Increased staff retention and outsourcing likely outcomes of credit crunch

Whether we are in a crunch, a downturn, a correction or a full-blown recession, the voluntary sector is likely to be impacted in several ways by the current financial situation. And like the other sectors, there will be some positives to be picked from amongst what will be a generally adverse environment.

Increased fuel prices will hit charities' expenditure, and voluntary income growth will inevitably stall. But before reaching for the budgets and planning redundancies, charities should take comfort in a few areas that should help the sector ride out the situation considerably better than commerce.

And it's our ability to understand the people that work for us that will put us on a better footing. Analysts agree that the public in general will tighten their belts, scale down their aspirations, and stay where they are – all of which is good news in an area that charities are already traditionally excellent at – staff retention.

With salary levels in the third sector already considerably lower than the other two, charities have long since learned that keeping staff is crucial. And with a range of assets to offer – from flexible and home working, to creative structures of management, to packages that include childcare allowances, salary sacrifice schemes and job-sharing arrangements – charities have already excelled in this area. As people increasingly decide not to chase the next move up the career ladder in favour of counting their blessings where they are, charities will start to see a real return on their person-centered employment policies.

This means reduced costs of recruiting and employing replacement staff, increased continuity in service delivery and management, and better job satisfaction all round.

Even when recruitment is necessary, charities will find that they are now fishing in a bigger skill pool as the labour market swells with many thousands of potential new recruits with transferrable skills. As the major industries affected by the "crunch" start to downsize to protect their profit base, redundancies are inevitable, indeed they are already happening. And for the voluntary sector, this may just bring a new pool of potential recruits who would be delighted to join our ranks.

As a recruiter for charities, I have been very aware of increasing numbers of people, particularly from public service industries, who are looking to join the ranks of the voluntary sector. For some, it's based on the misguided notion of an easy life in what they see as an "amateur" environment; but many are highly skilled, appropriately motivated, and ready to take a pay cut to work for a charity after years of taking the corporate coin. And as the current crisis means likely layoffs in Scotland's massive and highly skilled financial sector, these possible new recruits

may well be able to bring top class communication, marketing, IT, administration and financial skills with them – and aren't they much needed in charities!

Finally I think that some charities will turn to outsourcing to alleviate the costs of a high headcount, and decide not to replace staff on a like for like basis. Areas such as IT, HR, marketing and fundraising in particular lend themselves to being provided by external agencies, consultants and interim managers – allowing charities to keep costs down, maintain flexibility and increase the level of expertise at their disposal. This option is at least a worth considering until the financial situation picks back up again – and it will.

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