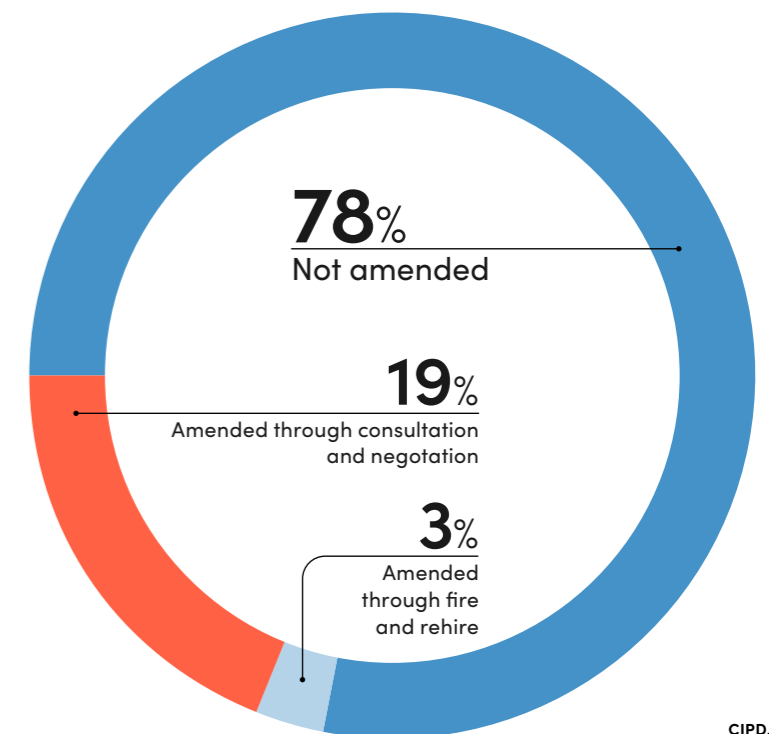
"The code also warns employers against using threats of dismissal to intimidate," Brumpton says. "In practice, this could be a delicate balancing act. Employers need to be honest with employees that a failure to agree changes may result in job losses."

HR teams may need to up their game too – for instance, by paying closer attention to the legal details in negotiations and adopting a more conciliatory tone.

"It's not always what you do but the way that you do it," Brumpton explains. "HR professionals need to be very careful about the language they use. They should be telling their managers not to threaten dismissal and instead change the language subtly to say that this is only a possibility."

RELATIVELY FEW EMPLOYERS USE FIRE AND REHIRE, BUT IT STILL AFFECTS THOUSANDS

Proportion of UK employers that amended terms of employment between March 2020 and July 2021, by method used

78% Not amended

19% Amended through consultation and negotiation

3% Amended through fire and rehire

CIPD, 2021

Tina Chander, head of employment law at Wright Hassall, believes that the code gives HR professionals the chance to ditch the "cloak and dagger" approach to fire and rehire.

"The starting point in the new code is that you want to make changes, but you also want the employee to stay in the business," she says. "You need to have a dialogue to make that work. That should put HR in the spotlight in a more positive way."

Why prevention is better than cure

To head off the risk of fire and rehire before it arises, Garner advises HR professionals to work more closely with senior decision-makers in the organisation to spot operational warning signs that could lead to panic dismissals.

"If an employer suddenly can't pay the wages at the end of the month, then fire and rehire becomes an option," he says. "Plan well ahead to give yourself time to follow the process and consider the options in that scenario. It's fairer to the employee."

Alan Price, chief executive of BrightHR, agrees that it's crucial for HR practitioners to understand the business situation in more detail before entering negotiations with employees.

"Instead of HR just implementing the managerial decision, it should understand the full financial rationale behind it," he says. "If employees refuse the new terms, then take them on the journey as to exactly why the business is doing this. Be more open and informed about costs, sales and profit margins. HR needs to develop more financial literacy and commercial skills."

One other key consideration is that, given the recent negative publicity surrounding P&O, employers must bear in mind the reputational risks of any misstep in this area.

But, even with the added risk of more scrutiny, an increase in tribunal costs and uncertainty over parts of the code, Brumpton believes that HR professionals have the expertise to keep handling the process.

"There are existing codes for dismissals. This new one doesn't mean fundamental change, so there is no need to parachute in specialist lawyers," she says.

That said, fire and rehire is likely to remain a risky business.

"If you don't get this right, it will cost you," Garner warns. That, after all, is how the government really intends to prevent another P&O-style scandal. ●

The new school of thought on talent assessment is data-first

The hiring booms of the post-pandemic years may have eased in 2023, but recruitment, retention and skill shortages remain a significant challenge for both the C-suite and talent professionals

Karam Filfilan

The impact of digital transformation and changing employee expectations has led recruiters to frantically change how they attract candidates. Salaries have gone up, flexible working has become normalised, and development opportunities have increased.

But are businesses spending too much time preparing the ground for candidates that aren't the right fit? Darren Jaffrey, CEO at Sova Assessment, points out that, while candidate attraction has evolved, candidate assessment is slower to adapt, with some businesses treating it as an afterthought.

"Historically, assessment has been a pretty dry process. Our industry has to embrace the fact that a 64-question, text-based approach just isn't what candidates want. Assessment is fundamentally an extension of your brand, and as the first touch point a person has with your company, it's vital to get that right," he explains.
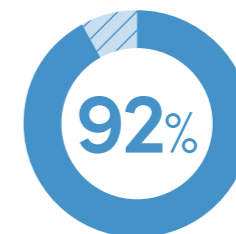
It's tricky to nail down what 'getting it right' looks like. Jaffrey advocates for a consistent, digital-first candidate experience throughout the entire assessment process. Regardless of whether
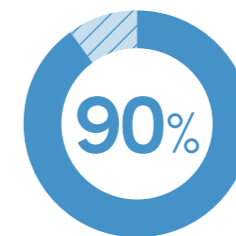
> Assessment is fundamentally an extension of your brand, and as the first touch point a person has with your company, it's vital to get that right

a candidate is doing a video interview, psychometric test or roleplaying a task, things should feel familiar and streamlined, as well as give a true insight into what working for that organisation is like. That's where technology comes in.

"Technology gives us the capability to not only allow companies to analyse and understand candidates but also for candidates to get a feel for companies and whether the job is a good fit for them. A candidate can really understand what a day in the life of that job is like," says Jaffrey.

