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Media release

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Post GFC environment poses workforce risks for business, say organisational psychologists

Although economic indicators suggest Australia is coming out of the downturn, businesses that haven't handled staff issues well could pay a heavy price, according to a spokesperson for the Australian Psychological Society's College of Organisational Psychologists (COP).

COP spokesperson Colin Beames says businesses that didn't communicate well with staff during the downturn and didn't handle lay-offs and redundancies with sensitivity could be "sitting on a time bomb".

"When you let people go and you do it badly, you damage the working environment for the remaining staff eroding loyalty and trust," says Mr Beames. "Research shows that companies that have downsized by 10 per cent will subsequently experience voluntary turnover rates of more than 50 per cent."

He said that retention should be a focus for business as the economy improved as replacing staff was very expensive, costing between 2.5 and 10 times a person's salary.

To address these issues, COP is releasing a research based tip sheet - *Managing your business workforce as Australia emerges from the global financial crisis* - to coincide with National Psychology Week. Businesses navigating the economic recovery phase are recommended to develop a workforce strategy and conduct a retention risk assessment.

Mr Beames says that despite the economy picking up, the employment picture will not improve straight away.

"Businesses will be cautious," Mr Beames said. "There is still a lot of uncertainty and volatility out there so people will be conservative when it comes to investment and expenditure, including on staff."

On the positive side, Mr Beames says, many businesses took advice from HR specialists and organisational psychologists during the downturn and dealt effectively with staff issues.

"Research shows that people management is one of the most important drivers for business success but it has been, and often still is, one of the least effectively managed corporate functions. This crisis will bear that out. Those who have managed their people well and maintained good communication will thrive, while those who haven't will face staff losses and lost productivity."

Find the COP tip sheet at <http://www.psychology.org.au/community/topics/financial/business/>

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Colin Beames is director of the WRDI Institute and author of the recently published a book "Transforming Organisational Human Capital: How to Emerge Stronger from the GFC".

Organisational Psychology is the science of people at work. Organisational psychologists specialise in analysing organisations and their people, and devising strategies to recruit, motivate, develop, change and inspire.

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