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Human.Net



Issue 32 –September 2012

Keeping you up to date with the latest news on Human Resource issues and developments as well as Association news.

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Interesting Quotes

“Today, our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change.”

— Martin Luther King Jr.

1. Welcome Note from the Editor

Dear Readers,

We hope you enjoyed the summer, recharged your batteries and are now ready for some work!

The words of the great Martin Luther King remind us that although the economic downturn has affected us all, one way or another, it's very important to keep your optimism and seek for the opportunities in these 'difficult' times. Some of us might relate to the feeling of 'uncertainty' within the workplace, as HR professionals we must be aware of the impact of such feelings on employee morale and on the way this psychological state can affect one's work, and in the long term, the business. Following the suggested Bright Ideas for 'rewarding successful team performance' may prove highly valuable in addressing feelings of uncertainty and the resulting demotivation..

We all know that a large number of successful individuals and businesses failed more than once before they achieved success proving yet again that mistakes are valuable lessons. To help you in this journey of turning unexpected results into success we have reviewed the book by Tim Harford which provides useful information on how to turn a failure into a success, in a fast paced changing environment.

Enjoy reading this issue of HumanNet!

Olympia Fantis

2. Bright Idea

Rewarding Successful Team Performance

It is common to have self-directed or autonomous teams in our workplace. Such autonomous teams have the potential of being productive and effective. Often we praise their valued work, but some come to think of their effectiveness as a given, almost as if it is their responsibility to being successful. Many employers reward successful performance, while others do not. Here are things to consider when rewarding successful team performance as recommended by the American Management Association (AMA).

- **Reward successful performance soon after the accomplishment.** Do not wait for an End-of- year evaluation. Reinforcing their success with a valued reward will impact greatly the team's future actions.
- **Be specific about what you are rewarding.** Let the workgroup know what accomplishments you are rewarding them for. Generalized compliments like "Good Job" do not convey feedback or useful information, on what made their efforts successful.
- **Be consistent.** When you get desirable results from your team recognize the team's success. Never take for granted that the team knows how great management's appreciation is.

Today's Bright Idea was adopted from Quick, T.L. (1992). Successful team building. New York, NY:AMACOM



3. HR in Black & White

The subsequent article draws information from Eurostat and the Statistical Service of Cyprus. The article begins with a short examination of key labour facts resulting from the broader EU environment and then focuses on the particular context of Cyprus to highlight main employment and unemployment figures.

Zoom Out: EU Focus

According to Eurostat, 25.112 million men and women in the EU-27 (i.e. including all Member States) were unemployed in June 2012 (a percentage of 10.4%). Compared with May 2012, this number increased by 127 000 and going back to the figures of June 2011, unemployment rose by 2 165 000 (in June 2011 unemployment rate was 9.5%). Among the Member States, the lowest unemployment rates were recorded in Austria (4.5 %), the Netherlands (5.1 %), Germany and Luxembourg (both 5.4 %), and the highest rates in Spain (24.8 %) and Greece (22.5 %).

Compared with a year ago, the unemployment rate fell in seven Member States, increased in nineteen, and remained steady in Sweden. The largest drops were observed in Estonia (13.6 % to 10.9 % between the first quarters of 2011 and 2012), Latvia (17.1 % to 15.3 % between the first quarters of 2011 and 2012) and Lithuania (15.4 % to 13.7 %). The highest increases were recorded in Greece (16.2 % to 22.5 % between April 2011 and April 2012), Spain (21.2 % to 24.8 %) and Cyprus (7.6 % to 10.5 %).

Among others, one of the most worrying observations, according to Eurostat, is that “youth employment rates” are generally much higher than unemployment rates for all ages’. Specifically, in June 2012, 5.472 million young people (under 25) were unemployed (a rate of 22.6%). Compared with June 2011, youth unemployment increased by 227 000 (unemployment rate during June 2011 was 21.2 %).

