

PEOPLEmatters

MONTHLY ELECTRONIC NEWSLETTER FOR HR MANAGEMENT PUBLISHED FROM THE GREEK PERSONNEL MANAGEMENT ASSOCIATION



Turbulent but challenging times for HR Management in Southeastern Europe

We live in turbulent but challenging times, so we can learn from it. That is the idea that motivated the Greek Personnel Management Association to organise his annual conference “HR FORUM” on the subject: «HR MANAGEMENT IN SOUTH EASTERN EUROPE: Leading People in turbulent times» (2nd april, Sofitel Athens Airport).

NEBOJSA RAKO

«THE ORGANIZATIONS MUST FOCUS IN NEW “SURVIVAL” STRATEGIES.»

8

SVETLA STOEVA

«WE MUST FOCUS ON THE EMPLOYEE COMMITMENT ALONG WITH THE STRATEGIC WORKFORCE PLANNING SO AS TO ENSURE THE WELL BEING OF OUR ORGANIZATIONS IN THE FUTURE.»

9

YIGIT OGUZ DUMAN

«HUMAN RESOURCES MANAGEMENT IS THE DIFFERENTIATING MANAGEMENT TOOL IN TODAY’S GLOBAL ENVIRONMENT.»

11



ANDREW GRANT
MANAGING
DIRECTOR, TIRIAN

**ALINA
PAPAGEORGIU**
HR DIRECTOR,
VIVARTIA

**DIMITRI
PAPALEXOPOULOS**
CEO, TITAN CEMENT

THE NEW BUSINESS ENVIRONMENT REQUIRES A ROBUST, ENTERPRISE-WIDE PLAN TO DEAL WITH UNEXPECTED CRISES. COMPANY REPUTATION AND BRAND, AS WELL AS THE TRUST AND LOYALTY OF STAKEHOLDERS, ARE ALL CRITICAL FACTORS IN THE BACKGROUND OF THIS NEW CRISIS MANAGEMENT. AT THE HELM, HR LEADERS PLAY A STRATEGIC ROLE IN ORGANIZATIONAL SUSTAINABILITY SO AS TO CONTRIBUTE TANGIBLE DELIVERABLES THROUGH ADVANCED PREPARATION, INCLUDING SAFETY AND SECURITY INITIATIVES, LEADERSHIP DEVELOPMENT, TALENT MANAGEMENT AND SOLID COMMUNICATION PLANS TO SUPPORT CRISIS MANAGEMENT. IN THIS CRISIS LIES AN OPPORTUNITY FOR HR TO PROVE ITS INTEGRAL ROLE IN BUSINESS OPERATIONS AND ITS NEW ROLE AS A STRATEGIC PARTNER TO THE COMPANY'S MANAGEMENT. THE IMPLICATION OF HR DEPARTMENT IN THE RESTRUCTURING OF AN ORGANISATION AND THE OPTIMISATION OF PROCEDURES IS OF MAJOR IMPORTANCE IN THIS CHALLENGING TIMES.

The HR FORUM 2009 seems to respond to the question of leading people in turbulent but also challenging times, in Southeastern Europe. The Greek Personnel Management Association welcomes in his annual conference the EAPM (European Association of People Management) representatives, Rudolf Thurner, President and Pieter Haen, Vice President of EAPM and important colleagues from different countries of South-Eastern Europe: Svetla Soeva, President of BHRMDA, Csaba Gergely, President of the Romanian Association, Nebojsa Rako, President of the Serbian Association and Yigit Oguz Duman, President of PERYON will discuss about HR's role in Business Effectiveness during turbulent times.

«Europe's Top Companies Should Learn The Lessons Of Past Recessions In Order To Build A Sustainable And High-Performing Workforce For The Future», says A Report By BCG and EAPM. One in three companies across Europe is preparing to cut their full-time workforce, according to a survey by The Boston Consulting Group and the European Association of People Management and the participation of 33 European countries, Greece (GPMA) included.

