

# HUMAN RESOURCES MANAGEMENT IN CRISIS: EFFECTS ON THE EMPLOYEES

Maria Margarida Barreto Simões

Dissertation of Human Resources Management

### Supervisor:

Prof. Francisco Nunes, Prof. Auxiliar, ISCTE Business School,

Department of Human Resources Management

October 2013

Human Resources Management in Crisis: Effects on the Employees				

"Not everything that counts can be counted,

and not everything that can be counted counts"

## ALBERT EINSTEIN

#### **ACKNOWLEDGEMENTS**

I would like to express my gratitude to my supervisor Professor Francisco Nunes for all the help, comments and guidance through the learning process of this Master Thesis.

I would also like to take the opportunity to thank all the participants in my interviews for sharing their experiences since they were a precious part of this Master Thesis and without them none of this would be possible.

Finally, I would like to thank to my parents that gave me this opportunity to do the Masters and without their support I was not where I am today.

Human Resources Management in Crisis: Effects on the Employees

RESOURCES **MANAGEMENT CRISIS: EFFECTS** HUMAN IN ON

**EMPLOYEES** 

This Master Thesis is focused on an actual topic, both in Portugal and in the rest of the

world, which is the crisis. Therefore, it is analyzed how the present crisis is influencing

the organizations to the point of being implemented certain measures in the level of the

human resources management (HRM). It is intended to understand how those measures

taken at the level of the HRM, especially in terms of recruitment and selection, training,

performance evaluation, rewarding system and work design affect the employees in

different levels, such as acquisition of new competencies, power of initiative, and above

all, in terms of their motivation. This study helps to understand how these measures

affect the employees, which is the main focus of it, and, as a consequence, if the

organization's productivity will be affected or not.

This is an inductive qualitative study since it moves from specific observations to a

general conclusion. Therefore, the research method used is the in-depth interviews

which allow obtaining greater diversity and deepness information. A total of 24 people

were interviewed which belong to three different predetermined groups (private sector,

public sector and multinational sector) being possible to analyze differences and

similarities at the level of the measures of HRM implemented in times of crisis as well

as the different effects on the employees, taking into account the nature of the

organization.

Kev-Words: Crisis, Human Resources Management, Motivation, Productivity.

Jel Classification System: 015; M52.

IV

## **INDEX:**

1. INTRODUCTION	1
1.1 Initial problematic approach	2
1.2 Initial address to problematic	4
1.3 Research objective and contributions to theory and practice	5
2. HUMAN RESOURCES MANAGEMENT IN CRISIS	7
3. LITERATURE REVIEW	
4. DEVELOPING A FRAMEWORK	20
4.1 Conceptual Model	24
5. RESEARCH DESIGN AND SAMPLE	28
5.1 Interview's Structure	31
5.2 Introduction to Gioia Methodology	
5.3 Structure and Application of the Gioia Methodology	33
6. DATA ANALYSIS AND RESULTS	
6.1 Private Sector Data Structure	35
6.1.1 Private Sector Analysis	37
6.2 Public Sector Data Structure	39
6.2.1 Public Sector Analysis	41
6.3 Multinational Sector Data Structure	43
6.3.1 Multinational Sector Analysis	44
7. DISCUSSION	47
8. CONCLUSIONS	52
9. REFERENCES	54
10. APPENDIXES	59
10.1 Interview Guide	59

#### 1. INTRODUCTION

With this research I would like to try to explain how an unexpected environment, in this specific case the crisis scenario that Portugal is facing, influences the organizations in a way that makes them changing and adapting their practices, more specifically the human resources practices, in order to face this unexpected situation - the crisis. It was definitely a challenge to study this topic since the crisis we are facing is occurring at the moment so there is not a lot of research made already about it. Even though, unfortunately, this is not the first crisis scenario that Portugal (and the rest of the world) is facing, what lead to the actual crisis and its causes and consequences are not exactly the same as the ones that lead to the crisis that happened in the past, so it was definitely a challenged to develop this research. Taking in consideration three different groups of organizations which were previously defined which are the private sector, public sector and multinational sector, we will start by trying to understand what changes, if so, happened in the organization, especially in terms of the Human Resources Management (HRM) due to the crisis scenario that the entire country is facing, but the main focus will be on how those changes are affecting and influencing the employees. Therefore, it is desirable to understand how those changes are affecting the employees and how does it affect them and if it affects their productivity and the organization's productivity. Finally, what is desirable to try to show is if those changes affected in such a way the employees that, as a consequence, the organization's productivity will be affected or not.

The nature of this research is qualitative. In this specific case, this is an inductive qualitative research since it involves moving from some specifics to the generalities, rather than deductive qualitative research. Therefore, a qualitative research can be defined in various ways. According with Pratt (2009), "qualitative research is great for addressing "how" questions – rather than "how many"; for understanding the world from the perspective of those studied (i.e., informants); and for examining and articulating processes". Adding further, in the perspective of Gephardt, R. (2004), "qualitative research starts from and returns to words, talks, and texts as meaningful representations of concepts".

I would like to start by stating that having in mind the context of economic, financial and social crisis that, not only Portugal but the entire world is facing in the present, I

consider that it is important to study how employees are dealing with all the changes and specially which Human Resources (HR) practices have been adopted in a context of crisis and how the employees accept, see and deal with it and how it influences them and their performance in the organization. As it will be shown in the section of the conceptual model and according to West et al. (2006), the Human Resources Management (HRM) is one of the most important factors that influence productivity. Based on that, it is important that the organizations recognize and have in mind its importance and think about the HR practices that they want to implement especially in times of crisis as we are facing now.

#### 1.1 Initial problematic approach

The economic crisis has been felt all around the world in various sectors of the market and affects the human resources management. The economic crisis that reached Asia in 1997 offered an opportunity for the organizations to restructure themselves in order to cope better with uncertainty. Some factors contributed to this crisis, in this case in Hong Kong, such as:

- The collapse of the property market;
- The loss of competitiveness due to the pegging of the Hong Kong dollar to the US dollar while most of the Asia currencies devalued substantially;
- Uncertainty surrounding the handover of the territory to China;
- A number of food-related health alerts;
- Business closures:
- A rise in unemployment from a low of 2 per cent in the early 1990s to 6.3 per cent at the height of the financial crisis by 1998/9.

All of those factors contributed to the crisis that swept Asia and especially Hong Kong in 1997, but some of them are common to other countries, such as Portugal. With the crisis that was being felt, one of the industries that suffered with that was the hotel industry. The factors mentioned above cast a shadow over tourism and business travel, upon which the hotel industry critically depends on. This industry relied heavily on business travel and tourism and they both experienced a decline whose immediate

impact was a large drop in occupancy. As a consequence of the decline in business travel and tourism, some HR practices appeared not only in the hotel industry but also in organizations that go into dramatic changes such as:

- Reduce their charges to sustain revenues;
- Unprecedented retrenchment;
- Wage cuts;
- A host of other cost-saving measures that caused job insecurity, a decline in morale and possible low organizational commitment.

These measures are an example of HR practices that most of the organizations take when they are going into dramatic changes like a crisis scenario, not only in Hong Kong or even in the hotel industry, but all over the world no matter what industry we are talking about.

Other problem that the organizations experience and that will have an impact on their employees is the structure/flexibility dilemma. According to Weick (1999), organizations tend to have inappropriate levels of structure, i.e. too little, too much or the wrong kind. This means that managers either retain too much control, thus stifling employee creativity, or they allow so much autonomy as to invite chaos since there is not a minimum guidance and the employees can get lost. This question assumes more prominence when we consider non-stable and turbulent environments such as an economic crisis, which require rapid decision making and action rather than planning and will obviously influence how the employees feel about the work that they are developing. Therefore, they can feel that they are not getting enough independence to do what they think is the best or they can feel overwhelmed with too much responsibility, which can lead to feelings of uncertainty or stress.

As it is easy to understand, those HR practices have a tremendous impact on the employees. In a situation of crisis, the employees are already feeling more economic difficulties than in a normal situation due to some measures taken by the Government, as it is happening currently in Portugal, such as the cut of the subsidies and the increase of innumerous taxes. According with INE (Instituto Nacional de Estatística), the unemployment rate in Portugal in the second quarter of 2013 was 16.4% which represents more 1.4 percentage points when compared with the same period in 2012. According with the results of the employment survey done by the INE, the unemployed

population was 886 thousand people, which represents an annual increase of 7.1%. Above that, the organizations which are also the target of some measures taken by the Government, have the need to make some adjustments and changes as it was shown previously. The feelings of uncertainty, job insecurity, wage cuts, the increasing number of unmotivated employees are examples of factors that will influence the employees, their productivity as well as the organization's productivity.

#### 1.2 Initial address to problematic

There are some approaches that are directly related and that can be applied in order to overcome the issues presented above.

In a situation of crisis, it could be important to create organizational structures and processes that build organizational resilience potential. Rather than viewing plans as an outcome of a process to be utilized in a step-by-step fashion during a crisis, perhaps it is best to consider whether certain elements of planning activities can lead to effective response through building of organizational resilience potential that, when realized, enables adaptive behaviors and takes advantage of improvisation and creativity. When mentioning the importance of stimulating resilience potential, it is important to refer that the employees could benefit from it too.

When concerning the dilemma that organizations sometimes face between structure and flexibility, "minimal structures" are an appropriate template for striking a balance between both (Bastien and Hostager, 1988; Brown and Eisenhardt, 1997; Kamoche and Cunha, 2001). According to this literature, such a balance ensures that, while certain key processes are more or less maintained as given, other complementary ones are allowed to fluctuate in order to facilitate change and innovativeness.

Maybe paying attention to some factors like the ones presented above will make a difference in the organizations in terms of the measures they are forced to apply in turbulence environments such as in a crisis scenario.

#### 1.3 Research objective and contributions to theory and practice

With this research there are some objectives that I would like to highlight and that I believe that could be important not only for theory but also for practice. First of all, it is important to enhance that this research was based on the importance of the employees in the organizations. They are the main ones that produce and it is important that the organizations recognize their value and their contribution for the organizations' productivity. In periods of turbulence, mainly during crisis, it is even more important that the organizations give the right value to its employees since they are the main factor that can influence the organization's productivity. Second, it is important that the HR directors or the ones responsible for the organization's human resources have in mind that when taking some measures to respond to an unexpected situation they are going to affect their employees. Based on that, it is needed that all the HR practices are well thought as well as all the possible consequences that can thence arise and having always in mind the situation that the economy is facing, which is not always easy. Thirdly, and I believe this last one is the major research objective, is to try to analyze and understand how the employees are dealing and how they are affected by all the measures that the organizations for whom they work for, need to take in a turbulent environment. Not only extern factors influence the employees in a situation of crisis, such as the measures taken by the Government and that affect their quality of life in their daily life, but also intern factors which rely on the measures that the organizations for which they work for need to take when facing a situation like that, which are also affected by the Government measures. Therefore, the main focus will be to try to understand how the employees are facing the crisis that is affecting the country and most of the organizations; try to see how they are dealing with the measures taken in terms of HR and how it affected them and, as a consequence, if it affects or not the organization, especially in terms of productivity. As we can see, the research objective is fairly focused on the side of the employees and about their feelings and fears. To finalize, it is also desirable to know if the employees feel that those changes influence themselves in such a way that their work is affected, their performance and consequently the productivity of the organization.

I believe that this research can be important not only for theory but also for practice in the way that if organizations understand how the measures they take influence so much

## Human Resources Management in Crisis: Effects on the Employees

their employees and consequently their productivity, they will pay more attention to it and it can be a way to, in the end, increase productivity.

#### 2. HUMAN RESOURCES MANAGEMENT IN CRISIS

There are different ways to define the concept of Human Resources Management (HRM). Lipovec (1987) starts by saying it is "the system of relationships between members of a social unit, which assures the existence, development and characteristics of the social unit and rational achievement of its goals". According to Heathfield (2000), HRM consists in the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training. HRM can also refer to the policies, practices and systems that influence employees' behavior, attitudes, and performance as it was defined by Noel et. Al. (2003).

As the concept of Human Resources Management can be approached in many different ways, the same happens with the concept of Strategic Human Resource Management (SHRM). Wright and McMahan (1992) define the concept of SHRM as a pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. Rodwell and Teo (2004) argue that SHRM could be achieved through the cultivation of an external orientation to customers' demands and a commitment to employees.

Over the past twenty years it is known that the management of people that constitute the organizations has noticed a tremendous change, which can be divided into two major transformations. One of them is the transformation from the field of personal management to the field of human resources management. The other is the transformation from the field of human resources management to the field of strategic human resource management.

