

HR CRISIS MANAGEMENT AT TRADE ENTERPRISES

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Abstract

The article is about revealing the content and role of HR crisis management at trade enterprises. The article provides an understanding of organizational changes, crisis phenomena, and crisis management. It is stated, that management of enterprises in a crisis state is one of the main problems of economy and legislation not only of economically developed countries, but also of countries with fragile economies, to which Ukraine still applies. A set of measures for HR crisis management at a trading company was identified. At the basis of research, it is possible to identify consistent ways to implement the steps of HR crisis management at a trading company.

It is established, that as a result of a crisis, organizations may lose employees, workers, along with key talent and organizational knowledge, from low morale, fear, physical relocation or death. In this case, there are outlined the core messages to decision makers that employee's development and rewards are the major dimensions of the content of an Human Resource Management (HRM) system and that consistency and distinctiveness are the principal features of the process of HRM system, even in cases where an organization is operating under an economic crisis environment. It is stated, that the essence of crisis management of an enterprise is to provide such conditions for the functioning of an enterprise, when financial, production, marketing, personnel and other difficulties are not permanent and are quickly resolved by means of special measures.

It is investigated, that HR crisis management at trade enterprises involves not only the formal organization of the work with the staff, but also a set of factors of social and psychological, moral character - democratic style of management, caring attitude to the needs of a person, attention to his/her individual characteristics, etc. It is proved, that an important factor that can contribute to effective crisis management is a well-selected, managed personnel, who respond quickly and flexibly to any changes in the environment.

The article establishes the HR management in the conditions of unstable or crisis state of an enterprise as a comprehensive, planned activity, based on a system of scientifically grounded principles, experience and intuition of managers of an enterprise.

There are investigated the stages for HR crisis management in the market conditions as: analysis of the problem situation and state of an enterprise, diagnostics of human resources state, development and implementation of HR marketing measures, development of a HR crisis strategy and system of its marketing support, design of a HR crisis policy, development and organization of implementation of HR crisis decisions, development of measures to overcome and prevent conflicts, determination of HRM risk and ways of their overcoming, control over the implementation of HR-crisis decisions.

There is created a list of actions of HR managers while crisis management, including establishment of a crisis management team, development of recovery plans, provision of communications.

Keywords: human resources, HR management, crisis, HR crisis management, trade enterprises.

DOI: 10.21303/2504-5571.2020.001142

1. Introduction

Any business enterprise engages with other enterprises, suppliers, consumers, banks, tax offices, etc., has its own development potential, own cycles of its development, which do not always coincide with the cycles of development of the economy as a whole. The natural development of an enterprise is characterized by changes in its functioning, technology, product range, personnel composition, etc.

Changes can be both positive and negative. Positive changes are characterized by the emergence of a new quality, which enhances the stability and harmony of the functioning of an enterprise, which is reflected in the increase of labor productivity, change of its character, the emergence of a new technology, and greater motivation of activity. Negative changes destabilize the activity

of the company, which is expressed in the opposition of interests of functioning and development, imperfection of management, technological obsolescence. Immediate changes reflect the company's entry into crisis.

Today's business environment requires a robust, enterprise-wide plan to deal with unexpected crises.

Crisis management is broadly defined as organization's pre-established activities and guidelines for preparing and responding to significant catastrophic events or incidents (i. e., fires, earthquakes, severe storms, workplace violence, kidnappings, bomb threats, acts of terrorism, etc.) in a safe and effective manner [1].

Management of enterprises in a crisis state is one of the main problems of economy and legislation not only of economically developed countries, but also of countries with fragile economies, to which Ukraine still applies. The causes of a crisis may be financial and economic miscalculations, the general state of the economy, poor staff skills, and shortcomings of the planning system. According to this, it is necessary to consider the essence of the crisis concept, in particularly HR crisis management. Psychological crises in the current conditions of socio-economic development are manifested in the form of stress, dissatisfaction with work, social status and tend to grow. This type of crisis is well suited to prevention. So HR crisis management as an integral part of crisis management, that can help to overcome all these, because it is thanks to people that an organization exists,. Regardless of the organization scope, HR management is of paramount importance. Without properly selected, placed and professionally trained human resources, no organization can achieve its goals and survive.

Research in the HR crisis management sphere is a fairly new direction, as it is the concept of human resources that has emerged recently.