A very important survey led by GPMA and Stanton Chase will be presented by Mrs Georgia Kartsani. This survey is focused on topics like the challenges for HR Management in this recession period, the major expectations from the CEOs and the special skills needed for HRDs in rough waters.

Furthermore, a Round Table with the participation of important CEO's and HR managers from Greece, will discuss the way that CEO's can inspire their HR teams in this period and also, how HR can maximize the strengths of the organization's human capital during a period of recession. Antonios Barounas Managing Director, Southeastern Europe SONY ERICSSON, Vassili Goudes, Managing Director, HOUSE MARKET (IKEA), Elias Moshonas, HR Director, VODAFONE - PANAFONE, Alina Papageorgiou, HR Director, VIVARTIA, Dimitri Papalexopoulos, CEO, TITAN CEMENT and Michalis Proutzos, HR Director, INTRACOM, will discuss about the findings of GPMA's and Stanton Chase's survey.

This HR FORUM 2009 seems to bring to all participants, new ideas, knowledge and experiences from different countries. This conference seems to contribute to a dialogue about the HR's challenging role.

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HR forum 2009 APRIL 02



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HR Management in South Eastern Europe: Leading People in turbulent times

Keynote speakers:

- **Leo Paul Dana**, Business Analyst • **Andrew Grant**, Managing Director, TIRIAN
- **Rudolph Thurner**, President EAPM • **Pieter Haen**, VP EAPM

Topics:

- Doing Business in the Balkan: Maximizing the Strength of Human Capital in Greek Organizations.
- HR's role in Business Effectiveness during turbulent times.
- 180° Viewpoint: HR in turbulent times.
- The Power of Organizational Narrative Understanding how teams respond in recession situations.
- How CEO's can inspire their HR teams in turbulent times / how can HR maximize the strengths of the organization's human capital during recession.

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schedule



- 09:00 – 09:30** Registration - Coffee.
- 09:30 – 09:35** Opening and Welcome – **Martha Milona**, President, GPMA.
- 09:35 – 09:45** Greeting, **Fanny Palli-Petralia**, Minister, Employment and Social Protection¹.
- 09:45 – 10:00** Greeting, **Dionyssi Nikolaou**, General Director, SEV (Hellenic Federation of Enterprises).
- 10:00 – 10:10** Greeting, **John Kolovos**, General Manager, ACCOR SERVICES.
- 10:10 – 10:45** “Doing Business in the Balkans: Maximizing the Strength of Human Capital in Greek Organizations”:
Leo Dana, Associate Professor in Marketing, University of Canterbury, Senior Advisor to the World Association for Small and Medium Enterprises, Founder of the Journal of International Entrepreneurship.
- 10:45 - 11:15** Coffee Break.
- 11:15 - 12:15** “HR’s role in Business Effectiveness during turbulent times”
Greeting, **Rudolf Thurner**, President, European Association of People Management (EAPM),
Panel discussion:
- **Pieter Haen**, Vice President, European Association of People Management (EAPM),
- **Svetla Stoeva**, President, Bulgarian Association (BHRMDA),
- **Martha Milona**, President, Hellenic Association (GPMA),
- **Csaba Gergely**, President, Romanian Association,
- **Nebojsa Rako**, President, Serbian Association,
- **Yiğit Oğuz Duman**, President, Turkish Association (PERYON),
Coordinator: **Olga Epitropaki**, Associate Professor, ALBA Graduate Business School.
- 12:15 - 13:00** “180° Viewpoint: HR in turbulent times” (Survey of GPMA and Stanton Chase), **Georgia Kartsani**,
Managing Director STANTON CHASE.
Q & A - Discussion.
- 13:00 – 14:30** Lunch Break.
- 14:30 – 15:15** “The Power of Organizational Narrative. Understanding how teams respond in recession situations»,
Andrew Grant, Managing Director of Tirian.
- 15:15 – 16:15** “How CEO’s can inspire their HR teams in turbulent times / how can HR maximize the strengths of the
organization’s human capital during recession”
Panel discussion:
- **Antonios Barounas**, Managing Director, Southeasten Europe SONY ERICSSON,
- **Vassili Goudes**, Managing Director, HOUSE MARKET (IKEA),
- **Elias Moschonas**, HR Director VODAFONE – PANAFONE,
- **Alina Papageorgiou**, HR Director VIVARTIA,
- **Dimitri Papalexopoulos**, CEO, TITAN CEMENT,
- **Michalis Prountzos**, HR Director INTRACOM,
Coordinator: **Dimitris Bourantas**, MBA Professor, Athens University of Economics and Business.
- 16:15 – 16:30** Q & A - Conclusions - end of the event.

