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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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GLOBAL RECESSION: IMPACT, CHALLENGES AND OPPORTUNITIES

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ABSTRACT
A recession is a decline in a country's gross domestic product (GDP) growth for two or more consecutive quarters of a year. A recession is also preceded by several quarters of slowing down. An economy which grows over a period of time tends to slow down the growth as a part of the normal economic cycle. A recession normally takes place when consumers lose confidence in the growth. of the economy and spend less. This leads to a decreased demand for goods and services, which in turn leads to a decrease in production, lay-offs and a sharp rise in unemployment. Investors spend less as they fear stocks values will fall and thus stock markets fall on negative sentiment. The financial crisis that began in the US in the year 2007 became a full-scale crisis in the year 2008 and 2009 which, in turn, affected each and every economy in some way or the other including the ones which were not directly related to the crisis. There has been considerable slowdown in most developed countries. Investment banks have collapsed, rescue packages were drawn up involving more than a trillion US dollars, and interest rates have been cut around the world in what looks like a coordinated response. Leading indicators of global economic activity, such as shipping rates, had declined at alarming rates. The objectives of the present paper are: (i)to learn about the causes of global recession and financial crisis (ii) to understand the nature & implications of global recession on the business (iii) to learn more about the impact of global recession on the developed countries as well as emerging countries.

KEYWORDS
Recession; GDP; IMF; Depression.

INTRODUCTION
DEFINITION OF GLOBAL RECESSION
According to International Monetary Fund (IMF): “A Global recession is to occurring when the global growth rate moves below 3%.
According to Merry Linch (Global Investment Bank) : “Negative sign in economic development is two or more consecutive quarter of the year is called recession”.

The financial market crisis that erupted in the United States in August 2007 has developed into the world's largest shock since the Great Depression in 1930. This has weakened the global economy as the financial turbulence has spread over to the real economy. It has triggered a deceleration in the world economic growth, which is expected to slide even further in the times ahead. There is an impending danger of the rest of the world being dragged into a severe economic slowdown that may eventually inch to wards a synchronized global recession. In economics, a recession is a business cycle contraction, a general slowdown in economic activity. Many economists are now predicting that this 'The Great economic slowdown of the Recession' of 2008-09 will be the worst in advanced countries which started around global recession since the 1930s. mid-2007, as a result of sub-prime crisis in USA, led to the spread of economic Meaning Of Recession crisis across the globe. A recession economies and at the most there would normally takes place when consumers be a shallow effect on emerging lose confidence in the growth of the economies like India. Macroeconomic indicators such as GDP, employment, investment spending, capacity utilization, household income, business profits, and inflation fall, while bankruptcies and the unemployment rate rise. Recessions generally occur when there is a widespread drop in spending (an adverse demand shock). This may be triggered by various events, such as a financial crisis, an external trade shock, an adverse supply shock or the bursting of an economic bubble. Governments usually respond to recessions by adopting expansionary macroeconomic policies, such as increasing money supply, increasing government spending and decreasing taxation.

DIFFERENCE BETWEEN DEPRESSION AND RECESSION
If the GDP of a country drops by at least 10% then this can be classed as a depression. By these standards, the last depression America suffered was The Great Depression in the 1930’s. The worst drop in recent times was during the oil crisis in the 1970’s.

