Second chapter deals with the review of the related literature. Literature review is the important part of any research. It helps the researcher avoid reinventing part contributions and results. The findings of the literature review give a path for future research. Keeping the same in mind the researcher has gone through several review of literature. After reviewing the collected review of literature the researcher has selected 20 review of literature carried out at National level and rest 45 review of literature carried out at International level. These reviews of literature were selected keeping in mind the need of research carried out by the researcher.

2.1 REVIEW OF LITERATURE (NATIONAL)

Abhishek Shukla (2010) “this paper suggested the New dimensions of HR Role in global recession in the organization through surveys and case studies. Last year the Global economy was grappled with the most severe Financial Shock. Indicative the magnitude of the shock Equity market volatility is at or unprecedented corporate Bonds yield are extremely high related to U.S. treasury yield stocks and equity Prices have plummeted. With the Global Financial System deleveraging and the U.S. Economy in the midst of a severe Recession. The biggest challenge for companies and especially Human Resource in this economy downturn is to survive and to remain competitive companies reorganized and reengineered to reduce waste. Recession poses the unique challenges to the HR department. Investments in human capital are not likely to be a high priority for companies whose very survival is threatened by the global downturn. Organizations have been buffeted about like leaves in a storm by many trends recently the recession is one of the major results of it. Each Recession as it unfolds create the need for HR Practitioners to take a fresh look on there traditional model. Traditional Model of human resource management focuses on administrative functions: application processing benefits compensation benchmarking dispute resolution employee grievances performance review and rules compliance. It is the time to step back understand the actual needs of the employees and the employers strike a balances redesign and innovate the New Roles of HR policies as per the need of company objective and market Environment”.
Abhijit Sarkar (2010) “the result of that paper globalization and technological advancements today the competition has peaked. In this environment only those companies can survive which offer the best services and products to the customers. Due to so many options available to the customers in the same place attracting customers has become a tough job for the companies. Companies should possess knowledge about consumer behavior and customer satisfaction in order to survive in the market. Once the company understands the expectations of the customers it enables the management to innovate better products services with added benefits. Naturally the banks have become more customer oriented and offer customized services to meet individual needs. There is an increased focus on the high net-worth customers as they contribute more to the business. Banks have been offering 24-hour service to customers all 365 days of the year through their customer care centers and anytime banking services. Since liberalization of the Indian Economy in the early 90’s the market environment has turned turbulent & dynamic the going has got a lot tougher and after coming through a global recession the service element in banking sector has turned even more important. In such a back drop it becomes interesting to study the perceived quality of the services rendered by the Axis Bank and the HDFC Bank during the height of recession and to ponder over as to whether their operations in those difficult times has anything to do with their present market status”.

Ajit Kambil (2008) “this research found those organizations that sustained their focus on revenue growth and market share and where managers had broad mindset and considered a broad set of options for action were most likely to succeed in contrast to those who did across the board staff and cost cuts”.

Atif R. Mian (2010) “according to the study micro-level analysis of the Great Recession provides us with important clues to understand the origins of the crisis the link between credit and asset prices the feedback effect from asset prices to the real economy and the role of household leverage in explaining the downturn. We hope that our discussion also serves as an example of the usefulness of incorporating microeconomic data and techniques in answering traditional macroeconomic questions”.

C.P. Rao (2010) “this study investigated the behavior of United States exporters during the 1980-82 recession evidence is provided which suggests that many firms which were adversely affected by the recession intensified their exports and that these firms significantly modified their export marketing activities. The evidence also suggests that exporting firms change their export destinations during recessions. Finally the factors which facilitated and inhibited export expansion during the recession are also examined”.

Choudhary Singh Hemendra (2010) “this paper explains that the depth insight into economic recession and the reason and solutions for economic recession. The world economic slowdown which had its epicenter in the developed economies has now found its way into the developing economies also. One such reason is banks and their loan policies which lead to subprime crises. The economy was at risk of a deep recession after the dotcom bubble burst in early 2000 this situation was compounded by the September 11 terrorist attacks that followed in 2001. In response central banks around the world tried to stimulate the economy. They created capital liquidity through a reduction in interest rates. In turn, investors sought higher returns through riskier investments. Lenders took on greater risks too and approved subprime mortgage loans to borrowers with poor credit. Consumer demand drove the housing bubble to all-time highs in the summer of 2005 which ultimately collapsed in August of 2006. The effect of crises as a ripple effect on the Indian economy. The leaders of Europe's largest economies England France Germany Italy held a meeting where they discussed better ways to monitor the world's markets and banks. They did not however push to create a new regime of oversight regulation and punitive action that would be directed at financial fraudsters and their structured Ponzi-scams and in the end we discussed what steps should be taken to improve the financial conditions of the country. So in to we will study how these banking institutions lead to economic crisis and what steps are required to protect the world economy from facing the same crises again”.
Dipankar Dey (2009) “this paper tries to substantiate an alternative view that the financial crisis is just one symptom of a long-festering economic disease and the root cause of the present crisis was the rising wage-productivity gap. The paper then analyzes how the imminent depression of 1990 was deferred by over a decade through application of novel financial engineering techniques. It also discusses the possible measures needs to be taken immediately to overcome the present crisis. The study concludes with the observation that a multi-polar world order with at least three different power centers will replace the present uni-polar system controlled primarily by the USA”.

