

AN INVESTIGATION IN EFFECT OF ECONOMIC AND FINANCIAL CRISIS ON HUMAN RESOURCES MANAGEMENT

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Abstract

Without doubt, factors including economic collapse of nation states, political collaboration on structural reform to address climate change, the integration of social media into every aspect of our communication, the development of fast moving communities of interest and the last changing role of government in partnership with third parties to deliver services influence the way through which entities operate and engage with each other. These factors mentioned as the forces which create a new paradigm for HRM. a huge opportunity for HR to reinvent itself as a major source of inspiration and innovation in leadership and management, is offered by The potential for major transformation within organizations and the intersection with community, customer and supply chain relationships. This study intends to define steps that every HR manager requires taking to adapt to the changing environments, mentioned the steps as redefine the boundaries of our role, be the owners and drivers of the brand that reflects a commitment to service towards staff, customers, suppliers and the community, be recognized professionally, take ownership of the competencies required to work successfully at a strategic level, be the thought leaders on internal and external factors impacting on how our organizations operate. To maintain a high level of vigilance on workforce issues, knowledge and networking are required; Build internal trust has dramatically changed in just a few short years through which the role of the HR function would be entered to challenge.

Keywords: Economic, Financial crisis, Innovation, Motivation, HRM, Human Resource Management

Introduction

In many speeches and in different practices, it is stated the growing importance that is today given to the human resources management and that is due to experience, thematic reflex ions, methodological contributions and creating tools meant to help in making decisions. All these elements represent convergent factors that lead to awareness and challenge human resources

management in the company (Burlea Schiopoiu, A., 2008.). Recruiting and selecting human resources are activities that are the centre of attention of managers because of the competition and the global economic and financial crisis. Every enterprise wants to attract the most competent human resources but the competition existing on the labor market orders the human resources flow according to the social image and the efforts that the enterprise makes in fields such as payroll, professional training, work conditions, social climate(DeRouin, R. E., Fritzsche, B. A., Salas, E., 2004).

The success of human resources management process will be complete for those organizations that will appreciate and involve their employees in the development strategies. The organizations have to manage their human resources in agreement with their own development directions and, according to Hendry and Pettigrew, 1986, they need to encompass the meaning of planning and coherent approach of designing and human resources management, to harmonize the political activities of the HRM with the economic strategy of the enterprise in order to gain a competitive advantage by using human resources as strategic resources(Dibrell, C., Davis P. S., Craig J., 2008.). Information and communication are both activities and means used by the employees of the enterprise to know the general and group objectives. The complex situation and the chaos that exist within an enterprise can be overcome through the flexibility and the power of the organization. These characteristics of the organizations impose the permanent adjustment of the human resources management and the continuous modeling of the internal transition through strategic plans of the professional career. The pressure of the external factors on the organizations is transmitted to the employees that see it as a crisis situation. This problem can be solved either through promotion and changing the professional orientation, or through firing. The fear of a personal failure reflects in every action of the employees through: reduced quality of products and services; absenteeism; unexpected leave; lack of interest as far as making strategic decisions for the enterprise is concerned; interpersonal conflicts. The employees have to find within themselves the resources necessary to cope successfully with changes that interfere in the organizations. Identifying the strategic objectives can lead to elaborating the individual action plans that are meant for increasing the adaptation ability of the employees to the fast changes that take place within the enterprise.

Related works

In a study” global economic crisis and the impact on human resources strategies for seafarers” by Burlea Schiopoiu et al., shown that Achieving sustainable competitive advantage depends on formulation and implementation of appropriate human resources strategies in dynamic and complex environments. The increasing interest in the strategic management of organizations has resulted in concentrating on various organizational functions with their role in the strategic management process. Strategic human resources management (SHRM) is the pattern of the planned human resource deployment and activities intended to enable an organization to achieve its goal (Wright and McMahan, 1992). SHRM is an approach to make decisions on the intentions and plans of the organization concerning employment relationship and its recruitment, training, development, performance management, reward and employee relations policies and practices and it is an essential

component of the organization's corporate or business strategy. The improvement of organizational effectiveness is an overall objective of SHRM (Armstrong and Michael, 2006). On the other hand, human resource strategy is a pattern of human resource programs, policies and plans implemented by a human resource department. HR strategies set out what the organization intends to do about its human resource management policies and practices, and how they should be integrated with the business strategy. Environmental factors such as technology, uncertainty, changes in economic environment and demographic, rapid changing demand, increased competition, all affect human resource strategies of organizations.

