

This unit looks at the role of software in human resources decision-making.

BEFORE YOU READ

Discuss these questions.

- 1 If a company has to make employees redundant in your country, do you know of any laws and conditions which govern the way the company manages this process?
- 2 How do companies decide who to make redundant? Do they use any particular criteria?

READING**A Understanding the main points**

Read the article on the opposite page and say whether these statements are true (T) or false (F). Identify the part of the article that gives this information.

- 1 Companies use computer technology to decide who they should fire as much as they do to decide who to recruit these days.
- 2 It is better to leave decisions about which employees to make redundant to managers, who know their employees better.
- 3 E-firing software can save companies a great deal of time and money.
- 4 During a period of restructuring or downsizing, a company can easily lose key staff if it doesn't take steps to identify them and ensure that they will stay with the company.
- 5 E-firing software can be combined with a number of other web applications to make the redundancy selection process more effective.
- 6 One of the ways of deciding which employees should go is to first work out which employees you should keep.
- 7 Mergers between companies which have thought about which employees they should keep early on in the process have been more successful than those which haven't.

B Understanding details

Read the article again and answer these questions.

- 1 When two companies merge, what is one of the main ways in which they can save money in the future?
- 2 Which two main business objectives does this type of software help businesses to align?
- 3 In which three situations can e-firing software be useful?
- 4 What length of delay in making employees redundant can result in losing over 25% of the desired cost savings of a merger?
- 5 Which other software applications does e-firing software link with?
- 6 If a company fires too many of a particular group of employees, what two possible resulting problems does the article mention?

Computer says: 'You're fired'

by Joia Shillingford

A While many companies have adopted e-recruitment techniques – for example posting jobs on the web – the benefits of e-firing are known to fewer businesses. The practice may sound very unpleasant, but – as many who have worked in a shrinking organisation might agree – software could hardly do a worse job than some managers.

B E-firing software is particularly helpful to managements in the event of a merger or acquisition (M&A), where part of the logic of the deal is that the combined businesses will need fewer staff.

C By using software, the process can be speeded up so that the best staff do not leave while uncertainty hangs over the business. To illustrate, a one-month delay in working out which jobs to cut could reduce expected cost savings of \$500m a year by more than \$150m.

D But delays are common because of the difficulty and emotion involved in deciding who should stay and who should go. That is why human-resources software is increasingly being used to help businesses align financial and organisational objectives in situations in which they need to get rid of employees. These include mergers and acquisitions, redeployments, reductions and ordinary terminations. By linking to other business applications, such as payroll and the human-resources database, this type of software can put all the important data in one place for senior managers to analyse.

E Samantha Hanson, Vice-President of Human Resources at Vurv, a company which produces this type of software, says: 'Before we introduced this soft-



ware, every time I went through a restructuring process, the Chief Financial Officer had his or her spreadsheets, human resources had theirs and the legal department were looking at another one! Moreover, when the Chief Executive changed the amount of money he wanted to save, the figures had to be calculated again, and it was very difficult to get all the spreadsheets to match up.'

F But this type of software enables merger candidates to set up a hypothetical event, such as a merger or acquisition, and a goal, such as how much they want to reduce the headcount by. Or what skills they want to end up with in the combined business. You can look at your workforce in a variety of ways including: performance, pay, age, geography or business unit.

G Equally, you can look at a combination of factors, such as sales by business unit, length of service or the success of applicants hired by one particular recruiter. In this way, you can see very

quickly what it will cost to close a whole unit and if it will disproportionately affect a group of employees such as women or ethnic minorities, which could lead to legal cases or an unbalanced workforce.

H However, this type of software does not simply deal with reducing the headcount; it also helps to identify top performers or employees suitable for retraining. In a recent study of 40 M&A deals, it was found that in 15 deals classified as 'successful', nearly every company which took over a business identified key employees for retention during due diligence (the process by which companies verify that the intended purchase is viable) or within 30 days of the announcement. In marked contrast, this only happened in one third of the 'unsuccessful' deals.

FT

VOCABULARY

A Word search

Find words or phrases in the article which fit these meanings.

- 1 the opposite of e-recruitment (paragraph A)
e-f.....
- 2 getting smaller or downsizing (paragraph A)
s.....
- 3 computer programmes that can show rows of figures and perform calculations with them (paragraph E)
s.....
- 4 the total number of employees a company employs (paragraph F)
h.....
- 5 small groups of people who have a different country of origin or culture from most of the employees (paragraph G)
e..... m.....
- 6 particularly strong and talented employees (paragraph H)
t..... p.....
- 7 when a company which is thinking about buying another company looks carefully at this company's accounts to check that the purchase is financially and legally viable, as it must do by law (paragraph H)
d..... d.....

B Definitions

Match these words and phrases from the article which describe situations when e-firing software can be useful (1–4) with their meanings (a–d).

- | | |
|----------------------------|---|
| 1 mergers and acquisitions | a) when an individual employee leaves the company |
| 2 redeployment | b) when employees are moved from one department to another due to a company reorganisation |
| 3 downsizing | c) when two companies join together, usually when one takes over the other and has the controlling interest |
| 4 ordinary job termination | d) when a company reduces its workforce in order to save costs, often during an economic downturn |

C Word partnerships

Match these phrases to make word partnerships from the article which describe actions performed by companies and human resources departments.

- | | |
|----------------------|----------------------------------|
| 1 to post jobs | a) and organisational objectives |
| 2 to align financial | b) top performers |
| 3 to get rid | c) on the web |
| 4 to go through | d) the headcount |
| 5 to reduce | e) a restructuring process |
| 6 to identify | f) of employees |

D Word families

Complete the chart.

noun	verb
..... ¹	to merge
..... ²	to acquire
redeployment ³
..... ⁴	to reduce
termination ⁵
..... ⁶	to retain
downsizing ⁷

E Sentence completion

Use words and phrases from Exercises A–D in the correct form to complete these sentences.

- When two companies to form one large company, unfortunately for some of the employees, the new company often
- The management have to decide which employees they should and which they should fire.
- It is important for them not to lose their , otherwise they will lose the best skills and experience in the business.
- In some cases, therefore, it is better to good employees to other departments than to their employment with the company.
- The managers can use software, which can be combined with a number of human resources web applications and can bring together the of various departments so that the decision-making process is simpler and faster.
- In this way, when a company goes through a process, and reduces its , it can its organisational and financial objectives effectively.

OVER TO YOU

- What is your impression of the software described in the article? Is it a sinister application of modern technology or a necessary innovation of modern society?
- Do you think such software can really be effective? Do spreadsheets know more about a company's employees than its managers? Think about very large and very small companies.