

Job Analysis, Staffing, EEO, Diversity

Introduction

Nowadays, reducing labor cost in an organization without making employees to lose their jobs and morale is one of the major challenges that human resource managers are faced with. The goal of every company is to maximize profit and shareholders wealth; and when a company is incurring high costs in terms of wages, it proves difficult to attain the goal. Thus human resources managers need to come up with strategies that are effective to minimize the staff costs, and at the same time ensure they maintain a high performing workforce to maximize profits. This essay will look at ways that The King Company can reduce labor costs and still save as many jobs as possible. It will analyze how keeping updated job analysis information may help the company to determine how to reduce labor costs. In addition, short-term and long-term implications of downsizing will be discussed and possible EEO issues that will occur during downsizing.

Reducing Labor Cost at The King Company

The King Company is a manufacturing company located in a mid-sized city in the upper Midwest. Just like other modern companies, it is experiencing a decline in sales, and to achieve high profit, a ten percent reduction in labor cost is required. Kevin Tu, the human resource manager is challenged on how to reduce labor expenses, and still save many jobs since it may lead to loss of talent, and reduction in work force. As the new director of human resources, the King Company can effectively reduce their labor expenses in various ways.

The first strategy is to make use of temporary staffing for special or unexpected situations. Jusko, (2011), suggest that temporary staffing helps to ensure that a company eliminates costs that are related to permanent labor during low productivity periods. This will

help in saving high level of costs without having to lay off employees. The second option will be to freeze hiring. Such a strategy will end recruitment costs and potential training costs. Labor budget will stabilize and the company will have time to re-examine all the needs of the company. Money that was previously used to recruit new staff will now be used to other labor costs and since there will be no need of looking for new employees, need assessments will be performed by current employees throughout the company. Thirdly, the company needs to stop providing overtime and overtime compensation. It is easy to identify hourly rates, but exempt employee may as well have overtime that is compensated in other ways that end up costing the company more money. According to Perrett (2013), overtime should only be used in situations that are very necessary. Lastly, it is essential for the company to implement telecommuting for its staff where it is possible for them to work at home. This strategy will help the company to reduce indirect staff costs that is for instance associated with rent for staff premises. Instead the premises can be for other productive purposes or rented to other people (Owens, 2011).

Up to Date Job Analysis

To determine how to reduce labor costs, up to date job analysis will be of great help to the company. Job analysis involves keeping an updated record of the job requirement and responsibility of every employee on a daily basis. With a company like The King with many employees updating job analysis will help to save on unnecessary expenses. First, a job analysis will clearly indicate the number of staff to perform a particular task, and the time to be taken. This will help to reduce cases of overstaffing where some staffs are always idle increasing the cost of staffing. Up to date job analysis will also show the importance of every task performed in the company. This will include the importance of every task to the organization goals achievement. The process will help to identify tasks that are not important, and the company may

do away with the tasks, and staff associated with the jobs. This move will reduce the overall staff number, and in the end reduce labor cost. The remaining staff will also be able to concentrate on important activities improving the company productivity (Fox, 2011).

Short-term and Long-term Effect of Downsizing

Downsizing involves reduction of the workforce to either improve profitability or reduce cost. It is a process that is very challenging to every person especially to the managers. Picking the employees to layoff may seem to be very easy, but dealing with the resulting effects tends to be very challenging and frustrating. Most managers only consider the short-term effects that will result and fail to think of long-term effects of downsizing. Downsizing have both short term and long term effects on a company, and is important for every manager to take note of them. Some of the short term effects include reduction in production as the staffs believed to be productive due to their talent and knowledge are forced to leave. Loss in production is caused by delays in completing projects and other activities of the firm. In the short term, the morale of the remaining staff is also affected due to additional working hours, and increased uncertainty of their job stability in future. Disruption of employee motivation leads to increase in political behavior, fear and anger which negatively affect customer service and productivity in general in general (Jusko, 2011).

Long term effects include significant turnover cost as the company will spend a lot of time and money in recruitment and training of new staff. The reputation of the organization as a good employer will in the long run also be damaged, and in future it will be difficult to get high skilled employees (Owens, 2011). EEO issues that are likely to occur as a result of downsizing include potential litigations from employees as a result of terminating contracts. This will lead to increase in the cost of doing business, and even loss of operating license. For downsizing to work

well it has to be done when changes in the structure and culture of organizations are done together with job reduction of downsizing.

Conclusion

Layoffs as a measure of cost cutting create potential legal costs if not properly done, employee morale and loyalty of remaining employees is affected, and productivity may in the long run reduce. Hence, to ensure success in reduction of labor cost, at the same time saving as many job as possible needs adequate preparation and planning. The best way to achieve this objective is to employ on temporary basis, do away with overtime and overtime payment, and implementation of telecommuting. Up to date job analysis will also be of help in reducing labor costs by ensuring the right number of staff is employed. In addition, managers need to look at both short term and long term effect of downsizing which include decline in productive, staff morale, and damage of the company reputation.