

# Cost effectiveness and commitment



Human resource managers in organizations have various tasks to carry out in an organization. One of the tasks is carrying out cost effectiveness in an organization. They also have the responsibility of ensuring that there is commitment both at the individual level and organizational level. Carrying out cost effectiveness in an organization has got its own effects both positive and negative. Human resource managers need to ensure that the consequences of cost effectiveness and commitment are reconcilable. In each and every organization, there is normally the pressure of reducing costs so that profits are maximized.

As human resource managers develop a cost reduction strategy, it is important that there be some reconciliation with the commitment in the organization. Before looking at the extent that consequences of cost effectiveness and commitment reconcile one has to have the broader picture of the effects of reducing costs within an organization. (Condrey, 1998) Cost reduction or cost effectiveness can be carried out through various means. One of them is through minimizing the number of employees within the organization.

There are some cases where human resource managers are compelled to carry out retrenchment of some employees in order to minimize costs. This means that the few employees that remain in the organization have to carry out multitasking. Cost effectiveness in an organization can also be implemented by reducing employee's bonuses and allowances. This includes scraping off of medical allowances from employees' salaries. The other way that cost effectiveness is carried out by human resource managers is

through introducing of technology. This includes having computers and internet in an organization.

Instead of having messengers in an organization, use of emails is incorporated. This is very cost effective. Human resource managers also increase employees' working hours so that there is more productivity in an organization. All these ventures carried out with the motive of enhancing cost effectiveness have got various consequences to an organization. For instance when retrenchment is carried out, there is a likelihood that the remaining employees will do their best at work. When salaries are reduced and also allowances and bonuses reduced, this can greatly de-motivate employees. (Maud, 2001)

Research indicates that it is a very tricky venture to incorporate cost effective practices like the ones that are listed above without affecting or compromising the organization's growth potential by having employees being less committed. While carrying out cost effectiveness in an organization is a venture of trimming the fat, human resource managers have to be very careful such that they do not cut into the bone too. This simply means that everything carried out within an organization to help minimize costs has to be very well planned and the consequences of the same well evaluated.

Many human resource managers just carry out cost effectiveness without having any buy in from the employees in the organization. Even as this venture is carried out, there is the need of identifying the core competencies in relation to improving the entire efficacy within the organization. Outsourcing is also one of the consequences or the outcomes of cost

effectiveness. This has got adverse effects on the general commitment of employees. Employees can feel that they are not that important or rather qualified to carry out the tasks within the organization.

That is why it is important that consequences of carrying out cost effectiveness within an organization be clearly evaluated such that they do not have such adverse effects on employees' commitment. (Wintermantel, 1997) There are various steps that can be taken by human resource managers in the motive of implementing cost effectiveness. This includes contracting out some of the business in the organization that is not very core in nature. One has to understand the consequences of these ventures can affect the company's relationship with customers such that they change focus and become less committed to the company's products or services.

In this case, whatever step that is taken has to be done with great caution and after very extensive consultation such that an equilibrium state can be reached. This is whereby there is cost effectiveness and yet the organization continues to experience growth. The extent to which the consequences of cost effectiveness and commitment can reach a reconcilable state is ensuring that proper planning is carried out. Cost effectiveness as many scholars say is not rocket science. It is said that anyone can actually carry out cost cutting in an organization, but very few do it well such that the organization suffers a great deal.

For the consequences of cost effectiveness and commitment to reconcile the whole process has to be carried out very efficiently and effectively. The following considerations have to be put in place. • One has to remember that money is not everything • Change has to be carried carefully When costs

in an organization are cut, there is great realignment that occurs in an organization. Cost effectiveness sometimes means elimination of departments, people, customers, research and development projects and even initiatives.

This affects the Company's activities and therefore human resource managers need to know that it is not just an issue of what or who to eliminate. Rather it is an issue with adequate preparation for the same, anticipation and consequences of the changes that help in overall determination of the success within an organization. The extent to which the desired consequences of cost effectiveness and commitment can merge is just having an initial focus in the whole venture. The human resource manager has to clearly ascertain that the desired change in cost effectiveness in the organization is actually very necessary • How the success will be measured

- The areas that have priorities be clearly defined • How the consequences of cost effectiveness will be managed

The other way through which the consequences of cost effectiveness and commitment can be merged is through building of local support within the organization and also simple listening to the local voices within the organization. It is said that good listeners are quite hard to find. This is where there is picking up of messages that are conveyed through gestures, expressions silence and behavioural cues.

This is quite important when carrying out cost effectiveness in an organization. Carrying out cost effectiveness in an organization is known to be a very difficult task. This is the case especially when employees or team

members speak different languages and come from different cultures. For instance in multilingual environments, problems are bound to occur in relation to intent and meaning of speech. Human resource managers have the hard task when carrying out cost effectiveness such that not only people from a certain tribe have to be laid off.

This has got its own effects on the commitment of employees that remain in the organization. Human resource management consequences of commitment and cost effectiveness are only reconcilable when various measures are put in place. This includes empowering employees in the organization to develop solutions which can be owned locally. Human resource managers need to set the vision and then have the team coached. This allows the local stakeholders to own the whole process of ensuring cost effectiveness. This makes employees be held to their commitment.

Cost effectiveness change can only be effective or successful when the projects have people who are empowered in control and planning of the whole process. (Thomson, 2003) Commitment can be build to ensure success among employees, vendors, customers, local managers and partners. It is good that goodcommunicationnetworks be carried out so that so that commitment of the stakeholders within the organization is enhanced. Human resource managers have to clearly understand that success within an organization is not just in monetary values. It is also through commitment of stakeholders within the organization too. Wintermantel, 1997)

Top human resource manager in an organization has to demonstrate simultaneously the commitment to listening, cost reduction and listening from employees and other stakeholders within the organization. One of the

critical tools is having effective communication. This helps a great deal to maintain the commitment of employees within the organization even if ventures of cutting costs are implemented. Cost reduction is known to be a matter of survival for very many organizations. While there can be consensus on this issue, the challenge normally lies in delivering the whole process of cost reduction. Conclusion

The desired human resource management consequences of commitment and cost effectiveness are reconcilable. This is when proper measures are considered when implementing cost effectiveness within the organization. Communication is a very important factor that has to be considered when carrying out cost effectiveness. Proper communication has to be carried out to the various stakeholders within the organization like customers, vendors and employees. Change even if it is in line with cost effectiveness has to be carried out carefully. Human resource managers need to know that success in an organization is not just in monetary terms only.