Europe's top companies should learn the lessons of past recessions in order to build a sustainable and high-performing workforce for the future,

Says a report by BCG and EAPM

ONE IN THREE COMPANIES ACROSS EUROPE IS PREPARING TO CUT THEIR FULL-TIME WORKFORCE, ACCORDING TO A SURVEY BY THE BOSTON CONSULTING GROUP AND THE EUROPEAN ASSOCIATION OF PEOPLE MANAGEMENT. BUT BUSINESS LEADERS RISK DOING IRREVOCABLE LONG-TERM HARM TO THEIR COMPANIES IF THEY REPEAT SOME COMMON MISTAKES MADE DURING THE LAST RECESSION.

ONE THIRD OF COMPANIES IN EUROPE ARE PLANNING TO LAY OFF FULL-TIME EMPLOYEES IN A MOVE WHICH SIGNALS THE SCALE OF THE COLLATERAL DAMAGE THAT THE FINANCIAL CRISIS IS INFLECTING ACROSS THE EUROPEAN CORPORATE LANDSCAPE, ACCORDING TO A REPORT PUBLISHED BY THE BOSTON CONSULTING GROUP AND EAPM.



RUDOLF THURNER

PRESIDENT, EAPM

PIETER HAEN

VICE PRESIDENT, EAPM



MARTHA MILONA-ECONOMAKOU

PRESIDENT, GPMA

The UK has the highest proportion of companies preparing a major redundancy programme for full-time workers: 57 per cent. In Russia, the proportion is 40 per cent, in Austria and the Netherlands, it is 38 per cent, and in France and Spain, it is 37 per cent. In Germany, Europe's biggest economy, the proportion is 32 per cent. Among industries, the automotive, consumer goods and industrial goods sectors have the highest proportion of companies preparing radical cuts in their workforce: 46 per cent, 45 per cent and 44 per cent respectively. The UK has the highest proportion of companies preparing a major redundancy program for full-time workers: 57 per cent. In Russia, the proportion is 40 per cent, in Austria and the Netherlands, it is 38 per cent, and in France and Spain, it is 37 per cent. In Germany, Europe's biggest economy, the proportion is 32 per cent. Among industries, the automotive, consumer goods and industrial goods sectors have the highest proportion of companies preparing radical cuts in their workforce: 46 per cent, 45 per cent and 44 per cent respectively. But the report, "Creating People Advantage in Times of Crisis: How to Address HR Challenges in the Recession," indicates that this strategy, while understandable from a short-term cost-cutting perspective, could have a serious and long-term impact on the company. Employee commitment is a key indicator of a company's culture: how employees are treated in bad times will be remembered by them in good times. Given that demographic factors mean that Europe's companies will face shortages of skilled staff in the near future, it is something that business leaders should not ignore.

