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Human Resource Planning for the 21st Century

Edited by Josiane Fahed-Sreih



HUMAN RESOURCE PLANNING FOR THE 21ST CENTURY

Edited by **Josiane Fahed-Sreih**

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Preface

Human management has been used throughout history to allocate skills and abilities to suitable tasks to ensure efficient productivity. The purpose of this book is to show and address a number of human resources (HR) common topics found in a corporation of the 21st century. Moreover, the book is a collection of the latest studies of human resource management (HRM) authored by scholars in the field of HRM. This collection addresses the functions of HR experts from human resource planning (HRP) during crises, to the management of HR and the introduction of corporate social responsibility (CSR) to this function, to the latest trends in the field. The book covers multiple topics in the discipline of HR, including HRM, HRP, human resource management systems (HRMS), and their roles within a corporate setting. HR experts regularly engage in many different roles that affect company performance and its image.

The first chapter briefly introduces the reader to the various usual roles the HR professionals undertake on a daily basis, as well as a few tools and techniques used. The second chapter portrays the preparation for, and management of, potential crises that may occur in the company; it shows how HRP can take the initiative to help prevent or dilute crises that can affect the organization by training employees to keep them well informed of their role during crises. The third chapter discusses the possible relation between HRM and CSR and how HRM practices have changed as a consequence of developing CSR. It also shows how CSR and HRM are becoming complementary because of the effects of globalization and the progress of technology. The fourth chapter delves into the mathematical analysis of buzz marketing and how buzz theory can be applied to collective behavior; this chapter studies the strength of expressions in group interactions performed by individuals based on the level of dominant opinions. The fifth chapter mainly focuses on the downsizing process in modern corporations; it also portrays how the downsizing process may affect the employer brand in the short and long term. The chapter attempts to interpret the role HRP during downsizing. The sixth and final chapter introduces HRMS and sheds light upon their importance to the HR expert and the organization. The chapter's purpose is to show how HRMS in corporations can be used to protect the employees while trying to achieve maximum efficiency. It also demonstrates how HRP can balance employees' well-being and organization performance using HRMS.

Human Resource Planning for the 21st Century is a collection of studies on HRM and HRP combined into a book that can help readers grasp the roles that HR experts usually engage in. As an academic book; readers will learn of a few uncommonly known roles of HRM and HRP as well as their tools and practices used by current HR experts. The chapters are important to those who want to learn more about how HR functions within companies. The book explains how HR professionals can plan for crisis management, which is an essential tool to learn how to train employees for damage control. It raises readers awareness of the converging of global CSR and HRM as one of the effects of globalization.

In summary, readers can expect to learn how marketing concepts using mathematical models such as buzz theory can be used to extrapolate data on employee group functions from their different expressive interactions. Moreover, it explains the possible risk of downsizing on the company's brand name. It can help readers understand how effective HRP can be during the process to maintain and increase the organization's efficiency. Furthermore, the book can teach readers the multiple benefits of HRMS in modern times and how they are incorporated in companies by HR to help increase employees' output.

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Introduction

Introductory Chapter: Human Resources in the Twenty-First Century

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1. Introduction

In the past, the human resources (HR) department only sought to recruit employees based on the vacancies available within the company. However, in today's global market, the HR discipline has evolved and now HR personnel seek new talents to recruit by analyzing their potential in the workplace and the competitive advantage they can provide over rival companies. Hence, there has been a shift in the mindset of the HR department, from filling the gaps within the organization to looking for ways to gain a competitive advantage.

Globalization has turned what was once a domestic market into a global network that has changed the way HR functions. As such, human capital became less predictive and more opportunities for employees became accessible than before. Therefore, there was a need for HR to develop and change in order to better manage the recruitment and employee process. This shift in policy design was changed by the HR experts to accommodate the changes in today' market and to further enhance the capabilities of the company by developing effective human resource management (HRM).

HRM has changed the way firms treat their employees to accommodate their needs to increase their loyalty and productivity in their allocated position. This helped establish a positive atmosphere that can influence and comfort employees within the company, thus increasing their determination and the dedication to their work. Human resource planning (HRP), a subpart of the strategic development of HRM, is the procedure of forecasting the best allocation of human capital within a firm to achieve the highest possible levels of efficiency [1]. HRP thrives on the study of past and current data to predict future elements that would help in the process of creating a strategy. Through human resource planning (HRP), companies

can make sure that all personnel are working in their maximum capacity in their current job. As a result, HRP determines that all employees are in the right place at the right time, which enhances the efficiency and productivity of the company.

2. Current HRP trends

The effects of globalization along with the development of technology on businesses and recruitment changed many factors regarding the employees work potential and the way they interact in the business. The development and importance of HRP is apparent to the company's future. The following functions are among the many roles of HRP [2]:

1. Recruiting and maintaining an ethnic, gender, and religious diversity in the workplace.
2. The ability of forecasting and adapting to change, in order to increase productivity by planning for a long-term strategy ahead of the competition.
3. The safety and well-being of employees in the workplace.
4. A benefit system to guarantee an appropriate workplace environment that results in the satisfaction and the productivity of the employees.

3. Modern tools of HRP functions: a move toward technology

HRP equips the company with a strategic plan for recruitment. Today, the internet became the global network that connects people together which in return influenced how organizations pursue their recruitment policy. In the past, companies would have to place advertisements in newspapers and recruitment agencies, but in today's technological world, résumés can be handed via the internet and can be uploaded to online networks to be accessed by anyone, anywhere, and at any time in the world. Technology in the twenty-first century became an essential tool that companies rely on as a necessity rather than a luxury. By staying up-to-date and by devising new ways to integrate technology within the planning process, companies gain a competitive advantage. This includes developing the software and the computerized systems of control that can help the human resources planning process.

3.1. Human resources and information technology

Human resources information system (HRIS) is a mixture between the benefits of information technology (IT) and human resource management processes to increase the productivity of HRP [3]. It is a computer interface that helps HR managers with skill inventorying, data analysis of job practice, and manpower needed to reach maximum efficiency. HRIS works on obtaining information, inspecting, and then archiving the accumulated knowledge that can be accessed by the human resources manager. HRIS systems can self-regulate much of the human resources planning tasks, which make it a significant tool that can reduce the time and effort for the HR manager while increasing productivity [3]. At the current time, HRIS

programs have become a normal tool used in all companies. HRIS have a dual purpose in the workplace: first is the complicated ability to track the development of the employees, and second, it can store attendance records and salary output; this can be attributed as the less complicated ability [3].

3.2. Modern methods of recruitment: all happens virtually

Human resource planning (HRP) constantly tries to maximize efficiency and, therefore, plans to stay ahead of other competitors. HR planners examine the available human capital in the company and then determine whether to recruit from within the company or from external sources. Applicants must be considered under two aspects during recruitment: the first is their current skillset and the second is their potential to meet or exceed the employers' requirement [4]. The result of globalization changed how HR professionals assess candidates. Recruitment utilized in today's global market has opened up new ways of acquiring talent. The followings are among the new recruitment methods used by HR professionals [1]:

- **Outsourcing:** is a method of recruitment used in HRP that employs an outside worker or company to get a certain job done.
- **Global sourcing:** is one of the effects of globalization and rapid technological advances where companies would attempt to lure talent from around the world to gain a competitive advantage over their rival companies.
- **Local recruitment:** companies usually target their domestic labor market to acquire talent. This method of recruitment is also based on the current form of the economy, which can determine the constant availability of potential employees in the market.
- **Skill inventory:** modern HRP began to create a skill inventory to help HR professionals during the recruitment and job analysis phase. It helps them see the current level and future potential of employees that are currently in the company.

4. Current functions of HRP

Human resource planning has many responsibilities such as recruitment, job analysis, skill inventorying, performance appraisal, compensation, and rewards. The current HRP process can be simplified by categorizing them into three phases:

First phase: the first step of the HR professional in the first phase is to conduct a job analysis. A job analysis is the assessment of all current jobs within the company and determining if their current job description coincides with the company's vision [5]. Due to new technological advances and changes, certain jobs are being rendered obsolete or are being merged to perform multiple roles [6]. The second step involves recruitment and entry-level training of employees. Recruitment is a major responsibility of HR professionals, and they have an assortment of ways to find talented candidates among the global or domestic labor force. During recruitment, the HR expert relies on the assessment of the outcomes of job analysis and the data from the skill inventory [7].

Second phase: the second phase revolves around the plan for development and practice to current employees in the company. HR professionals conduct a performance appraisal for all the employees to determine their current level as well as their future potential in the company. All of the data taken would be stored in the skill inventory to be used during the first phase. A development plan also explores ways to train the current staff and, in a few cases, to elevate any eligible employee to a higher position.

Third phase: the third phase covers the exit strategy planned by HR professionals for leaving or retiring personnel. This prompts the HR professional to quickly hire or to attempt to relocate human capital to the vacant position. In case of retiring individuals, a knowledge gap will also need to be filled; therefore, HRP can help create a mentorship program to ease the new employee in the position.

5. Future of HRP: a move toward artificial intelligence

In the digital era, current human resource planning is leaning toward a more machine-based system. The benefits of cutting-edge technology can help HR planners greatly increase the efficiency and their ability to forecast future needs and wants. The future of HR lies in data analytics that compiles all the information on employees, including their upbringing, experience, performance, and skillsets and monitors them via a computerized interface [8]. A couple of examples where data analytics and machine learning could help HRP in the future [8] are as follows:

- The development of computer programs that could predict which applicant's résumé fits the desired position using an algorithm-based process.
- Programming machines using accumulated data to predict the probability of employees exiting the company.

Human resource planning is creating strategies around machine run data. The resulting benefit makes artificial intelligence (AI) an important asset that would decrease the time spent on recruitment and increasing its effectiveness while also providing applicants with a fair assessment.

6. Summary

HRP seeks to constantly maintain maximum efficiency and effectiveness by examining employee functions in their jobs. To increase the performance of a company, HRP focuses on elements such as staff satisfaction, compensation, and incentives to keep up moral in order to achieve the highest possible performance from the employees [9]. HRP covers the role of recruitment, job analysis, performance appraisals, and skill inventorying to gain a competitive advantage. The extracted data during HRP are required to keep track on the human

capital functioning within the company. While the task of compiling accurate data may be difficult, advances in technology play a major role in today's HR function to help automate the work and make it easier.

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Human Resources Planning

HR Planning for Crisis Management

Seif Athamneh

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Abstract

The role of HR in the modern-day corporate world has changed significantly to accommodate various developments and needs in the workplace. HR involvement in crisis management is one such development, and this has led to the HR taking an active role in planning and training for crisis management. Contemporary studies have indicated that organizations that incorporate employee welfare into the crisis management plan are more likely to be successful compared to those that are only concerned about protecting systems, processes, infrastructure and public relations as was traditionally evident. The HR is considered a vital partner in crisis management planning due to their understanding employee needs and their role in organizational survival. As one of the major roles of HR, training is considered paramount when it comes to crisis management. The role of HR is to ensure that employees are well informed about potential crises that may affect the organization and that they are aware of their role in dealing with the crisis. The HR provides skills and knowledge necessary in ensuring that employees can contribute to the organization's sustainability by participating in the crisis management process. This chapter explores the HR's role in planning and training for crisis management.

Keywords: crisis management, human resource, crisis management planning, crisis management training, employee welfare, employee involvement

1. Introduction

Modern literature establishes that the traditional human resource (HR) role has evolved significantly to include other responsibilities based on the changing work environment [1, 2]. This means that HR has moved beyond the common roles of hiring and firing to more complex roles that directly influence the performance of the organization [2]. Consequently, the HR role is more demanding and requires extensive knowledge and skills to ensure that all

these organizational needs are met. Crisis management is among the areas of management in which the HR is expected to participate in, with a view of ensuring that employees needs, during and after a crisis, are given consideration during the development of crisis management plans [3].

The prevalence of crises within organizations has increased significantly in the contemporary times as different kinds of threats emerge within and outside the working environment [4]. This calls for increased awareness of such threats and the inclusion of mitigating actions to address crises when they occur. Accordingly, crisis management can be considered an imperative role of the HR and which should be given significant priority. Crisis management refers to the process of anticipating, identifying, preventing and managing potential disasters by putting in place plans to deal with crises when they occur [5]. The HR has an impacting role in crisis management through planning and training to ensure employees are capable of navigating through turbulent times. The role of HR in crisis management is to enhance preparedness among personnel and thus ensure effective disaster planning. Through including the human side in crisis management, it has been established that organizations are in a better position to deal with crises when they occur.

This chapter focuses on the HR's role in planning and training for crisis management. It addresses the HR function as a crisis management function and strives to establish the role played by HR in ensuring that the organization is well prepared and that personnel are well trained to deal with crises when they occur.

2. HR's role in planning and training for crisis management

2.1. Crisis management

A crisis is defined as any partial or total disruption of a business' key operations as a result of damage of property or equipment, harm to people, destroyed relationships, environmental destruction or stakeholder negative perception and influence among other factors [6]. The Human Resource Management Association [7] defines it as "a low probability, high-impact occurrence that is often unexpected and unfamiliar, occasioned by organizational structures, people, technology, economics, natural disasters among others." Consequently, this may affect the business's performance, reputation, and employee productivity resulting in disastrous impact on the business. Given that crises can occur at any time, crisis management which involves the identification, prevention, and management of potential crises has increasingly gained importance in the managerial spheres [6]. The goal is to ensure that in the event of a crisis, the minimum damage is incurred and that the organization can return to its original position as fast as possible. Crisis management refers to a series of processes through which the organization ensures that the business operations can be sustained or resumed with the minimum impact on the stakeholders and where lessons learnt can be used to improve current practices [7]. Crisis management is thus considered a critical process in enhancing business sustainability.

2.1.1. Crisis management process

Various explanations have been put forth in a bid to explain the processes involved in crisis management within organizations.

According to Andrianopoulos [8], crisis management may be subdivided into three major steps namely: pre-crisis, crisis, and post-crisis. Pre-crisis refers to the period before the crisis, where the organization undertakes activities aimed at identifying potential crises and developing plans on how they can be addressed. The crisis stage refers to the period during which the crisis occurs. This stage presents an opportunity for the organization to implement the crisis management plan developed in the pre-crisis stage in order to reduce or eliminate negative impact on the crisis. The post-crisis stage is the period following a crisis and includes recovery actions to get the organization back to its original state. Each of these stages is considered significantly important because they all determine how effectively an organization can deal with a crisis when it occurs.

Christina [9] explains the major steps involved in crisis management, noting that each step influences the company's ability to recover when faced by a crisis. The first step toward effective crisis management is the identification of potential crises facing the organization. This involves scanning the business' internal and external environment to establish the kind of threats that a company faces in the course of its operations [9]. Crises may range from failed organizational processes to bad publicity in the internal environment, and natural disasters and man-made disasters in the external environment. The second step involves the identification of the impact that crises may have on the organization. This involves the impact of the crisis on processes, operations, organization's assets, public image, and employee performance. Once this has been achieved, the next step is to identify the best approaches toward resolving the crisis when they occur. This involves the development of a crisis management plan, which consists of the procedures to be followed in the event of a crisis.

Mitroff [19] provides a framework that effectively explains what consists of crisis management in organizations [7]. This is explained in **Figure 1**.

2.2. HR's role in crisis management

Crisis management in organizations is often manifested in the focus on operations, system reinforcement, infrastructure development, and public relations [5]. All these activities are aimed at building the organization's resilience and hence promote sustainability. However, there is a notable tendency of concentrating on these aspects of crisis management, such that the human resource aspect is sidelined [9]. Employees who are likely to be hurt, both physically and emotionally are often neglected during the crisis management efforts, such that crisis management plans rarely provide adequate measures for the protection of employees [5]. Furthermore, employees are the main contributors in the recovery process and their welfare is critical in ensuring effective recovery. In the contemporary times, however, it has become critical for organizations to place priority on the protection of their human resources, hence the increased focus on employee preparedness when it comes to crises [5]. This is because

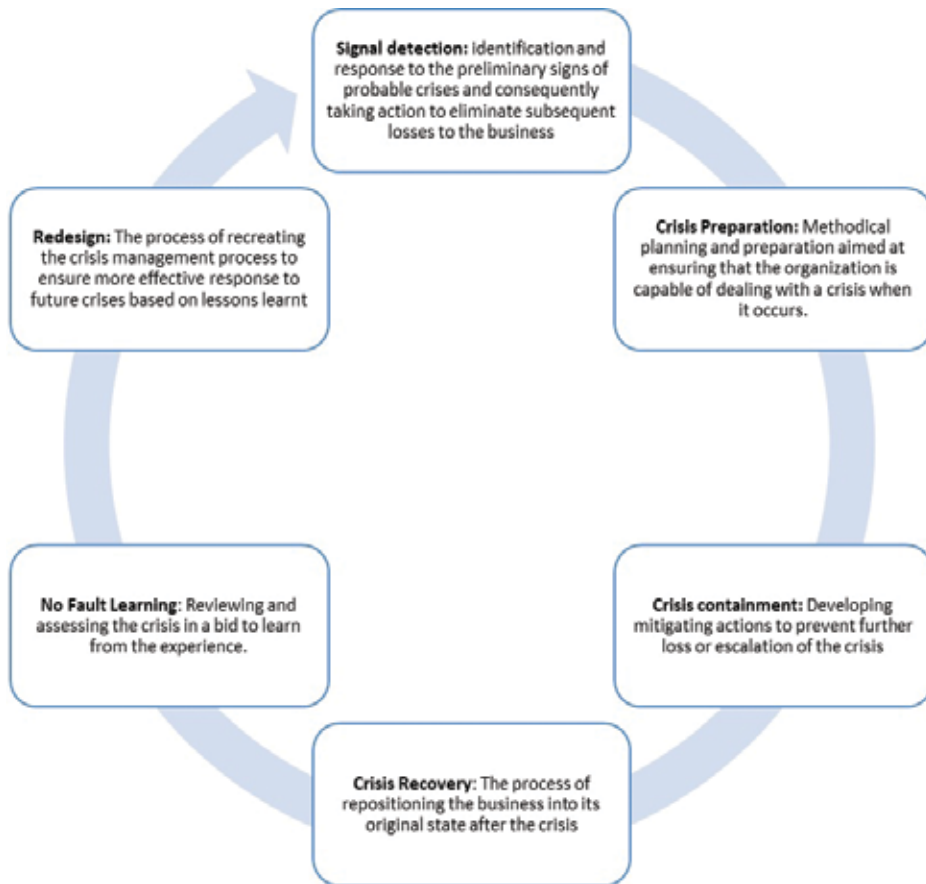


Figure 1. Crisis management process.

in a world where the information and knowledge is increasingly thriving, organizations have become increasingly reliant on human capital in promoting competitive advantage as opposed to equipment, systems, and technology. Employees are currently considered the most important assets within the organization, and hence there is a need for them to safeguard the safety of their employees. Organizations are required to pay greater attention to the impact of crises on employees, relatives and the community in general in order to successfully achieve effective crisis management. It is for this reason that the HR has been vested the role of crisis management within the organization to ensure that employees are well prepared and that they can survive and recover following unfortunate events. The HR has a duty to ensure that staff are included in all business continuity and crisis management plans.

As the custodian of staff welfare, the HR has an important role to play in ensuring that human capital within the organization is protected and that employees can continue to provide value for the organization beyond the crisis [5]. The HR is best positioned to offer disaster preparedness and crisis management training to employees to ensure that they are in a position to handle crises when they occur. Accordingly, the role of HR in managing crisis becomes extremely important for any organization that seeks to maintain brand reputation and stakeholder trust and loyalty.

The HR undertakes key roles in crisis management from the pre-crisis to the post-crisis stages. The HR's role is to protect the welfare of employees while at the same time ensuring that they contribute to the organization's sustainability, through doing their part in times of disaster. The role of the HR is to ensure that staff are adequately prepared for crises through training, effective leadership and empowerment, ensuring that security and safety initiatives are taken to protect employees in the event of a crisis and developing communication plans necessary in promoting crisis management [10]. The roles of HR in crisis management are varied and can be classified into different themes as follows.

2.2.1. Crisis management planning

This is the process through which an organization makes plans on how to deal with crises, including crisis prevention, impact reduction, and crisis recovery [11]. Crisis management planning enhances the company's ability to deal with crises and ensures faster recovery when an organization is faced by a crisis. Crisis management planning is an imperative process in crisis management because it provides guidelines on preventing or averting crises, dealing with crises and the recovery process.

2.2.2. Training and talent development

An imperative role of HR in crisis management, training ensures that employees can effectively implement the crisis management plan. Training and talent development provide employees with knowledge and skills necessary to enhance the recovery process. The HR is expected to lead or participate in training aimed at mentally preparing employees for possible crisis events [12]. This involves the development of a training plan in which employees are provided with knowledge and skills on how to deal with crises. The training should also involve simulation exercises to provide a practical feel about how to deal with real crises. This is discussed in more detail under the topic "Training for crisis management."

2.2.3. Vulnerabilities and threats communication

The HR has a key responsibility to ensure that employees are aware of vulnerabilities and potential threats. This involves identifying and communicating all possible threats within and outside the organization to the employees. Effective communication ensures that employees are physically, emotionally, and intellectually prepared, such that it becomes easier to handle the crisis [9]. Besides providing such information, the HR is expected to develop a crisis communication plan that should be shared among employees to help them in identifying channels of communication in the face of a crisis. Ronez [5] noted that the HR is a strategic partner when it comes to human resource management and should therefore understand the crisis management language, enough to lead preparedness and recovery.