About the first transformation that was mentioned above it embodied the recognition that people are an important asset in organizations, even one of the most powerful ones, and that can be managed systematically by coordinating the shape and substance of the traditional personnel policies and practices. It is easy to understand that all these policies and practices have a major impact and affect human behavior; their impact would only produce positive results if they were affecting human behavior in the same way. In order to do that, it was needed insight and knowledge about the personnel policies and practices as well as knowing its impact in human behavior. In addition, it is

also needed coordination not only in the formulation but in the implementation of the personnel policies and practices. Together these events in personnel management demanded an increase of knowledge and professionalization amongst the professionals employed under dispute of managing people. The definition of human resources management was created in order to give recognition to this transformation in the discipline.

Then, the second transformation is associated with the fact that, in addition to the need of existing coordination of the human resource policies and practices with each other, it is also needed that they are coordinated or linked with the needs of the organization and its principles and values. Given that, these needs are reflected in discussions of the major issues as well as direction of the organization such as the strategy of the organization; the transformation of human resources management came to be known as strategic human resource management (Schuler & Jackson, 1999).

Due to the crisis situation that the world is facing, a lot of organizations are suffering with it on different scales. It is interesting to analyze how the crisis is affecting the organizations and we will see that the HRM suffers some changes, which sometimes are negative in the point of view of the employees, in order to try to save costs and to survive to the global crisis that the world is facing. This research is focused on how the organizations are affected by the crisis which is reflected on their reaction towards a crisis situation, especially in terms of the human resources management. Therefore, the focus of this research is on the effects of those changes due to the crisis on the employees, so it is interesting to understand the relationship between the crisis and its consequences on the HRM.

It is important to enhance that not only our country, Portugal, but the entire world is facing a severe economic, financial and social crisis in different industries. One of the challenges for organizations during the present crisis will be to adapt the management of human resources in a way that it does not affect negatively the employees and at the same time will contribute to the increase of productivity. It is important that the HR department knows how to adapt itself to a turbulent environment, such as a crisis scenario, and that the HR practices that result from a crisis environment do not harm the employees so they are able to keep producing and carry out their work in the best way possible.

Having in mind the challenges and the difficulties felt by the HR department of each organization, the objective of this research was to evaluate how the employees react to all the changes and to the HR practices that were implemented as a consequence of the crisis that is affecting the organizations.

#### 3. LITERATURE REVIEW

In this section of this research it will be presented some results of researches that were already done concerning a crisis scenario and in some of them the relationship with the human resources management.

I would like to start by enhancing that this theme of the human resources management in the present crisis and its effects on the employees it is a quite new theme since the effects of the crisis and the crisis itself is actual and it is still happening; therefore not much has been written about it. This is not the first economic, financial or social crisis that our country, and the rest of the world, is facing, obviously. However, it is not possible to make a perfect association of the present crisis with the past ones. The crisis that our country is facing now is different from the previous ones so, although it happened in the past, it is difficult to make associations or to deduct aspects from the past crisis. Therefore, not much literature is 100% linked with the theme under study which is interesting since it leaves some space for a qualitative research to be done.

As it is known, a crisis scenario has always an impact on the economy of any country, which will influence the organizations to adapt themselves to this unexpected and turbulent environment, which is the crisis. This situation is also happening in Portugal and this research relies on the effects of the current crisis in the human resources management and, subsequently, on the employees as well as in the organization.

As it is happening in Portugal, also in Asia the crisis situation had some implications in the human resources management in Vietnam. Since the mid-1980s, when the economic reform started in Vietnam, it experienced a huge economic growth. However, in late 1997 when the Asian crisis started, it had a negative impact on the economy of Vietnam. With the crisis, a lot of the economic sectors and regions in Vietnam suffered a decline in the Gross Domestic Product (GDP) growth, in Foreign Direct Investment (FDI), as well as an increase number of unemployed as we can see in the table 1 below (Moreno et. al., 1999).

Year	Nominal GDP (US\$bn)	Real GDP growth (%)	Inward FDI (actual, US\$bn) (%)	Unemployment rate
1997	26.8	8.2	2.4	5.9
1998	27.2	5.8	0.6	6.9
1999	28.5	4.8	0.6	7.4
2000	30.6	6.0	0.5	6.4
2001	32.3	6.0	0.8	6.3
2002	34.9	7.0	1.8	6.0

Sources: World Bank (1998); Vietnam Ministry of Planning and Investment (2003); Business Monitor International Ltd. (2003); Vietnam Panorama – Vietnam Economy News (2003) 16 May.

Table 1 – GDP growth, inward FDI and unemployment in Vietnam since 1997

Due to the changeable international climate, in this specific case the Asian crisis, the organizations (private or public) saw themselves forced to carry out an organizational reform such as reforming the old management into a new flexible human resources management system. Both external environment (globalization) as well as internal competition added more pressure to the organizations for them to adapt and make some changes, especially in the human resources management. Organizations started to need employees with talent and skills that are able and prepared to answer to the new requirements of the domestic and international markets. Therefore, some organizations started to introduce new concepts and practices of flexible human resources management.

The research done by Zhu (2005) analyzed the impact that the Asian crisis had on the Vietnamese economy which lead to new managerial initiatives, as well as how the Vietnamese companies have adopted formalized human resources management policies and practices to respond to the challenges from both external and internal forces. One of the conclusions of this research is that one important strategy for the organizations to survive to a crisis scenario is to develop new ways of maximizing the potential of their human resources. However, some barriers such as historical and ideological do not allow the adoption of new systems such as the lack of a strategic role for human resources managers, since the traditional management still has a major role in the majority of the organizations where the control is more important than the empowerment of human resources. This research showed that the Asian crisis had an

impact on the Vietnamese economy and led to new managerial initiatives, especially between 1998-1999, when the economic indicators showed a decline as it was mentioned previously and as it is shown in the previous table, such as adopting more flexible management systems. It also showed that Vietnamese organizations have adopted formalized human resources management policy and practices to respond to the challenges from both external and internal forces such as transformational managerial roles, freedom in personnel selection, increasing in-house training and information-sharing schemes. Another conclusion from this research of Zhu (2005) is that the influences of cultural tradition and the political environment are determinant factors for organizations to adopt certain human resources management dimensions.

Another example, and this one was already discussed in the beginning of this research, of how the crisis affected the economy and, subsequently, the human resources management, is the one about the HR response to the economic crisis in Hong Kong. Kamoche (2003) also talks about the crisis that reached Asia in 1997 and focuses his research in Hong Kong. Some factors such as the collapse of the property market, business closures among some others contributed to the crisis that swept Asia in 1997. As a consequence of the crisis, there were some changes in the level of HR practices such as wage cuts as well as some other cost-savings measures that caused job insecurity.

In the area of Human Resources Management, the global crisis represents an external shock-wave that changes all the parameters within which HR professionals at all levels operates. The paper of Zagelmeyer & Gollan (2012) talks about some links between the global financial crisis and the human resources management at a general level focusing on the HR managers in the management of uncertainty. The crisis and HRM are linked in many different ways. Starting with the strategic level, the crisis is a part of the external economic, political and societal environment within which HRM operates. The volatility and the dynamism of the crisis created a high degree of uncertainty within which governments and businesses take decisions on strategic and operational issues (Streeck, 1987). Another level in which the crisis and the HRM are linked is concerning the operational challenges of HRM due to the crisis which is reflected on the decline on product demand, with its associated decline in labor demand and, consequently, in labor surplus, in the way that labor surplus requires HRM to initiate and implement adjustment policies. Finally, HRM professionals have an understanding of

organizational processes and structures and within which business and human beings operate. This equips the HR professionals with a set of knowledge, skills and abilities which is highly relevant in the current business environment. From this article of Zagelmeyer & Gollan (2012) we can understand that the global financial crisis has had an impact on markets, organizations and institutions as well as on the human beings behind those organizations and it is important that the HR professionals are able and know how to answer to this challenge.

There is another interesting research, which is also focused on some changes especially in terms of HRM in a crisis scenario, within one of the major French carmakers (Jaidi & Thévenet, 2012). The main focus of this study is regarding a general plan for the voluntary departure of 4000 employees by April 2009 in France, with an additional 2000 job cuts expected elsewhere in Europe. According with Kamoche (2003) and Thévenet (2009), the 2008 global economic crisis hit the world like a typhoon and it left a lot of destruction such as an increasing number of company closures, downsizing, wage cuts and lingering high unemployment. To face this global economic crisis a lot of carmakers, not only in France, have adapted strategic approaches to face this crisis scenario. This was obviously a challenge for any HR department of any organization that put in the agenda cost-cuttings measures and reorganizations leaving behind the policies of HRM and development that had been implemented in the past. One of the solutions that were found by this French carmaker to better respond to this crisis scenario was downsizing which appears to be a possible solution to reduce costs while improving efficiency and sustaining efforts to meet production and performance goals (Sahdev, Vinnicombe & Tyson, 1999). Therefore, downsizing should lead to lower overhead costs, faster and smoother decision-making and an increase as well in the organization's productivity (Cascio 1993; Kets de Vries & Balazs 1996). However this positive side of downsizing which is refuted by many research studies appears to be a critical issue for organizations and society which is probably the reason why downsizing has received much negative press (Sahdev et al., 1999). Therefore, some studies have shown that downsizing does not always lead to increased performance (Cameron, Freeman & Mishra 1991). The performance of organizations that choose downsizing as a measure to retain costs deteriorates after the layoffs at a higher pace than organizations that did retrench workers (De Meuse, Vanderheiden, and Buzzman 1994). With downsizing some employees change their job titles and some others have

seen a majority of their team's labor force leave the company. The ones that continue to work in the organizations are seen as the "survivors". This phenomenon, called the "survivor syndrome" is characterized by low morale, a feeling of guilt, bitterness, withdrawal from organizational life, decrease in job involvement, anger and frustration (Cascio 1993; Sahdev et al. 1999). It is also showed that with the application of downsizing in a certain organization, the performance is affected since survivors of a layoff have lower perceived organizational performance, lower job security, lower affective and calculative attachments to the organization, and higher turnover intentions than people working for an organization not downsizing (Maertz, Wiley, LeRouge & Campion 2010). Therefore, this research of Jaidi & Thévenet (2012), even though it is focused on a specific type of downsizing which constitutes in a voluntary departure plan as an HR measure to face a crisis scenario, also shows that towards a crisis situation, organizations feel the need to adapt themselves to this new scenario in order to better respond to it by taking some changes especially in terms of HRM and that not all measures will have the impact wanted since the employees can feel overwhelmed with the measures adopted.

Organizations are facing a dynamic environment due to the recent crisis and are struggling with unpredictable changes in their environment which has an impact on them. This dynamic environment confronts management with the need to align the organization with this ever-changing context, now more than ever since we are facing a lot of consequences from the financial crisis that started in 2008 and that is still going on as well as its consequences are being felt. According with Hamel (2000), it is no longer possible for organizations to get better, they need to get different and one way of doing it is not managing the uncertainty caused by this dynamic environment but embracing and organizing for it and this is what agile organizations do. The article of Nijssen & Paauwe (2012) develops a heuristic framework in order to identify how organizations survive in the dynamic environment caused by the financial/economic crisis, to identify the practices that are important determinants of organizational agility and to determine in what way institutional mechanisms facilitate or hinder organizations in achieving that agility. Therefore, using the concept of agility it has been outlined a framework that highlights a range of organizational practices focusing on three core competencies that are adaptable, and this shows how it is possible to achieve organizational agility, whether the organization is facing an economic crisis or an

economic upturn, and which are a scalable workforce, fast organizational knowledge creation and a highly adaptable organizational infrastructure. However, when the organizations are so affected by the crisis that they are not even able to pay next month's salary it is hard to remain focused on building organizational agility. A lot of practices such as investing in extensive communication to establish a common sense of direction, building a long-term relation with educational institutions, training employees on a continuous base are all hard to implement when the organizations find themselves in an economic downturn. However, agility requires waste to be eliminated, but only to the extent where its ability to respond to change is not hindered (Conboy & Fitzgerald, 2004). Those organizational practices are important in the way that all organizations go through processes more dynamics such as a crisis scenario, and it is important to be agile in the way to adapt themselves to that new environment.