K. Vidyakala (2009) “according to the study banks act as important players in the financial markets. They play a vital role in the economy of a country. The Recession that began in December 2007 impacted the revenues and profitability of businesses worldwide. We are in a globalised world and no more immune to the things happening outside our country. Built on strong financial fundamentals strict vigil on risk appetite and firm monetary guidelines Indian banks have proved among the most resilient and sound banking institutions in the world. But there has been considerable divergence in the performance of the various banking institutions in the country as also among the public private and foreign banks operating in India. The Indian banking system is relatively insulated from the factors leading to the turmoil in the global banking industry. Going by the performance for the calendar year 2008 Indian public sector banks have not only been able to weather the storm of global recession but have been able to moderate its impact on the Indian economy as well compared to its peers among the foreign and private banks. The banking sector faces profitability pressures due to higher funding costs, mark-to-market requirements on investment portfolios and asset quality pressures due to a slowing economy. But Indian banks global exposure is relatively small, with international assets at about 6 per cent of the total assets. The strong economic growth in the past low defaulter ratio absence of complex financial products regular intervention by central bank, proactive adjustment of monetary policy and so called close banking culture has favored the banking industry in India in recent global financial turmoil”.
K. Vidyakala (2009) “India is the fifth largest retail destination globally. The retail market in India is facing slowdown with the ongoing financial crisis happening across the world markets. Since the markets always have internally linked with each other, the impact of the crisis is generally shared among all. The high level of inflation has been a wet blanket for the global markets. With the suddenly disturbed economical status, consumers are gradually losing interest on buying. India retail sales growth fell sharply to 11 per cent in December 2008 from 34 per cent in the like period of 2007, according to a study by global consultancy firm KPMG. Slowing sales resulting in lower inventory turnover and increasing working capital requirements to fuel growth have resulted in liquidity pressures for many domestic retailers. Factors like store rationalization, working capital management, regionalization, cost optimization and manpower resizing are some of the key top of mind issues for the retailers in the current context. This evolution had soon disappointed the hopes of retail industry. Even with the weight of America's mighty Wal-Mart Stores behind it Bharti Enterprises is scaling back. Pantaloon Retail India's largest merchant run by Kishore Biyani the boldest opportunist in the business is seeing a severe setback. Eight months ago Reliance restructured operations shut around 20 Fresh stores and laid off 13% of its 30,000 people. Worst hit is India's largest discount retailer Subhiksha. The Chennai retail chain had expanded tenfold to 1,655 outlets in four years, funding its expansion largely by debt. It said a demand contraction following a slowdown in the domestic economy has impacted the sales of retailers and urged the government to increase spending on infrastructure and other development initiatives”.

M.S. Rao (2009) “this paper concludes that training is only a comma not a full stop. Training is an investment not an expense. Despite any recession, it should be maintained as a continuous process to ensure organizations remain competitive and productive”.

M.Faizul Islam (2001) “this deals with financial crisis erupted when Thailand delinked its baht to the dollar on July 2, 1997. The contagion affected Malaysia South Korea Thailand and the Philippines subsequently. These countries slid into recession in 1998. The crisis also exposed the weaknesses that were inherent in their economies.
The International Monetary Fund rushed to rescue them financially in exchange for reforms. Thanks to the reforms that were taking place all countries except Indonesia pulled out of recession by 1999”.

**P. N. Raja Junankar (2009)** “the aim of this paper is to study the likely impacts of the Global Financial and Economic Crisis on the Australian labour market. We argue that the impact of the global crisis on the Australian economy is likely to be a continuing increase in unemployment and long term unemployment. The impact of the recession leads to a significant fall in GDP and GDP growth that would lead to a worsening of conditions of living for a large number of people. This increase in unemployment is likely to have significant long term impacts on the well being of Australian people in terms of prospects for employment in the future on wages subsequent to finding work on health and on family relationships. We argue that besides the policies introduced to date in terms of loosening of monetary policy and the fiscal stimulus we need to target policies towards the unemployed especially the long term unemployed”.

**Pankaj Dogra (2008)** “this paper is an attempt to look into the impact of global recession on Indian financial market major initiatives taken up by the Government and Reserve Bank of India in the order to contain it with special focus on employment import-export interest rates risk management credit demand and taxation”.

**Piyapas Tharavanij (2007)** “this paper investigates the relationships of capital markets frequency of recession and fraction of time the economy is in recession. The main finding is that frequency of recession is not robustly linked to measures of capital market development. However the fraction of time the economy spends in recession is significantly related to capital market development though the marginal effect is small. This implies that countries with more advanced capital markets would tend to spend lower proportion of time in recession. Results are generated using quarterly data of thirty-five countries from 1975 to 2004”.
Praseeda Menon (2012) “this paper explains that apart from confirming the dispositional source of JS satisfaction with nature of work as well as relations with one supervisor emerged as the most important situational contributors over and above that of personality factors during recession in the Indian IT sector”.