Rainer Strack, co-author of the report and a senior partner in BCG's Dusseldorf office, said that, when shedding jobs, companies should act with great care. "In the last recession, companies cut employees to save money only to discover that they then faced key shortages a few years later. Today, the recruitment challenges confronting companies are especially acute because the size of Europe's workforce is set to decline as a result of a 'double whammy' of factors: falling birth rates and the rising number of 'baby boomers' entering retirement." The report — part of a broader survey of 3,348 human resources and other executives from more than 30 European countries and more than 15 industries that will be unveiled later this year — features the responses of 883 executives on their companies' strategies in the current economic crisis and the lessons learned from the last crisis. These views, collated between November and January, have been supplemented by detailed face-to-face interviews with senior leaders of more than 90 major European companies, which were conducted between December and March. The findings show that some of the most popular actions that HR executives are planning to take during this crisis were not only a relatively ineffective corporate response during the last recession but were also damaging to the longterm health of the company's culture. The three most popular planned actions are cutting back on recruiting (identified by 69 per cent of

respondents), cutting back on company events (54 per cent) and cutting back on bonus payments tied to company performance (45 per cent). However, when compared to the average action, the second two were less effective and had an unfavorable impact on employee commitment during the last recession.

Another popular action in this crisis — cutting back on training — was also relatively ineffective, when compared to the average action. The action that had the most positive impact on employee commitment during the last recession — hiring high-performing employees of competitors — is one of the least popular of the actions (19 out of 22) in this crisis.

Rudolf Thurner, co-author of the report and president of the EAPM, said: "Companies should evaluate the strategies deployed by HR executives during the last recession. In this way, they can avoid making similar mistakes all over again."

The best practices of some of Europe's top companies - which were gathered during the interviews with board members and senior executives - have been used to develop a 12-point HR action plan to help companies reduce costs in a way that will not harm their prospects when the crisis comes to an end. Mr. Antoniadis said: "HR executives can play an important role in helping their companies address the very real

challenges that they face today and to prepare them for when the recovery eventually comes."

These include:

- Strategic Workforce Planning. Companies should build scenarios based on a precise understanding of their supply (influenced by retirement and other attrition rates) and demand (influenced by business strategy and productivity) needs. In this way, they can better redeploy their staff - rather than simply sacking them - and anticipate any future shortages of skilled workers.

Companies should engage with employees in an honest, direct and empathetic way and create excitement around the opportunities at a time when traditional motivators - such as pay increases and promotion - are not an option.

- Performance Management.

Companies should overhaul their performance management and rewards systems so that these better reflect long-term business goals and reinforce the company's values.

- Employee Engagement. Companies should engage with employees in an honest, direct and empathetic way and create excitement around the opportunities at a time when traditional motivators - such as pay increases and promotion - are not an option.

- Leadership Capabilities. Companies should equip their leaders with the very different set of skills needed to run a company struggling with cutbacks rather than growth opportunities.

- Change Management. Companies should ensure that, when restructuring or introducing reforms in the wake of the crisis, they have a sustained and rigorous program management and change agenda in place.

- Internal and External Communication. Companies should communicate with employees in a way that is more personal, more frequent and more trusting. Ms. Milona said: "Collectively, these six topics form a sweet spot for far-sighted companies that want to develop state-of-the-art people processes to tackle the challenges of these turbulent times."

About the Methodology of the Study

BCG and the EAPM conducted the Web survey in Europe from November 2008 to January 2009, receiving 3,348 responses from HR and other executives in 33 European countries; 883 of them answered questions about their HR practices in the recession. This survey was supplemented by interviews with more than 90 senior executives, which were conducted between December and March.

Companies should ensure that, when restructuring or introducing reforms in the wake of the crisis, they have a sustained and rigorous program management and change agenda in place.

About The Boston Consulting Group

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients in all sectors and regions to identify their highest-value opportunities, address their most critical challenges, and transform their businesses. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 66 offices in 38 countries. For more information, please visit www.bcg.com.

About The European Association for People Management

The EAPM and its national member organizations in 28 European countries - comprising not only members of the EU but also Norway, Switzerland, Russia and Turkey - are pursuing the goal of improving the quality of HR management, and developing and improving professional standards.

