



RESULTANT EFFECT OF CRISIS-DRIVEN HR STRATEGIES APPLIED DURING CURRENT ECONOMIC CRISIS IN OMAN – AN HR MANAGER’S PERSPECTIVE

Venkat Ram Raj Thumiki¹, Ana Jovancai Stakić^{1,*}, Rayaana Said Sulaiman Al Barwani²

¹Modern College of Business and Science,
Muscat, Sultanate of Oman

²Franklin University,
Columbus, Ohio

Abstract:

During an economic crisis, companies redesign their functional strategies for survival and growth. This paper aims at identifying HR practices adopted during the current economic crisis in Oman, and explains the resultant effect of crisis-driven HR strategies from an HR managers' perspective. Primary data was collected online from 112 HR managers representing various manufacturing and service organizations in Muscat, Oman. It was found that HR managers perceive a greater impact of economic crisis on their businesses rather than other types of crises such as natural and technology crises. They think that managing employees during an economic crisis is relatively easier than managing other resources and other stakeholders. Changing HR practices during economic crises include, abeyance of employee benefits and cutting costs on employee recreation. Knowledge management activities have been increased and non-monetary motivation techniques are being adopted as a part of crisis-driven HR management. Increased employee engagement and enhanced corporate image among employees were identified as the resultant effect. Testing the hypothesis revealed that cost cutting on employee recreation is significantly higher in large organizations, job redesign activity is significantly higher in small organizations, while large organizations find it difficult to deal with employees during periods of crisis more so than small and medium sized organizations do.

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*E-mail: anastakic@mcbs.edu.om





INTRODUCTION

In the business world, where crisis is common, how an organization acts and responds to the crisis and how it motivates its employees (Silverthorne, 2018) speaks about how successfully it will survive (Argenti, 2002). Crisis management is a process that includes, understanding crises before they occur, preventing crisis situations whenever possible, managing business functions during crises and handling post-crisis situations (Augustine, 1995). There are various types of crises, such as natural crises, technological crises, economic crises, crises of malevolence, *etc.* (Hart *et al.*, 1993). Cyclone Gonu created a natural crisis in Oman in 2007 that resulted in a temporary shut-down of the Sohar and Qaboos ports and lowering operational level of oil refinery petrochemical plant in Sohar (Fritz *et al.*, 2010). Emma Storm caused disruption to the supplies and affected the retail industry in England (Woods, 2018). A malevolence crisis was recorded in Sony Picture Entertainment in 2014, due to a cyberattack that leaked information regarding the release of its upcoming films (Peterson, 2014). Another example of a malevolence crisis is the 'Ransomware' attack committed by a hacker using the 'WannaCry' malware (Graham, 2017). Along with macro environmental factors, such as oil price fluctuations, internal factors such as organizational misdeeds, mismanagement and mishandling of situations could also cause crisis in a company (Coombs & Holladay, 2002). An important aspect to note is that, whatever the type of crisis may be, the impact will be on one of the key stakeholders, *i.e.*, employees (Coombs, 2004) and lack of knowledge of HR policies among employees could lead to aggravating the situation (Narayanan *et al.*, 2018).

Current research addresses the role of HRM in times of economic crisis through capturing the crisis-driven HR strategies and further understanding the resultant effect of those strategies on human resources from the HR managers' perspective.

The current economic crisis in Oman started in 2014 with the reduction in oil prices (Elrich, 2015) as Oman depends on oil for more than two thirds of its budget (*ibid*). This lowered the investments in the oil sector and reduced the spending by the Government (The National, 5 March, 2015) which resulted in decelerating economic growth in the Sultanate in 2016 (fanack.com, 21 Feb, 2018). Though the available literature indicates betterment of the economic situation (Focus economics, 10 April, 2018), forecasts and experts' opinions indicate that the Omani economy has not yet entered into a post-crisis situation (Focus Economics,) and is still in an economic crisis (Times of Oman, 10 January, 2018).

LITERATURE REVIEW

According to a research by Fink (1986) which was further emphasized by Bergstrom (2018), among organizations that have not planned for a crisis and are unprepared for potential crises, the crisis lasted two-and-a-half times longer than those companies that did have a plan in place. Spillan and Hough (2003), who conducted a study in Pennsylvania and New York found that 15% of companies had crisis management teams. An important finding from their study, which is relevant to Oman, is that the small business owners showed a slight apprehension towards crises which could lead to unpreparedness. The following sections present the reviewed literature relating to economic crises, and the role of HRM and HRM strategies pre, during, and post crisis.

As HRM is one of the most crucial functions that affect the organizational efficiency (Noe *et al.*, 2011; Ochetan & Ochetan, 2012) and employment relations (Kirov & Thill, 2018), it is important to emphasize its role in crisis management (Barton, 2000; Luxford, 2008). Functional managers need to devise crisis-specific strategies in their respective functions in which the HR department's involvement is imperative (Fodor & Poor, 2009). During a crisis, as employees may not voice their opinion (Prouska & Psychogios, 2016), the role of the HR department becomes crucial (Wooten & James, 2008) because



this department is in-charge of handling employee affairs, formulating rules and regulations, employee training and development, *etc.* (Burma, 2014). Some of the commonly applied HR strategies during a crisis include, downsizing, cost cutting, postponing benefits, *etc.* (Howard, 2013; HRMA, 2014), which could influence employee perception towards work (Coombs, 2007).

