

## Why Should Recession Stop the Recruiters?

By KELLEY HOLLAND

It's not easy being 20-something these days.

The competition for admission to business school is fierce, as many workers view an economic downturn as the perfect time to step out of the work force and earn an extra degree.

The job market is unwelcoming, to say the least. This year through October, employers laid off 1.2 million workers, according to the Labor Department, and if [Citigroup's](#) announcement last week of job cuts is any indication, the reductions will continue.

In a survey in early October of nearly 450 human resources officials by the Society for Human Resource Management, some 39 percent thought that future layoffs were likely at their companies, and 55 percent thought that hiring freezes were probable.

Even students at leading business schools are finding a changed climate. At the Sloan School of Management at the [Massachusetts Institute of Technology](#), a few companies are delaying or canceling visits, and some that had planned to hire second-year students now say they have filled their slots with summer interns who accepted permanent job offers, according to Jacqueline Wilbur, director of the career development office.

Clearly, it takes courage for employers to recruit right now. Which employers in their right minds would hire a batch of new workers when the economy and the financial markets are in disarray?

The reality, though, is that not hiring — or seriously thinning the ranks of junior employees — can lead to problems down the road. Companies that are not in dire shape would do well to think long and hard before they pull back from new recruiting or dismiss their newest workers.

For one thing, word spreads quickly when an employer lets a lot of people go or rescinds job offers. That can hamper future recruiting efforts.

"Some businesses are doing this because they really haven't thought through what the implications are," said Robert J. Thomas, executive director of the [Accenture](#) Institute for High Performance Business, part of Accenture, the consulting firm. "It's not just the older employees who get nervous. It's also the younger employees and the prospective employees. A company's brand as an employer is absolutely critical, and if they start doing things in haste, they can very quickly devalue that brand."

Dr. Thomas said corporate job cuts, especially in financial services, have "thrown business schools into a tizzy." Many students are switching gears and taking jobs in other industries, he said.

At the Kellogg School of Management at [Northwestern University](#), students seem to be more inclined to take offers stemming from their summer internships, said Roxanne Hori, the director of career management.

"The hiring is happening, but it's much more conservative than it has been," she said. And while she has not yet seen companies rescind offers, she anticipates that some will. As a result, she said, students are saying: "I didn't hate my job and the markets aren't great. I think I'll take this offer."

The career counseling specialists at Kellogg are also working with unusually high numbers of alumni, Ms. Hori said. Alumni counseling appointments in 2007-8 were up roughly 35 percent from a year earlier, to about 4,100, and Ms. Hori expects the number of graduates looking for work or exploring career changes to increase during the current academic year.

Companies do not just lose appeal as employers if they lay off younger workers or freeze hiring. They may also limit their ability to develop future leaders.

At [Southwest Airlines](#), many of the top executives got their start in relatively low-level jobs at the company, according to Jeff Lamb, chief people officer for the airline.

"Virtually everyone has a story where they started out in an entry-level job and moved up through the ranks," Mr. Lamb said, adding that 90 to 95 percent of management jobs are filled internally. "We just tend to populate that pipeline with our front-line employees."

Southwest plans to sharply trim hiring next year — 1,500 people, compared with about 3,500 in 2008. Mr. Lamb said that most of the new hiring is directly tied to the airline's growing number of flights.

He said he was pleased to find less competition for top job candidates right now. "There is an opportunity, and we like that," he said.

The reality for employers is that scarce talent will still be scarce when the economy improves, said Laura Sejen, practice director for strategic rewards at Watson Wyatt, the consulting firm. In past recessions, "the employers that emerged more intact were the ones who had not done the very extensive slash-and-burn kind of layoffs," she said.

"I'm not saying never do layoffs," Ms. Sejen added. "I'm saying do it only when you have to, and mindfully and carefully. Make sure you really analyze the demographics of your work force," and determine where the greatest future growth — and demand for employees — will probably be.

"The across-the-board 5 percent reduction," she said, "is not the best way to go."

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