"At the end of the day, you want to create the best possible impression of your brand at the point of impact. That's going to help people make the right decisions," he adds, stressing that first impressions count in both directions.

The impact of effective employer branding can be felt on the balance sheet, too. According to LinkedIn, a strong employer brand can reduce cost-per-hire costs by 50% and reduce employee turnover by 28%.

Accuracy, efficiency, objectivity

Chief scientist and founder at Sova Assessment, Dr Alan Bourne, believes that while Covid-19 forced digital transformation on the recruitment profession, ongoing economic challenges mean that recruitment technology and data-driven decision-making are here to stay.

"The pandemic supercharged digital transformation, but that budget is gone now. Companies can't solve hiring challenges in the manual way they did before, which was to throw more people at it," says Bourne. A few years ago, organisations used a lot of labour and a few data points to solve hiring problems, now, we're using a lot more technology and a lot less labour to do the same task."

The upside of this move is twofold. One, it creates greater efficiency in the hiring process and two, technology gives you better data to inform decision-making.

"The question becomes: What technology should we use to automate some of this? How do

we make recruitment easier and more cost-effective? Equally, how do we ensure the best possible candidate experience and predict the best hires?"

He points out that ten years ago, companies were having to make compromises on these competing needs. Now, data-driven processes mean businesses are able to do a lot more with less.

The right tools can allow organisations to tailor assessments to meet individual hiring needs across sectors, whether volume hiring or skills-specific, graduate recruitment or C-suite leadership roles.

Nationwide Building Society deployed Sova Assessment's fully customisable assessment experience platform to solve its most pressing talent challenges, reducing internal administration by 90% and rolling 30 separate assessments across four platforms into a single, consolidated solution.

An overwhelming majority (94%) of applicants reported having a positive impression of Nationwide as a result, with the assessment process proving 89% accurate at identifying exceptional performers and reducing candidate drop-off by 22%.

Other clients have seen automation improve applicant-hire ratios from 3:1 to 3:2 and a reduction in assessment completion times from eight weeks to one, allowing them to better compete for talent.

"First to offer is often first to win," smiles Jaffrey. "Your assessment procedure can't be a bottleneck in the process."
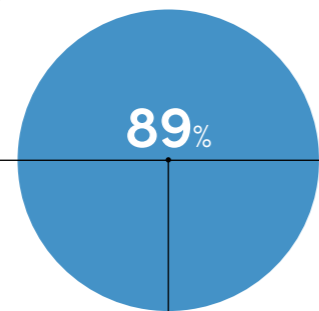
But cutting-edge talent assessment tools don't just provide an improved candidate experience. They also offer organisations a powerful mechanism to evaluate candidates objectively using data to drive decision-making. Where there's potential to reduce bias in the hiring process,
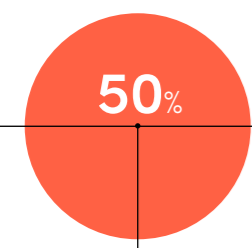
automate processes to increase efficiency and accurately predict future job performance, businesses would be remiss not to take it.

The intelligence behind hiring decisions
As with all industries, artificial intelligence is impacting how organisations evaluate candidates. Bourne says that Sova Assessment is already utilising machine learning through its video interviews, where interview analysis and transcription can be measured against competencies and previous interviewees to rank candidates.

In the short term, organisations are concerned about how tools like ChatGPT can increase the potential for candidates to cheat on assessments. This can be relatively easily mitigated by using video questions or 'proctoring' (where organisations monitor what an individual is doing during the assessment). The more interesting part, says Bourne, is how businesses use artificial intelligence to make assessments better.

"There are very exciting things you could do with AI. Could we create an automated interview with an avatar providing the questions? Could we set up dynamic roleplays in a virtual space? The trick with AI is to work through it in the most coherent way," says Borne. "The learning bits are very important, but some of the gold is really in data analysis, which will lead to better solutions"

For companies thinking about revamping their assessment tools, it's best to start small and learn more about the recruitment processes and challenges that could crop up.

"Any organisation needs to do things in bite-sized pieces. Pick a pain point - say graduate recruitment - and learn what assessment technologies will mean for your internal processes. Understand how it will tie into your system of record and test it out. This will help you learn how assessment fits into your ecosystem," advises Jaffrey.

The impact measurement of reduced cost per hire, time to hire, and future performance are the operational things that matter, agrees Bourne. Showing how assessment can affect strategic outcomes is a game-changer for HR teams.

He concludes: "That combined package of outcomes is fundamentally important. It's about moving the assessment industry from a process-led model to an outcome-led model that is data-driven."

For more information please visit
sovaassessment.com

EMPLOYERS ARE SEEING A JUMP IN ACCURACY AND EFFICIENCY

Where are businesses seeing results?

50%
Time saved for successful candidates to complete their onboarding

89%
Accuracy in correctly identifying exceptional performers

Sova Assessment, 2023

Why your firm could benefit from a 'nudge unit'

Nudge theory has an impressive record of success in government policy-making and marketing, among other fields. With this in mind, should HR chiefs look to bring behavioural science expertise in house?

Tom Ritchie

I n January the UK's biggest neobank, Revolut, announced the formation of something it called CultureLab – an internal team of behavioural scientists and psychologists with the task of overseeing employees' adherence to a new list of "value-based behaviours". By the standards of conventional HR practice, it was a remarkable move.

The crucial context is that this came after a spate of bad press for Revolut, with current and former employees speaking out about the firm's "aggressive" culture. The bank presented CultureLab as

its chosen method for changing the situation at speed. In effect, it had handed that responsibility to the scientists, who were armed primarily with a tool known as nudge.

For those unfamiliar with the term, it has its origins in the 2008 book of the same name. In Nudge, Richard Thaler and Cass Sunstein posited that human behaviour could be influenced without coercion through the use of small, carefully designed prompts that they called nudges.

"The underpinning idea of nudge theory is that by redesigning choice architecture

it is possible to influence the behaviour and decision-making of groups and individuals," explains Martyna Śliwa, professor of business ethics and organisation studies at Durham University Business School.