Pre-crisis HR strategies: The HR department needs to be environmentally sensitive (Vardarlier, 2016) and may have to identify a crisis before it occurs because it will certainly affect their human resources (Baubion, 2013). After estimating and defining the potential crisis, the HR manager needs to devise appropriate crisis response plans, crisis communication plans, crisis management teams; the manager may have to revisit HR policies and strategies (Workplace Info Writers, 2006). The HR department in association with various functional heads must engage its personnel in multiple operational training programs that enable them to prepare for the potential crisis from all dimensions (Coombs, 2007).

HR strategies during crisis: According to Hendry and Pettigrew (1986), companies can survive a crisis through effective management of human resources. In-crisis HRM strategies include, redesigning organization structure, providing necessary knowledge and training to employees regarding performing during crisis, *etc.* (Ochetan & Ochetan, 2012). HR departments need to ensure their employees well-being, job security, and enhance the value of human capital as a part of in-crisis HR strategy (HRMA, 2014; Howard, 2013). Crisis communication plays an important role, as it requires expertise and special skill (Coombs & Holladay, 1996). The HR department is the contact-point between a company and its employees (Burma, 2014). The first step towards crisis communication with employees during a crisis is to communicate with the right people in the team about the situation so that they can handle the relevant issues (Coombs & Holladay, 1996). Employees of HR departments who speak on behalf of the company need to be trained in crisis communication (Fener & Cevik, 2015) so that they can effectively communicate with the external stakeholders during a crisis. Crises influence organizations' outlooks on managing situations during a crisis (Argenti, 2002), and the result is that the companies started building crisis management teams (Kondrasuk, 2004).

Post-crisis HR strategies: By being environmentally sensitive, the HR managers need to identify the end of the crisis, and may have to plan for expansion and growth strategies. Post-crisis HR strategies include, recovery plans, increased recruitment of manpower, redesigning the organizational structure, *etc.* (Matsuka, 2010), along with effective supervisor support that could positively influence the employees' perception of the the organization (Straub *et al.*, 2018).

RESEARCH METHODOLOGY

Primary Data-Questionnaire design: Primary data was collected through administering an online questionnaire created using Google Forms. It contained a question on the number of employees along with a question on the sector in which the organization was operating. Questions were aimed at capturing the awareness level of HR managers of the current economic crisis, their perception of impact of economic crisis on human resources of the organization, their HR practices during the current economic crisis, along with the problems that they had been encountering as a result of crisis-driven HR strategies. A monadic rating scale (Smith & Albaum, 2010) was used to understand HR managers' rating of difficulty level of dealing with various resources during crises along with identifying their perception of the resultant effect of their crisis-driven HR strategies. A semantic differential scale was used to identify HR managers' level of implementation of various HR strategies during the current crisis (Saunders *et al.*, 2007).¹

¹ The dataset is publicly available via following web link: <https://data.mendeley.com/datasets/bdbntgy6fc/draft?a=cb2e3e9b-516b-4189-9894-8095fb00f9f0>



Reliability and Validity of the Questionnaire: The instrument used to collect primary data from HR managers was tested (Kothari, 2004) using two methods, firstly, the test of face validity (Saunders *et al.*, 2007) where an expert has reviewed the questionnaire, and suggested changes and secondly, through calculating Cronbach's Alpha (Cronbach, 1951), which is presented in the reliability section.

Sample Plan: An online questionnaire was distributed to more than 250 respondents using snowball sampling technique (Smith & Albaum, 2010) in which the respondents (HR managers in this case) were requested to send the questionnaire to their contacts. However, due to a low response rate (Nulty, 2008), only 116 valid responses were received out of which 112 responses were used in data analysis. Four responses were excluded from the analysis, as they are identified as a 'non-representative' sample.

Reason for Excluding Four Responses: On the questionnaire, the item measuring HR Managers' perception of impact of different types of crises on their business as 'Not applicable' as one of its options. Out of a total of seven types of crises presented, one or few of the crises may not be applicable to some types of businesses. Hence, the 'Non-applicable' option was included. Out of the 116 responses received, four respondents indicated that all seven types of crises were not applicable to them. Thus, they become a non-representative sample. The reason could be either their businesses or the organizations are not impacted by the crisis, or that they did not understand the question. In both cases, the responses do not fall under the scope of the research. Hence, are not included in the analysis.

Statistical Analysis: The research output of the current research is explained through quantitative analyses using frequency distribution and percentages. Descriptive statistics, including mean, median, and standard deviation are used to describe the nature of the findings. Hypotheses were tested using ANOVA to find the differences between multiple groups and a T-test to find the differences between two groups of respondents.

Secondary Data: Various sources of secondary data that are used for this study include, websites of companies and newspapers (Times of Oman, Oman Observer, The National). As part of secondary data information regarding HR strategies during crises was collected from published journal articles and reports by experts (Saunders *et al.*, 2007).

Data Analysis Software: Data analysis software, SPSS (17.0) was used to analyse the collected data using all relevant statistical tools and techniques (Field, 2012).

RESULTS AND DISCUSSION

The following section focuses on analyzing the data collected from 112 respondents who are HR managers in various organizations in Muscat. It provides the findings related to HR practices during the current economic crisis and the HR managers' perception of the resultant effect of their crisis-driven HR strategies.

Sample Characteristics

Nearly half (49.1%) of the respondents represented organizations with an employee-size of 101 to 500. The majority of the respondents (72%) were from the service sector representing, telecommunications, airlines, construction, banking, insurance, retail, education and health sectors. Due to the increase in non-oil diversification strategy in Oman (Times of Oman, 7 Feb, 2018), more jobs are now created in the service sector (Oman Observer, 25 Feb, 2018). The sample, therefore, becomes valid for the study.