S.P. Kothar (2011) “this paper finds that advent of the Great Recession in 2008 was the culmination of a perfect storm of lax regulation a growing housing bubble rising popularity of derivatives instruments and questionable banking practices. In addition to these causes management incentives as well as certain US accounting standards contributed to the financial crisis. We outline the significant effects of these incentive structures and the role of fair value accounting standards during the crisis and discuss implications and relevance of these rules to practitioners standard-setters and academics”.

Saeed Khan (2009) “according to the study in economics sense, recession is a general slowdown in economic activity over a long period of time or a business cycle contraction. During recessions many macroeconomic indicators vary in a similar way. Production as measured by Gross Domestic Product (GDP) employment investment spending capacity utilization household incomes business profits and inflation fall during recessions bankruptcies and the unemployment rates rises. Recession in the West specially the United States and Europe has significantly affected Indian IT companies which depends upon the outsource projects from these countries. The IT projects are a part of planned expenses for future growth of business. In this period many US UK based companies had cut-down on their IT expenses. This had a significant impact on Indian IT industry. IT companies has taken various steps to control their outgoing. With this study we will try to find out how the cost component been managed by Indian IT companies and what are the impacts of such a strategy on their business. In IT Industry, cost of employees package makes a major part of expenses. Many companies come with the concept of virtual bench fired highly paid employees put trainees on project by replacing experienced. The research for this subject is done as an exploratory research project. An Exploratory research provides good insights into the issue situation or any business ideas. To define the research
problem, an exploratory research can be carried out. The problems are formulated clearly in exploratory research and it aims at clarifying the concepts gathering explanations and gaining insights”.

Salman Ahmed Shaikh (2010) “this paper reviews limited but precious academic literature on central banking and monetary management in Islamic finance. It discusses the building blocks of an Islamic monetary system. It discusses how savings would feature despite discontinuation of interest, how inflation will be checked with central banks not having at its disposal conventional OMO how liquidity will be managed in banking sector when central bank wants to inject liquidity or mop up funds. How and to what extent the institution of Zakat would enable the government to meet its fiscal targets and does not crowd out private sector. How balance of payments and exchange rate stability can be managed in an interest free economy. If in the short term, the government or central bank needs alternative source of revenue other than Zakat they can issue GDP linked bonds. This could replace T-bills and provide a base instrument for OMO and liquidity management in the banking and financial sector”.

Vathsala Wickramasinghe (2012) “this article refers to the results Evidence from globally distributed software development firms in Sri Lanka It was found that reduction in financial rewards reduction in benefits and training and development provision significantly vary by the size of the firm. Further the communication of information performance management reduction in financial rewards and reduction in benefits significantly predict employees happiness at work during recession”.

Venkatachalam Anbumozhi (2010) “this paper finds those consequences of the crisis for energy use pollution prevention and land use in Asia and the associated emissions of greenhouse gases the principal global warming pollutants as well as their linkage with poverty. There are some short-term benefits to the global environment from the economic slowdown. Such benefits include reduction in the rate of air and water pollution from reduced energy use which has direct implications for the urban
poors health. However modest benefits to global and local environments arising from the economic slowdown are likely to be much smaller than the costs associated with many environmental conservation measures related to energy savings natural resources protection and water environment. Both supply and demand side investments in energy and environment are being affected. Many ongoing projects are being slowed and a number of downward revisions are being made in expected profitability. Meanwhile businesses and households are spending less on energy efficiency measures. Tighter credit and lower prices make investment in energy savings and environmental conservation less attractive financially while the economic crisis is encouraging end users to rein in spending across the board. This is delaying the deployment of more efficient technology and equipment. Furthermore solution providers are expected to reduce investment in research, development and commercialization of more energy efficient models, unless they are able to secure financial support from governments. The economic slowdown is likely to alter land use patterns by increasing the pressure to clear forests for firewood timber or agricultural purposes the livelihood opportunities available with the rural poor. Further the likely additional delay in many countries in the construction of effluent treatment plans for limiting the discharge of pollutants into the rivers is expected to harm the water environment. Thus on balance, the modest benefits to global and local environments arising from the economic slowdown are likely to be much smaller than the costs of many environmental conservation measures for improving the livelihood conditions of the poor. Natural resources and ecosystem services provided by the environment are essential to support economic growth and better livelihood conditions of the poor. Inaction on key environmental challenges, such as climate change, could lead to severe economic consequences in the future. These concerns justify government action to support investment in green growth measures, promoting direct investment or fiscal incentives for energy efficiency and clean environment low-carbon technologies. But much more needs to be done. The investment needed to put national economies in low-carbon green growth pathways far exceeds what is expected to occur. Governments should be looking to increase the new funds they commit to long term energy and environmental policies to improve livelihood conditions and to shift our development trend into an environmentally sustainable future. Hence a commitment that extends well beyond the economic stimulus packages is needed”.

2.2 REVIEW OF LITERATURE (INTERNATIONAL)

Andrew J. Filardo (2001) “this paper evaluates the accuracy of several recession prediction models. In particular traditional rule-of-thumb models using the composite index of leading indicators (CLI), Neftci sequential probability model, a probit model, and Stock and Watson's experimental recession indexes are compared. Despite the relatively mild depth of the recession, the models using the CLI performed particularly well. The results are robust across different types of models and with respect to the use of real-time data. The strong real-time performance stands at odds with earlier sceptical claims about the marginal usefulness of the CLI in predicting cyclical turning points, and complements the results in the earlier research of Filardo (1999). At a more conceptual level, the paper provides general support to the classical business cycle view that turning points of business cycles from expansion to recession are complex possibly endogenous and nonlinear phenomena. The results also suggest that the impressive insights of Geoffrey Moore into the theory and construction of the CLI will continue to shape our understanding of business cycles well into the future”.

