

# Human Capital in an Economic Downturn



# Study focuses on evolving human capital management practices in small companies

## TriNet Recession Practices Study

### Objective

Understand the specific employment practices being adopted, or planned, by small, high-performing companies as these companies weather the current recession

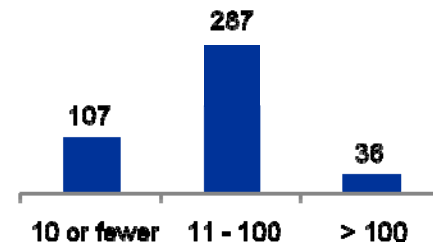
### Approach

Survey the management of >400 companies from February 18 through March 6 2009

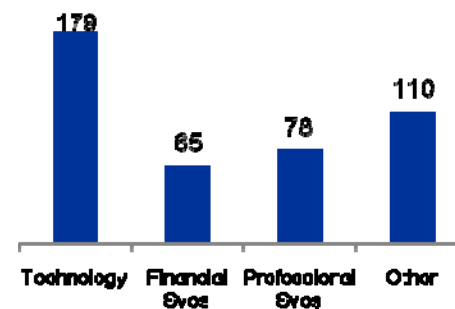
### Scope

- Small companies based in California, Texas, Colorado and East Coast
- Primarily white-collar professional services, technology and financial services companies
- Average employee wage >\$102,000
- Average company size 20 employees
- All companies are currently clients of TriNet

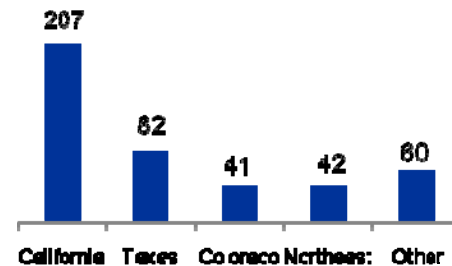
Company Size (Total Employees)



Companies by Industry Group



Companies by HQ Location

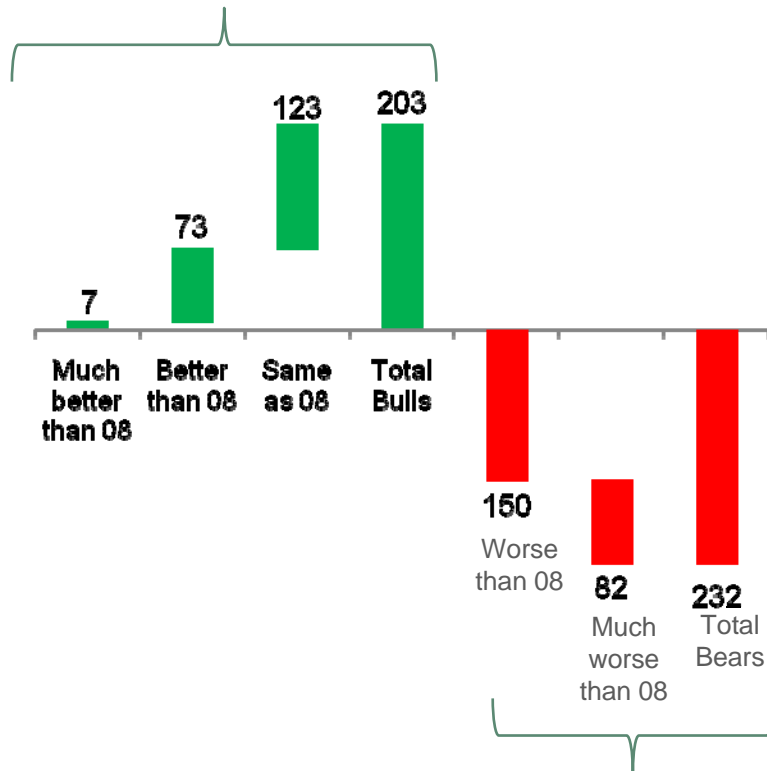


# Small companies base human capital practices on individual market perspectives.

Employer Practices Vary According to Market Perspectives

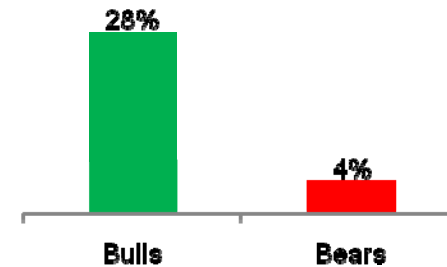
## Q: We consider 2009 market conditions for our company to be:

Economic Optimists = "Bulls" = 46% of respondents

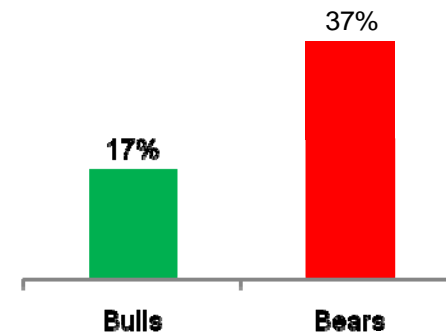


Economic Pessimists = "Bears" = 54% of respondents

Our company will hire more employees in 2009 than we did in 2008:



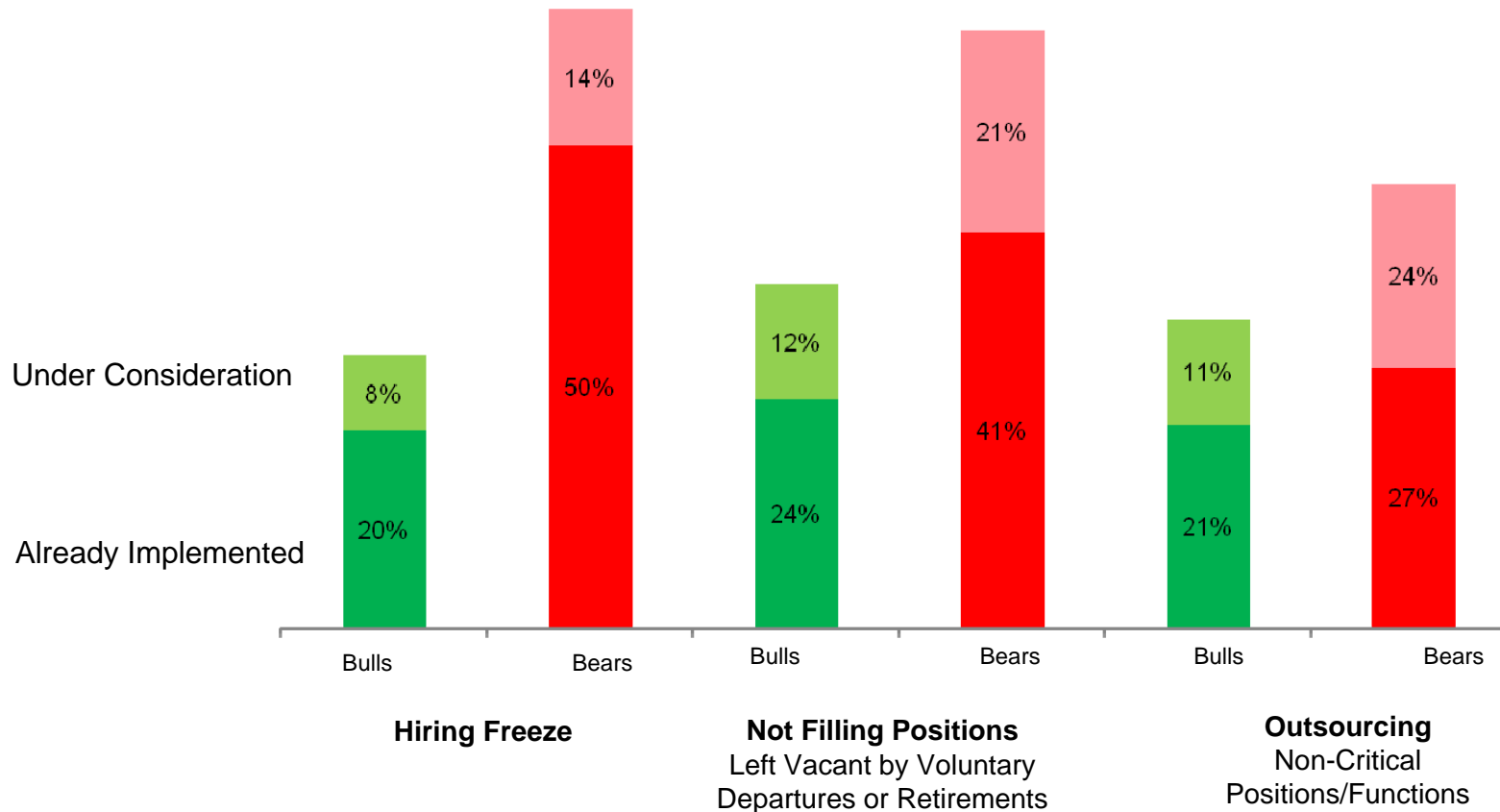
Since October 08, our company has conducted a reduction in force of more than 6% of employees:



# Companies are implementing hiring freezes, outsourcing and leaving vacant positions open.

## Hiring/Talent Acquisition Practices

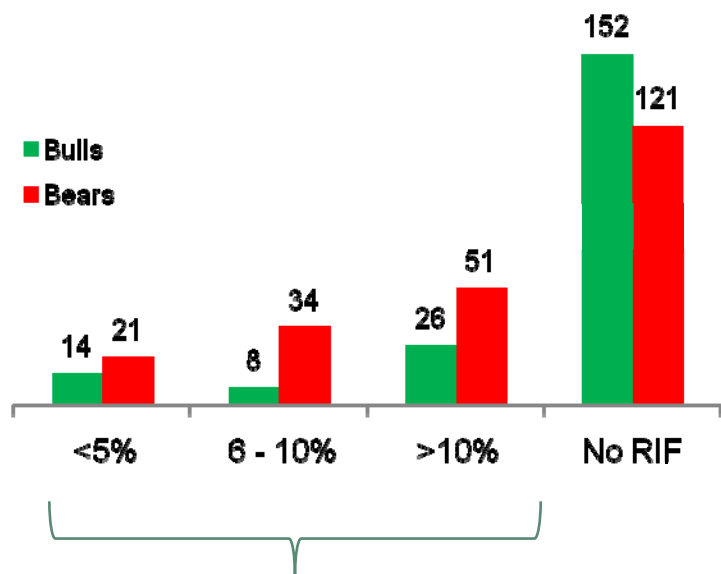
**Q: Has your company implemented, or considered, any of the following practices to reduce or manage employment costs:**



# About 1/3 of small companies made staff reductions between October – February, and 1 in 4 plan to do so by June 2009.

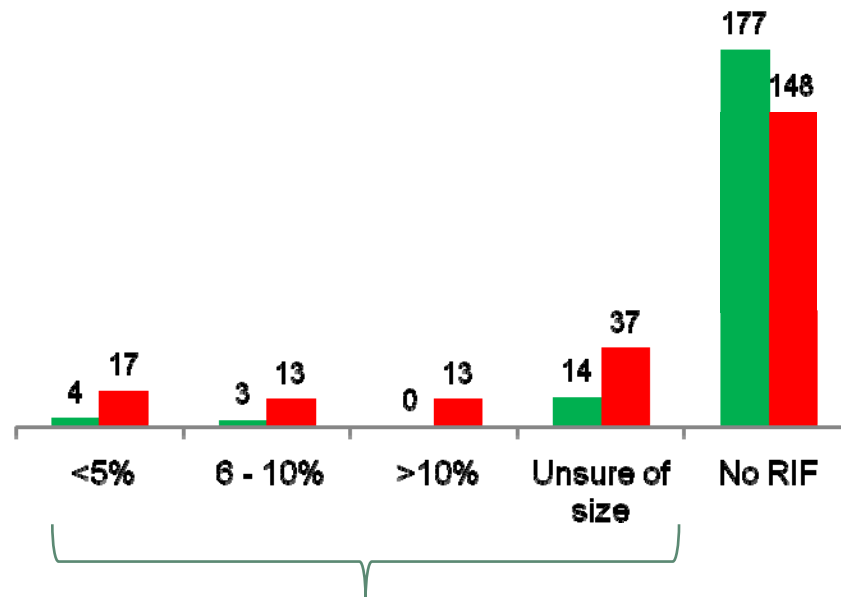
## Staff Reduction Practices

Q: Between 1 October 08 and 13 February 2009, has your company conducted a reduction in force?