HR Managers' Perception of the 'impact of different types of crises on their businesses'

Seven types of crises were presented to the respondents viz., 1) natural crisis: floods, 2) economic crisis: economic downturn, 3) technological crisis: computer malware attack, 4) malevolence crisis: extreme tactics by miscreant individuals, 5) deception crisis: deliberate wrong actions taken by



management, 6) workplace violence: strikes or other related problems, and 7) rumors: about the company or its products spread in society. Respondents were asked to rate the impact of each type of crisis on their businesses. The measurement scale ranged from 1 to 5, 1 being no impact at all and 5 having significantly high impact with an additional 'not applicable' option. While calculating averages, 'not applicable' responses were not considered as they were not included in the 'population of interest' (Smith & Albaum, 2010).

	N	Not applicable	Average rating (scale 1-5)	Std. Dev.
Perceived impact of natural crisis on business	104	8	2.90	1.383
Perceived impact of economic crisis on business	108	4	3.53	1.080
Perceived impact of technology crisis on business	108	4	3.37	1.173
Perceived impact of malevolence crisis on business	91	21	3.01	1.378
Perceived impact of deception crisis on business	89	23	3.20	1.208
Perceived impact of workplace violence crisis on business	81	31	3.00	1.423
Perceived impact of rumors based crisis on business	88	24	3.00	1.232

Table 1. HR Managers' Perception of Impact of Different Types of Crises on their Businesses

Findings related to HR managers' perception of impact of different types of crises on their respective businesses can be seen in Table 1. It was found that HR managers perceived greater impact of economic crisis (3.53) and technology crisis (3.37) over other crises on their businesses. The low standard deviation (1.080) indicates closeness of the opinions. This finding empirically proves the importance given to economic crisis by the companies. Furthermore, as presented in Table 2, more than 97% of the respondents were knowledgeable about the current economic crisis.

	Frequency	Percent	
Unknown to me	0	0%	
I know a little from others	3	2.7%	
I read about it a number of times	37	33%	
I read about it regularly	53	47.3%	97.3%
I have extensive knowledge about it	19	17%	
Total	112	100%	

Table 2. Level of Awareness of Current Economic Crisis

Impact of Current Economic Crisis on the Organization

The majority of the respondents (80.4%) specified that the current economic crisis had an impact on their organization which can be interpreted as 'it affected their HR strategies'. Though a similar finding is presented in Table 1, it addresses the impact of the economic crisis in general whereas this finding is specific to the current economic crisis and also with reference to HR function. These two questions validate the findings and can be treated as evidence of validity and reliability of the questionnaire.



Possible ways of the impact of the economic crisis on HR could be downsizing, reducing costs, hiring of trainees or contractors to pay less wages, suspending promotions and extra privileges, changing HR policies, rules and regulations, *etc.*

Difficulty in Dealing with Resources and Stakeholders During Economic Crisis

This question was aimed at discovering HR managers' perception of difficulty in dealing with human resources during economic crises. The findings are presented in Table 3. Six items were presented out, of which three are resources: employees, machines and money, while three are parties: investors, dealers & suppliers, and Government. Among these options, the HR managers directly dealt with employees and with Government regarding HR issues only, and did not directly deal with machines, investors, and suppliers. Hence, their perception of difficulty in dealing with employees is understood as result of their experience, while their perception of difficulty in dealing with other resources and stakeholders is understood as a result of their comprehension of the situation. The measurement scale contained 5 points, with 1 being no problem at all to deal with and 5 being highly complicated to deal with, with an average point of 3 being moderately difficult to deal with. A high average indicates more difficult to deal with.

	Average rating (scale of 1-5)
Difficulty of dealing with Government during crisis	3.21
Difficulty of dealing with external parties during crisis	3.06
Difficulty of dealing with money during crisis	3.03
Difficulty of dealing with investors during crisis	2.88
Difficulty of dealing with employees during crisis	2.74
Difficulty of dealing with machines during crisis	2.32

Table 3. HR Managers' Perception of Difficulty in Dealing with Various Resources and Stakeholders During a Crisis

According to the respondents, dealing with Government during a crisis is more difficult. An interesting finding is that the HR managers think that dealing with employees is easier during crisis compared to dealing with other resources and other parties (Table 3). Possible reasons could be that the employees become vulnerable due to the 'fear factor'.

Probable reasons for difficulty in dealing with external parties might be due to the change of communication and change of contract terms during crises. A reason for difficulty in dealing with money could be need for saving and cost cutting.

Data presented in Table 1 presents the HR managers' perception of impact of economic crisis on the organization from the general perspective, while the finding presented in Table 4 presents their perception of the effect of economic crisis on the organization from the HR perspective.

A higher average represents the perception of a greater impact on company's HR. An average of 3.42 indicates moderate to high impact of the current economic crisis on employees' jobs and their work life.



	Points on scale	Frequency	Percent
Unaffected	1	9	8.0
Little effect on the jobs & work life of employees	2	14	12.5
Moderate effect	3	36	32.1
More effect	4	27	24.1
Significant effect	5	26	23.2
Total		112	100.0
Average rating of effect of current economic crisis on HR		3.42	

Table 4. HR Managers' Perception of Effect of Current Economic Crisis on HR

HR Practices During the Economic Crisis

This is one of the key findings of the current research. Respondents were asked to mention a level of implementation of the given HR strategies during a crisis on a measurement scale of 1 to 5, with an additional option of 'non-applicable'. The scale contained, 1) no plan of doing it, 2) will think of doing it, 3) planning of doing it, 4) just started doing it and 5) already started and is in full implementation.