How does nudge work in practice?
The idea has been widely used in politics over the past 15 years. In 2010, for instance, David Cameron created a behavioural insights team in the Cabinet Office to change how his government communicated its policies. That 'nudge unit' team is credited with positive outcomes such as the shift to an opt-out model for workplace pension scheme enrolment, massively increasing the number of workers saving towards retirement.

The principles of nudge have been applied in the business world. A 2020 study by Morningstar examined the use of behavioural science in businesses and not-for-profit organisations. It found that 45% had some form of behavioural science expertise in house, but this knowledge was typically applied in public-facing functions such as marketing. Only 5% of respondents had a behavioural science specialist in their HR teams.

Indeed, most businesses dabbling in behavioural science tend to work with external consultants to implement HR-related nudges. That was the approach taken at BNP Paribas when the bank signed up to the He For She project, a UN initiative on gender equality.

> ❝
> Nudge techniques have no real cost. You just test them, learn and then think about your process

The bank maintains a roughly even gender split across the organisation, but there was initially a clear disparity in two of its teams. About 70% of staff in the HR function were women, while only 15% of senior leaders in the global markets team were women.
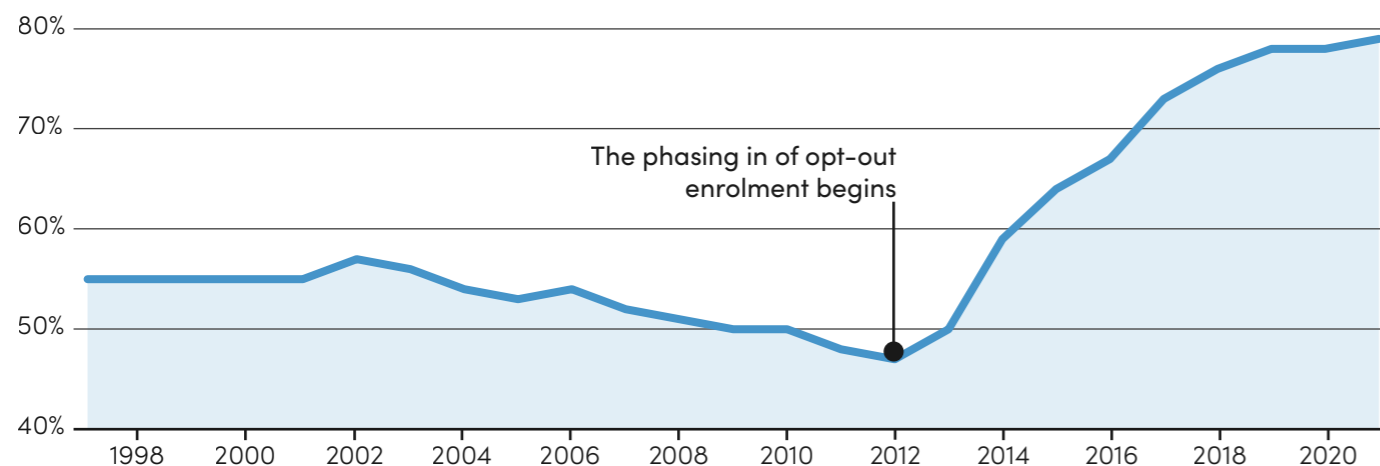
"The question we had at the time was why for some roles the gender mix remained imbalanced, despite a non-discriminatory hiring process," says Caroline Courtin, director of diversity, equality and inclusion at BNP Paribas.

Outside help or an in-house team?
To address this problem, the bank's HR team worked in partnership with BVA Consulting to seek behavioural solutions to this cultural challenge. They gathered diagnostics on the issue, interviewed staff from both teams and hosted a round-table discussion with a team of behavioural scientists to discuss their findings. This work was then detailed in a 'nudge book', which was distributed to the global markets and HR teams.

This led to the implementation of 'golden nudges' for each function. In the HR team, at least one man must be involved in the writing or editing of a job description, to ensure that the language used appeals to both sexes. The job title 'HR business partner' is also written out in full to encourage applications from other areas of the business. Likewise, on the global markets team, at least one woman must be included in the interview process to help create a reference point for female candidates.

Since implementing these nudges, both teams have achieved a more consistently even gender split. Courtin explains that the bank regularly uses the nudge principle because of its light-touch nature and its ability to effect lasting change.

"What's interesting with those nudge techniques is that they have no real cost. You just test them, learn and then think about your process," she says. "Today we are much more careful and systematic in how we write and review job ads."

Why it's still early days for nudge
Although there are several possible use cases for behavioural science in the HR function, the application of nudge here is in its infancy compared with other parts of the business world.

"Not enough is known about how behavioural science can help learning and development," says Sarah Nicholl, a corporate learning strategist and author. "While most large organisations have a change management or a project management office, not a lot of behavioural science is being applied. Bringing even just a behavioural scientist into those groups would help enormously."

The specifics of how best to deploy a nudge capability in an organisation are still the subject of some debate. For instance, is it better to have a team of in-house behavioural scientists, who can turn their hand to any problem, or to embed consultants in teams for the duration of a project?

For Śliwa, it depends on the specialisms of the behavioural scientists concerned. "The risk is that the in-house nudge team might lack specific knowledge in different areas, including those functions in which the organisation might wish to use nudges," she explains. "In this sense, a key negative side effect of an in-house nudge unit might be, ultimately, its limited effectiveness."

Nicholl notes that formalising a behavioural science unit could also make employees feel they are being manipulated or policed, especially in struggling businesses.

"As everybody's saying, there are 'economic headwinds' right now and employees are worried about layoffs," she says. "Depending on how you implement nudges, and particularly if you put it in a formal system, people will be more sensitive to how that's being used and how their behaviour is being assessed."

How to embed nudge skills in existing teams
A more effective use of the nudge principle, Śliwa suggests, might instead lie in embedding knowledge of nudges within teams, either by assigning dedicated behavioural scientists to key functions or by training non-expert employees to apply the tenets of nudge theory.

At BNP Paribas, the team hasn't explicitly hired for behavioural science competencies but has taken a pragmatic approach to when and where staff are nudged.

"The value of a nudge is your ability to test and learn, and to try simple solutions that can have a significant impact on a decision-making process," Courtin says. "We haven't made nudge a principal technique and we don't have a 'nudge team'. We've made it transparent too – we've even published about our use of the technique."