REVIEW OF THE GLOBAL RECESSION
The economy and the stock market are closely related. The stock markets reflect the buoyancy of the economy. The Indian stock markets crashed due to a slowdown in the US .The Sensex crashed by nearly 13 per cent in just two trading sessions in January, 2008. In November 2008, the giant Citibank and The Bank of America had to be bailed out with several hundred billion dollars by the American authorities. It also reported job losses of more than 530,000. The biggest single month figure since 1974, taking the US unemployment rate to 6.7 percent, the highest in last 15 years. The developed economies of the world like Europe, UK, Japan and US are today officially in recession i.e. they have experienced two successive quarters of negative growth. This is not just bad news for India, but also for the rest of the world. There is much more uncertainty about the depth and duration of the current global recession. The US economy has suffered 10 recessions since the end of World War II. The Great Depression in the US was an economic slowdown, from 1930 to 1939. It was a decade of high unemployment, low profits, low prices of goods, and high poverty. The trade market was brought to a standstill, which consequently affected the world markets in the 1930s. Industries that suffered the most included agriculture, mining, and logging. In 1937, the American economy unexpectedly fell, lasting through most of 1938. Production declined sharply, as did profits and employment. Unemployment jumped from 14.3 per cent in 1937 to 19.0 per cent in 1938. The US saw a recession during 1982-83 due to a tight monetary policy to control inflation and sharp correction to overproduction of the previous decade. This was followed by Black Monday in October 1987, when a stock market collapse saw the Dow Jones Industrial Average plunge by 22.6 per cent affecting the lives of millions of Americans. The early 1990s saw a collapse of junk bonds and a financial crisis. The US saw one of its biggest recessions in 2001, ending ten years of growth, the longest expansion on record. From March to November 2001, employment dropped by almost 1.7 million. In the 1990-91 recession, the GDP fell 1.5 per cent from its peak in the second quarter of 1990. The 2001 recession saw a 0.6 per cent decline from the peak in the fourth quarter of 2000. The dotcom burst hit the US economy and many developing countries. The global economic recession has taken its toll on the Indian economy that has led to multi-crore loss in business and export orders, thousands of job losses, especially in key sectors like the IT, automobiles, industry and export-oriented firms. It has also shaken up the investment arena. It is a difficult phase for a growing economy like India. In August, 2008 India recorded inflation at its 16 year high of 12.91%. This inflationary situation forced the regulatory bodies of the country to take certain anti-inflationary measures by tightening the monetary policy which in turn made it difficult for institutions and individuals to borrow money from banks. In some ways, this has also contributed to the slowdown in different sectors and can be considered to be the start of slowdown in different sectors in India. Before this economic crisis, there were more than 1500 software firms in the country. While the employee base of the sector had grown to 553,000 (from 415,000 in financial year, 06). More than 1300 IT companies were operating in Bangalore alone. This sector has been adversely affected by the global crisis. As for the IT industry, Nasscom had initially projected a 21-24 per cent growth rate for the year 2008, but the software association revised it downward in the wake of the global financial meltdown.

In February 2008, Tata Consultancy Services (TCS) had asked about 500 employees to leave due to non-performance. Patni Computer Systems (PCS) has already laid off around 400 employees, or nearly 3% of its 14,800 workforce, on the same ground, while IBM Corporation followed suit in the case of 700 freshers. Wipro, the country's third largest IT exporter, is considering firing 3,000 employees over performance-related issues. Other than IT firms, the IT-enabled service sector may also face the crisis, since a majority of Indian IT firms derive 75% or more of their revenues from the US.

Thus, if the Fortune 500 companies slash their IT budgets, Indian firms could feel the heat. Industry-wide indications after September, 2008 are also uniformly gloomy. There are reports of significant declines in output of automobiles, commercial vehicles, steel, textiles, petrochemicals, construction, real estate, finance, retail activity and many other sectors. Exports fell by 12 percent in dollar terms in October, while core industries slowed to 3.4 % during the same month from 4.6 % a year ago. The effect of such job (income) losses and pay-cuts has been on demand for goods and services. People either have no money to buy or those who have are postponing their buying because of the economic uncertainties ahead. The most worrying aspect of a recession is the sustained drop in demand leading to deflation that is often caused by a drop in the supply of money or credit. It is also caused by a contraction in spending, by government or people. Deflation tends to raise unemployment, causing a vicious spiral. Just to avoid the deflation trap nations are pumping money into their economies disregarding the deficit they are accumulating. This is to stimulate spending and to keep the inflation from falling below a certain level as to become a disincentive to produce.