2.2.4. Promoting employee involvement

The HR has a key role to play in crisis management and consequently promoting sustainability preparedness in an organization. Notably, disasters both within and outside the working environment are likely to impact the organization and its employees in a significant manner, such that there is a need to design preparedness measures to promote sustainability. The role

of the HR is based on the premise that when employees are affected by a crisis, the organization becomes vulnerable. Second, people within the organization are considered the solution to the challenges faced by the organization in the face of a crisis, such that preparing them for disaster is considered an imperative aspect of business management.

2.2.5. Employee motivation

The HR is responsible for providing necessary manpower within the organization and also ensuring that employees use their skills to contribute to organizational development. This means that HR can contribute to crisis management through motivating employees to contribute to the crisis management plan execution. It is notable that staff are of great significance, both before and after the crisis, and the HR professionals are best placed at facilitating their participation in crisis management. Through training and motivation, an organization can ensure that its crisis management efforts are fruitful by actively engaging employees in the process.

2.2.6. Influencing organizational culture

The other way in which the HR influences crisis management is through influencing the organizational culture. Lockwood [12] defines organizational culture as the shared behaviors within an organization and which determine how members of the organization interact and execute their duties as influenced by organizational values and norms. This insinuates that the manner in which employees within an organization respond to crises is highly dependent on the organizational culture. The HR can influence culture within the organization, with aspects such as leadership capabilities and resilience being emphasized as a means to enhancing crisis management [13]. When skills such as problem solving are ingrained in an organization's culture, it is possible that staff will be better positioned to survive the crisis.

2.2.7. Small-scale crisis plan

Besides the organizational crisis plan, a small-scale crisis plan that addresses the human aspect of crisis should be developed by the HR. This involves identifying vulnerability to HR functions and processes and developing mitigation plans [5]. Examples may include protecting HR records such as backing up data and having a plan regarding work continuity in the event of loss of staff. This mini plan should also include publicizing crisis management efforts with employees and management in order to encourage better crisis management. The goal is for the HR to proactively identify ways of solving problems within the HR department and hence promote competency. This also ensures that the HR department is recognized for its role in crisis management, hence promoting more inclusion in strategic management.

3. Relevance of HR crisis management

It is notable that a majority of organizations tend to focus on safeguarding their operations, systems, infrastructure and public relations when it comes to crisis management [11]. This

leaves out the human side of crisis management, which may be catastrophic for the organization. There are various reasons why an organization should focus on developing a HR crisis plan. To begin with, having a HR crisis plan prevents the loss of key staff and thus preserves an organization's knowledge hub. When crises occur, there is a risk of losing staff due to injury or the need to move to other organizations that focus on employee welfare. By developing a HR crisis plan, an organization ensures that it protects its human resources and hence promotes continuity of the business. The second factor is that a HR crisis plan reduces high turnover and absenteeism in the event of a crisis [6]. Crises tend to disrupt the normal activities of the organization and unless there is a solid crisis plan to guide employees on actions to take following a crisis, it is likely that they may abandon their jobs or fail to report to work as expected. The third factor is that failure to pay attention to employees also leads to low morale and motivation, such that employees do not perform to their best ability [6]. A fourth consideration in promoting crisis management is that crises may result in an increased in health benefits costs, which would cost the company significantly. Accordingly, training employees on crisis management ensure that injuries are reduced and that such costs are reduced. Poor HR crisis management could also lead to a damaged reputation and negative publicity. This is because the company appears as one that is not concerned about the welfare of their employees. A notable justification for HR crisis management is that it helps employees to handle emergencies better, such that losses and injuries are minimized [6]. This makes it easier for the organization to recover from the crisis as compared to where there is no crisis management plan.

4. Planning for crisis management

Corporations are made up of people and under any circumstances, employees are significantly affected when an organization is faced by a crisis. Furthermore, employees are responsible for implementing the crisis management plan whenever a crisis occurs. This essentially means that employees play an imperative role in the crisis management process, and their role should be recognized when developing crisis management plans. The HR is mandated with the role of development and implementation of policies and procedures related to employees. The HR is also responsible for communicating policies and procedures with staff, as well as duties and responsibilities required of them in the organization [14]. This explains why the HR's participation in crisis management is of great significance within the organization, given that it provides guidance on policies and procedures for dealing with emergencies and crises. The HR can also include crisis management as one of the roles for staff when they are recruited by the company, this creating increased ownership in the project. Secondly, the HR plays the role of an intermediary between the management and employees. The fact that employees are the direct executors of crisis management plans requires that the HR is directly involved in order to ensure that employee rights and needs are protected. Involvement of the HR in crisis management planning also ensures that contents of the plan can be effectively communicated. This is best achieved when the HR is part of the planning team, thus making it easy to accurately communicate to staff on what is required of them in the event of a crisis. Direct involvement of the HR also ensures that crisis management training is done more

effectively because HR understands dynamics and foundation of the crisis management plan. This is effective in promoting understanding among employees and creating ownership of the crisis management plan.

Crisis management is about creating value for the company through minimizing downtime and potential damages from crises. Accordingly, crisis management must begin by recognition of the organization's vulnerability and how this can be overcome through the effective engagement of employees. This is followed by the identification of the danger to employees and therefore design possible crisis scenarios that may affect employees. The HR then defines guidelines and HR policies aimed at protecting employees, avoiding panic and ad hoc actions such that the physical and psychological health of employees is preserved [15]. This calls for HR's involvement in crisis management through training and preparation of employees to handle potential crises. In order for HR crisis management to be effective, HR must work in collaboration with other organizational functions. This ensures effective integration of the human aspect of crisis management into the overall crisis management plan.

Planning is an important aspect of crisis management, and HR involvement plays a critical role in ensuring successful management of crises. In this regard, the HR should get involved in crisis management from the planning stage in order to ensure that the needs of employees are included in the crisis management plan [16]. This involves providing information on what the role of employees in the organization is and the roles they should play in crisis management. The HR provides vital information including staff capabilities and the kind of training necessary for effective crisis management. The HR also provides information on employee needs, ensuring that the welfare of employees is given priority. Lack of HR involvement would mean that the human aspect of crisis management is undermined, thus bringing in challenges in dealing with crises.

The HR is best placed in understanding the kind of impact that a crisis is likely to have on employees based on their knowledge on physical and psychological influences of employee performance. This means that the HR provides insightful information that will ensure that a wholesome plan is developed. This ensures that the safety of employees is given priority due to the understanding of the impact of crises on employees and their families [5]. In achieving effective planning, employee involvement may be beneficial for HR because it provides valuable information on crisis management through employees' perspective. As the department is responsible for promoting employee welfare in the organization, HR can enhance the crisis management planning process by incorporating employee contribution, which in turn promotes the ownership of the plan by employees. This increases the probability of success during implementation.

5. Training for crisis management

Training plays a major role in enhancing preparedness through ensuring that employees have the right knowledge and skills to guide them during times of crisis. As the department designated with providing training for employees, the HR department has a mandate to offer

training on crisis management [5]. This should be done professionally in order to ensure that employees are effectively prepared for crises that may occur both within and outside the work environment.

The crisis management plan is normally a lengthy document documenting the processes to be followed in the event of a disaster. While it may be considered effective and appropriate for the organization, its implementation may not be actualized if the employees do not receive adequate training on disaster management. Training enhances awareness among employees and also heightens support for the program. Training is effective in ensuring that the crisis management recovery teams are familiar with the recovery processes and procedures, thus making it easy to implement them when there is a disaster [17]. Leaders should be in a position to identify when and how to activate a disaster plan, manage teams, communicate across the organization, and assemble teams to ensure safety during and after the crisis [11]. They also need knowledge to effectively execute the crisis management plan to ensure that the risk is minimized or contained.

The HR undertakes various training activities in relation to crisis management. The most important role of the HR is to understand the crisis management plan in order to effectively develop a training program for staff. This ensures that accuracy is enhanced and that employees are given the right training. The second aspect of training is to develop the training program to be used. This is a rigorous process that involves developing a curriculum and plan for training based on the organizational disaster plan [17]. The process also involves developing a training program to ensure that all relevant employees are trained. Special focus should be given to team leaders to ensure that they have adequate knowledge to handle potential crises. A third aspect of training is follow-up and continuous trainings to ensure that employees are still conversant with previous training given [4]. This ensures that they remain ready for a crisis and that the organization is better placed at handling crises.

5.1. Types of training

There are various areas of training that the HR can focus with regard to crisis management as discussed in the following sections.

5.1.1. Threat and risk assessment

An important aspect in crisis management is being able to predict or speculate on possible threats. Threat and risk assessment play a key role in promoting preparedness through the identification of potential crises that may affect the organization and hence taking relevant measures to ensure that the organization is prepared for such risks [5]. Training on threat and risk assessment involves training of employees on how to detect threats in the business environment by providing them with knowledge and skills in environment scanning. This should be a continuous process where employees in the course of their work consistently identify potential threats to the business and report the same through their supervisors. The HR department should also work toward developing a department for crisis management, and threat and risk assessment is given priority to protect the business from potential losses.

Therefore, the HR has a significant contribution to make as far as preventing threats within the organization is concerned.

5.1.2. Business continuity planning

Business continuity comprises of activities aimed at ensuring that business operations continue like before the crisis occurred. The goal is to ensure that the organization can resume its original position as fast as possible and thus enhance continuation of normal business processes [4]. This is an important aspect of the training process because it provides staff with information on continuity planning, such that it becomes easier for the organization to recover. Business continuity planning may cover aspects such as technology innovation to prevent loss and recovery of data, effective communication to promote normalization of organizational activities after the disaster, and to maintain good relationships with stakeholders. When staff are well trained on organization's business continuity plan, they are better placed to help in the recovery process after a disaster as opposed to where they do not have adequate knowledge and therefore do not adopt strategies necessary to promote effective business continuity planning.

5.1.3. Disaster recovery

The process of disaster recovery depends on the ability of the organization to respond to the disaster and the level of knowledge and skills possessed by its employees. The HR has a mandate to train employees on disaster recovery processes including what to do after a disaster, how to handle disasters, and how to survive from the disaster. The disaster recovery process as related to the employee may include training on how to handle physical and psychological trauma following a crisis as well as how employees can help the organization return to its position before the crisis. Crises may lead to significant losses such as loss of data, physical assets, technology, processes, and customers among others. Employees need training on how best to recover from such losses and hence promote performance of the organization.

5.1.4. Business impact analysis

The process of business recovery after a crisis requires extensive knowledge and effective strategies to ensure that the business can regain its lost glory. This is done through performing a business impact analysis, to determine how the business was affected by the disaster. Accurate impact analysis helps in the recovery process because it helps in establishing the loss involved, such that the organization can work out strategies to recover what it has lost. In order to achieve this, the input of employees is of great significance because they are best placed at identifying the impact that the crisis had on the business. By training employees how to effectively quantify the impact of crises on a business, the organization is able to plan better and improve the recovery process.

5.1.5. Simulation exercises

While crises and disasters are highly unique, performing simulation exercises is an effective way of helping employees to understand how they can react in various scenarios. Simulation

is a practical imitation or replication of an actual crisis, where employees are required to react as if the crisis has happened in real life [18]. This is mostly done after extensive training on crisis management, such that a practical session is aimed at testing their understanding and interpretation ability. During the simulation, employees perform an act on how they would have responded if there was indeed a crisis. The simulation exercise may involve brainstorming sessions whereby the employees exchange ideas on how best to handle certain scenarios. The trainer should then provide the ideal position in order to ensure that the employees are in sync in case they are faced with a similar situation.

5.1.6. Survival tactics

An important factor in HR crisis management is to ensure the safety of employees through promoting their physical and psychological well-being. This means that the HR in crisis management training should focus on training employees on how to survive in the event of a disaster [18]. This includes training on communication, risk avoidance, first aid, importance of protective wear when handling risky assignments, and emergency sources of help among others. When employees are well versed with survival techniques, they are more likely to survive from a disaster, which ensures that the organization's knowledge hub is maintained. The information can further be shared with their connections such as family and friends. This ensures that the stability of employees is enhanced because employees are likely to be affected when crises face their immediate family.

6. Conclusion

This chapter focuses on the relevance of HR in crisis management, with particular focus on planning and training for crisis management. It is established that while traditional crisis management efforts have dwelled on protecting the organization's resources, processes, technology and reputation, the human side often ends up being neglected. This calls for increased participation of HR in crisis management in order to ensure that employees are effectively engaged in the process. The chapter provides various justifications for increased participation of HR in the organization's crisis management planning process. Among the most important aspects is that employees make up the organization's most valuable resources and that they are also responsible for the implementation of crisis management plans when they fall due. Accordingly, they are considered a key stakeholder in the crisis management process, and the HR should therefore be proactive in this process.

The HR in any organization must move from the traditional roles and embrace more contemporary aspects of HR including participation in crisis management. This will ensure that employees are better prepared to handle crises and also promote the employee retention in the organization. There are various aspects of planning and training that the HR can participate in and take control of in the organization. These include identification of potential threats within the organization, developing departmental crisis management plan, participation in the development of the organizational crisis management plan, training employees on threat and risk management, business continuity planning, crisis impact assessment, and practical

lessons in handling crises when they occur. Through HR participation in planning and training, performance of organizations can be enhanced, thus promoting the bottom-line and ability to deal with future crises.

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Sign of 'Cross-Vergence' in Global HRM-CSR? The UK and Japan Compared

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Abstract

This chapter is designed to explore and understand corporate social responsibility (CSR)-human resource management (HRM) practices in the UK and Japan (countries that have very different societal and cultural characteristics) from a national business system (NBS) perspective, in order to answer the following two questions: (a) the extent of convergence/divergence of CSR-HRM of two very different NBSs and (b) the institutional relations behind the convergence/divergence. The chapter argues that, as a result of increasing international competition and pressure from globalization, both institutional settings and societal-cultural norms have been affected, which have transformed their traditional HRM into a new 'hybrid' form of HRM, showing signs of 'cross-vergence'. This chapter adopts a qualitative approach with comparative multiple case analysis. Three companies from each country are selected as representative cases of each business system.

Keywords: corporate social responsibility, national business system, human resource management

1. Introduction

Due to the Global Financial Crisis, globalization, and the recent anti-globalization movements in the USA and the UK, the global social, political, and economic environments are in turmoil. As a result, business organizations are now faced with greater challenges than ever before, one of which is how they organize and manage their employees. Following an institutional-based view, employees are one of the primary stakeholders in an organization, and organizations should fulfill their moral obligations to them by meeting their expectations [1, 2]. A resource-based perspective sees employees as scarce and valuable resources, which are key elements to

achieving competitive advantage [3]. Thus, given the concerns associated with the aging population and 'responsible competition' as a key agenda for business, long-term, sustainable human resource management (HRM) practices have become much more important and are transitioning dynamically [3, 4]. A clear indication of this change is the spread of corporate social responsibility (CSR). This is a multidisciplinary concept that addresses both implicit and explicit aspects of organizations in order to achieve sustainable and socially responsible businesses. With the growing interest in CSR, there have been efforts to explore the relations between CSR and HRM [5–9]. However, given that CSR is a global phenomenon, its impact on the possible convergence or divergence of Eastern and Western CSR-HRM relations has been neglected. This chapter, therefore, explores the extent to which HRM practices are converging or diverging as a result of CSR, through comparison of two leading CSR nations, one Western and one Eastern.

From an institutional viewpoint, convergence occurs due to the increased global societal pressure from globalization and rapid technological advances. Mimetic, coercive, and normative forces cause organizations and institutions to converge and become homogenous, regardless of national boundaries [10–16]. Following this argument, various international CSR consultancies, notably UN Global Compact, the Global Reporting Initiative (GRI), and ISO 26000, have exerted pressure on institutions and organizations to cause isomorphism in management practice and show convergence [17]. This may be logical, but it is also important to consider existing differences in cultural and societal values. The national business system (NBS) theory argues that institutions are historically grown and thus have societal and cultural values embedded in them [18, 19]. Such differences in institutional frameworks at the national level cause distinctive business systems to emerge and create divergence in firms' management practices, including CSR. This chapter intends to contribute to the existing convergence/divergence debate through comparisons of CSR-HRM practices in the UK and Japan. Wang and Juslin [20] argue that CSR is a Western concept, designed to support and fit into a Western context and thus a poor fit with the Chinese business system. Matten and Moon's [21] comparative study of explicit and implicit CSR in Europe and the USA also shows diversity in implicit CSR within Western business systems, while Jamali and Neville [22] show 'cross-vergence' of CSR management in a Lebanese context. Based on the empirical evidence from the existing literature, therefore, a comparative study of Eastern and Western nations' CSR-HRM relations can certainly contribute to the existing convergence/divergence debate.

For this purpose, Japan and the UK are selected. Despite much previous research on Japanese management and its HRM in international business, the fact that two nations share very different NBSs (compartmentalized vs. highly coordinated) and societal-cultural backgrounds (individualism vs. collectivism) [23, 24] is difficult to ignore. Furthermore, while they are understood as leading CSR contributors [20, 25], they both participate in various Western-developed global CSR institutions, such as UN Global Compact, GRI, and ISO 26000. Therefore, the two nations provide ideal comparative contexts to explore the extent of convergence/divergence in CSR-HRM. The NBS is adopted as a theoretical scope for the comparison because of its quality in pointing out historically grown institutional frameworks, which also include societal-cultural institutions that influence businesses that operate within it [18, 23]. It acknowledges the institutional differences between nations and business systems and further allows the comparison of two nations by identifying key points of contrast between the business systems [21]. Therefore, it is particularly useful in cross-national comparison, in contrast

to institutional theory, which shows weakness in explaining how practices are interpreted elsewhere [26]. Thus, it can be understood as an ideal model with which to measure the extent of convergence/divergence of CSR-HRM in the two nations.

2. Literature review

2.1. CSR and HRM

CSR emphasizes organizational responsibility in regard to society and stakeholders and its role in social development and sustainability [27–32]. Due to its lack of a framework and philosophical and conceptual underpinning, many studies have focused on clarifying the extent of responsibilities and business performance (see [29, 33, 34]). Nonetheless, the major CSR doctrine accepted in the empirical realm seems to be an integrative approach regardless of the long-lasting debate, which promotes the integration of ethical responsibilities into corporate organizations' economic responsibilities [29, 33]. This concept of integrative theories of CSR is well presented in the following definition of CSR:

Context-specific organisational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance. ([34], p. 933)

From this perspective, organizations have to consider stakeholders' expectations, while being mindful of the triple bottom line. Stakeholders are identified as 'any group of individuals who can affect or is affected by the achievement of the organisation's objectives' ([2], p. 120), which includes those in direct moral obligation relations (normative) and those that can affect the normative stakeholders (derivative). Based on this logic, HRM and CSR are highly inter-related. Employees are considered normative stakeholders due to their direct relations with organizations and their ability to influence business outcomes. Following the multilevel analysis suggested by Aguinis and Glavas [34], employees can predict, moderate, and mediate organizations' social responsible practices at an individual level, while perceiving, evaluating, judging, and reacting to firms' CSR practices as stakeholders [5, 6]. In addition, stakeholder theory's moral obligation suggests that firms should ensure the quality of employees' working life (job quality, work-life quality, and working life) as well as labor standards and equal opportunities [7]. Further evidence also suggests that responsible companies can appear more attractive to potential employees, resulting in competitive advantage [35, 36] and employees more committed to, and satisfied with, their jobs [37].

Therefore, based upon the existing literature, it is clear that CSR and HRM are highly inter-dependent and interconnected. Socially responsible HRM practices and HR practices can promote firm's CSR practices and vice versa, which affects CSR and HR outcomes that are also interrelated [7]. This suggests that by adopting socially responsible HRM practices, organizations can achieve competitive advantage, and through combining CSR and HRM, long-term sustainability is achieved [38]. In this study, socially responsible HRM practices can be achieved through three institutional frameworks, based on the NBS institutional framework. First is systematic communication with employees to understand employees' needs and promote employee participation and engagement in an organization's CSR efforts [7]. Second is training, which can create ethical labor standards. Inyang et al. [39] found that the higher level

of incorporation of CSR objectives into training programs will lead to greater response rates from employees, and their perceptions toward the importance of CSR are likely to increase when they are trained on CSR policy and projects. Third is diversity management to promote equal opportunities. As our society is growing to become more multicultural than before, diversity management is increasingly important in organizations [40]. Therefore, diversity, responsibility and HRM should not be considered separately but as key components of organizations' CSR efforts [41].