HR-focused nudges therefore have a role to play in organisations, even if full-blown Revolut-style CultureLabs are yet to take hold. One reason for that, Nicholl suggests, is that behavioural science's interdisciplinary nature means there's a lack of undergraduate and professional training on nudge, resulting in few HR leaders well versed in the subject.

And the case of BNP Paribas may even demonstrate that a nudge is perhaps best used as a focused tactic rather than a formal strategy. That doesn't mean Revolut's behavioural scientists won't succeed, but to view a nudge unit as a silver bullet in and of itself might be a mistake. ●

WORKPLACE PENSION PARTICIPATION RATES HAVE SOARED SINCE THE 'NUDGE UNIT' INTRODUCED THE OPT-OUT DEFAULT

Proportion of UK employees with a workplace pension, 1997 to 2021

The phasing in of opt-out enrolment begins

Office for National Statistics, 2022

> ❝
> People will be sensitive to how nudge is used and how their behaviour is being assessed

Musical chairs, anyone? How to boost internal mobility

By prioritising hiring from within and promoting up-and-coming talent, businesses can foster loyalty and collaboration and cut the cost of recruitment. How can HR teams help them to get this right?

Natasha Khullar Relph

Big names such as Amazon, Microsoft and Google may be making layoffs by the thousands, but high levels of vacancies and low overall unemployment mean that the labour market remains remarkably tight.

For those looking to hire, that's a problem – and one worsened by the fact that the cost of recruiting can be steep, especially when you account for the time and disruption involved in getting a new employee up to speed.

One solution might be for firms to double down on internal mobility, hiring for their trickier vacancies from among existing staff.

"When you think of your organisation as a team – each department and every single employee working together to achieve goals – it makes sense to have a system that allows employees to move easily between roles, departments and specialisms," says Charlie Wright, operations director at cloud-based software provider Epos Now.

He continues: "The benefits are many: employees gain experience, developing their skills in different areas; they become familiar with the functions of other teams, which gives the organisation more flexibility; and they develop collaborative ties across departments and can bring their expertise from one area into another."

Indeed, a survey of more than 8,000 employees around the world by human capital management software company Ceridian has found a significant level of interest in the idea of internal mobility. Nearly half (49%) of respondents said they would like to contribute their skills to new projects from within their current role, and 43% expressed an interest in moving into a new role in a different team. A further 35% said they would like to change career paths within the company.

But fewer than half (47%) of respondents said that they could see clear routes to do this at their organisation. Similarly, a 2019 survey by Deloitte found that only 6% of companies believed that they excelled at moving employees around internally.

So what can HR teams do to facilitate a greater level of internal mobility?

1 **Have more in-depth performance reviews**
Prioritising internal recruitment starts with a cultural shift to view employees as rounded individuals. This means using your catch-up meetings to find out more about their skills, passions, interests and performance, says Amie Devero, founder and president of Beyond Better, a strategy and coaching consultancy for startups.

"Managers need to be trained in how to conduct one-to-ones that are more than simple check-ins," she says. "And employees need opportunities to learn about the entire organisation: its strategy and all of its functions, not just those in which they work."

This means cross-training, shadowing, training people in areas they love but don't know, and an internal communication network that connects employees to more than their adjacent peers. "Without this scaffolding of processes and commitments, it's difficult to recruit internally," Devero says.

2 **Create systems to promote internal vacancies**
Using technology to highlight internal vacancies or even match employees with them can be a good way to start this process. For instance, by creating detailed personal profiles within the platform, employees could help the HR team to learn more about their interests and identify other roles in the company that might suit them.

Developing this kind of platform doesn't have to be costly or complex, notes Matt McFarlane, senior director of people experience at software provider Oyster.

"A company can take some basic steps in facilitating internal mobility by simply ensuring that its workforce is aware of upcoming and active roles in case someone is interested, or – equally helpful – they have a referral they'd like to make," he says.

For example, the team at Oyster actively post openings to an internal Slack jobs channel. Anyone in the firm can join it to view opportunities that might suit them and submit questions to the hiring managers.

> **Employees gain experience and become familiar with the functions of other teams**

MANAGERS ARE OFTEN HESITANT ABOUT STAFF MOVING TO ANOTHER TEAM

Expected manager attitudes to an employee declaring an interest in another internal role

- Supportive
- Unsure
- Not supportive

53%

33%

14%

Ceridian, 2023

3 **Start a rotation programme**
To draw out employees' skills and see where they shine, consider giving them exposure to other teams. "One of our key strategies at Epos Now is cross-team collaboration," Wright says. "We encourage our employees to work together on projects that cut across departments or require multiple skill sets."

This enables people to learn from each other and keeps them motivated by helping them see how their contribution fits into the company's strategic directives, he adds.

Epos Now also provides opportunities for employees in certain divisions to spend time in other departments or shadow members of other teams. This way, participants can assess whether it's something they'd like to pursue before committing further time and effort.

4 **Educate management**
Adopting what McFarlane calls an "inside-first mindset" – perhaps by setting internal mobility targets – is key to building a culture of internal hiring. But none of that can come to fruition unless senior executives and middle managers are on board.

"Creating that mindset starts with building awareness among managers that it's OK for employees to actively evaluate opportunities," he says. "It's incumbent on these leaders to ensure they're considering how the company can retain talent, over and above how they can retain talent in their teams. That starts with acknowledging that no role is forever, and part of any manager's responsibility is to help an employee chart their course by delivering in their existing role."

McFarlane also notes that building a culture where internal mobility is celebrated is a great way to reduce the stigma that managers may feel when a member of their team moves to another part of the business.

"It's about helping them to view a move as the success of their leadership in enabling that step, helping that employee to further their career and doubly helping the organisation to retain talent," he says. ●

Employer branding: what matters most to staff?

Mastering the art of employer branding is particularly important in a tight labour market. What do job candidates really want to see from a recruiter before deciding to sign on the dotted line?

Attitudes to working life have changed significantly over the past few years. That's at least partly down to the pandemic, which forced more of us to reconsider our priorities and reassess our careers.

But it's also true that when it comes to what we expect to see in a prospective employer, workers in the UK are something of an outlier, according to data from Randstad. Unlike their European counterparts, for instance, Brits put work/life balance top of their wish list, above even an attractive salary and a pleasant work atmosphere.

Whether employers are successfully tailoring their image and playing to these preferences is another matter. Are HR teams wise to what candidates value, or are their employer branding efforts misdirected?