The financial crisis has also impacted the patterns of human resource management and it is likely that this has also shaped employee involvement and participation (EIP). The article of Marchington & Kynighou (2012), reflects on how EIP can change at organizational level in periods of crisis. According with Marchington & Wilkinson (2005), Wood (2010), Boxall & Purcell (2011), it is considered that EIP became more prominent as a part of the high-commitment HRM bundle that employers were encouraged to adopt during stable economic conditions on the late 20th century. With the global financial crisis, a lot of changes happened in the organizations. This paper reflects on how EIP has changed over the last few years and some conclusions were reached such as the development limitation of EIP because so much depends on context and choice. Therefore, not all organizations have been affected equally by the global financial crisis. EIP is much more deeply embedded in co-ordinated market economies than in liberated market economies and it is in the former that existing EIP mechanisms are most at risk. Another important conclusion is that the impact of the crisis on EIP varies with indirect forms most susceptible to cutbacks and outsorcing, whilst direct and informal EIP is deemed by employers to be more crucial than ever, especially if the employees involved have too much responsibilities regarding product quality or providing high levels of customer service. Finally, some employers argued that the global financial crisis has given them no option but to cut back on EIP since it is a more costly and time-consuming option. As we can see from this article, due to a crisis

situation, an organization is forced to apply some measures and some changes in order to answer to it and in this case was regarding the EIP.

Also the German economy suffered, between 2008-2010, the most serious economic downturn since the Second World War. In this period, the German Federal government as well as the state governments and the social partners have introduced and/or adapted a wide range of policy instruments in order to cope with the crisis situation (Zagelmeyer, 2010). Organizations affected by the crisis adopted a number of adjustment policies such as the exploration of new markets, wage reductions and redundancies (Heckmannm, Kettner, Puasch, Szameitat & Vogler-Ludwig, 2009; Sedlacek, 2009). In this article of Zagelmeyer, Heckmann & Kettner (2012), it is analyzed the impact of the crisis at the organization level, especially in terms of management responses among those establishments that were affected by the crisis. There are some important conclusions that can be highlighted from this article. First, the incidence of all adjustment policies is associated with the magnitude of the crisis the establishments face. Establishment size is positively associated with restructuring activities, short-time working, wage concessions and redundancies. Another important result is that the more positive the predictions of HR planning are concerning future employment levels, the less likely will the organizations refer to the remaining adjustment policies. Finally, the proportion of skilled employees is negatively associated with a hiring stop, short-time working, working hour reductions and redundancies. With this article we can conclude that even in Germany the crisis was felt and as a response to that, the organizations saw themselves forced to implement certain mechanisms/policies in order to adjust and respond to the crisis scenario.

The article of Bellmann & Gerner (2012) is also focused on the global crisis that Germany, as well as more countries all over the world, has been facing sine the middle of 2008. This article outlines the effects of pacts for employment and competitiveness (PEC) concluded at an organization level and the concessions from both bargaining partners. The authors of this article describe the organization-specific concessions and deviations by the bargaining parties from an industry-level contract such as reduced wages or prolonged working time, in exchange for employment guarantees or investment programs in order to reduce the likelihood of reduced employment or to improve the organization's competitiveness. It is found evidence in this article that the adoption of pacts for employment and competitiveness is connected with a decreased

negative employment effect within the crisis given an establishment is affected by the crisis.

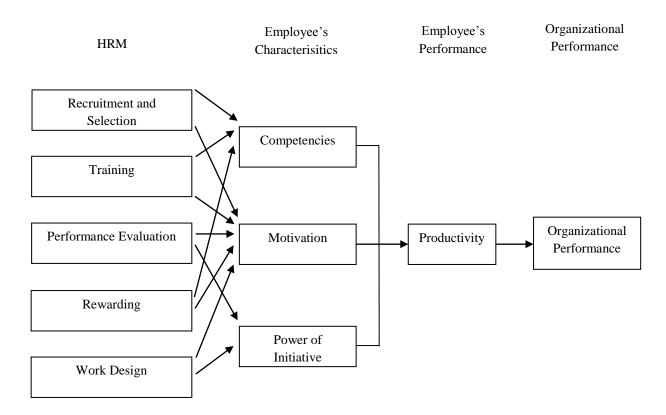
Also, the paper of Martin & Gollan (2012) analyses the role played by HRM and leadership in the rise and failure of the Royal Bank of Scotland (RBS), which grew to be one of the largest and most successful banks in the world before the global financial crisis, which links with the HRM were presented previously in the article of Zagelmeyer & Gollan (2012), and had to be rescued by British taxpayers following a failed acquisition during the global financial crisis (GFC). The GFC caused the banking sectors, namely the RBS, to suffer from an unprecedented decline in their reputation with the general public. As a consequence, it resulted in a questioning of the shareholder value model of corporate governance that has dominated American and British financial services from the 1980s to alternatives to rebuild their reputations. Therefore, Martin & Gollan (2012) suggest that the current corporate governance and SHRM theory is incomplete because it glosses over the relationships between these different models of governance and organizational/SHRM variables and explores what alternatives need to be incorporated, especially in terms of HRM, such as a sophisticated form of HRM privileging employee engagement, extensive communications and involvement as well as the need for HR professionals to "speak up to power" by helping leaders to reflect on their style and ethical behavior (Shipman & Mumford, 2011) and over distributional issues such as bonuses and pay (Core & Guay, 2010).

Finally, I would like to enhance the results from the research done by Wu, Lee & Lin (2012) which is focused on the impact of crisis, in this specific case leans on the severe acute respiratory syndrome (SARS), on the employees' willingness to accept critical assignments and the influencing factors of their willingness. Even though this research is not related with the same type of crisis as the present research (health crisis vs. economic crisis), it is also interesting to analyze some of its results in terms of possible solutions and posture by the HRM in organizations when adopting certain changes to respond to an economic crisis. The research shows that towards this specific context, the SARS outbreak, the nurses' willingness to accept critical assigned jobs, in this case to treat patients with a dangerous disease, was not affected. Obviously, in this case we are towards a specific industry, the health industry, where the employees know and are aware of all the dangerous and possible unexpected occurrences linked with their job, so

it was expected this result to appear. Even so, it is important to highlight that during the SARS epidemic, the HR department and management of many hospitals declared policies such as if accepting assignments to take care of SARS patients will be rewarded monetarily and praised for their professionalism. I believe that this research should be taking into account when a crisis scenario, even in the economic field, since it is showed that if the right policies and HR practices are implemented, the organizations will be able to achieve its goals, they just have to think twice about the right practices and changes to implement taking into consideration the results they want to achieve. Therefore, and this research of Wu, Lee & Lin (2012) is a proof of it, management's effort in encouraging employees to contribute for their organizations should be continuous and effective. The research obviously draws some attention to the importance of implementing the right practices during a turbulent environment, such as a crisis.

As a conclusion, when a situation of crisis is experienced no matter which country we are talking about, organizations see themselves forced to take some action in terms of changes, which changes are strongly present in the human resources management field, in order to adapt themselves to the new scenario - the crisis. Therefore, we can conclude from the literature presented previously that with a crisis situation organizations need to change and to adapt to it and most of those changes caused by the crisis are in the field of human resources management which will be modified and in which this research is focused on. What there is still to understand and to explain is how those changes resultant from the crisis will affect the employees and in which terms and, subsequently, if it will affect the organization in terms of productivity. In this research it is not intended to analyze in which terms the organization's productivity will be or will not be affected but how the employees will be and if it will affect or not the organization's productivity. This is what this research is focused on. It also intends to analyze the effects that the crisis and its changes on HRM, that we already saw from other researches that happen, have on the employees mainly, but try to see as well if it will affect the organization's productivity or not.

In order to analyze such effects on the employees deriving from the changes in HRM due to the crisis it was used an adaptation of the integrative model of the relationship between the human resources management and the performance from Delery & Shaw (2001) which is presented next.



Adapted by Delery and Shaw, 2001

Fig. 1 – The Strategic Management of people in organizations

The previous model analysis how five different human resources processes such as Recruitment and Selection, Training, Performance Evaluation, Rewarding and Work Design are linked and can influence the employee's in different areas, for example, in terms of competencies, motivation and power of initiative. The last analysis, in sequence of the previous relationship, is in the field of employee's performance and, subsequently, in the organizational performance; more precisely, how will the changes in terms of HRM affect the employees and how which effect will it have in terms of individual as well as organizational productivity. It is these effects on the employees which will also affect the organization that this research intends to analyze. This model is helpful in the way that it can help understanding a situation of crisis. If we are towards a crisis scenario, it may result in a reduction of the investment in HR which will result in the decrease of competencies acquired by the employees and in more unmotivated employees. As a result of that we will have a decrease in the individual and organizational performance.

#### 4. DEVELOPING A FRAMEWORK

After the literature review presented previously, I would like to display the framework that was considered to be more crucial when analyzing the effects on the employees resultant from the changes in the human resources management due to a crisis.

Everything starts with the beginning of a certain turbulent environment, which in the case of this research, is a crisis scenario. It is then important to start by analyzing the concept of crisis.

- **Economic Crisis:** a study made in the University of Princeton defines economic crisis as a depression; a long-term economic state characterized by unemployment as well as low levels of trade and investment.

The definition of economic crisis presented previously matches what happened in Vietnam due to the Asian crisis as it was showed in the literature review section, where the crisis caused the increase of unemployment and a decline in the foreign direct investment (FDI).

It is also important to mention the Global Financial Crisis, since a lot of the literature review is focused on that. It is the crisis that we are facing at the moment and that it contributing to a lot of changes in terms of HRM.

Global Financial Crisis (GFC): was felt for the first time and began back in 2007 and together with its repercussions represents a complex phenomenon. This GFC appears not only to have shaken the foundations of the financial markets and the real economy as well as it appears to have harmed the social and political life of many countries. An increasing number of academic and policy-oriented publications focus on the causes and consequences of the crisis and potential remedies for it (Crotty 2009; Hurley, Mandl, Storrie & Ward 2009; Stiglitz 2009; Keeley & Love 2010; Verick & Islam 2010; Coats 2011; Spiegel 2011). It had and still has a huge impact within a lot of industries as well as within all kinds of management in the organizations, with a special focus on the HRM, which is on what this research is focused on.

As it was showed that happened with the Asian crisis, with the example of the French carmaker, with the crisis hat was felt in Germany, any crisis has an impact in the human

resources management (HRM), which suffers changes in order to adapt the organization to the crisis scenario.

From the integrative model of the relationship between HRM and performance from Delery & Shaw (2001), it is possible to analyze some other concepts which are likely to undergo changes, in terms of HRM, due to a crisis.

- Recruitment and Selection: it is the process by which an organization makes its choices when considering hiring someone. Recruitment and selection it is often referred as one concept since the two of them together represent a process. The organization recruits potential candidates and then it will be selected, through a rigorous process of selection, the one that most fit the organization's needs and that has the most adequate profile for the vacant job.
- **Training:** it is the transmission/acquisition of specific skills, abilities and knowledge to the employees. It is used, most of the times, to improve current or future employee performance by increasing an employee's ability to perform through learning.
- Performance Evaluation: is established by the organization management on a certain period of time with the objective to determine if the employees are working up to, or beyond, the minimum standards defined on their job description or according with the objectives stipulated. Usually it has a prize or bonuses associated with the objectives that the employee is suppose to achieve in a certain period of time.
- **Rewarding:** it is a system characterized by rules, procedures and standards which are associated with the allocation of benefits and compensation to employees as a payment for their work, which can be physical or intellectual.
- Work Design: can be seen by how the work is done or by the principles and techniques to the humanization of work and aims to improve job satisfaction as well as organization's productivity. In this research, we will focus the concept of work design in the way the work is being done since it is interesting in this research to analyze if the HRM decided to change the way the work is being done, to which molds but mainly to try to see how the employees feel about it.

After analyzing the meaning of those HR practices it is time to analyze how the employee's can be affected by those practices, especially in terms of three concepts.

- **Competencies:** a group of abilities, skills, knowledge and commitments that enable an employee to act and to perform his/her work in effective terms.
- **Motivation:** can be defined in many different ways. Simply saying, it is the set of internal and external factors that stimulate energy and desire in the employees in the way that they keep interested and committed to their job or role, always making an effort to attain a certain goal.
- **Power of initiative:** the freedom that is given to the employees in order for them to take actions or decisions concerning their job.

When analyzed the effects that the implementation of new HR practices have on the employees it is important to understand if they feel that their individual productivity is also affected, and as a consequence, if the organization's productivity suffers from it. It is not intended to analyze in which terms is the organization's productivity affected, but if, in reality, it is affected or not. Next, it is presented a brief notion of the concept of productivity.

Productivity: can be seen as an economic measure of output (typically measured in revenues or other gross domestic product components) per unit of input (labor and capital). Can be measured collectively (across the whole organization) or individually (concerning an employee).

Almost finishing, there is another concept, which can be analyzed from two different sides that I would like to highlight which is the concept of resilience. Somers (2009) considers that measuring resilience potential can be an adaptive strategy for organizational crisis planning. Next, it is presented the concepts of resilience.