While much of the existing literature notes that socially responsible HRM can lead to increased productivity, improved efficiency, and increased firm value [3, 42–45], there is also some evidence that suggests diverse HRM models in international business. As a result of globalization, multinational corporations (MNCs) have become normalized. During the process of internationalization, organizations are faced with a new challenge, taking local conditions into account, causing tension between global and local approaches. In the case considered by Buckley and Horn [46], Japanese firms were required to alter their business models to fit local conditions in China. This shows that the previous approach of adopting the 'best practice model' is no longer a viable strategic choice for MNCs but rather creating a 'best fit' model through integration and combination, which causes diversity in HRM practices at an international level [47–49]. Stavrou's [48] study on HRM and firm performance in Europe from the NBS perspective shows that there are certain differences in HRM practices based on their business systems. This further indicates that application of Western models of CSR to East Asian companies may not result in the same outcome but rather adopting the core concept of CSR into their existing business models, causing possible divergence. As [22, 50] suggest, such a hybrid approach can be understood as 'cross-vergence'. In their argument, both convergence and divergence occur simultaneously, and as a result of interactions between the socio-cultural aspects, global convergence of business ideology, and divergence at local level, a complex hybrid system emerges. Therefore, in order to understand the extent of possible 'cross-vergence' of CSR-HRM practices, it is imperative to understand the relationship between socio-cultural norms, institutional factors, and CSR-HRM practices [51, 52]. NBS is used as an analytical framework throughout this chapter because it sees HRM as a collective outcome of institutional settings, such as labor market structures, training and education mechanisms, and unions [23, 53], which are influenced by societal and cultural norms.

2.2. National business system and analytical framework

Although NBS follows institutional theory's doctrine, it does not agree with the latter's notions of global diffusion of practices through isomorphic pressures. Instead it focuses on institutional pressures at a national level and the effect on organizations [26, 54, 55]. NBS emphasizes on a 'dominant' pattern of ownership systems, interfirm relations, and employment relations in a given country, which depend upon the existing institutional frameworks (political, financial, education and labor, and cultural systems), and this leads to the emergence of distinctive business systems [18, 21–23]. The fundamentals of NBS lie in historic, societal, and cultural norms [56], which are understood as 'accepted' conventions and regulations that have emerged from cultural values, both formally and informally [57]. Institutions established based upon this notion

of social norms, therefore, can be understood as cognitive, normative, and behavioral systems of a society [16], which set the formal and informal 'rules of the game in a society' ([58], p. 3) that influence 'forms, outcomes, and dynamics of economic organisations' ([53], p. 3) through constraining or enabling certain patterns of behavior. Therefore, the outcome of such a framework is ideal business systems specific to a society, sector, or nation. An organization is likely to act within the rules and accept certain aspects of a society's norms, differentiating them from firms with different social backgrounds [18, 23, 56, 58, 59]. This theoretical approach of NBS provides a framework that can capture the complexities of institutional relations with HRMs in two different contexts with very different societal-cultural backgrounds and the extent of their convergence/divergence. In the context of international business, social and cultural norms differ from nation to nation and are a particularly important factor due to the nature of CSR. Based on the logic of NBS, both formal and informal institutions allow certain types of HRM systems to function better and more efficiently in an economy than in others, because of their distinctive societal norms and institutional settings. This is further supported by Ignjatovic and Sveltic [60], who showed that certain HRM practices appear appropriate in one culture but less so in another. Aycan [51] also shows a moderating effect of cultural, institutional, and structural factors on HRM practices among countries. However, societal and cultural norms change and evolve under pressure from external influences [61, 62]. Such external pressures also affect institutional frameworks, which can in turn influence existing societal and cultural norms [53]. Thus, the introduction of CSR can be regarded as external influence brought about by increasing global stakeholders' demand, which may create change in both institutional settings and societal and cultural norms. As argued in the previous section, HRM practices require systematic communication, training, and education with integrated CSR objectives and diversity management in order to be regarded as socially responsible HRM. NBS argues that there are two institutions in regard to HRM: (a) work organizations or professional associations and (b) training and education. While the role of the former has shifted to serve as a hub for systematic communication along with organizational-level surveys or questionnaires, the latter remains another HRM-related institution. However, equal opportunities and/or diversity management were not considered institutional requirements prior to CSR. This is a consequence of changes in societal norms, brought about by globalization and rapid societal changes. Hence, by integrating CSR-HRM as previously identified and the logic of NBS, a new framework can be created (**Figure 1**), synthesized as the core analytical framework for this study.

Drawing on Jamali and Neville [22], the framework incorporates Whitley's [18] concept of NBS with Cooke and He's [7] concept of the CSR-HRM relationship to compile an institutional framework for CSR-HRM research. It positions organizations as the central unit of analysis and allows researchers to understand complex interactions of institutional pressures at any level and in any context. The framework captures an overview of a CSR-incorporated HRM with the understanding of the complex nature of institutional influence on national HRM practice; it allows comparison of two different contexts (the UK and Japan) and their CSR-HRM practices at a national level within the same framework. There are five institutional settings related to HRM: state, cultural system, work organization, education and training, and diversity. They can be influenced by social and cultural norms and vice versa. Through the interaction between the norms and institutions, a distinctive organizational shape emerges.

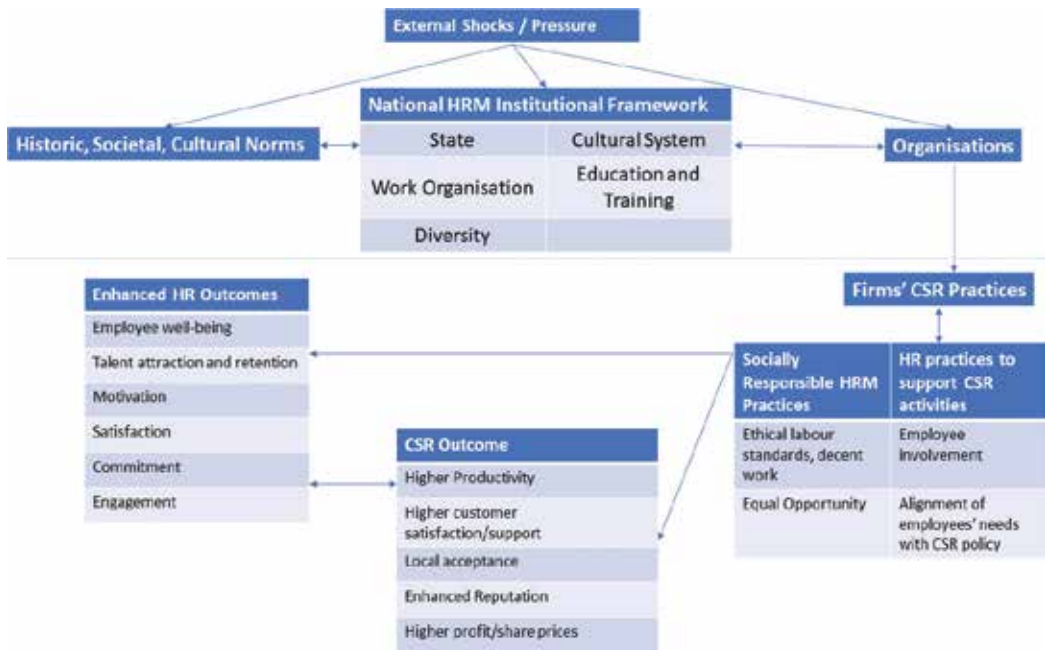


Figure 1. NBS-CSR-HRM analytical framework.

As argued earlier, three institutions are particularly important: work organizations (systematic communication), education and training, and diversity. These are highly interrelated with socially responsible HRM practices and have the capability of influencing firms’ both CSR and HR outcomes. Thus, it is a key to understanding the complex interactions between the institutional settings and norms in order to achieve this chapter’s objective: exploring the extent of convergence or divergence in CSR-HRM practices of the two very different contexts and the institutional role in ongoing convergence/divergence. As Carney et al. [63] argue, the reality of HRM practice is transitioning dynamically, due to rapid changes in the global business environment. While the transition certainly includes the wide adoption of CSR at a global level, understanding the transition and extent of convergence/divergence and institutional pressure can contribute to ongoing debates in CSR-HRM discourse [21, 22, 64, 65].

2.3. Social-cultural norms and NBS of the UK and Japan

As previous studies have revealed Britain and Japan exhibit two distinctive business system models (compartmentalized business system vs. highly coordinated business system), because of their distinctive social norms (individualism vs. collectivism), contrasts in the nature of their economic strength (UK service sector, Japan manufacturing sector), and contrasting institutional frameworks (specialist vs. generalist education/training, capital financial market vs. credit-based financial market, external labor market vs. internal labor, laid-back state vs. active state).

The British and Japanese also have their own distinctive social characteristics, and their previous corporate organizational development and behaviors reflect these. Social norms in the UK can be defined as individualist, while the Japanese are regarded as more collectivist [66, 67]. Under individualism, an individual's ideals and goals take prominence over the ideals of a group, whereas under collectivism there is a strong sense of the group, and individuals' ideals are placed below the group's interest. Therefore, with the UK public's strong feelings about privacy, individuals' freedoms, and rights, it can be argued that they reflect ideas of individualism, while the Japanese exhibit risk-averse behavior, strong feelings about community, and regard companies they work for as part of their social identity and thus can be regarded as collectivist [66]. Such elements are also well reflected in their institutional settings, such as high mobility of the external labor market, specialized education/training, free flow of ownership through the capital market and lack of intervention from the British government, and long-term employment including the generalist approach of education and training, internal labor market, coordinated development through credit-based financial market, and coordinated movement by the Japanese government [23].

As a result, the UK's corporate organizations tend to focus on short-term goals that could bring imminent benefits to shareholders, and employees lack loyalty to their organizations as it is relatively simply to switch jobs, which is further encouraged by specialist education and training. Thus it is not uncommon to see employees changing their jobs in pursuit of promotion or a better offer. In addition, employees are free to join unions that can protect their own interests, the bargaining power of which is dependent upon the union's strength, and they may join multiple labor unions, even though they may contradict each other in some areas. Thus a high level of employer-employee relations, loyalty, or trust is not to be expected.

Japan, on the other hand, has shown a very different approach: the idea of collectivism has resulted in a strong sense of group, and therefore when an employee joins an organization, it is regarded as his/her social identity, like being part of a family. This indicates a strong level of loyalty from a group of employees, and due to generalist education/training, which sees practical training as an extension of formal education, firms offer firm-specific training, and this leads to immobility of the labor force within the internal labor market. Hence, it is very common to see an employee work for a single company for a very long period, which in a Western context is understood as 'lifetime employment' [18].

3. Methodology

As discussed, studies have shown that differences in HRM resulted from different business systems in European countries [48, 51, 60]. This study is designed to see if the same logic also applies to East Asia and to what extent. Therefore, Japan and the UK are selected, largely due to the significant differences between the two nations in terms of the business system and societal-cultural context.

3.1. Sample selection and profile

The main methodological approach this chapter takes is a multiple case study, using theoretical sampling in selecting cases. Under this method, cases are selected based on their representativeness, richness in data, and fitness for the theoretical purpose of the chapter [68, 69]. Six cases are selected to maximize the manageability of data, as suggested by [68, 70], based on various factors that include size based on their income levels listed in Global Fortune 500 in 2012, significance in the relevant national economy, traditional value in their business system, CSR significance, and ownership structure. They each carry certain distinctive features of each business system and 'social legitimacy'. Thus, it can be argued that they are suitably representative of the two nations (**Table 1**).

3.2. Data collection

3.2.1. Data collection

Data for this study was collected through the three steps:

- Qualitative methods were widely applied through data collection. Direct observations and semi-structured interviews with experts, senior managers at each company, and employees were employed.
- Publicly available documents, data, and company reports (such as Nikkei Weekly newspapers, organizations' Annual Reports, Sustainability Reports, the Economics, etc.) are used for archival research purpose.
- Corroboration with third-party neutrals on collected data was also conducted to ensure validity. The third party was composed of experts in CSR management of both UK and Japan. In this case, the interviews lasted for over 3 h in an open dialog setting with questions designed to confirm findings from the collected datasets.

During the preliminary phase, background information collection and archival research were conducted to gather data on Japanese and British historical, cultural, and social contexts. Furthermore, acquisition and analysis of data regarding the cases' existing HRM policies and practices were also integrated into the interview process. Interviews with senior managers and fellow researchers with expertise in that nation's business system were carried out, and information was gathered through observation, which facilitated the understanding of differences in societal and cultural norms as well as CSR-HRM. Interviews were taken in both formal and informal settings between 2 and 3 h, which were recorded. They were conducted in semi-structured formats, allowing the freedom to elaborate on interpretations while maintaining the broad themes of the interview (three key institutional elements in CSR-HRM), to maximize data that can be collected.

- *Systematic communication*: NBS emphasizes the institutional function of work organizations (such as trade unions) and their role in organizations' HRM choices [23, 71]. In a nation where trade unions are strong, they are more likely to be involved in a company's

Parameters	UK			Japan		
	Company A	Company B	Company C	Company 1	Company 2	Company 3
Revenue (\$mil)	Top range	Mid-range	Mid-range	Top range	Mid-range	Low range
Number of employees	80,000+	100,000+	100,000+	60,000+	100,000+	20,000+
Type	Publicly listed	Publicly listed	Privately owned	Publicly listed	Publicly listed	Privately owned
Age (year established)	1982	1727	1984 (privately owned since 2006)	1954	1899	1899
Note	One of the largest corporations in the UK	One of the largest financial organisations globally that has been owned by UK holders	The largest privately owned enterprise in the UK; turned private through M&A, showing the distinctive business culture of the UK	One of the oldest <i>keiretsu</i> companies in Japan; formerly played the central role in the <i>keiretsu</i> network	One of the oldest electronic companies in Japan; the only original electronic company that operates in both general and household markets	One of the oldest and largest privately owned companies in Japan; M&A never occurred, unlike in the UK

Table 1. Case profile.

employee management and can establish strong employer-employee relationships; however, if trade unions are decentralized, the reverse may occur. However, with the introduction of CSR, which requires responding to stakeholders' expectations, firms have been able to maintain relations with employees, with assistance from work organizations. Therefore, for the purposes of this study, 'work organization' is reinterpreted as 'systematic communication', understanding the nature of employer-employee relationships, and how a firm's systematic communication is structured.

- *Education and training*: training and education is one of the key institutional settings that influence a nation's HRM practice, as presented and supported by NBS [18]. As mentioned, the extent of the incorporation of CSR into the existing training system deters the organizations' CSR outcomes. Like a Japanese business system with heavy reliance on internal labor market, trainings are based on the firm or are industry specific. This is to enhance competitive advantage of both organizations and employees [72]. On the other hand, in a business system based on an individualistic nature like the UK, role-specific and outcome-oriented

trainings are provided [48, 51]. Therefore, understanding the extent of CSR integration in existing education and training, generalist, or specialist approaches can be a key determinant in identifying the nature of HRM in the two contexts.

- *Diversity*: in this study, diversity includes gender, ethnicity, and nationality. This variable is selected to help identify the nature of the labor market system. As argued, diversity is becoming increasingly important in the modern era, as a result of increased awareness in human rights. Previously, due to the collectivist nature of the Japanese society, it was understood as a society with a high level of 'stickiness' [73] with a low mobility of employees and 'lifetime employment' created by the internal labor market system. Therefore, diversification and individualization of employees were discouraged [74], creating an unfriendly environment for foreign employees. However, as the global society is becoming multicultural as a result of globalization, diversity is also understood as offering equal opportunities to employees and being socially responsible, which makes it worth the investigation. Therefore, this is another essential step to understand a business system's convergence/divergence in terms of CSR-HRM.

The semi-structured interviews were designed based on these three themes, identified through the literature review and preliminary research. The interviews were not conducted in a fixed format, but rather varied and flexible, depending on the responses. This was to allow the researcher to obtain unexpected knowledge and expand the data in regard to employee management. Every interview was recorded by a voice recorder, with the participants' permission, and conducted in English. In the last phase, a data validity check was performed that is the transcribed data were double checked with the participants and interpreter. Further, through the introduction of the Japanese Chamber of Commerce in the UK, the author was able to gain access to an organization that advises Japanese companies that wish to operate in the UK on their CSR management and policies. The organization was also interviewed in an open dialog setting to check the validity of data and balance data that might be biased.

4. Outcomes

With globalization and increased information availability resulting from rapid technological advancement, the boundaries and roles of organizations have become much broader [75]. As a result, various international organizations were introduced, exerting regulatory forces and causing changes in institutional settings [63]. Thus, it has been argued that institutions are increasingly becoming more homogenous because there is now pressure from levels above the national level, through coercive, mimetic, and normative processes [10, 11], which result in organizational behaviors becoming more homogenous than ever [10–12]. However, the findings show rather mixed results. In this section, those results will be presented, which will then be followed by a discussion of the outcomes.

4.1. Systematic communication

Based on all six cases' results relating to their means of communicating with employees, these can be broadly categorized into two modes: general survey/questionnaire and formal meetings between employees and their superiors, undertaken annually or quarterly depending on

the organization. In contrast to the former, formal meetings between the employees and their supervisors take place on a regular basis. Employees are composed of both employees and union representatives, and the meetings are conducted with either board members or senior-level officers of the same division.

In the case of Company A, the annual survey is taken at the global level with a 90% participation rate. The questions are designed to attain data related to employee expectation and further to monitor their performance. Therefore the analysis procedure involves two different standards: one measures the extent of employees' actions within the company's CSR framework and the other seeks for the employees' view on the company's CSR policies. Company B's systematic communication is also largely based on their two forms of surveys, both of which are conducted regularly. A total of 81% of the total employees participate in their annual survey throughout the organization and 15% of the population in their quarterly based smaller-scale surveys. Both surveys are to gather information on employees' views on the organization's actions, which include CSR. However, in contrast to the previous two cases, Company C does not perform surveys across the group. Instead they allow autonomy to each of their businesses within the group to perform surveys of their own. Each of them measures employees' views on an organization's actions as well as their satisfaction and is conducted annually with high participation rates (96% in the UK). The outcomes of surveys from each business unit are analyzed and reported to the headquarters, which can provide more manageable data and outcomes than global-scale surveys.

The Japanese cases (Company 1, 2, and 3) also show a similar approach, with one significant difference. As noted, Japanese unions are structured as enterprise unions, which appear to be serving a significant role in systematic communication in Japanese organizations in every aspect, including CSR actions, for example, the staff union of Company 1. Both Companies 1 and 2 show their staff union conducting annual surveys. Company 2's senior manager responded that 'we do have [a] union survey every year with about 200 questions'. On the other hand, Company 3 shows a rather unique paternal approach in comparison to the other cases. They do not conduct questionnaire-type surveys, but communication is performed through, for four times a year, supervisor-subordinate interviews. Moreover, interviews are conducted throughout the group at the beginning of every year to understand employees' job satisfaction as well as their issues on working conditions/environment. Despite such a paternal approach, when Japanese employees were prompted with a question regarding their freedom to express, they showed reluctance in expressing negative opinions of their own company, whether it is a survey or they were interviews. This is a direct contradiction to British cases, which responded 'we feel free to say anything', when a Company 2 employee responded '*[I] feel scared to ask [...] supervisors*'.

Aside from the surveys on a regular basis, evidence suggests that organizations are also using formal meetings between employees and senior managers as another form of systematic communication. They are undertaken on a regular basis with board members and CEOs at present, which are performed in smaller and casual forms as well as in formal settings whether inside or outside the office. This is a rather unusual case for a highly individualistic society like the UK. However, all three cases from the UK show the same movement. For example, Company A has introduced round-table sessions for employees to express their opinions and concerns to their senior managers or the CEO directly. The employees are employee representatives, who are elected through the peer-voting system and do not need any particular

qualifications, positions, or length of service. These sessions are conducted at least once a year regardless of the nations their offices are located in, and the employee representatives have open discourses with the executives on the organization's policies, practices, and any other concerns that colleagues may have. Therefore it allows both employees and senior managers to have a better understanding of each other and their expectations. Company B has a similar approach. They hold various forms of conferences for employees at different levels. Each division within the organization holds both divisional conferences and smaller fora that occur more frequently. The conferences are held at least once a year along with other forms of quarterly meetings with 400–500 people. Furthermore, as well as in the case of Company A, Company B's employees set up employee representative bodies across Europe to share and express their views on an organization's practices and policies. This activity also exists in Company C with cross-national employee representative dialog sessions every year.

As with the case of annual surveys or interviews, evidence shows that formal meetings between employees and the senior managers are also organized through enterprise unions. Within the staff union of Company 1, there are unions representing branches, two of whom meet and discuss their concerns regarding the organization frequently (20–30 times a month) regardless of their divisions at various levels. The staff union raises the outcome of the meetings at the biannual formal meetings with the management, including the president of the organization. This is similar to Company 2's systematic communication method, which engages in regular gatherings at every level of the organization. There are gatherings at both group and labor-management levels three times per year and unit-level meetings on a more frequent basis. In case of Company 3, there are council meetings between senior managers and the enterprise union, which are arranged once or twice a year, and they also collect employee feedback on a personal basis via interviews between superiors and subordinates (as mentioned earlier) four times a year.

4.2. Education and training

Using Whitley's [23] terminology, the UK's education and training can be understood as 'specialist': training is role specific and performance oriented [18, 23, 48, 51]. On the other hand, due to firm-specific or industry-specific training with job rotation, Japanese training is considered 'generalist'. Such traditional institutional settings appear to be true in all six cases, with some indication of possible convergence.