Either way, understanding what workers really want has to be the first order of business.

A GOOD WORK/LIFE BALANCE IS ESSENTIAL FOR BRITISH WORKERS

Percentage of UK and European employees listing the following as a priority
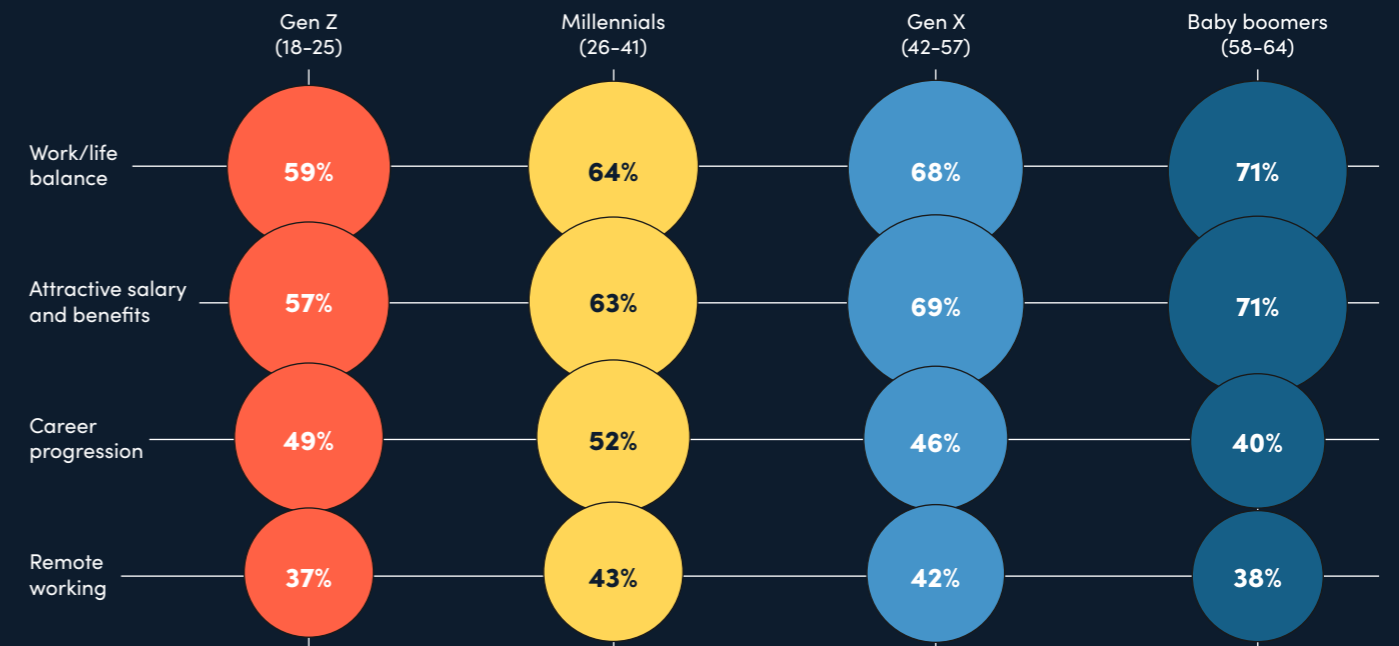
● UK   ● Europe
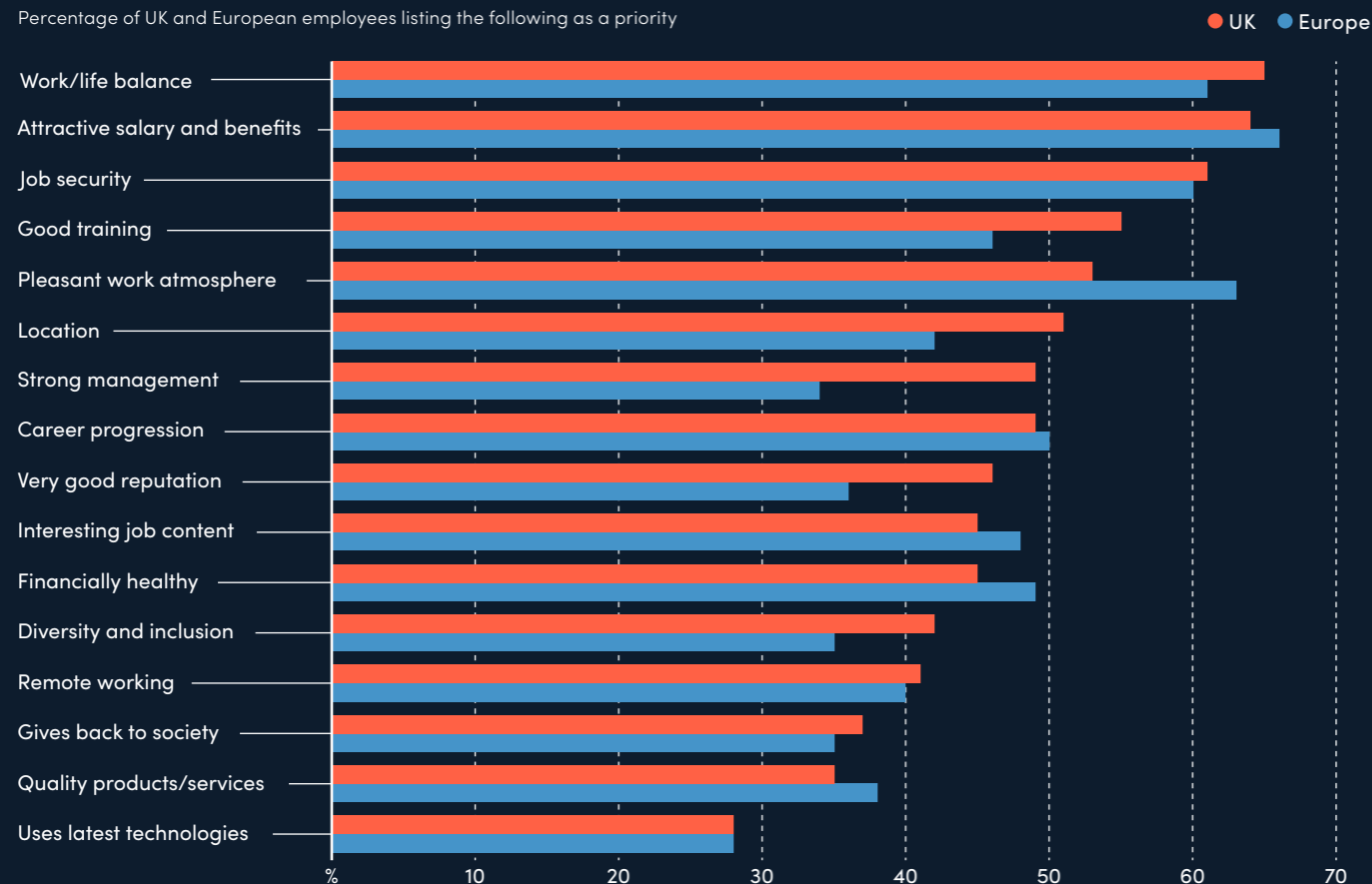
Randstad, 2022