- Resilience: the definition of resilience have been the focus of a lot of debate (Klein, Nichools, & Thomalla, 2002) and appears to differ ad among the various disciplines (Longstaff, 2005; Sutcliffe & Vogus, 2003) and units of analysis in which it has been used. We can define resilience into two different ways, the passive and the active.
- Resilince in passive terms: it is often defined in passive terms in organizational theory. According to Wildavsky (1988), resilience has been seen as the ability of the organization to "bounce back"; from a "distinctive, discontinuous event that creates vulnerability and requires an unusual response" (Lengnick-Hall & Beck, 2003). It can also be the ability to "absorb" strain or change with a minimum of

disruption (Horne & Orr, 1998; Sutcliffe & Vogus, 2003). Still according to Wildavsky (1988), resilience is characterized as the "capacity to cope with unanticipated dangers after they have become manifest". Framed this way, resilience is simply a reaction to a crisis situation and is considered a "pattern rather than a prescribed series of steps or activities" (Lengnick-Hall & Beck, 2003).

Resilience in active terms: it is often defined by "a deliberate effort to become better able to cope with surprise" (Lovins & Lovins, 1982, quoted in Wildavsky, 1988). In this perspective we can see that resilience is more than mere survival and it involves identifying potential risks and taking proactive steps (Longstaff, 2005) to ensure that an organization prospers in the face of adversity (Kanigel, 2001). The objective is to build resilience by maximizing the capacity of the organization to adapt to complex situations (Lengnick-Hall & Beck, 2005; Wildavsky, 1988).

Since all the research was done according with three different groups, it is also presented here a brief definition of each group of analyze.

- **Private Sector:** it is formed by private organizations, run by private individuals or groups, as a means of enterprise for profit and is not managed by the State.
- Public Sector: it is formed by organizations that are part of the State.
   Constitutes a part of the economy which is in charge of providing basic government services.
- Multinational Sector: it is formed by organizations that are registered in more than one country or operates in more than one country and that have its headquarters based in one specific country.

To finalize this framework section, I would also like to enhance the concept of human capital that assumes a bigger importance in this research since the object of study relies o the employees which are the human capital of any organization.

Human Capital: it is important to present the concept of human capital since the object of study and research rely on the employees. The human capital can be seen as attributes of a person that are productive in a specific economic context or organization. Often refers to formal educational attainment, with the implication that education is an investment whose returns are in the form of

wage, salary or even other form of compensation. Human capital is the most important asset. Ideas are free and they are also abundant, probably an infinite resource. Ideas are also immensely valuable, more valuable than we usually realize.

#### 4.1 Conceptual model

Since the objective of this research is to understand how employees of each organization are dealing and reacting to the current crisis that, not only the country, Portugal in which the research is done, but the entire world is facing, it is important to take a look to the next figure which shows the relationship between different factors such as Technology, Quality, Strategy, Research and Development and Human Resources Management and Productivity.

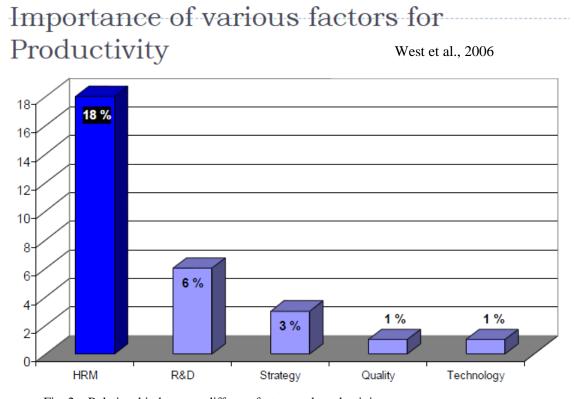


Fig. 2 – Relationship between different factors and productivity

In the graphic presented above, West et al., (2006), about human resources measures and organizational performance we can observe the importance and influence that various factors have to the productivity of a certain organization. The factors under study are the technology that represents only 1% of importance for productivity as well as the factor quality, which presents the exact same percentage of importance as technology to productivity. Then, there are two other factors, which represent 3% and 6% of importance for the productivity of an organization, which are strategy and research and development (R&D), respectively. Finally, the factor that presents a higher percentage of importance for the productivity, from the ones displayed in the graphic, is the human resources management with 18% of importance. From this graphic we can conclude that the human resources management has an extreme importance for the productivity of a certain organization and that it is extremely important that the organizations pay attention to it. Even during crisis, looking and paying attention to how the human resource is being managed is an intelligent way to contribute positively to the productivity of an organization. Since the human capital is the base and, I venture to say, the most important asset of an organization, it is important that, in periods of crisis, when the employees have the tendency to feel overwhelmed with the measures that can be taken not only by the organization but also by the Government, the organization pays special attention to their employees in order for the employees to be ready, motivated and prepared to deal with a situation like an economic crisis.

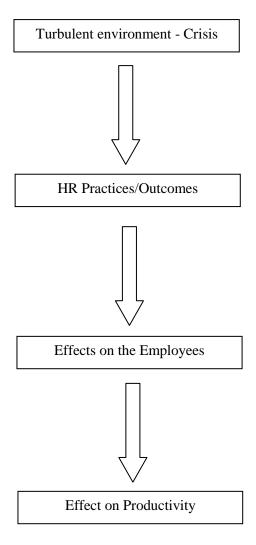


Fig. 3 – Relationship between a crisis scenario and productivity

In the graphic above there is a simple conceptual model that I developed and that tries to briefly explain what this research is intended to study and to show, which is the relationship between a specific turbulent environment (a crisis scenario), and how it will affect the employees and consequently the organization and, especially, its productivity.

If we are facing a turbulent environment such as an economic, financial or even social crisis, the organizations will be more or less affected by the crisis environment where they are based. One of the first things that organizations will do to try to survive and to deal with this crisis is to apply some HR practices such as wage cuts or downsizing that give rise to cost savings. Those HR practices or outcomes will have an impact (positive or negative, which in times of crisis the tendency is to be negative as it will be shown

with this research) on the employees, especially in terms of their motivation and willingness to be productive. As a consequence of that, the state of mind of the employees will affect their work performance because they might feel that they are not being treated in the right way by the organization and it will influence them and affect their productivity and, as a consequence, the organization's productivity, since they will be less able to do their work right.

#### 5. RESEARCH DESIGN AND SAMPLE

This section reports on a research project that was conducted in three different types of organizations which form the private sector, the public sector as well as the multinational sector which is formed by multinational organizations. All the organizations that are part of the research are operating in Portugal but there is no need for them to have headquarters in Portugal, which is the case of the multinational organizations.

The sample is formed by twelve private organizations, eight public organizations and four multinational organizations. The fact that the research was made in both private and public organizations relies on the need to analyze if there are different ways that the crisis is affecting the human resources management of each organization by nature and to be possible to identify if there are differences or similarities between them. Also, multinational organizations, which are also private organizations, were analyzed separate, and this is the reason why it forms a third different group of organizations, in order to see if what happens in the private and public sector is also happening in the multinational one or not and, above all, to find out which similarities and differences exist (if they do) between this sector and the other two. Assuming that the private sector it is formed by national private organizations, it will be considered that the multinational organizations form a third sector, the multinational sector, constitute for private organizations which do not have its headquarters based in Portugal.

I would also like to highlight one other reason for constituting the sample with those three sectors. Both private and public sectors are based and have their headquarters in Portugal which, supposedly, will be more influenced by the crisis scenario in Portugal than the multinational sector. This because, although the multinational sector has also organizations based in Portugal and may also suffered a little with this crisis that is affecting so much our country, they have their headquarters outside Portugal which means that they have a stronger base outside the country and they are better able to respond to the crisis here, as well as, they should not be as affected as the other two sectors. Above all, the multinational organizations have also a biggest structure than the organizations that form the other two sectors, which will, supposedly, allow them to better respond to an unexpected scenario, such as the crisis. It allows them to better deal with local crisis due to its global operation.

Before starting to focus on those three different groups that were just identified above, it is important to identify a general question that it is common to all those three groups and that was the base for the interview guide. Since the theme of this research is "Human Resources Management in crisis: Effects on the Employees" the question that we need to focus on this research is "In which terms will the processes adopted by the organizations in order to respond to a crisis scenario influence the employees and how will this affect the organizations themselves". As we know, not only Portugal but the entire world is facing an economic crisis, which has a different impact in each country of the world. This research focuses on the economic crisis that Portugal is facing and how the organizations are responding to it. The assumptions made before this research was done were that the organizations are adopting some human resources processes to respond to the economic crisis that will have such an impact on the employees that will affect somehow the organizations' productivity, which is not what it is wanted in a crisis scenario. Basically, with this research it is desirable to show the importance of the employees to the organizations' performance and how important it is to think twice when choosing the processes to adopt no matter which situation the organizations are going through. The employees are the base of an organization and all the processes that the companies will adopt will have an impact on them and that should not be dismissed.

Those described above are the main conductive lines that were the base for the sample in this specific research. Data is going to be collected by using mainly a research method consistent with case-study research such as in-depth interviews. Those interviews will be based on a semi-structured questionnaire, which interview guide can be fully seen in the appendixes section, conducted with 12 employees that work in organizations that form the private sector, 8 employees that work in organizations that constitute the public sector and, finally, 4 employees that work for multinational organizations and that form the multinational sector. A total of 24 informants were interviewed. Contrary on what happens with quantitative findings, the qualitative findings do not have an agreed-upon "significance level". According with Pratt (2009), "there is no "magic number" of interviews or observations that should be conducted in a qualitative research project. What is "enough" depends on what question a researcher seeks to answer". The importance of the semi-structured interview relies on the fact that it is possible to obtain both retrospective and real-time details/information by the people that are being the object of the study and that are experiencing the phenomenon of

theoretical interest. It is interesting to see, and the object of study of this master thesis shows that, how willing the informants are to contribute and to give and to reveal all the details/information that could be considered to be proprietary information. However, it is important that the informants feel that all the information that is being given is anonymous as well as they are able to see all the notes that were taken during the interview. Only on these terms it is possible to get all the information needed from the informants. This is the reason why all the interviews that were done are anonymous. With a semi-structured interview we are also taking notes on what the informant is telling us and using his/her terms not ours, in order to understand in a better way what the informant is feeling and experiencing. Being so close to the informant's experience has its downsides, namely adopting the informants' view and maybe losing the higherlevel perspective that is necessary for informed theorizing. However, having this idea in mind is half-way to avoid to make this "error". We might know what should not be done but it is only an error when we choose to do it. So nothing better to have this notion always in mind when making the interviews and in these terms the "error" should not occur. There is also another aspect that was taken into consideration about the kind of questions to be asked. It is important that the interview is focused on the research questions and it is not formed by questions that can influence the informant's answer, namely "Wouldn't you agree that...?". There is also another point that was taken into consideration and should always be when we are talking about a qualitative research and that will influence its rigor which is the openness to change the interview questions during the process of research if we see that the informants are guiding us to some important themes that were not initially covered but can be important to our research and to develop new concepts that might be a plus for the research. Again, knowing that in advance and being prepared to adjust and to guide enables to take the research into better terms. Nothing is perfect and there are always less positive points about everything in life. We just need to be smarter to know all the less positive points and how it can affect our research. Thenceforward, we have all the conditions to develop a good research without letting those points affecting it.

Informants of both genders were interviewed and without any age limitation. The interviews did not have any time limitation. Only then it is possible to collect all the information possible. Therefore, some interviews lasted almost one hour, where the informants talked a lot about what is happening in the organization and what changed in

the last years, and some others only lasted around 20 minutes. All the information given by the informants was written and all the informants were able to see, in the end, every single note that was taken during the interview. Only in this way, the informants feel comfortable to talk about every single detail and to express his/her opinion with no restrictions. All the interviews transcriptions can be fully seen by request to the master thesis author since they do not appear in the appendixes section.

#### 5.1 Interview's Structure

I would like to start by highlighting that all the interviews that were done began with an informal conversation that is not part of the formal interview, which guide can be seen in the appendixes section, and that served as the normal warming up questions that are part of most interviews. The main objective of this informal conversation, and the main reason why it was not transcript and it is not part of the formal questions of the interview, is to allow the informants to feel more comfortable and be more opened when answering to the rest of the questions that are part of the interview and that really matter for the research. The better comfortable the informants are before starting to answer to the questions that really matter to the research, the best the quality of the data will be.

The structure of the interview and its questions were based in an adaptation of the integrative model of the relationship between the HRM and the performance from Delery & Shaw (2001) which was already presented in the section of the literature review. The main focus was to analyze what changed in terms of HRM due to the crisis; how those changes affected the employees and if it affected their productivity and, as a consequence, the organization's productivity.