Ans Kolk (2009) “this article shows that climate change is seen as the most pressing environmental problem of our time by many companies policymakers and other stakeholders. It is currently also at the forefront of attention in view of attempts to conclude a successor to the Kyoto Protocol that expires in 2012. In bail-out plans and policies to address the economic recession and credit crisis climate aspects haves figured prominently as well. This article examines recent policy and economic developments and their relevance for business and climate change considering the implications of the economic slowdown declining oil prices and bail-outs. Dilemmas in the economy-climate-policy nexus in the current setting are also placed in the broader context related to innovating for climate change, to highlight some of the competitive technological and market issues that need to be taken into account to break the present dead lock that hinder radical moves to a low-carbon economy”.

27
**Beverley Searle (2011)** “this paper finds that housing wealth is increasingly being used as a financial safety net across the life course. Homeowners are equally likely to have engaged in equity-borrowing episodes during periods of economic prosperity as they are during periods of decline particularly lone parents with non-dependent children and unemployed people. Housing tends to be used as a last resort once other forms of credit have been exhausted”.

**Charles I. Guarria (2011)** “this paper deals with an examination of the surveys reveals that budget cuts were worse in fiscal year 2009 than they were in 2010. Suggesting the cuts enacted in 2009 were effective thus less severe cuts were needed in FY 2010. Stress levels were high for FY 2009 and inched higher in FY 2010. There was no significant help in terms of cost sharing for purchases from the departments within the organizations the libraries served. Best practice suggestions were offered in many areas to include communication, purchasing and personnel”.

**Charles Wyplosz (2010)** “this paper results that the United States and European situations during the crisis and examines how much of the crisis has been imported by Europe from the US. The paper argues that Europe never had a chance to avoid contagion from the US. It also documents the relatively limited reaction of both monetary and fiscal authorities. Muted fiscal policy actions may well be a consequence of the Stability and Growth Pact despite its having been de facto suspended. While the European Central Bank intervened promptly and massively to attempt to maintain liquidity in the money market it has been slow in dealing with the upcoming recession. The concluding remarks consider the differences that the monetary union has made and their relevance”.

**Christiane Baumeister (2010)** “according to the study two main findings stand out. First in all the countries we analyze a compression in the long-term yield spread exerts a powerful effect on both output growth and inflation. Second, conditional on available estimates of the impact of the FED and the Bank of England asset purchase programmes on long-term government bond yield spreads our counterfactual
simulations indicate that U.S. and U.K. unconventional monetary policy actions have averted significant risks both of deflation and of output collapses comparable to those that took place during the Great Depression”.

Cinzia Alcidi (2011) “this paper reviews that confirm the consensus on monetary policy deflation and massive bank failures must be avoided. With regard to fiscal policy it is impossible to confirm a widespread opinion according to which fiscal policy did not work because it was not tried. The paper finds that fiscal policy went to the limit of what was possible under the conditions as they existed then. Policy reaction after 1932 was no less bold than that of today if one accounts for sustainability issues. Lastly the investigation of the US banking system shows a surprising resilience of commercial banks that remained profitable at least on average even during the worst years”.

Cristi Tilden Deloitte (2010) “results of this study indicate that recessionary times there is a certain level of financial statement manipulation that goes undetected most likely because the manipulations are corrected when the economy improves and are not exposed by events such as bankruptcy. It is also important to note that the tests in this study cannot distinguish between manipulations that may be within the parameters generally accepted accounting procedures and those that may cross the line into fraud”.

Didier Sornette (2009) “according to the study the financial crisis of 2008, which started with an initially well-defined epicenter focused on mortgage backed securities (MBS) has been cascading into a global economic recession whose increasing severity and uncertain duration has led and is continuing to lead to massive losses and damage for billions of people. Heavy central bank interventions and government spending programs have been launched worldwide and especially in the USA and Europe, with the hope to unfreeze credit and bolster consumption. Here we present evidence and articulate a general framework that allows one to diagnose the fundamental cause of the unfolding financial and economic crisis the accumulation of
several bubbles and their interplay and mutual reinforcement has led to an illusion of a perpetual money machine allowing financial institutions to extract wealth from an unsustainable artificial process. Taking stock of this diagnostic we conclude that many of the interventions to address the so-called liquidity crisis and to encourage more consumption are ill-advised and even dangerous given that precautionary reserves were not accumulated in the good times but that huge liabilities were. The most interesting present times constitute unique opportunities but also great challenges for which we offer a few recommendations”.