4.2.1. Specialist approach (the UK)

The specialist approach of the UK largely remains unchanged, as shown from Company A's senior manager's response when prompted with a question regarding the organization's support to own employees for trainings that are unrelated to their roles: 'no, no, it's got to be relevant to our industries, it's got to be relevant to the jobs they are doing'. However, unlike the previous case, Company B shows a new adoption, job rotation at limited extent, into their existing training scheme. The new approach resembles a smaller scale of the Japanese's traditional *ringi* system but is limited to branch-branch/HQ-subsubsidiary instead of their roles. Regardless, it indicates that there is a certain level of transition within the training system of the UK. All three cases show that organizations provide a certain extent of freedom to

employees to participate in trainings that they see appropriate, and yet if they are irrelevant to their roles, they need to be conducted outside office hours and at their own expense. Trainings provided by organizations are generally industry or role oriented, and it is up to the employees to select the most suitable trainings for their career advancement, as shown by a CSR manager of Company A who reacted thus:

We provide training from MD2 level to degree level, but it is not in some specific area. So it would be down to individuals [...] when it goes up into higher studies of education, it is down to employees to apply to do what they see fit. Then it's approved all by senior management.

Moreover, the evidence suggests that trainings are provided in either classroom settings or online formats, but this does not include CSR-specific training. In general employees are given regular mandatory training relevant to the role they are holding, and the concept of responsible business in relation to the role is embedded in their trainings. For instance, if one is working in HR, he/she will be trained in diversity, employee well-being, and so on. Such an approach can be understood as job-specific CSR training, and this is well reflected from a senior manager of the CSR division of Company B's comments:

[I]s it important to us that everybody knows the definition of sustainability? No. Is it important to us that people are thinking long-term, making [the] right decisions, putting the customers higher than what they do? Yes.

[T]o us, it's not really [about] people knowing what sustainability is or what sustainability stands for. It's more about how can we influence the organisation and make sure that kind of responsible behaviour and [those] actions are taking place.

The responses are clear about their belief in having CSR-specific training, which is not necessary to be performed in formal, classroom settings. However, it is crucial to have the concept embedded in the jobs they carry out. Therefore, CSR is promoted through deep integration into their everyday businesses, which would lead their employees to perform their roles in socially responsible ways without deliberate intentions. This is further assisted through their mandatory trainings on critical issues, like ethics, business conduct, and integrity, with support of information distributed online. They are largely organized as on-the-job training, while they are also encouraged to participate in various corporate citizenship activities to be more aware of their communities and potential issues.

4.2.2. Generalist approach (Japan)

While the UK appears to have integrated CSR training into existing job-/role-specific training, the Japanese cases maintain their traditional approach of 'job rotation'. In terms of distinctive features of their training mechanisms, each responded with 'job rotation', a traditional Japanese policy known as the *ringi* system, and regarded as a generalist approach, in contrast to the UK's specialist approach, as Nikkei Weekly [76] describes it. **Figure 2** is one of the case companies' training structures. As shown, employees can choose appropriate role-specific trainings aside from the management training; however, they only become available when they are at senior management positions. Due to their characteristics, it is difficult for Japanese organizations to integrate or embed CSR into their job-training systems like the UK cases have shown. Thus, employees receive CSR-specific training separately, which is mandatory for all employees upon their enrolment followed by assessments, as all cases

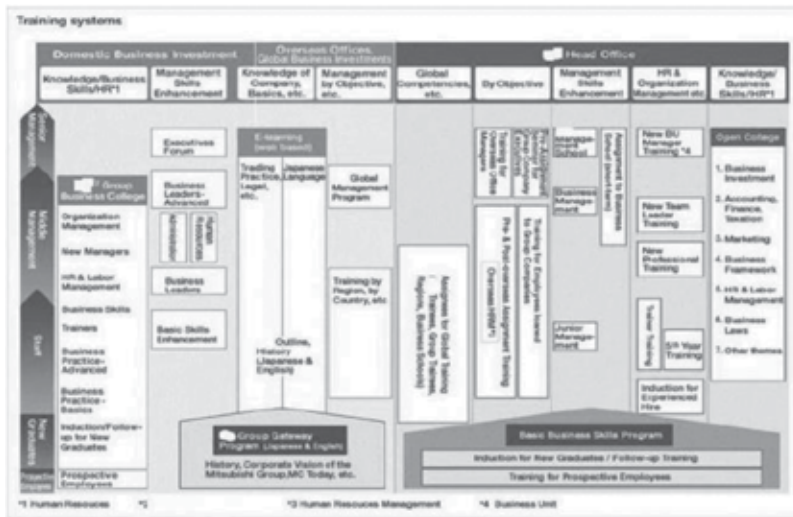


Figure 2. Japanese Firm’s training mechanism [55].

show. Companies 1 and 3 perform this through online (e-learning) and Company 2 performs it through direct delivery of lectures on CSR in a classroom setting. In addition, handbooks, magazines, and ore pamphlets are provided to further enhance employee awareness in CSR issues. Aside from the on-the-job training and the traditional Japanese training system, archival research shows there is another new form of training in Japanese organizations, off-the-job training [77]. It is gaining ground due to increasing international competition and institutional pressure resulting from globalization. Though they are yet limited, their intention is to provide both specialized skill sets and additional knowledge to employees based in Japan Institute for Labour Policy and Training’s (JILPT) description. However, evidence of this was not in tandem with the cases. Furthermore due to a decrease of birth rate and the aging society as well as increased demand for non-regular or atypical employees, the traditional lifetime employees are in decline (see [78–80]). This result of recent studies is further supported by [77], which shows changes in employers’ preference from traditional regular employees to employees with specialized skill sets who can bring immediate results for the company. This may be an indication of a shift in Japanese organizations’ approach from traditional lifetime employees and generalist frameworks, which can be seen from the following response of an employee who was in his third job:

It used to be considered to be taboo to switch the companies you work for, but now it is not so much, especially with foreign companies.

Despite the statement as well as the outcome of archival research, some cases show a rather conflicted result. In case of Company 1, the average time at the organization of their employees was 18.9 years and 15.4 years in case of Company 3. Trainings also focused on raising regular employees (*sogo shoku*) rather than non-regular employees (*ippan shoku*) or employees with specialized skill sets. Therefore, the result implies that despite the ongoing trend in Japanese labor structure overall, certain aspects in Japanese training and education still remain unchanged.

4.3. Diversity

As discussed previously, diversity is considered to be an important factor to consider for business with the introduction of corporate sustainability. Increased awareness of equal opportunities and human rights means that society demands greater responsibility for firms to promote diversity at the workplace. However, in probing organizations' HRM practices in relation to diversity, respondents struggled to give direct reasons but rather presented their organizations' responses to diversity issues.

4.3.1. Diversity in gender

OECD shows a balanced gender diversity ratio in the UK; however, all cases show a decrease in gender ratio as positions go higher. In Company A, the female ratio at each level of positions is 20% (top management), 22% (senior management), and 24% (middle-level management) and in Company B, 33% (managers), 27% (senior managers), and 19% (executive). Given the high level of women's labor participation rate in the UK, this is rather a surprising outcome. However, none of the case organizations could present a convincing explanation other than calmly responding to show their awareness of the issue and their effort in improving the situation. A CSR manager of Company B, however, attempted to address this by, 'I think those women's priorit[ies] change and their priority is their family and having that time in their life to pursue looking after their family as oppose[d] to pursuing getting on to the next scale or level of management'. And 'I am a woman, but I do feel a lot of women prioritise [...] family over career progression'. These two responses may indicate a potential change in women's priorities as their career progresses; however, they are not adequate to generalize as a possible phenomenon. The gender diversity issue is even more severe in case of Japan. As mentioned in the previous section, there are two types of employees, *ippan shoku* (non-regular employees) and *sogo shoku* (regular employees). In Japan it is a generally accepted norm that regular employees are largely composed of males, and females tend to be given the non-regular employees status. An employee from Company 2 stated that 'I joined this company six years ago, and at that time [there were] seventy new workers, 45 male and 25 female, and amongst the 25 female only three made [it] to sogo shoku'. Her response shows the existing difficulties in achieving higher levels in careers for women, which discourage them to pursue a career as a goal. This is well reflected from an interview with an expert participant, during which it was discovered that it is actually a social issue that has been lasting long in Japan rather than an organizational problem. Based on the [81], in Japanese society, female labor participation rate is only at 43% of the total female population. Such lack of involvement by women is also shown from the cases: female ratio for each case is only 25% (Company 1), 18% (Company 2), and a little less than 15% (Company 3). To explain this phenomenon, the expert argued that 'Japanese women do not have the concept of working for their career, but their main objective is to find a good husband and settle down', which shows the gender diversity issue persists in Japan and further indicates that the traditional value of male dominance in the society also persists.

4.3.2. Ethnicity and nationality diversity

A similar issue also exists regarding foreign labor in Japan. Due to their collectivist nature, in contrast to the UK's individualistic multicultural society, foreign labor forces always have to

battle through the 'glass ceiling'. As mentioned, the Japanese high level of collectivism creates an environment which unwelcomes outsiders/foreigners as a part of their society and community. An existing language barrier, as well as high-context culture, makes it even more difficult for outsiders to be accepted by such a close-knit community. For example, the meetings with managers of an organization's foreign branches and headquarters are generally held in Japanese [67]. When prompted, all the company representatives responded 'we are trying to improve the situation'. This is also further supported by the [77] survey, which presents that 67.2% of total employers do not prefer to hire foreign employees, despite the increasing number of foreign labor in Japan. Furthermore, the remaining 33.8% of employers claimed that an important precondition to hire foreign employees is their fluency in Japanese rather than their skilled sets. This is further supported by the following comment from a CSR team leader of Company 2:

[...] [t]here is a barrier, communication barrier. Our top management know that it is very important to know (learn) how to speak English, and everybody outside speaks English too. They are realising the situation. Well [...] maybe [in] 2-3 years' time [it will get better].

4.3.3. Promoting diversity

In contrast to the findings that show maintaining traditional values in both countries, there are also some indications for changes. In Japan, both government and firms are showing efforts in promoting foreign employees and the use of external labor market. With the government establishing a national objective to increase the amount of foreign labor intake, Company 1 responded with introducing the use of common office language (English and Japanese) and a separate training system more appropriate for foreign workers. All Japanese cases are showing various benefits as well as working hours for female employees to promote gender diversity. However, the UK cases show a slight different approach compared to their Japanese counterparts in promoting gender diversity, such as introducing new policies or workshops. Company A has introduced a new policy, which enforces the organization to maintain a 50:50 gender ratio at all levels. Therefore, when it falls below the ratio, managers are encouraged to hire more females. All three cases also show workshops in place, of which the goals are to assist women in career advancement and to provide support to fellow female employees through mentor-mentee relations.

5. Discussion and conclusion

Through the literature review, it has become evident that national culture is an important factor that 'directly or indirectly influences work-related cultures' ([82], p. 2425). Much of other literature also identified that differences in the NBS systems and HRM result from societal, cultural, and institutional setting differences (see [18, 19, 23, 47, 48, 53, 54, 59, 66, 73, 74, 83–86]). The results of this study also strongly support such logic of the NBS. Adopting the CSR language throughout all cases is a possible indication of convergence. Furthermore, as responses regarding a reason for implementing CSR by Japanese cases ('because our partner companies want us to' and 'because everyone is doing it') show, it is evident that coercive and mimetic isomorphic pressures have encouraged the firms to adopt CSR into their practice to some extent. However, the findings also showed possible divergence at a microaspect.

Organizations and institutional pressures have complex relations; not only do they require an understanding of organizations but they also require an understanding of institutional pressures at both national and global levels. The framework in **Figure 1** was devised to reduce such complexities and enable scholars to understand and discuss the extent of convergence/divergence of the two nations' HRM practices. The framework identified three key institutional factors in forming national HRM systems based on an NBS perspective: systematic communication (work organizations), education and training, and diversity. Their influence on HR practices that supports the organization's CSR activities and socially responsible HRM practices has direct relation to the organization's CSR outcome. As argued, work organizations should be regarded as an important institutional factor that can determine the extent of an organization's systematic communication. It promotes employee participation as well as aligns their needs with the organization's CSR policy. The Japanese cases showed the significance of enterprise unions in promoting employee involvement and their communication with their organizations. The UK that has been known for highly decentralized work organizations [23]; however, this shows a certain level of transition from their typical individualist approach. Their work organizations still remain weak, but it appears that a new form is also introduced. Round-table meetings between employee representatives and senior managements on a regular basis resemble the enterprise union system of Japan and how they function. This shows that there is a possible convergence in the work organization institutional setting, or at least it is safe to say the institution does not hinder the possible convergence of CSR-HRM of the two nations. In contrast, the institutional setting of training and education appears to be maintaining their traditional forms. As argued, training and education assist socially responsible HRM practices to enhance ethical labor standards and their CSR perceptions. And in the case of the UK, its traditional approach (specialist based) remains, while Japan maintains generalist-based training systems. The integration of CSR concepts into existing British job-specific training is in contrast to the Japanese, whose training takes a generalist approach. In addition, Japanese cases show that their training is symbolic and informative, rather than aiming to embed CSR concepts into employees' roles and views. However, unlike the other two institutional settings, diversity appears to be in chaos, especially in Japan. Thanks to its multicultural society and high level of awareness in feminism, the UK takes a relatively balanced approach through providing various rights, benefits, and workshops. However, Japanese cases show that male-dominant social characteristics and barriers caused by a high level of collectivism still largely remain. Although findings indicate that various actions and policies have been taken to promote diversity at the organizational level, there is no clear evidence to suggest that they have positively impacted existing issues on diversity. It can be argued that at least there is a certain level of convergence with regard to the policies at the organizational level, but without clear evidence on their practical implications, convergence in diversity institutional settings is yet to be confirmed and generalizable. The fact that the other two institutional settings remain the same shows that they have not yet converged, despite the wide use of the language of CSR, along with other signals suggesting convergence at an 'explicit' level.

As shown in **Figure 1** and the evidence, multiple institutional levels exert influence over their CSR-HRM systems in complex ways. Global institutional pressure has led both nations to incorporate CSR into their existing HRM models. National institutional pressure leads organizations to operate CSR-HRM that fits their society, as argued by the NBS. Thus, as a result of differences in both their culture and business systems, divergence at a micro-level or rather at an 'implicit' level also occurs. The UK's integration of CSR training with existing

role-specific training schemes based on a specialist approach, and providing CSR-specific training along with assessments, reflecting its generalist approach, is a clear sign of salience of the two nations' institutional pressures in comparison with the global institutional pressure for convergence. This is also supported by remaining enterprise unions, gender diversity issues, along with glass ceiling in Japan.

In sum, CSR-HRM of the two nations shows a certain level of convergence at an explicit level resulted by coercive and mimetic pressures from global institutions, but there is also evidence that suggests the predominance of national institutional pressures causing divergence in CSR-HRM at an implicit level. Therefore, it can be argued that through the interactions between the institutional pressures from both national and global levels, a rather hybrid form of CSR-HRM is in place [22]. With the assistance of the developed framework (Figure 1), it was possible to identify and explore the complexities of institutional interaction to promote convergence and divergence of CSR-HRM in this research. The result pointed that UK's change in work organization settings, the adoption of CSR, and attempts in improving diversity-related policies and actions of Japanese organizations indicate possible convergence

Outcome	Institutional Change
Convergence	Common use of the CSR language shows global institutional pressure's coercive and mimetic isomorphism
	Increased use of work organisations is similar to Japanese enterprise unions for effective systematic communication (UK)
	Introduction of various forms of policies and practices to promote diversity (Japan)
Divergence	National societal-cultural values and norms are deeply rooted in their operations
	UK's specialist approach and Japanese generalist approach in education and training remain strong
	Japan largely relies on enterprise unions in communicating with employees; 'glass ceiling' and lack of female labour participation still remain in Japan, despite their efforts

Table 2. Convergence and divergence of British and Japanese CSR-HRM.

resulting from global institutional pressures. However, at the same time, the remaining institutional settings, such as traditional approaches in training education, and diversity-related issues of Japan, also show that national institutional pressures still predominate in certain areas causing divergence (see **Table 2**). The outcome of this research is in an agreement with [21, 22], who argued that convergence occurs due to the increasing global institutional pressure, while differences in NBS also drive divergences between nations. Lastly, as the findings suggest, the difference in local institutional framework will persist as long as the differences in cultural and societal norms exist, which will place national institutional pressures in a more predominant position than the increasing global institutional pressure due to globalization. Such a finding, therefore, shows and supports the 'cross-vergence' argument of [22, 50]. These norms are deeply rooted in organizations and their behaviors as well as their institutions, and they will continue to influence CSR-HRM in different contexts.

CSR is not yet well standardized, and therefore much effort has been paid to present frameworks or guidelines to promote the convergence of CSR. Wang and Juslin [20] argued that CSR is a concept derived from the West, and as its understanding is not well established in the East, an Eastern form of CSR may be necessary. However, this chapter argues that it is not necessary: integration of convergence and divergence may suit organizations in a more competitive way. Thus, it is important to understand the complexity of institutional relations with organizations' CSR-HRM, which includes global HRM institutional pressure, national societal-cultural values and norms, national HRM institutional pressure, and responses from organizations. When the complexity of these relationships is understood, more systematic and stronger forms of CSR can be realized.

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Conflict of interest

No conflict of interest.

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Analysis of the Buzz Formation Models: Models of New Marketing

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Additional information is available at the end of the chapter

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Abstract

The theme of this chapter was to review differential equation models of diffusion phenomena that have been developed in various fields of research and to conduct a comparative review of the models through the application of actual data. Among the many models created for diffusion phenomena, the models examined in this chapter are large number models that explain macro changes. These models were developed in various research fields. However, comparing these models reveals that although many models are used only for individual fields of study, mathematically similar models are often observed. It is not necessarily apparent the type of model that would be most effective for any specific diffusion phenomena case. Applications of specific models can be observed by reviewing individual research examples. However, the effectiveness of each model is not clarified in the absence of a comparison across various models. The purpose of this chapter was to apply various models to different types of data, and thereby verify the suitability of each model to specific phenomena.

Keywords: the modified exponential curve type, the sigmoid curve type, process models, Gompertz curve models, modified exponential curve models, model that combines two factors

1. Introduction

Along with the rapid spread of social media, the competitive environment of the marketplace will change, inevitably altering marketing effectiveness as well. This chapter examines diffusion phenomena based on marketing research [1–3].

There are two types of differential equation models to express diffusion phenomena and used widely as demand forecast models for durable consumer goods in marketing research: (a) the

sigmoid curve type and (b) the modified exponential curve type. The former is suitable for human interaction types of diffusion phenomena and the latter is suitable for external information source diffusion phenomena. This analysis examines the effectiveness of these models on the marketing field.

2. Process model

Based on the development of Internet, marketing (especially consumer) is changing. In these situations, this analysis examines the effectiveness of above models on the marketing field. One of the major characteristics of the models discussed in this chapter is that they are process models in marketing. Many of the marketing models used in the field of social science are structure models. For example, multidimensional scaling, factor analysis, and password cracking analysis models are all structure models that statically describe structures on a unitemporal basis. Process models on the marketing, in contrast, describe dynamic changes and include time (t) among their independent variables. There are several types of process models on the marketing. Models on the marketing describing diffusion phenomena typically apply differential equations as the basic model building block.

$$dP/dt = f(P, t) \quad (1)$$

Here, P is the diffusion rate ($0 \leq P \leq 1$), t represents time, and f is a specific function. dP/dt is the differential coefficient for P with respect to t . This differential equation model on the marketing is an effective method when describing dynamic situations. dP/dt represents how much P changes per unit change in t , and its value changes depending on the values of P and t as shown in Formula (1). Differential equation of (1) may not always be solved. However, it can often be easily solved when $f(P, t)$ is factorized as follows:

$$f(P, t) = f_p(P) \cdot f_t(t) \quad (2)$$

This means (1) can be rewritten as

$$dP/dt = f_p(P) \cdot f_t(t) \quad (3)$$

f_p is a function that does not contain t and f_t is a function that does not contain P .

Eq. (3) is a separation of variables. Thus, the solution can be given as

$$\int \frac{dP}{f_p(P)} = \int f_t(t) dt + C \quad (4)$$

C is an arbitrary constant determined by the initial state and other factors.

Compared to structure models, differential equation models have characteristics as follows:

- a. Nonlinearity: solutions for (4) are mostly nonlinear models with complex functions compared to many linear structure models.
- b. In most cases, t is the only independent variable.

These characteristics show the fundamental differences between differential equation models and structure models. Structure models, like regression analysis, can use as many independent variables as necessary. Moreover, this model focuses on how to select independent variables. Conversely, differential equation models only have t as an independent variable and focus on how to assume the function for f in Formula (1). Differential equation models provide not only high adaptability to data but also support of existing theory.

Among many streams of diffusion research, marketing research pedigree and epidemiology are leading fields in which differential equation models have made significant progress. Epidemiology in particular has accumulated many differential equation models since the beginning of twentieth century and it has influenced the pedigree of other models. Among these pedigrees, differential equation models have been developed for such practical applications as product demand forecasts and infectious disease spread predictions.

Despite the application of these models in sociology diffusion research, a leading sociologist of his day and sporadic achievements in the field of social psychology is an example, and these types of models are yet to become mainstream.

However, this chapter emphasizes that the use of differential equation models is not simply limited to prediction applications, but is closely related to the internal mechanism of understanding diffusion phenomena. These models are used to mathematically express diffusion phenomena mechanisms, not just as an equation applicable to the data. Many generalizations regarding diffusion phenomena. Differential equation models can be an effective means of empirically verifying these suppositions.

3. Examination of four models

The next examines the theoretical reasonableness of some models in marketing. This chapter examines the following types of diffusion phenomena models.

1. Gompertz curve models.
2. Sigmoid type models.
3. Modified exponential curve models.
4. Model that combines two factors.

