

Impact of the Recession & Beyond

ERC Survey Briefing - October 2009

Overview

The recession has impacted Northeast Ohio employers, resulting in adverse effects for many workplaces in the region. Nonetheless, there are numerous signs that suggest the recession is ending and the recovery period is beginning as organizations begin initiating steps to rebuild their organizations and ensure ongoing success in the future. In September of 2009, ERC in conjunction with Staffing Solutions Enterprises, conducted a survey on organizations in Northeast Ohio to determine the ways in which local employers have been impacted by the recession and their perceptions of what the recovery period will entail for their organizations. This report summarizes those results. Where significant, industry differences are noted.

Key findings in the survey:

- The most common ways that the recession has impacted employers have been in the form of a salary freeze/reduction and a reduction in workforce.
- Employers believe that the most predominant HR business critical area of concern is pending legislation.
- Sixty-one percent of employers have already begun planning for the recovery, and among those that have not yet started planning, 80% intend to begin planning in the next 3-6 months.
- Many organizations are planning to hire new employees or re-hire laid off employees during the recovery period.

Impact of the Recession

Employers cited a variety of effects that the recession has had on their organizations. The most common ways that the recession has impacted these organizations include salary freezes or reductions and/or a reduction in workforce. Fewer employers have reduced benefits offered and their HR staff. Only 7% of employers have not been impacted negatively by the recession and no respondents say they have outsourced HR functions as a result of the economic downturn.

Figure 1 | How has the recession impacted your organization?

	Percent
Salary freeze/reduction	82%
Reduction in workforce	76%
Reduction in benefits offered	23%
Reduction in HR staff	18%
Outsourced HR functions	0%
We've not been impacted negatively	7%

In terms of industry, fewer non-manufacturers (57%) have experienced a reduction in workforce than manufacturers (86%). More manufacturers (86%) also faced a salary freeze/reduction than non-manufacturers (73%). More non-manufacturers (32%), however, had a reduction in benefits compared to manufacturers (19%).

Most employers believe that the worst is behind us, suggesting that organizations are relatively optimistic about the future.

Figure 2 | Do you believe the worst is behind us?

	Percent
Yes	73%
No	27%

The Recovery

Despite positive perceptions that the worst is behind them, the majority of employers believe that the recovery will be slow and steady. Still other employers believe that the recovery will be up and down and volatile. No respondents feel that the recovery will be fast and consistent.

Figure 3 | What do you think the recovery will look like?

	Percent
Slow, steady recovery	58%
Up and down, volatile recovery	42%
Fast, consistent recovery	0%

Many employers feel that the most HR business critical areas of concern during the recovery will be pending legislation, having talent available to respond quickly to client demand, and increasing benefits costs. Less critical needs, according to respondents, will be employee retention and hiring full-time employees quickly enough.

Figure 4 | From your perspective, what are the most HR business critical areas of concern during the recovery?

	Percent
Concern around pending legislation	63%
Having the talent available to respond quickly to client demand	53%
Increasing benefits costs	48%
Flexibility in your workforce	39%
Employee retention	31%
Hiring full-time employees quickly enough	15%

Sixty-one percent of respondents have started planning for the recovery, signaling that the majority of organizations have attempted to start rebuilding their organizations and planning for their future success.

Figure 5 | Have you started planning for the recovery?

	Percent
Yes	61%
No	39%

In planning for the recovery, staffing is of critical importance to organizations, not surprisingly, since many cited concern with having talent available to respond quickly to client demand. Respondents are primarily considering hiring new employees or re-hiring laid off employees. Their strategies for staffing, however, appear to vary according to industry. More non-manufacturers (85%) cited planning to hire new employees than manufacturers (48%); however more manufacturers (70%) plan to rehire laid off employees than non-manufacturers (15%).

Figure 6 | If yes, which of the following are you considering during your planning (check all that apply)?

	Percent
Hiring new employees	63%
Re-hiring laid off employees	50%
Utilizing a more flexible workforce (temporary/contract workers)	29%
Purchasing technology to help manage the increased workload	13%
Outsourcing HR functions	3%
Expanding HR staff	0%

Among the few organizations that plan to purchase technology, the most commonly cited type was an applicant tracking system. Online training systems are also being considered.

Among organizations that have not yet started planning for the recovery, most plan to begin their planning efforts in the next 3 to 6 months.

Figure 7 | If no, do you plan to start planning for the recovery in the next 3 to 6 months?

	Percent
Yes	80%
No	20%

Overall, the results of the survey seem to suggest that employers are confident that the recovery period is approaching and are planning accordingly. Even among those employers that have not begun to plan, most intend to start in the near future.

Respondent Demographics

Figure 8 | Respondent demographics by industry and organizational size

Number of organizations	62
Industry	
Manufacturing	62%
Non-Manufacturing	38%
Organizational size	
1-50	17%
51-200	66%
201-500	12%
501+	5%

About ERC

ERC is Northeast Ohio's largest organization dedicated to HR and workplace programs, practices, training and consulting. ERC membership provides employers access to an incredible amount of information, expertise, and cost savings that supports the attraction, retention, and development of great employees. We also host the nationally recognized NorthCoast 99 program and sponsor the ERC Health insurance program. For more information about ERC, please visit at any of the below websites:

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