Zulkarnaini N. A. S., Shaari R., Sarip A. (2020) research, that crisis management, widened as a concept and as a set of practices and in the form of human resource development, has become part of a more strategic approach to integrate HR activities and business policies [2].

Zavyalova, E. K., Kucherov, D. G., Tsybova, V. S. (2018) look at crisis management from the applied side – they explore the approaches to HRD, used by Russian IT-companies during the crisis [3].

Gunnigle, P., Lavelle, J., Monaghan, S. (2019) provide a retrospective investigation of the impact of the recent “great recession” on human resource management (HRM) in multinational companies (MNCs) in Ireland [4].

Nizamidou, C., Vouzas, F. (2018) explore the strategic role of HRDs in crisis management by adopting a theoretical perspective and synthesizing relevant literature in the crisis management field [5].

Katou, A. (2017) indicates that HRM content is more positively related to job satisfaction and motivation and less related to organizational commitment than HRM process. Moreover, HRM system is sequentially related to organizational outcomes (both directly and indirectly) and significantly influences employee's job satisfaction and motivation, as well as OCB and co-operation among employees, and operational performance [6].

Dickmann, M., Brewster, C., Sparrow, P. (2016) in their book looks at the individual, organizational and societal levels. The book is divided into three parts: Part I explores the institutional and economic contexts that organizations face in different European countries. This section goes beyond exploring issues of diversity to include a discussion of the impact of the recent financial crisis. Part II concentrates on the key challenges and trends, facing HR, including an aging population, migration, and sustainability, and analyzes the unique and inventive ways these are addressed in different countries across Europe. Part III focuses on the fundamental HR areas – recruitment and selection, performance management and rewards, employment relations, global careers, and so forth – and the ways, in which these policies and practices are shaped by the European Union [7].

Lai, Y., Saridakis, G., Blackburn, R., Johnstone, S. (2016) use British large scale survey data to examine the extent, to which the recent financial crisis has affected firms' operational activity, and whether or not the existence of human resource (HR) practices have influenced a firms' response to recession and workers' job experience. They suggest that SMEs are more vulnerable during times of economic hardship than larger firms, but those with HR practices have shown more resilience to the downturn [8].

There are also other researchers, whose works are also pretty good, and who also still working in this sphere, in particular B. Hamlin, F. V. Mitsakis and E. Aravopoulou, S. A. Sommer, J. M. Howell, and C.N. Hadley (2016); C. Agapitou, S. Bersimis and D. Georgakellos, M. R. Bowers, J.R. Hall and M. M. Srinivasan, C. Johansson and E. Bäck (2017); C. Johansson and E. Bäck (2018) [9–15].

However, despite significant gains in actual HR crisis management researches, there still not many of them in the field of trade enterprises activity. So that is still needed to be researched.

Aim of research. To analyze the HR crisis management issues at trade enterprises, identify the main peculiarities in this field that can be used nowadays.

2. Materials and Methods

In this article, the analysis is limited to discussing the theoretical aspects of the problem of HR crisis management at trade enterprises.

Practical aspects of understanding changes, crisis phenomena and HR crisis phenomena are investigated on the basis of the systematic analysis method. The systematic approach method was used in the analysis of the nature and forms of manifestation of crisis management. On the basis of structuring and synthesis methods, a set of measures for HR crisis management at a trading company was identified. The structurally logical analysis made it possible to identify consistent ways to implement the steps of HR crisis management at a trading company. Methods of comparison and generalization were used in disclosure of content of crisis management of an enterprise and HR crisis management.

3. Results

Crises have become an integral part of everyday life. They affect humans, their communities, and their organizations. Tragedies, natural catastrophes, and other crises that occur worldwide threaten the public's welfare, people's mental and physical wellbeing, the prosperity and operational sustainability of organizations, and impose inestimable costs. Human beings may be harmed or affected by crises in their roles as consumers, stakeholders, and employees. Dealing with these events represents a challenging agenda, and particularly so for organizations' Human Resource Departments (HRDs) [5]. However, in a crisis, there is a need to change approaches to the HR management behavior.