In addition to the above types, normal probability curve models, Weibull curve models, and Pólya-Eggenberger curve models have been used in marketing research to describe product diffusion. There are also many examples of applications in such social development models as

population increase and economy growth in the marketing field. These are examples of the application of diffusion curves, however, they can be difficult to use as process models. Thus, these models are not included below.

3.1. Gompertz curve models

Gompertz curve models are characteristically used to explain diffusion phenomena mechanisms through two contradicting factors: (a) a factor that reinforces diffusion processes along with an increasing rate of diffusion, and (b) a factor that interrupts diffusion processes as time passes. For example, it is frequently observed in some kinds of trend phenomena that (a) expansion of a trend will reinforce the pressure of trend adoption while (b) attraction to a trend, such as novelty, decreases over time passes.

In a Gompertz curve model, let factor (a) be k and P and factor (a) be b^t (k and b are constants and $0 < b < 1$). Then the following differential equation can be obtained by connecting both sides in the form of product.

$$dP/dt = k \cdot b^t \cdot P \quad (5)$$

Solving this gives

$$P(t) = 1 / \left\{ 1 + \frac{q_0}{p_0} (t+1)^{-k} \right\} \quad (6)$$

(note that $C = P_0/exp(n)$, $n = k/logb$, and $a = exp(n)$).

Because $0 < b < 1$, this converges to $P(t) = C$ when $t \rightarrow \infty$.

Example of a Gompertz curve model apply to diffusion phenomena.

However, research examples show that Gompertz curve models may be suitable as an index of the absolute quantity of some types of phenomena, such as product demand and sales, rather than considering P to be a diffusion rate ($0 \leq P \leq 1$).

The convergence value of $P(t)$ in Eq. (6) is $P(t) = C$, when $t \rightarrow \infty$. However, in general, $C \neq 1$ and the solution for Eq. (5) is

$$P(t) = P_0 exp(kt) \quad (7)$$

$$P(t) \rightarrow \infty \text{ when } t \rightarrow \infty.$$

Considering the characteristics of Gompertz curve models, it would be better to think of P as an index of an absolute quantity ($0 \leq P$).

3.2. Sigmoid type models

It has been observed in merchandise diffusion phenomena that having an increasing number of people who have already adopted an event will increase the pressure on people who have

not yet adopted the event. Examples proving this concept include demonstration effects in marketing, as group pressure in psychology and as imitation in sociology.

The following differential equation models a simple sigmoid curve.

$$dP/dt = kP(1 - P) \tag{8}$$

P represents the diffusion rate ($0 \leq P \leq 1$) and k is a constant ($k > 0$). This model shows that a new adoptee is created in proportion to the number of people who have already adopted (P) from among nonadoptees ($1 - P$). This model can also represent the creation of new adoptees from their random interactions with people who have already adopted. Here, k is a parameter indicating interaction efficiency.

Solving Formula (8) gives

$$P(t) = 1 / \left(1 + \frac{q_0}{p_0} e^{-kt} \right) \tag{9}$$

In this equation, p_0 and q_0 are the proportions of adoptees and nonadoptees at $t = 0$. ($p_0 + q_0 = 1$).

Although there are several examples of applying this famous sigmoid curves, it has limits as a model of diffusion phenomena. More specifically, parameter k representing interaction efficiency in Formula (2.1.1) should be a variable that decreases with time rather than a constant. Thus, replacing k with the function $g(t)$ that decreases over time in Formula (8) gives

$$dP/dt = g(t) \cdot P(1 - P) \tag{10}$$

Suggested solutions for $g(t)$ include (i) a harmonic function, (ii) an exponential function, among others.

A model by Dodd (i) assumes a harmonic sequence of

$$g(t) = \frac{k}{t + 1} \tag{11}$$

This gives (k is a constant)

$$dP/dt = \frac{k}{t + 1} P(1 - P) \tag{12}$$

Solving this gives

$$P(t) = 1 / \left\{ 1 + \frac{q_0}{p_0} (t + 1)^{-k} \right\} \tag{13}$$

Ref. [4]⁶⁾

A model by Hernes (ii) is the expression below,

$$g(t) = A \cdot b^t \quad (14)$$

assumes an exponential function (A and b are constants and $(0 < b < 1)$), thus

$$dP/dt = A \cdot b^t P(1 - P) \quad (15)$$

Solving this gives

$$P(t) = 1/(1 + k \cdot a^{bt}) \quad (16)$$

(note that $k = p_0/(a(1 - p_0))$, $\log a = A/\log b$).

It is hard to say if these modified suggestions were examined thoroughly as there were not many practical application examples when compared to simple sigmoid curve.

3.3. Modified exponential curve models

Modified exponential curve models are used to represent external information sources that independently influence the society as a fundamental mechanism while sigmoid type models are used to represent interactions among the members of a specific social group. Information sources that influence the society require the probability of interactions among members to be fixed over time. These information sources include mass media, bulletin boards, and salespersons. Suppose that new adoptees can be created through contact with external information source, nonadoptees would also contact these available information sources with a fixed probability. This would lead to the differential equation

$$dP/dt = k(1 - P) \quad (17)$$

This equation indicates a new adoptee is created with a fixed probability k among nonadoptees $(1 - P)$.

By solving Eq. (17),

$$P(t) = 1 - q_0 e^{-kt} \quad (18)$$

Given that initial condition is $q_0 = 1$,

$$P(t) = 1 - e^{-kt} \quad (19)$$

This is a modified exponential curve. A modified exponential curve model can be contrasted to a sigmoid type model across several points. For example, the number of new adoptees (dP/dt) per unit of time is maximized when $P = 0.5$ for a simple sigmoid curve, while the number maximizes at $P = 0$ for a modified exponential curve. A simple sigmoid curve displays a typical S-shape while a modified exponential curve does not display an S-shape but rather a sharp curve at its beginning.

There are fewer examples of applications of modified exponential curve models compared to sigmoid type models. Note that both used revised modified exponential curve models. This may be because results suggested by modified exponential curve models will not be satisfactory except in unique cases [5–23].

3.4. Model that combines two factors

As described previously, sigmoid type models and modified exponential curve models are used to contrast (i) interactions among members within a group, and (ii) contact with external information sources, respectively. This chapter suggested the following model that combines two factors.

$$dP/dt = k_1P(1 - P) + k_2(1 - P) \quad (20)$$

The parameter k_1 is called the coefficient of imitation, corresponding to the factor of the sigmoid curve model. The parameter k_2 is called the coefficient of innovation, corresponding to the factor of the modified exponential curve model. There are two types of new adoptees in a diffusion phenomenon.

New adoptees can be divided into two groups: (a) new adoptees that have been influenced by existing adoptees, and (b) new adoptees who made their own adoption decision independently and with no influence from the existing adoptees. According to Moore (1991), the former are equivalent to followers while the latter are equivalent to opinion leaders in diffusion theory. k_1 and k_2 correspond to (a) and (b).

Solutions for Eq. (20) are slightly complicated as shown:

$$P(t) = \frac{1 - \exp\{-(k_1 + k_2)t\}}{k_1/k_2 \cdot \exp\{-k_1 + k_2\}t + 1} \quad (21)$$

However, solutions are subjected to the initial condition of $P(0) = 0$. When using this model, diffusion phenomenon types should be considered based on the value of k_1/k_2 . The larger the value of k_1/k_2 , the closer the shape of curve (21) resembles a sigmoid curve. The closer k_1/k_2 comes to 0 and the closer (21) comes to a modified exponential curve. As shown in Section 1, as k_1/k_2 gets larger the closer the curved line comes to resemble the S shape of a sigmoid curve. Note in Section 1, the values of k_1 and k_2 are set to $P = 0.5$ when $t = 10$.

This model has been used widely in marketing research as forecasters of product demand. These models can be described as flexible in that they do not have the strict theoretical rules seen in sigmoid models and modified exponential curve models. Moreover, these models can be applied in many situations beside product diffusion research. However, this model displays several challenges when applied to actual data. Because of the complexity of Formula (21) compared to other models, it can be extremely difficult to estimate parameters by modifying models to reach a linear least-squares method. A short-cut convention method is as a discrete parameter estimation method. However, this will not give the most suitable parameter estimate. Such an approximate estimation method can be problematic when compared with the suitability of other models.

Also in these models, there are two unrestrained parameters even with the initial condition of $P(0) = 0$.

In the absence of more thorough examinations, some flexibility is necessary to compare this model to other models.

4. Conclusion

The theme of this chapter was to review differential equation models of diffusion phenomena that have been developed in various fields of research and to conduct a comparative review of the models through the application of actual data.

Among the many models created for diffusion phenomena, the models examined in this chapter are large number models that explain macro changes. These models were developed in various research fields. However, comparing these models reveals that although many models are used only for individual fields of study, mathematically similar models are often observed. It is not necessarily apparent the type of model that would be most effective for any specific diffusion phenomena case. Applications of specific models can be observed by reviewing individual research examples. However, the effectiveness of each model is not clarified in the absence of a comparison across various models.

The purpose of this chapter was to apply various models to different types of data, and thereby verify the suitability of each model to specific phenomena.

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Downsizing and Employer Branding: Is there a Relationship?

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Additional information is available at the end of the chapter

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Abstract

Workforce downsizing has become an everyday fact of working life as most firms struggle to cut costs and adapt to changing market demands in order to survive in the new competitive arena. Extant research has made good progress in better understanding the different issues surrounding *downsizing*. However, there are still several key issues that have largely been ignored by prior research. One of these issues involves the potential effect *downsizing* may have on *employer branding*. This chapter is a preliminary attempt to explore whether there is some kind of relationship between both phenomena. More specifically, the main purpose is to examine how a significant and intentional reduction in the workforce may influence employer branding; while the other way around, an attempt is made to discover whether employer branding practices help to mitigate the negative effects of post-downsizing in the workplace, as well as improve the quality of future recruitment processes. The research setting consists of a small sample of large companies listed in the *Merco Talent Ranking* in Spain over the period 2007–2017. The results obtained in our study following a preliminary descriptive analysis seem to provide support for the notion that both practices may be closely interrelated in a circular way.

Keywords: downsizing, employer branding, employee retention, candidates' attraction, Merco talent ranking

1. Introduction

Recent technological advances, demographic evolution, and economic changes have affected business operations, and therefore the labor market. Such changes have forced companies to

redefine their strategies and adopt new practices, especially in the field of human resources (HR). Over the past few years, two practices related to HR management (HRM) have gained considerable popularity both academically and professionally: *downsizing* and *employer branding* [1–7]. Although with totally opposite signs and effects on employees, both practices have now been adopted by most companies around the world as they seek to adapt to new labor market demands.

On the one hand, *downsizing*—traditionally defined as a significant and intentional reduction in the workforce [8–13]—has become an increasingly widespread practice in companies worldwide. Extant research has made good progress in better understanding the different issues surrounding downsizing in terms of both its potential causes and its effects or consequences (for a review, see [11]). From the field of management, numerous studies have evaluated the impact of downsizing on firm productivity or financial performance [13–16]. HRM literature has also revealed how downsizing affects employees, especially their perception of job security or job satisfaction [17, 18].

On the other hand, *employer branding* constitutes a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer [19]. Initially inspired by marketing literature (see, for example, [19, 20]), the concept clearly involves a very obvious mix or convergence of the fields of marketing and HR [21]. Employer branding is the application of branding principles to HRM [19]. Although the literature is scarcer from an HR perspective, the *war of talent* that companies have declared in recent years as a result of environmental complexity and the labor market's maladjustment and increasing competitiveness has become fashionable, and propitiated the phenomenon's growing trend. *Employer branding* has become one of the firm's most important intangible resources, and a good example of the growing interest in this phenomenon is the proliferation of conferences, awards, reports and rankings (see, for example, *Great Place to Work*, *MERCO Talent*, *Top Employers and Most Attractive Employers*).

Downsizing and *employer branding* have become an important addition to an HR practitioner's toolkit. The former has proven to have a negative effect on employees and their motivation, job security and job satisfaction, deteriorating the company's image and reputation abroad [22–24]. By contrast, the latter seems to have a positive impact on current employees and the work climate, helping to positively enhance the company's image abroad, with the ensuing impact on retention and talent attraction [25–27]. Yet are *downsizing* and *employer branding* interrelated in any way? Could *downsizing* processes affect *employer branding* negatively? Could *employer branding* practices counteract or partially mitigate the negative effects of *downsizing* and improve the perceptions of current and potential employees?

This study seeks to provide preliminary empirical evidence on whether there is a bidirectional relationship between *downsizing* and *employer branding*. Accordingly, and on the one hand, it tests whether the downsizing practices adopted by companies have exerted a positive or negative impact on employer branding. On the other hand, this study also seeks to test whether in those companies adopting downsizing practices, and hence seeing their brand

image potentially compromised, the subsequent adoption of employer branding practices has then positively or negatively influenced the recruiting, attraction and retention of the most talented employees.

The research setting consists of a small sample of large companies listed in the *Merco Talent Ranking* in Spain. This ranking provides an annual list of the country's 100 most successful companies in corporate talent management. The aim of this monitor is to collect and examine various reputation scales associated with talent, and it includes different stakeholders that identify the best places to work thanks to their corporate talent management. We also use data on the number of downsizing processes conducted by the companies on this list and the total number of employees affected by such processes. We also rely on information that appears in annual reports and the press on both phenomena. Also interestingly, our period of study covers the years between 2007 and 2017, which includes several years related to the recent economic crisis and others related to the subsequent period of recovery.

This study contributes to the literature as follows. To the best of our knowledge, the link between *downsizing* and *employer branding* has yet to be empirically investigated. This study may, therefore, help to establish the theoretical underpinnings for a greater understanding of both phenomena by describing how *downsizing* and *employer branding* may be affected by each other. This is because it reveals the potential and direct effects of downsizing processes on brand value. Likewise, this study is a first attempt to discover how employer branding practices after a downsizing process could help to mitigate the negative effects of post-downsizing in the workplace, as well as improve the quality of future recruitment processes. This could undoubtedly guide and align the efforts of both marketing professionals and HR specialists in the design and application of internal and external practices that help to modify the perceptions of current employees and potential candidates.

This chapter is structured as follows. The second section presents some preliminary ideas on *downsizing* and *employer branding*. The third section explores the impact of *downsizing* on *employer branding*; specifically, this relationship is analyzed through a descriptive study in Spain. The following section reveals how employer branding practices might alleviate the consequences of a significant and intentional reduction in the workforce and improve the retention and attraction of talent. Finally, the study's conclusions and implications are presented.

2. Downsizing and employer branding: some preliminary ideas

Coined for the first time in the 1990s when applying the brand concept to HRM, *employer branding* as a concept is an extension of the relationship between marketing principles (see, for example, [28]). Since then, *employer branding* has increasingly attracted the attention of professionals and academics alike, with numerous definitions appearing. **Table 1** summarizes some of the most influential definitions of *employer branding* used in the literature.

Employer brand consists of the package of functional, economic and psychological benefits provided by employment, and identified with the employing company [20].

Employer branding is the sum of a company's efforts to communicate to existing and prospective staff that it is a desirable place to work [29].

Employer branding involves managing a company's image as seen through the eyes of its associates and potential hires [6].

Employer branding is a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm [30].

Employer branding is the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents [31].

Employer branding is the process of building an identifiable and unique employer identity [19].

Employer branding refers to activities where principles from marketing, especially within branding, are used for HR initiatives regarding both existing and potential employees [21].

An employer brand is the image of the organization as a 'great place to work' [32].

Source: Author's own work based on a review of prior literature.

Table 1. Definitions of *employer branding*.

It has now become evident that many organizations have adopted employer branding practices because they have found that when effective it leads to competitive advantage, helps employees internalize company values, and contributes to employee retention. Clarifying and carefully managing "employment experiences" help create value and influence [21] both inside and outside the organization.

However, despite the potential benefits of good employer branding practices, it stands to reason that employer image can be affected and damaged by disruptive events such as downsizing [33]. The changes in perceptions linked to aspects of the employment brand that are formed inside and outside the organization during and after downsizing are expected to affect the organizational identification and individual attitudes of former employees, current employees, potential employees, and other external stakeholders. In the case of those employees made redundant, negative attitudes and perceptions are caused by the breach of the psychological contract by which they pledged loyalty to the organization in exchange for job security [19, 34]. Uncertainty in the face of structural and organizational changes could undermine job performance and the retention of current talent, as current employees could record lower satisfaction, internal trust, commitment and brand loyalty [35] and even consider looking for other jobs outside the organization. For potential employees, the deterioration of the brand image or its loss of appeal is a significant predictor of decisions to seek employment elsewhere, with the consequent deterrent effect on attracting talent [36, 37]. Finally, changes in the way external stakeholders (mainly suppliers and customers) view the organization's attributes as an employee could affect the relations between them and the organization, and deteriorate other company or consumer brands [26]. Jointly, downsizing can diminish the brand value as an employer for those who have left, those who continue, those who may arrive, and those with a link to the company that is unrelated to employment, and may affect the organization's short- and long-term performance.

3. Impact of *downsizing on employer branding: a descriptive analysis in Spain (2007: 2017)*

A descriptive analysis of the potential effect of workforce downsizing on employer branding is conducted with a small sample of large companies operating in Spain between 2007 and 2017. As noted above, this is a period that includes several years related to the recent economic crisis that has caused a major imbalance in the labor market (between 2007 and 2014), as well as others related to the subsequent period of economic recovery (between 2015 and 2017).

Based on data extracted from the *Employment Regulation Statistics* of Spain's Ministry of Employment and Social Security, **Figure 1** shows the number of downsizing processes and the number of employees affected (including collective redundancies, suspension of contract, or reduced work day). This figure shows that since 2007 the Spanish economy has suffered a setback in terms of employment. The unfavorable economic conditions at the time led to an

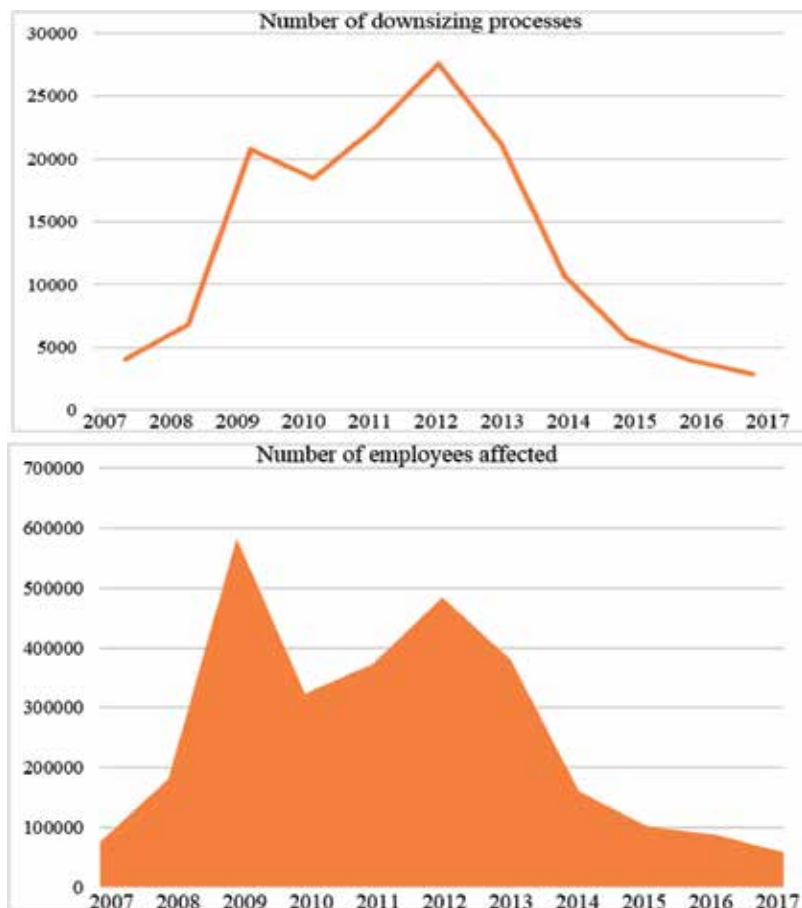


Figure 1. Evolution of the number of downsizing processes and the number of employees affected in Spain (2007–2017). Source: Author's own work based on data from Employment Regulation Statistics in Spain.

increase in downsizing processes to adjust the size of the workforce to optimal levels of employment. With a growing trend that peaked in 2012, most collective redundancies, in absolute terms, occurred in the service sector and, in relative terms, in industry. Although the recovery process has seen figures fall since 2012, high levels of job rotation and precariousness have not restored stability to the labor market.

Secondly, the companies examined are listed in the *Merco Talent Ranking*¹ in Spain. This ranking provides an annual list of the country's 100 most successful companies in corporate talent management. The aim of this monitor is to collect and examine various reputation scales associated with talent, and include different stakeholders that identify the best places to work thanks to their corporate talent management.

The companies analyzed in this study occupy the top 20 positions, with their variations in the ranking over the period studied, as shown in **Table 2**. On the other hand, **Table 3** shows the evolution of the companies that have dropped down the table and fallen out of the top 20, as occurs with *Microsoft*, *Endesa*, *Caja Madrid*, *Bancaja*, *IBM*, *El Corte Inglés*, *Siemens*, and *Danone*). An analysis of each company's annual reports and press releases allows identifying and describing the impact a downsizing process has on employer branding. In all cases, it is found that the brand value as an employer deteriorates in the years after any restructuring that negatively affects employment.