CAUSES OF THE GLOBAL RECESSION

Global economy had declined substantially after the collapse of Lehman Brothers in September, 2008, which is called as —Lehman Shock. Lehman Brothers was a leading global financial-services firm that did business in investment banking, equity and fixed-income sales, research and trading, investment management, private equity, and private banking. The firm's worldwide headquarters was in New York City, with regional headquarters in London and Tokyo, as well as offices located throughout the world. On September 15, 2008, Lehman brothers filed for Chapter 11 bankruptcy protection; the filing marked the largest bankruptcy in the U.S. history. The following day, Barclays PLC announced its agreement to purchase, Lehman's North American investment banking and trading divisions along with its New York headquarters building. Lehman Shock had moved quite a lot of investors away from positive purchase of stocks everywhere for some time. On September 22, 2008, Nomura Holdings, Inc (a Japanese company). announced that it had agreed to acquire Lehman Brothers' business in the Asia Pacific region, including Japan and Australia. The following day, Nomura announced its intention to acquire Lehman Brothers' investment banking and equities businesses in Europe and the Middle East also. The deal became effective on Monday, 13 October, 2008.

The year 2008-09 is now known as the extreme recession time in the history of global economy, primarily caused by subprime mortgage crisis, ie, financial crisis triggered by a dramatic rise in mortgage delinquencies and foreclosures in the United States, with major adverse consequences for banks and financial markets around the world. Many USA mortgages issued during 2001-2007 were made to subprime borrowers, (those with lesser ability to repay the loan)1. When real estate prices in the United States began to decline in 2006-07, mortgage delinquencies soared, and securities backed with subprime mortgages, widely held by financial firms, lost most of their value. The result was a large decline in the capital of many banks and tightening credit around the world. The first issue that people realized about the worsening economy was the collapse of Bear Stearns which was one of the largest global investment banks and securities trading, however, beginning in 2007, the company was badly damaged by the subprime mortgage crisis. Although, the Federal Reserve Bank provided an emergency loan to the company in March 2008, the company could not be saved. Later, it was sold to JP Morgan Chase. Moreover, the collapse of Lehman Brothers made global market fell into great disorders. As a result of that, investors withdrew their money from capital market immediately. In response to this critical situation, the US Government enacted the Emergency Economic Stabilization Act of 2008 authorizing the United States Secretary of the Treasury to spend up to US$700 billion to purchase distressed assets, especially mortgage-backed securities, and make capital injections into banks.

Needless to say, this financial crisis spread and became extremely critical in Europe, Japan and emerging countries as well. Euro area was also hit by this Financial Crisis seriously. The problems were brought into public attention when Sachsen Landesbank in Germany which invested large sum of money in securitized instruments related to subprime loan went to slump in business in January 2008, and government provided an emergency loan to this bank. In February 2008, the Northern Rock bank in Britain was nationalized by the British Government, due to financial problems caused by the subprime mortgage crisis. From the end of September to the first half of October 2008, several incidents happened, many financial institutions were nationalized. Fortis was nationalized by Benelux countries (Belgium, Netherland and Luxembourg), Bradford & Bingley was nationalized by British government, and three largest commercial banks of Iceland-Glitnir, Landsbanki and Kaupthing were also nationalized by Icelandic government. Also, the Irish government issued a sweeping guarantee to insure deposits and bank borrowings against a potential collapse4. As a result of this, huge amount of money moved to Ireland, and then, this created confusion in European countries. According to IMF report regarding GDP growth rate in the world, it had been growing around 5% since 2004. However, by the end of 2008, GDP growth declined to 3.1%, which was the lowest growth rate in the period 2003-08. IMF also released 1.5% GDP growth rate in the year 2009. In 1991, GDP growth rate was same low level, however, the impact of global financial crisis 2008-09 is obviously different from the past recessions. One of the reasons of this is World economy and financial markets have been globalized rapidly and the evils of crisis were spread widely among emerging countries. Another notable point is - minus GDP growth rate of advanced countries such as US, Germany, Italy and Japan in the year 2008 (Crisis Time), the first ever since 1980s.