The interview itself is focused in three different levels. The first, which is the group formed by the first question of the interview, analyzes the perception of the context where the employee is in by asking what changed in the place where the informant is working in a general basis lately. After this general question and depending on the answer given by the informant, it is time to go a little bit more deeper and ask about what changed in the level of the HRM, more precisely, what changed in terms of the

HR practices, mainly, in the level of the recruitment and selection, training, performance evaluation, rewarding and work design.

Moving on to the second question group, it is desirable to see the impact that those changes had in the informant's personnel case in a general way and depending on the answer given by the informant it will be time to be more specific and ask for what changed in terms of acquisition of new competencies, the impact on motivation and what changed in terms of power of initiative.

Finally, and going straight to the third and last group of questions that form the interview, it is intended to analyze the impact that those changes, that were already mentioned previously by the informants, had in the informant's daily life at work and analyze, more precisely, what happened with the informant's posture in the organization, the impact on productivity as well as the informant's willingness to leave the organization.

The data collected was subsequently analyzed thematically in order to identify characteristics that would reveal significant trends and patterns in HR practice using an adaptation of the Gioia methodology.

## 5.2 Introduction to Gioia Methodology

Qualitative research is often critiqued for the lack of rigor especially when compared with quantitative research that presents numerical results, which are most of the times seen as more rigorous and exact as the results extracted by the qualitative research.

Therefore, the Gioia Methodology, Gioia, Corley & Hamilton (2012) was developed in order to bring qualitative rigor to the conduct and presentation of inductive research. This methodology was elaborated and refined for the past twenty years as a mode to conduct qualitative research as well as to guide the analysis and to present the research that was done. Since this research it is qualitative, this methodology was very useful in conducting and, especially, in the presentation of the data collected in the interviews which gave place to the subsequent analysis. The Gioia methodology proposes the

presentation of the research findings in a way that demonstrates the relations between data, new concepts and new knowledge as well as imposes qualitative rigor.

Basically, this methodology was developed in order to meet the high standards for rigor, and that the quantitative research claims to have with all the numerical results, demanded by researchers and that will show that a qualitative research can also have that rigor. Furthermore, it also has something that only the qualitative research has which is a deeper knowledge and some deepest information that the variables and the numerical results do not show. As Einstein said and this research starts with this sentence said by him "Not Everything that can be counted counts, and not everything that counts can be counted" and it shows the importance of the qualitative research when compared with the quantitative research. Please do not get me wrong since I am not taking importance from the second, but I am just trying to counter the idea that only numerical outcomes can prove something.

# 5.3 Structure and application of the Gioia Methodology

This approach allows a systematic presentation of "1<sup>st</sup> order analysis" and "2<sup>nd</sup> order analysis". The "1<sup>st</sup> order analysis" consists in an analysis that uses informant-centric terms and codes when the "2<sup>nd</sup> order analysis" consists in using researcher-centric concepts, themes and dimensions). It is this parallel between both voices (informant and researcher) that permits a qualitatively rigorous of the links between data and the induction of the concept of sense giving but also allows the kind of insight that is the defining hallmark of high-quality qualitative research.

In the 1<sup>st</sup> order analysis it is not intended to distill categories because we are adhering faithfully to informant terms which will result, most of the times, in a lot of categories.

In the 2<sup>nd</sup> order analysis we are in the theoretical field. We should focus our attention on this stage on new concepts that do not seem to have adequate theoretical referents in the existing literature or existing concepts that hop because of their relevance to a new domain. When we continue with our research we will then start to discover some similarities and some differences among the many categories and that will allow

reducing those categories to a more manageable number, giving them a label or phrasal descriptions that should, preferably, maintain the informants terms. Once we have a more usable number of themes and concepts that are more proper to work with, we try to distill the 2<sup>nd</sup> order themes even more and we end up with the aggregate dimensions.

Finally, once we have established our 1<sup>st</sup> order terms, 2<sup>nd</sup> order themes and aggregate dimensions we are able to build what is called a data structure which represents the principal step in the entire research approach. This scheme allows us to configure our data into a sensible visual aid as well as providing a graphic representation of how we start from raw data to terms and themes in conducting the analysis.

To start by placing ourselves in what was done I would like to start by explaining some points about the interviews. First of all, it is important to clarify again that we can divide the interviews that were done into three groups which are the private sector and when we talk about private sector we are talking about small and medium enterprises, the public sector which comprises the ones that work for the State and, finally, the ones that work in multinational organizations. Therefore, the Gioia methodology which was presented previously was adapted and this adaptation was used in this qualitative research in order to present the results of the interviews in those three different groups mentioned previously. It is important to highlight that what was used was an adaptation of the Gioia methodology and not the fully method was applied.

# 6. DATA ANALYSIS AND RESULTS

In this section, it will be shown which human resources processes were implemented by the organizations in order to respond to a crisis scenario and how it affected the employees and, consequently, if it affects their and the organizations' productivity or not.

## **6.1 Private Sector Data Structure**

I will start by the group of the interviews that were done to the private sector, which is formed by small and medium enterprises. Next, it is presented the private sector data structure with the data compilation.

#### 1ST ORDER CONCEPTS 2ND ORDER THEMES AGREGGATE DIMENSIONS Shrinkage on the process The company stopped recruiting; of recruitment and The company is only recruiting trainees; The employees that leave the company are not being replaced; Because of the crisis the company stopped providing training Reduction/Extinction in the training provided by to the employees; The training changed from mandatory to all the employees to the company optional and just for some departments; The training is incentivized by the company but the company is Inability to achieve new not supporting those costs which is a little bit contradictory; competencies The company is still evaluating the employees according with the objectives that were previously defined but the employees are not being rewarded for that anymore; The prizes and bonuses that result from the achievement of the personal objectives were cut in 50%; The objectives associated with the performance evaluation are not established anymore since the company is not paying the Changes in the human resources bonuses that were associated with the achievement of those processes objectives: Extinction/rigidity of the The performance evaluation became inexistent; The objectives associated with the performance evaluation performance evaluation objectives became impossible to be achieved and the bonuses which reduced the bonuses to less than half; The bonuses associated with the performance evaluation were cut in 20%: The performance evaluation is done in the same way but the bonuses were cut in 60%; The performance evaluation is done according with the number of events sold by each employee which increased the competition internally and affected the work environment; Wage cuts; The bonuses or prizes associated with the performance Significant cuts in the evaluation were cut or reduced; rewarding system; Wage cuts namely the cut of the exemption from working times; Unhealthy work environment; Nothing has changed in the way the work is done but it was a good idea to re-think it but there is no money or time for that I am now doing some tasks that were done by other colleagues that left the company; Effects on the employees Almost nothing has changed; Wider/less suited work I am now doing some tasks that were not in my job description design; because of the reduced number of employees; More work that has to be borne by each employee as well as more responsibilities that belonged to other employees that left No space for creativity; the company; More 15/20 hours of work per week o fulfill gaps left by exemployees that were not substituted; I feel that I did not acquired new competencies mainly because of the lack of training; I only acquired new competencies (and that are not related with my job description) because I was forced to develop some tasks that belonged to colleagues that left the company; We need to be self-taught to play all the tasks that were done Achievement of new by ex-colleagues that left the company since we do not have competencies not due to any training which made me feel unmotivated; training and not related All those measures that were taken by the company made me with the job description; feel totally unmotivated: The uncertainty of being paid or not affects negatively my days Decreased motivation; at work; Power of initiative is the same; Bigger power of initiative since a lot of the directors left the Power of initiative is not company and were not substituted which means more responsibilities and more work which is not rewarded; Power of initiative is the same, nothing has changed unfortunately; Negative effect in the company Less power of initiative since two sectors of the company closed and I am now only working for one; All the changes done in the company made me feel unmotivated, stressed, tired, exhausted and I just want to leave Decrease in individual the company; productivity I feel that all the measures done by the company are negatively affecting me and my output since I do not feel as productive as Fig. 4 – Private Sector Data Structure Desire to leave the I used to be; company I am less productive because of all the wage cuts that made me feel so unmotivated; 36 I really want to leave the company; Job search Boom

The only reason why I have not left the company is yet is

because I have not find where else to go.

### **6.1.1 Private Sector Analysis**

After using an adaptation of the Gioia Methodology in order to organize all the data collected in the interviews, it is time now to analyze the results of the interviews made to the private sector.

In the 1<sup>st</sup> order concepts, it was used informant-centric terms. All the employees started to talk about what has changed in the organization in which they are working for, in a general way, in recent times. With this semi-opened question I wanted to understand what they feel that has changed. Some of them talked about all the changes that were done in terms of the human resources practices in the company and some others just talked about a few and then in the subsequent questions they explained what is happening in the level of human resources practices, more precisely, in the recruitment and selection, training, performance evaluation, rewarding and work design. I would like to start by highlighting that the majority of them talked about the changes related with the rewarding process in the first semi-opened question about the general changes that have been happening in the organization lately, which shows that it is one of the major concerns of the employees.

Starting by the field of the process of recruitment and selection it is important to highlight something in here, which is the fact that the changes arise entirely due to the crisis that our country is crossing and that is affecting the organizations that are part of the private sector. Therefore, it can be seen by the answers given by the informants which declared that or the organizations are not recruiting at all or if they are, they are only recruiting trainees to whom they do not pay or they just pay a symbolic amount for a short period of time and then when they leave the organization simply recruits another trainee. This, obviously, shows how the crisis is affecting the organizations that do not have money to recruit employees.

Another topic that needs to be enhanced is the changes that are happening in the field of the training which also reflects how organizations are being affected by the crisis. Generally, what we can conclude from the informant's answers is that the organizations are not paying for training anymore. Even if they encourage employees to do it they stopped supporting it because they do not have the economic resources for that which affects the employees in a way that they feel that they are not achieving any new competencies due to the lack of training.

The next theme that is going to be covered is the one related with the performance evaluation, which has an incredible importance for the employees. Again, what we can conclude from all the answers that were given by the informants is that the changes in this area were also boosted by the crisis scenario. The majority of the informants referred that the performance evaluation is still being done in the same molds but the rewarding associated with it changed a lot which interferes with the employees' motivation that highlighted that they do not have any incentive to reach those objectives that are part of their performance evaluation.

This previous theme links us to another one that looks like to be the most important one for all the employees, which is the rewarding system. Once again, we can observe from all the informants' answers that a lot of changes happened in the rewarding system and that are, obviously, a consequence of the crisis that is encompassing the country and the companies of the private sector. The informants mentioned that the bonuses or prizes which are associated with the performance evaluation were cut or reduced, and they are part of their salary, as well as they mentioned a lot of other wage cuts namely the one associated with the exemption of working hours. Therefore, a lot of wage cuts have been happening which are influencing a lot the performance of the employees. So the rewarding system is another human resources process that changed in the last years because of the economic crisis.

The last topic that was covered during the interviews was the work design. In this field the informants' answers were not as coincident as they were in the previous fields but they all show the different reactions of the organizations to the crisis which also influenced negatively the employees. Some of them mentioned that the work design changed in a way that, a lot of employees left the organization, and since the organization is not recruiting anymore due to the lack of money, they started to perform some tasks that were done by the colleagues that left the company and that sometimes are not even in their job description. Some others mentioned that due to the fact that a lot of people are leaving the organization, the ones that stay have to work a lot more hours per week than they used to. On the other hand, there were also some informants that mentioned that almost nothing has changed concerning the work design but it should in order to adapt the way the work is being done to a more efficient one to respond to the crisis but this was not done.

As we can see a lot of changes happened in the field of the human resources practices and always for worse in the informants' view. Obviously, all the changes that happened were applied by the organizations in order to try to answer and to protect themselves from the economic crisis that is affecting everyone. However, what they maybe forgot about it or they did not calculate was the impact those changes would have, since all of those changes had a tremendous impact in the employees. As it was referred by the informants, all of those changes had this gigantic negative effect on the employees. They do complain that their work is not being recognized in any way and, on the top of that, they are being increasingly hampered. It is important to highlight that all the informants mentioned that all of those changes made them completely unmotivated and sometimes even depressed. They all said that they became less productive and that they believe that their huge decrease in motivation is affecting their individual productivity and, as a consequence, the organization's productivity in a negative way.

With this crisis scenario, the organizations tried so hard to adapt to the crisis that they made what they thought to be more effective and faster to answer to the crisis, which is reflected in all the changes they have made. Basically, all the changes carried out by them shows this huge concern on spending cuts which they believe would work just fine. What they forgot about was that, with all of those changes, they are affecting all the employees in such a negative way that they will become so unmotivated that their productivity will decrease sharply and it will, obviously, decrease the organization's productivity which is exactly the opposite of what a company needs when facing an economic crisis.