Eva Sierminska (2011) “the recession the US economy entered in December of 2007 is considered to be the most severe downturn the country has experienced since the Great Depression. The unemployment rate reached as high as 10.1% in October 2009 the highest we have seen since the 1982 recession. In this chapter we examine the severity of this recession compared to those in the past by examining worker flows into and out of unemployment taking into account changes in the demographic structure of the population. We identify the most vulnerable groups of this recession by disaggregating the workforce by age gender and race. We find that adjusting for the aging of the US labor force increases the severity of this recession. Our results indicate that the increase in the unemployment rate is driven to a larger extent by the lack of hiring (low outflows) but flows into unemployment are still important for understanding unemployment rate dynamics (they are not as a cyclical as some literature suggests) and differences in unemployment rates across demographic groups. We find that this is indeed a man cession as men face higher job separation probabilities, lower job finding probabilities, and, as a result, higher unemployment rates than women. Lastly there is some evidence that blacks suffered more than whites again this difference is particularly pronounced for men”.

Evan F. Koenig (2002) “in this report it is analyzed that, examines the 2001 recession by comparing it with previous recessions and investigating whether an added degree of resilience and flexibility is evident in the economy. The downturn appears to have been relatively mild and to have been tempered by the productive use of information technologies. Paradoxically the information technology sector itself was hit exceptionally hard”.
Francesco D'Amuri (2011) “this paper finds that provides an assessment of the effects of the Great Recession on the Italian labour market. Two thirds of the decrease in employment taking place during the 2008 4 to 2009 4 period were due to the fall in job finding probabilities while transitions out of employment significantly increased only for employees with flexible contracts. According to micro level multiple stochastic imputations coherent with the evolution of the employment rate income losses related to job terminations will be partially offset by the highly fragmented income support safety nets available. A stress test shows that income stabilization offered is pro-cyclical while labour income inequality is driven by changes in employment inequality among the employed seems to be rather insensitive to the composition of employment”.

Grzegorz W. Kolodko (2000) “the result suggested that the transitional recession in Eastern Europe and the former Soviet Union has lasted much longer than expected. It has been the result of both the legacy of the past and policy mistakes. Due to structural reforms and gradual institution-building, the post socialist economies have started to recover, and some leading countries have been able to build up a certain amount of momentum towards fast growth. There is a possibility that within the wider context of globalization several of these emerging market economies will be able in a matter of one or two generations to catch up with the more advanced industrial countries”.

Helvi Kinnunen (1999) “this paper outlines the results of the role of bank relationships in business closures during the Finnish economic crisis of the early 1990s. We utilise a unique panel data set of 474 small and medium-sized firms for which we have standard accounting information and for which we can in addition identify whether the firm had a lending relationship with the most troubled part of the banking system namely the Savings Bank of Finland and Skop bank. By estimating a logit model we find that even accounting for the effects of liquidity profitability indebtedness age and size firms that had a lending relationship with the savings banks concerned were more likely to close in 1992 than other firms that year or the same
firms in other years. Thus being a loan customer of these banks entailed greater risk for firms than having a lending relationship with other intermediaries only in 1992 which was the year the banking sector came to a head. The result lends support to the hypothesis that financial factors affect real outcomes not only through firm and household balance sheets but also through bank behavior”.

Jeremy Nalewaik (2007) “This paper explores that work estimates Markov switching models on real time data and shows that the growth rate of gross domestic income (GDI), deflated by the GDP deflator, has done a better job recognizing the start of recessions than has the growth rate of real GDP. This result suggests that placing an increased focus on GDI may be useful in assessing the current state of the economy. In addition the paper shows that the definition of a low-growth phase in the Markov switching models has changed over the past couple of decades. The models increasingly define this phase as an extended period of around zero rather than negative growth diverging somewhat from the traditional definition of a recession”.

Jingling Guan (2011) “this paper finds that firms with scores in the safest decile earn 13% per year more during recessions than firms in the most risky decile. Sorting on recession score generates portfolios with larger dispersion in recession premium than sorting based on a host of standard systematic risk measures and firm characteristics. These recession score portfolios highlight exposure to recession risk and make good candidates to test linear asset pricing models. I find that while both the Fama-French three-factor model and the consumption-based CAPM can explain the cross section of returns on these recession score portfolios the CAPM cannot. This paper develops a new method to capture stocks exposure to recession risk in real time and shows that such exposure is an important determinant of a stock's expected return”.

Joel Stern (1980) “the findings of the study highlight that business managers are usually inadequately prepared to lead their companies through a recession. Instead they tend to treat recession as an externally imposed condition over which they have little control. Their inclination is to react to it as a de facto emergency often with apprehension and uncertainty and in some cases with genuine panic”.
**John H. Cochrane (2010)** “this study finding that I use the valuation equation of government debt to understand fiscal and monetary policy in and following the great recession of 2008-2009 to think about whether the US is headed for a fiscal inflation and what that inflation will look like. I emphasize that a fiscal inflation can come well before large deficits or monetization are realized and is likely to come with stagnation rather than a boom”.

**Jonathan Eaton (2010)** “this paper explore that merges an input-output framework with a gravity trade model and solves numerically several general equilibrium counterfactual scenarios which quantify the relative importance for the decline in trade of the changing composition of global GDP and changes in trade frictions. Our results suggest that the relative decline in demand for manufactures was the most important driver of the decline in manufacturing trade. Changes in demand for durable manufactures alone accounted for 65 percent of the cross-country variation in changes in manufacturing trade GDP. The decline in total manufacturing demand durables and non-durables accounted for more than 80 percent of the global decline in trade GDP. Trade frictions increased and played an important role in reducing trade in some countries notably China and Japan but decreased or remained relatively flat in others. Globally the impact of these changes in trade frictions largely cancels each other out”.

