

# HR BRIEF

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## How HR Can Help Organizations Become Recession-proof

In 2023, it's critical for employers to consider how to prepare for economic uncertainty and build resilient, prepared organizations. Here are strategies HR teams can use to help prepare for and minimize the impact of a recession on their organizations.

### Prioritize Employee Engagement

Employee engagement and experience can be vital leading up to and during a recession. HR teams have found success in increasing engagement by listening to employees and addressing their concerns. In addition, tools and platforms—such as social media, professional networks, and recognition and reward programs—can provide organizations with new ways to strengthen employee engagement. Such measures can help maintain morale and employee productivity.

### Promote Transparency

The possibility of a recession can bring uncertainty. Because employees will likely be concerned about their futures,

their employers' long-term viability and potential changes to their work, HR teams must find ways to keep employees informed about the organization's performance and potential changes without fostering worries. HR teams can facilitate transparency by meeting regularly with employees, conducting town halls and providing frequent written communications.

### Rethink Compensation and Benefits

Many employers responded to the recent labor shortages by increasing salaries, providing substantial bonuses and expanding employee benefits and perks. However, with the possibility of a recession on the horizon, HR teams may need to rethink their attraction and retention strategies. For example, they may need to plan out wage increases strategically and focus on maximizing employee benefits.

### Summary

Organizations cannot always avoid the impacts of a recession; however, HR teams can be a key factor in determining how organizations weather this challenge.

## FTC Announces Proposed Rule Banning Noncompete Agreements

Recently, the Federal Trade Commission (FTC) announced a proposed rule that would prohibit employers from imposing or enforcing noncompete clauses on workers.

The proposed rule will have a public comment window of 60 days after publication in the Federal Register.

### Rationale for the Proposed Rule

The FTC's proposed rule is based on President Joe Biden's 2021 Executive Order on Promoting Competition in the American Economy, which encouraged the FTC to exercise its statutory rule-making authority under the Federal Trade Commission Act to "curtail the unfair use of non-compete clauses and other clauses or agreements that may unfairly limit worker mobility."

### Overview of the Proposed Rule

If adopted, the proposed rule would:

- Ban employers from entering into noncompete clauses with workers and independent contractors
- Require employers to rescind existing noncompete clauses with employees
- Require employers to actively inform their employees that their noncompete agreements are no longer in effect

### Impact on Employers

At this stage, the proposed rule does not create any new obligations for employers. However, employers who use noncompete agreements should become familiar with the proposal. Interested employers should submit any comments to the FTC.

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