Human resource is one of the leading determinants in maritime transport industry and both the industry and the individual shipping companies consider human resources strategies as an important area of research. The global financial and economic crisis that has been affecting international trade and shipping in a very dramatic way since the fourth quarter of 2008 forces researchers to examine the short and long term trends in maritime careers generally and particularly in seagoing professions. This study aims to research the developments in human resources strategies during the global financial and economic crisis. A survey was applied to the human resources managers in shipping companies in Turkey in order to define their functional level human resources strategies. Through this research it is aimed to evaluate the human resources strategies in the field of resourcing, recruiting, selection and retention, compensation, performance management, reward and employee relations, training and development, flexibility and employee relations.

another study by Fosfuri, "The Impact of the Economic and Financial Crisis on HRM and Knowledge-Management in Hungary and Slovakia" aimed to discover what action Hungarian companies plan to take in relation to human resource management and, concurrently, knowledge-management in this financial and economic crisis. With a brief review of the literature we demonstrate the role of knowledge and human capital in a period of depression and we then present the findings of empirical research which we undertook in Hungary from November 2008 to February 2009 and, in early March 2009, in Slovakia. We finally attempt to draw conclusions by means of a country comparison, at the same time highlighting both the limitations of our research and our future related plans.

A study entitled "Economic crisis and communication: The role of the HR manager" by Spithoven, mentioned that the evolution of Human Resources Management (HRM) is related to the historical evolution of the business and of the economy in which companies operate. Accordingly, the roles and decisions of HR managers and the HR function adapts to the changes that take place in the economic cycle. Since 2008, the global economy has been immersed in one of the most significant structural economic crises of recent times. Its origins can be traced to the North American financial crisis, and its consequences have impacted all global economic production sectors, triggering a broad and profound employment crisis which has led to a deepening social recession around the world. In Spain, the effects of the crisis on the labor market have been much more devastating than in the rest of Europe, and around six million people have lost their jobs. In the light of this context, we wished to investigate what should be the role and the contribution of HR in business crisis management, and what are the key drivers in achieving employee engagement. Have there been recent changes in the HR manager's role? The efficiency of an appropriate communication policy in a crisis situation, both with respect to employees and to their union

representatives, constitutes a crucial factor which could be defined as the strategic role adopted by the HR function when facing a change in the economic cycle.

Discussion and results

Organizations due to the uncertain business environment suggested avoiding the extra interruptions and professional training necessary to offset a possible growing fluctuation of human resources. A high desire to motivate employees by specialists and also managers reported. In this regards, motivating the employees represents an important line in the current global competition. Motivating employees mentioned with increasing trend in 2005-2009, and a deviation was seen in 2010-2011 offered by reducing this figure, yet this trend was considered slightly high in 2012. With respect to data analysis, it can deduce that human resources affect the flexibility of the enterprises.

if there is creativity in the process of search for solutions to difficult problems facing the enterprise, Interpersonal conflicts will be avoided. Note that Innovation is a very important mechanism that can reduce the negative impact of financial and economic crisis on human resources management. Refer to figure 1 to understand the innovation cooperation between organization and other stakeholders in EU.

Table1. Innovation cooperation between organization and other stakeholders

Value	European Union 27 Average	Romania	Denmark	Slovenia	Malta	UK
Absolute value	9,1	2,8	20,8	10,5	5,3	12,6
Normalised value	0,35	0,00	1,00	0,43	0,14	0,54

