

Lufthansa Technik pandemic layoffs upheld by CA

THE Court of Appeals (CA) has upheld the validity of Lufthansa Technik Philippines' retrenchment program in dismissing a petition filed by former employees who had claimed illegal dismissal. The appellate court's Second Division found that the National Labor Relations Commission (NLRC) did not commit grave abuse of discretion in upholding the dismissal of the employees, as the decision was supported by substantial evidence.

It acknowledged that Lufthansa Technik's serious financial losses due to the COVID-19 pandemic, with a loss of \$28.9 million in 2020 and projected further losses in 2021, justified the retrenchment program as a necessary measure to prevent further losses. "In sum, for a valid retrenchment, the employer must show that: (a) retrenchment was a necessary measure to prevent substantial and serious business

losses; (b) it was done in good faith and not to defeat employees' rights; and (c) the employer was fair and reasonable in selecting the employees who will be retrenched," according to the 17-page ruling written by Justice Perpetua Susana T. Atal-Paño. The ruling, released on Feb. 18, found that Lufthansa Technik implemented the retrenchment program in good faith, noting the various cost-cutting measures taken by the

company before the retrenchment, including the cancellation of planned capital expenditure, alternative work schemes, dismissal of probationary and contractual workers, and offers of early retirement packages. The tribunal also determined that the company used fair and reasonable criteria in selecting employees for retrenchment. The criteria included competencies and skills, performance, values and behavior, potential,

and seniority. The employees who were retrenched had the lowest scores based on these criteria. The CA also noted that the company complied with the procedural requirements of Article 298 of the Labor Code, including serving notices of termination to affected employees, submitting an Establishment Report to the Department of Labor and Employment, and paying separation pay to the retrenched employees.

Meanwhile, it rejected the petitioners' claim that they were entitled to higher separation pay based on an "Employees' Manual," as the document was not a valid Collective Bargaining Agreement (CBA) item. — **Chloe Mari A. Hufana**

**FULL STORY**

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/2xqef9sx>

OPINION

Low-cost approaches to motivating staff

We are a small business that can't afford high salaries and benefits. How do we motivate people to do what they can to help management? What indicators should we be tracking? — Water Lily.

It's not rocket science. It's easy to motivate people if your line leaders, supervisors, and managers are first and foremost highly motivated and highly engaged with top management. If they're not motivated, how can they motivate their workers? They can't give what they don't have. That's your top agenda. Start with your line executives. There are many ways to discover their motivational level. One is conducting a morale survey. The most important question is how line executives are empowered to independently solve problems and make decisions. Two is monitoring the absenteeism, tardiness, and turnover rate of their workers. The higher the rates, the bigger the problem. Three is noting the number of disputes line executives have prevented or resolved. The objective is to manage workplace con-

IN THE WORKPLACE REY ELBO

flict to the bare minimum without the matter being brought to a labor court. Four is the number of ideas, suggestions, and even complaints that they're submitting to management. When employees connect, they know they are free to speak up. When they speak up, they show the extra energy to do more for the organization. And five, measuring their leadership competence. This can be done easily through an online test but more accurately if the workers show their loyalty to their bosses and the commitment to achieve department objectives. In general, everything can be shown by workers who perform at the highest level with discretionary effort. "Discretionary effort" means doing what's not expected and working beyond the job description.

MEASUREMENT SYSTEM

There's no need to come up with a sophisticated measurement system. My rule of thumb is to have a 60% in-per-

son attendance at town hall meetings. That's not to say that we don't need to measure performance. What I'm saying is — we don't have to come up with a complex system. The simpler, the better. However, management must have one metric to be used as a monitoring device to capture the monthly picture and analyze developments. You can be guided by the following simple approaches: **One, communicate management views with honesty.** If the organization is losing money, but its executives refuse to share important financial records and continue receiving perks, the workers will feel that management is not serious. **Two, give employees a role in creating performance goals.** That's the essence of co-ownership. If management allows that, people will be happy to make things happen knowing they can't afford to lose face in the process. **Three, ensure that everyone has the resources they need.** This may include training, which may not be limited to classroom learning experience. Less theoretical approaches are better

so workers can learn it by themselves through cross-posting in other jobs. **Four, allow management accessibility and visibility.** This applies to all levels from line leaders to top management. For Western managers, it's called Management by Walking Around. For the Japanese, it's called the Gemba Walk. The important thing is regularity and not a once-in-blue-moon occurrence. **Five, listen carefully to all concerns and issues.** It's easy for management to go on autopilot. However, this can always be corrected by asking clarificatory questions and limiting them to practical issues, while avoiding encouraging any false hopes. **Six, reward and recognize regularly.** Ensure that you have an objective process in choosing the deserving. That alone can play an important role in energizing employees and improving their morale with special emphasis on meritocracy rather than seniority.