Zoom In: Cyprus Focus

According to the latest results of the Labour Force Survey in Cyprus, for the 1st quarter of 2012, the number of employed persons amounted to 386.1 thousand and the number of unemployed persons to 48.2 thousand.

The survey shows that the unemployment rate amounted to 11.1% of the labour force recording an increase from the previous quarter of 2011, 8.9% as well as from the corresponding quarter of 2011, 7.5%. The unemployment rate for young persons aged 15-24 amounted to 26.7% of the labour force of the same age group recording an increase from the previous quarter of 2011, 20.7%.

The unemployed persons, registered at the District Labour Offices on the last day of July 2012, reached 36.452 persons. According to the seasonally adjusted data that shows the trend of unemployment, the number of registered unemployed for July 2012 increased to 37.253 persons compared to 35.780 in the previous month.

In comparison with July 2011, an increase of 9.138 persons or 33.5% was recorded which was mainly observed in the sectors of construction (an increase of 1.964 unemployed persons), trade (an increase of 1.907), manufacturing (an increase of 1.259), public administration (an increase of 902), accommodation and food service activities (an increase of 680), as well as to newcomers in the labour market where an increase of 544 unemployed persons was recorded.

Certainly, these figures greatly worry the current and future EU & Cypriot labour force and the question that troubles everyone is whether this situation reached its peak, or if the worst is still ahead us? Survey data presented in a recent CY newspaper issue (Politis 2012, issue 4831) show that EU; and particularly Cypriot citizens are pessimistic about the forthcoming future regarding employment issues. In particular, 40% of the participants believe that in the next 12 months the unemployment rates will increase in their country. Regarding Cyprus, almost 6 out of 10 (58%) state their concerns that the future of employment in Cyprus is not so positive. Greater pessimism is expressed by citizens in Greece (3 out of 4); Portugal; Cyprus and Slovenia; whereas citizens from Latvia; Denmark and Estonia appear to be less pessimistic.

Cyprus EU Presidency

As from 1st July Cyprus took over the European Union Presidency for a period of six months. Cyprus is facing a great challenge and a historic opportunity to contribute towards the aims of the EU. One of the main tasks of Cyprus Presidency is to bridge the gap between vested interests in Europe on a Budget that will fuel growth and jobs over the next years which will result in prosperity and employment opportunities for all EU citizens.

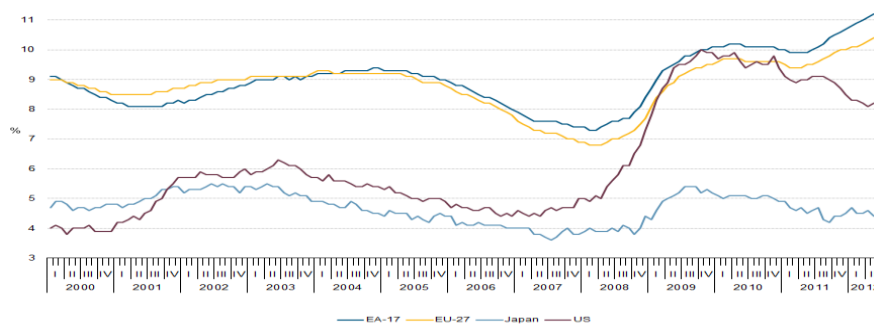
Troika visit to Cyprus

As a consequence of Cyprus Government application to secure an EU bailout, Troika Delegation (representing European Commission, European Central Bank and International Monetary Fund) visited Cyprus for a fact finding mission focused in three main areas, namely public finances, structural issues and the banking sector. Discussions were held on the recapitalization needs of financial sectors, HR issues such as COLA, pension schemes, and wage bills. Discussions were held also on state-owned enterprises, tourism, taxation, co-operative banks etc. We are now waiting for the next visit of Troika in September – October in order to finalize the remedy package to curb expenditure and raise revenues.

