It makes sense to invest in people in a downturn

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Now is the wrong time to stop investing in people development and, according to human capital expert Anthony Sork, there are four compelling reasons why.

Sork, managing director of Sork HC, says executives he has spoken to recently have "significantly changed their position on people investment because of the tougher times."

"There has been a very polarising effect, with very few people remaining in the 'nothing has changed' middle ground."

The number of organisations that have taken a defensive position and almost entirely stopped investing in people development is not quite offset by those that have adopted an opportunistic position of "now is the time to invest further", Sork says.

He says some adjustment to people investment is to be expected, but this can be made without compromising an organisation's prospects for success.

Four reasons not to shift into defensive mode

The defensive course, he says, is a risky one, for four reasons:

- **Capability** - "The decision to invest during more buoyant periods was not based on the desire to spend for spending's sake, but rather because there was an identifiable need to address a capability gap or improve effectiveness.

  "This need has not changed, though the market may have changed around you. It could be strongly argued that the need for development has increased in line with the need to have workforce capability better positioned to convert and maximise the reduced business opportunities that are now out there."

- **Readiness** - "Market conditions are cyclical, and what goes down will come back up. It is the organisation that is better prepared and ready that will forge ahead. The most progressive, confident and successful organisations are taking the perspective that now is the time not only to retain, develop and ready their human capital, but they also to attract the best talent from competitors."

- **Retention** - "Some organisations claim they are reducing spend on people development to ensure they don't have to make redundancies. Unfortunately, however, action taken to reduce opportunities for growth and development will almost guarantee the loss of people, and it will be the people you do not want to leave that will go.

  "Employers are in denial if they think people will accept that the organisation's best option for cost control is to limit the growth and development opportunities of existing staff. Your top talent see the growth and development opportunities that you had provided and committed to as a significant part of their benefits package. It will have been one of their key reasons for joining, and if it reduces or stops it will be a significant reason for leaving."

- **Employer brand** - "An employer brand takes a very long time to build, but can be torn down very quickly and by only a few actions. I heard a great quote the other day that 'even turkeys can fly in a strong wind', referring to leadership strength and capability in a good market. But what happens when the wind drops, as it appears to have done at present?

  "Genuine leadership is an all-weather skill. If yours is an organisation that has uttered the words 'employer of choice' or 'best employer' when the wind has been blowing strong, now is the time to demonstrate the difference between the rhetoric of turkeys and the genuine leadership of the real thing. Your employer brand will go up or down accordingly."

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