In the context of strategic management of skills, it can state that individual knowledge plays an important role because, on one hand, they represent a structural capital, and, they contribute to the employee policy. The skills evaluation process is complicated that implies monitoring the professional career development. This study highlights the relation between the importance given to human resources and the elaboration of strategies related to human resources within organizations. Justify the importance and necessity of a strategic model for the human resources management would not only provide a series of benefits to the practitioners, but it would also directly contribute to improving human resources performances in organizations, it would be a quick solution to fix the problems arising from legislative changes and fluctuations on the labor market, being considered a link between human resources performance and the economic and financial result of the enterprise. For the recruitment and selection team, it is difficult to achieve a series of assumptions related to the selection mechanism and the real behavior of the candidates. If one or more of these assumptions are wrong, the entire recruitment and selection process suffers and it even risks being compromised. In this context, a model of human resources strategic management contributes to improving human resources functions by integrating different human resources practices in a single organizational mechanism built on operational practices. Thus, recruitment and selection, professional training, performance evaluation will use the same

common framework that identifies the key components of the job and the employee, also taking into consideration the situational factors that may influence some components of the human resources management activities. Training human resources and especially training entrepreneurship is analyzed in the current national and international economic and social context. Entrepreneurs or managers, who are aware of the importance of human resources for their enterprises, will do their best to effectively manage the processes of recruitment and selection, evaluation, motivation, training and promotion of their own employees. In conclusion, human resources management can be used by organizations as a link between competitiveness and innovation.

By using information technology can be achieved some short-term forecasts, up to one year, when one can predict, with a minimal error degree, the probable levels of activity and the needed skills. These forecasts are based on standard scenarios with a bigger degree of generality and rely less on specific forecasts of demand and offer of goods and services, on one hand, and labor on the other hand.

Due to information technology, activities of human resources management have been transformed from informal activities into more and more formal activities which have contributed to improving the communication channels in businesses. The advantages supplied by information technology diminish if there is no real support from the manager/owner of the company to promote this technology. The e-learning training system became available for Romanian organizations too. online training programmes are correlated with the evaluation system of the employees which allows an efficient evaluation at regular intervals of time and from more evaluation sources. Human resources planning practices together with the training ones represent, for organizations, basic means, but not exclusive, to detection, integration and new skills development. The main problem that organizations confront with is generating a flow of skills that lead to reducing tensions generated by labor market fluctuations and to attracting specialists that prefer to work in big companies. In this context, a certain consistency in the internal remuneration field has to be maintained in order to avoid the lack of employees' motivation.

Method

In this study, interview was used as the method of research aiming at evaluating the influence of the economic and financial crisis on some organizations in the furniture domain. Therefore, we have interviewed managers of 10 organizations in the field. The selection was based on the principle of representation and the business relations between them. Thus, all 10 organizations are medium-sized enterprises and they are located in different regions of the country. The interview guide was structured as follows: The economic and financial crisis impact on the human resources of the organization including Were there any changes in the number of employees in your organization during 2008-2012? ; Were there any voluntary resignation requests during 2008-2012? ; Were there any work conflicts during 2008-2012?; Does labor code have reglementations that support employers?; and The economic and financial crisis impact on the financial resources of the organization including What was the turnover evolution during 2008-2012? ; Have you borrowed from banks to carry out your activity during 2008-2012? ; Have you been supported by the regional banks in your financial recovery efforts of your organization?. this study showed the fact that the economic

and financial crisis had a profound impact on the 10 organizations in the furniture domain.

The economic and financial crisis impact on human resources has been strong for all 10 organizations.

Therefore, during 2008-2012, all 10 organizations reduced the number of their employees by between 10 34%. Requests for voluntary resignation were made especially in 2009 but they have reduced in the following years. In 2011, none of the 10 organizations registered any voluntary resignation(DeRouin, R. E., Fritzsche, B. A., Salas, E., 2005).

Conclusions

Two of the 10 organizations have benefited from POSDRU projects for human resources training. The other 8 organizations were not even contacted by other organizations in order to get their employees involved in training courses. Although the turnover of the 10 organizations has registered slight increases, they were not due to any product demand on the market or labor productivity. These small increases were caused by the exchange rate fluctuation. Even if the turnover of the 10 organizations has increased, they have borrowed from banks but their managers are not satisfied with the cooperation with the banks in the region. They think that both the interest and the fees are not encouraging. Managers said that fiscal legislation and especially the amount of taxes represent a strong brake in the organization development. The size of the company influences the global and systemic way of perception of the problems in human resources management. Cooperation, in order to achieve a common business project, represents a very important element for the organization and for surviving in a turbulent environment marked by a global financial and economic crisis. Thus, no employee can be secluded in logic of personal tasks because the problems that occur within the organization concern all the employees and can be solved only through a common and unitary action. The employees mobilize through motivational measures such as wage policy, type variable, or policy of management responsibility promotion.

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