With its initiatives, conventions, surveys and dialog platforms, the EAPM is promoting professional exchange between HR experts.



Nebojsa Rako

«The organizations must focus in new “survival” strategies.»

Nebojsa Rako is the President of the Serbian Association of HR Professionals. Mr. Rako has discussed with People Matters, about the current economic crisis, her effects in Serbia and the challenges for HR management.

BY ALEXANDRA LEFOPOULOU

PEOPLEMATTERS: WHAT IS YOUR APPROACH ABOUT THE CURRENT ECONOMIC CRISIS AND HER EFFECTS IN YOUR COUNTRY’S BUSINESS ENVIRONMENT AND THE EMPLOYEES ALSO?

NEBOJSA RAKO: As professional Association, we are trying to mobilize the HR community in order to find ways to fight the economic crisis. Mainly, we are trying to persuade the community that at these hard times the best formula to fight this crisis is to find ways to save the organization and work places if possible. We, as Association, are much surer that the main aspects, in the coming period, are development of people and introduction of new organizational measures.

PEOPLEMATTERS: WHAT CAN BE THE CHALLENGES FOR HR MANAGEMENT, IN THE CURRENT TURBULENT FINANCIAL ENVIRONMENT?

NEBOJSA RAKO: In this period of financial crisis, the principal challenges, for HR departments, are to minimize the downsizing of the people and to save workplaces. Also, it’s important to focus on training and development to be available for employees, when the crisis is over, in order to contribute to the organization future economic and business growth.

PEOPLEMATTERS: CAN WE ARGUE THAT THIS ECONOMIC RECESSION REQUIRES NEW ORGANIZATIONAL MEASURES/ PRACTICES FOR

Nebojsa Rako

Nebojsa Rako is the President of the Association of HR Professionals in Serbia and member of the Board of Directors of AIESEC Serbia. He was born in Belgrade but he completed his primary and secondary education in India and Thailand. In Belgrade, he graduated from the Polytechnic of Tourism, in 1982.

Nebojsa started his career in foreign trade company Jugometal Belgrade as sales executive. Most of his career he spent abroad working with non-ferrous metals in London, Moscow and Bangkok. Apart from physical trading Nebojsa was also active in trading on the London Metal Exchange (LME).

For a short period he worked as a financial analyst commenting on Austrian web portals all happenings on the London and New York Stock Exchange.

As of 2008 Nebojsa moved into Human Resources, with Central European Aluminum Company. In the last seven years he has been very active in HR especially in Holcim with short trips in Soko Stark and Knjaz Milos.

His main domains of activities in HR were Change Management and Restructuring. He was very active also in implementing corporate values after the acquisition. One of his specialties is Occupational Health and Safety.

ORGANIZATIONS?

NEBOJSA RAKO: We definitely have to argue for new organizational measures namely we have to move into matrix organizations, even though they have their bad sides. The organizations must focus in new strategies mainly “survival” strategies. There is a need for centralization of top positions so that we can get operative management in this though times.

We need to minimize management’s conflicts and new functional distribution of job descriptions. Unfortunately, we also need to focus on the employees’ optimization and the development of new practices, in order to respond to these turbulent times.

PEOPLEMATTERS: HOW CAN HR MAXIMIZE THE STRENGTHS OF THE ORGANIZATION’S HUMAN CAPITAL DURING RECESSION?

NEBOJSA RAKO: HR is the backbone of the organization, in the good and the bad times. HR can propose new organizational forms and strategies. HR must be concentrated to save work places or to optimize these work places, for the benefit of survival. Above all HR has to develop new leaders who will take on the development of the organization once the crisis is over. Furthermore, HR has to be more active in the daily communication between the management team and the employees, thus transferring all relevant and important information in both ways.



Svetla Stoeva

«We must focus on the employee commitment along with the strategic workforce planning so as to ensure the well being of our organizations in the future.»