Closure of Businesses due to crisis

The ongoing financial crisis forced more businesses particularly small and medium sized enterprises to close their doors and declare bankruptcy contributing to the growing number of unemployed people. According to the General Secretary of ΠΙΟΒΕΚ about 20% of SME’s all over Cyprus have closed. It must be reminded that above 90% of businesses in Cyprus belong to the category of Small-Medium Enterprises (SME’s).

Figure: Unemployment rates EU-27, EA-17, US and Japan, seasonally adjusted, January 2000 - June 2012



Source: Eurostat / Unemployment Statistics



4. HR On Screen



“In Good Company” is a 2004 film written and directed by Paul Weitz. The film stars Dennis Quaid, Topher Grace, Scarlett Johansson and Marg Helgenberger.

In this alternately funny and poignant comedy drama, Dan Foreman (Dennis Quaid) a middle-aged family man finds a less experienced (Topher Grace) 26 year old, usurping his professional life and worming his way into his family.

Dan Foreman has spent 20 years as the head of advertising sales for "Sports America," a leading athletics magazine. While he is ready to enjoy the fruits of his well-earned midlife security, Dan's comfortable life is given a major shake-up when a massive, Orwellian conglomerate, Globecom, buys Waterman Publishing, the owner of *Sports America*, and replaces senior executives with its own people. To this end, Management hands the plum position of head of advertising to 26-year-old Carter Duryea (Topher Grace), demoting the 20-year veteran (Dennis Quaid). On top of his demotion, Dan is suddenly faced with his wife's unplanned pregnancy and his elder daughter's decision to attend New York University, taxing the family's finances. Dan's wounded ego makes working with the arrogant Carter an uphill battle, but his is no position to quit with all his financial obligations.

Throughout the film we are able to identify two professionals, each of them strong in their own way. Carter is the young high flier who has the energy, stamina and creativity to bring changes to the firm and who talks a good game about sales but obviously has no practical experience in the field. On the other hand, Dan is the mature specialist who has developed his expertise through years of experience and hard work. He is respected by his team, a respect that Carter finds difficult to achieve at first.

The film portrays a pragmatic picture of the current situation we are experiencing in various markets and industries here in Cyprus but also across Europe. As a result of the world economic crisis, we observe various corporate changes, mergers, acquisitions, while some companies are even closing down. While companies try to survive or increase their profits, through decisions regarding human capital that are driven

primarily by cost savings, the film reminds us now more than ever corporate decisions, should always take into consideration the fact that people are the core contributors to the success or failure of every company.

The company in the film is a true example of how a traditionally successful firm is run; with a strong corporate culture that has been developed over the years reflecting the years of experience, knowledge and expertise that it has accumulated through the commitment, loyalty and drive of people who have worked hard and contributed to the growth of the firm. Sound familiar?

Well just like in reality so also in the film management decide to dismiss a significant number of these seasoned highly effective and committed employees, silently but clearly sending out the message that “no one is irreplaceable”, which naturally results in the disturbance of the internal balances within the organization and severe drop in employee morale. Once again a very familiar picture for us HR professionals, a reminder that the unique nature of human capital, requires vigilant and proficient consideration and management, especially during times of change.

Although changes are healthy and company progression is mandatory in a competitive environment, while making these changes happen, special attention should be given to all those success factors which helped the company achieve impressive results in the past. In this case, the magazine was successful due to the quality of its contents, the relationship which was built with the clients (advertisers) and the attention that was paid to the end customer (readers), all key success factors that are directly related to the human element. The new leadership failed to understand and take this into consideration and as a result it had to abandon all subsequent acquiring decisions.

The movie proves what all good HR professionals inherently understand...Successful change cannot happen overnight. It is a long term process and one which requires investment of resources, outstanding leadership practices and a clear strategy. However, all great journeys begin with a single step and in the case of change that step must entail the commitment of the leadership to support and sustain the organization's legacy and to achieve change through the inclusion of its human capital in the change process!