154/427 = 36% of responding companies have completed a RIF

Q: Based on what you know today, will your company conduct a reduction in force between now and 30 June 2009?

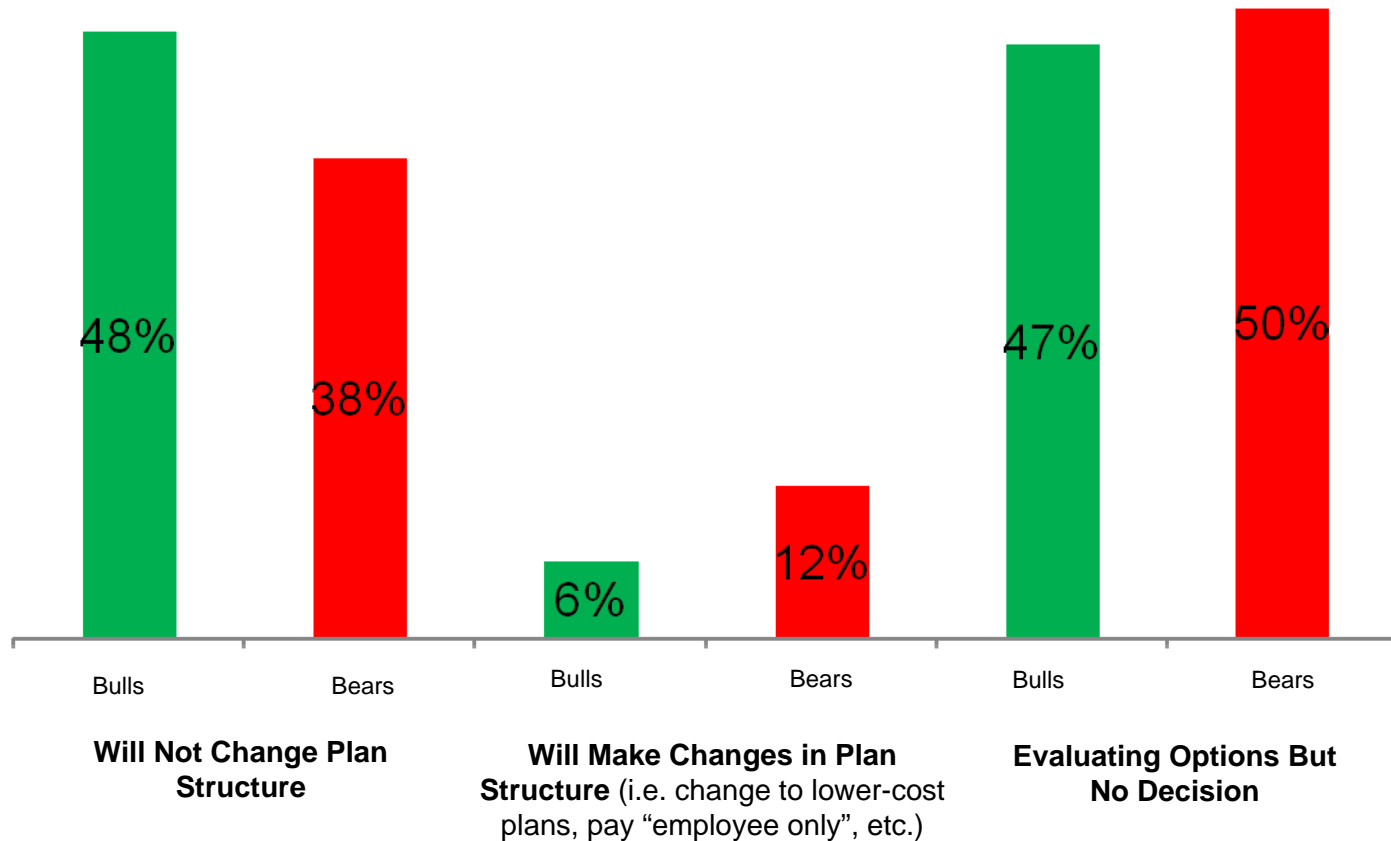


101/426 = 23% of responding companies will complete a RIF

# Few companies have committed to changing the structure of employee health plans.

## Changes in Structure of Employee Health Benefit Plans

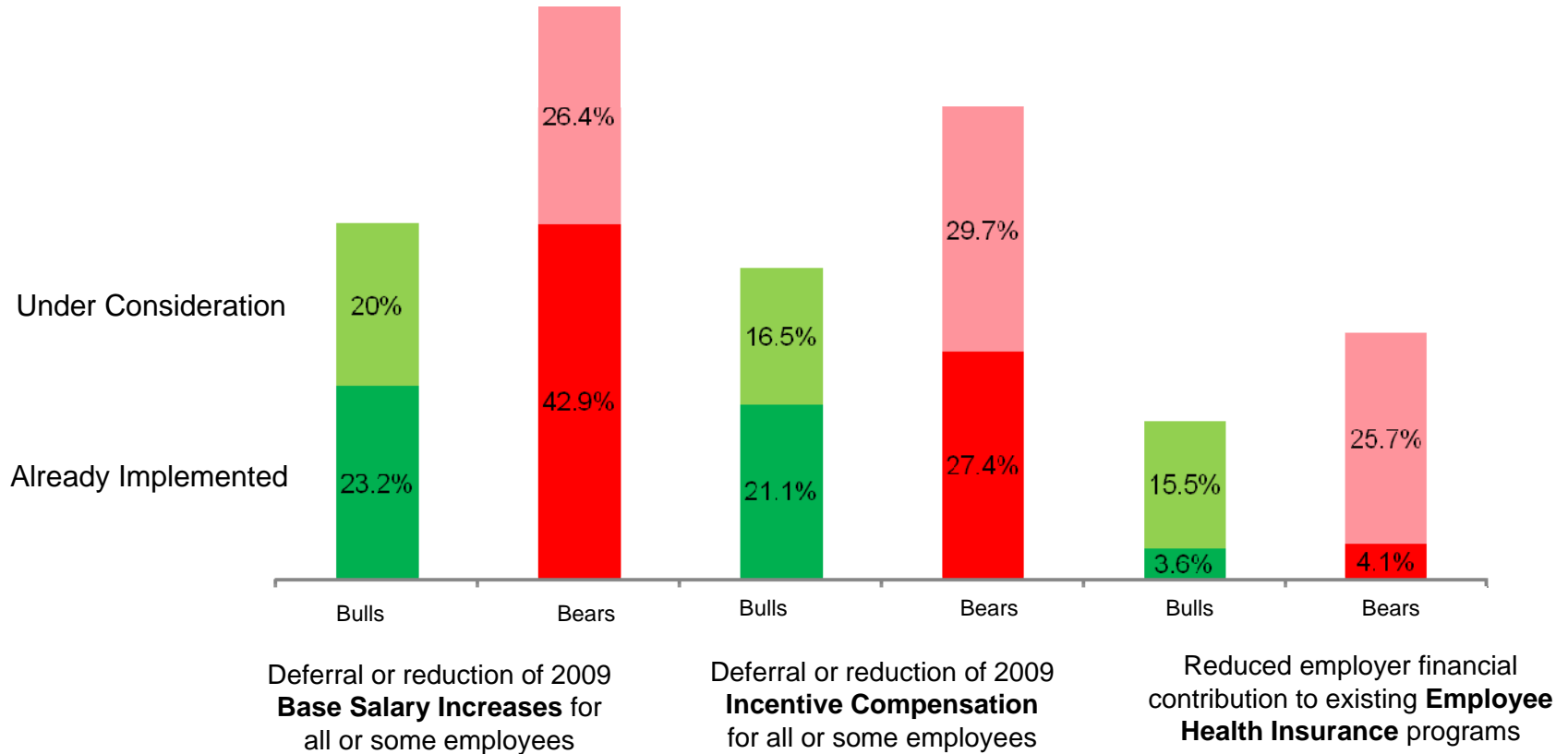
**Q: Has your company implemented, or considered, changes in the structure of employee health plans?**



# Compensation and benefit funding changes are under consideration or in place in many companies.

Salary, Incentive Compensation and Benefit Funding Practices

**Q: Has your company implemented, or considered, any of the following practices to reduce or manage employment costs:**



# Companies have avoided “employee out of pocket” practices, but are now considering them.

## Employee “Out of Pocket” Practices

**Q: Has your company implemented, or considered, any of the following practices to reduce or manage employment costs:**

