



# Reducing Costs

The EUCCK Busan Office organized an HR round table meeting on 'How to Reduce HR-related Costs' by Mr. Thomas Schurch, Director of Swiss-Asia Ltd. on April 20<sup>th</sup>.

With the current challenging market conditions across the world, cost reduction efforts are taking on increased importance for companies seeking to remain competitive and maintain profitability.

Financial instability forces companies to urgently develop anti-crisis strategies and cut costs, including costs associated with employees. Training budgets are frozen. Companies defer expenses like mobile phones, gas and car allowances, and medical insurance. Some employers even shut down their offices and build a virtual work environment. Traditionally, reducing headcount considered to be

the fastest way to cut personnel-related costs.

Given this context, the EUCCK Busan Office organized a roundtable with Mr. Thomas Schurch, Director of Swiss-Asia Ltd., on reducing HR related costs.

He noted that there are two advantages of resorting to temporary employees. One is that they are easy to terminate, and since their skills, commitment and reliability are lower, they can be paid only when needed. The other is that the company does not have to pay social benefits and they are simpler to handle.

Some companies hire 6-month temporary staff

during the sales peak season with different salary compensation at the last month in order to encourage and motivate workers to be responsible for their working terms. This salary structure is a good alternative, he said.

“Another way to reduce costs is to decrease the salary/bonus/incentive” He said that given the valuation methods used in European countries, considering the economic crisis it is hard to give bonus to all staff but it is also important to motivate good performed staff and encourage and degrade those who achieved bad performance. Some European countries use personal evaluating system with points.

Communication with the staff is very important when reducing salaries. CEOs and HR managers need to have open conversation with the staff and ask for their understanding of reducing the bonus. Some companies say most of the staff accepted the situation. When it comes to salary, it includes bonus so some companies suggested that they should decrease incentives. Finally, one alternative is to reduce working time, Monday-Thursday (4 days work in Europe) ⇒ 4 days a week 42 hours (reduce salary) except peak season, he noted.

Mr. Schurch referred to various alternatives that could be adopted. From incentives, cutting extra

overtime period, downgrading the working titles, dismissing or reducing salary/ bonus/ incentive, flexibility of allowance etc.

This was the first HR roundtable meeting organized by the EUCCCK Busan Office, and it is proposed to hold similar meetings regularly.

For further details contact :  
Yoon, Jiwon Tel: 051 744 6712  
Email: [eupa@eucck.org](mailto:eupa@eucck.org)