Svetla Stoeva is the President of Bulgarian Human Resources Management and Development Association (BHRMDA). In the occasion of HR FORUM 2009, in 2nd April, in Athens, she has discussed with People Matters, about the current economic crisis, her effects in Bulgaria and the challenges for HR management.

BY ALEXANDRA LEFOPOULOU

PEOPLEMATTERS: WHAT IS YOUR APPROACH ABOUT THE CURRENT ECONOMIC CRISIS AND HER EFFECTS IN YOUR COUNTRY'S BUSINESS ENVIRONMENT AND THE EMPLOYEES ALSO?

SVETLA STOEVA: 2009 turns out to be quite interesting and challenging for business in general. Tense economic situation all over the world, recession, unemployment rate going up, new challenges and a need for a new focus on People management techniques and standards drive HR Managers and specialists to become even more business partners for their organizations than ever. A recent survey conducted February 2009 among all

members of the Bulgarian HR Association (BHRMDA) shows the importance of the professional people management within companies which are experiencing the first signs of the upcoming recession. No one can say when the crisis will end, as it is not even started in Bulgaria, yet most of the answers in the survey say the recession is expected to last 2 and more years. What Bulgarian HR managers are facing right now is how to react in that situation. Most of us are dealing with direct ways of stopping bonuses, salary freezing and staff downsizing. What we have to pay attention in such times is the employee commitment along with the strategic workforce planning so as to ensure the well being of our organizations in the future.

PEOPLEMATTERS: WHAT CAN BE THE CHALLENGES FOR HR MANAGEMENT IN THE CURRENT TURBULENT FINANCIAL ENVIRONMENT?

SVETLA STOEVA: We shall not to ask the question 'What shall we do now?' but rather 'What are we going to do when the crisis ends?' We have to become better in our profession in Performance management, so as to ensure that the best people are doing what they are best in. We have to minimize the activities that require more short-term planning and work more on the level of business strategy and ways of company restructuring and employee engagement.

PEOPLEMATTERS: CAN WE ARGUE THAT THIS ECONOMIC RECESSION REQUIRES NEW

ORGANIZATIONAL MEASURES/ PRACTICES FOR ORGANIZATIONS?

SVETLA STOEVA: Correct and up-to-date administration of human capital, legal advising on workforce downsizing, optimization of costs - these are the short-term measures HRs are facing in the beginning of this year. Yet what is more important is to secure the smoothness transition within organizations irrespective of whether this is a bank or a factory from doing business in times of flourish to trying to do our bests to survive. Cutting down of training expenses for example is the most common measure taken by organizations not only in Bulgaria but all over the world as well, yet this is usually not the cleverest thing a company should do. Instead we have to concentrate on managing performance and labor flexibility. It is time to work and plan wisely as companies cannot survive without well-done human resources strategy in compliance with business strategy.

PEOPLE MATTERS: HOW CAN HR MAXIMIZE THE STRENGTHS OF THE ORGANIZATION'S HUMAN CAPITAL DURING RECESSION?

SVETLA STOEVA: The last couple of years were comfortable both for doing business and for working in Bulgaria. Now, as the situation is drastically changed new measures are required. HR should become the driving force for real leadership identification and management, internal and external communicator, company change management facilitator. Thus, a well-done strategy and well-designed process plan should help the organization to live through those turbulent times. It will also help the HR professionals to stand up for their business role within companies.

About BHRMDA:

Bulgarian Human Resources Management and Development Association (BHRMDA) is a nationally recognized organization of HR professionals in Bulgaria. Established in July 2000 at present the association has more than 650 individual and corporate members. BHRMDA's mission is to support and develop HR professionals through a wide network of forums and discussions; to promote HR profession and to comply with the highest HR world standards. BHRMDA is a member of the EAPM and the WFPMA.