Contributed by Anna Mylona



5. Book Review

Why
Success
Always
Starts with
Failure
↓
Adapt
Tim
Harford

Adapt: Why Success Always Starts with Failure

ISBN: 978-0374100964

Author: Tim Harford

Publisher: New York, Farrar, Straus and Giroux

Published: 2011

In this groundbreaking book, Harford challenges everything we know about solving problems. The book illustrates how we often search to find solutions in new strategies and it argues that it “*is impossible to know in advance what the correct strategy will be.*” Harford shows how we can solve complex problems by adapting. He urges us to make effective use of failures rather than trying to design the perfect plan.

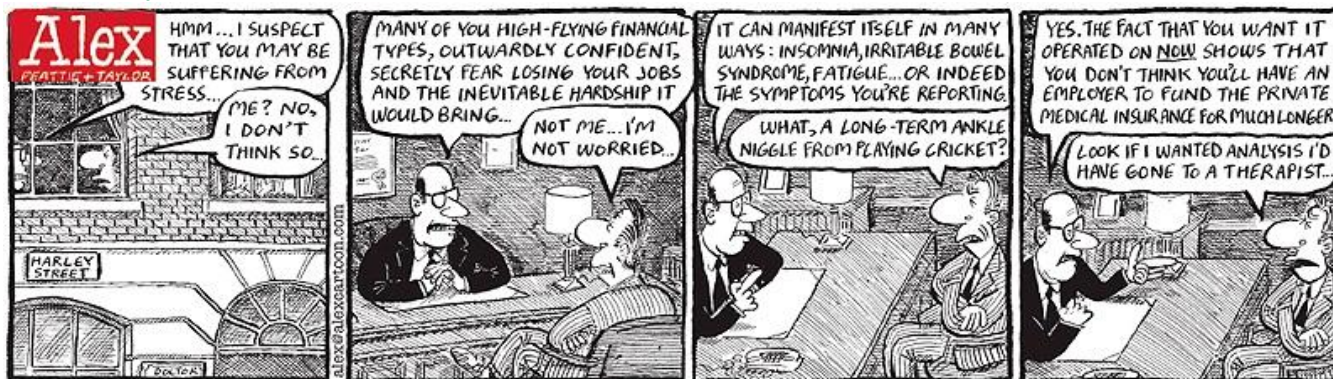
Harford blends together several issues from the world of economics, politics, psychology and business by going through intriguing stories of failure and success. He urges us to learn from our mistakes by challenging our ideas on certain hypotheses that we often rely on. It describes how executives often assume that their commercial intelligence is the reason behind their success an idea that is openly challenged in the book through an explanation of how timing and luck are very important too.

The book offers innovative management practices such as Upside-down management and Peer monitoring. It covers topics in Organizational Design and Strategic HR and makes the case for centralized knowledge and leadership practices. It demonstrates how we can foster creativity and innovation in our working environment by designing systems of trial and error. In the end, it offers inspiring views on personal development. In the words of the author: “Pluralism matters because life is not worth living without new experiences - new people, new places, new challenges. But discipline matters too; we cannot simply treat life as a psychedelic trip through a series of novel sensations.”

Adapt provides valuable lessons on how to turn failure into success in a world marked by continuous change. It is a fascinating and inspiring book that embraces failure and offers fresh ideas that challenge the world.

Contributed by Maria Georgiou

6. Makes you think!



7. HR Forthcoming Events

CYPRUS:

3rd October 2012

CyHRMA Business Breakfast

Amathus Beach Hotel, Limassol, 8:30am - 11:30am

15th May 2013

CyHRMA Annual Conference 2013

INTERNATIONAL:

26th - 27th September 2012

14th World Human Resource Congress of the World Federation of People Management Associations (WFPMA)

Melbourne Convention & Exhibition Centre in Australia

9. Editorial Team of this issue

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