Looking beyond the averages, there's a more complicated picture. In the UK, workers' priorities differ across demographic categories, reflecting different life stages and career trajectories.

For instance, older workers are more likely to prioritise work/life balance, whereas younger and mid-career employees tend to keep a closer eye on the prospects for progression.

DIFFERENT AGE GROUPS WANT DIFFERENT THINGS FROM THEIR EMPLOYERS

Percentage of UK employees listing the following as a priority, by age

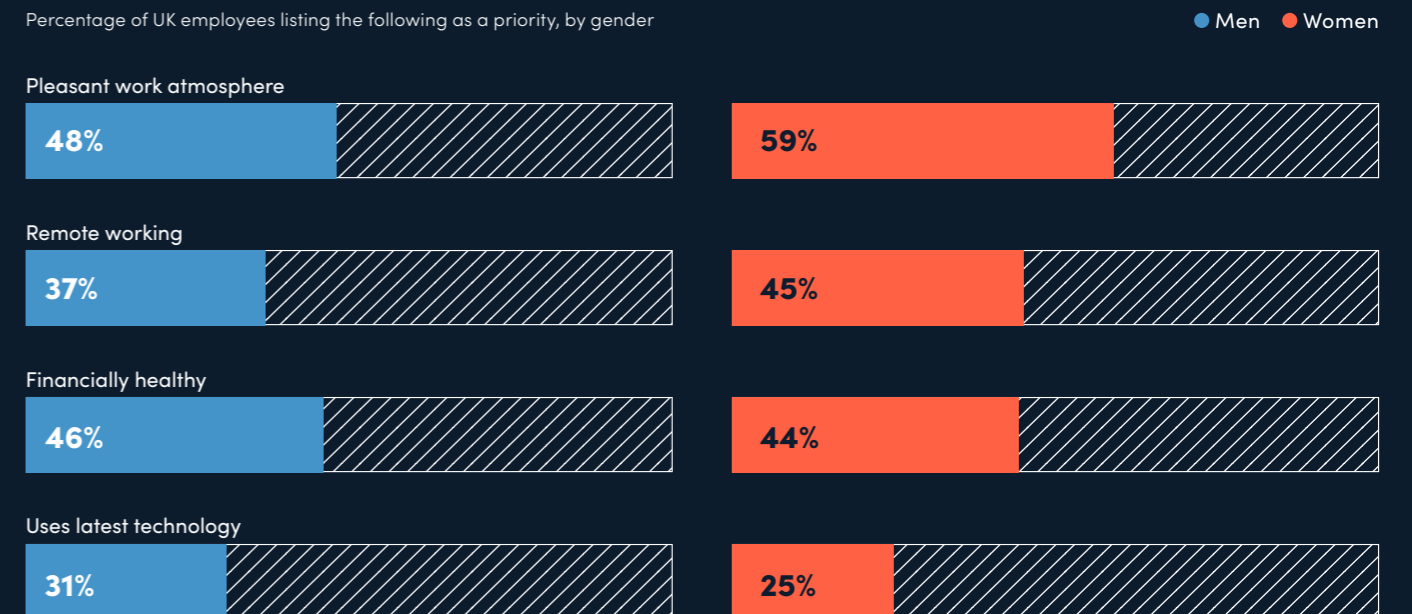|	Gen Z (18–25)	Millennials (26–41)	Gen X (42–57)	Baby boomers (58–64)
Work/life balance	59%	64%	68%	71%
Attractive salary and benefits	57%	63%	69%	71%
Career progression	49%	52%	46%	40%
Remote working	37%	43%	42%	38%

Randstad, 2022

There is a gendered aspect to this. For instance, women are more likely than men to care about a pleasant work environment and policies governing remote working. In fact, the only criteria that men seem to attach more importance to are the company's financial health and the newness of the technology it uses.