Svetla Stoeva

Svetla Stoeva is President of the Bulgarian Human Resources Management and Development Association-BHRMDA. She has more than 14 years professional activity. She has worked for 5 years in United Parcel Service. From 2001 to 2005 she has been a Key Account and Sales Manager in JobTiger where she has been also engaged in different projects - elaboration, implementation and management of new products, planning and developing of new company activities. Since 2005 she is a partner in JobTiger and a member of the Board of Trustees of the Business Foundation for Education. Svetla is a member of the Bulgarian HRMD Association for 7 years and is elected President in March 2007.

Synopsis

A recent survey conducted February 2009 among all members of the Bulgarian HR Association (BHRMDA) shows the importance of the professional people management within companies which are experiencing the first signs of the upcoming recession. No one can say when the crisis will end, as it is not even started in Bulgaria, yet most of the answers in the survey say the recession is expected to last 2 and more years. Most of us are dealing with direct ways of stopping bonuses, salary freezing and staff downsizing. What we have to pay attention in such times is the employee commitment along with the strategic workforce planning so as to ensure the well being of our organizations in the future. HR should become the driving force for real leadership identification and management, internal and external communicator, company change management facilitator.



Yigit Oguz Duman

Yigit Oguz Duman is the President of PERYÖN the Personnel Management Association of Turkey and Vice President, Business Support of Tellcom gletigim Hiz. A.g. Yigit Oguz Duman a Human Resources professional, experienced mainly in production and telecom environment. Prior to joining Tellcom Communication Company, he was the HR Director of Kibar Group, which has more than 15 production and service companies mainly in Metal and Automotive Sectors. After 13 years of experience in this group, he decided to change his role as a business partner in a newly establishing company and joined to Tellcom. Tellcom is the main creative and young telecom operator of Turkey, which is building its own broadband infrastructure with fiber technology and serving premium communication services on this unique infrastructure. While studying as a business professional, he started working as a volunteer in PERYÖN, Personnel Management Association of Turkey in 1996. He became a board member in 2003 and he is the President of the Association in the last 4 years. Currently PERYÖN is organizing the second biggest annual HR Conferences in Europe and has more than 2.600 individual and 100 company members. PERYON is an active member of EAPM. Yigit is married and has two sweetie daughters.

Yigit Oguz Duman

«Human resources management is the differentiating management tool in today's global environment.»

Yigit Oguz Duman is the President of PERYÖN, the Personnel Management Association of Turkey and Vice President, Business Support of Tellcom gletigim Hiz. Mr. Duman has discussed with People Matters, about the current economic crisis, her effects in Turkey and the challenges for HR management.

BY ALEXANDRA LEFOPOULOU

PEOPLEMATTERS: WHAT IS YOUR APPROACH ABOUT THE CURRENT ECONOMIC CRISIS AND HER EFFECTS IN YOUR COUNTRY'S BUSINESS ENVIRONMENT AND THE EMPLOYEES ALSO?

YIGIT OGUZ DUMAN: It can't be a surprise that such a global crisis would affect Turkish economy also. Maybe with a short delay, according to US and European economies, but it started and had a deep effect in a short time. In the very first phase, government reflex was "it will not touch Turkey" and because of oncoming "municipality elections" they didn't choice to create a panic mode on the economy. But in the meantime, with motivational tax advantages especially in FMCG products, automotive and real estate, government tried to renovate the market demand and help to especially real and service sectors. These two areas are also the main economic areas which have the highest employment numbers. A crisis, which affects these areas, has unfortunately bad effect on employment also. 75% of total employment is in these sectors and after a

few month affect of crisis the total unemployment rates increased from 9,7% to 13,5%.

The Turkish economy was growing consistently with a 6% rate in average in last 7 years. After this crisis it will not continue to this success story and shrink with 2% in 2009 according to estimates of authorities. This also shows us that both the material and the moral effects of this situation will continue for one year at least.

PEOPLEMATTERS: WHAT CAN BE THE CHALLENGES FOR HR MANAGEMENT IN THE CURRENT TURBULENT FINANCIAL ENVIRONMENT?