### **6.2 Public Sector Data Structure**

Next, it will be presented the public sector data structure where can be observed all the data related with the public organizations.

#### 1ST ORDER CONCEPTS AGREGGATE DIMENSIONS 2ND ORDER THEMES Nowadays, the process of recruitment and selection changed a The people that are being recruited are only contracted to work a few hours a week, mostly to substitute someone for a short Almost impossible to settle the workplace for someone that is starting his/her career since every year the placing can be in a total different place t fulfill, most of the times, a temporary Shrinkage in the process opening; of recruitment and It became more difficult to turn into a permanent worker; The process of recruitment became slow and tiny; selection Too difficult to be contracted full-time; Few openings by the State which means we end up working in an area that we did not want to or we are placed in a random The process of recruitment and selection became more demanding since the job offer is dwindling; The State is hiring far fewer people; More and more training is being demanded by the State which is not supported by it; Most of the times, the State does not support training which is done always outside the working hours and that is very Reduction/Extinction in exhausting; the training provided by As a doctor training is fundamental but since the State does not the company support it we have to pay ourselves or the medical laboratories Changes in the human resources will pay for our training; The State will only pay for a small part of the training but most of the times it is not supporting it at all; The performance evaluation process changed for worse; We are being evaluated in a way that does not show our performance; The periodicity and some rules of our performance evaluation changed for worse: Extinction/rigidity of the The performance evaluation is now more rigorous and and performance evaluation more demanding; obiectives: It is more subjective and u fair since we are evaluated by colleagues that do not have any training to do it and one class does not reflect the performance as a whole; It became more unfair since only a few numbers of people can be evaluated with the "excellent" grade even though we are all excellent and deserve it; I am now receiving less 30% than I used to receive some years We are receiving fewer and fewer because of the Effects on the employees impoverishment of the State; Wage cuts; I am now working more hours than I used to and receiving less; I am receiving less for the overtime since the State made Significant cuts in the significant cuts on this matter; The State cut one of our subsidies and is giving the other one rewarding system; divided for all the months; I am working more hours than I used to: A lot of bureaucracies are being required by the State that have Wider/less suited work no utility and only serve to give us more unnecessary work; I have now to play some tasks that were not my responsibility and that are not part of my job description like supervising kids at the playground; Functional overload: Achievement of new The State is treating us like garbage; competencies not due to I am demotivated and I feel a little bit depressed from all the training and not related with the job description: measures that have been taken by the State; With so many bureaucracies there is no time to acquire new competencies; Less space to take decisions; Decreased motivation: The constant feeling of demotivation is affecting individual productivity; Negative effect in the company Power of initiative is not I feel sad that my work is not recognized in any way; the desired; productivity Because of all the measures taken by the State I am now less Decrease in individual active which is affecting my productivity; productivity If I could I would leave my job at this moment but, as everyone Fig. 5 – Public Sector Data Structure has, I have bills to pay; Desire to leave the What the State is doing and how it is treating us is inhuman and company my state of spirit is affecting my productivity in a negative If I could I would present my resignation letter right away. Job search Boom

## **6.2.1 Public Sector Analysis**

With the application of part of the Gioia Methodology it was possible to build a data structure for the public sector as well, which encompasses the ones that work for the State. With this entire crisis scenario which is affecting so much the State, a lot of changes emerged as a consequence of that. Some people that work for the State were interviewed in order to try to understand the effects of those changes on them as well as if those effects on the employees will affect the organization.

It was asked to the informants what has changed, in general terms, in the past years in the organization. Some of them started to talk about all the changes in the human resources practices and some others mentioned just a few and talked about the other ones later. Even so, the first topic to be covered is the one related with the changes in the process of recruitment and selection. All the informants mentioned that with this entire crisis scenario the State made the process of recruitment and selection slow and tiny. This means that, fewer people are being recruited and the ones that are recruited are going to substitute another person that for some reason is not working for a specific period of time. In other cases, the ones recruited are just recruited to work a few hours a week which means that their wage will be tiny as well and incapacitates them to have another job because of the schedules. Another aspect that was pointed out concerning the process of recruitment and selection is that nowadays is almost impossible to become a permanent worker which in the past was relatively easy and the State is definitely hiring fewer people. All of those changes represent an attempt on cut spending as a response to the crisis.

Another topic that the informants mentioned that has been changing in the last years is concerned with the training. Here is another example how the State is trying to contain costs no matter what. Basically, all the informants highlighted how the training changed in the last years. As the informants said, nowadays the State does not support, or will only pay for a small part, the training, which needs to be paid by each employee itself and is done outside the working hour which is very exhausting. However, and this is interesting to know, the informants mentioned as well that the State requires that its employees have training.

The performance evaluation is another theme that has been changing a lot. The informants said that the performance evaluation became more rigorous and more

demanding but at the same time more unfair and subjective. They mentioned, for example, that the State established that only a certain number of people can be evaluated with the grade "excellent". Even though, all the employees had an "excellent" performance only a certain number can be evaluated as "excellent" since the State said so. This performance evaluation is obviously very unfair and is affecting negatively the employees as it should be expected.

The most polemic theme is the rewarding system. All the informants showed to be unhappy about all the changes that have been taken by the State. They all mentioned that they are suffering severe wage cuts namely the both allowances were cut (even though they are already giving one in small parts each month already) and besides all, they are working more hours than they used to. The fact that the State needed to go ahead and make significant wage cuts shows its tentative to reduce costs in a way that is totally not appreciated by the employees.

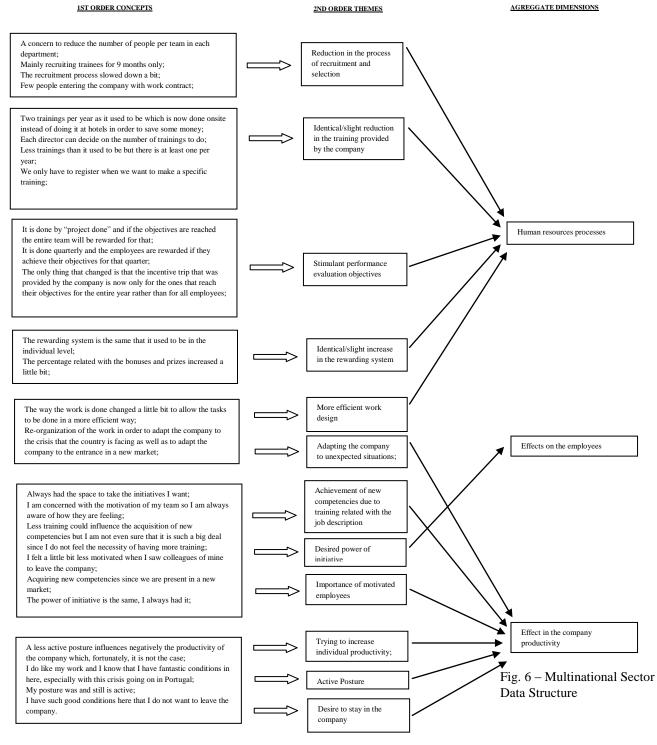
The last human resources practice that suffered some changes is the work design. What we can conclude from here is that the employees are working more hours mostly because the State is demanding that a lot of bureaucracies are done which do not have any utility in the employees' opinion as well as they started to develop some tasks that are not in their job description since the State is recruiting fewer people. Also in this topic we can see that some of the changes done by the State are in order to try to reduce the costs to respond to the crisis situation.

Obviously, all of those changes in the human resources practices had huge impact in the employees. It is understandable that the State, under such severe conditions, needs to take some actions to respond to the crisis scenario that our country is facing. However, it is important to keep in mind that all the work is based on the human capital and it is the employees that will contribute and affect positively or negatively the company's productivity. In this case, all of those changes made the employees so unhappy and so angry about it that they started to feel completely unmotivated. They are also complaining that, on the top of everything, they do not even have space to take their own decisions; the power of initiative is null. As expected, the productivity of the company will be hopelessly negatively affected. When the State is trying to fight against the crisis taking all of those cost containment measures it is important to think twice about the consequences of those measures that will be taken. In this case, all the

informants stated that because of all those measures they are feeling so unmotivated and they feel so much that their work is not recognized that the their own productivity as well as the organization's productivity is being affected in a large scale. So, instead of trying to get out of this crisis situation, the State is only contributing to make it worse.

### **6.3 Multinational Sector Data Structure**

Finally, it is presented next all the data collected relatively to the multinational sector.



## **6.3.1 Multinational Sector Analysis**

The last group of informants that was object of analysis is the group formed by the multinational organizations. Here in this sector, my sensibility was that the multinational organizations are not that affect by the crisis as the organizations that form the private and public sector. Even though we know that the entire world is suffering with this global economic crisis, Portugal is suffering even more and that is why the private and public sector are much more affected by the crisis. Above all, the multinational organizations have their headquarters in other country but have action in a lot of countries. That is what is happening with the multinational organizations in Portugal. The headquarters are not based here that is why they are not that affected by the crisis; they just have offices in Portugal and, sometimes, in other different countries but they all depend on the headquarters.

Therefore, it is expected that the multinational organizations are not that affected by the crisis as the organizations that form the private and public sector. Since they are also based in Portugal they are obviously under the influence of the measures taken by the State but the difference is that they have a strong base supporting them which does not let the effects of the crisis to be as accentuated. Because of that, in this specific sector, only 4 people were interviewed. As we can see from the multinational sector data structure, which shows the mainly results we got from the interviews, the scenario is completely different from what is happening in the other two sectors.

The same interviews were applied to this sector. The first topic that was covered during the interviews was the process of recruitment and selection. We can conclude that even the multinational organizations are concerned about costs and this is the main field where we can feel that in the multinational organizations. Therefore, we can conclude that there is a concern to reduce the number of people per team in each department and the organizations are mainly recruiting trainees for a certain period of time and less people are entering the companies as permanent workers. This is obviously showing that even the multinational organizations are concerned about reducing costs as well and probably because, even though they have a biggest support from the headquarters, they are also a little bit affected by the measures taken by the State here in Portugal.

Other theme that was covered in the interviews is concerned with the training. We can conclude from the interviews that the multinational organizations are still investing in

giving training to the employees which shows they understand the importance of training to the performance of the employees. From the informants' opinion nothing changed concerning training and they are still receiving training as they received in the past.

On the performance evaluation we can see from the informants' answers that not much has changed. They are all still being evaluated according with their performance as they used to be.

Another topic that was covered in the interviews is concerning the rewarding system. Once again, all the informants mentioned that not much has changed concerning this topic. However, there is one informant that even mentioned that the only thing that changed is that the percentage linked with the bonuses associated with the performance increased a little bit. We can conclude from here that the multinational organizations are not being that affected by the crisis as the private and public sector are since in the field of rewarding the changes in the other two sectors are notable. On the contrary, the only changed that was noticed was a little increase on the rewards.

About the work design, there were some changes mentioned by the informants. Mainly because of the crisis, there was a concern to re-organize the way the work was being done, but in order to allow the tasks to be done in a more efficient way. We can conclude from the informants' answers that the multinational organizations are aware of the crisis and that are always trying to adapt themselves to better respond to it so the productivity of the company will not be affected. It is also important to adapt the work design and to be aware of the changes that can be done in order to increase productivity, not only towards a crisis situation.

The informants also mentioned that they always had the space to take the initiatives they believe that are important to be taken and that nothing changed about that. There is also a notable concern on keeping the employees always motivated because they know that if they are not motivated it will interfere with their posture in the organization, which will become less active, and it will negatively influence their productivity and organization's productivity. Therefore, even though that is not happening and the employees that work in these organizations are motivated they are aware of this situation, which is always a good indicator. They also mentioned that their posture was and still is active and they also recognize that they have really good work conditions in

the organizations that they are working for. The informants also mentioned that they do like their work and they know how lucky they are to have good conditions at work, especially with this entire crisis scenario that is affecting so many organizations in the country and in other countries in the world.

After looking to the answers gave b the informants we can conclude that the multinational organizations are obviously concerned with the crisis and they are aware of that. The changes in the process of recruitment and selection are an indicator of that, even though the changes are small. Even so, the multinational organizations are not that affected by the crisis and an example of that is that they are aware of the importance of the training, the performance evaluation and rewarding system as well as the work design. Therefore, there were no significant changes in those human resources practices or the changes that occurred are not affecting negatively the employees. This is a good example that if the organizations are concerned with the employees and with their motivation and posture in the organization it will not affect negatively their productivity and the organization's productivity.

