Downsized. Fired. Terminated. No matter how it's spun, the word will always be a dirty one for workers. But there are signs that it's becoming a dirty word for employers too. At least for those far-sighted enough to realize that the short-term benefits of firing workers to meet earnings targets can be outweighed by the long-term damage to morale, not to mention a company's market reputation and finances.

Many of the companies that made the list of the 20 Best Employers in Asia, compiled by United States-based consulting firm Hewitt Associates, have either minimized or avoided layoffs, despite a slowing world economy. FedEx Malaysia has not downsized during the crisis. Intel's Malaysian operation has also averted layoffs. Its staff-turnover rate was just 3.5% in 2000.

The Portman Ritz-Carlton in Shanghai, ranked Asia's best employer in the survey, has avoided staff cuts in an industry that usually is the first to feel the pinch. "Employee retention is a vital objective for us," says the hotel's director of human resources, Han Suyuan. "We spend between $1,000 and $2,000 to hire the right person. Letting them go so easily is a huge waste."

Instead, the hotel asked employees to find ways of cutting costs. They suggested axing superfluous midnight shifts and closing a little-used restaurant for Sunday lunch.

"Some of our research has shown that the best employers have a lower turnover," says co-author of the survey, Jo Reinhard. "Of course, the cost of turnover is very high. [Generally] a front-line employee costs 45% [of salary] to replace, and top management costs 150% to 200% to replace."

Layoffs can bring immediate benefits to companies that are under pressure to trim costs. The most obvious is a lower wage and benefits bill.

QUICK RELIEF, LONG-TERM PAIN
But the long-term impact can be costly. Severance payments erode some of the initial savings. Human-resources experts say dismissals can damage morale, and therefore the productivity of those who remain.

Then, what to do when the economy recovers? Most companies will re-hire: "The costs are financial, in terms of retraining, extra supervision, lost productivity, poorer
customer service and lower sales," says Jac Fitzenz, founder of U.S.-based personnel consultancy Saratoga Institute. Hiring headhunters to find new executives raises costs further.

Even the best employers lay people off. Look at U.S.-based Agilent Technologies Inc., which makes testing and measuring equipment used by telecommunications, semiconductor and biotechnology companies. Earlier this year, the company imposed a global 10% pay cut in a bid to save jobs. That move no doubt helped the company to its second-place ranking in the Best Employers survey.

But Agilent's efforts ended on August 20, when it announced a 9% staff cut. Some jobs will go in Asia: "As a high-performance company, sometimes we have to make tough decisions," says Peck Kem Low, Agilent's human-resources director for Singapore, the Philippines and Thailand.

In a bitter-sweet gesture, Agilent will restore full salaries by November. It will also implement a more flexible benefits scheme that gives young singles a cash lump sum in place of benefits that they might not need, like spouse medical coverage.

South Korea's Housing & Commercial Bank, ranked 17th in the survey, faces union protests at the prospect of job cuts resulting from its merger with Kookmin Bank. But Chief Executive Kim Jung Tae is determined not to force workers out. His rationale is that South Korea's financial-services market is underdeveloped. A bank spokesman says: "If the industry wasn't growing so fast, we could cut 30% of the workforce. But if you cut today you might have to re-hire tomorrow, anyway."

That's advice that Asia's less worker-friendly employers would do well to heed.