MEASURES TO TACKLE RECESSION

The following measures can be adopted to tackle the recession:

1. Tax cuts are generally the first step any government takes during slump.
2. Government should hike its spending to create more jobs and boost the manufacturing sectors in the country.
3. Government should try to increase the export against the initial export.
4. The way out for builders is to reduce the unrealistic prices of property to bring back the buyers into the market. And thus raise finances for the incomplete projects that they are developing.
5. The falling rupees against the dollar will bring a boost in the export industry. Though the buyers in the west might become scarce.
6. The oil prices decline will also have a positive impact on the importers.

India has adopted certain measures to combat recession. Since October, 2008 The Reserve Bank of India has cut the repo rate and the CRR by 350 and 400 basis points respectively. The reverse repo rate has been cut by 200 basis points over the same period. This in turn has made credit cheaper and has increased the overall liquidity in the system. Further, the PSU banks of the country have decreased the home loan rates. This is expected to induce more buyers and boost the real estate sector. In addition to this government has proposed to cut service tax and excise duty on most goods.

GLOBAL IMPACT OF RECESSION

The United States of America

The global financial crisis was the outcome of the process, widely known as Subprime mortgage which involved financial institutions providing credit to borrowers who do not meet prime underwriting guidelines6. Subprime borrowers have a heightened perceived risk of default, such as those who have a history of loan delinquency or default, those with a recorded bankruptcy, or those with limited debt experience. However, subprime mortgages were not created for low income borrowers who had little or no money to put down, as commonly believed. Subprime mortgages were actually intended to be temporary loans to borrowers who expected to sell the property early or increase their income soon after purchase. Many property investors, also used subprime loans to finance their investment homes. Their expectations that the property prices would increase remained as dream when home bubble burst. Most of borrowers who could not manage their obligation decided to default and securitized instruments from US depreciated gradually. It is worth noting, in this context, to compare the experience of Japan where economic bubble burst and economy was in recession in 1990s after the boom time of 1980s it took more than 10 years to recover the situation. Japanese stagnant economy after bubble bust was caused by domestic home price; however, it did not influenced foreign countries seriously because other countries were not relying on income from Japan. This is the remarkable differences between bubble burst in Japan and the US. The Federal Reserve Bank provided huge amount of emergency loans and subsidies and the fact of deficit financing of the US was exposed in public8. It was expected to pull down home prices, therefore, stock market slump, dollar depreciation. US economy and stock market have started to recover slowly and gradually.

European Countries

In European Countries, just same as United States, financial crisis caused by subprime mortgage crisis was seriously discussed. The first action of European Central Bank against this crisis was the decision to lower the rate of interest taken in autumn 2008. It would take a few more years to go back to the same pre-crisis peak level for stock index, in most of the countries in Europe.

Japan

Japan, which had been too dependent on business from the US, was also a victim of great depression 2008-09. The manufacturing industry in Japan, especially automobile industry dipped into slump due to great depression because of the over-dependence on foreign markets for sales (exports). In 2007, international sale of automobiles had exceeded domestic sales and its revenue had been increasing for a few years. However, in the year 2008-09, manufacturing companies suddenly terminated contract workers with reasons like —some financial problems . Companies did not allow them to stay even for a while. In nutshell, countries like Japan and Korea which are not even related to the causes of crisis itself but depend heavily on international business had got adversely affected due to the global economic crisis. It is said that Japan was not directly involved in subprime mortgage crisis itself; however, Japanese economy has been heavily depending on external demand which in turn negatively affected deeply. This fact hit Japanese economy substantially.