Multinational organizations face unique risks and challenges in the HR sphere, from social unrest and disease out-breaks to military conflicts and kidnappings. Domestic trade enterprises don't have such wide range of problems, but as a rule they don't have a very powerful managerial potential so they don't have existing crisis management programs. As a result of a crisis, organizations may lose employees, workers, along with key talent and organizational knowledge, from low morale, fear, physical relocation or death. But the crisis state of an enterprise is not the finale of it. Even when an enterprise is in crisis, it is possible to use a set of measures, models, and methods that can help the enterprise overcome the crisis and restore effective operations. This complex is the basis of crisis management.

HR plays a strategic role in promoting trustful and prepared leadership throughout an organization to help reassure employees of their safety. So, HR leaders today have a strategic role and responsibility to ensure their organizations of awareness of the human side of a crisis and plan ahead to help minimize its effects [1]. The HR's role is to protect the welfare of employees, at the same time ensuring that they contribute to the organization's sustainability, through doing their part in times of disaster. As a member of the Crisis Management Team (CMT), the HRD is responsible for providing leadership to an organization and its employees in the event of a crisis, by implementing predetermined actions, intended to maintain company's operations, and responding to its employees physical, psychological, and emotional needs [5].

The core messages to decision makers are that employee's development and rewards are the major dimensions of the content of an HRM system and that consistency and distinctiveness are the principal features of the process of HRM system, even in cases, when an organization is operating under an economic crisis environment [6]. Anyway, a presence of the HR crisis management system tells about a solid management style of an enterprise in a crisis state when it is necessary to make and implement risky managerial decisions. To ensure the crisis management requires the firm-specific capabilities connected with the high-level strategic integration between HRD, organizational structure, culture, and strategy [2].

For instance, for the IT sector, intellectual capital becomes a core source of sustainable competitive advantages, where HRD is seen like a tool to develop the internal stock of human capital [3]. But what about trade enterprises? If you fail to manage employees well and meet their needs, your other recovery efforts may be futile. Even if you decide that a facility or the entire business cannot reopen, it will be essential to respond to employee's concerns to avoid or minimize legal liability [16].

We can say for sure, that HR crisis management at trade enterprises involves not only the formal organization of the work with the staff, but also a set of factors of social and psychological, moral character – democratic style of management, caring attitude to the needs of a person, attention to his/her individual characteristics, etc.

It is worth noting, that in practice there is an interesting pattern: on average, 80 % of all business of manufacturers of goods and services is usually 20 % of consumers in their target markets. Such a fact is one of manifestations of the “Pareto law” in business. Specificity of different types of products and markets (especially consumer ones) determines that in addition to personnel technical and trade training, necessary for the promotion and sale of products of an enterprise, the great importance in the process of activity is attached to issues of interpersonal relations and psychology. This is one of the key features of HR management of a trade enterprise.

It is well known, that pre-sales and after-sales salesmen and craftsmen, who provide information to customers, advise consumers, showcase products, provide after-sales services, etc., often function not only as sellers and service providers, but also as a kind of trusted consumer. Buyers are more outspoken with them, they are the first to respond to consumer complaints and cannot advise something officially, but “humanly”. Often, representatives of a company are the only contacts that connect a consumer with a manufacturer of goods or services. Therefore, it depends on the customer's perception of the image of the company and its attitude to consumers. And it would be the worst thing, if such people started to be fired from the enterprise in the HR crisis management frame.

Yes, the elementary task of an enterprise in a crisis state is to reduce costs. In the pre-crisis situation, the redundancies were observed in most enterprises. In a crisis, reducing its number becomes an urgent need. It requires a balanced, rational approach to dismissal of the staff, the refusal of payment of surcharges and allowances, reduction of social benefits (free lunches, medical care, etc.). Straight-line actions often lead to deplorable results. A smaller staff number is unable to cope with the increase in workload. The interest in quality performance decreases if former bonuses cease to be paid, and the reduction of social benefits reduces the “commitment” to the enterprise. There is a decline in staff motivation and a related decline in work quality. And not the interests of the company, but the search for another job become the main for an employee. The dramatic effects of a crisis are determined not only by its nature but also by its crisis management, which can both mitigate and aggravate the crisis. Management capabilities in this regard depend on purpose, professionalism, management art, the nature of motivation, understanding the causes and consequences, responsibility.

