HR MANAGEMENT IN THE AGE OF CRISIS: THE CASE OF GREEK CIVIL ENGINEER CONSULTANT COMPANIES

Xanthakis George
Aegean University
Department of Business Administration, Chios, Greece
E-mail: xanthakisg@ba.aegean.gr

Stogiannidou Marianthi
Aegean University
Department of Business Administration, Chios, Greece
E-mail: smar@aegean.gr

Abstract
This paper outlines and discusses an approach to HR management in Greek Civil Engineer Consultant Companies during the economical crisis of 2010-12. A discussion of the definition, the nature and anatomy of crisis, as also the determinants of crisis behavior are presented in the first part of it. The paper is integrated with two case studies, results and conclusions. The aim of this paper is to investigate the crisis process, to explore the patterns of behavior which emerge in response to crisis in Greek Engineer Consultant Companies and thereby to identify problems which may face managers, helping them to cope with more effectively. While this paper is presented within this restricted context, it will be interested to any manager who operates an organization in a crisis time.

Key Words: *HR management, Civil Engineer, Greek crisis.*
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1. INTRODUCTION

A crisis (Booth, 1993) is "a situation faced by an individual, group or organization which they are unable to cope with by the use of normal routine procedures and in which stress is created by sudden change". More specifically, a crisis is an unexpected event in an organization's life, for which there are no contingency plans in place, which threatens high priority goals and demands a time-pressured response (Brecher, 1977).A number of authors have attempted to define a crisis. Pauchant and Mitroff (1992) believe that a crisis is a "disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core."

During a crisis, power-configurations, interests, values, perceptions and decision-making processes are highlighted by being focused upon a single well-defined issue. Moreover, because of the multitude of forces which interact during a crisis, it provides an excellent context for the integration of the theory. In this paper, according to the literature review, we are presenting the Lifecycle of crisis and the determinants of crisis behavior. Based on it, we make a research in the area of Consultant Civil Engineers, who are occupied in Athens, investigating the topic.

2. ANATOMY OF CRISES

Table 1: Lifecycle of crises

Faulkner's(2001) stages	Fink's(1986) stages	Roberts(1994) stages
1.Pre-event		*Pre-event* :where action can be taken to prevent disaster
2.Prodromal	*Predromal stage*: where it becomes apparent that the crisis is inevitable	
3.Emergency	*Acute stage* :the point of no return when the crisis ha hit and damage limitation is the main objective	*Emergency phase*: when the effects of the disaster has been felt and action has to be taken to rescue people and property
4.Intermediate		*Intermediate Phase*: when the short- term needs of the people must be dealt with - restoring utilities and essential services. The objective at this point being to restore the community to normality as quickly as possible
5. Long Term (Recovery)	*Chronic stage* :clean-up, post mortem, self-analysis and healing	*Long-term Phase*: continuation of the previous phase, but items that could not be addressed quickly are attended to at this point(repair of damaged infrastructure, correcting environmental problems, counseling victims, reinvestment strategies, debriefings to provide input to revisions of disaster strategies)
6.Resolution	*Resolution*: routine restored or new iproved state	

Previous crises researchers have focused on producing prescriptive models concerning the stages of crises to assist understanding and future proactive of crises (Richardson, 1995).

In some cases these models or frameworks have been applied to real life case studies providing descriptive models. Fink (1986), Roberts (1994), Faulkner (2001) developed models to explain the lifecycle of crises (see Table 1**)** suggesting that crises go through series of progressive stages.

3. DETERMINANTS OF CRISIS BEHAVIOR

Behavioral sciences indicates that crisis behavior can be explained by reference to the structure of people's communications during a crisis, to the way they cope with change and to the increased psychological pressures which characterize such periods.

3.1 Communication structure

McGregor(1960), Mintzberg (1976) and Gibb (1984) argued that the behavioral response to a particular communication structure was not consistent, but dependent upon the type of people within it and the nature of the task they performed. They found that professional people performing non-routine tasks behaved positively when placed in a decentralized and flexible communication structure and dysfunctionally in a centralized, formal structure. In contrast, people who prefer to be directed in the performance of routine, mechanical tasks, felt secure in a centralized structure and behaved dysfunctionally within a decentralized structure.

3.2 The need for change

Hermann defined crises as "devices of change" and argued that all crises involve significant social and monetary change in an organization. There difficulties that people have in adapting to changes, create different behavioral, psychological and sociological problems that characterize crises periods. Change is often a problem because it represents an abandonment of past efforts, a threat to the status quo, to formal arrangements and to a person's values. Resistance to change can take many forms, ranging along a continuum from passive disagreement to positive hostility (Tannenbaum, 1968).

