

Meltdown could effect change in major legacy systems: Dr Biswas

'Cause for worry, not despair, crisis not permanent'

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KUWAIT CITY, March 26: On March 26, Ernst & Young's Human Capital Team organized the first ever industry wide meet for senior business and HR executives at their Middle East Advisory Knowledge Center at 9 am. Designed exclusively for key Ernst & Young clients from K Companies, telecom, family groups, investment houses, airlines, manufacturing and banking sectors the subject for the interactive session was 'Compensation Considerations in Challenging Financial Climates'. The guest speaker for the session was Dr Bashker Biswas, senior HR advisor for Zain Group, Bahrain.

The Principal of The Biswas Group Inc, an HR Consultancy firm in California and adjunct Professor of Human Resource Management at California State University, Dr Biswas has a formidable 35 years of experience in Human Resource Management with specialized focus on Total Rewards.

On Thursday morning he spoke about future global employment picture, ways to tie HR Planning into Compensation Planning, suggested costing and cost-reduction measures for Compensation Programming and practical and efficient Compensation Programs that will work in today's challenging times.

The meet which was attended by over 30 senior executives provided an excellent opportunity to major corporate players of Kuwait to jointly discuss compensation strategies in times of economic downturn.

As the world moves through demanding times appropriate executive compensation package has become a matter of global concern with good governance becoming the key factor in overseeing and monitor-



One of the speakers airs his views at the meeting.

ing such programs with an eye on keeping them reasonable and fair.

The financial landscape continues to change along with compensation with an eye to tightening purse strings in trying times and in extreme situations leading to lay offs. In the current business environment it becomes increasingly difficult to support executive compensation programs that reward success and retain outstanding talent.

During the morning's session on the 21st floor of Baitak Tower, Ernst & Young attempted to address some of the issues with the help of their facilitator Dr Bashker Biswas.

Session

Opening the session, Waleed Al Osaimi, Office Managing Partner for Ernst & Young Kuwait stressed the importance of managing people cost through effective compensation strategies and upheld E&Y's commitment to hold such knowledge sharing sessions on a regular basis for the benefit of industry in Kuwait.

The moderator for the session was Faisal Haddad, Partner, E&Y Advisory Services in Kuwait. An MBA from London Business School, Haddad has over 20 years of consulting experience in a range of Business Transformation projects in Oil and Gas, Financial services and diversified business industries in Kuwait and the region.

In his introduction, Haddad mentioned

that Ernst & Young was closely monitoring trends in local and international markets to share with the clients effective approaches to deal with today's situation. "We are closely watching trends around the world and are trying to share some of our knowledge with you."

"What we find at this time is several organizations in different states of distress." He went on to note that the situation needs to be assessed with the clear understanding that the current crisis was not a permanent one. He added on a positive note, "The good news is that this region is not as badly affected as the West but there is some pressure that we have to do something." The issue, he said, was how to cut costs without cutting jobs, a thought later echoed by the speaker Dr Biswas.

"The message I have is one of optimism," said the author of several articles, who has taught the art and science of Human Resource Management at several American universities.

This is the time, he said to be optimistic and not pessimistic urging the gathering to explore available opportunities to show future benefits.

Taking his audience through some global employment trends, Dr Biswas highlighted the importance of human resource planning during these times. "There is a fallacy," he said, "that you achieve saving

by head count reduction."

He spoke of paradigm shift in compensation strategies which could be effectively implemented during these times. "This is the time of complete system overhaul."

"The world is going to see major legacy systems being changed because the systems have created some of these problems." There is cause for worry but not of despair, urged Dr Biswas.

People, he said, will be more involved in self employment, with stress shifting from jobs to projects, key skills remaining in high demand, jobs in hidden market, better risk distribution and growth in new technologies.

Changes

Dr Bashker Biswas also advocated the use of several different concepts like removing the system of grades in an organization and compensation based on direct market pricing, moving from individual to team contribution and urged companies in Middle East to respond positively to changes taking place elsewhere in the world.

He laid stress on a knowledge based system which follows the approach of low fixed salaries balanced with high incentives when objectives are met thereby increasing productivity. "This is the time more than ever for proper human resource planning and cost planning."

"It is easy to cut jobs but difficult to be creative." Lay offs, he suggested, should be the last recourse and if carried out should be done at one shot. "Sporadic layoffs can destroy companies," he warned. "don't think money can be saved by laying off people. Lay offs have immediate effect but no major long term impact." He urged the human resource departments to be better integrated into the organizational system thereby becoming business partners.

The stress, he said was on the need to change corporate mindset, think out of the box and navigate the organization through difficult and uncertain times. After all in today's market it is people who make the difference between success and failure and getting the right people in the right place what gives organizations competitive advantage.

The morning's session ended with an interactive discussion with executive sharing their company specific experience offering suggestions thus giving further food for thought.