CULTURE AND HISTORY

The above list is not exhaustive. You can do more than that. There are many things that management can do depending

on the company's culture and history. Management must avoid being lulled into complacency and mechanically mouthing that "people are the company's most valuable asset." Instead of mouthing that cliché, prepare to make things happen with impressive results. Don't be afraid to experiment with many tools and techniques that you've not done before. Learn from the experience of other dynamic organizations known to have staff who enjoy coming to work. These organizations are easy to identify. For one, they have a low turnover rate, normally pegged at less than 5%. In these companies, morale is always strong and productivity is even stronger. Their employees are often seen discussing their best ideas and thinking in the workplace on a daily basis and without much prodding by management. Don't be ashamed of copying their best practices and adjust them accordingly.

Consult your workplace issues with REY ELBO on Facebook, LinkedIn, Twitter, or e-mail elbonomics@gmail.com, or via <https://reyelbo.com>. Anonymity is guaranteed.



What would it take for Philippine companies to be future-ready?

For sustainable success, companies must build the business and organization in tandem. It cannot be one and leave the other for later.

That season towards the closing of one year and the beginning of a new one is an auspicious time to take stock of the past and gear up for the future. For business leaders, looking back and forward means asking: Where are we now as a company and how is the environment in which we operate? The corollary question would be: Are we future-ready? Regardless of the industry you are in, the future will become more and more digital than it is now. And in this digital age, we are seeing the emergence of a new generation of consumers, workers, and leaders who are deeply immersed in technology. They are the Millennials and Generation Z, born between the years 1981 and 2012. This population segment — now in their teens to early 40s — grew up and are living with digital technology seamlessly integrated into their everyday. For them, navigating a smartphone is instinctive. The millennials and, more so, the Gen Zs default to being digitally enabled. On the other hand, the older Baby Boomers and Generation X came of age, worked, and became successful without all of the conveniences or even the mere availability of digital tech. They know of an 'offline' world. They have a way of getting through the day and achieving the outcomes they want without the internet of things. The gap between these two sets of generations goes beyond the capability to operate devices and navigate apps; differences also lie in terms of world view, mindset, values, and ways of working. Among Philippine companies, Acumen Strategy Consultants has seen that age divide adversely impact the organization and the business as most



FEEDBACK / RAMPHIEL.COM

decision-makers still belong to the older generation set. Many of these top executives still have some reluctance towards digital transformation, both for the internal development of their organization and the evolution of their business and marketing operations to meet the needs of changing consumer segments. But no company could hope to be future-proof without embracing digital transformation in more ways than one. At the same time, adaptations should be taken with caution by keeping a reality check on technological trends that, more often than not, tend to be hyped. There is so much conversation going on, for example, on artificial intelligence (AI). But before using generative AI as part of a company's strategy to be future-ready, they have to take a really close look at which applications of AI — and any technology upgrade for that matter — would best serve their business and the organization.

Companies should avoid falling prey to aggressive vendors who sell software or tools that are either over-engineered, customers do not really need, or the organization is not really ready for because the data required to run the system first needs sorting and, more importantly, the human resources are not equipped and culturally-prepped to adopt. **THE INDISPENSABLE YIN-YANG** In ensuring a company's future-readiness, one key principle that Acumen has proven and been putting into practice for its clients over the years is: A constant and enduring growth for any corporation entails building the business and the organization in tandem. It cannot be just one and leaving the other for later. Working with clients across various industries throughout Acumen's more than two decades of operations has shown that this credo is truly the yin and the yang of sustainable success.

There are a good number of Philippine companies that focus on just growing their top line, ensuring that they are profitable, their market shares are up, the stock price is up, and continuously expanding the business. Such single-sightedness often means a failure to invest and put in the same passion in building their organization — the workforce's capability, the tools, and the overall human resource management system. Acumen has seen that such folly never leads to sustainable success. Ultimately, the most important resource of a company is its people. On the flip side, corporations cannot just build the organization by going on a recruitment frenzy and giving out all kinds of perks — essentially implementing a robust attraction, retention and rewards system without having the right business strategies. This represents an oversimplified game plan wherein decision-makers say: We believe we got some very good products, so let's employ a lot of

people, then launch and penetrate the market, and scale up right away! Without stepping back, defining the corporate strategy, and laying out a very strong customer value proposition, the business will eventually tank. Failing to maintain good business health will soon enough mean an inability to sustain a good organization — because the company simply cannot afford it. Embracing and putting the yin-yang of business into practice is, of course, easier said than done. In applying the environmental, social and governance (ESG) framework, for instance, companies fall into the trap of just logging in how many people have been sent for related training. The more important metric, however, is whether those training hours actually translate to enhanced capabilities, which then contribute towards achieving the corporation's ESG goals in line with business values and growth targets. The balancing act could prove daunting for corporate leaders. But external guidance can provide clarity and direction towards the business strategy and organizational development needed amid an environment of continuous digital transformation. Acumen's collaborative approach and range of services — strategic business planning, commercial road-mapping, human resource rationalization and transformation, and customized training programs on leadership and marketing — are designed to help Philippine companies achieve the vital two-fold objectives of building the business and the organization. — **Pauline Fermin, president and CEO, Acumen Strategy Consultants (acumen.com.ph)**