No.		N	Not applicable	Implementation level (scale 1-5)	Std. Dev.
1	Increased knowledge management activities	102	10	3.45	1.340
2	Using non-monetary motivation techniques	104	8	3.43	1.453
3	Cost cutting on entertainment & recreational activities	108	4	3.41	1.582
4	Redesign jobs: Job enlargement	106	6	3.27	1.515
5	Abeyance of rewards and incentives	107	5	3.22	1.690
6	Cost cutting on employee training and development activities	104	8	3.12	1.554
7	Increased communication with employees	107	5	3.07	1.574
8	Redesign jobs: Job enrichment	103	9	2.83	1.498
9	Increased dependency on outsourcing	108	4	2.81	1.548
10	Appointment of crisis team	108	4	2.73	1.562
11	Training employees in working during crisis	108	4	2.69	1.609
12	Reducing number of employees	107	5	2.66	1.590
13	Lowering income options for workers	99	13	1.93	1.409
14	Sending employees on un-paid leaves	92	20	1.89	1.370
15	Reducing number of working hours	84	28	1.57	1.056

Table 5. HR Practices Adopted During Economic Crisis Arranged According to Level of Implementation



The findings presented in Table 5 are interesting. HR managers indicated that they have increased 'knowledge management' activities in the organization (3.45). The highest rating of this item speaks of the 'professionalism' of HR managers, as they are aware of the fact that learning organizations survive crises. The next strategy being implemented during the current economic crisis is an increased use of non-monetary motivation techniques (3.43) HR managers are aware that motivation and recognition are important during crisis to ensure productivity (O'Connor, 1987). Managers now apply non-monetary techniques to motivate their employees viz., recognition letters, motivational mailers, appreciation letters, redesigning the job titles without increase in pay, promotions without increase in pay, *etc.* Managers have cut costs on employee entertainment activities (implementation rating of 3.41) and not on the employee developmental activities (3.12). This data speaks of the professional approach of the managers. The budget for training and development activities is usually assumed to be greater than the entertainment budget, and the managers can save more by cutting training and development costs. However, they were cutting entertainment and recreation costs, instead of cutting training and development costs.

HR strategies during economic crisis include job enlargement (3.27), *i.e.*, adding tasks at no additional costs as this strategy can motivate employees by making their jobs more interesting and important (Noe *et al.*, 2011). Promotions, bonuses and other benefits were kept under abeyance or postponed (3.22) which is one of the strategies usually adopted during an economic crisis (Feng, 2018; Merhan & Tracy, 2016). The lowest rated HR strategy in implementation is reducing the number of working hours for employees (the lowest average of 1.57). In fact, 25% of the respondents specified that this strategy is not applicable to them. Mostly presumed strategy, 'downsizing' is also rated low in implementation with an average of 2.66. Thus, this finding disproves the myth that downsizing is the first HR strategy that is implemented during a crisis. This empirical survey proves most of the commonly presumed strategies as myths. For example, some of the myths from a lay-man's perspective are that HR managers reduce the number of jobs during crisis, they cut even the training and development costs, and they force employees to go on un-paid leaves. But the current research empirically proved that, in reality, these strategies are given the least amount of importance in implementation. Thus, this research attains significance.

HR Managers' Perception of Resultant Effect of their Crisis-Driven HR Strategies

This is another key finding of the current research. The respondents (HR managers) were presented seven resultant effects of crisis-driven HR strategies and were required to rate each of them on a scale of 1 to 5 in terms of effect on their human resources according to their perception (presented in Table 6). Though the scale was uniform (5-point scale), the scale description varied according to the type of effect, which is clearly explained in individual description analyses.

Effect on Motivation Level

The perceived resultant effect of crisis-driven HR strategies on the motivation level of employees was measured on a scale of 1 to 5, starting from highly reduced motivation levels to highly increased motivation levels with a center-point of moderate effect. The average of 3.11 indicates a moderate effect of crisis-driven HR strategies on employees, according to the HR managers. As this finding is from the HR managers' perspective, it needs to be validated through studying the employee behavior. However, from the HR managers' view-point, their crisis-driven HR strategies did not demotivate their employees and the reasons could be the preparedness of the employees due to awareness of the current economic crisis.



	N	Mean	Std. Deviation
Motivation level of employees	112	3.11	1.269
Commitment level of employees	112	3.05	1.199
Rumors and informal communication among employees	112	3.13	0.988
Employee engagement & involvement of employees	112	3.21	1.086
Active/ Passive behavior of employees at the workplace	111	3.44	1.076
Employee turnover	112	3.20	1.184
Corporate image among employees	112	3.15	1.172

Table 6: HR Managers' Perception of Resultant Effect of Crisis-Driven HR Strategies

Effect on Commitment Level

The measurement scale contained 5 points starting from a highly reduced commitment level to a highly increased commitment level. The opinion was that the commitment levels of employees were reduced due to stringent measures, and cost cutting needed to be validated through research. The current research attempted to find an answer to this research question. According to HR managers, their crisis-driven HR strategies did not reduce the commitment levels of their employees, and has shown moderate effect (3.05).

Rumors and Informal Communication

The crisis-driven HR strategies might encourage informal communication and generate rumors as the employees may not openly communicate or comment on the management's decisions during a crisis (Coombs & Holladay, 2002). According to the HR managers, there is a moderate impact on communication among employees (3.13 on a scale of 1 to 5). Though informal communication is common in any organization (Bovee & Thill, 2011), the current research proved that the crisis-driven HR strategies have a moderate effect on informal communication among employees and create room for rumors.