Shortly after its acquisition of *Nokia*, *Microsoft*, announced its first downsizing process in 2014, which involved 18,000 redundancies (14% of all employees worldwide), with 7800 more in 2015. Its global workforce has not stopped shrinking, also affecting the company's jobs in Spain (more than 50 redundancies until 2014). So after leading the ranking in the first years, it began to lose positions until it dropped off the list in 2015. In 2016 and 2017, it held position 32 in the Ranking.

Endesa began restructuring its workforce in 2009, with approximately 800 employees leaving the company in 2010. The deterioration of its image as an employer saw it leave the ranking, and its situation regarding employment has worsened following Spain's electricity sector reform and the introduction of numerous salary reduction plans, incentive reductions, and the reduction of working hours. It has been losing positions since 2011. In 2017 it held position 59.

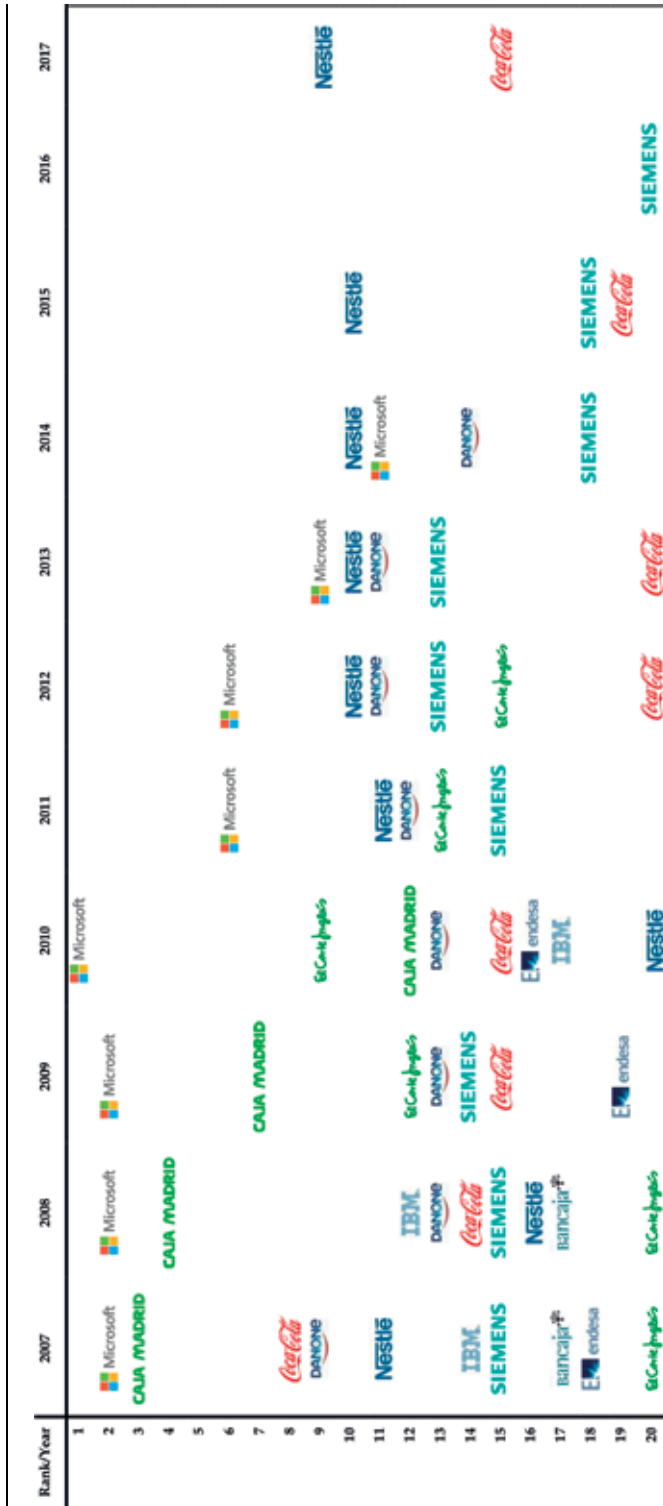
Caja Madrid's brand value as an employer began to fall right from the beginning of the period. Following a merger with six other banking institutions (one of them, *Bancaja*), the new bank—*Bankia*—disappeared from the ranking for good after a first downsizing process in 2010 (approximately 4000 layoffs). There have been more redundancies since then, with another downsizing process announced in 2017 due to the merger with *BMN*. In 2017, *Bankia* held position 45.

¹There are currently four monitors, rankings or prestigious certifications that annually evaluate the employer brand worldwide and by countries: *Great Place to Work*, *Top Employer*, *Universum* and *MERCO*. The *Merco Talent Ranking* has been selected for this analysis because it is the most complete and unique monitor of verified employer attractiveness in the world. For example, to establish the monitor's results for the last available year (i.e., 2017), the opinion has been sought of around 19,240 employees, including those of the one hundred companies that appear in the ranking), 9070 university students in their last year, 777 business school students, 1200 members of the public, 130 HR managers, and 43 experts and headhunters, with an analysis of corporate talent management policies.

Rank/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	LA CAJA	LA CAJA	LA CAJA	MICROSOFT	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX
2	MICROSOFT	MICROSOFT	MICROSOFT	LA CAJA	MERCADONA	MERCADONA	MERCADONA	REPSOL	REPSOL	REPSOL	BBVA
3	CAJA MADRID	BBVA	IBERDROLA	SANTANDER	IBERDROLA	SANTANDER	REPSOL	IBERDROLA	BBVA	BBVA	REPSOL
4	TELEFÓNICA	CAJA MADRID	BBVA	MERCADONA	SANTANDER	IBERDROLA	GOOGLE	SANTANDER	SANTANDER	TELEFÓNICA	SANTANDER
5	SANTANDER	TELEFÓNICA	SANTANDER	IBERDROLA	GOOGLE	TELEFÓNICA	SANTANDER	BBVA	MERCADONA	APPLE	TELEFÓNICA
6	BBVA	REPSOL	REPSOL	BBVA	MICROSOFT	MICROSOFT	IBERDROLA	TELEFÓNICA	IBERDROLA	IBERDROLA	MERCADONA
7	REPSOL	SANTANDER	CAJA MADRID	GOOGLE	TELEFÓNICA	REPSOL	BBVA	GOOGLE	APPLE	SANTANDER	GOOGLE
8	COCA COLA	MERCADONA	TELEFÓNICA	TELEFÓNICA	REPSOL	BBVA	TELEFÓNICA	MERCADONA	TELEFÓNICA	GOOGLE	GAS NATURAL FENOSA
9	DANONE	IBERDROLA	MERCADONA	EL CORTE INGLÉS	BBVA	GOOGLE	MICROSOFT	APPLE	GOOGLE	MERCADONA	NESTLÉ
10	MERCADONA	INDITEX	INDITEX	REPSOL	CAIXABANK	NESTLÉ	NESTLÉ	NESTLÉ	NESTLÉ	GAS NATURAL FENOSA	AMAZON
11	NESTLÉ	GOOGLE	GOOGLE	INDITEX	NESTLÉ	DANONE	DANONE	MICROSOFT	GAS NATURAL FENOSA	MAPFRE	MAPFRE
12	IBERDROLA	IBM	EL CORTE INGLÉS	CAJA MADRID	DANONE	IKEA	IKEA	IKEA	CAIXABANK	HEINERIN	MUTUA MADRILEÑA
13	INDITEX	DANONE	DANONE	DANONE	EL CORTE INGLÉS	SIEMENS	SIEMENS	MUTUA MADRILEÑA	MAPFRE	CAIXABANK	CAIXABANK
14	IBM	COCA COLA	SIEMENS	ACCIONA	IKEA	APPLE	MUTUA MADRILEÑA	DANONE	MAHOU SAN MIGUEL	MAHOU SAN MIGUEL	IBERDROLA
15	SIEMENS	SIEMENS	COCA COLA	COCA COLA	SIEMENS	EL CORTE INGLÉS	APPLE	CAIXABANK	MUTUA MADRILEÑA	MUTUA MADRILEÑA	COCA COLA
16	GOOGLE	NESTLÉ	MAPFRE	ENDESA	MUTUA MADRILEÑA	MUTUA MADRILEÑA	MAPFRE	GAS NATURAL FENOSA	BANKINTER	MELIA HOTELS INTERNATIONAL	MELIA HOTELS INTERNATIONAL
17	BANCAJA	BANCAJA	SANTAS	IBM	COCA COLA	CAIXABANK	GAS NATURAL FENOSA	MAPFRE	L'ORÉAL	BANCO SABADELL	MAHOU SAN MIGUEL
18	ENDESA	MAPFRE	DELOITTE	DELOITTE	APPLE	ABINGOA	CAIXABANK	SIEMENS	SIEMENS	BANKINTER	IEKA
19	MAPFRE	BANESTO	ENDESA	MAPFRE	NH HOTELES	MAPFRE	ABINGOA	DELOITTE	COCA COLA	ONCE Y SU FUNDACION	HEINERIN
20	EL CORTE INGLÉS	EL CORTE INGLÉS	NH HOTELES	NESTLÉ	MAPFRE	COCA COLA	COCA COLA	ONCE Y SU FUNDACION	MELIA HOTELS INTERNATIONAL	SIEMENS	BANKINTER

Source: Author's own work based on data from *Merco Talent Ranking*.

Table 2. Ranking of top employers in Spain (2007–2017).



Source: Author's own work based on data from *Merco Talent Ranking*.

Table 3. Evolution of companies with significant variations between 2007 and 2017.

IBM's position also worsened after 2010, when it announced a reduction in salary for all employees and the start of processes of collective dismissals that extended through to 2015, drastically reducing the value of its brand as an employer. As occurred with *Endesa*, this company began to fall down the ranking in 2011. In 2017, it held position 60.

The workforce at *El Corte Inglés* was significantly reduced from the beginning of the period through to 2014 (it fell from 97,389 employees in 2007 to 80,875 in 2014), negatively affecting its brand as an employer. And, the downsizing process in the tourist subsidiary—*Viajes El Corte Inglés*—which affected 4800 employees in 2012, took its toll and removed it from the list the following year. Since then, the plans for early retirement and voluntary redundancy have been ongoing. This firm has seen significant variations from 1 year to another since 2013. For example, in 2014 it fell to position 58, while in 2017 it rose back up to position 29.

After heavy losses in 2013, *Siemens* carried out a downsizing process that affected 4% of its workforce in Spain (23% worldwide). As a result, the following year it fell in the ranking. Finally, it disappeared from the top 20 in 2017, following the announcement of another reduction in employees until September 2018. In 2017, this company held position 24.

The fall in consumption and the impact of white brands forced *Danone* to reorganize its activities and close a production plant in 2013, affecting 280 jobs in Spain (900 layoffs in Europe). Inevitably, this reduction had a negative impact on its employer branding, with it disappearing from the ranking as of 2014. In 2015, it fell to position 35, while in 2017 it held position 27.

Table 3 also includes those companies that have been involved in industrial action, falling from this list in one or more years. This is the case of *Coca Cola* and *Nestlé*. The most significant falls of both companies coincide with the crisis's more severe effects on the labor market and with their more pronounced downsizing practices.

Since *Coca Cola* announced its first downsizing process in 2008, its brand value as an employer began to suffer, leaving the top 20 for the first time in 2011. However, its evolution since then has been very unstable. After the merger of its seven bottlers in Spain and the closure of 4 of its 11 production plants, its reputation almost collapsed in 2014, when the company fell to position 28. The restructuring that triggered the collective dismissal of 821 employees and the mismanagement of job cuts were widely reported in the media. The company's efforts to restore credibility and confidence in the brand have brought it back into the ranking, improving its position in 2017 to number 15.

Nestlé fell and even vanished from the list in the first years of this period. This downturn coincided with the closure or sale of some of its production plants and with a downsizing process in 2009. However, its position improved between 2011 and 2015 thanks to sales growth and numerous actions that have revalued its employer branding (e.g., *Alliance for YOUth* campaign and scholarship and training programs). Despite dropping positions in 2016, when there was a spectacular fire at one of its factories, in 2017 it managed to return to the top 10 after securing an ice cream joint venture with the UK's *R&R* and creating employment.

On the other hand, **Table 4** shows the companies that have remained within the first 20 positions in the ranking throughout the period. This is the case of *Telefónica*, *Repsol*, *BBVA*, *La*

Rank/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	laCaixa	laCaixa	laCaixa	laCaixa	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX	INDITEX
2					MERCADONA	MERCADONA	MERCADONA	REPJOL	REPJOL	REPJOL	BBVA
3		BBVA	BBVA	Santander	Santander	Santander	REPJOL	BBVA	BBVA	BBVA	REPJOL
4	Telcel	Telcel	Santander	MERCADONA	Santander	Santander	Google	Santander	Santander	Telcel	Santander
5	Santander	Santander	Santander	BBVA	Google	Google	Santander	BBVA	MERCADONA	MERCADONA	Telcel
6	BBVA	REPJOL	REPJOL	REPJOL	Telcel	Telcel	BBVA	Telcel	BBVA	BBVA	MERCADONA
7	REPJOL	Santander	Santander	Google	Google	BBVA	Google	Google	Google	Google	Google
8	REPJOL	MERCADONA	Telcel	Telcel	REPJOL	REPJOL	Telcel	Google	Telcel	Google	google
9			MERCADONA		BBVA	Google		Apple			
10	MERCADONA	INDITEX	INDITEX	REPJOL	laCaixa				laCaixa	laCaixa	amazon
11		Google	Google	INDITEX	INDITEX	Google			Google	MAPFRE	MAPFRE
12	MERCADONA			Google	laCaixa		laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
13	INDITEX				laCaixa		laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
14					laCaixa		laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
15					laCaixa		laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
16	Google		MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE
17					laCaixa	laCaixa	laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
18		MAPFRE	MAPFRE	MAPFRE	laCaixa	laCaixa	laCaixa	laCaixa	laCaixa	laCaixa	laCaixa
19	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE	MAPFRE
20											bankinter

Source: Author's own work based on data from Merco Talent Ranking.

Table 4. Evolution of companies maintaining their position or beginning to appear between 2007 and 2017.

Caixa, Mapfre, Santander, Mercadona, Iberdrola, Google and Inditex. However, there are noteworthy differences in their evolutions, although some companies share similar trends.

Leading the rankings at the beginning of the period, *Telefónica, Repsol, BBVA* and *La Caixa* fell back between 2009 and 2012, precisely when they carried out the largest workforce reductions. *Telefónica* downsized in 2011, affecting more than 6500 employees. In the case of *Repsol*, irregular practices the company admitted to in its *Global Reporting Initiative (GRI)* Corporate Social Responsibility report in 2009 damaged its reputation as an employer. The reduction in employees and the closure of more than 100 branches between 2009 and 2010 led *BBVA* to drop positions in the ranking over that period, with a more pronounced effect in 2011. Following a similar trend, albeit much more negative than the previous one, the merger and transformation of *La Caixa* into *CaixaBank*, collective redundancies, and the closure of numerous branches between 2011 and 2013 meant the company fell out of the top positions and dropped sharply. However, in the second half of the period, all these companies climbed back up and recovered their leading positions. Although at the bottom of the ranking, *Mapfre*, too, records a similar evolution to the previous ones.

Mercadona, Google, Santander, Iberdrola and *Inditex* recorded a remarkable upturn in the first years. Despite the destruction of jobs by most companies in this initial period, these particular ones continued to generate employment year after year; and hence the improvement in their reputation as employers. Specifically, word of mouth and the HRM practices of *Mercadona* and *Inditex* attracted the attention of students, professionals and academics. After this initial growth, which began in 2012, *Mercadona, Google, Santander* and *Iberdrola* begin to stagnate or drop positions. These minor movements were due to certain considered adjustment plans and early retirements after 2014. However, *Inditex* has followed a different trajectory. With an unstoppable rise, it has topped the ranking for 7 years. In 2007, the Spanish group had 79,517 employees worldwide. In 2016 (the last year with available information), it had 162,450 employees. The last 3 years (until 2016) have broken records in job creation, creating more than 4000 jobs in Spain.

Table 4 also shows how *Ikea, Apple, Mutua Madrileña, Mahou San Miguel, Meliá Hotels, Gas Natural Fenosa, Bankinter* and *Amazon* began to appear in the ranking as from the second half of the period, being recognized as attractive companies in the Spanish labor market.

We may conclude by stressing that companies involved in downsizing processes have seen how the negative consequences on employment have affected their brand value as an employer in the eyes of their internal and external stakeholders. In fact, 70% of companies consider that the crisis has affected and restricted their employer branding initiatives (People Matters, 2011). However, the economic recovery is favoring both interest and, above all, investment in employer branding practices.

4. Impact of employer branding on downsizing: Is talent retention and attraction possible?

The different definitions of employer branding (see Section 2) focus mainly on two target groups: current employees and potential candidates. Employer branding practices therefore

have two distinct objectives: on the one hand, to maximize wellbeing and retain the most talented employees, and on the other, to transfer to potential candidates an image of an attractive company in which to develop their professional careers. Yet do both objectives have the same importance? Which one prevails?

A review of definitions and the previous literature reflect a lack of consensus on the priority of retaining current employees or attracting potential candidates. Some studies mainly emphasize the benefits on current talent retention [35, 38], while others analyze the utility of employer branding above all to attract potential candidates in recruitment processes [36, 39, 40]. Nevertheless, the previous literature has not considered what the choice or combination of objectives actually depends on.

We postulate that the priority of one or other objective is undoubtedly influenced by each organization’s context and situation. Depending on the context, it seems logical to assume that the retention of the most talented employees should be the priority objective in times of economic recession and growing unemployment. However, periods of economic recovery and greater demand for employment can equalize or reverse the order of each particular objective’s priority, pursuing the retention of the most valuable employees and attracting talent.

Furthermore, companies resorting to one or several downsizing processes can be expected to prioritize a reduction in uncertainty, the mitigation of employees’ unease, and the retention of the most talented: firstly, because downsizing responds to an excess of employees, and is carried out with the firm intention of optimizing the headcount within the organization, and secondly, because the dissemination of a good brand image as an employer is closely related to that specific image within the organization. After the downsizing process, both objectives can be aligned according to the organization’s needs. This relationship is illustrated in **Figure 2**.

By contrast, as **Figure 3** shows, companies that have not been affected by downsizing processes (either for an optimum level of labor or to expand their employment offer) are likely to focus their employer branding efforts on reinforcing their employees’ job satisfaction, both to retain them and, above all, to attract more talent.

We contend that employer branding efforts in the first case —i.e., firms affected by downsizing processes— should initially revolve around the employees within the organization; in this case, external initiatives have more to do with supporting a global reputation. For the second case, employer branding practices can have a greater impact on potential candidates.

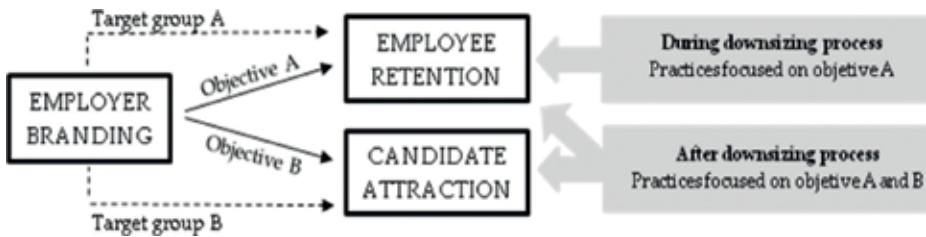


Figure 2. Employer branding objectives in companies with downsizing. Source: Author’s own work.



Figure 3. Employer branding objectives in companies without downsizing. Source: Author’s own work.

4.1. The impact of *employer branding* on current employees

Numerous studies report that the internal actions of employer branding (e.g., investment in social benefits, career opportunities, labor flexibility, reconciliation, training, etc.) help current employees to feel involved and valued, increasing their level of loyalty, commitment and job satisfaction. On the one hand, loyalty to the employer reduces staff turnover and drives greater talent retention [35, 41]. On the other hand, motivation and job satisfaction play a very important role in customer satisfaction [42, 43].

However, could employer branding practices strengthen the employer-employee relationship during and/or after a downsizing process? In view of the negative consequences generated during and after a downsizing process, employer branding practices should aim to temper the perceptions of employees that have survived the restructuring process, and highlight the benefits they still offer as employers [19]. It is about providing employees with a vision of the new organization, stressing that it continues to value the employment relationship. However, the impact of employer branding will differ in the extent to which benefits are provided for a valued employee. Employer branding practices show that the company is committed to improving employees’ welfare, although there is always the possibility that these actions will not be well received by some, or be considered insufficient.

Investment in employer branding may involve reporting policies for reducing uncertainty regarding job security, the management of professional careers, improvement in remuneration and incentive policies, reconciliation measures and the implementation of training and employability plans, among others. This investment can help to mitigate the negative effects of downsizing processes and restore employee confidence in the employer. It has been found that “high-commitment workplaces are also more likely to implement less harsh layoff strategies (e.g., alternatives and voluntary layoffs) in preference to other workforce-reduction strategies that incorporate the harsher strategy of compulsory layoffs” (44, p. 472). In a similar vein, some researcher has revealed that when firms are more committed to employee job security, the likelihood of employee layoffs is diminished [45]. If downsizing occurs, organizations that have invested in the employability of their human resources are more likely to mitigate the negative effects on their employer brand, because the releases have better chances of finding new jobs [46].