**K.P.V. O'Sullivan (2009)** “the result reviews that while the global financial crisis exacerbated matters the banking crisis in Ireland was largely a home grown phenomenon. The crisis stemmed from the collapse of the domestic property sector and subsequent contraction in national output. Its root cause can be found in the inadequate risk management practices of the Irish banks and the failure of the financial regulator to supervise these practices effectively”.
Keith A. Houghton (2000) “the results show the use of income increasing policy choice does not increase monotonically with the level of financial distress. In particular, we show that firms classified as distressed which do not subsequently fail in the short term show a significant tendency to increase reported income using changes in accounting policy. However, firms which subsequently fail within the short term do not select income increasing techniques more frequently than healthy firms. One reason why firms that fail in the short term may not engage in income increasing policy choice is the clear prospect of imminent ex post settling up including litigation against former directors, auditors and others which can occur following corporate failure. Such costs are not widely recognized in the tests of accounting policy choice which rely on indicators of financial health such as leverage or interest coverage”.

Keith Roberts (2003) “the result reviews that PIMS evidence distinguishes between good costs bad costs and it depends costs. Good costs are those that should be increased and intensified during recession. Bad costs are those that need to be pruned hard in recession. It depends costs are those where the right actions are dependent on the strategic position of an individual business at the time the recession begins. Conclusions and recommendations In a recession dare to invest aggressively in marketing innovation and customer quality is the clear message to be drawn from PIMS Profit Impact of Market Strategy research into which business strategies aid success during and after a market downturn lasting several years”.

Michael R. Braun (2009) “the results indicate that duality and slack by themselves do not influence firm performance. However, family firms with a combined CEO chair and ample slack resources experience enhanced performance both at the onset of recession and at its conclusion. The findings suggest that a unified leadership and access to slack provide the family with the means to weather economic hardship. The paper makes the case that the stewardship afforded by this combination provides clear benefits to outside shareholders”.
Manfred W. Keil (2009) “in this paper deals with a forecasting equation which performs well according to the standard econometric criteria and has a standard error of forecast which is a little better than the RMSE of CBO forecasts back to 1986. The forecast for 2009 is grim but not disastrous we predict growth of 0.5%, more or less the same as 1981 and 2000, and about the same as the 20% most optimistic of the CBO's panel of blue chip forecasters. We use the forecast model to classify the seven worst recessions since 1955 finding that falls in the value of household financial assets are the most powerful causes in five of them, including the present. In addition we look at the relationship between the housing market and the financial crisis. Perhaps counter intuitive to some, we conclude that neither falls in house prices nor mortgage defaults are deflationary per se”.

Marcelle Chauvet (2001) “this study finding that compare forecasts of recessions using four different specifications of the probit model a time invariant conditionally independent version a business cycle specific conditionally independent model a time invariant probit with auto correlated errors and a business cycle specific probit with auto correlated errors. The more sophisticated versions of the model take into account some of the potential underlying causes of the documented predictive instability of the yield curve. We find strong evidence in favor of the more sophisticated specification which allows for multiple break points across business cycles and autocorrelation. We also develop a new approach to the construction of real time forecasting of recession probabilities”.

Martin Reeves (2009) “after reviewing the result eventual economic recovery, heightened uncertainty and volatility will remain permanent features of the business environment. As a result resilience the ongoing ability to anticipate and adapt to critical strategic shifts will become an increasingly important driver of future competitive advantage. Given the likelihood that the strategic environment will remain uncertain even after the recovery the company must institutionalize the lessons learned during the downturn. And go further to adjust the customer offering and business practices new services new features new pricing models enter or exit markets band with other businesses in cooperative relationships”.
Michael D. Hurd (2010) “this paper finding that the effects of the recession are widespread between November 2008 and April 2010 about 39 percent of households had either been unemployed had negative equity in their house or had been in arrears in their house payments. Reductions in spending were common especially following unemployment. On average expectations about stock market prices and housing prices are pessimistic particularly long run expectations. Among workers expectations about becoming unemployed have recovered somewhat from their low point in May 2009 but still remain high. Overall the data suggest that households are not optimistic about their economic futures”.

Michael Ettredge (2011) “this study examines whether auditors independence was compromised in favor of retaining desirable clients during the recession of 2007-2009. Our measure of independence is auditors willingness to issue first-time going concern GC modified opinions to financially distressed clients. Desirable clients are defined as those either not obtaining fee concessions from auditors between 2006 pre-recession and 2008 mid-recession or contributing large proportions of the audit firm local office revenue. We find that auditors are less likely to issue first-time GC opinions to more desirable clients in 2008 compared to 2006. In addition, auditors are less likely to issue first time GC opinions to more desirable clients than to less desirable clients in 2008”.