Active and Passive Behavior at the Workplace

This is the highest rated item on the questionnaire, with an average of 3.44 on a scale of 1 to 5. The measurement scale contained 1) visible passive behavior, 3) moderate active and passive behavior, and 5) visible active behavior. An average of more than 3 indicates that the employees have become active in the workplace, as they are now aware of current situation. The HR managers' have noticed active behavior in the form of actively participating in meetings, coming forward for solving problems at the workplace, *etc.* Moreover, a low standard deviation (1.076) indicates similarity in the responses of HR managers.

Employee Turnover

According to the HR managers. the crisis-driven HR strategies have not resulted in employee loss. The measurement scale contained 1) increased employee turnover, 3) moderate employee turnover and 5) reduced employee turnover, and the respondents were required to provide their perception of the resultant effect of their HR strategies during a crisis on employee turnover. An average of more than 3 gave a good signal, as it indicated reduced employee turnover. In this study, an average of 3.20 indicated that the crisis-driven HR strategies had, in fact, reduced employee turnover as against the common opinion or myth of increased employee turnover during a crisis (Vintisa, 2010).



Employee Engagement and Involvement of Employees

The crisis-driven HR strategies had created an active workplace environment. According to HR managers, employees involved more in constructive activities participated more actively in meetings and contributed willingly in decision-making, which contributed to enhanced employee engagement. Employee engagement created a healthy relationship between the employee and the organization (Ellis & Sorensen, 2007). An average of 3.21 indicated moderate to high employee engagement at the workplace which was a positive resultant effect of crisis-driven HR strategies.

Corporate Image Among Employees

The assumption of lowered corporate image among employees during a crisis (Wright, 2009) could be a myth (Hansen, 2005). The current research has empirically proved that corporate image did not suffer a decrease among employees due to stringent and difficult crisis-driven HR strategies. The respondents were required to present their perception of the resultant effect of their HR strategies taken-up during crisis on corporate image of their employees. The measurement scale contained 1) reduced corporate image among employees, 3) moderate effect on corporate image, and 5) increased corporate image. An average of more than 3 can be considered as a good indicator as it indicates an increase in corporate image among employees after crisis-driven HR strategies have been implemented. The HR managers perceived (3.15) that their employees do regard and respect their organization and that the corporate image had increased among employees.

Differences in Application of HR Strategies Between Small, Medium and Large Organizations

H_0 : There is no significant difference in the application of HR strategies during a crisis between small, medium, and large organizations

H_1 : There is a significant difference in the application of HR strategies during crisis between small, medium, and large organizations

HR strategy	<i>p</i> -value	Significance	Conclusion (Post Hoc Test)
Increased knowledge management activities	.510	Not significant H_0 : Not rejected	***
Using non-monetary motivation techniques	.238	Not significant H_0 : Not rejected	***
Cost cutting on entertainment & recreational activities	.038	Significant H_0 : Rejected	Application by large organizations is significantly higher than small and medium organizations (Appendix 1)
Redesign jobs: Job enlargement (adding tasks to a job at no additional pay)	.035	Significant H_0 : Rejected	Application by small organizations is significantly higher than medium organizations (Appendix 2)
Abeyance of rewards and incentives	.101	Not significant H_0 : Not rejected	***
Cost cutting on employee training and development activities	.017	Significant H_0 : Rejected	Application by large organizations is significantly higher than small and medium organizations (Appendix 3)



Increased communication with employees	.114	Not significant H ₀ : Not rejected	***
Redesign jobs: Job enrichment	.615	Not significant H ₀ : Not rejected	***
Increased dependency on outsourcing	.254	Not significant H ₀ : Not rejected	***
Appointment of crisis team	.724	Not significant H ₀ : Not rejected	***
Training employees in working during crisis	.523	Not significant H ₀ : Not rejected	***
Reducing number of employees	.331	Not significant H ₀ : Not rejected	***
Lowering income options for workers	.594	Not significant H ₀ : Not rejected	***
Sending employees on un-paid leaves	.752	Not significant H ₀ : Not rejected	***
Reducing number of working hours	.331	Not significant H ₀ : Not rejected	***

Grouping Variable: Number of Employees in the Organization

Small=Below 100, Medium=101 to 500, Large=More than 500 employees

Table 7. Summary of ANOVA Test Results

The organizations in the study were divided into small (under 100 employees), medium (101 to 500 employees) and large (more than 500 employees) for the purpose of hypotheses testing and further analysis. Out of 15 crisis-driven HR strategies, only three strategies namely, cost cutting on employee recreational activities, job enlargement and cost cutting on employee training and development were found to be applied at different levels in the three categories of organizations. HR managers representing large organizations have given an average implementation rating of 4.28 (on a scale of 1 to 5) to 'cost cutting on employee entertainment & recreational activities'. Whereas HR managers of small organizations gave an average implementation rating of 3.24 and HR managers of medium organizations gave an average implementation rating of 3.25 to the same variable. An ANOVA test was conducted to identify the difference of means between groups indicated that there is a significant difference (Table 7). Later, the Post Hoc Tests (Appendix 1) indicated that the application of this strategy by large organizations is significantly higher than small and medium organizations. The reasons could be more spending on employee recreation by larger organizations compared to small and medium-sized organizations. Moreover, it can be interpreted that small organizations may not be saving significant amount of money by cutting costs on employee recreation.