3.3 Psychological pressure

By definition, crises are non-routine and potentially serious events which require inventive solutions under time-pressure. These are characteristics which ensure that those effected, feel a certain degree of pressure and anxiety. All these produce increased suspicion and reduced communication. A simple explanation for this lies in the distinction between pressure and stress. Differentiating between pressure and stress, is that pressure is an external or internal force acting on an individual to perform in a particular way or to achieve a particular end result. It can be a source of some discomfort and anxiety but at the same time it can be exciting, challenging and growth producing. Stress, on the other hand, has only negative outcomes for the individual concerned because he or she feels unable to cope and finds it necessary to react in a defensive and maladaptive way.

4. MODELS OF CRISIS BEHAVIOR

While individuals react in different ways to a crisis, numerous standard models of crisis behavior have been developed. Typical of these is a model proposed by Fink *et al.(1994)* which like others, shows a range of behaviors evolving in a predictable order. Fink *et al.'s* model is shown in *Table 2.*

Table 2: Models of crises Behavior

Phase	Self experience	Reality perception	Emotional experience	Cognitive stucture
Shock	Threat to existing structure	Perceived as overwhelming	Panic, Helplessness	Disorganisation, inability to plan,reason or understand situation
Defensive retreat	Attempt to maintain old order	Avoidance of reality	Indifference,euphoria or anger	Defensive re-organisation.Resistance to change
Acknowledgement	Giving up existing structure, self depreciation	Facing Reality	Depression, bitterness	Defensive breakdown:(1) Dis-organisation(2)Re-organisation in terms of altered reality perceptions
Adaption and Change	Establishing, new structure, sence of worth	New reality testing	Gradual increasein satisfying experiences	Re-organisation in terms of present resources and abilities

In the model, the vertical axis represents time and the horizontal axis the phases of psychological change precipitated by the crisis. The 'shock phase' is the initial state of appraisal in which the threat is first perceived; the 'defensive retreat' phase represents the first attempt to cope with the threat by using familiar established approaches; the 'acknowledgement phase' involves a reappraisal period in which the threat is more recognized with all its implications and finally the 'adaption and change' phase involves a more realistic period of coping.

5. THE CRISIS OF THE GREEK ECONOMY

Up to 1974, during the long period of economic growth that was initiated in the mid-1950s and lasted until the end of the 1970s, the Greek economy had high rates of economic growth which were sustained by investment in industry, agriculture and public investments in infrastructure. The massive urbanization of this period was related to an impressive generation of savings and investments in construction. By 1974**,** inflation was back and the drachma became once more an unstable currency. Then the state started to expand and nationalize private companies. The tourist industry was booming and the agriculture was also gaining from the European subsidies. By the mid-1990s the Greek economy was in a period of gradual adjustment and change. Tourism, shipping, construction, banking and telecommunications were the major sectors that attracted investment. Agriculture and Manufacturing entered a period of relative decline until 2000 and absolute decline thereafter. When the economic crisis of 2008 started to produce its worldwide impact, the Greek economy was already in a process of disintegration. In May 2010 the EU and the ECB secured the financing of the Greek economy for the next three years under the terms of a memorandum. Greece accepted a complex agreement, which ended the country's capacity to decide on its fiscal policy and provided for a large number of harsh measures in almost all areas of social and economic life. Pensions and salaries have been reduced in the public and in the private sector resulting in a drastic deterioration of the economic conditions for the majority of the population.In 2012 Greece accepted a second economical agreement, as the first characterised ‘failed’ and provided for a large number of more harsh measures in all areas of social and economic life.

6. STRUCTURE OF THE GREEK CONSULTANT ENGINEERING COPMANY

The Greek Civil engineers mainly in large urban centres (and especially in

Athens) who work in large companies are called cooperating engineers. The company provides them with everything it is required (equipment, software and hardware, peripherals).They work at the company on a daily schedule, specific hours. This category of Civil engineers is the studied population of this paper. The organizational structure of these companies could be classified as 'simple', "horizontal" and "fluid".The size of these companies, comparing with them of other sectors could be described as small to medium. For example the average number of employees of a classified as ' medium size' consultant company are about ten. The number of companies of the sector is limited, and there are several collaborations between them mainly to undertake large public projects. The companies are placed mainly in Athens, while they made projects in whole Greece. The sector is consisted of a small number of companies and the total number of employees is also small.

7. CASE STUDIES -METHODOLOGY OF RESEARCH

A crisis is characterized by different phases of behavior. This was investigated across two case studies by plotting the pattern of people's interactions during crisis. In each case study, the interactional data which formed the basis of research were collected by interviews However, the main purpose of the interviews was to gather qualitative data about people's behavior and their differing perceptions of the crisis process. Each interview was semi-structured and guided to highlight each respondent's contribution to the crisis management process. Interviews were conducted from January 2012 to March 2012. Each lasted approximately 45 minutes. Further behavioral data was collected during the crisis by author's observation during the crisis.

We focused on two companies operating in Athens (Greece) to examine their HRM responses to the Crisis at this time. The two companies that were studied were firms that focused on consulting services. Firm a associated with big projects of private sector, (especially Hotels, Luxurious Residents and malls) while firm B with Road and Bridge Project of Public Sector. They consisted of Engineers especially Civil Engineers, a secretary and some drawing designers. A manager is responsible for Engineer Projects while the owners of the companies have the economic management. The firm A occupied eight employees (7 Civil Engineers, 1 secretary) while firm B, nine employees (4 Civil Engineers, 1 secretery, 4 drawing designers) before the crisis.).