MEN'S AND WOMEN'S PRIORITIES DIVERGE

Percentage of UK employees listing the following as a priority, by gender

● Men   ● Women

Pleasant work atmosphere
48%   59%

Remote working
37%   45%

Financially healthy
46%   44%

Uses latest technology
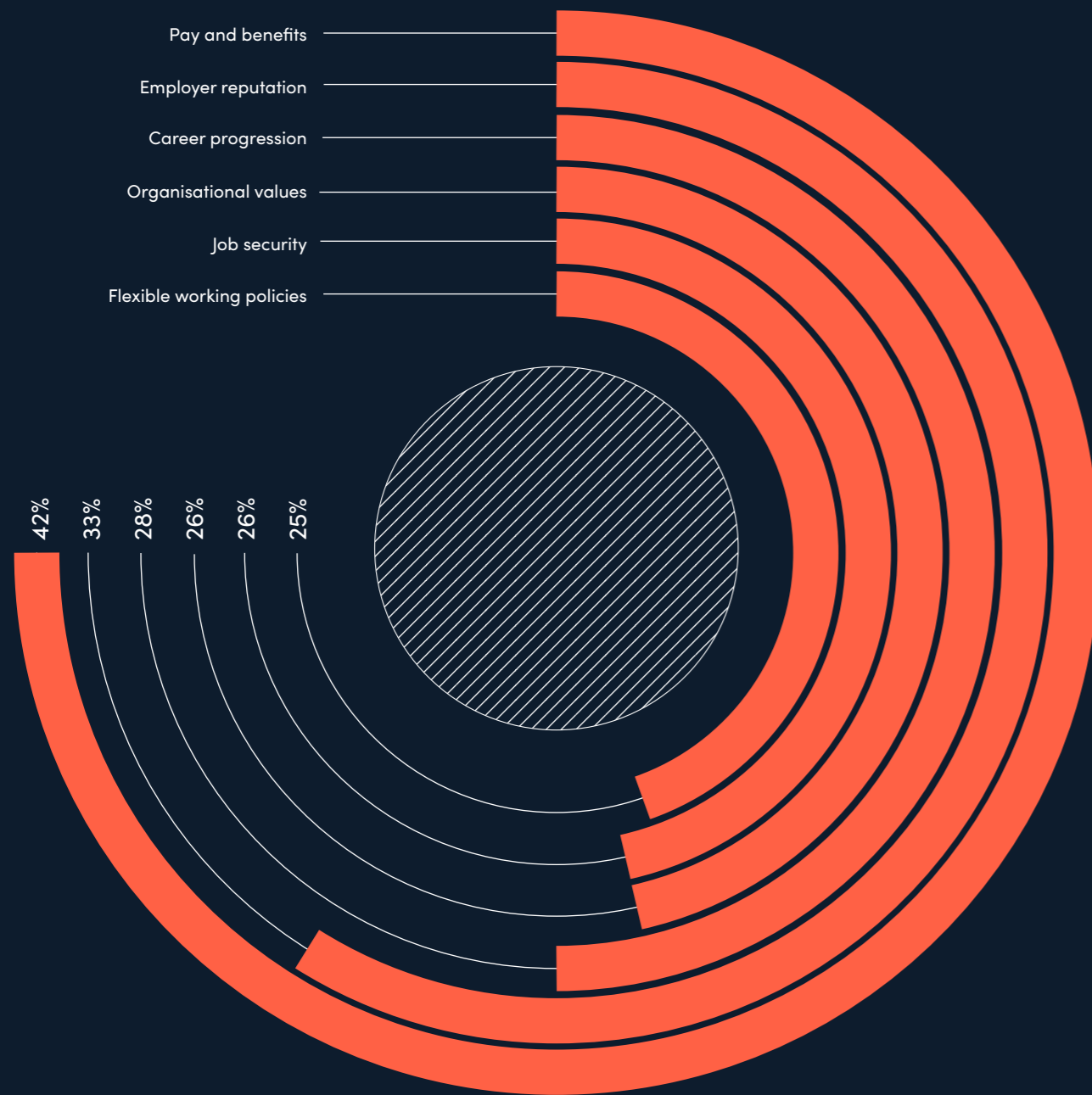31%   25%

Randstad, 2022

What, if anything, are employers doing to target these preferences among current and potential employees?

Employer branding is firmly on the radar at most companies: with three-quarters of firms reporting that they've attempted to improve their image over the past 12 months.

Several tactics are available to companies looking to tune up their employer branding, from improving reward packages to creating more opportunities for career progression. And HR teams do indeed appear to be trying whatever they can.

HR TEAMS PRIORITISE PAY

Percentage of UK HR professionals listing the following as an important factor in attracting candidates

- Pay and benefits — 42%
- Employer reputation — 33%
- Career progression — 28%
- Organisational values — 26%
- Job security — 26%
- Flexible working policies — 25%

CIPD, Omni RMS, 2022

Of course, improving pay and benefits is a relatively straightforward lever for businesses to pull when it comes to improving employer branding and making recruitment easier. Tackling matters such as company reputation and organisational values will take a lot more work, but that could pay dividends in the longer term.

Lessons from big tech's brutal layoffs

After a series of cold and impersonal job cuts in the tech sector, experts are calling for employees to be treated with more respect and dignity

Sam Haddad

In May last year, 700 employees of the Swedish fintech company Klarna learnt that they were being laid off via a pre-recorded voice message from their CEO. In November, Elon Musk sent a memo to thousands of staff at Twitter informing them that they would shortly receive their notice via email.

Tech firms globally have put about 330,000 employees out of a job since early 2022, according to online tracker Layoffs.fyi, with many organisations continuing their penchant for "disrupting" normal ways of working by dismissing employees remotely.

Emma Hughes, associate professor of HR management at Leeds University Business School, suspects that tech firms used this approach because it was the fastest and easiest way to get

rid of large numbers of employees and a way for them to directly control the redundancy process with minimal resistance. Or so they hoped, anyway. She also wonders whether the Covid-induced shift to online working led them to think that a digital approach would be acceptable.

Yet Hughes warns: "When employees find out their fate through digital methods, whether that's an email or a recorded message, it's an impersonal and blunt way to deliver devastating news. Employees deserve more respect and dignity – and a meaningful consultation process."

Where big tech lags other sectors

Angie Kamath, dean of the NYU School of Professional Studies, characterises the digital layoffs as "inhumane" but says the scale of these redundancies should not necessarily surprise us, given that tech is a relatively new industry.

"Tech has been making money hand over fist," she says. "There's been tons of investment, all kinds of venture capital money flowing in based on good future ideas, and we're now starting to see a maturing of the industry that includes corrections for massive over-hiring, accompanied by general belt-tightening. These are concepts that industries such as finance and manufacturing have been dealing with for a long time."

Kamath doesn't think that the redundancies were made maliciously, but she does believe there was some "awful forecasting" at play. Matters may have been made worse by Covid ushering in an era of hybrid working, leaving these firms on the hook for the bills stemming from huge real-estate assets.

Is the industry risking a vicious circle?

What consequences are the tech firms likely to see from their actions? Hughes says that only time will tell, but notes that, when you have people such as the UN's high commissioner for human rights, Volker Türk, raising concerns about the redundancies at Twitter and the fact

the human rights team and ethical AI team were laid off, it will surely have an impact.

"For employees who are still at the company, there will probably be a loss of trust and an increase in concern about whether it will happen again," Hughes says. "That can lead to other issues, such as a lack of commitment, cooperation and engagement, leading to higher staff turnover. It might influence future recruitment too."

Kamath takes a similar view. "It's going to come back and haunt some of these firms," she predicts. "There is a lot of research on what workers want and how they're demanding more from the system and not accepting that they're just cogs in the wheel that make company executives a lot of money.

She adds: "Leaders have to lead and part of leading is delivering bad news as well as good. There is no company that is so big that it can't deploy someone to let an employee know their work was appreciated but they no longer have a future with the company."

