* Impact of Recession on Organization

**Abstract**

**Background:**

In the environment of recession, it is very important for hotels to determine effective strategies to minimize the impact recession and budget cut. There are different types of strategies such as strict rules and regulation, aggressive [management](https://www.dissertationfirst.co.uk/management-dissertation-topics) of cost etc that can be used by the hotels to minimize the impact of recession. Holiday Inn Brentwood is UK based hotel chain facing the problem of recession. It has successfully gone through medium and long-term reforms to minimize the impact of recession over its operation.

**Purpose:**

The main purpose of this research is to analyze various actions taken by the organizations to minimize the impact of recession. The report is aimed at determining the steps taken by Holiday Inn Brentwood to minimize the impact of recession over it.

**Methodology:**

The research problem is exploratory in nature, so quantitative research type is used to collect data from primary and secondary sources of data collection. The questionnaire survey method is used over the 100 customers, from which only 80 participants responded. For secondary research literature is selected that helped to obtain quality information.

**Findings:**

From the research, it is found that there are so many steps that organizations can take to minimize the impact of recession over it. It is very important for the organizations to implement these steps to determine their sustainability and profitability during recession. There are different steps such as aggressive management of cash, transforming capital asset into financial asset and identification of key influencer that can be used to determine the effectiveness of organizations during recession also.

**Further implication:**

The research is quite effective for hotel industry to determine the effectiveness of these steps to minimize the impact of recession determining the sustainability and profitability of research.

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**Recession & Its Impact**

**Introduction**

Recession is the most severe condition the business world is facing today. Recession may be defined as the slowdown in the economic activities of a nation. Recession is a part of normal business cycle that tends to have a period about six months to 2 years. It is a situation under which the confidence of the consumer is being lost regarding the growth of economy and his spending power goes on decreasing. (Nagle,2009). Under recession the demand for the goods and services goes on decreasing that ultimately leads to the decline in production rising to unemployment in the economy. The impact that recession has over the economic world has made it a critical situation for different economies.

According to the Nation Bureau of Economic Research, recession can be termed as the significant amount of decline in the economic activities throughout the economy having significant impact on the real income, employment and production of goods and services within an economy. (LaBonte, 2010). There are several factors that have effectively contributed in the situation of recession within an economy. Many of the authors have regarded inflation as the most severe cause for inflation within an economy. It is the increase in the prices of goods and services ultimately leading to a situation of recession. Today most of the nations are facing with this problem of inflation.

Increasing interest rates in the country is also regarded as one of the most important factor responsible for the situation of recession in an economy. With the increasing interest rate, the purchasing power and borrowing of people has decreased. (Rhodes & Stelter, 2010). This continuous decline in the purchasing power of people leads to slow down the economy gradually. In addition to this, decreasing value of money is also regarded as the important reason behind the recession in an economy. When the value of money decreases, there is a slowdown in the economic activity of the country and ultimately a situation arises where there is complete negative growth. (Farago, 2002). Today maximum of the country has experienced this decline in their value of currency that leads to a situation of recession.

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Recession has also given birth to different kinds of situation such as the budget cuts by the organization. Today maximum of the organizations are engaged in the practice of budget to effective face the situation of recession. It is a practice followed by the organization to make a decline in their overall budget to meet their business goals without affecting. Today most of the organizations are using budget cut as a tool to tackle the impact of recession effectively. It has become a need for organizations to introduce budget to tackle recession effectively. (Richardson, 2011).

Apart from this budget cut, there are also several ways through which organizations could manage the impact of recession. Organizations could formulate an emergency fund to meet the impact of recession effectively. At the same time, organization can also work for the long-term goals to minimize the impact of recession. Looking for the opportunities would also help organizations to face the recession effectively. (Hungerford, 2011). In addition to this, recession and budget cuts have also severe impact over the organization. The most important impact of this recession and budget cut is the increase in unemployment. Organizations are forced to reduce its number of employees to meet its business goals in such environment.

Holiday Inn Brentwood is a UK based hotel chain, an ideal venue for business and leisure guest. The hotel provides its customers with wide variety of services from accommodation, restaurants, meeting, conferences, weeding and events. The group has wide range of hotels to meet the demand of its customers. The hotel chain has also faced severe problem of employee attrition due to recession and related budget cuts (Brentwood, 2011). This has also affected the services of hotel up to great extent. Today the hotel is going through a critical condition to determine its sustainability in the environment of recession.