The reduction in organizational headcount was the major concern during the crisis. Initial this was complemented by reductions especially in the payroll, with the freezing of increments, and then, with members of the organization taking pay cuts and a downsizing (about 50%). Today in firm A are occupied five employees (4 Civil Engineers,1 secretary) and in firm B four employees (1 Civil Engineer ,1 secretary,2 drawing designers).Across the crisis, it was observed that companies used multi-skilled employees (Civil Engineers or drawing designers) to cope with the Crisis. It is remarkable that the secretaries handle with the payrolls and the training budgets are cut.

8. ANALYSIS – RESULTS

The above data collection strategy produced a variety of qualitative data, trying to produce a grounded theory of crisis behavior. A grounded theory (Loosemore, 1996) is a logically interrelated set of propositions which are derived from research rather than wholly from the literature pertaining to a certain area. Such criticisms point to a tension between the distinctiveness of the social world and the prescriptive conceptions of university models which science tends to produce. The argument is that such models conceive the social world as a concrete structure and lead to grossly oversimplified explanations of human behavior.

8.1. Phases of behavior

The case analyses showed that the two crises case studies were consisted of change-points which separated distinct phases of behavior. Despite the existence of common behavioral phases there was no common pattern in their occurrence.

Firm A, went through the three of four behavioral phases with an initial negative phase of formality, indecision, uncertainty, defensiveness, high emotions and conflict. It then progressed to a more positive phase of forward momentum which was characterized by greater sensitivity, open communication, greater attentiveness to the problem, greater collective responsibility, reassurance, low uncertainty and low emotions. It then went back into a third phase of lower momentum which was characterized by increased uncertainty, greater confusion, confrontation and heightened emotions. (Current situation)

While Firm B did it in a contrasting way. It commenced with a period of strong positive momentum, widespread commitment to resolving the crisis, an emphasis upon discussion and collective responsibility and relatively low emotions. It then

proceeded to a less positive phase of increasing uncertainty, indecisiveness, growing frustrations and anxiety. Finally, it moved into a deeper phase of negative momentum which was characterized by inflexibility, confrontation and high emotions. (Current situation)

8.2 Determinants of initial behavior

The case analyses indicated that the initial behavioral response to a crisis was determined by a range of factors. These included the preconceived beliefs, perceptions and attitudes of people towards each other but and the company, the level of uncertainty surrounding financial responsibility and the pressure of the situation.

One of the most striking differences between the case studies was the initial behavioral response to the crisis. In two cases, the initial behavioral response was influenced negatively by people's preconceived beliefs about the owners of the company (wrong management in the past).The initial behavioral response to a crisis also seemed to be shaped by the uncertainty surrounding financial responsibility. It is clear that an important aspect of crisis management is the early clarification of financial responsibilities (especially loans).Finally, the case analyses also indicated that the initial behavioral response to a crisis was shaped by the nature of the crisis in terms of being sudden or creeping. In contrast to sudden crises, creeping crises, as Greek economy crisis emerge gradually. Creeping crises were initially characterized by a sense of backward momentum and destructive behavior.

8.3 The causes of instability and change

In all the crises the initial behavioral response did not persist. Each crisis was characterized by instability and change in distinct periods of behavior throughout the process of reaction. The causes of change were found in the events immediately preceding a change point and an account of these follows.

8.4 The nature of change events

Two types of boundary were discovered, namely; a change from positive to negative momentum and the opposite. Periods of positive momentum were characterized by a majority of communications, having a supportive, problem orientated content. In contrast, negative periods had a majority of communications of an obstructive, selfish nature. It was also found that each boundary coincided with a major event during the crisis management process.

9. CONCLUSION

The research showed that the behavioral implications of stress are numerous. It was pointed to a loss of attention to problem solving, increased decision making errors, and greater rigidity in exploring alternative courses of action and withdrawal behavior. Individual reactions to stress include agitation, lowered span of attention, sickness, aggressive behavior, impulsive behavior, depression, lower tolerance of risk and lower tolerance of other's opinions. Crises are likely to be characterized by different phases of behavior although this is not inevitability. Rather, it is dependent upon the attitudes and interests of those effected and upon the way a crisis is managed. Where crises are characterized by a number of behavioral phases, it is not possible to generalize about a specific and repeatable pattern occurring. The most disturbing fact to emerge is that crises appear to generate forces to reinforce negative phases of behavior and weaken positive phases. Effective crisis management demands that managers develop a sense of collective responsibility, mutual sensitivity and responsiveness. The management of behavioral change and conflict are key aspects of the crisis process because crises have a destabilizing effect. Continuous attention to maintaining behavioral stability is required because once initiated, any instability accumulates a self-perpetuating momentum.

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