So, practice shows that an important factor that can contribute to effective crisis management is well-selected, managed personnel who respond quickly and flexibly to any changes in the environment. The stability of the business, the reliability of the company's position in the market, its finances and production are provided primarily by people. An enterprise should have such employees who are able to approach the business creatively, to seek innovations, to develop cooperation with others, to achieve the optimum end result.

HR management in the conditions of unstable or crisis state of an enterprise is a comprehensive, planned activity, based on a system of scientifically grounded principles, experience and intuition of managers of an enterprise.

Crisis management is based on general principles of HR management and principles, which are specific to the principles of crisis management. The general principles are: system, equal opportunities, respect for an individual, team unity, horizontal cooperation, legal and social protection.

Specific principles of HR-crisis management include: taking into account the long-term perspective of an enterprise, integration of the staff, participation of employees in decision-making, recognition of the professional core of human resources, compliance with the balance of interests of managers and staff of an enterprise, cooperation with trade unions.

Thus, HR crisis management is a set of management principles and methods of working with employees, which focuses on the withdrawal of an enterprise from a crisis and its sustainable development. However, in accordance with that the process of HR crisis management in the market conditions should consist of the following stages:

- analysis of the problem situation and state of an enterprise;
- diagnostics of human resources state;
- development and implementation of HR marketing measures;
- development of HR crisis strategy and system of its marketing support;
- design of HR crisis policy;
- development and organization of implementation of HR crisis decisions;
- development of measures to overcome and prevent conflicts;
- determination of HRM risk and ways of their overcoming;
- control over the implementation of HR-crisis decisions.

At the same time, each of the above steps should provide a certain list of measures that trade enterprises can use.

So what HR managers should do while crisis management? At least these:

1. Establishment of a crisis management team. HR has an integral role in the crisis management team, such as addressing issues that may affect employees and their families as well as having the required talent and succession plans in place to ensure that the necessary work of the organization can continue.

Outsourcing is another option. For example, one alternative is to partner with a crisis management consultant that can lead the process. However, the very nature of crisis management requires an organization to tailor the plan to fit its unique culture and needs. Ultimately, the organization's management is responsible for crisis management [1].

2. Develop recovery plans. These strategies should address the safety, health and welfare of employees before, during and after an emergency. Crisis preparedness, response and recovery are essential to help people begin to recover. Helping employees achieve a sense of normalcy is also an important factor in addressing the "human side of a crisis" [1]. To be most effective, HR leaders work collaboratively with top-down commitment to develop enterprise-wide solutions.

Leading the discussion about the future of the organization's workforce is an obvious way for HR to contribute to both crisis management and long-range strategic planning. Scenario planning, for example, is a strategy that companies are utilizing to help plan for unexpected events. While HR professionals cannot predict the future, they can help their organizations prepare for it through identifying the most critical issues that could influence the workforce in the years to come

3. Communication. During a crisis, employees and other internal stakeholders need a convenient and easy-to-find place to access communications from the company. It should be ensured in advance that employees have contact information of their colleagues and their manager. Further, one of the most important aspects of crisis management is a good communication strategy (how quickly the organization will respond and what the message will be) [1]. In addition to these services, HR may provide assistance to employees by highlighting the purpose of the EAP, transferring employees to other company locations as needed and matching employees' donations to relief efforts.

4. Conclusion

Not all changes reflect developments, leading to a crisis. There are changes that characterize simple instability, fluctuations of indicators under the influence of natural or social conditions, features of competition, market situation, etc. Therefore, it is important for crisis management to determine the nature of changes in managed and unmanaged processes, to separate changes in crisis development from changes in the normal functioning of an enterprise.

Crisis management is a difficult, but necessary regulatory process that enables an enterprise to become efficient and competitive. It covers a large number of aspects that may be considered in different sequences, depending on economic circumstances and a state of an enterprise.

The cost of a crisis continues long after it has ended for employees, their families, the community and an organization. Further, there are bottom-line implications in terms of the organiza-

tion's reputation and the perceived value of the business. Crisis management, when handled well, safeguards the reputation of an organization, which can have a long-term impact on sales and profits.

In a strategic partnership role as part of a crisis management team, HR leaders add the significant value to the sustainability of an organization. Whatever the term – crisis management or business continuity – the goal is the same: to protect the human capital, safeguard company stakeholders and ensure critical business processes in the short and long term.

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Received date 24.12.2019

Accepted date 16.01.2019

Published date 31.01.2020

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