# American businesses relied on technology to buoy firms during crisis

October 9 2015, by Matt Swayne

Data from human resources departments across the country suggest that U.S. businesses recovered from the recent financial crisis by leaning on technology to ride out the upheaval, according to researchers.

"It is also likely that technology will remain entrenched in future human resource processes," said Elaine Farndale, associate professor of human resource management and director of the Center for International Human Resource Studies. "With the capabilities and possibilities of technology, combined with the economic growth, we are seeing a shift in the way that HR will be carried out."

In a recent report based on a survey of human resource management policies and practices in the U.S., 82 percent of responding businesses indicated their organization was profitable over the past three years, according to Farndale, who worked with Maja Vidovic, a post-doctoral scholar of human resource management, Saahir Shafi, a graduate student in the human resources and employment relations program, and Elizabeth Rockey, a research assistant, all at Penn State.

Most respondents were even more optimistic about the future growth in their markets than they were before the 2008 financial crisis. In the 2014-2015 survey, 66 percent reported they were optimistic that markets were growing compared with 61 percent in the 2004 survey and 45 percent in the 2009 survey.

Companies also reported a slight decline in the percentage of operating costs accounted for by labor costs, while the number of employees increased.

These data may suggest that businesses are using technology to shave money from training costs and in hiring practices, according to Farndale.

"Reflecting on the data, we attribute a lot of this to the fact that many human resource managers are implementing and using computer-based training programs," said Farndale. "The companies make an investment once and then that training can be rolled out multiple times."

Companies are also using social media, such as Twitter and Facebook, to streamline recruiting processes. Human resource managers, for instance, might review candidates' social media presences in terms of their professional experiences and contributions before calling them in for an interview.

Although business has been good for companies, the effect on workers is mixed, the researchers suggest. As the economy and their own revenues recover, companies appear to be reshuffling, but not boosting workers' benefits packages.

"The percentage of organizations offering benefits in excess of statutory requirements—such as maternity and parental leave, and education/training breaks—shows evidence of a decline since 2009," said Farndale.

In addition, offering stock options for management, a popular benefit before the stock market crash, has decreased.

Farndale added that the numbers suggest that employers may be less inclined to turn to the stock market as a form of management compensation, and that they may feel that other forms of incentive pay are more effective in achieving their goals.

Although other benefits and forms of compensation have decreased, worker health care is one area where companies are willing to increase their commitment, said Farndale.

"In 2009, 37 percent of organizations said they offered health care programs above any statutory requirements and in 2014/15, that number jumped to 65 percent—which is a huge leap," she said.

The passage of the Affordable Care Act in 2010 may have prompted this emphasis on health care as a benefit, as well as the shuffling of benefits packages, according to Farndale.

"Organizations are well-focused on health care," she added. "Now, whether companies have used money that funded other benefits such as maternity and parental leave, and the likes, and put it into health care programs instead, we can't be sure."

Some organizations may have made changes to control health care costs as well, such as introducing consumer-directed health plans—for example, Health Reimbursement Accounts and Health Savings Accounts—to cover more employees at a lower premium.

Provided by Pennsylvania State University

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