Tables 2 and 3 show that those companies affected by more severe downsizing processes have simultaneously or subsequently launched sundry internal actions of employer branding to mitigate the possible negative consequences. All of them, through different channels (corporate website, social networks, press reports, etc.) have claimed to “pamper” their employees in

these years. For example, *Coca Cola* has implemented numerous development and training plans, as well as work and family reconciliation programs that aim to increase its employees' wellbeing. *Life & Coke Program*, *Ambassador Program*, *University of Coca-Cola* or *People Development Forum* are clear examples of this. *Nestlé* has also created reconciliation plans (flexible hours, use of new technologies for remote working, etc.), international mobility programs, initiatives to create a healthy work environment (programs aimed at preventing a sedentary lifestyle or obesity), centers of *Expertise*, training programs (e.g., *executive coach* and *team coaching*) and mentoring programs, such as *Discover your talent*. For its part, *BBVA* has implemented development and promotion programs (e.g., *Apúntate+*) and training plans through its e-learning platform (*Campus BBVA*). It has also introduced plans to ensure diversity and equal opportunities in the workplace (*Gender Diversity Plan* and *Integra Plan*) and measures for the reconciliation of work and family life among employees (*Global Life Quality Program* and *Family Plan*). *Telefónica* has mainly opted for training employees through its own training center and for offering its employees a wide range of social benefits (recreational days, holiday camp, daycare, etc.). In order to increase its employees' satisfaction, *La Caixa* has launched plans to promote professional development, with ongoing training and policies for the recognition of merit, also contemplating an equality and reconciliation program and different social benefits. *Iberdrola* has also sought to highlight its commitment to equal opportunities and reconciliation, as well as to employee learning and development. *Repsol* has focused on training its employees by creating its own top training center, international mobility opportunities, mentoring initiatives, and talent management programs such as *People Review*. The creation of the *Mapfre Corporate University* reflects the company's commitment to its employees' development, providing them with various measures for promoting reconciliation and equality. Since 2007, *Santander* has been arranging the *Santander Eres Tú* program, with the aim being to foster the corporate culture and transmit the company's values among its professionals, along with flexible working initiatives for the entire workforce, and gender equality policies and the promotion of women. *Mercadona* has made a dedicated commitment to its human resources within its *Total Quality Management* model, which includes measures to reconcile work and family life, ongoing and polyvalent training, giving most of its employees permanent contracts and, above all, a good salary policy and annual profit sharing. Many other companies have used similar programs and benefit packages to maximize the welfare of their current employees.

The impact of a company's negative internal image as an employer caused by downsizing has thus been softened. The *Merco Talent* monitor reveals that reconciliation, remuneration, flexibility, recognition and development are the five keys that make companies "the best place to work". Thanks, in part, to the different internal actions of employer branding related to those five keys, many of these companies have been able to maintain or improve their positions in the ranking.

4.2. The impact of employer branding on potential candidates

The other side of employer branding is the one that markets the company's value proposition as an employer abroad, which involves the transmission of the company's attributes to the market and the generation of expectations of what it means to work in a certain place (People

Matters, 2011). Much of the success of external employer branding is undoubtedly associated with the existence of a strong brand value as an internal employer. This favors the employees themselves, who become *brand ambassadors*, with a positive and credible external brand message, adding value and recognition to the employer through their comments and opinions in the market. The other part of the success depends on those actions (e.g., alliances with universities, presence in fairs, forums and employment portals, sponsorships of cultural or sporting events or creation of foundations) carried out to reinforce the company's image in the eyes of first-time applicants, workers in situations of change, and professionals in a passive or active search. However, that image can also trigger positive impressions among potential customers, suppliers and opinion leaders.

Numerous studies confirm that a strong (external) employer brand critically influences the attraction of candidates [36, 47, 48]. It is argued that the employer's image affects job search decisions and the intentions of choice [49–51]. Accordingly, companies with strong brand identities would be preferable to those with weak or negative ones [49]. According to some researcher, the greater the employer's appeal, the greater the attraction of talent is [39]. A good brand image as an employer therefore facilitates recruitment processes, reducing the cost and time involved, and increasing the number of applicants [49]. On the one hand, the effectiveness of recruitment processes helps to improve hiring decisions, as more applications give the organization more options, allowing it to be more selective. On the other hand, organizations can reduce the cost of hiring by up to 50% and shorten the time required for filling vacancies [52]. As a result, an employer that can attract more suitable talent enjoys greater benefits from its workforce and gains a competitive advantage out of it [53].

Could employer branding practices attract talent to organizations that have undergone downsizing processes? As mentioned above, these organizations should first focus their efforts on improving the internal work environment. This would contribute to improving the external image through the opinions of current employees. A posteriori, they could also direct their external practices toward redressing the unease among potential candidates that downsizing processes could happen again, noting that the organization has managed to recover stability after fluctuations and restructuring processes. The difficulty lies in conveying a congruent and credible message, creating a "brand promise" that meets candidates' expectations once they have joined the organization. Nevertheless, we do believe that companies affected by downsizing processes may have more difficulty attracting talent and skills. Potential recruits may have negative associations with the company, and therefore be reluctant to consider working for the organization. We also argue that the most talented and skilled employees have higher employability rates; therefore, if they are employed, they will be more likely to be retained by their current employers. Recent reports have warned of a shortage of qualified employees (e.g., *Employer Branding: When the perception can become reality* by Randstad (2014) and *The 2017 Fortune 500 Top 100 Employment Brands Report*), which has led many organizations to declare the *war for talent*, as predicted by some author [54]. However, we also argue that the attraction of talent may depend on different variables (such as gender, age or sector), which furthermore change with each employee's personal evolution. We therefore believe it is easier for organizations to focus on attracting young talent and subsequently retaining it.

Good examples of this are the many initiatives that companies have launched to attract talent, with an emphasis on young candidates. For a long time now, job security has been top of the list of best policies for attracting and managing talented employees [55]. However, salary, career opportunities, work environment and reconciliation are increasingly gaining weight in making a company “the most attractive”. Companies that compete to attract talent must therefore tailor what they offer to employees’ expectations.

Most of the companies in the *Merco Talent Ranking* (see **Tables 2** and **3**) have opted for the implementation of projects related to young talent. For example, *Nestlé* has launched *Nestlé needs YOUth*, an initiative that promotes employment and training for young people within a European framework. For its part, *Santander* supports and finances different employability and youth talent promotion initiatives (e.g., *Universia*, *Talent at Work*, *TalentDay*), and has created the *Extraordinary Human Resources Marketing Chair* in collaboration with the Complutense University of Madrid. *Coca Cola* has also included plans that seek to empower and capitalize young people with few resources, offering them internships and training involving job placements (*Integra Plan* and *GIRA Plan*). Other examples are *Iberdrola Universities Program* or the creation of *Telefónica Technological Institute*. However, companies also disclose their sundry actions related to collaboration with entities and social projects and the implementation of programs to promote art, culture or sports through their foundations (e.g., *Telefónica Foundation* and *Foundation Coca Cola*). The implementation of these external actions has also enabled them to enjoy a greater corporate social reputation, with the consequent increase in brand value as an employer.

5. Conclusions

During the recent period of economic crisis, the headlines reported massive layoffs at most companies around the world. Those companies undergoing severe economic downturns and/or large-scale reorganization initiatives during this period may therefore have witnessed a reduction in brand value as an employer. However, nurturing the employer brand during the downsizing process could also help improve the retention and attraction of talent.

This study has set out to investigate whether there is a *bidirectional relationship* between *downsizing* and *employer branding*. On the one hand, it analyzes whether companies that have downsized have seen their employer brand diminished. On the other hand, the aim has been to verify whether the subsequent adoption of employer brand practices in these companies, which may have seen their brand image compromised, can influence the attraction and retention of the most talented employees.

The analysis carried out in the largest companies operating in Spain and appearing in the top 20 of the *Merco Talent Ranking* has provided preliminary descriptive evidence on the negative impact that downsizing practices may have on brand image as an employer. However, the adoption of internal employer branding strategies can help to improve current employees’ satisfaction and their retention. Likewise, the improvement of the employer’s image in the eyes of employees (who can become *brand ambassadors*) and the implementation of external actions of employer branding can favor the attraction of talented and skilled candidates. Therefore, an

adequate selection and combination of internal and external employer branding practices can enable companies to continue being considered attractive employers even after downsizing, keeping them in the ranking as good places to work.

As a result, investment in employer branding continues to rise in companies that seek to remain competitive, increase employee wellbeing and productivity, and win the *war for talent* [56]. In fact, companies in a high position in the *Merco Talent Ranking* also record a better financial performance in the *Merco Companies Ranking* in Spain.

These conclusions reveal the importance of employer branding, especially for companies that have downsized, although the complexity of their management is highlighted. Our results may have important theoretical and managerial implications. Regarding the implications for scholars, this work highlights the existence of a potential bidirectional relationship (or, to put it another way, a potential circular relationship) between these two HRM practices that have not been previously studied. This study paves the way for a similar descriptive analysis in another country (the ranking used here is also published in many other countries around the world) and/or lays the theoretical foundations for further studies that empirically analyze the impact that one has on the other. For HR practitioners, it boosts their understanding of how certain marketing tools can contribute to an improvement in employee management and talent retention and attraction policies. In this sense, the digital context is providing a wide range of practices and initiatives through corporate websites, social networks such as *Facebook*, *Twitter* or *LinkedIn*, and employment portals and channels such as *Glassdoor* or *Talent Street*, which, on the one hand, are modifying the employer-employee relationship and, on the other, may attract the attention and curiosity of potential candidates.

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Conflict of interest

The authors declare no potential conflicts of interest with respect to the research, authorship, and/or publication of this research.

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HRM Systems Effects as a Basis for Strategic HR Planning

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Additional information is available at the end of the chapter

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Abstract

The chapter illustrates how misalignment of Human Resource Management System (HRMS) creates risks of reduction in organizational performance and well-being of employees. The chapter starts with the analysis of reasons and consequences for choosing particular HRMS by firms and description of criterions to differentiate between the key alternatives: high-productivity, high-commitment and high-involvement-based HRMS. Then it illustrates possible options within an additive approach, which allows reproducing wider variety of HRMS, aiming at identical for organization HR strategy. It also shows how additive approach can intensify positive sides and mitigate the drawbacks of each HRMS in accordance with the organizational health concept. The final part illustrates how to deal with the situation when the most suitable HRMS is not available due to its lower legitimacy, suggesting models with alternative options, or applying additive approach.

Keywords: HR planning, strategic HR, HRM system, HIWS, HPWS, HCWS, ambidexterity, well-being, organizational health

1. Introduction

The chapter aims at answering how to plan Human Resource Management (HRM), relying on a preselected set of HRMS—aligned with each other HRM practices, policies, and principles.

First, planning HRM implies necessity to differentiate key alternatives of HRMS. Jackson et al. [1] analyzed 154 empirical studies of HRMS and defined five general groups: aimed at high performance, high commitment, high involvement, targeted at more narrowed objectives, unspecified. Lepak and Snell [2] provided examples of practices for most of them.

Nevertheless, for most researches the boundaries between groups are still obscure and the terms “high commitment”, “high involvement”, and “high performance” are used interchangeably [3].

Second, planning HRM implies understanding the reasons for favoring one HRMS over another. The contextually based human resource theory [4] introduced different types of fit, which ensure gaining outcomes of HRMS:

- internal (horizontal) fit—a need of consistency between HRMS’ elements;
- strategic (vertical) fit—a need to align HRMS with strategic business objectives;
- environmental (institutional) fit—assuring external legitimacy of the HRMS;
- organizational and individual fit—a need to account for organizational and employees’ specificity—internal legitimacy.

However, Jackson et al. [1] concluded that despite theoretical suggestions, researchers still do not have clear understanding of the practical reasons for establishing particular HRMS. Besides, requirements of one type of fit might contradict another one. It also might change after certain time, thus, the solution should satisfy the dynamic perspective too.

Additive approach toward HRMS intensifies the challenge, when an ambidextrous firm is interested in combining several HRMS [5]. Reaching additivity constitutes the third task in planning HRM.

To deal with the raised tasks, we suggest referring to the three key HRMS alternatives—high-productivity, high-commitment and high-involvement-based HRMS as to the latent referent standards, which a firm could combine in any suitable way to reproduce wider variety of options. Moreover, additive approach is capable to intensify positive sides and mitigate the drawbacks of the alternative HRMS.

2. Latent referent standards

2.1. Methodological concerns

The introduction described three key methodological challenges associated with planning HRM. The starting point for all of them is the operationalization of HRMS. There are four perspectives: universalistic, contingent, configurational and contextual [6]. We refer to each perspective, eliminating their value and drawbacks, suggesting lacking improvements.

The universalistic perspective to HRMS, associated with the research of High Performance Work Systems (HPWS), has contributed invaluablely to shaping consistent options, subduing them to firms’ strategic objectives. The Michigan model of strategic HRM inspired focus on higher productivity as key outcome for HPWS [7]; Lawler’s school of thought since 1986 brought attention to High Involvement Work System (HIWS), and Walton’s post 1985 studies

raised interest in High Commitment Work System (HCWS) [8, 9]. The main drawback of the universalistic perspective is oversimplification, as it suggests high freedom of choice in selecting suitable HRM disregarding concerns of the legitimation. Researchers, assessing HRMS, usually ask managers to mark presence of certain HRM practices in their organizations, measuring the extent to which these elements emphasize high performance, high commitment, or high involvement [1, 10]. Guidance by the preselected set of practices could be misleading, as assessors cannot be sure that the HRMS is understood in the same way by majority [11]; indeed leads to the expected outcome [12]; is disclosed in the same way as perceived by all employees [8, 13]; accounts for equifinality of practices, as a researcher might undervalue the extent by missing practices which could lead to similar results [6, 14]; accounts for the ambidexterity [15] and legitimacy-related concerns [4].

The most valuable input of the universalistic perspective is possibility of the deductive approach. The perspective relies on the idealized HRMS as a referent standard. As HRMS apart from practices includes policies, principles, and HR philosophy, we can operationalize the concept using this implicit level. Referring to the latent level is more beneficial, as it is more stable over time and more homogeneous across different stakeholders [16]. However, current state of the HRMS concept development misses information about this latent level, motivating reconstructing it, which is possible with the path-dependence perspective. According to it, each concept, while merging, is following three stages: contingency, self-reinforcement (positive feedback) and lock-in. Lock-in is an irreversible state, associated with the legitimacy. Institutional theory views organizations as social entities interested in legitimacy as a mean for their survival [17, 18]. Legitimacy is a perception of firm's actions as appropriate within specific socially constructed system of norms and beliefs [19]. After certain time positive feedback regarding newly emergent concept might start decreasing, revealing different limitations, which motivate for a lock-in of the alternative option [20].

The contingency perspective on HRMS and the contextually based human resource theory provide guidance for reconstructing existed at the lock-in system of norms and beliefs on five levels, according to individual, organizational, strategic, environmental, internal fit requirements, mentioned in the introduction. These two perspectives are criticized for being over-complicating, they motivate inductive research and limit generalizability of the findings. The situation when HRMS satisfies all types of fit is rare. It means limited amount of referent standards, but also opens debates how to prioritize types of fit in case of contradiction.

To compromise between the threat of misfit and value of relying on the referent standards, the configurational approach suggests combining patterns of different HRMS to generate wider variety of alternative options. Theoretically, it should help reaching ambidexterity and flexibility. Empirically, such approach is even more complicated due to uncertain effects between the mixed patterns [6]. In our previous research [21] we were interested if it is possible to operationalize the concept in a way to avoid a need in a segregation of HRMS into a bunch of patterns. We expected effect similar to the additive RGB color model [22], when latent additive primary lights of certain intensity, been projected jointly on the black background, can reproduce high variety of other colors. This model is based on a specificity of human to perceive colors as waves, which were arranged within a spectrum, where red,

green and blue gained the most distinct positions—on both sides of it and in the middle. The role of black background plays the most favored framework of strategic HRM—the “Harvard Model” [23, 24]. It accounts for interests of multiple stakeholders, within complex environmental issues, leading to a range of potential outcomes. The role of the color spectrum for HRMS plays a real time-line. We recovered initial state of each idealized HRMS for a particular distant moment, when it fully satisfied existed requirements (fit conditions), then looked for another moment when absolutely all observable requirements would change, and recovered alternative locked-in HRMS, and so on. By chance, our research recovered same amount of latent concepts as amount of latent colors in the RGB model, three latent referent standards (LRS). **Figure 1** represents the time-line with mapped seminal papers, containing key requests to HRMS legitimizing three referent standards.

Surprisingly, the review [21] revealed that the alternative fit requirements do not contradict each other, allowing additivity. Challenges cause institutional sophistication (saturation) and institutional voids (gaps). For example, organization would benefit from all three strategic objectives to stay “healthy” [25–27]: the *exposed evidence of health*—current performance, on the individual level associated with the employees’ productivity (HPWS); *potential characteristics* to stay healthy in the future—rare and valuable organizational competencies and resources, requiring employees’ commitment as a way to protect investments into human capital (HCWS); *resilience*—ability to adapt quickly to contextual changes, necessitating employees’ involvement (HIWS).

In Anglo-Saxon countries employees’ productivity became a legitimate signal of firm’s health in 1980 [7], rare and valuable human capital and commitment—in 1990 [28, 29], employees’ resilience and psychological capital—in 2000 [30, 31]. At the first period, the business

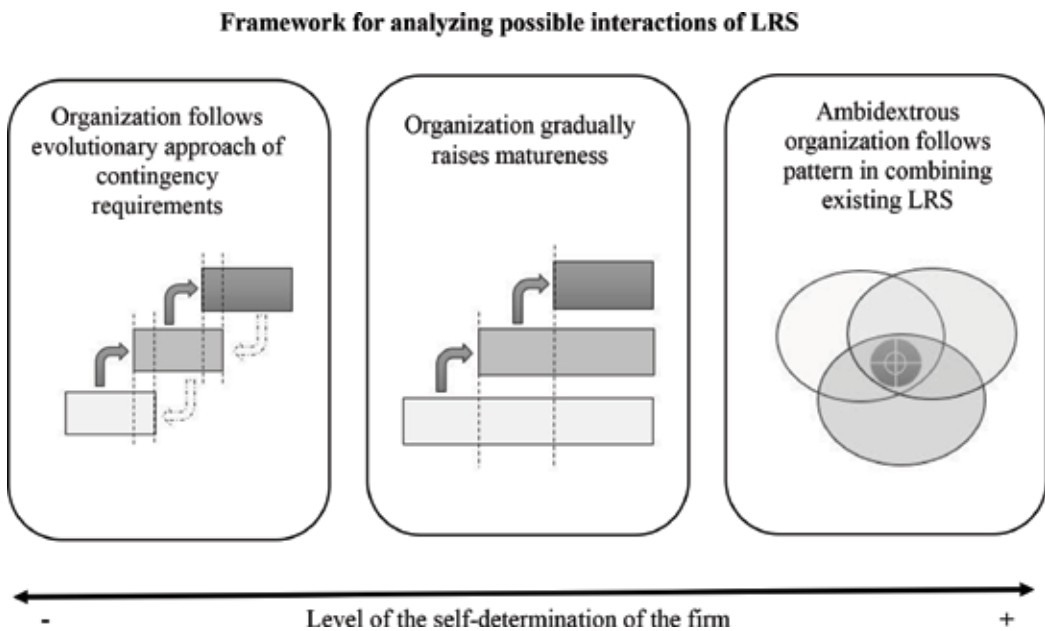


Figure 1. The system of latent referent standards (LRS).

seemed valuable for society due to making profits. Employees appreciated stable wages, their employment; society—goods and services; shareholders—earnings; government—taxes; business—investments; additional social issues considered as unnecessary costs and were delegated to other entities. With appearance of the shared value concept, the fallacy of cost reduction became evident. HRMS helped raising value of human resources by intense investments. Later the boundaries of the firms and industries blurred, all links in the value chain, including employees, considered as partners, centered across customer. Employees shared responsibility for own advancement with firms [32].

Collis [33] agrees with the chronological shift of attention from proper positioning through sustainability of competitive advantage (RBV) to the importance of organizational dynamism (dynamic capabilities). However, he implicitly points out that values of the preceding two streams were embedded into the recent stream in the form of the first, copied, and the second, learned, levels of capabilities versus the third one, built on insights. Winter ([34], p. 994) suggests that position in the hierarchy does not equal the value: “since the levels differ in the cost-benefit balance of capability investments, and exogenous change could at any time tip an existing balance in favor of lower-order capabilities supplemented by ad hoc problem solving”. The new question is whether it is possible to apply additive approach disregarding changes in the legitimacy of the alternative options.

Same question is relevant for the individual fit. There are empirical evidences that coexistence of intrinsic and extrinsic motivation is not only possible, but also creates additional synergy [35]. Employee benefits from motivations associated with all referent standards: *external and introjected regulation* of behavior for HPWS—extrinsic rewards and recognition, clear job-tasks and salary depending on the performance; regulation through *identification and integration* for HCWS—conscious valuing of activity, self-endorsement of goals, congruence; *intrinsic motivation* for HIWS—interest, enjoyment, and satisfaction [36]. Company also wins from individual outcomes of all three HRMS. This suggestion was illustrated by the Youssef-Morgan and Luthans [37] integrated conceptual framework of positive psychological capital and workplace outcomes, where authors sort individual variables into several groups: in-role performance (HPWS), attitudinal outcomes (HCWS), behavioral intentions and outcomes (HIWS).