The next finding is related to redesigning jobs, more specifically, job enlargement which involves adding tasks to a job with no additional pay to the employee. The ANOVA test revealed that there is a significant difference between the implementation of this strategy by large, medium and small organizations (Table 7 & Appendix 2). With an average of 3.67, job enlargement strategy is applied more by small organizations compared to medium-sized organizations. Otherwise, the difference is not



significant compared to large organizations. The reasons could be that it is easier to redesign jobs in small organizations whereas, in large organizations with hundreds and thousands of employees, it is a difficult task. Hence, HR managers of large-sized organizations might not be showing more interest in applying job enlargement activity. The last hypothesis under this section is related to cost cutting on employee training and development. The ANOVA test revealed that large sized organizations' implementation of this strategy has been significantly higher than in small and medium sized organizations (Table 7 & Post Hoc Tests presented in Appendix 3). It can be interpreted, that as the budget for employee training and development in large sized organizations is usually higher, they can save significant amount of money on cost cutting compared to small and medium sized organizations.

Differences in HR Managers' Perception of the Resultant Effect of their HR Strategies Between Small, Medium, and Large organizations

H_0 : There is no significant difference in the resultant effect of crisis-driven HR strategies between small, medium, and large organizations

H_1 : There is a significant difference in resultant effect of crisis-driven HR strategies between small, medium, and large organizations

Resultant effect	<i>p</i> -value	Significance	Conclusion (Post Hoc Test)
Effect on motivation level	.956	Not significant H_0 : Not rejected	***
Effect on commitment level	.937	Not significant H_0 : Not rejected	***
Rumors and informal communication	.942	Not significant H_0 : Not rejected	***
Employee engagement & involvement of employees	.349	Not significant H_0 : Not rejected	***
Active/passive behavior at workplace	.893	Not significant H_0 : Not rejected	***
Employee turnover	.292	Not significant H_0 : Not rejected	***
Corporate image among employees	.880	Not significant H_0 : Not rejected	***

Grouping variable: Number of Employees in the Organization

Small=Below 100, Medium=101 to 500, Large=More than 500 employees

Table 8. Summary of ANOVA Test Results

This analysis proves that the resultant effect does not depend upon the size of the organization (Table 8). The HR managers of small, medium and large organizations equally perceive the effect of their crisis-driven HR strategies. With reference to the motivation levels of their employees after certain changes to HR strategies, all three types of HR managers mentioned that the effect is moderate to high ranging between the average values of 3.06 to 3.15 (scale 1 to 5). Similarly, with reference to active and passive behavior at the workplace, the HR managers of all three types of organizations felt that the employees



in their respective organizations became active players at the workplace with averages of 3.49 (small), 4.39 (medium), and 3.39 (large). Thus, it can be interpreted that the resultant effect of crisis-driven HR strategies will be same, irrespective of the manpower size of the organization.

Differences in HR Managers' Perception of Resultant Effect of their HR Strategies Between the Manufacturing and Service Sectors

H_0 : There is no significant difference in the resultant effect of crisis-driven HR strategies between the manufacturing and service sector organizations

H_1 : There is a significant difference in the resultant effect of crisis-driven HR strategies between the manufacturing and service sector organizations

Resultant effect	p-value	Significance	Conclusion
Effect on motivation level	.872	Not significant H_0 : Not rejected	***
Effect on commitment level	.985	Not significant H_0 : Not rejected	***
Rumors and informal communication	.002	Significant H_0 : Rejected	Significantly higher in service sector (3.16) than manufacturing sector (3.03)
Employee engagement & involvement of employees	.023	Significant H_0 : Rejected	Significantly higher in service sector (3.22) than manufacturing sector (3.19)
Active/passive behavior at workplace	.908	Not significant H_0 : Not rejected	***
Employee turnover	.048	Significant H_0 : Rejected	Significantly higher in service sector (3.32) than manufacturing sector (2.87)
Corporate image among employees	0.76	Not significant H_0 : Not rejected	***

Grouping Variable: Sector of the Organization - Manufacturing Sector & Service Sector

Table 9. Summary of t-Test Results

Another relevant thing for this study is to understand the differences between the manufacturing and service sector organizations. Though the current crisis started with the manufacturing sector (petroleum), the service sector was also suffering equally or even more. The current survey included service sector organizations like telecommunications, airlines, construction, banking, insurance, retail, education, and health, while the manufacturing sector included petroleum, food, *etc.* The findings of the hypotheses testing revealed that the impact had been greater in the service sector than in the manufacturing sector (Table 9). 3 out of 7 resultant effects were found to be significantly different in the two sectors and, interestingly, the impact has been significantly higher in the service sector than in the manufacturing sector. Managers from the service sector have indicated a relatively lower job loss (3.32) than HR managers from the manufacturing sector (2.87).



Differences Between HR Managers' Perceived Difficulty in Dealing with Employees Between Small, Medium and Large Organizations

H_0 : There is no significant difference between the perceived difficulty in dealing with employees during a crisis between small, medium, and large organizations

H_1 : There is no significant difference between the perceived difficulty in dealing with employees during a crisis between small, medium, and large organizations

Testing variable	p-value	Significance	Conclusion (Post Hoc Test)
Difficulty in dealing with employees during crisis	.040	Significant H_0 : Rejected	<ul style="list-style-type: none"> HR managers of small organizations perceive less difficulty in dealing with employees during a crisis than HR managers of medium and large organizations HR managers of medium organizations perceive less difficulty in dealing with employees during a crisis than HR managers of large organizations (Appendix 4).

