

## **Reducing Costs While Saving Jobs** **By Ryan Coles**

We are being faced with a difficult economic period where many organizations are faced with the task of reducing costs in order to remain feasible. For many employers, this means reducing inefficiencies and reducing staff. This being said, it is important for employers to know their options and look for the least intrusive methods with the minimal impact on their human capital in order to maintain morale and productivity during these tumultuous times. With this in mind, the list below outlines the options available to organizations looking to reduce costs, starting with the least intrusive and ending with the “worst case” scenario:

### **1. Improve Administrative Efficiencies**

This means reducing or eliminating any inefficiency in current practices in order to reduce costs. This can include anything from reducing paper use to revamping job tasks to improve productivity.

### **2. Voluntary Retirement/Exit Opportunity**

This is a voluntary process in which employees are afforded the opportunity to take advantage of an early retirement package or an enhanced severance package. These packages would have to be greater than what is outlined in the *Employment Standards Act (ESA)* as is meant to make such options attractive to potential takers within the existing workforce.

### **3. Provide Opportunity for Employee to Take LOA or Sabbatical**

Provide employees the opportunity to take unpaid leaves of absence or sabbaticals for extended period of time. This is a voluntary process that would allow employees the opportunity to pursue personal projects, extended vacations, education, etc with some level of job security protection.

### **4. Job Sharing**

Provide employees with the opportunity to share their current job with another employee by splitting the work week or work day. This is voluntary and would allow employees to work less hours at their current position. Generally, this type of work arrangement involves the splitting of one full-time position into two (2) part-time positions.

### **5. Work Sharing**

A program that requires approval from the HRDC where employees share a position (in a similar fashion to Job Sharing) and a portion of their lost wages is compensated for through Employment Insurance (EI) benefits. This is not a voluntary process.

## **6. Across the Board Reduction of Wages and/or Benefits**

This option involves the reduction of wages and/or benefits across the board in order to reduce costs. Reduction of benefits can include the reduction of perks or reducing items such as mileage or car allowances. This requires the organization to provide the employees with proper notice of changes and it is best to develop a strong communication strategy to reduce resistance. In a unionized environment, the above would require negotiations with the union. Exposure to constructive dismissal challenge is a risk in undertaking this process.

## **7. Shrinking the Work Day**

Reducing the hours in a work day and therefore reducing total hours worked by employees and total cumulative wages paid out. Again, this requires the organization to provide the employees with proper notice of changes and is best served with a strong communication strategy. Also, this will require negotiations with the union in a unionized workplace. The risk of constructive dismissal may be a consideration in pursuing this arrangement.

## **8. Temporary Layoffs**

This means temporarily laying off staff for up to 13 weeks in order to reduce costs. Temporary layoffs require no notice, although providing a notice and communicating plans to staff will reduce resistance and potential employee morale issues. Reducing the work week for a certain period of time would also fall under temporary layoffs.

## **9. Workforce Reduction Program**

A program that requires HRDC approval where employees can voluntarily accept an offer to leave employment in order to preserve the employment of a co-worker who would have otherwise been terminated in the course of the workforce reduction program. The employee who voluntarily leaves would then qualify for EI benefits as per section 51 of regulations of the *Employment Insurance Act*.

## **10. Layoff (Permanent)/Termination**

This is the last resort option where employees are subject to permanent layoffs or are terminated without just cause in order to reduce overall payroll costs. A notice of layoff or termination is required.

It is important for any employer to keep in mind that with all these options, communication is of paramount importance in order to reduce and hopefully deal with resistance amongst staff. The goal is to include staff in the decision-making process with the hopes that they will volunteer for one of the cost reduction measures above in order to save their employment and/or the employment of their fellow co-workers. Organizations need to continue to communicate the need to reduce costs during these hard economic times, and by involving employees, there is greater opportunity to come up with creative solutions that could ultimately save more jobs.