However, since 1990 emerging interest in sustainability brought attention to the harm of HPWS for employees. Firms reached competitive advantage at the expense of the intensified employees' workload, personnel exposition to high job demands, leading to burnout, increased absenteeism and unplanned sick leave [38, 39]. Job demands are psychological stressors caused by expectations for working fast and hard, accomplishing large amounts of work [40]. In 2000, interest to psychological capital and resilience raised concerns about work intensification associated with the HCWS, particularly about role overload, greater fatigue, stress and work-life imbalance [41, 42]. HIWS grounds on the assumption that employees with more control over decisions, tasks, and autonomy may better cope with job demands and experience less mental strain [40], thus is less harmful.

Summing up, choice of the suitable HRMS requires agreeing on the method how to differentiate various options, that should satisfy three conditions—distinctiveness, comprehensiveness and conformity: HRMS should have clear boundaries and to content specific fitness

requirements; applying one HRMS should not be a barrier for another one. The system of latent referent standards satisfies all three mentioned criteria. Additional attention gains possibility of the additive approach. It might be useful both for organizations and for employees, balancing employee well-being and organizational performance through intensifying positive sides and mitigating the drawbacks of alternative HRMS. Now, when all fit requirements are well known, companies seem gained freedom of choice in creating the most suitable combinations fulfilling stakeholders' expectations. The next section of the paper aims at answering how possible is this time advantage.

2.2. Freedom of choice

Figure 2 represents three possibilities of additivity, arranged according to a firm's freedom of choice.

The situation illustrated on the right side represents high freedom of choice of an ambidextrous firm. Ambidexterity means ability of a firm to be both productive and flexible, combine exploration of ideas with exploitation, demonstrating alignment and adaptability across entire business unit [15]. From the SHRM perspective, it requires combination of High Productivity LRS and High Involvement LRS. Boxall and Macky [44] suggest that High Involvement and High Commitment LRS will work only jointly, as the first one contains work practices, while the second one—employment practices. These authors assume that High Productivity LRS was too affected by the Taylorism, representing completely opposite values, and thus ruin effect of the more advanced LRS. Thus, the interaction of LRS with each other is not clear: mediating, moderating, co-existing as separate or joint factors. Furthermore, despite the assumption about high self-determination of firms' choice, there is still no common agreement on the dominant fit predetermining HRMS preference by a firm. As mentioned above,

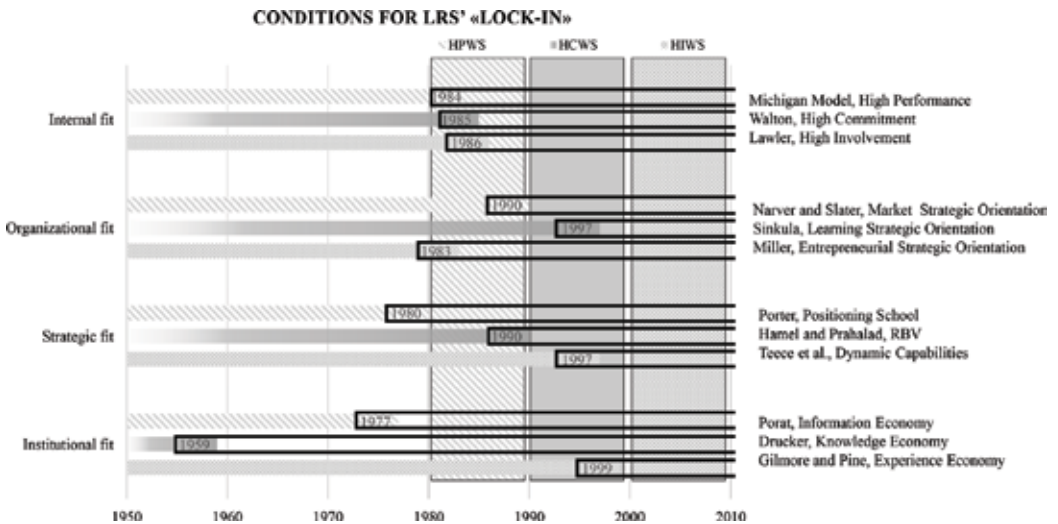


Figure 2. Freedom of choice. *Source:* adopted from previous sources [21, 43].

research of HPWS subdues HRMS to strategic objectives (i.e. strategic fit dominance). Some researchers (e.g. see [2]) assume that companies' preference of HRMS depends on the perceived uniqueness and value of the human capital acquired by their employees (i.e. individual fit dominance). Becker and Huselid [45] oppose this notion, suggesting that strategic advantage directs preference of HRMS, as it allows or restricts human capital to be valuable and rare by providing certain job conditions (i.e. strategic fit dominance). Toh et al. [46] assert that perception of value added by employees depends strongly on organizational core values, which guide employees' choices (i.e. organizational fit dominance). All mentioned examples root in assumption that all LRS are equally legitimized and could be applied by an ambidextrous firm either jointly for all employees or used separately to diversify human capital.

The situation illustrated on the left side represents evolutionary perspective, supported by the institutional approach that considers legitimization as an emergent process [47], limiting firms' freedom of choice. It states that in order to keep high level of fit, companies should be able to replace options, despite own priorities. Organization is guided by institutions, perceived as rules of the game [48]. Thus, institutional fit is a dominant criterion for HRMS, and additivity is possible only between the neighboring on the time-line HRMS alternatives [49, 50]. It suggests that recently legitimized standard is more advanced and thus more preferable than the preceding one. However, now, when the theory states that HIWS is better than HPWS, why do many companies still select less beneficial option? The most evident reason is bounded rationality [51, 52]: managers might be unaware of the more beneficial options, or underestimate harm of the adopted LRS and value of the alternative ones. Another reason is less mature environments, for example, developing or emerging markets, where HRMS did not pass yet same trajectory as Anglo-Saxon countries, so HIWS is still unreachable. Additional reason was raised by Cook et al. [53] pointing at examples when in a recessionary climate companies intentionally "downshift" to the LRS with worst labor conditions refusing from soft HRM practices for the sake of immediate financial gains; or in the opposite way, in situation with limited access to talent pool for a while move upwards, implementing more advanced LRS. Multinational environment makes the choice more complicated. Edwards et al. [54] provides three reasons for multinational companies, which could be aware of the HIWS, but still would not adopt it: *national differentiation*—despite lower level of efficiency certain priorities are made to benefit from location-specific advantages; *global standardization*—companies do not evaluate benefits of the choice, but undergo the standardization process either following head-office's priorities, or being affected by the most welcomed in the country option, usually following solutions originated in US; *intra-national heterogeneity*—firms are affected by high role of unions in reshaping priorities, related to "fairness", cognitive or normative legitimacy and actor-centered form of institutionalism, as institutions might have partial coverage.

The situation illustrated in between represents perspective of sequential development. In order to adopt a more advanced alternative, firms should firstly implement less sophisticated option as the basement for it. Thus, firm gradually raises matureness of the HRMS, covering institutional voids—gaps in institutional environment [55]. It requires defining sequence and accepting the fact that more sophisticated option does not replace the preceding one, but incorporates it. Researchers acknowledge that there is a best option, which is reachable through less beneficial ones. Adoption of all three LRS at the same time is associated with high matureness of HRMS [56].

Disregarding firms' self-determination of choice, companies might treat each aspect of organizational health with different priority, selecting one as a core for their organizational identity [57]. It predefines strategic scenario for reaching an exceptional organizational health: (1) market-focused; (2) talent and knowledge core; (3) leader driven or execution edge.

2.3. HPWS as a starting point

2.3.1. Market-focused scenario and HPWS

Companies relying on the market-focused scenario value external orientation [57]. This approach was crystallizing in the beginning of the information economy age [58]. Porter and Millar in 1985 announced: no company can escape effects of information revolution, as it causes dramatic reduction of costs needed to obtain, process and transmit information [59]. This approach was locked-in in 1980 as a solution to increasing global competition, managing change and new technology, dealing with costs, when for companies in high-cost locations, improving productivity became crucial solution to keep up with global competition [7].

According to this scenario, the financial outcomes are of the highest importance, leading to focus on operating efficiency in each process area, while learning and development barely take attention of management [27]. Financial outcomes are the most objective, tangible, though they may provide an inadequate picture of organizational health: "return on capital employed; sales per employee; gross profit margin; sales per pound of assets; return on sales; the acid test ratio; speed of stock turnover; debtors' collection period; creditors' payment period; and return on shareholders' funds" [60]. On the individual level Arellano [61] stresses on the importance of the role clarity for the organizational health, when employees know exact corporate expectations from them, share culture of performance with clear job responsibilities. Salanova et al. [62] among other scales, offer to account for employee excellent job performance. Nair et al. [27] suggest, this aspect relates the most to productivity, due to a strong focus on goals and task needs.

Such strategic values of productivity, external orientation, and financial health are close to the Market strategic orientation (MSO), operationalized as latent variable comprised of the customer orientation, competitor orientation and interfunctional coordination [63–65]. The values also correspond to the Positioning School, associated with M. Porter and 1980. However, the market-focused scenario also embodied preceding beliefs of the industrial organization economics schools of thoughts [66]: *neoclassical model*, assuming that firms produce by teaming two inputs: labor and capital, resulted in high value of physical capital and productivity; "*Bain-type*" intention to gain above-normal returns through interfirm differentiation, connected with the market share, disregarding internal characteristics; short-term efficiency focus of *Chicago School*; avoiding assets' specificity of *Transaction Cost Economy*, resulted in unification of job requirements.

In 1980, the influence of Taylorism and bureaucratization was still high, stimulating tradition to separate planning and execution, organizing people in functional or groups and limiting direct communication between functions, when employees could engage in interdepartmental exchanges through their supervisors [67]. Firms, which acquire cost-based strategy prefer

control-oriented HR philosophy in which employees are viewed as a cost to minimize, thus HR policies focus more on maximizing efficiency and standardization [68]. Interest in the individual productivity, equated to “speeding up the production line, that is, to making the employees work faster to increase their individual output per hour” instead making them to work smarter [69]. Usual expected intermediate outcomes of the HPWS are:

- *workforce or labor productivity*, measured as natural logarithm (ratio) of sales (profit) per employee [14, 70–72]; or natural logarithm of value added per employee, where value added is calculated as sales net of material costs [70]; or ratio of billed consulting days per member [72]; or number of cases of product produced (actual) by direct labor hours [73];
- *employee harm*, measured as average days per employee per year of absenteeism and sick leave [39], or days lost per employee, measured as number of employee days lost by total workforce size number of monthly working days (for each month, for regular employees) [73], or employee turnover (in)voluntary/total, measured as number of (in)voluntary/total turnover incidents by workforce size (for each month, for regular employees) (ibid); or employee safety, measured by number of accidents incidents by total monthly hours worked, etc.
- *social and economic exchange*, developed by Shore et al. [74], for example, ‘The most accurate way to describe my work situation is to say that I give a fair day’s work for a fair day’s pay’ [75].

2.3.2. Talent and knowledge core scenario, and HCWS

Talent and knowledge core scenario promotes talent acquisition, thus is more common for consulting, sport, entertainment and other organizations similarly valuing talents and knowledge as key competitive advantage [57]. Yüceler et al. [76] refer to this aspect of the organizational health a “survival needs dimension”, associated with effective use of resources, organizational commitment and morale: employees value their organization, are strongly influenced by it and work hard for its success.

Conner [66] called firms, which adopted new approach, the “seekers of costly-to-copy inputs”. Nair et al. [27] add highest importance of the competence adequacy, referring to the Resource-Based View School of Strategy, in particular to the concept of Core competence of Hamel and Prahalad [29] as example and Barney’s explanation of its role in the competitive sustainable advantage of the firm, due to its rarity, value, in-imitability, non-substitutability [28]. On the organizational level this scenario fits Learning Strategic Orientation (LSO), suggesting that learning (not only from markets, but also with regards to processes) is the key enabler of a firm’s performance [43]. LSO is also operationalized as latent variable, consisting of four factors: commitment to learning, shared vision, open-mindedness, and intraorganizational knowledge sharing [77, 78]. It influences which information firm decides to gather, how to interpret, evaluate and share it, so learning becomes a long-lasting core competency [79].

The lock-in happened in 1990 during emergency of the knowledge economy concept. Thus, contrary to the value of general information for a market-focused scenario, higher importance gained contextual information, opinions, stories, learned lessons, best practices, etc., accumulated by an organization and its employees. Opposing the market-focused scenario, it

implies internal focus and long-term goals orientation in performance management. Drucker anticipated the changes in 1959 [80], describing “knowledge work”: “when people would generate value with their minds more than with their muscle”. It shifted interest from replaceable physical capital to a newly emerged intellectual capital, defined as organized knowledge that can be used to produce wealth [81].

New HR-related goals are acquiring and developing valuable and rare human capital, and reaching high commitment of its possessors—employees [2], by encouraging employees to identify with organizational goals and motivating them to meet these goals [82]. As HCWS considers employees as assets to be developed, rather than a disposable factor of production, it is important to protect their human capital investments and encourage commitment to the firm’s long-term success, so aptitude has higher importance than achievements [2, 83]. Here are examples of expected intermediate outcomes of HCWS:

- *affective, continuance and/or normative commitment*, measured as latent variable, developed by Allen and Meyer’s in 1990, for example, “I would be very happy to spend the rest of my career with this organization” [72];
- *organizational identification*, measured as latent variable, developed by Mael and Ashforth in 1992, for example, “I feel like an individual censure when organization were criticized by the others” [84];
- *incentive environment*, measured as perceived and received opportunities for promotion within the organization [85];
- *employees’ organizational based self-esteem*, measured as latent variable, developed by Pierce et al. in 1989 [86].

2.3.3. Execution edge and leader driven scenario, and HIWS

The lock-in of these scenarios happened under the umbrella of the dynamic capabilities perspective on strategy in 2000. It raised interest in the Entrepreneurial Strategic Orientation (ESO), which grounds on “schumpeterian” (entrepreneurship and innovation-based) rents. ESO is often comprised of such process-related factors as product innovation, proactiveness, risk taking, autonomy and competitive aggressiveness [87, 88]. Core ideas of the dynamic capabilities perspective were intensified by the experience economy. Companies moved away from selling goods and services toward providing consistently engaging experiences, using constant disruptive innovations, engaging people into product advancement [89], including employees.

Companies, which acquired the execution edge scenario, value employee involvement, bottom-up innovation, creative and entrepreneurial spirit; those which acquired the leader driven scenario—career opportunity, risk management, culture of openness and trust [57]. The first strategy implies continuous improvement, the second—high autonomy for talented managers, decentralization. At the first sight, these two scenarios seem different. However, they are both inspired by the same ideology and differ only by the level of the involved employees (only top managers, or most of the personnel). Both of them correspond to the dynamic aspect of the organizational health concept: “adaption”, “growth and change need”, “culture and

change” [27]. Yüceler et al. [76], cite Miles’ vision of key prerequisites for this aspect: innovativeness, autonomy, adaption, problem-solving capacity. Quick et al. [25] refer to this aspect as flexibility (Vigor), while to preceding ones as vitality and productivity.

Key success factors of the scenario are adaptability of organization—the degree of formalization; flexibility—capacity to adopt internal environment to the changes in the external one; agility—ability to survive and prosper in a competitive environment [90]; speed, innovation, proactivity, quality [91]; product-related change capabilities, change competency within operations, internal and external co-operation, creativity [92]; facing agility drivers (external environment), adopting strategic abilities (responsiveness, competency, quickness), agility providers, and agility capabilities [93]. The key capital here is social capital (relationship-based rents) [94]. Lepak and Snell [2] stress out that in HIWS firms invest not as much in human capital development, as in relationship to form professional alliances.

Rubinstein and Eaton [67] provide such examples of the practices associated with this HRMS: a team-based approach to problem solving and decision-making; joint union-management priority setting for continuous improvement; efforts to minimize outsourcing and enhance job security; involvement of union leadership in managerial planning and decision-making and widespread access to business information. They link HIWS with the increased customer satisfaction, higher density of lateral, vertical interdepartmental communication, and a decrease in hierarchy. Other examples of the expected outcomes are:

- *work engagement*, measured as latent variable, based on the Utrecht Work Engagement Scale adopted from Schaufeli et al. after 2006, for example, “At my work, I feel bursting with energy” [95];
- *disengagement*, measured as latent variable, for example, “Sometimes, I feel sickened about my work tasks” [96];
- *intrinsic motivation*, measured as latent variable, operationalized as a proximal outcome of psychological empowerment leading to the generation of creativity [97];
- *innovative work behavior*, focused on efficiency through creativity and entrepreneurial action [98].

3. Conclusion, implications and discussion

Current chapter illustrated how the preselected set of latent referent standards can support in planning Human Resource Management. The key practical challenge is misalignment of the LRS that creates risks of reduction in organizational performance and well-being of employees. To help dealing with the raised question, we analyzed suggestions of the strategic HRM research domain. Lacking answers were adapted from the research related to performance management system, quality of working life, organizational development, and international HRM.

In particular, strategic HRM suggests that in order to ensure consistency of the results in the relationship between organizational performance and HRM, there should be congruency

between intentions—strategy, efforts—HRM, and outcomes—individual and organizational performance measured jointly as organizational health. To reach such congruency practitioners and researchers deal with the methodological challenges related to the constructs definition, reliability and nomological validity. Current research refers to five types of fit, which are able to provide valuable guidance in assurance of the constructs clarity and selecting suitable metrics to objectivize impact of the applied HRMS.

Researchers usually focus on one type of firms' strategic goals: related to performance (short-term), sustainability (long-term) or resilience (process-based). For each group we offered suitable latent referent standard of HRMS and reconstructed lists of patterns for selecting fitting metrics. Market-focused scenario fits the short-term performance goals, related to productivity, reachable through the Market Strategic Orientation, rooted in 1980–1989—time of the emergence of information economy. It suits HPWS, expecting impersonal causality orientation of employees. Talent and knowledge core scenario fits the long-term performance goals ensuring vitality of organization, aligned with the Learning Strategic Orientation, rooted in 1990–1999—time of knowledge revolution. It suits HCWS, supported by the strong-controlled causality orientation of employees. Execution edge, both leader driven or not, fits flexibility—ability that allows to explore and exploit both short- and long-term performance goals, fitting the Entrepreneurial Strategic Orientation, rooted in 2000—time of attention to the experience economy. It suits HIWS, requiring autonomous causality orientation of employees.

However, in practice firms' strategic goals hardly could be clear divided, especially keeping in mind the three-layered reality: values on the level of routines could strongly differ from the postulated idealized beliefs or inspirational theory [99]. Even if practitioners have high awareness regarding firm's strategic goals, external environment and employees might perceive signals as the opposite, especially that co-evolutionary processes affected LRS. This is a matter of matureness in strategic HRM—how well it is aligned to all types of fit, or some of fit requirements are neglected.

Taking into consideration firms' interest, we assumed that a firm not necessary should select just one group of strategic goals out of three, but could be equally interested in all of them, providing evidence of organizational ambidexterity. Thus, we ensured that introduced latent referent standards satisfy criteria of distinctiveness, comprehensiveness and conformity and suggested options for their additivity.

The question is how to measure joint impact? Focus on a specific LRS facet provides better understanding of the impact and intensity of each LRS in HRM, however their interaction with each other is not clear: mediating, moderating, coexisting as separate or joint factors. The second option is to measure total effect of SHRM, focusing on conformity of different LRS in their effect on employees' abilities, motivation and opportunities [100]. The example is measuring employees' well-being, such as burnout or emotional exhaustion [101], for example, "I feel emotionally drained by my work"; general employee harm as average days per employee per year of absenteeism and sick leave [39], or psychological capital: hope, self-efficacy, optimism, resilience [31].

Current chapter offers guidance for researchers in building SHRM-related theoretical models, suggests insights for practitioners on how to advance SHRM, provides more holistic per-

spective on organizational health, supporting debates regarding trade-offs between employee well-being and organizational performance. However, these suggestions could not be generalized before appropriate empirical testing. We believe that at the current period of time the qualitative research would be more appropriate due to attention to hidden layers of HRMS and the nature of questions which were raised throughout the chapter.

Thus, the chapter contributes to the search of a viable Strategic Human Resource Management approach by analyzing reasons—five types of fit, and consequences—organizational health, including employees' well-being, for establishing particular HRMS—combination of LRS, and the most viable way to differentiate them—following principles of distinctiveness, comprehensiveness and conformity. It also outlines research agenda for diminishing trade-offs between employee well-being and organizational performance through additivity of the LRS, considering stakeholders' perspective.

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Since the dawn of civilization, humans were selected, allocated and organized based on their skills and job criteria. Today, the role of Human Resources (HR) professionals goes beyond recruitment and management of human capital. *Human Resource Planning for the 21st Century* tackles the current trends of human resource management (HRM) and human resource planning while highlighting certain roles that HR professionals are involved in. *Human Resource Planning for the 21st Century* explores HRM systems and their roles within a corporate setting, elaborates on HR plans for crises, uncovers the effects of downsizing on company brand and looks at the possible impact of globalization on corporate social responsibility and HRM.

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