Michael S. H. Shih (2002) “this study finds pervasive earnings management by firms in the downward direction during the 1990-1991 recessions. Mean discretionary accruals estimated from the Jones model 1991 were negative and significant in Q4 1990 when the recession was at its most severe stage and the lowest of the 19 quarters examined. More interestingly the general direction of earnings management appears to be highly predictable. Mean discretionary accruals are mostly negative in quarters of very strong or very weak real GDP growth and mostly positive in other quarters. Regression fitting a quadratic function to the relationship of mean discretionary accruals with real GDP growth confirms that the relationship has the shape of an inverted U. Given that the 'true' corporate earnings before manipulation and real
economic growth are likely to be highly correlated the result is consistent with the hypothesis that managers defer income in periods of very weak earnings when they have no chance of receiving bonuses linked to earnings and periods of strong earnings when the bonus cap has already been reached to future periods and manipulate earnings upward in other periods. The finding that mean discretionary accruals were negative during the 1990-1991 recession is also consistent with the hypothesis that investors react to poor earnings reported during recessions less harshly and managers have incentives to defer income in such periods to future periods. As well the directions and extents of earnings management of individual firms during the 1990-1991 recession were closely related to their performance. Both firms with the largest revenues declines and those with the largest revenues increases during the recession had the largest negative discretionary accruals of all sample firms. This result is also consistent with the hypothesis linking earnings management to how bonus plans are administered. We also find evidence that earnings reserves accumulated by firms during the recession were released later strategically in a pattern consistent with bonus maximization in the long run”.

**Michael Sakbani (2010)** “this paper elucidates the major historic changes observed in monetary policy design and execution. It also brings out the changes in the empirical size of the various fiscal policy lags as compared with the received literature. It is argued that if the policy actions succeed the empirical relevance of the modern quantity theory and new classical macroeconomics would be thrown into question. Other set of conclusions involves setting up an internationally coordinated of financial regulations and bank supervision. It is argued that reforming the international monetary system has become unavoidable. There are also a host of specific other conclusions”.

**Nicolas Kachaner (2009)** “according to the paper the managers approach major suppliers and ask them to consider buying back the overhead assets they have sold the firm. Then imagine negotiating contracts that require a firm only to pay for those assets as they are used or even better as a percentage of sales”.


Nigel Piercy (1983) “this study examines economic recession has hit hard at both manufacturers and retailers in the UK. However, within the generally gloomy picture there are areas of success and growth. The argument in this article is that we should now be asking what marketing lessons retailers can learn from the recession. This is important to surviving the short-run and making the most of new market opportunities as they arise in the longer term. Ten such lessons are outlined below as a starting point for reviewing the position facing a retail company in the 1980 and to stimulate thought and discussion within such companies”.

Ricardo Llaudes (2010) “this paper examines the impact of the recent global crisis on emerging market economies EMs. Our cross-country analysis shows that the impact of the crisis was more pronounced in those EMs that had initial weaker fundamentals and greater financial and trade linkages. This effect is observed along a number of dimensions such as growth stock market performance sovereign spreads and credit growth. This paper also shows that during this crisis pre-crisis reserve holdings helped to mitigate the initial growth collapse. This finding contrasts with other studies that fail to find a significant relationship between reserves and the growth decline. This paper argues that our preferred measure of impact is a more accurate reflection of the true impact of the crisis on Ems”.

Robert Kosowski (2006) “this paper shows that the stylized fact of average mutual fund underperformance documented in the literature stems from expansion periods when funds have statistically significant negative risk adjusted performance and not recession periods when risk adjusted fund performance is positive. These results imply that traditional unconditional performance measures understate the value added by active mutual fund managers in recessions when investors marginal utility of wealth is high. The risk-adjusted performance or alpha difference between recession and expansion periods is statistically and economically significant at 3 to 5 percent per year. Our findings are based on a novel multi variate conditional regime switching performance methodology used to carry out one of the most comprehensive examinations of the performance of US domestic equity mutual funds in recessions and expansions from 1962 to 2005. The findings are robust to the choice of the factor
model including bond and liquidity factor extensions the use of NBER business cycle dates fund load turnover expenses and percentage of equity holdings”.

**Roberto Moro Visconti (2011)** “this paper deals with the global recession has strongly affected the credibility of the international banking system damaging also the real economy. Developing countries, not fully integrated with international markets seem less affected and local microfinance institutions might also allow for a further shelter against recession even if foreign support is slowing down and collection of international capital is harder and more expensive. Intrinsic characteristics of microfinance such as closeness to the borrowers limited risk and exposure and little if any correlation with international markets have an anti cyclical effect. In hard and confused times it pays to be little flexible and simple”.

**Ronald Bigelow (2010)** “this paper focus on the history of business is full of ups and downs. The present recession is worrying many businesses and people. Indications are that corporations and management have more to learn from this recession than from prior recessions. For one thing, increasing global competition has made business survival more difficult than before. Under the new conditions, many of the old ways of dealing with recessions or downturns cannot work they may even debilitate firms using them. New means of surviving economic banes need to be considered. Examines some of those means in particular planning cost cutting strategies core strategy versus diversification re-structuring post-restructuring and some positive aspects of an economic downturn”.

**Scott Latham (2010)** “this paper revealed first the review distils disparate scholarly works on firm behavior and recessions to provide a systematic appraisal and review of what people know and do not know about managing firms through economic downturn. Second the conceptual framework points to numerous opportunities to scholars interested in conducting research on this timely and important topic”.

