

# WHY DOWNSIZING IS NOT THE ONLY OPTION



During recessionary periods, it seems commonplace for companies to start streamlining their workforces, but should this always be the case?

**ISN'T IT AMAZING** how much of a difference 9 months can make? Back in the spring of this year, if you were to walk into a room of iGaming professionals and ask for a general consensus on any upcoming economic difficulties, you wouldn't have found many even considering uttering the word 'recession' in relation to the sector, unless it was followed by the word 'proof'.

Like many areas of the general global economy, iGaming was experiencing a real high. Despite the hangover from the 2006 UIGEA, most leading operators were still posting year on year growth figures that consistently hit double figures, and iGaming brands were becoming increasingly visible to the consumer through the use of advertising and sports sponsorship.

Yes, conditions in some areas of the Global Economy were causing increasing concern, particularly the subprime mortgage crisis in the US and what is now seen as the beginnings of the Credit Crunch, but these could be offset by the continuing economic growth and consumer confidence.

## RECRUITMENT STRATEGY

However, on Monday September 15th 2008, all that changed when Lehman Brothers, then the fourth largest investment bank in the US, filed the largest bankruptcy motion in the nation's history. Confidence in the banking and investment sectors collapsed overnight, credit dried up and growth forecasts all over the world were redirected downwards.

In response to these recent events, employers across the economy have drastically rethought their recruitment and employment strategies and as a result, many sectors have experienced rising redundancy and unemployment rates. And, in spite of what some people may have thought previously, iGaming has not proved to be immune.

Downsizing has been prevalent in companies covering all parts of the global iGaming sector. In the US for example, Bodog has recently announced redundancies while AsianLogic instigated "the closure of certain wholesale betting operations" in its core Asian-Pacific gaming market. Conditions over in the European market have been no different. Gala Coral has recently gone through an extensive round of redundancies in the UK and in Gibraltar, PartyGaming has released around 30% of its workforce.

Now, it must be noted that not all the blame for the aforementioned programmes can be laid squarely at the door of the current economic climate. Some have been as a result of pre-existing internal restructures, department relocations and productivity programmes, and should be seen as a response to a general maturing of the iGaming market rather than any economic downturn.

However, reductions in recruitment and workforce numbers are often seen as an automatic response when a recession looms. The question is: should this always be the case?

## THE PARADOX

Paradoxically, one of the main HR problems for companies experiencing an industry boom is that they will find it increasingly difficult to attract the best talent. Recruitment markets become more and more candidate driven and can lead to employers competing primarily on salary in an effort to attract and retain staff. This results in a vicious spiral of salary inflations that is increasingly out of step with those prevalent in other closely related sectors.

An economic slowdown, however, can mean that top talent, previously scarce and available only at a real premium, becomes more available and easily affordable. While those within employment may become more risk averse and less likely to switch roles and companies, the number of those either out of work or facing uncertainty will increase and offer the prospective employer more choice and an opportunity for greater return on investment.

That being said, the fact is that during a recession, employers do become more cautious when it comes to recruiting, cutting budgets and limiting new employment initiatives along the way. Undoubtedly there is nothing wrong with a high level of prudence when it comes to limiting expenditure in a recession.

However, it would be a mistake for any company in an otherwise healthy economic state to instigate a blanket recruitment freeze.

Instead, like the successful stock market investor who views an economic downturn as the best time to pick up good quality investments at a discounted price, good managers and employers will see that the same conditions can present the perfect opportunity to attract the attention of the best possible talent.

Company recruiters are very likely to experience cuts in their budgets whether they are planned or not, as most companies will impose at least a temporary hiatus on recruitment while they take a detailed assessment of their workforce to identify what requirements are most pressing. However, by quickly ensuring that all they concentrate on is recruiting for the most high impact positions, they will be able to squeeze the most out of the budgets that are left and ensure that the maximum return on investment is attained.

Recruiters should also look to assess their recruitment channels to ensure that only the most productive methods of attracting and attaining new employees are employed, rather than those that offer the lowest levels of expenditure in the short term. While, placing an ad in a targeted publication may look the cheapest option initially, recruiters should look at the method of the recruitment that offers the best return for the total amount spend. In short, while the pursuit of quantity can seem attractive when resources are short, the attainment of quality will make a far greater impact on your business.

## THE LONG-TERM

The company that continues to recruit will have the opportunity to take advantage of other benefits of a more long term nature. Continued recruitment will gain the attention of prospective employees of the future, regardless of whether they are needed or amenable to moving now. By building an audience of the prospective workers for their business in a downturn, employers can ensure that they are best positioned to take advantage when the market starts looking up again.

Any business course will teach you to keep the long-term, strategic view in mind when you are managing your business. Make sure that you don't ignore recruitment when taking that approach. ■

## AUTHORPROFILE



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