Grouping Variable: Number of Employees in the Organization

Small=Below 100, Medium=101 to 500, Large=More than 500 employees

Table 10. Summary of ANOVA Test Results

The general opinion that managing smaller organizations with fewer employees is relatively easier than managing larger organizations (Noe *et al.*, 2011; Morgan, 2015) is proved to be true through this empirical research. HR managers of smaller organizations with less than 100 employees indicated that it is easier to deal with employees during a crisis with an average of 2.54 on a scale of 1, which indicates no problem at all in dealing with employees during a crisis and 5 being highly complicated to deal with. This average is significantly lower than perceptions of HR managers representing medium-sized organizations and larger-sized organizations. Thus, it can be interpreted that, the larger the organization in terms of number of employees, the more difficult it is in dealing with them during a crisis.

Reliability Analysis

Cronbach's Alpha	N of Items
.871	38

Table 11. Reliability Statistics

The reliability analysis which is expected to be as close as possible to 1, indicates that the questionnaire is valid and the data collected can be used in further analyses (Reynaldo & Santos, 1999). Cronbach's Alpha for the current research is calculated at .871 (Table 11) for 38 items on the questionnaire. This allows the researcher to arrive at reliable outputs and valid conclusions.

CONCLUSIONS AND SUGGESTIONS

Economic crisis affects all aspects of business, forcing managers to alter their functional strategies. During a crisis, dealing with human resources is a complicated function when compared with managing other business functions. Hence, managers are advised to revise their HR practices in the current



economic crisis. This paper addresses the vital issue of the application of crisis-driven HR strategies, as well as the resultant effect through empirical research conducted in Muscat. HR practices that are being applied now can be called as 'crisis-driven HR strategies', as they are influenced by the current economic crisis and the need to be looked at from a different perspective. As findings revealed that HR managers perceive a greater impact of the economic crisis on their respective businesses compared with other types of crises, it is recommended that they redesign their HR strategies to ensure success in the current economic crisis. The research findings disproved many myths about HR strategies adopted during economic crisis. For example, instead of emphasizing cutting cost and employee separations, the HR managers emphasized on enhancing knowledge management activities in the company as they knew that learning organizations survive during difficult times. It is recommended that they further increase their knowledge management activities and communicate the same to their employees. One of the resultant effects of crisis-driven HR strategies was that the employee engagement increased, as the employees were now more involved in constructive activities and exhibited active behavior at the workplace. This further increased corporate image among employees which was earlier a myth that crisis-driven HR strategies lowered the corporate image.

During the current economic crisis, large organizations had cut costs on employee recreation, rather than the costs related to employee training and development. It was found that small organizations performed job enlargement tasks (by adding more tasks at no additional costs) while large organizations found it difficult to deal with their employees during a crisis (due to the large size of their work force). The survey revealed a moderate increase in communication with employees, and it is recommended that the HR should increase communication with its employees and should discuss various issues and crises with them. Furthermore, it is recommended that managers and team leaders adopt more overt and planned motivation techniques. A need to appoint crisis management teams and train employees during crisis has also been identified. To perform effectively during the current economic crisis, the HR managers, may have to equip themselves with more information and acquire more knowledge in the HR domain. While this research presented a broad overview of human resource management during the current economic crisis, it calls for further research thorough inquiry into specific aspects, such as changes in job analysis and design, changes in recruitment and selection procedures, etc. Thus, through more narrowed-down research, organizations can enhance the effectiveness of their HR strategies for the overall success of their organizations.

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APPENDICES

Appendix 1

DESCRIPTIVES FOR ANOVA TEST 1			
Cost cutting on employee entertainment & recreational activities			
	N	Mean	Std. Dev.
Below 100 employees (small)	38	3.24	1.584
101 to 500 employees (medium)	53	3.25	1.628
More than 500 employees (large)	18	4.28	1.179
Total	109	3.41	1.582

ANOVA					
Cost cutting on employee entertainment & recreational activities					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	16.131	2	8.066	3.362	.038
Within Groups	254.291	106	2.399		
Total	270.422	108			

Post Hoc Tests

Multiple Comparisons						
Cost cutting on employee entertainment & recreational activities LSD						
(I) Number of employees	(J) Number of employees	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 100 employees (small)	101 to 500 employees (medium)	-.008	.329	.980	-.66	.64
	More than 500 employees (Large)	-1.041*	.443	.021	-1.92	-.16
101 to 500 employees (medium)	Below 100 employees (small)	.008	.329	.980	-.64	.66
	More than 500 employees (Large)	-1.032*	.423	.016	-1.87	-.19
More than 500 employees (Large)	Below 100 employees (small)	1.041*	.443	.021	.16	1.92
	101 to 500 employees (medium)	1.032*	.423	.016	.19	1.87

*. The mean difference is significant at the 0.05 level.



Appendix 2

DESCRIPTIVES FOR ANOVA TEST 2

	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
					Redesign jobs: Job enlargement (adding tasks at no additional payments)			
Below 100 employees (small)	39	3.67	1.383	.221	3.22	4.11	1	5
101 to 500 employees (medium)	51	2.88	1.492	.209	2.46	3.30	1	5
More than 500 employees (Large)	16	3.56	1.672	.418	2.67	4.45	1	5
Total	106	3.27	1.515	.147	2.98	3.57	1	5

ANOVA

Redesign jobs: Job enlargement (adding tasks at no additional payments)					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	15.168	2	7.584	3.458	.035
Within Groups	225.898	103	2.193		
Total	241.066	105			

Post Hoc Tests

Multiple Comparisons

Redesign jobs: Job enlargement (adding tasks at no additional payments)LSD						
(I) Number of employees	(J) Number of employees	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 100 employees (small)	101 to 500 employees (medium)	.784*	.315	.014	.16	1.41
	More than 500 employees (Large)	.104	.440	.813	-.77	.98
101 to 500 employees (medium)	Below 100 employees (small)	-.784*	.315	.014	-1.41	-.16
	More than 500 employees (Large)	-.680	.424	.112	-1.52	.16
More than 500 employees (Large)	Below 100 employees (small)	-.104	.440	.813	-.98	.77
	101 to 500 employees (medium)	.680	.424	.112	-.16	1.52

*. The mean difference is significant at the 0.05 level.