### 7. DISCUSSION

After analyzing the three groups of informants (private sector, public sector and multinational sector) it can be verified that exist some similarities and some differences among them.

If we look to the private and public sector we can see that, due to the crisis, a lot of changes happened in the level of the human resources practices in both sectors. The process of recruitment changed, in the public and private sector, since we can see that or they are not recruiting or recruiting only trainees, or even recruiting employees to substitute others for a short period of time and it is so much harder to become a permanent worker. Therefore, we can see a similarity in the changes that happened in the level of the process of recruitment and selection in the private and public sector. Basically, the changes that happened in this level show a huge concern to reduce costs. It is also important to mention that, also in this level, it is verified the only similarity between the private, public and multinational sector. By that I mean, that in the multinational sector we see that there is also a concern of the organization to control costs. Therefore, also the multinational sector is reducing costs with the recruitment and selection since they also changed their process of recruitment and selection. It is verified that they are concerned with the number of employees that form each team in each department, to avoid unnecessary expenses, and are also recruiting mostly trainees by a short period of time, which is always a way to recruit people without having a biggest cost with it. This is pretty much the only significant similarity that the multinational sector has with the two other sectors.

There are also other similarities, but between the private and public sector. Starting with the training we can conclude that both sectors reduced drastically the investment in training which affected as well the acquisition of new competencies by the employees. On the level of the performance evaluation the employees referred that, in most of the cases, they are still being evaluated in the same way but in some others the evaluation changed to some patterns more unfair. Although, the performance evaluation is still being done, this links us to an important field that is somehow linked with the previous one which is the rewarding system. What changed a lot about the performance evaluation is the rewarding associated with it. In both private and public sectors, the bonuses and prizes associated with the performance suffered huge cuts. At the level of

rewarding, there were also some other wage cuts that were verified in both sectors and that the employees complained a lot about. In the level of the work design, the similarity verified in those two sectors is the huge increase of workload derived by the shorter number of employees in the organizations as well as the increase of the working hours per week that increased significantly. In the level of motivation, the similarities are scary. All the employees complained that all of the changes that happened in the previous fields in the level of the human resources practices affected them in a huge scale and made them feel completely unmotivated. They all pointed out that they became unmotivated with all of those changes and some of them even said they are feeling also depressed as a consequence of all the changes that were made and with the present scenario in the organization. About the posture in the company they all referred that they do have a less active posture in the organization as a result of the way they are being treated and as a consequence of their lack of motivation as well as they agree with the fact that this less active posture in the organization is affecting negatively their individual productivity and, as a consequence, the organization's productivity. One of the scariest similarities between these two sectors is that all the employees are so unmotivated and all of those changes are affecting them so much that they all expressed willingness to leave the organization and they have been searching for another job. The major reason for them to have not yet gone is the fact that they know how the crisis is affecting the entire country so it is not easy to find another place to work for and that is the only reason why they are still at the companies where they are working now since even though they are already searching for another job they have not find it yet.

The biggest differences between the three groups rely on the answers given by the informants that work for the multinational organizations when compared with the private and public sector. Contradicting pretty much all of the similarities above, in the multinational organizations the training is still being done and the organizations are still giving a huge importance to it; the performance evaluation is still done in the same molds; the bonuses and prizes associated with the performance evaluation did not decrease, by the contrary, one informant even mentioned that it increased a little bit when compared with the past; the work design changed in the way to improve the performance in new molds that are more productive; they all mentioned that new competencies are achieved due to the training programs they enroll; they mention that they are motivated with the work they do and there is a huge concern by the

multinational organizations to keep employees motivated since they are aware of the importance of it; they also mentioned that they always had and they still have power of initiative; and, finally, they do not express will to leave the organization and they recognize how lucky they are to have such good working conditions. Those are the biggest differences noted in this research and that rely on recognizing the importance of the employees for the organization's productivity.

I would also like to highlight one last similarity that has not yet been mentioned which is the fact that all the informants from the three sectors (private, public and multinational sector) affirmed that all the changes in the human resources practices have an impact and affect the employees which will, posteriorly, affect the individual productivity and, as a consequence, will affect the organization's productivity. It was not analyzed, since that was not part of the object of study, in which way is the organization's productivity affected, but if it is affected or not and they all agree that the changes made by the human resources management will affect the employees and their productivity, and as a consequence, the organization's productivity will be affected as well. Even if they are suffering from all the changes and feel affected by it or not, all the employees affirmed that these changes do affect employees and do affect organization's productivity (even the informants from the multinational organizations that are not suffering with it affirmed that it happens).

In general, what we can conclude from the interviews that were done, in order to try to understand if the changes in the human resources practices that were implemented, due to the economic crisis, had any influence on the employees and subsequently in the organization's productivity, is that those employees feel that those changes affect them and will affect, as a consequence, the organization's productivity. Therefore, it is important that all the organizations are aware, not only of the possible consequences of the changes they want to adopt, as well as the huge importance that the employees have for an organization.

I believe this research provides some significant contributions to theory and to practice. First of all, it shows a perspective of the present crisis that has not been deep analyzed previously, which is the effects of the human resources management in crisis on the employees; how they are feeling with all the changes related with the HRM that were adopted for so many organizations to answer to the crisis situation and if those changes

affect the productivity. Some researches were already done regarding the crisis scenario that, not only Portugal, but the entire world is facing, especially concerning the GFC that hit the world in 2007/2008. In the literature review section were presented some of those researches that show how organizations are being affected and how they are dealing with the crisis, some of them are focused on the GFC. The present research also contributes to theory in the way that reinforces the fact that organizations are being affected by the crisis and, as well as it happens with some of the researches presented in the literature review section, how they are being forced to make some changes in order to adapt themselves to the present scenario. Although we know, from past researches and from this research, that organizations feel the need to adapt to the crisis, this research particularly contributes to theory in the way that reflects on the effects that those changes can have on the employees and, consequently, if it will affect or not the organization's productivity. However, the main contribution to theory is regarding the effects on the employees since the crisis and its effects are happening at the moment so there are not a lot of researches done already, especially regarding the effects on the employees which left some space for this qualitative research to be done. This is the main contribution for theory that I believe this research tries to answer and to show.

It also provides truly important contributions for practice. This research shows that towards a turbulent environment, in this case a crisis situation, organizations have the tendency to adopt some changes that are believed to represent a form of cutting costs. However, it is important that the organizations reflect on the possible consequences that those changes can have on the employees knowing that they do contribute and affect organization's productivity since, although organizations can cut some costs with those changes, the effects on the employees can cause a negative impact on productivity, which is not the desired especially in a crisis situation. Having unmotivated employees is one of the main effects of those changes on the employees and if the organizations will not pay attention to it they will become less productive and they will try to leave the organization as soon as possible, as well as their posture will become increasingly less active.

I hope this can be a wakeup call for all the organizations when are concerned with productivity since it alerts them to pay double attention when adopting any kind of change. It is important that the managers responsible for making any change in the organizations are aware that any kind of change will have an impact on the employees.

On the top of that, I would also like to enhance that the employees, as the most important asset in each organization – in my opinion, will contribute positively or negatively to the organization's productivity according with the nature of those changes. This is the reason why it is so important to think twice when adopting any kind of change within an organization and to reflect on the possible effects on the employees because the productivity can be affected as a consequence.

### 8. CONCLUSIONS

As a conclusion, this research was done, mainly, to try to show the links that exist between the changes in the human resources practices and how they affect the employees and the if organization's productivity will be affected or not, as well as, to raise awareness of the importance of reflecting on the possible consequences that certain change can bring.

The main objective of this research was, considering the changes adopted by the organizations due to a crisis scenario, to analyze the effects of those changes on the employees. As it was presented in the discussion section, a lot of changes were implemented in the organizations due to the crisis scenario, especially in the HRM in the fields of recruitment and selection, training, performance evaluation, rewarding system and work design. All of those changes, mainly in the private and public sector which form the groups of organizations more affected by the crisis, had a negative impact on the employees and contributed to make them feel unmotivated regarding their job, with desire to leave the company and less dedicated with the work they have to do due to all the cuts on their rewarding system, downsizing, increased workload and decrease in the training provided by the organization. They also believe that all of those changes that were applied by the organization are affecting them in such a way that their individual productivity is being affected as well as the organization's productivity. The employees that belong to the group formed by the multinational sector are not that affected by the crisis since most of the changes that happened in the private and public sector did not occur with them. However, they also recognize that an unmotivated employee will have an impact on his/her productivity as well as an impact, in this case negative, in the organization's productivity.

To finalize, I would like to take this opportunity to present my own point of view on the results of this research. However towards an unexpected environment, such as a crisis scenario, it is hard for the organizations to know which measures should be taken to better answer to it, it is really important that they think twice, and reflect on all the possible consequences, before applying any change. Any measure or change taken by an organization will have an impact on the employees. If, as it happens with this specific case, those changes are negative for the employees such as wage cuts, no training or any other that can harm the employees those changes will have a negative impact on them. It

is important that the organizations have this in mind, and especially, that they have in mind how important the employees are for any organization as well as how important they are to the organization's productivity. To finish, I would like to highlight that, if they do not reflect in all the possible consequences of a certain change, such changes may have unintended and undesirable consequences that can be very harmful to the organization.

### 9. REFERENCES

- Bansal, P., & Corley, K. 2011. "The coming of age for qualitative research: Embracing the diversity of qualitative methods". *Academy of Management Journal*, 54, 233-237.
- Bartunek, J., Rynes, S., & Ireland, R. D. « What makes management research interesting, and why does it matter?". *Academy of Management Journal*, 49: 9-15
- Bastien, D.T. and Hostager, T.J. 1988. "Jazz as a Process of Organizatioal Innovation", *Communication Research* 15(5): 582-602.
- Bellmann, Lutz & Gerner, Hans-Dieter. 2012. "Company-level pacts for employment in the global crisis 2008/2009: first evidence from representative German establishment-level panel data". *International Journal of Human Resources Management*, 23:16, 3375-3396.
- Boxall, P., & Purcell, J. 2011. Strategy and Human Resource Management, Basingstoke: Palgrave Macmillan.
- Brown, S.L. and Eisenhardt, K.M. 1997. "The Art of Continuous Change: Linking Complexity Theory and Time-Based Evolution in Relentlessly Shifting Organizations". *Administrative Science Quarterly*, 42: 1-34.
- Cameron, K., Freeman, S., & Mishra, A. 1991. "Best Practices in White Collar Downsizing: Managing Contradictions". *Academy of Management Executive*, 5, 57-73.
- Cascio, W. 1993 "Downsizing? What do we know? What have we learned?". *Academy of Management Executive*, 7, 95-104.
- Coats, D. 2011. Exiting from the Crisis: Towards a Model of more Equitable and Sustainable Growth, Brussels: ETUI.
- Conboy, K., & Fitzgerald, B. 2004. "Toward a Conceptual Framework of Agile Methods: A Study of Agility in Different Disciplines", in Proceedings of the 2004 ACM Workshop on Interdisciplinary Software Engineering Research WISER '04, New York, NY: ACM Press, pp. 37-44.
- Core, R. E., & Guay, W. R., 2010. "Is CEO pay too high and are incentives too low?. A Wealth-Based Contracting Framework". Academy of Management Perspectives, 24, 5-19.
- Corley, K. G., & Gioia, D. A. 2011. "Building theory about theory building: What constitutes a theoretical contribution?". *Academy of Management Review*, 36, 12-32.
- Creswell, J. 2003. "Mixed methods procedures". Research design: *Qualitative*, *quantitative*, *and mixed methods approaches* (2<sup>nd</sup> ed.). Thousand Oaks, CA: Sage
- Crotty, J. 2009. "Structural Causes of the Global Financial Crisis: A Critical Assessment of the New Financial Architecture". *Cambridge Journal of Economics*, 33, 4, 563-580.
- De Meuse, K.P., Vanderheiden, P. A. & Buzzman, T. J. 1994. "Announced Layoffs: The Efects on Corporate Financial Performance". *Human Resource Management*, 33, 4, 509-530.
- Delery, J., & Shaw, J, 2001. The Strategic Management of people in work organizations: Review, synthesis, and extension. In G. Ferris (ed.), Research in Personnel and Human Resources Management, Vol 20. Oxford, UK: Elsevier Science.