That doesn't have to be a long conversation, Kamath stresses, but she does believe that there is mounting pressure on tech companies to humanise their redundancy process. She points to the open letter that 1,400 Google employees wrote to Sundar Pichai, CEO of parent company Alphabet, asking for better handling of layoffs.

"A lot of employees at other firms could have written something similar," Kamath says.

There have already been some legal ramifications for tech firms too. About 40 former Twitter employees in the UK have taken legal action against the firm for a failure to conduct a proper consultation process with fair selection criteria for those being made redundant, and for cutting them off from the internal company's systems so they couldn't obtain the support and representation they needed.

In the US, employees have had less scope for litigation, as firms don't have to go through a consultation process before making staff redundant.

"It's not a crime to be a jerk," Kamath says. "And, while some of the approaches have felt pretty tone deaf, there has not necessarily been anything wrong in a legal sense."

How to cultivate better HR habits

The main principle for big tech or any other business to take from all this, according to Hughes, is the importance of running a detailed and meaningful consultation process with employees and their representatives before sending out any redundancy emails.

"Discuss the redundancy plan, whether there are alternative options and what the wider implications of these job cuts are," she advises.

For remaining staff who may be offered new roles to cover the gaps created, it's never been more important to examine your employment contract before signing it, stresses Hughes, who adds: "Even though it's boring, read through your contract in great detail. If you're not sure about something, get some advice on it."

Indeed, some recent legal battles involving tech companies have centred on the contractual language they have used. She also thinks it highlights the importance of employees joining a union.

For Kamath, there was a "fast and loose" nature to tech companies, which she expects to change.

"After major layoffs, we see in the data that people are skittish," she says. "The only way to counterbalance this is to have procedures in place such as performance evaluations, potential for promotions and career ladders. Employers must really walk the walk on diversity and inclusion."
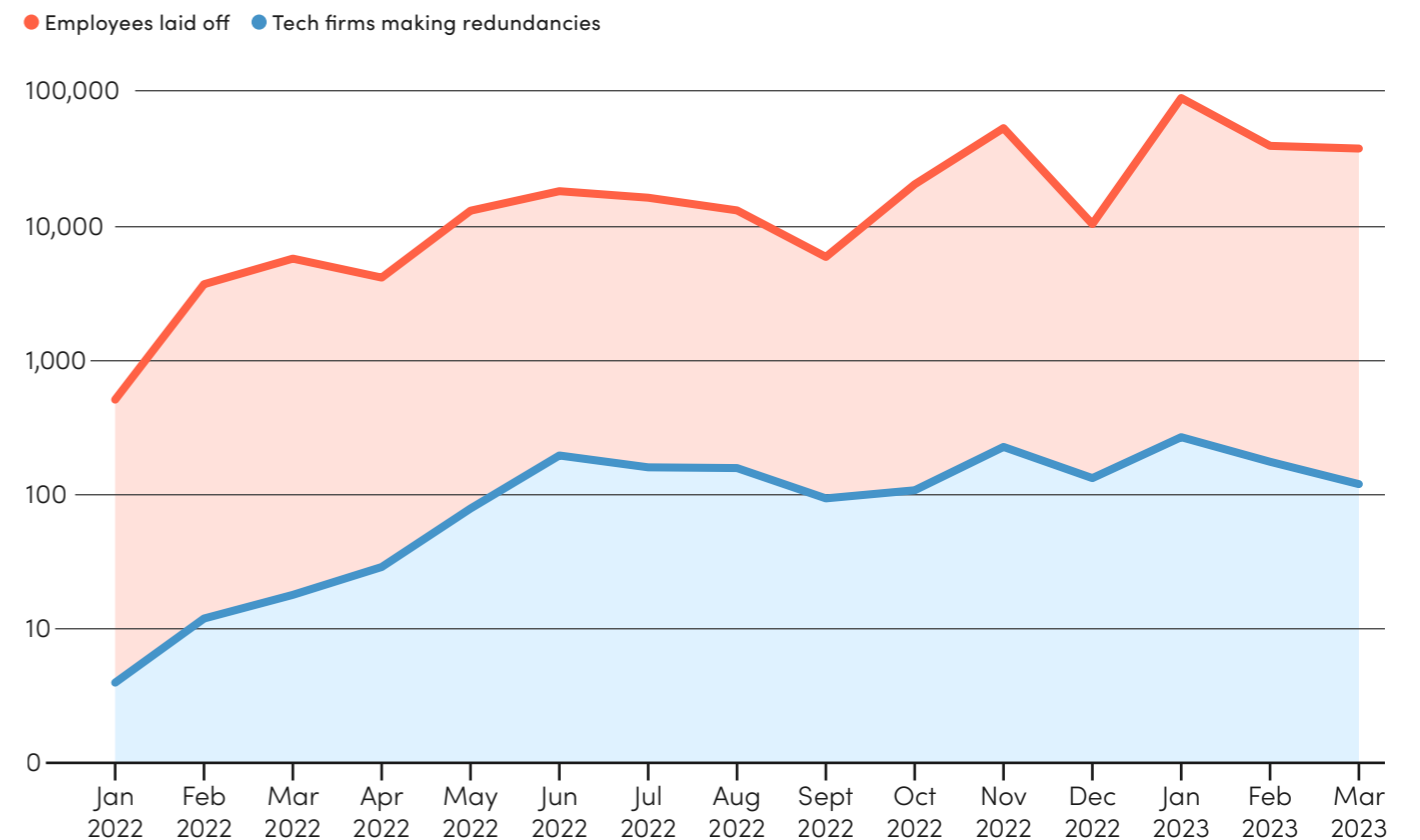
Kamath adds that there should also be much more emphasis on talent management.

"An engaged employee is one who feels respected and has a sense of belonging at work," she says. "They mentor other people, engaging in non-mandatory work functions and the professional development of themselves and others, which is what every firm needs."

Even the high-flying world of big tech stands to benefit from embedding such sound fundamentals. ●

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THE BIG TECH BLOODLETTING HAS BEEN PARTICULARLY DRAMATIC OVER THE PAST YEAR

Number of layoffs and tech companies making redundancies, worldwide, 2022 and 2023 (in log scale)

● Employees laid off   ● Tech firms making redundancies

Layoffs.fyi, 2023