**Background**

The evolution of recession is completely a new concept for the country as well as the organization. It is supposed to start from US in the year 2007 and has gradually taken all the economies of the world under its impact. Although the situation was from very beginning but it was termed during this period only (Frumkin, 2010). Recession has not only affected the growth of economy but at the same time, also has created a situation of dissatisfaction among the people. Recession has now become an important issue before the world as it has severely affected the growth of economy all over the world.

In relation to Holiday Inn Brentwood, recession has also affected its services to a great extent. As the hotel is providing wide range of services to its customers it has become quite difficult for the hotel to manage its operation with budget cuts due to recession (Brentwood, 2011). The hotel is introducing various types of actions to mitigate the impact of recession but it has not been able to minimize the impact of budget cut due to recession. Organizational restructure is one of the important steps taken by the hotel to minimize the impact of budget cut due to recession.

**Research aims and objectives**

Research aims and objectives are very important to accomplish the research successfully. The main aim of this research is to determine the steps taken by the management of Holiday Inn Brentwood towards the budget cut due to recession. Following are the aims and objectives of this research that would be accomplished through literature review, research methodology and data analysis:

* To identify and analyze the strategies formulated by management of Holiday Inn towards budget cuts with regard to minimize the effect of recession.
* To explore the relationship between budget cuts and its related impact on various department in Holiday Inn.
* To determine potential strategies for survival in the current scenario of recession and budget cuts.

Research questions also play an important role in determining the success of the research. It helps to determine the pathway through which the research question is explored. Following are the research questions that would be explored through this research to accomplish it successfully:

* Which factors are responsible for budget cut in Holiday Inn due to recession?
* What is the impact of budget cut on employees in Holiday Inn Brentwood?
* How Holiday Inn Brentwood does have affected from recession?
* What steps have been taken by Holiday Inn Brentwood to minimize the impact of recession?

**Significance of the study**

There are several reasons that reveal the importance of this research in current business world. The research is quite effective to determine the strategies used to manage the impact of recession over organizations. With the instability in the economy, it is very important for organizations to determine effective strategies to minimize the impact of recession as well as also determines the sustainability of organizations during recession. The case of Holiday Inn Brentwood has been taken to provide real world example of the strategies used by organizations to manage the impact of recession.

**Structure of the study**

There are five chapters included in this research to accomplish aim and objectives of the research successfully. Following structure is followed to conduct this research:

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* **Chapter one: Introduction** – Under this chapter, a brief description about the recession and budget cut is discussed. The chapter also discusses about the background of the Holiday Inn Brentwood and strategies used by Holiday Inn Brentwood to minimize the impact of budget cut due to recession. The base provided to the whole research through this chapter increases the creditability of this chapter.
* **Chapter two: Literature Review** – The chapter discusses about different theories and cases to support the research aims and objectives from the review of books, journals, articles and website etc. The chapter is quite significant to build an understanding about the concepts and theories related to recession and budget cut in organizations. It also includes the discussion related to recession and its impact on Holiday Inn Brentwood. At the same time, the chapter also determines creditability of the research.
* **Chapter three: Research methodology** – The chapter is aimed at determining the way through which the research is conducted. Different research methods, approaches, philosophies are used in this chapter to provide reliability of data and information collected for the research. The chapter also justifies the reason for selecting particular tool over the others to gather information.
* **Chapter four: Data analysis and key findings** – The chapter includes findings from chapter two. The chapter provides key findings related to the research with the effective analysis of the data obtained through chapter two.
* **Chapter five: Conclusion and recommendation** – Under this chapter, the overall summery of the research is included in the form of conclusion. The chapter includes main outcomes of the research. At the same time, the chapter also recommends further suggestions of the strategies used by Holiday Inn Brentwood to minimize the impact of recession. The limitation and further implication of the research is also included in this chapter to enhance creditability of the research.

**Conclusion**

From the above discussion, it is concluded that recession is very critical situation for organizations today that need to be managed effectively. The chapter provides base for answering the research questions effectively. The chapter is quite effective to understand the impact of recession over organizations. The effectiveness of the chapter determines the creditability of whole research through providing right direction to the research.

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