Impact on BRIC Countries- (Brazil, Russia, India and China)

Most of all advanced countries have undergone through the volatile situation as a result of economic depression 2008-09. Needless to say that emerging countries which had been growing rapidly year by year could not avoid the evils of worldwide
recession.. A lot of US investors withdrew huge amount of money from BRICs stock market, which made the shrinkage of stock market index in each of BRICs country. It was particularly obvious in Russia and Brazil, which would give Russia and Brazil suffering in the near future. However, BRICs is now facing the different stage. The economy of each country is close to reach the mature mode, people in the upper income brackets are increasing recently and their domestic demand is going to broaden9. India's top think tank- Prime Minister's Economic Advisory council (PMEAC) said that the nation can achieve a 7 to 8% growth rate in the forthcoming years despite a global financial meltdown impact. It was announced that Indian economy is now controlled more by domestic factors than international factors. Stock Indices in India have already bounced back to the pre-crisis period peak (BSE SENSEX crossed 18,000 in 2009 November as against 8000 in Oct 2008 in India)10. In addition, China announced on November 9, 2008, to take measures to counter depression. Those measures taken, by Chinese government would help to facilitate trade and regain confidence in China.

Looking up GDP based on purchasing power parity share of world total, on the one hand, emerging market and developing
counties is on the rise remarkably, on the other hand, the US GDP based on PPP share of world total shrunk slowly after the year of 2000. Moreover, BRICs total GDP based on PPP share of world total exceeded US's in 2007. In November 2008, The Group of 20, (includes the Group of Eight richest countries- United States, Germany, Japan, France, Italy, Britain and Canada and Russia -in addition to the European Union, Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea and Turkey) had convened a conference to discuss about the global economic crisis. The Group of 20 countries account for 90 percent of the world economy and about two-thirds of its population. The five key objectives the leaders agreed upon were

1. reached a common understanding of the root causes of the global crisis
2. reviewed actions countries had taken and would take in the future to address the immediate crisis and strengthen growth
3. agreed on common principles for reforming their financial markets
4. launched an action plan to implement those principles and asked ministers to develop further specific recommendations that would be reviewed by leaders at a subsequent summit
5. reaffirmed their commitment to free market principles

However, any of specific and concrete guidelines like financial market regulations or what the mid term international financial systems have not discussed yet.

CHALLENGES

Few important challenges of HRM due to recession are:

A. Problem of Recruitment.
B. Managing downsizing program appropriately.
C. Talent management.
D. Stress Management.
E. The Return on Recognition in a Recession.

Recruitment and Recession

Recruitment industry is going through a tough time at this moment, the numbers have dropped drastically for the biggies and even recruitment agencies are battling for survival. Synergy Solutions provides recruitment services to companies in India and in US, the biggest challenge today is to find newer and better ways to add value to the clients. There is a need to find innovative ways to improve recruitment ROI for the client. First things first, the base idea is not to wait and find ways to weather the storm but to take proactive measures to tide the wave. The world is changing very quickly to combat recession and it's about time we translate our thinking into action or else we will be late. The main reason being the companies who are hiring have recently made drastic cuts in their recruiting budget and are in the process of streamlining their side of the story. Companies (clients) has to demand greater accountability from recruitment agencies and focus on improving their recruitment ROI.Recruitment agencies / staffing companies who are agile in their operation and can quickly adapt to the changing environment will emerge victorious at the end of this recessionary period.

Managing downsizing appropriately .

Virtually every country has to face the impact of a global economic downturn which can be in the form of recession, slowdown, depression or growth recession. When a downturn occurs, the organizations have to suffer heavy losses and bear the brunt of slow revenue generation. During this period, there is also less spending by the consumers, less investment by the investors and more of savings. Even the sectors who have been thriving in the boom period try to save more. Numerous causes can be attributed to the economic downturn and one of which affects the business is lack of skilled manpower.

Other reasons could be the increasing population, lack of food supply, climatic condition, and entry of substitutes, inapt
investments and technological changes. The shift in supply and demand hugely affects the entire business cycle. There can be acute shortage of cash supply leading to less or poor investments. All of this may ultimately affect the morale of the employees which should be a concern to every organization. Also, the decline in growth and decrease in profits certainly calls for certain top-of-the line strategies to make adjustments to serve organizational needs. Managing the teams or human capital at this juncture is a Herculean task. So, a manager should devise certain strategies in order to manage teams during down turns. Downsizing during this period is certainly not a good option because if there are merits of laying off of employees, there are many demerits too.

What should a manager do to manage teams or workforce?