YIGIT OGUZ DUMAN: In such financially stressed environment, companies must find ways to use their all resources more affective, more productive. Human resource is also an important one which we must carefully monitor and manage. Because it has some specific features according to money, machine, or the other ones. First of all, you cannot put a start/stop button on this resource. You really work on

it, invest on it and at the end if it is motivated you can use it. From this perspective, any kind of motivational problem will affect this interesting resource badly. In those days we read a lot of layoffs and other actions in the newspapers. In Turkey, we had periodic economic and financial crisis in every 4 or 5 years in the last 20 years and these crisis teaches us this rule, only; "you cannot manage the crisis during the crisis especially in HR issues". So, a really effective HR planning is very important not only for normal times' management issues but also for the crisis time's moral issues.

The main challenge in HR nowadays is to cope with the wrong decisions, wrongly employed numbers in the past. Of course, we cannot talk about to protect the number of human resource when the business itself is shrinking, but we must talk about to manage the motivation of people both leaving the company and staying in the company. Especially, after the crisis, companies will suffer a lot because of their bad records in layoffs and bad employee relations during the crisis.

PEOPLEMATTERS: CAN WE ARGUE THAT THIS ECONOMIC RECESSION REQUIRES NEW ORGANIZATIONAL MEASURES / PRACTICES FOR ORGANIZATIONS?

YIGIT OGUZ DUMAN: We can argue that with one perspective the main cause of this economic and financial crisis is Human Resource management failure. Especially non ethic financial decisions and actions created such a global disaster and will continue for a while unfortunately.

It is obvious that nothing will be the same after the crisis. Both the companies and the employees' perspective will be affected... So the organizational needs will be changed. So the HR metrics... Human resources professional must start to talk more financial, more business after all. This crisis will affect the global companies'

Synopsis

Actually, with motivational tax advantages especially in FMCG products, automotive and real estate, Turkish government tried to renovate the market demand and help to especially real and service sectors. These two areas are also the main economic areas which have the highest employment numbers. A crisis, which affects these areas, has unfortunately bad effect on employment also. 75% of total employment is in these sectors and after a few month affect of crisis the total unemployment rates increased from 9,7% to 13,5%. In Turkey, we had periodic economic and financial crisis in every 4 or 5 years in the last 20 years and these crisis teaches us this rule, only; "you cannot manage the crisis during the crisis especially in HR issues". A really effective HR planning is very important not only for normal times' management issues but also for the crisis time's moral issues. Human resources management is the differentiating management tool in today's global environment.

For a powerful retention plan HR management must be more focused on perfect performance management tools and carrier management issues. In a period, when all the cost items are crosschecked again and again, training activities with big budgets may be seen luxury for the company P/L but creating valuable development opportunities for valuable employees will guarantee a more powerful future.

Human Resources policies. They will deal more with local regulations and worldwide talent management issues.

PEOPLEMATTERS: HOW CAN HR MAXIMIZE THE STRENGTHS OF THE ORGANIZATION'S HUMAN CAPITAL DURING RECESSION?

YIGIT OGUZ DUMAN: Human resources management is the differentiating management tool in today's global environment. Since the other resources like money and technology are globally shared and well known, achievable, companies can only create value with their human resources against competition. So the management must be more focused on their talent and the critical human resource after this recession is over. Even, they have to care this critical resource during the crisis also. We all know that this critical and well educated talent

groups in our companies are the ones who can shift easily in cloudy times like today's environment. As a result, for a powerful retention plan HR management must be more focused on perfect performance management tools and carrier management issues. In a period, when all the cost items are crosschecked again and again, training activities with big budgets may be seen luxury for the company P/L but creating valuable development opportunities for valuable employees will guarantee a more powerful future.

Human resources departments also must use these days as an opportunity to develop their self with, more financials, more business cases, more real life experiences, more human touch and more global trends.