Appendix 3

DESCRIPTIVES FOR ANOVA TEST 3

Cost cutting on employee training and development activities

	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
Below 100 employees (small)	38	3.13	1.455	.236	2.65	3.61	1	5
101 to 500 employees (medium)	50	2.80	1.565	.221	2.36	3.24	1	5
More than 500 employees (Large)	16	4.06	1.436	.359	3.30	4.83	1	5
Total	104	3.12	1.554	.152	2.81	3.42	1	5

ANOVA

Cost cutting on employee training and development activities

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.336	2	9.668	4.259	.017
Within Groups	229.280	101	2.270		
Total	248.615	103			

Post Hoc Tests

Multiple Comparisons

Cost cutting on employee training and development activities LSD

(I) Number of employees	(J) Number of employees	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 100 employees (small)	101 to 500 employees (medium)	.332	.324	.309	-.31	.97
	More than 500 employees (Large)	-.931*	.449	.041	-1.82	-.04
101 to 500 employees (medium)	Below 100 employees (small)	-.332	.324	.309	-.97	.31
	More than 500 employees (Large)	-1.263*	.433	.004	-2.12	-.40
More than 500 employees (Large)	Below 100 employees (small)	.931*	.449	.041	.04	1.82
	101 to 500 employees (medium)	1.263*	.433	.004	.40	2.12

*. The mean difference is significant at the 0.05 level.



Appendix 4

DESCRIPTIVES FOR ANOVA TEST 4

Difficulty of dealing with employees during crisis	N	Mean	Std. Dev.	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
					Below 100 employees (small)	39		
101 to 500 employees (medium)	55	2.71	.916	.124	2.46	2.96	1	5
More than 500 employees (Large)	18	3.28	1.018	.240	2.77	3.78	2	5
Total	112	2.74	1.038	.098	2.55	2.94	1	5

ANOVA

Difficulty of dealing with employees during crisis	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.842	2	3.421	3.310	.040
Within Groups	112.649	109	1.033		
Total	119.491	111			

Post Hoc Tests

Multiple Comparisons

Difficulty of dealing with employees during crisis LSD						
(I) Number of employees	(J) Number of employees	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 100 employees (small)	101 to 500 employees (medium)	-.171	.213	.424	-.59	.25
	More than 500 employees (Large)	-.739*	.290	.012	-1.31	-.17
101 to 500 employees (medium)	Below 100 employees (small)	.171	.213	.424	-.25	.59
	More than 500 employees (Large)	-.569*	.276	.042	-1.12	-.02
More than 500 employees (Large)	Below 100 employees (small)	.739*	.290	.012	.17	1.31
	101 to 500 employees (medium)	.569*	.276	.042	.02	1.12

*. The mean difference is significant at the 0.05 level.



EFEKTI KRIZNIH HR STRATEGIJA PRIMENJENIH ZA VREME TRENUTNE EKONOMSKE KRIZE U OMANU – STANOVIŠTE JEDNOG HR MENADŽERA

Rezime:

Tokom ekonomske krize, kompanije nastoje da preoblikuju svoj način rada, a sa ciljem opstanka i napretka. Ovaj rad teži da osvetli praksu iz okvira ljudskih resursa koja je primenjena za vreme trenutne ekonomske krize u Omanu, istovremeno ilustrujući efekte kriznih strategija, iz ugla jednog menadžera za ljudske resurse. Osnovni podaci dobijeni su posredstvom interneta, od strane 112 HR menadžera, iz različitih organizacija koje se bave proizvodnjom i uslugama u Muskatu, Oman. Utvrđeno je da HR menadžeri ekonomsku krizu doživljavaju kao činioca koji ostavlja značajnije efekte na njihovo poslovanje od efekata krize druge prirode, kao što su prirodna ili tehnološka. Oni veruju da je, tokom kriznog perioda, relativno jednostavnije upravljati zaposlenima nego drugim izvorima i ostalim zainteresovanim stranama. Izmene u HR praksi tokom perioda ekonomske krize uključuju ukidanje povlastica namenjenih zaposlenima, kao i smanjenje troškova u vezi sa njihovim rekreativnim aktivnostima. Umesto toga, krizni HR menadžment dovodi do umnožavanja aktivnosti u vezi sa menadžmentom znanja, ali i usvajanja tehnika motivacije koja ne uključuje novčana sredstva. Kao rezultat, primećeno je značajnije učešće zaposlenih u aktivnostima, te unapređena korporativna slika među njima. Proveravanje polazne hipoteze dovelo je do zaključka da je smanjivanje troškova, a u vezi sa rekreativnim aktivnostima zaposlenih, značajno više u velikim organizacijama, da je preoblikovanje aktivnosti značajno više u manjim organizacijama, ali i da velike organizacije imaju poteškoće u odnosu i radu sa zaposlenima tokom perioda krize, u većoj meri u odnosu na male i organizacije srednje veličine.

Ključne reči:

ekonomska kriza,
ukidanje,
preoblikovanje aktivnosti,
ne-novčana motivacija,
menadžment znanja