Hold special meetings: During this unsafe situation, the organization's top most head or CEO should brief the meeting where the main subject should be the employees and their concern. If the head of any organization feels confidant, the whole organization feels confidant. Alternatively, middle-level managers and senior managers can conduct private meetings where they can console their subordinates. Also, give your workforce to ask questions and express their feelings regarding the business insecurity.

Motivate the employees: The key to managing and retaining the employees during downturn is motivation. Apart from the special meetings being conducted, a manager should regularly be attending to their problems and constantly trigger the employees to have good mood.

Offering challenging assignments and opportunities: If you offer your teams the challenging assignments, they spirits will be lifted and they will manage to survive even in bad times.

Explain to them the importance of their existence in jobs: There is no use crying over the spoilt milk, just like economy turning to a bad shape and business showing downfall. Its better that you discuss about the new projects and subsequently tell them what role they have to play. How their productivity can make the organization grow, explain to them.

Initiate change by identifying key people: There are fewemployees who are influencers and can bring about a lot of change in the organization. If these employees are given the right message to convince other team workers, the organization can move in the right direction.

Identify the achievers and reward them: Even during this period, you should give your employees the bonuses and increments if possible. In this way, they will always remain motivated and perform. All the above points are crucial to letting the organization grow to greater heights and following the above strategies will promote the general health of the organization despite economic downturns.

Talent Scenario during Recession

The law of demand and supply mercilessly applies to human resources, also. During the economic downturn, companies were able to downsize by getting rid of redundant work force and dead wood. They also restructured the employee compensation (mostly by decreasing) to stave off financial losses. Only those employees were retained who proved their worth. The employees had to accept all kinds of compensation-related compromises while maintaining the same or even higher level of efficiency and productivity. They could thus survive the financial tsunami. These survivors got the opportunity to handle a variety of tasks that further sharpened their skills and made them multiskilled. Thus, overall quality of talent has increased. At the same time, those who were out of job lost this opportunity to hone their skills in a new challenging environment. Adding to our woes, slashing of training and development budgets has led to a depletion of the number of skilled employees within the companies. Such steps from companies have created an altogether tricky scenario: The quality of talent within the companies has increased (raising the bar of the talent), while the quality of skills available in job market has dwindled. Now, recruiters can hire the required quality talent not from outside but from inside their competitors' workplace. While many have forgotten the term "War for Talent", the phenomenon is slowly re-emerging. "A study by Accenture has found that more than two-thirds of executives are now deeply concerned about not being able to recruit and retain the best talent. In today's global and highly competitive economy, the war for talent is now global, not local. The survey of more than 850 top executives from the U.S, UK, Italy, France, Germany, Spain, Japan and China found worries about talent management were growing, with 67 per cent this year putting it second only behind competition as the key threat, up from 60 per cent last year."

It may be worth noting that great companies such as Infosys, responded to the downturn by investing more in training. Instead of fearing of financial losses, these corporate focused on improving the quality of their employees' skills. And the effect is visible in their financial results. Member of Infosys' board of directors and head of HRD and Education and Research, T V Mohandas Pai said, "In response to the economic crisis, we had stepped up our investment in training. This has made us more competitive in fulfilling clients' needs today."The demand for talent in the market will never cease.

Retention will always be a challenge.

Stress Management

The financial recession is impacting large and small organizations and countries in similar devastating manner. For example, as the prices of goods and products increase, consumers tend to buy less and thus companies end up having to lay off some of their employees in order to avoid bankruptcy or just to stay in business, in the US during the first two months of 2009, over 17 banks have gone out of business and more such bankruptcies and closers and expected in the financial industry. Such failures tend to increase the number of people losing their jobs and moving them closer towards poverty.

"Stress is an inevitable
reality and everyone
needs to find their own
ways of beating it".

