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‘Companies in survival mode'

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From ordering more layoffs to ending lunches for employee birthdays, local companies continue to look at different ways to survive the recession, a new survey of Charlotte-area businesses found.

The survey of 431 companies by The Employers Association, Charlotte human resources consulting firm, found that 20 percent of the businesses said they planned to reduce or eliminate company matches to employee 401(k) plans – a result that surprised association President Kenny Colbert. During the last economic downturn in 2001-02, he said, he heard of few companies handling the plans that way.

“That tells me things are much worse,” Colbert said.

In individual responses, companies detailed a range of money-saving changes, including canceling holiday parties, shifting to a four-day work week, relying more on video conferencing, putting new caps on tuition reimbursement and outsourcing human resources.

One company even got rid of its water cooler, while another made sure employees turned off the lights at night.

Another unexpected result sounded a more positive note to Colbert. While two-thirds of the companies said current business conditions for them were poor or fair, 27 percent called conditions good and 5 percent said they were strong.

Still, even companies that are doing well are cutting back, Colbert said.

Overall, slightly more than half the companies said they have started a hiring freeze, more than 40 percent eliminated pay increases and 42 percent said they had permanent layoffs or other headcount reductions last year. Nearly 14 percent said they would reduce or end executive perks, although Colbert said many smaller companies are unlikely to have many perks to begin with.

Another report, by Duke University and University of Illinois business professors, focused in part on businesses around the nation, and highlighted what could be long-term consequences for companies.

“Companies are in survival mode,” said survey co-author Campbell Harvey, a professor at Duke's Fuqua School of Business. The study was part of a larger survey conducted jointly with CFO Magazine.

The survey detailed a lesser-known but significant consequence of the credit crisis, Harvey said. Firms are cutting back or cancelling profitable investments because they can't get financing.

And those are precisely the decisions that will have a long-term impact on a company's health and its ability to hire workers, Harvey said.

For instance, of 569 U.S. firms surveyed, 59 percent said they were directly affected by credit constraints. And of that group, 86 percent said they were bypassing attractive investments because of the credit crisis.

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