39
Seungwon Shawn Lee (2012) “that about the half of respondents profit margins decreased during the recent financial crisis. The respondents indicated that primary factors that impacted the decrease were reduced available sponsorship funding and the general effects of economic recession on all other revenue sources. The festival and event professionals expected the industry to grow and perform at a very conservative pace over the two years 2011 and 2012 following the recession. The strategies that the festival and event professionals intended to use to build successful businesses following the recession were increase marketing efforts work to reduce expenses overall and increase the use of technology”.

Stanislav Bucifal (2009) “this paper explores three of those challenges. The first is the expanding scope of protectionism implied by the policy response of governments to the global economic downturn. The second is the immediate task facing the WTO of completing Doha Round negotiations and ensuring the effectiveness of existing multilateral trade disciplines. And the third is the vulnerability of global trade to the unilateral policy decisions of the U.S. and its relationships with other major economies particularly China and the EU. The paper is organised in three sections one section for each of the three challenges”.

Thomas B. King (2007) “this paper finds that corporate credit spreads embed crucial information about the one-year-ahead probability of recession as evidenced by both in-and out of sample fit. Furthermore the incidence of false positive predictions of recession is dramatically reduced by utilizing a bivariate model that includes a measure of credit spreads along with the slope of the yield curve indeed these bivariate models provide much better forecasting performance than any combination of univariate models. We also find that optimal Bayesian model combination strongly dominates simple averaging of model forecasts in predicting recessions”.

Til Schuermann (2004) “the study indicates that a sharp turnaround from their fortunes in the 1990-91 recession banks came through the 2001 recession reasonably
A look at industry and economy-wide developments in the intervening years suggests that banks fared better largely because of more effective risk management. In addition, they benefited from a decline in short term interest rates and the relative mildness of the 2001 downturn”.

**U. Schäfter (1985)** “this article concern to examines the interrelationship between price, product and investment policy and costs interdependence of product and price polices and the effect of fluctuation in economy. Posits that there are several intrusive factors operating on this system of relationships with respect to the sales market e. g. the state of the economy competition and technical advances. Identifies three strategies which may be employed in the case of changeover from one state to another. Concludes that the policy employed by an organization is dependent on the market position of a product and its durability pre-recession”.

**Vanessa Beck (2013)** “this study focus that the situation for older workers in employment is better than in previous recessions mainly because employers are less likely to resort to redundancies for workers of all ages. Instead a range of flexible working options are being utilised including flexible retirement and adjustments to work processes. In the main the flexibility was instituted and controlled by the organisations. Employers are looking for alternative strategies to deal with a shift in control over the retirement process as a result of the abolishment of the default retirement age”.

Wei Liu (2001) “this paper investigates the long-run recovery experience of U.S. commercial banks that received capital infusions under the Capital Purchase Program CPP a part of the Troubled Asset Relief Program TARP. We document both the financial condition and stock price performance of CPP banks that recovered in terms of later repaying TARP funds by year-end 2010 compared to other recipient CPP banks. Based on a dynamic recovery model our results show that recovering CPP banks tended to have higher capital asset quality profits dividends liquidity size and therefore overall financial condition than other CPP banks. Long run event study analyses of common stock prices reveal that in the quarter after repayment of TARP funds CPP banks experienced economically large and significant buy and hold wealth gains of 14 percent equivalent to approximately 329 billion. Further cross-sectional analyses indicate that abnormal returns are significantly related to recovering financial condition. We conclude that TARP was successful in fostering the financial and stock price recoveries of CPP banks”.

William D. Nordhaus (2002) “this essay examines the state of the United States economy as it emerges from the 2001 recession. A comparison of several central economic variables indicates that the 2001 recession was the mildest recession in the postwar period. In light of highly differentiated characteristics of recessions the paper suggests that we differentiate among downturns by a five-category recession severity scale analogous to the Saffir Simpson Hurricane Scale. According to this approach the 2001 recession fits in the least severe box a category I recession along with the 1963 and 1967 non-recessions. The paper next examines the behavior of profits in recent years and shows that financial finagling has infected the aggregate profits numbers. Finally the study constructs a measure of the forward looking return on equities and concludes that the prospective real yield on equities in early 2002 is at its low point of the last half century”.
Yao Chen (2011) “in this paper focus on the financial information provided by Fortune Magazine is used to study the productivity changes in the global auto industry during 1991-1997 including automakers from the USA, Europe, Japan, and South Korean. The paper seeks to uncover global auto industry productivity changes during the early 1990s economic recession. Data envelopment analysis DEA is used to identify the empirical performance frontier. A new DEA-based Malmquist productivity index is used to further analyze the two Malmquist components. The analysis not only reveals patterns of productivity change and presents a new interpretation along with the managerial implications of each Malmquist component, but also the analysis identifies the strategy shifts of individual companies based upon is quant changes. The labor efficiency and overcapacity of the global auto industry is studied and judgments can be made about whether such strategy shifts are favorable and promising”.
2.3 CONCLUSION

The researcher after reviewing the entire studies carried out at National and International level concludes that although many of the topics have been covered in the earlier literature review no comprehensive study exists that treats comparative study of impact of recession on corporate performance of Indian and Foreign companies. It indicates that the topic chosen for the study is quite relevant. This study will also help to make the further studies more meaningful.