Stress is an inevitable part of work life. A recent Assocham survey lists construction, shipping, banks, trading houses, electronic and print media, courier companies, SSI, retail, card franchise companies, and even government hospitals as high stress prone zones… akin to chart toppers like BPOs, call centres and IT companies. The pressure is truly spreading everywhere! There is ample evidence of the fact that stress impacts employee health and productivity. And of late, hundreds of articles have been written on how financial stress due to the current economic recession is having a dangerous impact on health and productivity. Results from the AARP survey, "Impact of Economy on Health Behaviors" reveal that 20 per cent of people 45 and older reported health problems due to financial stress; 22 per cent have delayed seeing a doctor due to cost; 16 per cent had to use retirement savings or other savings to pay for medical care; 21 per cent have cut back on other expenses

to afford their medical care; and 16 per cent are not confident they will be able to afford health care in 2009. Bob Gallo, AARP Illinois Senior State Director is reported to have quoted that right now "people are increasingly concerned about their jobs, retirement savings and simply being able to provide for their families and it's taking a major toll on their health".

The Return on Recognition in a Recession

People management is a Key Result Area in delivering success for a business unit during the downturn. It is obvious to adopt lay off as a strategy in achieving the cost minimization strategy. But alternatives such as seeking voluntary reduction in salaries and incentives, flexible work hours and improvement in productivity are worth enough to try during the slowdown. These strategies reduce the costs besides improving the efficiency of the organization. Every year, PricewaterhouseCoopers (PwC) launches its Global CEO Survey during the World Economic Forum's annual meeting in Davos, Switzerland. The survey, PwC says in its introduction to the 2008 edition, "examines how CEOs perceive the business environment in which they operate and how an increasingly connected world affects the way their companies function and achieve success."

This year's survey says: "At present, CEO confidence is at an all-time low. Worldwide, just 21 per cent of CEOs say that they are confident about revenue growth in the next 12 months, down from 50 per cent in last year's Global Annual Survey. Pessimism prevails across all geographic regions, business sectors and levels of economic development." In these tough economic conditions, there are many reasons to suggest that if the human element was responsible for plunging companies and the world into this deep financial crisis, then the human resources of an organization are also perhaps the best bet to help it emerge out of the same. And this is the reason why experts view this period of economic recession as an opportunity for HR management rather than a crisis. The declining state of the global economy, layoffs, bankruptcies, the credit crunch—the headlines are impossible to ignore. Companies across industries and around the world are dealing with similar complex challenges due to the ailing economy. Now is not the time for employees to give in to fear and not work as hard because they believe they will not be recognized for their efforts. But how do company leaders address these employee concerns while remaining fiscally responsible, encouraging greater productivity and sustaining growth? Strategic employee recognition programs reaffirm employees in the value of their contributions, acknowledge the additional work and effort they are being asked to perform, and allay rumors through frequently updated executive messages. Human Resources leaders can actually deliver savings to the bottom line through a properly deployed strategic recognition program while simultaneously boosting morale and productivity. As Judy Bardwick said in Psychological Recession, "Chronically fearful people are too exhausted to be creative and innovative. They expect the worst to happen, so they see no reason to give their all."

CONCLUSION

The main aim of this paper is to discuss the causes ,impact, challenges and opportunities of the Global recession. To sum up we can say that the global financial recession which started off as a sub-prime crisis of USA has brought all nations including India into its fold. The GDP growth rate which was around nine per cent over the last four years has slowed since the last quarter of 2008 owing to deceleration in employment, export-import, tax-GDP ratio, reduction in capital inflows and significant outflows due to economic slowdown. The demand for bank credit is also slackening despite comfortable liquidity in the system. Higher input costs and dampened demand have dented corporate margins while the uncertainty surrounding the crisis has affected business confidence leading to the crash of Indian stock market and volatility in forex market. Nevertheless, a sound and resilient banking sector, well-functioning financial markets, robust liquidity management and payment and settlement infrastructure, buoyancy of foreign exchange reserves have helped Indian economy to remain largely immune from the contagious effect of global meltdown. Indian financial markets are capable of withstanding the global shock, perhaps somewhat bruised but definitely not battered. India, with its strong internal drivers for growth, may escape the worst consequences of the global financial crisis. In other words, the fundamentals of our economy continue to be strong and robust.

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