- Eisenhardt, K. 1989. "Building theories from case research". *Academy of Management Review*, 14: 532-550.
- Gephardt, R. 2004, "What is qualitative research and why is it important?". *Academy of Management Journal*, 7:454-462.
- Gioia, Dennis A,. Corley, G. Kevin, and Hamilton, L. Aimee (2012). "Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology", *Organizational Research Methods*.
- Golden-Biddle, K., & Locke, K. 2007. *Composing qualitative research* (2<sup>nd</sup> ed.). Thousand Oaks, CA: Sage.
- Hamel, G. 2000. Leading the Revolution, Boston, MA: Harvard Business Cshool Press.
- Heathfield, S.M. (2000). About.com, What is Human Resource Management? Retrieved from http://humanresources.about.com/od/glossaryh/f/hr\_management.htm
- Heackmann, M., Kettner, A., Pausch, S., Szameitat, J., & Vogler-Ludwig, K.
   2009. Wie Betriebe in der Krise Beschäftigung stützen (IAB-Kurzbericht 18/2009), Nuerberg: Institut für Arbeitsmarkt-und Berufsforschung.
- Horne III, J. and Orr, J. (1998), "Assessing Behaviors that Create Resilient Organizations", *Employment Relations Today*, Volume 24, Number 4, pp. 29-39.
- Hurley, J., Mandl, I., Storrie, D., & Ward, T. 2009. Restructuring in Recession ERM Annual Report 2009, Dublin: European Foundation for the Improvement of Living and Working Conditions.
- Jadi, Yasmina & Thévenet, Maurice (2012). "Managers during crisis: the case of a major French car manufacturer". *International Journal of Human Resources Management*, 23:16, 2297-3413.
- Kamoche, Ken 2003. "The typhoon: the HR response to the economic crisis in Hong Kong". *International Journal of Human Resource Management*, 14:2, 199-221.
- Kamoche, K. and Cunha, M.P. (2001) "Minimal Structures: From Jazz Improvisation to Product Innovation", *Organization Studies*, 22(5): 733-64.
- Kanigel, R. (2001), "Are you Resilient?", *New England Financial Journal* pp. 46-51.
- Keeley, B., & Love, P. 2010. OECD Insights: From Crisis to Recovery The Causes, Course and Consequences of the Great Recession, Paris: OECD.
- Kets de Vries, M., & Balazs, K. 1996. "The Human Side of Downsizing". *European Management Journal*, 14, 2, 111-120.
- Klein, R., Nichools, R. and Thomalla, F. (2002). *The Resilience of Coastal Megacities to Weather-Related Hazards: A Review*. Paper Presented at the Future of Disaster Risk: Building Safer Cities, Washingon, DC, December.
- Langley, A. 1999. "Strategies for theorizing from process data". *Academy of Management Review*, 24, 691-710.
- Lee, T., Mitchell, T., & Sablynski, C. 1999. "Qualitative research in organizational and vocational behavior". *Journal of Vocational Behavior*, 55: 161-187.
- Lengnick-Hall, C. and Beck, T. (2003). *Beyond Bouncing Back: The Concept of Organizational Resilience*. Paper Presented at the Academy of Management, Seattle, WA, 1-6 August.

- Lengnick-Hall, C. and Beck, T. (2005), "Adaptive Fit Versus Robust Transformation: How Organizations Respond to Environmental Change", *Journal of Management*, Volume 31, Number 5, pp. 738-757.
- Lipovec, Filip: Razvita teorija organizacije (the Developed Theory of Organization), Obzorja, Maribor, 1987. Cited in Rozman, R. (2008), *Management and Organization*.
- Lofland, J., & Lofland, L. 1995. *Analyzing social settings: A guide to qualitative observation and analysis* (3<sup>rd</sup> ed.). Boston: Wadsworth.
- Longstaff, P. (2005), Security, Resilience, and Communication in Unpredictable Environments Such as Terrorism, Natural Disasters and Complex Technology, Harvard University, Cambridge, MA.
- Lovins, A. and Lovins, L.H. (1982), Brittle Power: Energy Strategy for National Security, Brick House Publishing CO, Andover, MA.
- Maertz, C. P., Wiley, J. W., LeRouge, C., & Campion, M. A. 2010. "Downsizing effects on survivors: Layoffs, Offshoring and Outsorcing". *Industrial Relations*, 49, 275-285.
- Marchington, Mick & Kynighou, Anastasia, 2012. "The dynamics of employee involvement and participation during turbulent times". *International Journal of Human Resources Management*, 23:16, 2226-3354.
- Marchington, M. & Wilkinson, A. 2005. "Direct Participation". *Managing Human Resources*, ed. S. Bach, London: Blackwell.
- Martin, Graeme & Gollan, Paul J., 2012. "Corporate governance and strategic human resources management in the UK financial services sector: the case of RBS". *International Journal of Human Resources Management*, 23:16, 3295-3314.
- Moreno, R., Pasadilla, G. & Remolona, E. 1999. Asian's Financial Crisis: Lessons and Implications for Vietnam. In Leung, S. (ed.) Vietnam and the East Asian Crisis: Cheltenham: Edward Elgar.
- Morgan, G., & Smircich, L. 1990. "The case for qualitative research". *Academy of Management Review*, 5: 491-500.
- Nijssen, M. & Paauwe, J. 2012. "HRM in turbulent times: how to achieve organizational agility?". *International Journal of Human Resource Management*, 23:16, 3315-2225.
- Noe, R.A., Hollenbeck, J.R., Gerhart, B. & Wright, P.M. (2003). *Human Resource Management, Gaining a Competitive Advantage*, McGraw-Hill, Irwin, pp 5.
- Patton, M. Q. 1990. *Qualitative evaluation and research methods* (2<sup>nd</sup> ed.). Newbury Park, CA: Sage.
- Pratt, G. Michael (2009), "For the Lack of a Boilerplate: Tips on Writing Up (and Reviewing) Qualitative Research", *Academy of Management Journal*, Vol. 52, No. 5, 856-862.
- Pratt, G. Michael 2008. "Fitting oval pegs into round holes: Tensions in evaluating and publishing qualitative research in top-tier North American journals". *Organizational Research Methods*, 11: 481-509.
- Pratt, M. G., Rockmann, K., & Kaufmann, J. 2006. "Constructing professional identity: The role of work and identity learning cycles in the customization of identity among medical residents". *Academy of Management Journal*, 49: 235-262.

- Rerup, C., & Feldman, M. 2011. "Routines as a source of change in organizational schemata: The role of trail-and-error learning". *Academy of Management Journal*, 54, 577-610.
- Rodwell, J.J. & Teo, S.T.T. (2004). Strategic HRM in for-profit and non-profit organizations in a knowledge-intensive industry. *Public Management Review*, *Vol.6*, issue-3.
- Sahdev, K., Vinnicombie, S., & Tyson, S. 1999. "Downsizing and the Changing Role of HR". *International Journal of Human Resources Management*, 10, 5, 906-923.
- Schuler, R.S., & Jackson, S.E. (1999). Strategic Human Resource Management.
- Sedlacek, B. 2009. Personal management in der Wirtschaftskrise Befragungsergebnisse (Praxis Papier 3/2009), Düsseldorf: DGFP.
- Shipman, A. S., & Mumford, M. D. 2011. "When confidence is detrimental: influence of overconfidence and leadership effectiveness". *The Leadership Quarterly*, 24, 649-665.
- Somers, Scott. 2009. "Measuring Resilience Potential: An Adaptive Strategy for Organizational Crisis Planning". *Journal of Contingencies and Crisis Management*, Volume 17, Number 1.
- Spiegel, M. 2011."The Academic Analysis of the 2008 Financial Crisis: Round 1". *Review of Financial Studies*, 24, 6, 17773-1781.
- Stiglitz, J. 2009. "The Global Crisis, Social Protection and Jobs". *International Labour Review*, 148, 1-2, 1-13.
- Streeck, W. 1987. "The Uncertainties of Management in the Management of Uncertainty". *International Journal of Political Economy*, 17, 3, 57-87.
- Sutcliffe, K. and Vogus, T. (2003), "Organizing for Resilience", in Cameron, K. (ed.), *Positive Organizational Scholarship*, Berrett-Koehler Publishers Inc., San Francisco, CA, pp. 94-110.
- Thénevet, M. (ed.) 2009. *Manager en temps de crise*, Paris: Editions d'organisation.
- Verick, S., & Islam, I. 2010. The Great Recession of 2008-2009: Causes, Consequences and Policy Responses. IZA Discussion Paper No. 4934, May 2010.
- Weick, K.E. (1999) "The Aesthetic of Imperfection in Orchestras and Organizations". In Cunha, M.P. and Marques, C.A. (eds) *Readings in Organization Science: Organizational Change in a Changing Context*. Lisbon: ISPA, pp. 541-64.
- West M. A., Guthrie J. P., Dawson J. F., Borrill C. S. & Carter M. 2006. "Reducing patient mortality in hospitals: The role of human resource management". *Journal of Organizational Behaviour*, 27: 983-1002.
- Wildavsky, A. (1988), Searching for Safety, New Brunswick, CT: Transaction Books.
- Wright, P. & McMahan, G. (1992). Theoretical Perspectives for Human Resource Management. *Journal of Management* 18 (1992), pp. 295-320.
- Wu, Chia-Ching, Lee, Wei-Chia & Lin, Rose, S. J., 2012. "Are employees more committed and willing to accept critical assignment during a crisis? A study of organizational commitment, professional commitment and willingness to care during the SARS outbreak in Taiwan". *International Journal of Human Resource Management*, 23:13, 2698-2711.

- Wood, S. 2010. "High involvement management and performance". *The Oxford Handbook of Participation n Organisations*, eds. A. Wilkinson, P. Gollan, M. Marchington, and D. Lewin, Oxford: Oxford University Press.
- Yin, R. 2003. *Case study research: Design and method*, vol. 3. Thousand Oaks, CA: Sage.
- Zagelmeyer, S. 2010. Company-Level Bargaining in Times of Crisis: The Case of Germany (ILO Working Paper No. 9), Geneva: Industrial and Employement Relations Department, Interantional Labour Office.
- Zagelmeyer, Stefan & Gollan, Paul J. 2012. "Exploring terra incognita: preliminary reflections on the impact of the global financial crisis upon human resource management". *International Journal of Human Resources Management*, 23:16, 3287-3294.
- Zagelmeyer, S., Heckmann, M. & Kettner, A. 2012. "Management responses to the global financial crisis in Germany: adjustment mechanisms at establishment level". *International Journal of Human Resources Management*, 23:16, 3355-3374.
- Zhu, Ying. 2005. "The Asian Crisis and the implications for human resource management in Vietnam". *International Journal of Human Resource Management*, 16: 1261-1276.

### 10. APPENDIXES

In this last section it can be found the fully interview guide that was used in the interviews. The interviews transcriptions are not presented in the research but can be promptly shown by request to the thesis' author. It is important to enhance the fact that the appendixes section is written in Portuguese since all the interviews that were done were in Portuguese due to the Portuguese nationality of the informants and that is the reason why the interview guide appears in this section in Portuguese, to be possible to show the exact sentences and words that were use when interviewing the informants.

## **10.1 Interview Guide**

## GUIÃO DE ENTREVISTA

### Sexo:

- 1. Percepção do contexto que rodeia o indivíduo.
  - 1.1) Pense na empresa em que trabalha. O que é que mudou no sítio onde está a trabalhar de forma geral?
  - 1.2) O que é que mudou a nível de recrutamento e seleção?
  - 1.3) O que é que mudou a nível de formação?
  - 1.4) O que é mudou a nível a nível da avaliação nomeadamente avaliação de desempenho?
  - 1.5) O que é que mudou a nível de compensação?
  - 1.6) O que é que mudou a nível de desenho do trabalho?
- 2. Características pessoais. Tendo em conta as mudanças discutidas anteriormente que ocorreram na sua empresa, de que forma é que isso influenciou e que impacto teve a nível do seu caso pessoal?
  - 2.1) Que impacto teve a nível de aquisição de novas competências?
  - 2.2) Que impacto teve a nível da sua motivação?
  - 2.3) Essas mudanças afectaram de alguma forma o seu poder de iniciativa? Foi-lhe dado espaço para tomar as suas iniciativas?
- 3. Desempenho das pessoas e desempenho organizacional.
  - 3.1) Sente que essas mudanças que ocorreram alteraram de alguma forma o seu dia-a-dia? Se sim, como?

- 3.2) Acha que essas mudanças que ocorreram na sua empresa o fizeram ter uma postura mais ou menos ativa? Sente que uma postura menos ativa tem algum tipo de influência a nível da produtividade da empresa e a nível do desempenho organizacional em geral (pense no seu caso específico)?
- 3.3) Sente mais vontade de abandonar a empresa em que está a trabalhar depois de todas essas mudanças?
- 3.4) O que é que o faz continuar a trabalhar na empresa em que se encontra atualmente?